

Money Wise!

CAQ Financial's Quarterly Newsletter



Quadrus Investment Services Ltd.

*Compliments of: Rick Irwin, CFP, CLU
Investment Representative*

Special points of interest:

- **Market Commentary**
- **Funeral Costs**
- **Group Education Savings Planning's**
- **Silver!**



As we said adieu to what was essentially a fairly tame winter by Maritime standards, we look forward to all that Spring has to offer. Golfers, gardeners, runners...everyone has the itch to get outside now that things are warming up at last.

Just as the weather is improving, global markets had a promising start to 2012, as the uncertainty that pervaded most of last year was replaced by a cautious optimism. US stocks fared particularly well in the first quarter, with the S&P 500 rising 10.6% in Canadian dollars. Some developments in the US that buoyed returns were several large banks passing "stress tests" imposed by the regulators and raising dividends, as well as robust earnings reported by several large technology firms. Cash-rich Apple announced its first dividend since 1995.

Overseas markets did quite well

also, most being in the low double digits, erasing much of the losses from the previous year. The Toronto market was not as strong, but did increase 4.4% for the quarter, continuing a trend of relative underperformance versus the US and many other major developed markets. The weakness in the Canadian market was largely due to evidence of slower economic activity in China, the world's largest buyer of raw materials.

The global economic recovery continued in the first quarter, and investors were especially encouraged by indications that the US economy is strengthening, with improvements seen in employment, retail sales, manufacturing and even some life in the battered housing sector. At the same time, the ongoing sovereign debt crisis being played out in Europe abated somewhat. In the first quarter, Greece reorganized a large part of its debt and the European Central Bank extended long term credit to stabilize the region's banking system. Europe is not out of the woods just yet, however, and investors are now turning their focus on problems in Spain. This drama will probably continue for some time, and

markets will bob and weave accordingly. Even within Europe, there are still plenty of opportunities with companies that are global in scope and selling to the ever-expanding middle class in the emerging markets.

Looking ahead, there continue to be many economic and structural challenges that quite rightly concern investors. However, there are also many positive factors that are supporting the market, including low interest rates, low inflation, global economic growth (Driven primarily by the developing world) and high levels of corporate profitability.

The past four months show how share process can make quick, strong gains, even as the headlines remain negative. (Are they anything but?) That's why it makes sense to remain invested in a diversified portfolio that is tailored to your individual investment objectives. If you have any questions about your portfolio, do not hesitate to get in touch.
-Rick

Business Update

Amanda is now an EC Recorded Course Designer! Which in my terms means she gets to design those fancy jumps for horses:) She is thrilled about this Accomplishment as horses are her passion!

I have successfully completed step 1 or 3 to obtaining my CHS designation as I completed my course on Disability Income Insurance! My goal is to have the 2nd course completed by the end of the year.

Rick is excited about upcoming fund manager meetings and trips which we look forward to telling you about in the summer newsletter!

- Melissa

Will you be leaving the “gift” of your funeral bill?



In my line of work, I deal with death and illness a lot. The fact is we are all going to die and over the years, our health deteriorates. Pre-planning your funeral is something

that more and more Canadians are doing. It allows your loved ones to know your wishes, and answers some very difficult questions that arise at the death of a loved one.

The words death and funeral are uncomfortable for many people as they don't want to talk about dying. It's better to have these discussions now before it's too late, while you're healthy and of sound mind as fulfilling your last wishes can be a huge emotional burden to a loved one who simply doesn't know your answers...

Personally, I want to be buried vs. cremation but I have yet to decide where I want to be buried as I'm from Newfoundland but my husband is from Nova Scotia and our children were born in Ontario! Like me, I'm sure many of you don't really know what you want to do. But we are getting closer to those decisions through our discussions on the topic. We then started to wonder about our Parents and called them to ask them their wishes. They are not even 100% sure on what they want!

Due to inflation, the costs of funerals in Canada are rising as our cost of living increases. One thing that is for sure is that someone grieving a loss

does not want to be concerned with the cost to bury their loved one as they want the best, so pre-planning can be done when your emotions are at rest.

Some things to consider:

- **The price of a casket:** Prices range from a few hundred dollars to a few thousand for a metal or hardwood casket. Sometimes you can rent a decorative casket for the wake and burial services and have your loved one buried in a basic plywood casket to save money.
- **Embalming:** This involved injection of a fluid for blood to temporarily preserve a body for the open casket.
- **Cremation:** This typically costs less than a burial as you don't have to buy a casket or burial plot. However, you still have to purchase an urn and this can range in price depending on the one selected
- **Service Fees:** There are fees charged by the funeral home for the memorial service/wake run into the thousands on average.
- **Church Costs:** There is a fee for the church service, organist, etc...
- **Obituary:** Depending on the size of the add the price vary but expect around \$100 plus HST for a basic ad
- **Burial Plot:** Lot's range in price depending on the location, and there is a wide range on this cost from \$500 to again thousands...

- **Flowers/Donations:** This can range of course but a decent flower arrangement is \$200 and chances are you will want a few of these.
- **Headstones:** Again, it all depends on what you chose, but again this can range in the thousands

There is a CPP death benefit of \$2,500 that you will receive but on average funeral's can cost anywhere from \$7,000 - \$15,000 per person depending on the arrangements. With the cost of living rising, you can be sure these costs won't be decreasing in the future. Again, there is a wide range of considerations and it may be able to be done for less depending on your wishes.

My recommendation is to ensure you have funds set aside to cover your final expenses. If you don't have the funds, consider insurance but be aware of what type of insurance you're buying. Some funeral home's offer insurance to pay for your funeral but it can be expensive depending on your personal situation so my advice would be to shop around or look at alternative options to compare their costs too.

A small life insurance policy may not be as expensive as you think and it's really good to know what costs you or a loved one will be faced when your time comes.

- Melissa

Individual & Family RESP's - an alternative to scholarship plans/Group RESP's



It's almost the end of the school year, and you may be starting to think about what that will mean when your kids are much, much older. As in, university acceptance letters, apartment hunting and of course tuition time!

you cancel your plan, need to change your contribution schedule, or your child does not go to school you could forfeit the plan earnings, the CESG and the fees. Scholarship plans are often limited to investing in low risk, low return investments, rather than being based on your personal risk profile. Group plans also do not usually offer the same payout flexibility as self-directed plans.

When considering a group plan, remember that whether you choose a self-directed plan or a group plan, all RESP contributions are eligible for the Canada Education Savings Grant and any parent investing in a properly registered plan, will receive the grant.

As an alternative to Scholarship/group RESP plans I strongly encourage you to research and speak with an independent financial advisor before signing any contract with a group fund. Quadrus Investment Services Ltd does not offer scholarship or group RESP plans, however we can open Individual and/or Family RESP plans through various fund companies like Dynamic, Fidelity and others who offer flexible RESP's. You can establish a regular contribution, which can be changed if your financial situation changes, and/or one where you can make lump sum payments whenever you have them.

You may have seen advertisements encouraging you to enter to win a \$1,000 contribution towards your child's RESP, or spoken with a salesperson asking you if you want to win \$500 towards your child's future education at a parenting trade show. These scholarship trust funds are "pooled" or "group" plans and your money is pooled with that of other parents and used to purchase plan units. When you are ready to withdraw money, you share in the pooled earnings of investors with children the same age as yours.

Also, the fees can be high, and are generally not well publicized. There are enrolment fees, administration fees, investment management fees, depository fees, trustee fees and more. These fees are paid up front from your contributions. Plus, with pooled group plans you have less flexibility in the way you make your payments. If you miss a contribution and your account goes into default, you could lose your earnings. Some plans impose far more restrictive regulations regarding what schools or types of post-secondary programs actually qualify for pay-outs than you will experience with a basic RESP established by either your financial planner or financial institution.

There is some general information that you should be aware of before you invest Pooled group plans. Generally, if



Budget News

Changes to Old Age Security (OAS)

- There will be a gradual increase in eligibility age for OAS from age 65 to age 67. These changes will be implemented over time starting in April 2023 with full implementation by January 2029. You will not experience a change to your benefits if you are 54 years of age or older as of March 31, 2012.
- OAS recipients will get additional flexibility through the choice of deferring their benefits (working longer) and, in exchange, receiving a higher amount once they begin receiving benefits. As of

July 1, 2013 you will be able to defer your benefits for up to five years. For example, someone turning 65 in 2013 can defer OAS until they reach age 70, which would increase their annual benefit to \$8,814 from \$6,481.

- Beginning in 2023, the eligibility for the Allowance and the Allowance for Survivor programs will also gradually increase by two years, so that eligible recipients start receiving benefits between the ages of 62 and 66. Currently, you can begin claiming benefits between the ages of 60 to 64.
- Going forward, OAS will be operating

under a "proactive enrolment regime," which means that many seniors will no longer need to apply for the benefit in order to receive it – they will automatically be enrolled.

Demise of the penny

Another interesting note, the budget proposes that we do away with the penny. Pennies currently in circulation will be honoured indefinitely. Cash transactions will be rounded up or down to the closest five cent increment and non-cash transactions such as credit cards and debit cards will still be calculated and settled to the cent.



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A referral is the best compliment that a client can give. Many thanks to all our clients who have referred us over the past year!

Manager Change: AGF Emerging Markets funds

Clients who hold either the AGF Emerging Markets or AGF Emerging Markets Balanced Funds should be aware that there has very recently been a manager change. Patricia Perez-Coutts, who has been at the helm since inception over 10 years ago, is leaving in May to join Westwood Holdings, a large institutional money management firm. Perez-Coutts has always managed both “retail” mutual funds offered to the broad Canadian public as well as institutional accounts for large private investors like pension funds and endowments. Her desire is now to

focus on institutional accounts only and Westwood, an American firm, is launching a Canadian division to accommodate her. Four members of her team are following her, leaving a potentially large gap in talent in the funds she was running. Veteran fund manager Steve Way, who has been with AGF for most of his career, is taking over the Emerging Markets funds. Way has a similar style to Patricia and has worked with members of her team before. He has posted relatively strong numbers on some of his own funds, but has never managed a fund

that was exclusively devoted to Emerging Markets. That being said, I am not suggesting we jump to any rash decisions. I plan to evaluate the transition over the new manager and will be attending a conference in early June to hear first hand. I will be watching closely to see how Way and his team manage the portfolio going forward and am already researching alternate funds in the category just in case. I will be in contact if I feel a change is warranted. If you have any questions in the meantime, do not hesitate to get in touch. -Rick

All that Glitters...

Given historically low interest rates on bonds and other fixed income sources, and heightened volatility in stock markets, as well as much a high degree of “correlation”, or interdependency within financial markets, it’s no wonder than many investors have chosen to cast a wider net in search of alternative investment classes. A large benefactor of this has been “alternative” or “real assets” such as commodities like oil, copper and gold.

Generally, in periods of anticipated

inflation and/or government printing of money, “real” assets like gold tend to do very well. This has certainly been the case over the last several years, when it comes to gold. Silver, or “poor man’s gold” has had much less of a stellar rise. Normally the price of gold and the price of silver tend to move at a ratio of 15:1. Currently the ratio is at 50:1 and many market watchers that follow commodities believe that silver is priced too low and is due to move higher going forward.

If you are interested in the diversifica-

Benefits that having a small allocation to silver may have, consider the **Sprott Silver Equities Class** fund which has its holdings split between silver bullion and silver mining companies, similar to what the **Dynamic Strategic Gold Class** fund does for gold, I’d be more than happy to discuss.



Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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