The Financial Coach's

Financial Planning Guide

Your Dundee Wealth Team

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School's in and life gears up in the fall. But don't let yourself get too busy to look at the essentials: family, health, and finances.

Now may be time to give thought to saving for your children's (or grandchildren's) higher education. Your portfolio might need a second look too. Changes in market leadership, as emerging markets show surprising vigour, may lead to questions about your asset allocation.

We are here to help you make the best decisions about your financial plan, saving for a child's education, and all of your other financial priorities.

Put the growing power of your TFSA to work

Come 2011, you will be eligible to contribute an additional $5,000 to a Tax-Free Savings Account (TFSA), bringing your cumulative total to $15,000 since the account was introduced.

That $15,000 is a substantial amount of contribution room, which will still grow each year. This creates an opportunity for you to use your TFSA for multiple and substantial goals — no longer just for an emergency fund. Here are three possible alternative uses for your TFSA.

Goal 1: Saving for a specific goal or event with a known date. These goals could include, for example, paying for a child's post-secondary education or planning a once-in-a-lifetime trip. Your savings could be invested in bonds or Guaranteed Investment Certificates that come due as the occasion approaches. Withdrawal is tax-free.

Goal 2: Saving for retirement with dividends. The Dividend Tax Credit is wasted within a Registered Retirement Savings Plan (RRSP) or Registered Retirement Income Fund (RRIF), since all income will be taxed at your marginal rate when you withdraw it.

However, dividend-earning stocks and dividend mutual funds held within your TFSA will provide completely tax-free income in retirement — to complement your RRIF. In addition, you can reinvest dividends on a tax-free basis along the way.

Goal 3: Generating a substantial capital gain. Higher-risk investments have the potential to generate large capital gains, which will be tax-free within your TFSA. However, remember that there's no capital loss deduction either.

These are just some of the many ways you might use your TFSA as contribution room grows. We can help you ensure that you're maximizing the use of this excellent savings vehicle to reach your goals. ■

How to harness the growth of emerging markets

As developed countries of the West work through their recessions, many emerging markets — shielded from the worst of the global financial crisis — are "emerging" as leaders of economic growth.

For a diversified, professionally managed way to harness that ongoing growth potential for your portfolio, consider mutual funds.

Who's emerging?

The rise of emerging markets is confirmed by the strength of the category's equity returns. Over the 10 years ended Aug. 5, 2010, the MSCI Emerging Markets Index has risen 9.1% (annualized in $U.S.). The MSCI Canada Index has returned 4.63%.

Emerging markets embrace Latin America and the eastern rim of Europe, including not only the former communist states, but Turkey and almost all of Asia outside Japan and Singapore. South Africa is also numbered among emerging markets.

China and India are growing at rates of 8% or more — comparable to the rates experienced by developed nations in the 1960s. According to the World Bank Global Economics Report, the Gross Domestic Product (GDP) in the developed world is expected to increase by just 1.8% in 2010 and 2.3% in 2011.

While Canada is a member of the G-8, and therefore one of the largest economies in the developed world, some developing economies are as big as or bigger than Canada's. Among them are Brazil, Russia, India, and China.

Why they're growing

For the emerging countries, the biggest change is the movement of a growing population from the country to cities. In addition, economic development and globalization are creating a fast-growing middle class, which means that goods and services are increasingly produced for domestic consumers rather than for export. More of these consumers are demanding higher levels of service.

Unlike in Japan or Western Europe, the population is still increasing in many emerging countries. All of this creates a need for more housing, more goods and services, and more infrastructure: roads, railways, and energy plants.

For investors, what is crucial is not so much the level of industrial development, but the maturity of the capital markets, as well as the quality of the banking system and public finances.

In the late 1990s, emerging markets were viewed as a risky bet. But now, many have better balance sheets than the U.S., high foreign currency reserves, and high levels of consumer savings, which are recycled by the banks into lending.

Mutual fund opportunities

You can participate in the growth potential of emerging markets through a variety of mutual funds.

- **Emerging markets funds:** These funds hold stocks of companies operating in, or earning significant revenues from, one or more emerging countries.
- **Country/Region-specific equity funds:** These funds state the name of the country or region they invest in; for example, a Latin America Fund.
- **Broadly diversified international equity funds:** Most global equity funds will have a portion of their holdings in emerging markets.
- **Canadian equity mutual funds:** A number of these funds hold shares of companies that invest in, or benefit from the growth of, emerging markets. These include resources firms, engineering firms that are building the infrastructure in developing economies, and financial services firms, such as life insurers that are now entering Asia.

The volatility of the emerging markets means that they should be only a part of the equity portion of your portfolio. How much depends on your tolerance for risk, your time horizon, and your financial goals.

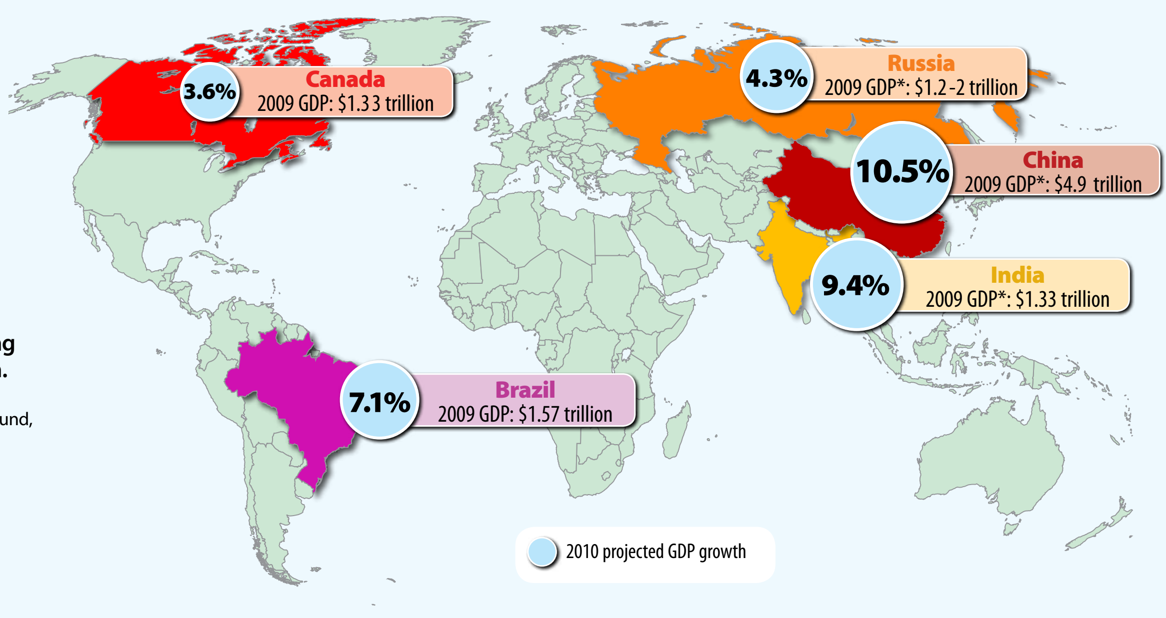
We can work together to explore how emerging markets could potentially add diversification to your investment portfolio. ■

Emerging markets lead world growth

While Canada is expected to post one of the highest rates of growth among developed countries, many emerging markets are forecast to see much stronger growth.

Consider how you might tap into this growth potential for your portfolio. We can discuss if exposure to emerging markets fits into your investment plan.

* Estimated US$. Source: International Monetary Fund, World Economic Outlook Database, April 2010.



TAX PLANNING

Giving to charity? Don't give away the tax savings

With National Philanthropy Day coming up in November and the end of the year approaching, it's a good time to put together a folder — either paper or electronically — for the charitable donation receipts you want to include in your tax return, and to store it where you'll easily find it once the receipts start to roll in.

Keep in mind that the first $200 of your donations you include on your tax return give you a roughly 24% tax credit, including both the federal and the provincial credits. All donations above that level give you a roughly 46% tax credit (this is different in Quebec).

Here are a couple of strategies for maximizing the charitable tax credit:

- Pool donation receipts with your spouse.
- Save your donation receipts for up to five years so they add up to more, and apply them all at once so more of the amount gets the credit for the over $200 threshold.
- Consider donating publicly traded stocks, as capital gains arising from such a disposition are exempt from taxes and you receive a tax credit for your donation. ■

INSURANCE PLANNING

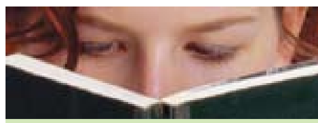
Are you covered in the U.S.?

With the loonie near par with the greenback, more Canadians are heading to the U.S. for weekend vacations, quick getaways, and shopping.

However, 37% of Canadians never purchase travel insurance when visiting the U.S. for leisure, according to a recent poll. Many mistakenly believe they are adequately covered by provincial plans that may, in actuality, pay as little as 10% of U.S. medical costs, which are among the highest in the world.

Employer and credit card coverage plans often have limited coverage as well.

Take the time to check your insurance details to fully review exactly what protection your coverage provides, specifically checking for limits on trip length and total medical costs. Even if you're going for just a brief visit, make certain you're covered. ■



FINANCIAL CLASSROOM

your guide to the basics and how to benefit

These grants can help you save for your child's education

As the cost of post-secondary education rises, you can significantly boost your savings for a child's education by taking advantage of federal and provincial grant programs that encourage contributions to Registered Education Savings Plans (RESPs). Remember, the earlier you start saving, the more time your contribution has to benefit from compound growth. We can help you benefit from these grants and ensure your child's RESP is on track.

	Canada Education Savings Grant	Alberta Centennial Education Savings Plan	Quebec Education Savings Incentive
What it is	The federal government gives you 20 cents for every dollar on the first $2,500 you contribute each year to an RESP. Higher grants are available for low-income families.	If you live in Alberta, you receive a one-time contribution of $500 to an RESP from the Alberta government. Plus, $100 grants are available at ages 8, 11, and 14.	Not really a grant, the QESI is a refundable tax credit worth 10% of your annual RESP contribution to a maximum of $250.
How it works	Children are eligible for this grant up to and including the year they turn 17. Tax is payable by the student beneficiary when the amounts are used to cover post-secondary education costs. At this point, the student is likely to have a very low marginal tax rate.	You must apply for the grant within six years of your child's birth or within six years of the child turning 8, 11, or 14. You must contribute at least $100 to an RESP in the year prior to applying for the extra grants when the child turns 8, 11, and 14.	*Revenu Québec* pays the credit directly into your RESP. Children are eligible to receive this tax credit each year before 18 years of age.
Why it matters	Boost your RESP pot by $7,200.	Get another $800 for your RESP pot.	Add $3,600 to your RESP pot.

Looking for more stability? Explore the utility of utilities

Want an investment that is almost as regular as your monthly household bills? Why not invest in the companies that bill you every month?

Every Canadian household is exposed to a utility company, be it a phone-service, gas, or electricity provider. Here's what they can offer your portfolio.

Reliability

With the market downturn still fresh in our memories, many investors are focusing on less-volatile equities that also have the potential to provide income. Utility stocks are traditionally referred to as "widows and orphans" stocks, so-called because they provide dividend income and historically are considered the least risky, making them appropriate for anyone with a need for safe sources of income. They don't typically experience rapid growth; nor do they go through the same lows as other sectors.

These are all-weather services. People are not likely to cut off their phone, their gas, or their electricity during hard times. Nor are they likely to boost their usage very much in good times. As a result, utilities have relatively steady revenues — almost as predictable as a family's grocery bill.

Steady dividend income

Since the utility business is steady, the dividends tend to be steady too, providing your portfolio with regular income. Well-managed utilities can also increase their dividends.

In addition, dividends benefit from the Dividend Tax Credit when the investment is held outside of a registered plan. This preferential tax treatment applies whether you hold company shares directly or invest in a mutual fund that holds dividend-paying shares.

Customer growth

So how do utility companies grow? Unlike income trusts, for example, they don't normally pay out all of their revenue as dividends. They pay less than 50%, typically. That leaves half the income for expansion to reach more customers, or for upgrades to provide better (and potentially higher-priced) services or to make acquisitions of competitors.

Many utility companies are geographic monopolies. Newcomers to an area typically would have no choice but to get their services from the local utility, a factor that keeps up a steady flow of new customers for the utility.

For investors, this makes utility stocks especially attractive in down markets, providing a defence against bad market weather.

Are they for you?

If you're looking to avoid a lot of risk in your portfolio, steady and reliable utilities might just be for you. They're great if you're close to retirement or retired, or if you have a low tolerance for risk.

We can help you can gain exposure to utilities in your portfolio by focusing on stocks of utility companies or by choosing mutual funds that include them as part of a diversified portfolio. ■

Get growth potential *and* security with market-linked GICs

AT ONE TIME, the main attraction of a Guaranteed Investment Certificate (GIC) was its guarantee: secure capital and secure interest rate. Today's GICs can offer more than just the modest growth they're associated with. In fact, there is opportunity to add capital growth and diversification to the secure portion of your portfolio — with market-linked GICs, whose returns are tied to one or more equity indices.

Growth potential is key, considering that typical old-style GICs have difficulty keeping up with inflation, and stocks have offered the best possibility historically of outpacing it.

With a market-linked GIC your principal is always 100% guaranteed. Your return, however, is based on the performance of an underlying equity investment.

Market-linked GICs come in a variety of forms. They may be tied to the S&P/TSX Composite Index, the S&P 500, or an international index. Some may track commodity indexes.

If the markets decline, your GIC won't suffer any losses; you will always retain your 100%-guaranteed principal. Market-linked GICs can add valuable stock market performance to a conservative, fixed-income portfolio.

If you'd like to hear more about market-linked GICs, we can review whether they would be appropriate for your portfolio. ■