

# The Financialist

## Welcome!

Rogers Group Financial is pleased to welcome two new advisors, Teresa Black Hughes and Patrick McGuire, and their teams to the firm.

Teresa joins us from Solguard Financial/Peak Securities. She has worked in the financial services industry for 30 years. She has obtained the industry designations encompassing financial planning (CFP, R.F.P.), insurance and risk management (CLU) and investment management (FMA, CIM). In 2007, she was elected as the first female National Board Chair of the Financial Advisors Association of Canada (also known as Advocis) in 101 years. Teresa currently serves on the national board of the Financial Planning Standards Council and the board of Union Gospel Mission.

Over the years, Teresa has been quoted in many publications on subjects concerning financial planning and investment management – including Readers Digest, The Globe and Mail, Toronto Star, Vancouver Sun, North Shore News, Canadian Living Magazine, Today's Parent, Investment Executive, Advisors Edge, and the Advocis Forum.

We are excited to have Moira Miller and Sally Bell join us as well, as part of Teresa's team. Moira Miller has worked in the financial services industry since 1985. At the beginning of her career, she obtained a degree in Education from the University of Victoria. Moira supports Teresa in preparing financial plans,



**Teresa Black Hughes**  
CFP R.F.P. CLU FMA CIM



**Patrick McGuire**  
CFP CLU ChFC

assisting in monitoring and reporting of investment portfolios, and helping to manage the day-to-day business.

Like Teresa, Moira has been an avid volunteer. The mother of two high-school dance students, she has served in event planning and costume design. Moira's husband, Steve, is a Chartered Accountant and avid triathlete.

Sally Bell's educational background includes a diploma from BCIT in Architectural Technology. Sally's experience in Client Services with a major Canadian bank as well as her drafting expertise with architectural firms makes her a unique and invaluable

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### 10-YEAR S&P/TSX COMPOSITE INDEX



Source: TMX Group Inc.

### HOME COUNTRY BIAS & INVESTMENT CONCENTRATION

While many Canadian investors feel they are adequately diversified because they own a broad range of Canadian stocks and bonds, often they are not as diversified as they think because of a home country bias. Home country bias refers to the phenomena in which investors tend to allocate a greater proportion of their investment capital within their home country.

Home country bias can occur because investors tend to have a higher level of comfort and greater familiarity with their own domestic companies and the laws and regulations of their own country. Investment concentration can also occur for more practical reasons such as employee share plans, retirement contributions or, as we have seen in Canada, a strong stock market. These factors can lead to an elevated investment concentration in one's own country and as a result, investors can miss out on an additional layer of diversification and return potential that can come from investing internationally.

This is especially true for Canadian investors. The Canadian marketplace is highly concentrated in financial and resource companies which can lead to a lower level of diversification and excessive volatility given the cyclical nature of our economy. While Canadian investors may have benefited from this bias over the last few years, as we all know, the good times do not last forever.

### STRONGER LOONIE

Over the past ten years, the Canadian dollar has been as low as \$0.62 US and as high as \$1.09 US. Given the internal strengths within Canada and the economic uncertainties around the world, most economists agree that the Canadian dollar should now remain relatively strong for some time. Of course, no one can accurately predict where the Canadian dollar will go over the next ten years, so using the recent strength in our currency to diversify your investments internationally may be to your advantage.

## Am I Diversified?



JOHN HALE

BY JOHN HALE CGA  
AND ALAN KOTAI CFP CIM CFA

### DIVERSIFICATION

One of the key pieces of advice we tell our clients concerning their investment portfolios is to diversify their investments. Diversification is a proven investment strategy that reduces risk by spreading your investments across various asset classes. These asset classes typically include; cash, stocks, bonds, real estate and alternative investments such as precious metals and hedge funds. By investing in multiple asset types, you reduce your risk.



ALAN KOTAI

Of course, there is a cost to diversification. By definition, diversification means that at different times some asset classes will outperform while others will underperform and thus the rate of return on a well diversified portfolio will never outperform the best performing asset class within that same portfolio.

## FACTORS INFLUENCING OUR DOLLAR

There are a host of fundamental reasons to like the Canadian dollar. Our country produces what the world needs, namely commodities such as oil, basic materials, lumber and fertilizer. Strong commodities demand from emerging economies like Brazil, India and China have helped buoy the Canadian economy. Additionally, our banking system continues to be considered one of the strongest in the world and our government continues to administer the country's finances in a fiscally-prudent fashion.

However, Canada's economy does not operate in a vacuum. Our economic dependence on the United States and the globalization of the world economy means our economy and our currency is susceptible to economic shocks from beyond our borders.

Although corporate profits from U.S. companies have rebounded strongly from the 2007-2009 recession, much of the U.S. economy has struggled to gain traction. Recent economic growth figures have been weak and millions of Americans remain unemployed. Additionally, the U.S. federal, state and local governments are deeply in debt and face difficult choices on how to raise tax revenues and cut spending in the midst of a slowing economy.

The European sovereign debt crisis has also helped propel the loonie higher. While recent actions by European policy-makers may temporarily resolve the Greek debt crisis, Europe still has work to do to solve its longer-term sovereign credit issues. Large government debt problems in Italy, Spain, Ireland and Portugal still threaten the Eurozone and continue to erode investor confidence in the Euro as a currency.

## DIVERSIFY, DIVERSIFY, DIVERSIFY

With all the uncertainties around the world today, it is easy to understand why many Canadians prefer to keep their investments within Canada. The tendency, however, poses its own risks. One way investors can protect themselves is by ensuring their investments are diversified among many countries and many industries. While diversification does not prevent loss, it will reduce the overall risk and volatility of your investment portfolio. Given the relative strength of our currency, now may be a good time to consider diversifying your investments and perhaps adding some foreign investments to your portfolio.

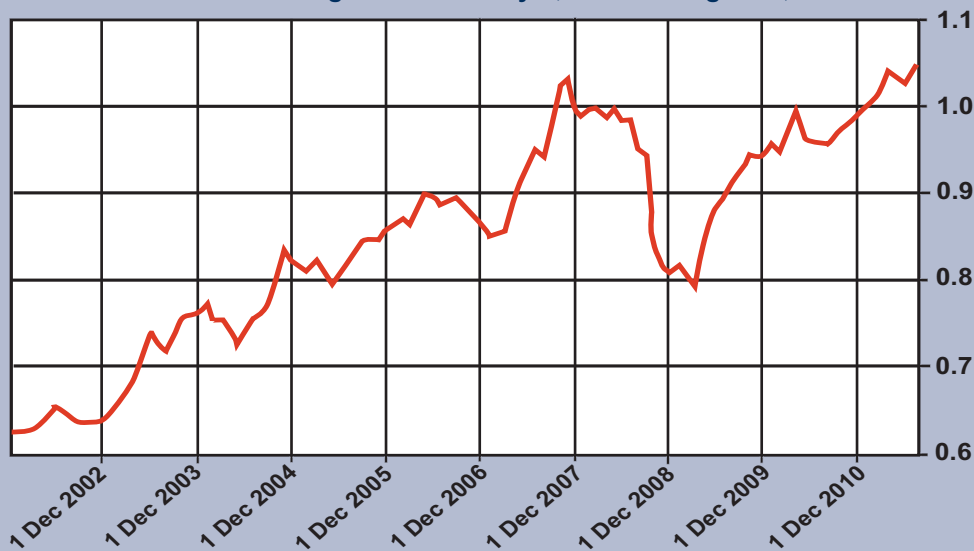
Your Rogers Group Financial advisor can help review your investment portfolio in light of recent events and answer questions about your level of diversification.



**"There is still  
no cure for the  
common birthday."**

*- John Glenn*

Canadian US Exchange Rate January 1, 2002 to August 1, 2011



Source: Bank of Canada

## Retirement Solutions



donations receive a federal tax credit of 29% plus a BC tax credit of 14.7%. These donations do not have to go to just one charity, but may be divided among many charities if there are multiple causes you wish to support.

Normally, the maximum amount you can claim as eligible charitable donations in any given year is limited to 75% of your net income for the year. If you are not able to claim the whole amount of your donations in the first year, you can carry the excess forward and claim it on your returns for any of the next five years. There are a few exceptions to this rule, including special rules around gifts made in the year of death, which allow for charitable donations up to 100% of the deceased person's net income for that year.

Another consideration for your charitable donations is whether to contribute publicly-traded securities (including mutual funds) "in kind" rather than in cash. If you have unrealized capital gains on these investment assets, you may wish to donate some of them "in kind", as the realized capital gains on such gifts are not considered to be taxable. This means that you not only receive credits for your charitable contribution, you also don't have to worry about paying income tax on the capital gains on those investments when you donate them.

### TAX-LOSS SELLING

A second year-end tax planning activity that may be appropriate is realizing capital losses. This may be useful if you expect to have significant capital gains in the future and you would like to help offset the income tax implications of those gains. Capital losses can be

## Preparing for Year-End



BY ANNE HAMMOND  
BA CFP CIM

As we enter the fourth quarter of the year, it may be helpful to step back for a moment to review your financial situation to see whether there are any tax planning activities you should consider before the year closes out. While the following list is by no means exhaustive, here are a few items that may apply to many of our clients.

### CHARITABLE GIVING

Now is the time to make any charitable donations you wish to claim for the 2011 tax year. The first \$200 you give each year receives a 15% federal tax credit plus a 5.06% BC tax credit. Additional

carried forward indefinitely, so there is no rush for you to use them to offset capital gains. Another useful feature of capital losses is that they can be carried back to any of the three preceding taxation years.

It is important to remember that realized capital losses can only be used to reduce or eliminate realized capital gains – they cannot be used to reduce taxes payable on other types of income such as employment or pension income. The only exception to this is that, in the year of a taxpayer's death, or in the immediately preceding year, realized capital losses may be used to help reduce other income.

This strategy has several rules and restrictions around it to prevent its abuse, so it is advisable to discuss it with your accountant and financial advisor before implementing any course of action.

### **TAX FREE SAVINGS ACCOUNT (TFSA)**

If you have not yet made your Tax Free Savings Account (TFSA) contribution for 2011, now would be an excellent time to do so. Canadian residents who are 18 years of age and over (19 and over in BC) are permitted to contribute up to \$5,000 each year to a TFSA, and any income earned inside the TFSA is completely tax-free. If you are unable to make your contribution in any given year, you can make it up in a future year,

but you gain the most advantage by making your TFSA contributions as soon as possible, in order to enjoy the tax-free growth of your investment.

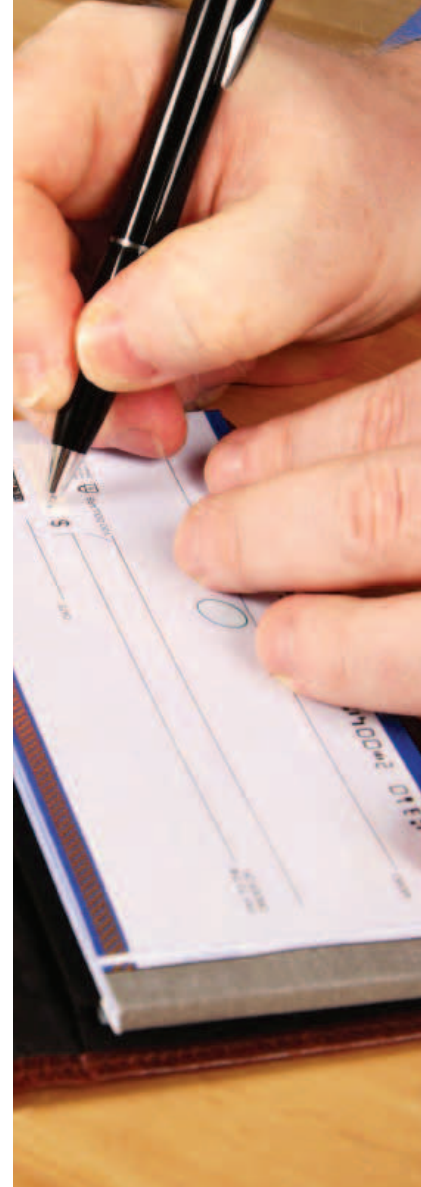
If you have made withdrawals from your TFSA in 2011, you will need to wait until 2012 to deposit those funds back into your TFSA in order to avoid any penalties for re-depositing the funds too soon.

### **REGISTERED RETIREMENT SAVINGS PLAN (RRSP)**

The deadline for RRSP contributions may seem a long way off right now, as you can still make RRSP contributions for the 2011 tax year in the first sixty days of 2012. Still, the sooner you make your RRSP contribution, the sooner you can put the funds to work in a tax-deferred environment.

In addition, for those who are turning 71 in 2011, your RRSPs must be dealt with by December 31st in one of three ways: fully withdrawing the funds; transferring them to an annuity; or converting the RRSP into a Registered Retirement Income Fund (RRIF). So, if you have employment income this year and you wish to make any final RRSP contributions, they will need to be completed before the end of the year.

If you would like to discuss any of these tax planning activities, please contact your Rogers Group Financial advisor.



**"A man who views the world at fifty the same as he did at twenty has wasted thirty years of his life."**

*- Muhammad Ali*

*A wishing well in Las Vegas holds the record as the world's most lucrative. On some holidays, its profit rivals that of nearby casinos.*



*(Welcome – cont. from page 1)*

member of the team. Sally manages the detailed processing of transactions and most aspects of daily client service.

Since coming to work with Teresa in 1998, she and her husband Bob have seen their two sons marry and now enjoy two grandchildren. Sally's volunteer passion is leading an Alpha ministry in her community.

We are also very excited to have Patrick McGuire join us, along with his son Brian, from McGuire Financial Services. Brian will be mentoring with his father. Patrick has been in the industry since 1985. He has obtained the CFP, CLU and ChFC designations. Pat is a platinum member of the Century Initiative as well as a member of the Conference of Advanced Life Underwriting (CALU). He is also a supporting member of "Leave a Legacy

British Columbia". "Leave a Legacy" is a community-based public awareness campaign that encourages people from all walks of life to make gifts from their estates to the not-for-profit organizations of their choice.

Patrick also has two other children: Sean, who is a professional chef in Vancouver and Leslie who will be attending BCIT in January as part of the Marketing program. In his spare time, Patrick is an avid golfer and downhill skier and enjoys travelling all over the world, especially to Europe.

Brian McGuire has worked in the financial services industry since 2009. His primary role is to provide ongoing administrative and informational support to Patrick's clients. Brian has a Bachelor of Arts degree with a major in Psychology from the University of British Columbia. When he's not at work, you can find Brian on the golf course, snowboarding, or riding his bike around town.

Since the firm's inception, Rogers Group Financial has grown to over 50 people and has become one of Vancouver's most respected independent financial advisory firms. Our company is built on the confidence and trust that clients place in us.

We have adapted our advice over time as rules and regulations have changed and as different financial products have emerged. Through varying economic climates, we have maintained and stressed that any investment decision our clients make should always be within the context of their overall financial plan and objectives.

Rogers Group Financial is a firm of professionally qualified financial advisors and portfolio managers, dedicated to always serving our clients' needs first.

# Our Ride to Conquer Cancer

On June 18th and 19th, our team, the Market Cycles, made up of seven individuals from our firm and six friends of the firm, took part in the 3rd annual Ride to Conquer Cancer – a two-day bike ride from Vancouver to Seattle benefiting the BC Cancer Foundation. This year, we were quite excited to have nine staff members from our office volunteer at a pit stop on each day.

With your help, our team raised over \$107,000 and, along with nearly 2,900 other riders, we raised an amazing \$11.1 million for the BC Cancer Foundation. Across the country, there are four rides in total (Quebec, Toronto, Calgary and Vancouver) and this year, these rides raised over \$43 million.

We rode in honour of our friend and colleague, Ken Hawley, who sadly passed away on May 17th, 2010 after battling aggressive prostate cancer for nearly two years. We are also riding in support of all our friends, family and clients who have been hit with this terrible illness. We collectively want to work to make a difference in the battle to conquer cancer.

Our journey started bright and early on Saturday morning at the Fraser Downs Racetrack in Cloverdale. The mood at the start line was fairly subdued – as it was rainy and cold to start the ride.

<http://www.conquercancer.ca/goto/marketcycles2012>

We crossed the border at Peach Arch with passports in hand and the wait was only about 20 minutes. The road leading into the lunch stop was very wet and treacherous and we witnessed several accidents – one was very serious.

We made it to camp in the mid-afternoon and several team members took advantage of the massage therapists at camp to work out some aches and pains. After supper, it was time to connect with fellow riders. It was an early night for all - the camp was silent by 10:00 pm.

Day 2 started at 6:00 am and, unfortunately, the weather on Sunday was not any better. We were down one rider due to sickness; other than that, there were no major incidents to report.

Our team members made it to the finish line at various times throughout the afternoon – roughly 250 kilometers from the start line. There were 300 or so people at the finish line giving us a warm welcome.

We want to sincerely thank all who donated and supported us in this year's Ride to Conquer Cancer. Our team will be back next year as the battle to conquer cancer continues.

For more information about our 2012 team, please see our Ride to Conquer Cancer website at:



**"Logic will get you from A to B. Imagination will take you everywhere."**

*- Albert Einstein*

*There is no word for "yesterday" in the Eskimo language.*



## Questions & Answers

Have a question you'd like to see answered in The Financialist? Please send your inquiry to [financialist@rogersgroup.com](mailto:financialist@rogersgroup.com).

Although we cannot publish all questions received, all inquiries will receive a personal response.

### **Q** Can I get online access to my Rogers Group Financial account?

**A** Yes! Our website, [www.rogersgroup.com](http://www.rogersgroup.com), enables our clients to view their accounts with Rogers Group Financial 24 hours a day, seven days a week. The majority of the accounts are updated daily or monthly, but some accounts less frequently, as they require manual intervention from a staff member. The latter types of accounts are typically updated around the time of your review meeting. If you would like online access to your accounts via our Investor Portal, please contact your financial advisory team to set up your personal username and password.

### **Q** I contributed a large amount to my RRSP this year, but my taxable income is turning out to be quite low – do I have to deduct the whole amount of my RRSP contribution on my 2011 income tax return?

**A** No, you don't have to deduct the whole contribution in one year. You can choose to deduct none or only part of your contribution this year, deferring the deduction until a time when you have a higher income.

*When you file your income tax return, you should submit your RRSP contribution slip, along with a completed **Schedule 7, RRSP Unused Contributions, Transfers, and HBP or LLP Activities** form. When you receive your 2011 Notice of Assessment later in the year, your unused RRSP contributions will be shown as amount (B) of the RRSP Deduction Limit Statement.*

### **Q** What is the current maximum RRSP contribution limit?

**A** Your RRSP contribution limit for 2011 is 18% of your earned income up to a maximum of \$22,450.

*Your personal contribution limit for 2011 will be affected by any contribution room that you have carried forward from previous years, pension adjustments you might have, and unused RRSP contributions to either your own or your spouse's RRSP. You should refer to your 2010 Notice of Assessment to find your personal contribution limit for 2011.*

### **ROGERS GROUP FINANCIAL**

Vancouver's Trusted Financial Advisors

At Rogers Group Financial, we build relationships with those who seek a future that provides security and choice.

Founded in 1973 by Jim Rogers, we have a proven planning approach to making our clients' financial goals a reality.

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### **RECEPTION HOURS**

8:00 am to 4:30 pm  
Monday to Friday

The Financialist is available online.

If you would rather receive an electronic version of this newsletter, please contact us at [financialist@rogersgroup.com](mailto:financialist@rogersgroup.com)

Previous editions of the Financialist are also available on our website at [www.rogersgroup.com](http://www.rogersgroup.com)