Insignia INSIGHT

Signature WEALTH ADVISORY

➥ A Quarterly Newsletter From Signature Wealth Advisory   Spring 2011

Introducing Insignia

Signature Wealth Advisory is proud to introduce ***Insignia***, our quarterly newsletter on all things financial. Our goal is to keep you educated and informed about the tools, resources and strategies available to help your financial portfolio reach its full potential.

Each quarterly issue will deliver insightful articles as well as regular features such as tax tips, a calendar of important dates to remember and a resource section of recommended links and tools.

Lastly, ***Insignia*** will be your constant connection to Signature Wealth Advisory, updating you on company news and upcoming events.

We encourage you to participate in our network of growth and prosperity, and welcome your questions, comments and feedback. Thank you for taking the time to connect with ***Insignia***.

Spring Cleaning For Your Portfolio

What is going to make a difference to your portfolio in 2011? Asset mix? Security selection? Perhaps. But, most likely, the big difference will be the clients' own behaviour - in saving a bit more, making wise consumer choices and using financial advice. It's time for a financial spring cleaning.

The simple genius of "pay yourself first"

In 1989, David Chilton made it the key piece of advice in his bestseller, The Wealthy Barber: Pay yourself first. He pointed out that most people don't have the time or patience to budget in order to save. They are far more likely to succeed if they have money flow from their bank account directly into their investment accounts or RRSPs – sight unseen. If you don't think about it, you don't miss it, he reasoned. And your spending habits adjust accordingly. Before that time and since, advisors have been putting this advice into practice, helping millions of Canadians to grow their savings. While "pay yourself first" rarely makes the headlines, it is probably the single biggest factor in helping people save.

The role of advisors in helping establish good habits has been under-recognized, but this is changing. According to recent IFIC research, Canadians who use

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In This Issue

Advisor Profile:

John Durbano

BAS, FMA, FCSI

John founded Signature Wealth Advisory in 2007, a financial coaching firm that is dedicated to educating and empowering clients. He continues to expand his credentials and remain up to date with financial management services through ongoing education.

Qualifications

- FMA designation since 2006
- FCSI since 2008
- Derivatives and Options designation
- Branch Manager's License
- Charter of Strategic Wealth Professionals (CSWP) currently qualifying

SPRING CALENDAR

March 1st - RRSP contribution deadline for 2010 filing year.

March 15th - Quarterly installment due if you pay taxes to CRA by installments.

April 30th - Deadline for 2010 personal income tax filing and payment due if balance owing.

NEWS & EVENTS

Signature Wealth Advisory welcomes you to attend the next installment in our client education series:

5 Steps for Wealth Creation

Date: Wed. March 2

Time: 7:00 - 8:30pm

Location: Signature Wealth Advisory boardroom

Cost: Complimentary

Jason Foroglou, (MBA, FCIP, CRM) Agency Manager for Allstate will also be on hand as a guest speaker providing tips on how to get discounts for home and auto insurance.

Seating is limited.

For details or to register, please call or email us today.

Financial Spring Cleaning (continued)

financial advisors have substantially more investment assets than those who don't, and this persists across all income levels. Households with a financial advisor and income levels greater than $100,000 averaged $214,587 in investable assets; for non-advised households, the amount was 35% lower, at $138,358. At the $35,000 to $54,999 income level, investable assets averaged $123,348 for advised households and $27,104 for non-advised households.

And, these more prolific savers are being smarter about investing when they have advisors. Among advised households, 69% have RRSPs, versus 29% among non-advised households. Investors under the age of 45 were three times as likely to have started an RESP if they had an advisor. Through pre-authorized savings, as well as through greater use of tax-effective investments, advisors are helping Canadians do the right things.

For those who have an advisor, here's a question: When was the last time you met with your advisor for a review? Markets are constantly changing and so may your financial circumstances which may affect your investments. If this isn't looked after, you may not be maximizing your capital. Do you know what's in your portfolio? Many of us have a portfolio of stocks or mutual funds and don't know what we're invested in. It's time for a spring cleanup of your portfolio. Get rid of the lagging performers and rebalance it to meet your objectives.

If you don't have an advisor, isn't it time you consider getting one? You might be a do-it yourselfer and feel you can do a better job than most. Consider this, I'm not a dentist so I'm not going to perform a root canal on myself. I seek the help of a professional, someone who has been trained and has done hundreds of these.

People spend more time planning their vacation than their retirement. Consider retirement as 25-30 years of unemployment. Without a proper plan and working with a professional, chances are, you're going to lose the race where you outlive your money.

Book your free 90 minute coaching session. I'll design you a plan where you Maximize Cash flow, Minimize Taxes, and Maximize Capital. If you need a spring cleanup of your portfolio, I'll give you an unbiased review of your investments.

Borrowing To Invest - an underutilized strategy

Borrowing to invest can invoke strong negative opinions in some people. But in many cases they know little about the strategies involved in taking on debt to grow wealth. What I've learned about borrowing to invest comes from 10 years of advising clients – not all focused on leverage, mind you, but on all types of credit.

When it comes to borrowing to accumulate personal wealth, the biggest and arguably most popular strategy is to invest in real estate. This type of financing is widely available and at high degrees of leverage. The Canada Mortgage and Housing Corporation (CMHC) will even insure the loans to protect the lending institution. So what then invokes such strong negative opinions when it comes to borrowing to accumulate wealth in equity investments?

Ignorance about investing in equities, leveraged or not, for a start. It's unlikely that investors will have a positive opinion about financial leverage if they think that putting money into equity mutual funds isn't a smart idea to begin with. And with the performance of Mr. Market over the last 10 years I can sympathize with this thinking – but only slightly. Looking over a Morningstar Risk & Return chart tells me that the chances of taking a loss if you hold over a 10-year (or longer) period has been very, very remote, so my sympathy doesn't run very deep.

Where investors lose money is when they move in and out of the markets and try to time the markets. I've always said, "it's time in the markets not timing the markets". Investing is actually very simple, buy low sell high. But what do we as individuals do? We react on emotions. We buy it on the rise and then when markets go south we panic and sell on the low. How foolish we are as humans.

I like the methodology of the brightest investor of all time, Warren Buffet. He is a contrarian investor which means he does the opposite of what we do. When people are selling he's buying and when we're buying he's selling. He applies a buy hold strategy by buying good companies at a reasonable price and holding onto them for years.

When you bought your house you leveraged. Taking on a mortgage of probably $250,000. You plan on holding onto that house for many years most of us 25 years. Do you call your real estate agent each month and ask him what your home is worth? I highly doubt it. So when you leverage to buy equity investments, plan on holding these investments for the long term and watch your wealth accumulate faster than most. There are also tax advantages to borrowing to invest. The interest on the loan becomes tax deductible in most cases.

TAX TIPS

Child Care Expenses

Did you know that all child care expenses can be claimed within the limits of the tax act even if it is a neighbour or relative that is looking after the child?

If you are making a payment for child care and getting a receipt for it, you can claim it, even if it is not a registered child care facility.

Public Transit

Did you know that if you use public transit passes for at least one month, you can claim up to $100 worth as a tax credit?

Check out our website for more tips, handy tools and insightful articles:

www.signaturewealth.ca.

COMING UP IN THE NEXT ISSUE

Life Insurance: How Much Coverage Is Enough?

Choosing Your Investments: RRSP's vs. Mortgage

Summer Calendar

Summer Events