

# Solutions

FOR FINANCIAL PLANNING

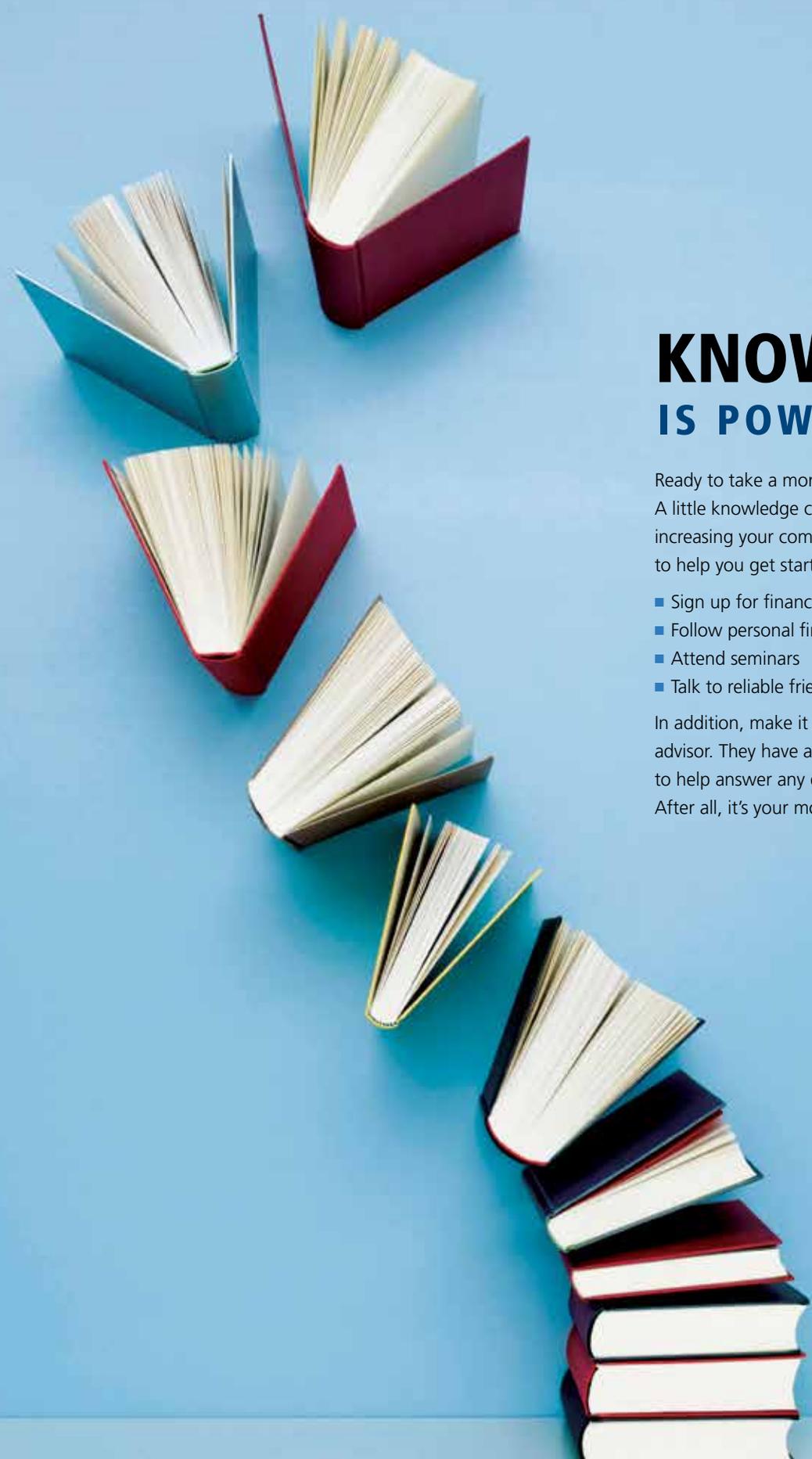
## GOOD ADVICE GOES A LONG WAY

Shape your future with the  
right financial plan

James Drover  
Drover Insurance Services Inc.  
65 Empire Ave  
St. John's, NL, A1C 3E7  
709-579-6926  
info@droverfinancial.com

MK2908E 04/15

SPRING 2015



# KNOWLEDGE IS POWER

Ready to take a more active role in your finances? A little knowledge can go a long way toward increasing your comfort level. Here are some tips to help you get started:

- Sign up for financial newsletters
- Follow personal finance experts on social media
- Attend seminars
- Talk to reliable friends and family members

In addition, make it a priority to talk to a trusted advisor. They have a wealth of resources available to help answer any questions you may have. After all, it's your money and your future.



## IS YOUR FINANCIAL PLAN ROADWORTHY?

**THERE ARE A FEW THINGS** I know about maintaining a car. I can do the basics – change the oil, rotate the tires and even replace a headlight or spark plug. But if the transmission breaks down or the alternator goes, forget it. I am out of my depth. If I tried to fix these serious issues on my own, I might damage my investment or even worse – put the safety of my family at risk. At this point, I need to put my trust in a good mechanic.

When it comes to fixing cars, most people are very aware of their limitations. For many, it is the same for

financial planning. It is estimated that only six per cent of investors in Canada have the skills they need to successfully act as their own advisors.<sup>1</sup>

Think of all the people you know who are making decisions without the benefits of expert advice. How could that be impacting their financial well-being and their future plans? Just like buying a ratchet set doesn't make someone a mechanic, owning a mutual fund doesn't make someone an advisor.

I hope you enjoy this edition of *Solutions* magazine. If you are interested in finding out more about the value of professional advice, check out the article entitled “The value of advice” – then contact your advisor.

Take care,

A handwritten signature in black ink that reads "Paul Lorentz". The signature is written in a cursive, flowing style.

**Paul Lorentz**  
Executive Vice-President and General Manager  
Retail Markets  
Manulife

<sup>1</sup>These investors are described in the documents as those who identify themselves as their own main source of investment information, are capable of self-managing their investments, and exhibit greater levels of education, income and financial literacy. Claude Montmarquette and Nathalie Viennot-Briot, *Econometric models on the value of advice of a financial advisor*, CIRANO, July 2012; The Investment Funds Institute of Canada, *Paying for advice: Why options are important*, August 2014.



## FEATURE

# 20 | Living on the edge

Do you need your next paycheque to cover last month's bills? Discover how working with an advisor could help you break the cycle of living paycheque to paycheque.

## FINANCIAL MATTERS



### 8 | The value of advice

Just like an annual checkup with your doctor, a regular review with your advisor is important to your overall financial health.



### 11 | Recovery first

Critical illness insurance can help protect your home and your lifestyle.

# WHAT'S INSIDE

SOLUTIONS FOR FINANCIAL PLANNING  
SPRING 2015

## IN EVERY ISSUE

### 6 | MATTERS OF FACT

A collection of Canadian tidbits, fun facts and clever conversation starters.

### 15 | TALKING ABOUT MONEY Guide adult children towards financial success

An open dialogue can help pave the way for long-term financial security.

### 26 | SMALL BUSINESS Every business starts small

Good advice can help your company put the right strategies in place to succeed and grow.

### 28 | TAX CORNER A missed opportunity?

Skip the tax refund and put your money to work throughout the year.

### 30 | TAX CORNER Eligible medical expenses

What's on the list might surprise you.

### 32 | TRAVEL Destination: Newfoundland

Wild and windswept, cultured and creative, Newfoundland is famous for making "come-from-aways" feel right at home.

### 36 | LIFESTYLES Urban gardening: Small spaces, big payoffs

Enjoy fresh fruits, vegetables and herbs grown right at home – it's easier than you think!

### 38 | HEALTH, FUN AND FOOD Ergonomics and your health; Zucchini bread of champions;

Test your financial vocabulary.



### 12 | Money smarts

Teens in high school? Help ensure they're financially prepared for post-secondary education.



### 16 | Full steam ahead!

Accelerate your savings – a plan that includes the right mix of accounts can help you reach your destination faster.

## BONUS: TEAR-OUT WORKSHEETS

### Managing money for post-secondary education

Have students use this worksheet to plan ahead for school and living expenses.

### Launching a business?

A comprehensive checklist to help new business owners get their ventures up and running.

# Matters of fact

A collection of Canadian tidbits, fun facts and clever conversation starters.

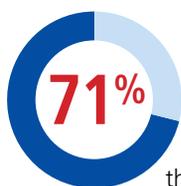


## 2015

It's a big year for patriotic icons.

Our maple leaf flag celebrated its 50th anniversary on February 15.<sup>1</sup>

**July 1 marks the 35th anniversary of "O Canada"** as our national anthem.<sup>2</sup> And later this summer, our athletes will have an opportunity to shine when Toronto hosts the 2015 Pan Am/Parapan Am Games.

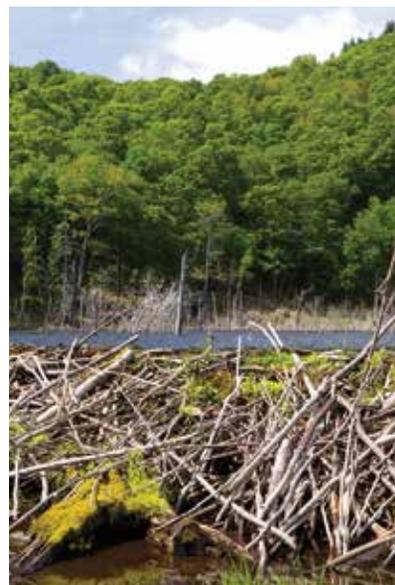


Canada produces **71 per cent of the world's maple syrup**<sup>7</sup> – no surprises there. But did you know

we're also the world's largest exporter of lentils? In fact, 80 per cent of global lentil exports sprout from Canadian farms across the prairies.<sup>8</sup>

## 884 kg

On Canada Day in 2014, a restaurant in Brandon, Manitoba, cooked up **884 kilograms of poutine in a bid for the world record.**<sup>3</sup> We're pretty sure the giant troughs of fries, gravy and cheese curds lived up to the French slang origins of the word: a mess.<sup>4</sup>



## 48,802 km<sup>2</sup>

That's the size of Wood Buffalo National Park, Canada's largest national park and a UNESCO World Heritage Site.<sup>5</sup> Located in northeastern Alberta and southern Northwest Territories, the park is **home to the largest beaver dam in the world** – more than 850 metres long and visible from space.<sup>6</sup>

## THREE HOURS

One in four Canadian employees in a recent study<sup>9</sup> spends over three hours daily sending and reading emails. **On average, the workers surveyed spend 17 hours weekly** using email, including on their days off – amounting to about one out of every three hours they spend working.



# 891,163 KILOMETRES<sup>2</sup>

Prince Edward Island is the only province without a significant source of fresh water. The rest of the provinces make up for it with a total of 891,163 square kilometres of streams, rivers and lakes.<sup>10</sup> **In total, Canada has seven per cent of the world's renewable fresh water.**<sup>11</sup>

Of course, quality is as important as quantity. A recent study of 172 freshwater sites at risk from intensive human activity rated 46 per cent excellent or good, 35 per cent fair and 19 per cent marginal or poor.<sup>12</sup>

# FINDING A BALANCE

A recent Canadian study<sup>13</sup> found that work-life conflict has a significant negative impact on many employees' sleep (31 per cent), energy (36 per cent), time available for themselves (27 per cent) and time available for fun (30 per cent).

## THE RESEARCH, BY LINDA DUXBURY

of the Sprott School of Business at Carleton University and Christopher Higgins of the Ivey School of Business at the University of Western Ontario, also found it's harder to find the right balance now than it was a decade ago. In 2001, 55 per cent of men and 39 per cent of women worked more than 45 hours weekly. By 2011, those numbers had risen to 68 per cent of men and 54 per cent of women. And, surprisingly,

more employees were locked into a nine-to-five schedule (rather than using alternative work arrangements such as flextime) in 2011 than in 2001.

Looking for more balance in your own life? Tips from the Canadian Mental Health Association<sup>14</sup> include:

- Creating a buffer between work and home by going for a short walk, sitting down with a crossword puzzle or spending a few minutes listening to your favourite music

- Letting go of household chores that are not critical or that you can delegate
- Exercising, even if only for 15 minutes at a time
- Creating and implementing a household budget that includes setting aside an amount from each paycheque for the future

You can find more strategies at [www.cmha.ca](http://www.cmha.ca). ■

## Made in Canada

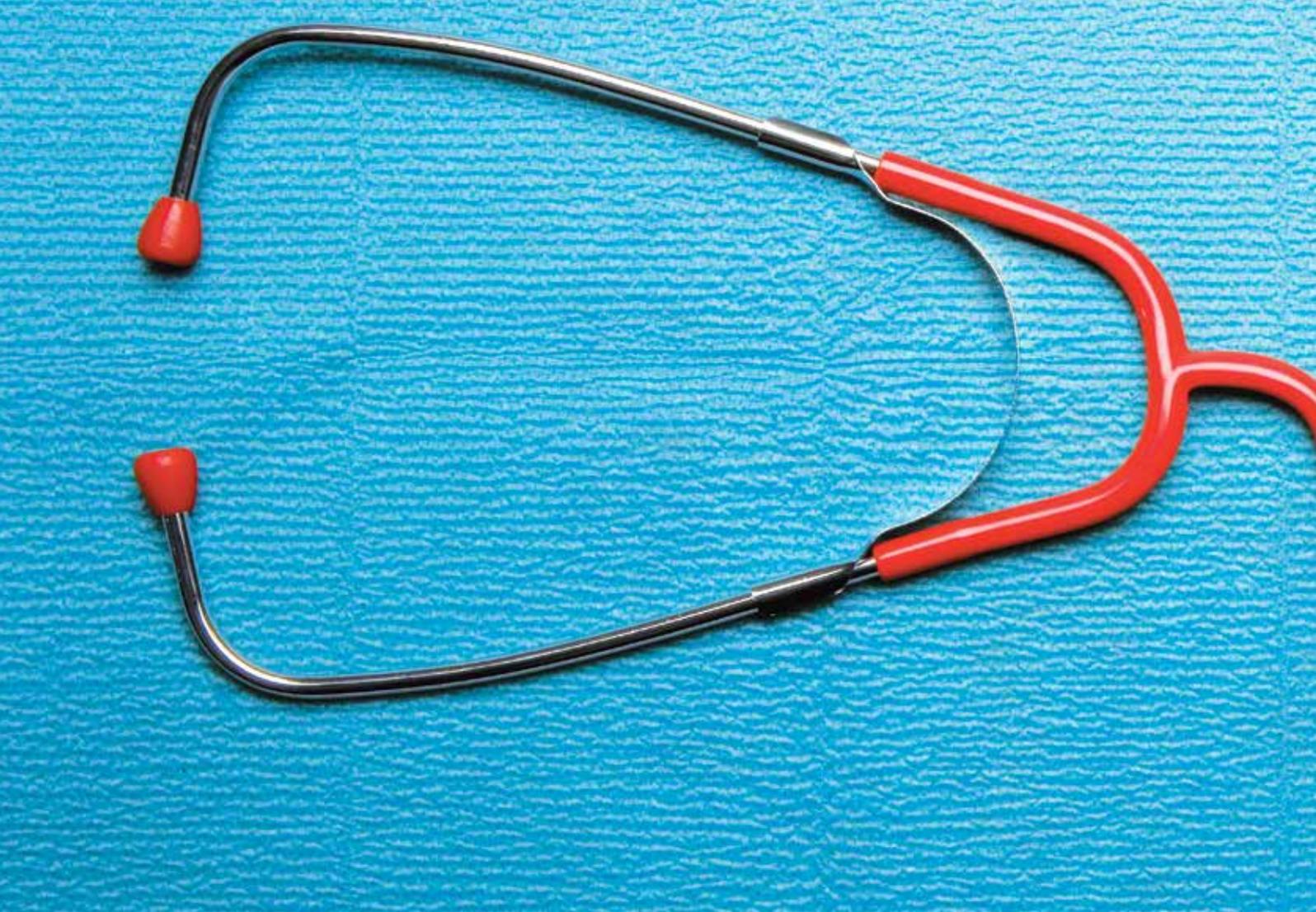
**WE MAY HAVE JUST 0.5 PER CENT** of the world's population,<sup>15</sup> but Canadian inventors have had, and continue to have, a global impact. Where would we be without paint rollers – speeding up home renovation projects since 1940? And there's so much more.

Standard time, proposed by Sir Sandford Fleming in 1878, makes coordinated long-distance travel possible. Basketball, created by James Naismith in 1891, is played around the world with its own FIBA World Cup. Insulin, introduced as a treatment for diabetes by Frederick Banting, Charles Best and James Collip in 1922, helps millions of people every day. Canadians are responsible for foghorns, sonar, Plexiglas, egg cartons, AM radio, walkie-talkies, pagers, alkaline batteries, cardiac pacemakers, electric wheelchairs, instant replay, IMAX, hydrofoils, snowmobiles and snow blowers. We can even lay claim to peanut butter – Marcellus Gilmore Edson was awarded the first patent for it back in 1884.<sup>16</sup>

We continue to be at the forefront of global innovation in many areas. The BlackBerry transformed the way people do business. Canadarm technology served on more than 50 space shuttle missions. What's next? Learn about the latest federally funded research projects in the Research in Action section of [www.innovation.ca](http://www.innovation.ca). ■



<sup>1</sup> [www.pch.gc.ca/eng/1363356053583/1363342021822](http://www.pch.gc.ca/eng/1363356053583/1363342021822) <sup>2</sup> [www.pch.gc.ca/eng/1359402373291/1359402467746](http://www.pch.gc.ca/eng/1359402373291/1359402467746) <sup>3</sup> [www.twitter.com/Joebeeverz](https://twitter.com/Joebeeverz) <sup>4</sup> [www.macleans.ca/society/life/7-surprising-facts-about-poutine](http://www.macleans.ca/society/life/7-surprising-facts-about-poutine) <sup>5</sup> [www.thecanadianencyclopedia.ca/en/article/wood-buffalo-national-park/](http://www.thecanadianencyclopedia.ca/en/article/wood-buffalo-national-park/) <sup>6</sup> [www.news.discovery.com/animals/zoo-animals/beaver-dam-canada-space.htm](http://www.news.discovery.com/animals/zoo-animals/beaver-dam-canada-space.htm) <sup>7</sup> [www.purecanadamaple.com/pure-maple-syrup/facts-about-maple-syrup](http://www.purecanadamaple.com/pure-maple-syrup/facts-about-maple-syrup) <sup>8</sup> [www.thecanadianencyclopedia.ca/en/article/lentil/](http://www.thecanadianencyclopedia.ca/en/article/lentil/) <sup>9</sup> [newsroom.carleton.ca/wp-content/files/2012-National-Work-Long-Summary.pdf](http://newsroom.carleton.ca/wp-content/files/2012-National-Work-Long-Summary.pdf) <sup>10</sup> [www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/phys01-eng.htm](http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/phys01-eng.htm). This does not constitute an endorsement by Statistics Canada of this product. <sup>11</sup> [www.ec.gc.ca/eau-water](http://www.ec.gc.ca/eau-water) <sup>12</sup> [www.ec.gc.ca/indicateurs-indicators/default.asp?lang=En&n=68DE8F72-1](http://www.ec.gc.ca/indicateurs-indicators/default.asp?lang=En&n=68DE8F72-1) <sup>13</sup> [newsroom.carleton.ca/wp-content/files/2012-National-Work-Long-Summary.pdf](http://newsroom.carleton.ca/wp-content/files/2012-National-Work-Long-Summary.pdf) <sup>14</sup> [www.cmha.ca/mental\\_health/work-life-balance-make-it-your-business](http://www.cmha.ca/mental_health/work-life-balance-make-it-your-business) <sup>15</sup> [www.tradingeconomics.com/canada/population](http://www.tradingeconomics.com/canada/population) <sup>16</sup> [www.mediatrainingtoronto.com/blog/2013/6/29/50-great-inventions-canada-gave-the-world](http://www.mediatrainingtoronto.com/blog/2013/6/29/50-great-inventions-canada-gave-the-world) and [en.wikipedia.org/wiki/List\\_of\\_Canadian\\_inventions](http://en.wikipedia.org/wiki/List_of_Canadian_inventions)



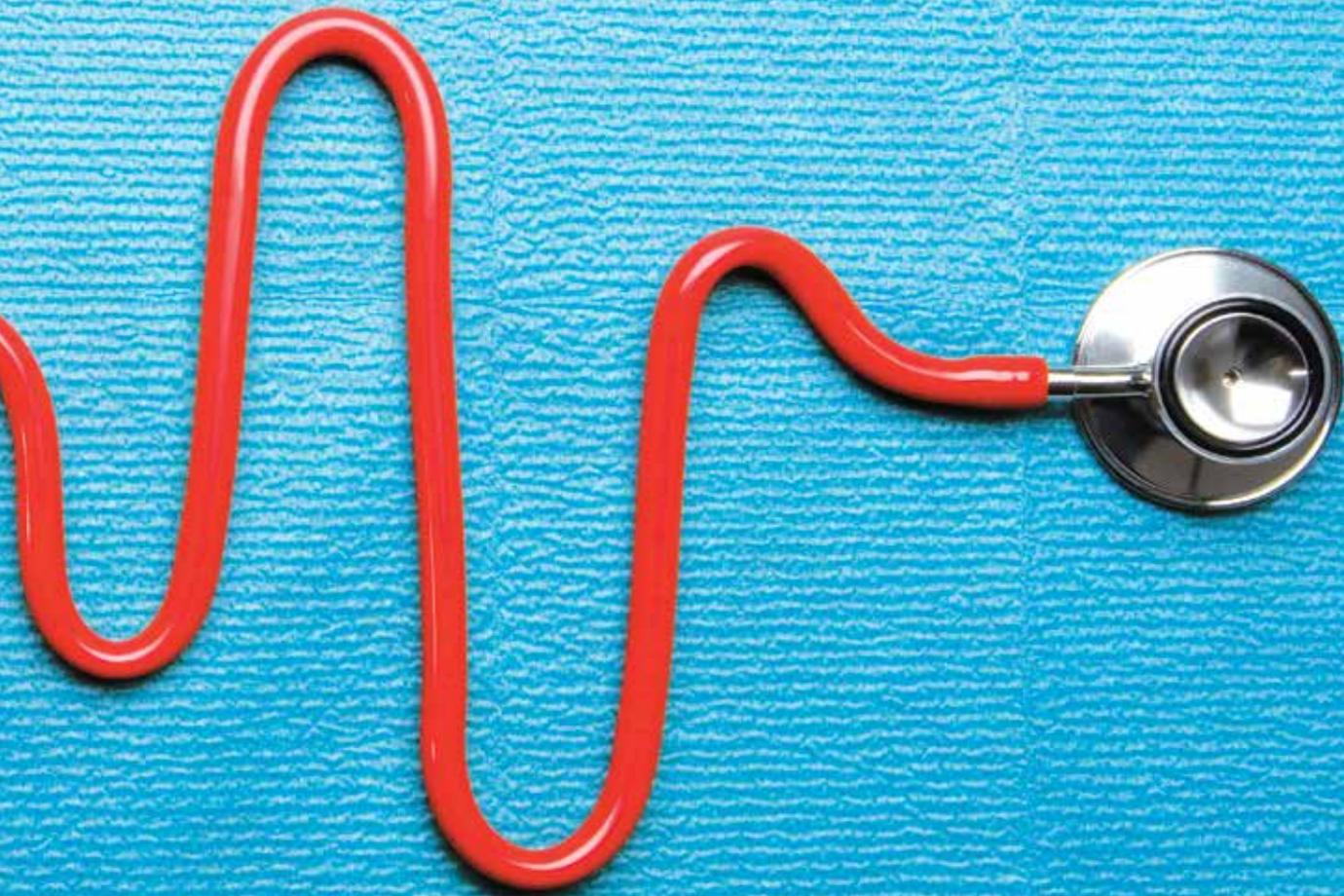
# The value of advice

**Just like an annual checkup with your doctor, a regular review with your advisor is important to your overall financial health.**

**IN AN EFFORT TO STAY HEALTHY**, you make seeing your doctor a priority. Your doctor knows your medical history and, if there is a problem, can recommend a course of treatment. The same concept applies to your finances – regular checkups with an advisor can go a long way towards improving your financial health. Whether your goal is to reduce debt, buy a house, save for retirement or simply pay the bills, you don't have to go it alone.

Regardless of your stage of life or amount of wealth, you can benefit from the professional counsel and services of an advisor. In fact, 71 per cent of advised households started working with an advisor when they had less than \$50,000 in investable assets.<sup>1</sup> Milestones such as buying a first home, starting a new job or having a child are

<sup>1</sup> Claude Montmarquette and Nathalie Viennot-Briot, *Econometric models on the value of advice of a financial advisor*, CIRANO, July 2012.

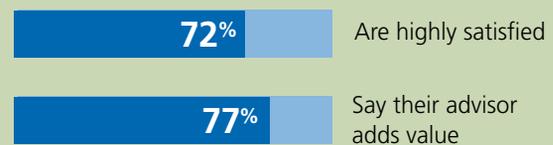


all good opportunities to address new financial needs and begin working with an advisor.

### Start with a consultation

An advisor starts by understanding your objectives and doing a thorough analysis of your complete financial situation. Next, he or she will work with you to put a strategy in place to help reach your goals. A comprehensive plan allows you to balance today's needs with your goals for the future, easily adapt to changes in circumstance and plan ahead for emergencies, as well as helping you be in control of your financial well-being.

### HOW DO CANADIANS FEEL ABOUT THEIR ADVISOR?



Source: Investment Industry Association of Canada, *The Economics of Loyalty Survey* (2013).

An advisor may be able to help by doing some or all of the following:

- Creating a disciplined savings strategy including cash flow planning and debt management
- Designing and implementing a customized investment strategy
- Proposing tax reduction strategies
- Facilitating will and estate planning
- Reviewing and recommending insurance products, including life, disability and critical illness
- Providing access to a network of professional resources such as accounting and legal services

### A prescription for long-term success

As you develop your plan, it's important to be realistic about your expectations. An advisor won't magically make your debt disappear or guarantee double-digit returns on your investments. He or she will, however, provide ongoing support and guidance so you can remain focused on your



goals through the ups and downs life throws your way.

*The Value of Advice Report 2012* by the Investment Funds Institute of Canada found that households that receive financial advice are:

- 1.5 times more likely to stick to their financial decisions
- More confident about their financial future
- More than twice as likely to participate in Registered Retirement Savings Plans, Registered Education Savings Plans and Tax-Free Savings Accounts

As you can see, those who work with an advisor have a clear advantage – both in terms of increased financial benefits and level of confidence about their overall finances.

### Regular checkups: Your financial well-being depends on them

Getting started early on with an advisor and scheduling routine reviews can provide a considerable financial advantage in the long run. Be sure to ask questions and get the information you need to feel a high level of trust and comfort. After all, the healthiest and most rewarding relationship is one that will benefit you not just today, but well into your future. ■

## HOW DO ADVISORS GET PAID?

Advisors are compensated in a number of ways, depending on the type of services and products they provide and the specifics of each particular situation. Here are some common ways advisors are paid:

**COMMISSIONS ON TRADES.** Some advisors are paid a commission each time there is a trade in the client's account. The more trades there are, the more the advisor gets paid.

**FEES BASED ON ASSETS.** In this model, the advisor is paid a fee based on a percentage of the assets a client holds, regardless of whether or not there is any trading in the account. The fee compensates the advisor for ongoing advice and service with respect to the management of the account. In some cases, an advisor's compensation can be a mix of fees and commissions.

**FEE-FOR-SERVICE.** Advisors paid on a fee-for-service basis may charge an hourly rate or set a flat rate for a specific service.

**SALARY.** Some advisors work for a company that pays them a salary. The advisor's employer may earn revenues from fees paid by clients or from commissions paid by clients making a purchase or by the suppliers of financial products.

# Recovery first

Critical illness insurance can help protect your home and your lifestyle.



**A CRITICAL ILLNESS DIAGNOSIS** can turn your life upside down. Plans change. Priorities shift. New goals emerge: to get better, to move past the stress and anxiety, to live every moment to the fullest. But of course the realities of daily life don't disappear while you're focused on recovery. Your mortgage and regular expenses still need to be paid.

Although you can't plan for a critical illness, you can have measures in place to act as a safety net for such an uncertainty. Critical illness insurance pays a one-time cash benefit if you're diagnosed with one of the conditions defined in your contract.<sup>1</sup> You can use this money to take care of the financial side of life while you devote your energy to recovery.

## Flexibility when you need it most

Your critical illness benefit is there for you so you can pay the mortgage, take time off work, arrange for additional child care, travel to receive specialized treatment or access whatever extra help you need.

The money can also be used to cover out-of-pocket expenses not covered by provincial health plans, such as the cost of life-saving drugs, medical equipment or home renovations to accommodate disability. You may want to allocate some of it to everyday expenses associated with getting treatment, such as gas, parking and food.

## Don't let a critical illness impact your savings

Keep in mind that even if you're fortunate enough to have a benefits plan at work, it may not be enough to manage the full financial impact of a critical illness. You may receive a percentage of your income while you are away from your job, but that amount likely won't cover all your regular living expenses. A critical illness policy supplements your benefits plan so you can avoid dipping into savings.

## Talk to your advisor

Your advisor can help you find the most appropriate critical illness solution to meet your family's needs. When you know that your home and lifestyle are protected, you can focus on what really matters: getting better. ■

<sup>1</sup> The cash benefit is paid if you meet the eligibility criteria set out in your contract.



# Money smarts

Teens in high school?  
Help ensure they're  
financially prepared for  
post-secondary education.

## **DRIVING. VOTING. CHARTING A COURSE INTO THEIR FUTURE.**

As the end of high school approaches, teens begin an exciting chapter in their lives. They can seriously consider career choices and start researching post-secondary programs.

Taking the time to financially prepare teenagers for post-secondary education could be just as important as – perhaps even more important than – other lessons shared over the years. If you have children heading towards college or university, starting the conversation now can help set the stage for their financial security after they finish school.

### **What is the price tag?**

In 2013/14, one year's tuition at a Canadian university cost an average of \$5,772 – an increase of 3.3 per cent over the previous year. Books and other course materials often add a further \$800 to \$1,000 per year to expenses.<sup>1</sup> The Canadian Centre for Policy Alternatives projects that average tuition and compulsory fees for Canadian undergrads will reach \$7,437 in 2016/17.<sup>2</sup> When housing, transportation and other expenses are factored in, a four-year, full-time program could cost \$60,000 – or more.<sup>3</sup>

### **Where will the money come from?**

If you've been setting aside money in a Registered Education Savings Plan (RESP), you already have a pool of savings available to help pay for your children's post-secondary education. If you haven't, you may

<sup>1</sup> [www.fcac-acfc.gc.ca/Eng/forConsumers/lifeEvents/payingPostSecEd/Pages/Budgetfo-Unbudget.aspx](http://www.fcac-acfc.gc.ca/Eng/forConsumers/lifeEvents/payingPostSecEd/Pages/Budgetfo-Unbudget.aspx)

<sup>2</sup> [www.policyalternatives.ca/newsroom/news-releases/cost-university-education-rise-13-over-next-four-years-study](http://www.policyalternatives.ca/newsroom/news-releases/cost-university-education-rise-13-over-next-four-years-study)

<sup>3</sup> [www.canlearn.ca/eng/planning/saving/cost.shtml](http://www.canlearn.ca/eng/planning/saving/cost.shtml)

want to catch up with a lump-sum contribution – and you may still be able to take advantage of the Canada Education Savings Grant (CESG). In the years your child turns 16 and 17, you can receive CESGs that top up your contribution as long as the RESP had deposits of at least:

- \$2,000 before the end of the year your child turned 15; or
- \$100 in each of any four years before the year your child turned 15

To learn more about the Canada Education Savings Grant, visit [www.canlearn.ca/eng/savings/cesg.shtml](http://www.canlearn.ca/eng/savings/cesg.shtml).

RESPs aren't the only way to finance post-secondary education, of course. Students may be able to access some of the more than \$100 million<sup>4</sup> in scholarships, grants and bursaries offered by federal, provincial and territorial governments, schools, companies and charitable foundations. Awarded based on merit or financial need, this money is a gift that doesn't have to be paid back. Start your search here:

- [www.canlearn.ca](http://www.canlearn.ca)
- [www.scholarshipscanada.com](http://www.scholarshipscanada.com)
- [www.studentawards.com](http://www.studentawards.com)

Your children may also be able to contribute. Part-time and summer jobs during high school can help them save money towards tuition. Jobs on or near campus may offer flexible shifts that accommodate class schedules. Career-related internships, co-op programs and apprenticeships, often coordinated by universities and colleges, can provide excellent work experience as well as a source of income. Find out about a range of employment opportunities for students here: [www.servicecanada.gc.ca/eng/audiences/youth/employment.shtml](http://www.servicecanada.gc.ca/eng/audiences/youth/employment.shtml).

### What if we need to borrow?

Many students supplement money available from savings, scholarships, grants, bursaries and employment income with loans. According to a recent study,<sup>5</sup> 59 per cent of students borrow money to help finance their education.

Among students with debt, the average amount at graduation is \$24,579. On average, government student loans account for approximately 62 per cent of all debt.<sup>5</sup> Find more information about student loans here: [www.canlearn.ca/eng/loans\\_grants/loans](http://www.canlearn.ca/eng/loans_grants/loans).



### ARE CREDIT CARDS A GOOD IDEA FOR STUDENTS?

There's no question that credit cards offer payment convenience and can help young adults establish a credit rating. However, it's very important for students to be disciplined about paying off the balance each month. Choosing an appropriate card is also critical. Look for a card with no annual fee and a low interest rate.

Other frills, such as the opportunity to earn cash back or rewards points, should be secondary considerations while students are still learning to manage credit wisely.

### How can a budget help?

One of the most important money lessons teenagers can learn is how to create and stick to a budget. A budget may not sound like a lot of fun to young people, but it's a very simple concept: a list of expenses and income. In a balanced budget – what your children should always aim for – there is enough income to pay all of the expenses.

Try the worksheet included with this article to help your children build a realistic, personalized post-secondary budget and encourage them to track their day-to-day spending using a simple spreadsheet or smartphone app. It may take your teens some getting used to, but it won't take long for them to see the value of budgeting. In fact, tracking spending habits and following a budget can help them find and save money for more “fun” activities once expenses have been paid.

### What about emergencies?

Unexpected costs can have a serious impact on a student's budget. Encourage your children to develop a plan in advance so they know what to do (and what not to do) when they can't make ends meet. Do they have a dedicated emergency fund? Will they call you for help? Will they need to borrow – and, if so, what option has the lowest interest rate? Answering these questions before a crisis hits can help students ride out the inevitable financial surprises life presents.

As your teenagers embark on this new stage in their lives, they will face greater independence and greater consequences when they make mistakes. With appropriate support and understanding, you can help them manage budgetary challenges and guide them onto the right financial path for life. ■

<sup>4</sup>[www.studentawards.com](http://www.studentawards.com) <sup>5</sup>[www.sfu.ca/content/dam/sfu/irp/surveys/cusc/cusc2012reportSFU.pdf](http://www.sfu.ca/content/dam/sfu/irp/surveys/cusc/cusc2012reportSFU.pdf)



## GUIDE ADULT CHILDREN TOWARDS FINANCIAL SUCCESS

An open dialogue can help pave the way for long-term financial security.

**ONE OF THE MOST IMPORTANT** goals many parents set for themselves is to raise their children to be financially independent. And, by the time children reach their mid-to-late 20s, they're often earning an income and making their own financial decisions. However, they may still benefit from some gentle guidance about budgeting and debt.

The challenge for many people in their mid-20s is that they're experiencing so many "firsts": a first full-time job, a first apartment, a first car. The pace doesn't slow down in the late 20s, when they may be saving

for a wedding, a house and all the expenses associated with starting a family of their own.

In the midst of this period of rapid change, there are regular expenses to pay – from groceries to utilities. There may be a student loan, a car loan and mortgage payments to make. In the months when income doesn't match expenses, credit card balances and other consumer debt may start to creep upwards.

The sooner young adults start balancing income and expenses and keeping debt to a minimum, the better positioned they will be for future

financial success. Here are tips on how to have a productive conversation with your children:

**Take the initiative.** Some young adults are reluctant to bring up the subject of finances with their parents, but grateful when given an opportunity to discuss their concerns. Open the door with something like "We haven't talked about money in a while, and I want you to know that you can still come to me for advice whenever you need it."

**Listen carefully.** Your children may give you clues that finances are becoming a struggle without coming right out and saying it. They may complain about a landlord being too tough on them. They may express anxiety about whether they will get a raise or a bonus at work. Probe to find out if financial stress is behind these comments.

**Be open.** Tell your children about some of your own money challenges, today and when you were their age. This can help reassure them that you won't be judgmental, as well as giving you a chance to share some of your money management tips.

**Offer objectivity.** Acknowledge that you don't have all the answers and, if appropriate, recommend that your children make an appointment to speak with your advisor. An advisor can provide expert advice – and young adults may be more comfortable talking about their financial situation with a professional.

By raising the topic, you can help young adults address small challenges before they become large or even insurmountable. It's one more way you can help set your children up for long-term financial success. ■



# Full steam ahead!

**Accelerate your savings – a plan that includes the right mix of accounts can help you reach your destination faster.**

**IMAGINE FOR A MOMENT THAT YOUR SAVINGS** are a locomotive, chugging along a track leading towards your financial future. The engine propelling the train is your income and any money you have coming in. The freight cars being pulled behind are filled with the resources you will need at the stations along your route. Now, suppose each car represents a specific type of account and is emblazoned with a name: TFSA, RRSP, RESP or Non-registered. Each car may contain a variety of investment products, such as stocks, bonds, mutual funds, segregated fund contracts and high-interest savings accounts.

Your train is unique, customized to your investment needs now and in the future. Depending on your situation and requirements, sometimes you'll have more cars; sometimes you'll have fewer. Let's take a closer look inside each freight car to see how it works, when you need it and what products belong inside it, to help ensure you're well equipped for all stages of your journey.

## **TFSA for accessibility**

A Tax-Free Savings Account (TFSA) allows Canadians aged 18 and older to earn tax-free investment income. You don't get a tax deduction when you contribute, but your money grows tax-free inside the account and you can withdraw your money at any time with no tax implications. As a result, a TFSA keeps your money accessible, making it ideal for either short-term or long-term savings goals and as an emergency fund.

The contribution limit for 2015 is \$5,500, and unused contribution room can be carried forward to future years. Make sure your investment choices match your time horizon. In other words, if you expect to withdraw your money within a few years, fill your TFSA with stable investments that you can cash in at any time without penalty.

It's important to consider the timing of any withdrawals and re-contributions to a TFSA to avoid penalties. Amounts withdrawn from a TFSA in a given year are added back to your available contribution room for the following year. Avoid re-contributing amounts withdrawn in the same calendar year if you have no more contribution room available. A one per cent per month penalty could apply.

### RRSP for retirement

A Registered Retirement Savings Plan (RRSP) is designed specifically to help Canadians build savings for retirement. You get a tax deduction when you contribute, and your money grows tax-free inside the account. You pay

## DID YOU KNOW?

RESPs aren't just for parents. Grandparents, other family members and friends can all open an RESP for a beneficiary. RESPs can also be used by adults to fund their own future post-secondary education costs.

tax on withdrawals, but the idea is that those withdrawals will happen in retirement, when your income (and therefore your tax rate) is lower than it is while you are working.

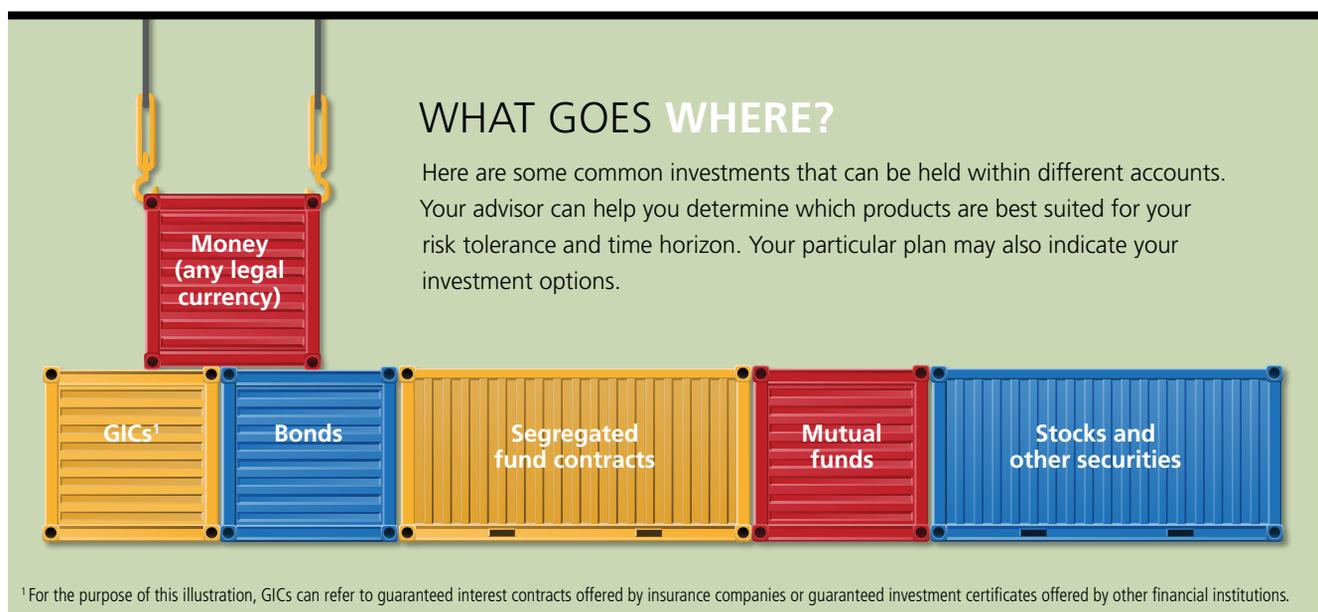
For the 2015 tax year, you can contribute up to 18 per cent of your 2014 earned income, less any pension adjustment, to a maximum of \$24,930. Check your most recent Notice of Assessment from the Canada Revenue Agency for your personal RRSP deduction limit, which may include accumulated contribution room from past years.

For many Canadians, retirement is still years or even decades away. If this describes you, choose investments appropriate to your risk tolerance that can deliver the long-term growth you need to support your desired retirement lifestyle. That may mean equity or balanced mutual funds and segregated fund contracts.

### RESP for education

If you have children, consider a Registered Education Savings Plan (RESP) to help you save for their post-secondary education. You don't get a tax deduction when you contribute, but your money does grow tax-free inside the account. When the money is withdrawn to pay for school-related expenses, the investment growth is taxed in the recipient's hands. Because students generally have very low incomes, this often means little or no tax is due.

You can contribute a lifetime maximum of up to \$50,000 for each beneficiary. Canada Education Savings Grants (CESGs) match 20 per cent



of contributions – up to \$500 annually until the end of the year the beneficiary turns 17, to a limit of \$7,200 for each beneficiary. Think of CESGs as a guaranteed rate of return on your investment – they can significantly add to the money available to support your children through school.

Your investment choices within an RESP will depend on what the plan allows and the age of your children. If they are within a few years of finishing high school, consider shorter-term investments with less risk. If there are still many years to go before they need to access the money, consider longer-term investments with greater growth potential.

### Non-registered for flexibility

Non-registered accounts offer the greatest flexibility, with no limits on contributions or withdrawals. As a result, they can be used to achieve many different financial planning objectives and are an excellent complement to registered accounts.

It's important to note that non-registered accounts don't offer the same tax-free or tax-deferred growth from investment income as available with TFSAs, RRSps and RESPs. However, they can offer flexibility in managing income-generating investments, which can affect the way income is taxed. For more information, consult your tax advisor.

### Speak with your advisor

Your advisor can help you connect the right cars to your locomotive and load them with the right mix of investments for your travels. Whatever your destination, and whatever turns and detours you encounter along the way, having the right investment cargo in your train will help make your journey more comfortable and enjoyable. ■



## Put more money in your pocket with Manulife Bank's Advantage Account

**Earn high interest on every dollar, plus get free everyday banking when your balance is \$5,000 or more.**

High interest and unlimited:

- Cheque writing
- Automated Bank Machine transactions
- Interac® Direct payments
- Interac® e-Transfer
- Bill payments

That's smart banking!

**Talk to your advisor today to discover how Manulife Bank can help you earn more and pay less.**

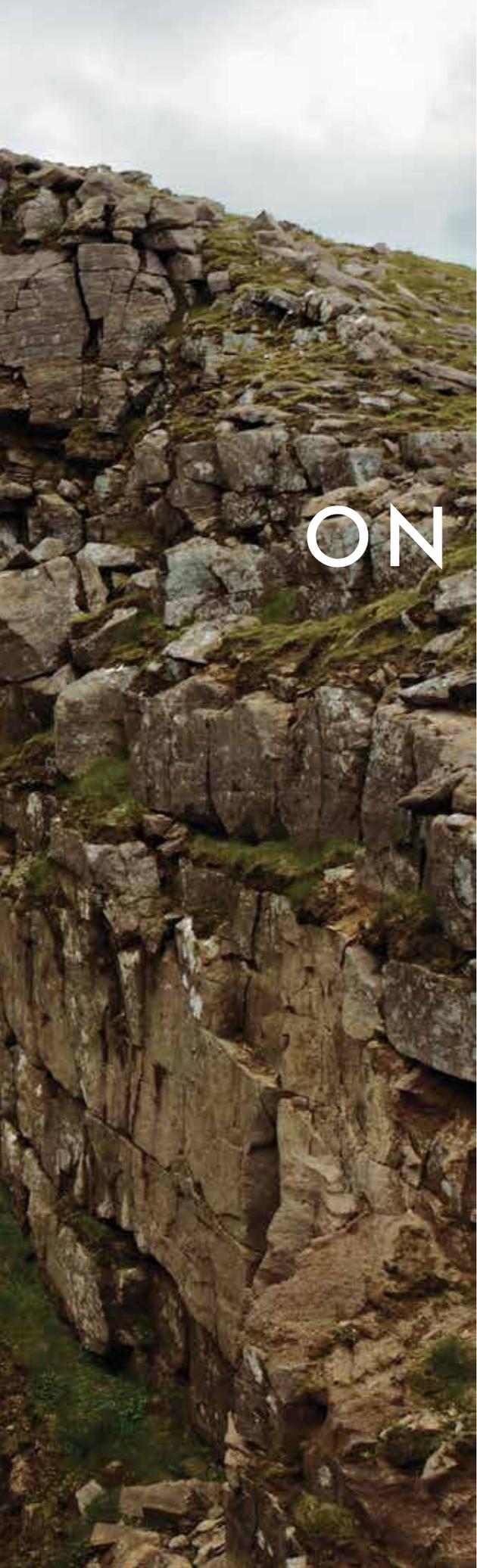
 **Manulife Bank**



Interest is calculated on the total daily closing balance and paid monthly. Rate is subject to change without notice. Visit [manulifebank.ca](http://manulifebank.ca) or contact your advisor for current rates and additional details. Automated Banking Machine (ABM) transactions at ABMs that are not part of THE EXCHANGE Network may result in the user being charged a convenience fee. Manulife Bank of Canada is a member of Canada Deposit Insurance Corporation. Fiserv EFT is the owner of THE EXCHANGE® trade mark and its associated rights. Fiserv EFT has granted FICANEX® the exclusive right to use, market and sublicense THE EXCHANGE® trade mark and the intellectual property rights associated with the operation of THE EXCHANGE® Network throughout Canada. Manulife Bank of Canada is an authorized user of the mark.

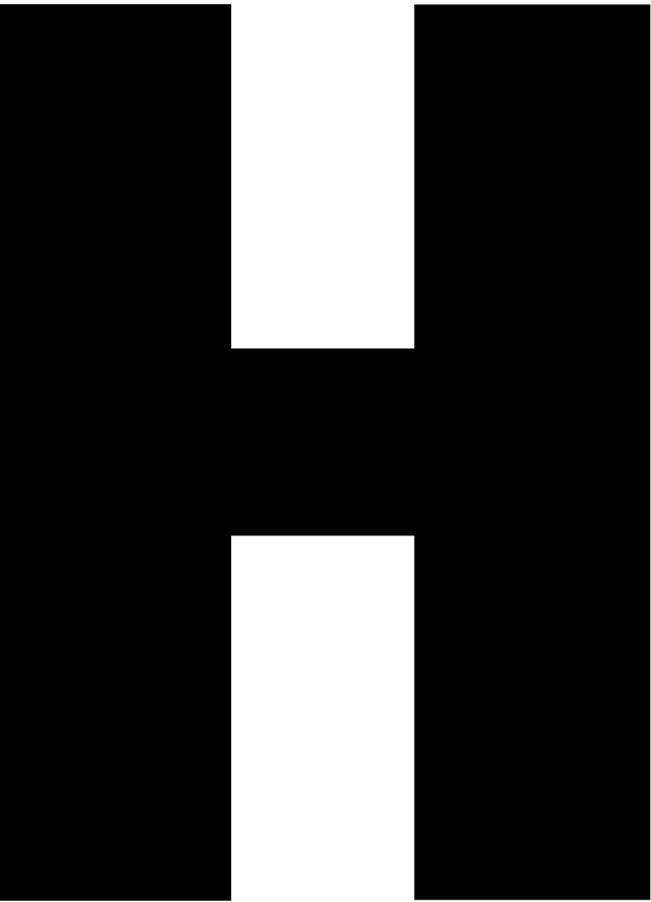
Advantage Account is offered through Manulife Bank of Canada. Manulife, Manulife Bank, the Manulife Bank logo, the Block Design, the Four Cubes Design, and Strong Reliable Trustworthy Forward-thinking are trademarks of The Manufacturers Life Insurance Company and are used by it, and by its affiliates under licence.





ON  
LIVING  
THE  
edge

Do you need your next paycheck to cover last month's bills? Discover how working with an advisor could help you break the cycle of living paycheck to paycheck.



## HERE'S A SURPRISING FACT.

More than *half* of Canadian employees are living paycheque to paycheque. In a recent Canadian Payroll Association (CPA) survey,<sup>1</sup> 51 per cent of respondents said they would struggle to meet their financial obligations if their next paycheque came just one week late.

The same survey found that half of employees are saving five per cent or less of their salary (although financial planning experts often suggest saving a minimum of 10 per cent), and more than one in four (26 per cent) acknowledge that they probably couldn't come up with an extra \$2,000 over the next month to cover an emergency expense.

Many Canadians are living on the edge – or very close to it. There are plenty of reasons for this that have nothing to do with reckless overspending. Families across the country told the CPA that all of their income is spoken for because, after basic living expenses, they are spending more on their children, on home renovations and on education. These are hardly frivolous expenses. Nevertheless, aspects of the survey results are concerning.

<sup>1</sup> [www.payroll.ca/cpadocs/Media/NewsReleases/2014NPWEmployeeResearchSurveyNationalNewsRelease.pdf](http://www.payroll.ca/cpadocs/Media/NewsReleases/2014NPWEmployeeResearchSurveyNationalNewsRelease.pdf)

## WHAT'S THE COST?

However a family finds itself with little to no financial wiggle room, the consequences are much the same. If you're spending everything you earn, you can't build a rainy day fund, you can't pay down debt and you can't plan for the future. And what if the next paycheque doesn't come? A job loss can send household finances into a tailspin.

There's an emotional toll too. Half of Canadians worry about money, according to a survey conducted for the Canadian Institute of Chartered Accountants.<sup>2</sup> And a report by two professors at Carleton University found that financial stress can lead to lower self-esteem, an increasingly pessimistic outlook on life and reduced mental health.<sup>3</sup>

So, what can you do if you're counting on your next paycheque to cover last month's bills? The good news is, you can make changes to gain control of your finances and make positive progress. The underlying goal is to change the ratio of income to expenses. It may be hard work, but it is possible to move towards a more financially secure and emotionally confident future. Start by taking the steps discussed below. Once you've taken the first step, the next will be easier.

## STEP #1 GET A SECOND OPINION ON YOUR CASH FLOW

If you do just one thing suggested in this article, make it this: book an appointment to speak with your advisor about your cash flow. Cash flow is, quite simply, the money that moves into and out of your household each month. Your income and your expenses must balance.

If you're spending all that, or more than, you're making, consider whether you can give your income a boost by working additional hours or taking on contract jobs. At the same time, look for opportunities to reduce expenses. Some strategies, such as bundling services like cable and internet with one provider to receive a discount, don't have any effect on lifestyle. Similarly, organizing your debt, savings and day-to-day banking more efficiently can make your money work harder – giving you more bang for your buck. See the next page for more ideas that can improve cash flow.

A professional assessment of your cash flow by your advisor is the best way to make sure you're not missing opportunities to earn more, spend less and get financially ahead. And, once you know how cash is moving into and out of your household, you can create a realistic monthly budget – and stick to it.

<sup>2</sup> [www.newswire.ca/en/story/1102397/worried-canadians-increasingly-cautious-about-their-money-cica-survey](http://www.newswire.ca/en/story/1102397/worried-canadians-increasingly-cautious-about-their-money-cica-survey) <sup>3</sup> <http://server.carleton.ca/~jmantler/pdfs/financial%20distress%20DSI.pdf>

## STEP #2 PAY DOWN DEBT

According to Statistics Canada, four in 10 households had an outstanding balance on a credit card in 2012, with a median amount of \$3,000<sup>4</sup> – and credit cards often have higher interest rates than other forms of debt.

Dedicating freed-up cash flow to pay down high-interest debt can make a huge difference to your overall finances. Making extra payments towards your balance can reduce the amount of interest you pay and help you become debt-free sooner. You could also consider consolidating all of your debt at one low rate. This will not only save on interest, it also makes repayment simple, because all your debt is in one place. Solutions that can help you consolidate your debt include all-in-one accounts and lines of credit.

While you're tackling your debt, it's sensible to avoid adding to it. You may want to leave your credit card in a drawer for a few months and pay for everything using cash or debit. A fixed cash allowance can really help to control the money flowing out of your household each month.

As with cash flow, your advisor can offer guidance to help you pay off debt as quickly and inexpensively as possible.

A recent survey<sup>5</sup> found that Canadian homeowners who work with an advisor were significantly more likely to pay off credit card balances in full and implement other strategies to reduce debt.

## STEP #3 BUILD A RAINY DAY FUND

Life is full of unexpected expenses. Maybe your always-reliable car suddenly needs a major repair or your furnace shuts down in the middle of February. Perhaps a child needs braces or a parent needs financial assistance with unforeseen health problems.

A rainy day fund helps reduce the anxiety that one significant above-and-beyond expense could leave you scrambling for enough to make ends meet. Start as small as your cash flow allows and gradually work towards setting aside an amount equivalent to three months of regular expenses in a high-interest savings account or Tax-Free Savings Account (TFSA). Choose investments that you can cash out whenever you need them. While you're building up your emergency fund, a line of credit or all-in-one

## FOUR SIMPLE WAYS TO IMPROVE YOUR CASH FLOW

### 1. Spend rewards points instead of cash

A recent study found that fewer than 30 per cent of Canadians who belong to a credit card rewards program

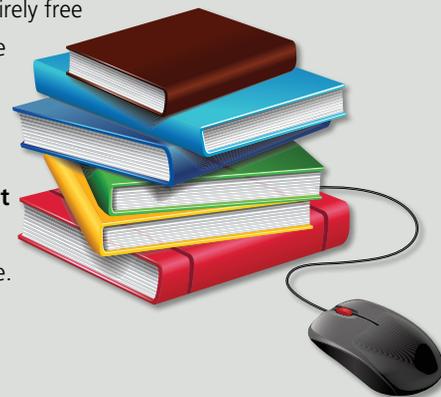
have used their points to book travel.<sup>6</sup> Your points are an asset, and **using them to pay for your next vacation** – or essentials such as gas and groceries – can free up cash to put towards other financial priorities.



### 2. Enhance skills with free courses

Some of the world's best universities – including MIT, Harvard, Stanford and Yale – offer Massive Open Online Courses (MOOCs) entirely free

of charge. You may be able to **enhance your skills, your employability and your income without any cost**, from the comfort of your home.



<sup>4</sup>[www.statcan.gc.ca/daily-quotidien/140225/dq140225b-eng.htm](http://www.statcan.gc.ca/daily-quotidien/140225/dq140225b-eng.htm). This does not constitute an endorsement by Statistics Canada of this product.

<sup>5</sup>[www.manulife.com/public/news/detail/0,,lang=en&artId=147679&navId=630002,00.html](http://www.manulife.com/public/news/detail/0,,lang=en&artId=147679&navId=630002,00.html) <sup>6</sup>[www.canada.creditcards.com/credit-card-news/credit-card-travel-rewards-go-unused-1277.php](http://www.canada.creditcards.com/credit-card-news/credit-card-travel-rewards-go-unused-1277.php)

account can act as an effective backup plan to avoid going into high-interest debt should the unexpected occur.

If you have to use your rainy day fund, make sure you fill it up again as soon as you can so it's ready and waiting for the next unexpected expense.

## STEP #4 SAVE FOR THE FUTURE

Where do you hope to be in five years, 10 years, 25 years? Planning ahead starts with a clear vision of the life you want to live in the future. Sharing that vision with your advisor can enable him or her to help you calculate how much you need to save on a regular basis to achieve your short-term, medium-term and long-term goals.

A modest amount, saved regularly, adds up quickly. For example, say you deposit \$50 from every biweekly paycheque and invest your money in a balanced portfolio within a tax-deferred or tax-free account. Assuming you receive an average rate of return of just three per cent, compounded annually, you could potentially accumulate more than \$7,000 in five years, more than \$15,000 in 10 years and more than \$48,000 in 25 years.<sup>7</sup>

Your contributions may be topped up, too – for example, if your workplace offers an employer-matching Registered Retirement Savings Plan (RRSP) or defined contribution pension plan. Every little bit of money contributed by someone else can help you reach your goals sooner.

## TALK TO YOUR ADVISOR

When you're living paycheque to paycheque, it may feel as if you're trapped in a cycle that will never end. While change may require sacrifices in the short term, you may be able to significantly improve your financial situation in a matter of months – not years or decades. It just takes a commitment to take control of your finances, instead of letting them control you.

Your advisor can effectively support your commitment and help you create the best plan for your specific situation, including prioritizing and implementing the strategies discussed in this article. Be open with your advisor and, with his or her support, you can take one step, and then the next, away from living on the edge. ■

### 3. Cook in batches and order in less

The average Canadian household spent \$5,572 on food purchased from stores and \$2,167 on food from restaurants in 2012.<sup>8</sup> To shift the balance towards home-cooked meals in your household, **consider making large batches of freezer-friendly food on the weekend** so there's less temptation to order in during the week.



### 4. Take advantage of resources in your community

Can you replace your underused gym membership with free or low-cost fitness programs at your local community centre? Can you **switch up movie night once in a while for a free concert** or festival? How about borrowing your favourite magazines from the library instead of subscribing? Get tuned in to what's on offer locally.



<sup>7</sup> For illustration purposes only. <sup>8</sup> [www.statcan.gc.ca/daily-quotidien/140129/dq140129a-eng.htm](http://www.statcan.gc.ca/daily-quotidien/140129/dq140129a-eng.htm). This does not constitute an endorsement by Statistics Canada of this product.

## EVERY BUSINESS STARTS SMALL

Good advice can help your company put the right strategies in place to succeed and grow.



**LAUNCHING A COMPANY CAN BE EXCITING**, empowering and at times overwhelming – but the best part is that you’re pursuing your passion. Whether you’re developing strategy, managing day-to-day operations or crunching the numbers, there’s no question you have a lot on your plate as a small business owner. The good news is you don’t have to do it *all* on your own.

Developing your network – from other business owners with practical experience to professionals such as lawyers, accountants and advisors – can help you put the right strategies in place to succeed and grow. You might be surprised to learn just how generous people can be with their time and knowledge.

The key for new business owners and entrepreneurs is to assemble the right informal and formal consultants. Learn as much as you can from their insights, from resources like the ones listed in this article and from in-class or online continuing education courses. Once those valuable relationships are established, don’t be afraid to leverage your network whenever possible. You need time to focus on what you do best – and you don’t want to miss business opportunities because you’re too busy to seize them.

## Resources for business owners and entrepreneurs

Reach out to organizations that offer information, professional development and opportunities to connect with other business people in your field or your local community. They include:

- Your chamber of commerce
- Your municipality
- Colleges and universities
- Business networks
- Industry organizations
- Professional associations

## Talk to your advisor

An advisor who specializes in working with business owners can provide guidance in a number of areas of interest to business owners and entrepreneurs, including:

- Separating business and personal finances
- Generating tax-efficient income from your company
- Evaluating financing options and planning to repay debt
- Protecting you and your business from insurable risks
- Referring you to experts for specialized advice

You may want to use the worksheet included with this article when meeting with your advisor. The worksheet lists steps designed to help get a business up and running, and is organized into categories similar to those of a business plan.

## WEB RESOURCES

### Canada Business Network

[www.canadabusiness.ca](http://www.canadabusiness.ca)

### Canada Revenue Agency – Starting Your Business (video series)

[www.cra-arc.gc.ca/vdglly/bsnss/srs-strtnghbsnss-eng.html](http://www.cra-arc.gc.ca/vdglly/bsnss/srs-strtnghbsnss-eng.html)

### Canadian Federation of Independent Businesses

[www.cfib-fcei.ca](http://www.cfib-fcei.ca)

### Industry Canada – Start a Business

[www.ic.gc.ca/eic/site/icgc.nsf/eng/h\\_07097.html](http://www.ic.gc.ca/eic/site/icgc.nsf/eng/h_07097.html)

### Service Canada – Starting a Business

[www.servicecanada.gc.ca/eng/subjects/business](http://www.servicecanada.gc.ca/eng/subjects/business)

### Canadian Digital Media Network

[www.cdmn.ca/network](http://www.cdmn.ca/network)

### Smart Business Move – Resources for Business Owners

[www.smartbusinessmove.ca](http://www.smartbusinessmove.ca)

If your company is growing and you're looking for strategies to support its development, watch for an article on businesses in the growth phase in the next issue of *Solutions*. ■

## A MISSED OPPORTUNITY?

Skip the tax refund and put your money to work throughout the year.



**THE IDEA OF A TAX REFUND**, particularly a large refund, is cause for celebration for most people – but it shouldn't be. The reality is that a tax refund means you have paid the Canada Revenue Agency (CRA) too much tax throughout the year. In essence, you have provided the government with an interest-free loan. The larger the refund, the larger the loan amount. Fortunately, there is a way to keep more of your hard-earned money working for you throughout the year.

### The solution

If you have non-payroll Registered Retirement Savings Plan (RRSP) contributions, child care expenses, interest expenses on investment loans, maintenance or spousal support payments, charitable donations or rental losses, you can have the amount of tax deducted by your employer reduced.

Simply complete CRA's Form T1213, "Request to Reduce Tax Deductions at Source," a straightforward one-page form, and send or take it to your local tax office. This form can be filed at any time in the year, providing you are up to date with all your income tax filings and payments. Once approved, CRA authorizes your employer to deduct less tax from your pay. Call 1-800-959-8281 to find the tax services office closest to you.<sup>1</sup>

Quebec residents must also complete and file Form TP-1016, "Application for a Reduction in Source Deductions of Income Tax," with the Ministère du Revenu

<sup>1</sup> Offices are also listed at [www.cra-arc.gc.ca/cntct/tso-bsf-eng.html](http://www.cra-arc.gc.ca/cntct/tso-bsf-eng.html)

du Québec so that their provincial source deductions are also reduced.

### How much could you keep?

Let's assume you make \$80,000 a year and have a marginal tax rate of 35%. Let's also assume you make non-payroll RRSP contributions of \$6,000 and have child care expenses of \$5,000 per year. By filing Form T1213, you can increase your monthly after-tax income to \$4,900 from \$4,580. That's additional monthly cash flow of \$320.<sup>2</sup>

Imagine the possibilities. What would you do with that extra money? Before you start envisioning a big-screen TV, think about how you could put that money to work for you. The best use of your additional cash flow will depend on your situation and goals. Consider the methods below to help eliminate debt and save for the future.

### Options to help reduce your debt

#### Pay down your credit card or consumer debt

If you are carrying a balance, your money is going towards paying high interest rates instead of saving. Reduce the cost of credit by paying down debt with the highest interest rate first.

#### Pay down your mortgage

Whether you have a traditional mortgage or a flexible mortgage with a line of credit, reducing your principal today could save you thousands of dollars in future interest costs and enable you to pay off your mortgage faster. Review the terms of your mortgage contract to make full use of the prepayment options available to you without incurring any penalties.

### Options to help increase your savings

#### Maximize contributions to your RRSP

Make a commitment to contribute the extra

money you have available to your RRSP.

Contributing higher amounts throughout the year allows more time to take advantage of the tax-deferred compounding of investment income. The goal: a bigger nest egg for your retirement.

#### Top up your TFSA

In a Tax-Free Savings Account (TFSA), any investment growth accumulates tax-free, and the money can also be withdrawn tax-free. This flexibility makes it an ideal savings vehicle for mid-to-large-sized purchases. A TFSA can also serve as an emergency fund to cover the costs of unexpected events such as job loss, an illness or a major home repair.

#### Contribute to an RESP

A Registered Education Savings Plan (RESP) allows a contributor to save money for a beneficiary's post-secondary education on a tax-deferred basis. Contribute early to take advantage of compounding investment income and government grants.

#### Contribute to an RDSP

A Registered Disability Savings Plan (RDSP) allows families to plan for the long-term financial security of a relative with disabilities. Early contributions to an RDSP benefit from compounding investment income and may also attract government grants.

Don't give the government an interest-free loan. Put the money that already belongs to you back into your pocket – and, without adding a single cent of extra money, you could be on your way to financial independence sooner. For more information, speak with your accountant or tax specialist. ■

<sup>2</sup> For illustration purposes only.

## ELIGIBLE MEDICAL EXPENSES

What's on the list might surprise you.



**MANY CANADIANS AREN'T AWARE** of just how many medical expenses may qualify for tax credits – including devices, modifications and services from practitioners for medical treatments. You can claim certain costs that are not paid for by a provincial or private plan for you, your spouse or common-law partner, and dependent children under 18 years old.<sup>1</sup> If you have private coverage, your premiums qualify for a tax credit too.

### Medical practitioners

The term “medical practitioner” includes a broad range of individuals in health care professions. For the purpose of the medical expense tax credit, health care professionals must be licensed or certified by a governing body to act as

a medical practitioner in their province or territory. A summary of medical practitioners is available on the Canada Revenue Agency website;<sup>2</sup> check your provincial or territorial guidelines for a complete list. Here is a list of commonly authorized medical practitioners:

- Medical doctor
- Nurse
- Nurse practitioner
- Optician
- Optometrist
- Pharmacist
- Physiotherapist
- Occupational therapist
- Podiatrist
- Massage therapist
- Chiropractor
- Respiratory therapist

<sup>1</sup> [www.cra-arc.gc.ca/medical](http://www.cra-arc.gc.ca/medical) <sup>2</sup> [www.cra-arc.gc.ca/tx/ndvdlst/tpcs/ncm-tx/rtrn/cmpltng/ddctns/lns300-350/330/ampp-eng.html](http://www.cra-arc.gc.ca/tx/ndvdlst/tpcs/ncm-tx/rtrn/cmpltng/ddctns/lns300-350/330/ampp-eng.html)

- Dentist
- Dental hygienist
- Denturist
- Orthodontist
- Audiologist
- Speech language pathologist
- Psychologist
- Dietician
- Naturopath
- Acupuncturist
- Midwife

### Treatments, devices and modifications

A wide range of medical expenses may be eligible for the tax credit. To qualify, the expenses must be prescribed or provided by a medical practitioner or a hospital. Here is a list of some common eligible medical expenses:

- Medical and dental services
- Orthodontic work
- Prescription drugs
- Lab tests
- Attendant care expenses
- Nursing home care
- Ambulance service
- Cancer treatment
- Wigs
- Diabetes supplies
- Reasonable travel-related expenses for medical services
- Specially trained service animals
- Eyeglasses
- Transplant costs
- Lip reading or sign language training
- Training a person to provide care for an infirm dependant
- Tutoring services for a person with a learning disability or mental impairment

- Artificial limb
- Iron lung
- Wheelchair
- Crutches
- Brace for a limb
- Spinal brace
- Ileostomy or colostomy pad
- Truss for a hernia
- Artificial eye
- Laryngeal speaking aid
- Hearing aid
- Artificial kidney machine
- Renovation and construction costs to allow access or functionality for someone with a physical impairment
- Moving expenses for a disabled person to move to a more suitable dwelling
- Lesser of \$5,000 or 20% of the cost of a van adapted to transport an individual who requires a wheelchair

More information on what's covered can be found at [www.cra-arc.gc.ca/medical](http://www.cra-arc.gc.ca/medical). If in doubt, keep your receipts throughout the year with a note explaining what each expense was for, and ask your accountant about them at tax time. ■

## DID YOU KNOW?

In addition to the cost of the devices and treatments, certain expenses related to maintenance are considered medical expenses. Examples include batteries for hearing aids or food and veterinary care for guide dogs.



## DESTINATION: NEWFOUNDLAND

Wild and windswept, cultured and creative, Newfoundland is famous for making “come-from-aways” feel right at home.



**NEWFOUNDLAND MIXES THE VERY, VERY OLD** – ancient rocks, fossils and prehistoric settlements – with a vibrant culture that celebrates storytelling, creativity and humour. St. John’s, the capital of Newfoundland and Labrador, Canada’s youngest province, is home to a dynamic mix of musicians, artists, writers, dancers and craftspeople. Its George Street also boasts the greatest number of pubs and bars per square foot on any North American street. Meanwhile, the smaller towns and villages dotted around the 111,390-square-kilometre “Rock” provide friendly bases for vacation experiences that are unique in Canada and the world.<sup>1</sup>

### Snap a selfie with a whale

From May to September, 22 species of whales visit the coasts of Newfoundland. Whether you’re on a boat tour, splashing through the water in a sea kayak or on a shoreline hike with a view, you may catch sight of a member of the world’s largest population of humpbacks, as well as sperm, blue, orca and other whales. If you time it right, an iceberg may float by, providing a spectacular backdrop to a once-in-a-lifetime photo op.<sup>2</sup>

### Enjoy theatre in a World Heritage park

The Gros Morne Theatre Festival runs for 16 weeks through the summer in the community of Cow Head at the north end of Gros Morne National Park.<sup>3</sup> Stretching across 1,805 square kilometres, the park is a UNESCO World Heritage Site and a destination in its own right with forests, fjords, cliffs, bogs, tablelands and complex



**LEFT:** Gros Morne National Park’s dramatic scenery will take your breath away.

**TOP:** Peek inside a Viking home at L’Anse aux Meadows.

**ABOVE:** See how a lighthouse keeper lived at Cape Bonavista Lighthouse.

<sup>1</sup> [www.newfoundlandlabrador.com](http://www.newfoundlandlabrador.com) and [www.georgestreetlive.ca/bars/](http://www.georgestreetlive.ca/bars/). <sup>2</sup> [www.newfoundlandlabrador.com](http://www.newfoundlandlabrador.com)

<sup>3</sup> [www.theatrenewfoundland.com/about-tnl](http://www.theatrenewfoundland.com/about-tnl)



geology that allowed geologists to prove the theory of plate tectonics.<sup>4</sup> If you're in Norris Point in May, check out the Trails, Tales and Tunes Festival, for an all-in-one combination of walks, workshops and entertainment.<sup>5</sup>

### Visit a Viking longhouse

More than a thousand years ago, Norse explorers settled at L'Anse aux Meadows – now also a UNESCO World Heritage Site – and today you can tour the ruins and reconstructions of wood-framed peat-turf homes, workshops and a forge to learn about what life was like in this picturesque spot back in AD 1000. This remains the only known Viking site in North America, with a history of local (non-European) human activity dating back about 5,000 years.<sup>6</sup>

### Train your binoculars on a bird in flight

Interested in seabirds? Newfoundland lays claim to the title “Seabird Capital of North America,” with 35 million of them, including gannets, puffins and storm petrels. Newfoundland is also a great place to spot birds of prey – hawks, falcons, ospreys, owls and more than 800 rare American bald eagles. Hop on a boat at Witless Bay Ecological Reserve or hike into the Cape St. Mary's Ecological Reserve for a close-up look.<sup>7</sup>

### Get adventurous in the great outdoors

Raft on the rapids of the Exploits River, explore caves and canyons in the Humber Valley, dive to shipwrecks in Conception Bay, zipline over the fishing village of Petty Harbour or “flightsee” high above Terra Nova National Park. In the winter, go skiing, snowboarding, snowshoeing and snowmobiling – or try your hand at dogsledding on Newfoundland's snowy west coast.<sup>8</sup> A new adventure is around every scenic curve in the road.

### Taste local delicacies

Eat with an open mind – exploring Jiggs' dinner with figgy duff, cod tongues, toutons, salt fish and brewis, among other Newfoundland treats. Savour the morning's catch of cod, halibut, salmon, trout, lobster, mussels, scallops or shrimp. Or tickle your taste buds with wild game such as moose, caribou, bear and rabbit. Choose the venue you



---

**TOP:** Visit Newfoundland's oldest surviving lighthouse at Cape Spear.

**MIDDLE:** The brightly painted houses in downtown St. John's are known as “Jellybean Row.”

**BOTTOM:** Whale watching tours get you up close and personal with Newfoundland's plentiful marine life.

prefer: a cozy booth in a fine-dining restaurant in St. John's, a picnic blanket in the shadow of a lighthouse or a sod hut for a Viking feast in L'Anse aux Meadows.<sup>9</sup>

### Walk in the footsteps of John Cabot

Bonavista is named after the delighted exclamation reportedly made by Giovanni Caboto (known locally as John Cabot) when he landed there in 1497: "O buona vista!" With heritage buildings clustered on narrow lanes, scenic rocky shores with pebbled beaches, and a replica of Cabot's ship in the harbour, Bonavista is still today "a happy sight." Nearby, Dungeon is just one of Newfoundland's many charmingly named provincial parks – others include Blow Me Down and Deadman's Bay.<sup>10</sup>

### Enjoy Newfoundland's unique language

Many languages have been spoken in Newfoundland over the centuries – from the aboriginal Algonquian and Eskimo-Aleut language families to the Norse, Basque, Spanish, Portuguese, German, French, Irish Gaelic and Scots Gaelic of European visitors and settlers. Traces can be found in the island's unusual place names and unique language.<sup>11</sup> For a more extensive primer on local dialects, check out the Dictionary of Newfoundland English Online at [www.heritage.nf.ca/dictionary](http://www.heritage.nf.ca/dictionary). Find much more information about everything Newfoundland has to offer at [www.newfoundlandlabrador.com](http://www.newfoundlandlabrador.com). ■

Phrases you may hear	Translation
How's she getting on b'y?	How are you doing?
Where you 'longs to?	Where are you from?
You knows yourself.	I agree.
G'wan b'y!	No, really?
'Tis some day on clothes.	It's a nice day.
She's aimin' to blow.	There's going to be a storm.
What a feed!	An excellent meal.

Source: [www.saltjunk.com](http://www.saltjunk.com)

<sup>4</sup> [www.newfoundlandlabrador.com](http://www.newfoundlandlabrador.com) <sup>5</sup> [www.trailstalestones.ca](http://www.trailstalestones.ca) <sup>6</sup> [whc.unesco.org/en/list/4](http://whc.unesco.org/en/list/4)

<sup>7</sup> [www.newfoundlandlabrador.com](http://www.newfoundlandlabrador.com) <sup>8</sup> [www.newfoundlandlabrador.com](http://www.newfoundlandlabrador.com)

<sup>9</sup> [www.newfoundlandlabrador.com](http://www.newfoundlandlabrador.com) <sup>10</sup> [www.newfoundlandlabrador.com](http://www.newfoundlandlabrador.com)

<sup>11</sup> [www.heritage.nf.ca/society/language.html](http://www.heritage.nf.ca/society/language.html)

**TOP:** Half a million puffins call Newfoundland home.

**MIDDLE:** Drag a kayak into the water at Terra Nova National Park.

**BOTTOM:** Animal-shaped rocks loom from the cliffs near Western Brook Pond.



## URBAN GARDENING: SMALL SPACES, BIG PAYOFFS

Enjoy fresh fruits, vegetables and herbs grown right at home – it's easier than you think!



**IMAGINE OPENING YOUR DOOR THIS SUMMER**, taking a few short steps, plucking a ripe, red tomato off the vine and sinking your teeth into it. It's juicy, bursting with flavour and still warm from the sun.

Sound like a fantasy? It doesn't have to be. Growing fruits, veggies and herbs in urban spaces is a blossoming trend that's here to stay. Savvy city dwellers are opting to grow local, sustainable food themselves, instead of buying it trucked in from hundreds or even thousands of miles away.

The best part is you don't need a large yard to enjoy the sweet success of urban gardening (see zucchini bread recipe on page 39). You might choose to create a windowsill herb garden, keep bees on a rooftop, plant a vertical garden in a tight space, grow plants in containers on your balcony, hang herb pots from your ceiling – or something completely unique based on your space.

### **Sow and reap the benefits**

Gardening is good for you in many ways. A study actually found a bacterium in soil that has antidepressant qualities.<sup>1</sup> There you have it – playing in the dirt can make you happy. But that's not all. Here's what you could gain by getting a little dirt under your fingernails:

**Freshness, flavour and nutrition.** Nothing beats fresh produce that's picked and eaten at its peak. With minimal time between production and consumption, it tastes better and keeps more nutrients.

<sup>1</sup> [www.modernfarmer.com/2014/08/dirt-make-us-happy-getting-hands-ground-better-prozac/](http://www.modernfarmer.com/2014/08/dirt-make-us-happy-getting-hands-ground-better-prozac/)

**Sustainability.** When you grow food locally, you're helping to reduce the impact of transporting food over long distances. It's good for you, your wallet and the planet.

**Food quality.** Growing on your property or in a community garden can dramatically improve the quality of the food on your plate. What's more, you know exactly where and how it's been cultivated.

**Quality of life.** Gardening can provide you with a sense of accomplishment, more time outdoors, increased physical activity, better health and more green space. When you tend a garden, your long, stressful day fades away and your mood lifts as you connect with the soil and plants.

**Family and community life.** Family gardening gets kids outside, helps them understand where their food comes from and creates a sense of excitement about growing delicious, healthy food themselves. On a larger scale, community gardens can transform neighbourhoods as residents work together to create something beneficial for the entire community.

### Getting started

Your plants simply need light, water and soil to thrive.

**1. Choose your location.** You want a spot that gets sun – ideally six to eight hours a day.<sup>2</sup> No yard? No problem. You have other options, such as containers on a balcony, deck, rooftop, windowsill or even inside. Just be sure you'll also be able to water them easily.

**2. Decide on plants.** Think about what you eat most or what works best financially. Growing from seed is economical but requires advance planning and work. Alternatively, you can buy plants from a garden centre or retailer.

**3. Get growing.** If you're planting outside, put your plants in the ground or containers after the risk of frost (lettuce, peas and greens can handle cool weather and can go out sooner).<sup>3</sup> If you're growing in containers, use potting soil and make sure they have drainage holes and room for your plants to grow.<sup>4</sup>

Are you just starting out? You may want to try a few herbs first. Dill, mint, rosemary and basil are among those that are easy to grow and maintain inside or outside.<sup>5</sup>

**4. Nurture and enjoy.** Water consistently but don't over-water. If the soil in your yard needs a boost, why not add some household compost? And if you're using containers, try moving them around to find the place your plants are happiest.

Get inspired by looking online at all the creative ways to maximize your growing space. Planning ahead will spare you frustration and increase your chances for a rewarding, productive and beautiful garden. Make this the spring your urban space comes to life! ■

### DID YOU KNOW?

You can often find inexpensive but high-quality plants and seeds through your local horticultural society. Look out for their plant sales in the spring – you might even find heirloom or heritage varieties.



<sup>2</sup> [www.organicgardening.com/learn-and-grow/urban-gardening-ideas](http://www.organicgardening.com/learn-and-grow/urban-gardening-ideas) <sup>3</sup> [www.inhabitat.com/a-starter-guide-to-urban-gardening](http://www.inhabitat.com/a-starter-guide-to-urban-gardening)

<sup>4</sup> [www.organicgardening.com/learn-and-grow/urban-gardening-ideas](http://www.organicgardening.com/learn-and-grow/urban-gardening-ideas) <sup>5</sup> [www.huffingtonpost.ca/2013/09/24/urban-gardening-guide\\_n\\_3936856.html](http://www.huffingtonpost.ca/2013/09/24/urban-gardening-guide_n_3936856.html)

## ERGONOMICS AND YOUR HEALTH

Simple workplace adjustments can help you avoid discomfort and injury.

**WE DON'T OFTEN THINK ABOUT** the position our bodies are in every day. But long periods of sitting, standing or performing repetitive motions could have an impact on our health. Over time, subtle aches and pains may appear that, if left untreated, could potentially develop into chronic injuries.

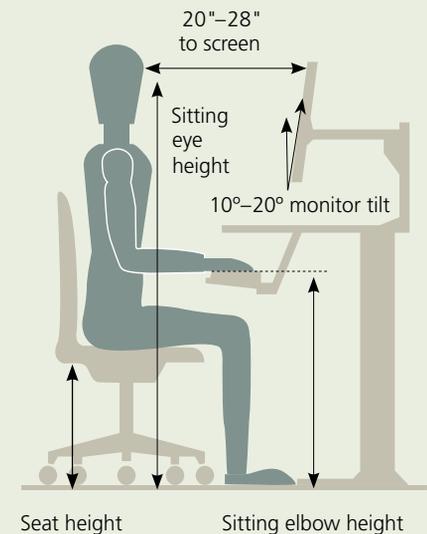
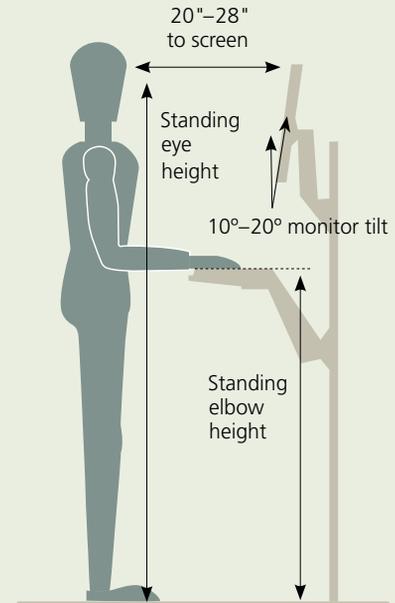
Workplace ergonomics is the practice of physically “fitting” the job to the worker as well as possible, with comfort and injury prevention being the goal. If you work in an office or spend a lot of time at a computer, you should pay particular attention to your chair and desk. The following steps can help you create an ergonomically sound workstation that is customized for your body.

1. Position your chair height so that when your shoulders are relaxed, the surface you are typing on is level with your elbow. If your arm rests adjust, they should also be at elbow level, flush with the typing surface. If they do not adjust, keep your elbows tight to your body and avoid the armrests if they are too high.
2. If changing your chair height results in your feet no longer touching the floor, use a footrest to keep your legs supported.
3. Ideally, your chair height should ensure your knees are slightly below hip level to reduce excessive hip flexion, which is a precursor for developing tight hip flexors.
4. If you stand at a table or countertop while working, principle #1 still applies: your elbow height should be level with the working surface. Alternating between standing and sitting is ideal whenever possible.
5. Ensure the top two or three inches of your computer screen are positioned at eye level. If you use a laptop, you can either:
  - Type on your laptop keypad and plug into a secondary monitor, or
  - Raise your laptop screen to the right height, and plug in a mouse and a secondary keyboard to use at elbow level.

Although symptoms may not be present, it's a good idea to take inventory of your setup to align yourself for long-term comfort and prevent injury from occurring. Conversely, if you are experiencing symptoms, therapy alone may not be enough to rid you of the issue unless your workspace is set up appropriately. Speak to your health care professional or an ergonomic specialist for further advice. ■

### WORK SAFELY

Use this visual ergonomics guide to make your workspace more comfortable and efficient.



## ZUCCHINI BREAD OF CHAMPIONS

### INGREDIENTS

- 2 cups all-purpose flour
- $\frac{3}{4}$  cup whole wheat flour
- $\frac{1}{4}$  cup wheat bran
- 1 teaspoon salt
- 1 teaspoon baking soda
- 1 teaspoon baking powder
- 1 teaspoon cinnamon
- 3 eggs
- $\frac{3}{4}$  cup vegetable oil
- $\frac{1}{2}$  cup sugar
- 2 teaspoons vanilla
- 2 cups grated zucchini
- 1 cup dried apricots
- $\frac{1}{2}$  cup chopped pecans

### DIRECTIONS

1. Preheat oven to 350 degrees.
2. To soften the apricots, cover them in boiling water while you're preparing the batter.
3. Mix all of the dry ingredients well.
4. Whisk together eggs, oil, sugar and vanilla. Add the wet ingredients to the dry and mix well.
5. Add the grated zucchini to the batter and mix in well. Drain the apricots and chop them fairly fine. Add the apricots and pecans and mix until they're distributed evenly through the batter. Pour into a lightly greased or buttered loaf pan.
6. Bake for 50 to 60 minutes, until a toothpick inserted comes out clean. Let the loaf cool for about 15 minutes before turning it out of the pan onto a rack to cool completely.

Printed with permission from Ceri Marsh at [www.sweetpotatochronicles.com](http://www.sweetpotatochronicles.com).



## TEST YOUR FINANCIAL VOCABULARY

Do you know the meanings of these financial terms?

### 1. PRPP

- a) Pooled Registered Pension Plan
- b) Personal Retirement Pension Plan
- c) Property Retrieval with Personal Pets (formerly "Fetch")

### 2. TESTATOR

- a) A test to determine investment risk tolerance
- b) A witness who testifies in court
- c) A person who dies with a will in effect

### 3. INVESTMENT POOL

- a) Investments in water and other natural resources
- b) Funds from many individual investors that are combined for the purposes of investment, as in the case of a mutual or pension fund
- c) Installing a pool in your backyard to increase the value of your home

### 4. CLAWBACK

- a) The reduction or payback of a financial or other benefit
- b) Clawing your way out of the debt hole you've dug for yourself
- c) Trying to get change back from your kids after sending them to the store

### 5. SEGREGATED FUND CONTRACT

- a) An investment product sold by life insurance companies that provides a guarantee to protect part of the money you invest
- b) A contract which separates marital assets in the event of divorce
- c) An agreement on the basic terms and conditions of an investment

Want to increase your financial IQ? Check out our video on the Manulife YouTube channel Financial Literacy: Join the Conversation.

ANSWERS: 1.a) 2.c) 3.b) 4.a) 5.a)

*Solutions* is not intended to provide legal, accounting, tax or financial planning advice. Readers should not rely solely on *Solutions*, but should seek the advice of a qualified professional. E & O E. No liability is accepted by Manulife or its officers and employees for the consequences of any errors and omissions or for the nature and content of this or any other referenced pages. © 2015 Manulife. You are free to make copies of this magazine (or individual articles) and to distribute it, either in paper form or electronically, as long as you identify the source and do not change or remove any part of this work. All other uses are prohibited. Distributed Spring 2015.

Any amount that is allocated to a segregated fund is invested at the risk of the contractholder and may increase or decrease in value. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in share or unit value and reinvestment of all dividends or distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Manulife is a trademark of The Manufacturers Life Insurance Company and is used by it, and by its affiliates under licence.



## Because recovery will be your first priority

**Lifecheque is a unique kind of insurance...it's about recovery.**

Getting sick isn't something any of us like to think about. But it can happen. Manulife's critical illness insurance is designed to help you with the unexpected. It provides a lump-sum, cash benefit if you're diagnosed with one of the covered conditions described in your contract and you satisfy the eligibility criteria.

**Call your advisor to learn more about Lifecheque critical illness insurance today.**



Lifecheque is a registered trademark of The Manufacturers Life Insurance Company. Manulife, Manulife Insurance, the Block Design, the Four Cube Design, and Strong Reliable Trustworthy Forward-thinking are trademarks of The Manufacturers Life Insurance Company and are used by it, and by its affiliates under licence.