



Investor Focus

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FINANCIAL POST

Don't forget: 2011 RRSP and 2012 TFSA contributions

You have until Wednesday, February 29, 2012 to contribute up to 18 percent of your earned income for 2011, up to a maximum of \$22,450 less any pension adjustment, for the 2011 tax year*.

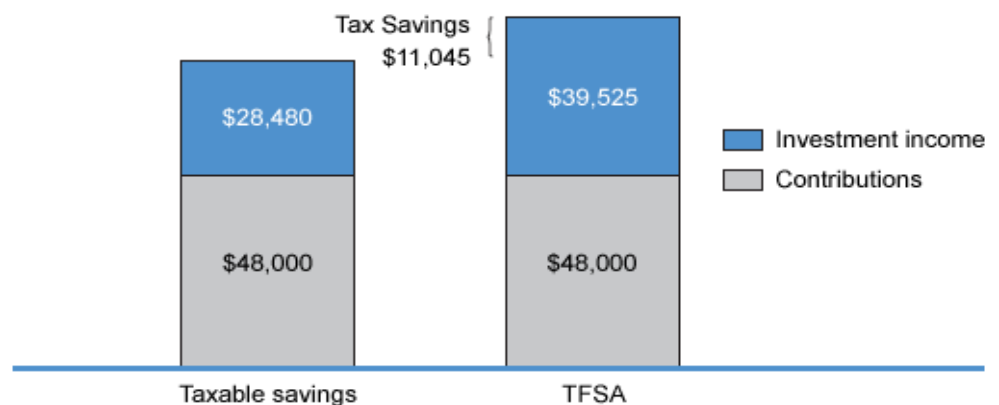
Maximized your 2011 contribution already? Get a head start for the 2012 tax year; you can now contribute up to a maximum of \$22,970 less any pension adjustment*.

Want to invest more for your future? The Tax-Free Savings Account (TFSA) is an excellent option. Whether you're saving for retirement, extra savings or a child's education, consider a TFSA as an effective way to save for your important goals.

While you do not receive a tax deduction for TFSA contributions, your investments grow tax-free and you do not pay tax on withdrawals. If you are a Canadian resident, aged 18 years or older you can make annual contributions of up to \$5,000 to your TFSA. Earned income is not required to contribute to a TFSA. Unused contribution room (since 2009) accumulates forward into the following year. This means that if you did not open a TFSA, you are eligible to contribute up to \$20,000 for 2012.

Arrange your contributions: reynoldsinglis@canaccord.com or 604.643.7753

TFSA vs. Non-registered Savings Account



* Check your CRA notice of assessment for available contribution room.
Source: Canadian Finance Department

Making the most of your RRSPs; a little planning can go a long way

A recent Investors Group RRSP Intentions Poll advises that 76% of Canadians either already have an RRSP or plan to start one this year. Of those planning to invest, 83% intend to match or exceed their 2010 contributions, even though markets continue to be erratic. It seems these investors understand that there are ways to improve their long-term financial picture by maximizing their RRSPs.

It begins with the way in which RRSPs are invested, and basic principles apply. Generally speaking, bonds and other interest-bearing investments are best kept within an RRSP to remain tax sheltered while the most favorably taxed investments should be outside the RRSP, including those that produce capital gains and dividends.

Investors who choose to hold dividend-paying investments inside their RRSP should consider dividend reinvestment plans where they reinvest dividends in additional shares instead of receiving cash payouts. This allows them to acquire shares cost-effectively and benefit from dollar-cost averaging with cash dividends reinvested on a regular schedule at prevailing prices. During market corrections this is especially beneficial because investors acquire shares when prices dip, lowering the total average cost.

RRSP structure plays an important role. Those in higher tax brackets than their spouses or common-law partners can take advantage of spousal RRSPs. A higher-earning partner can contribute to a spousal RRSP registered in the name of the lower-income spouse and achieve income-splitting. The contributor earns an immediate tax deduction, while the annuitant spouse reports the income for tax purposes when funds are withdrawn, ultimately reducing taxes. Care should be taken not to over-contribute, as contributions made to the spouse or

common-law partner reduce the contributor's RRSP deduction limit.

When it's time to draw from spousal RRSPs, income splitting can be achieved once more. The contributor and spouse can make equal withdrawals to ensure taxation at the same rate and, if income levels are kept below Old Age Security thresholds, it may reduce or eliminate OAS clawbacks.

RRSPs have benefits beyond financial investments. The Home Buyers' Plan allows eligible individuals to withdraw up to \$25,000 tax-free from their RRSP to acquire a primary residence. It applies to persons, including former homeowners, who have not owned a home they occupied as a principal place of residence at any time during the four-year period before the date of withdrawal of funds. And there are criteria to help disabled persons acquire a more accessible home.

The home must be in Canada and must be purchased before October 1st of the year following the year of the RRSP withdrawal. The withdrawal must be repaid in equal annual installments over 15 years, beginning in the second year. Any payment shortfall must be reported as taxable income in the year it occurred.

RRSPs have advantages for students. Individuals or their spouses can make use of the Lifelong Learning Plan. A fulltime student, acquiring qualifying full-time post secondary education at a designated institute, can withdraw up to \$10,000 in a given year from their RRSP over a 4-year period as long as the total does not exceed \$20,000. They must repay it in equal installments over 10 years; otherwise it becomes a taxable withdrawal.

Reynolds Inglis Group Private Investment Management

Reynolds Inglis Group Private Investment Management is our premium discretionary wealth management service. It allows us to oversee your investments and make timely decisions on your behalf; ensuring that we can take advantage of appropriate investment opportunities quickly and efficiently.

We have three mandates: Balanced, Income Growth, and Aggressive Growth. They can be used in various combinations to create your personalized investment strategy.

Request a review: reynoldsinglis@canaccord.com or 604.643.7753

Never too early to start teaching kids about money

Remember the old adage of “do as I say, not as I do”? Well, as most parents have learned, kids don’t necessarily follow that advice. Like it or not, children are very impressionable and constantly watch your every move. That being said, the first step to teaching your children about finances is to make certain you are setting a good example.

It’s important to start them as young as possible. The earlier you instill smart money habits, the more likely they are to stick. Once they are routine, they will very likely become second nature and your children will thank you at some point down the road. It is also a good idea to set up savings accounts for your children as soon as possible so they can be more actively involved and can watch their savings grow.

An allowance is another excellent learning tool. To really teach your children the value of money, consider an incentive-based plan where they must earn their allowance. Rather than simply giving them money, tie in some small household chores or have them earn ‘bonuses’ if they achieve goals in things like scholastics or sports. If you are unsure how much allowance to provide, you may wish to ask around with other parents to determine a suitable amount.

As a part of the allowance process, it is also important to tie in the notion of spending versus saving. Consider setting up a system wherein any funds they put into their savings account will be matched by you to some degree. In the long run, this will help teach them about the importance of saving and the beauty of compounding. Remember, those who learn the value of compounding interest are destined to collect it. Those who do not are doomed to paying it.

You should consider investing the accumulated savings. You may choose to invest the funds in a simple mutual fund or an exchange-traded fund. Either way, you should ensure the investment is relatively conservative and one that is expected to show steady returns.

Finally, you should teach your children about the merits of setting up a proper budget. They need to learn how to handle their spending money in a responsible manner. Teach them how to prioritize their spending. Also, don’t forget to discuss debt and the dangers that can come along with a desire to keep up with the Jones’.

The road to financial independence doesn’t have to start in your adult years. The sooner you get your children learning smart money habits, the better. It’s never too late to start and I encourage you to promote smart money habits both through open discussion and responsible actions.

Complete Canaccord ETF Portfolios

Canaccord Wealth Management has launched a unique portfolio program called Complete Canaccord ETF Portfolios.

It is a tailored approach to wealth management that has been specifically designed to provide clients with consistent, value-added investment returns through various economic and market conditions. Drawing on the experience of Rogerscasey, a global investment solutions firm, Complete Canaccord ETF Portfolios aim to achieve the highest possible return within an investor’s risk profile. The program focuses on risk management and tax efficiency.

CC Capital Appreciation Portfolio is designed to achieve an aggressive rate of return over the long-term.

CC Growth Portfolio is designed to achieve long-term capital from predominately equity-based investments.

CC Balanced Portfolio achieves a balance between long-term growth, long-term capital preservation & income.

CC Conservative Portfolio focuses on total return through fixed income & capital appreciation.

CC Capital Preservation Portfolio aims to generate income along with capital preservation.

Learn more: reynoldsinglis@canaccord.com or 604.643.7753

How did the markets start the year?

You be the judge; examine the stats

Index	Dec. 30 Close	Jan. 31 Close	Monthly Change		Year-to-date Change*
			Points	Percentage	
S&P/TSX Composite Index	11,955.09	12,452.15	497.06	4.2%	4.2%
S&P/TSX Venture Composite Index	1,484.66	1,631.75	147.09	9.9%	9.9%
Dow Jones Industrial Average	12,217.56	12,632.91	415.35	3.4%	3.4%
S&P 500 Index	1,257.60	1,312.40	54.80	4.4%	4.4%
MSCI World Index	1,177.56	1,238.89	61.33	5.2%	5.2%

* YTD return data is simple price return as of Dec. 30, 2011 close. All indices are in local currency unless otherwise noted.

Did You Know?

Indonesia's rail authorities are trying a new scare tactic to deter passengers from riding on train roofs: suspending concrete balls the size of grapefruits just above carriage height. The strategy, which could deliver painful blows to roof riders' heads, follows other failed efforts to discourage them.

A group of Bay Shore, N.Y., school students will soon be wearing a watch-like device that allows school officials to track how active they are, officials say. The devices are called Polar Active monitors and they count heartbeats, detect motion and even track students' sleeping habits in an effort to combat obesity.

More Android phones are activated every day than babies are born on earth, it has been claimed. Robert Kyncl, YouTube's head of content, told the Consumer Electronics Show in Las Vegas that in December last year 700,000 Android handsets were activated every day. According to the United Nations, around 300,000 babies are born worldwide every day.

A recent survey suggests that a less-than-stellar smile is perhaps the greatest hindrance to finding romance. When asked what they noticed first about potential partners, 62% of respondents said a person's smile. Body type and eyes were tied at 12.5%, with fashion sense and complexion scoring 6.3%.

For 36 of the 45 Super Bowls, the stock market has gone up after a win by an "original" National Football League team (one that traces its existence to before the merger with the American Football League) and gone down when the AFL side prevails. This is an 80% accuracy rate based on the Dow Jones Industrial Average's annual performance.

Source: Canaccord Morning Coffee

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