

# Sound Advice

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Rod's Quarterly Commentary:

## It Was the Best of Times

During the holiday season, many of you may have enjoyed watching or reading about the reformation of Ebenezer Scrooge, as told by Charles Dickens in *A Christmas Carol*. Listening once again to *A Christmas Carol* this holiday season, I was reminded of another of Dickens' famous books, *A Tale of Two Cities*. In particular I recalled the famous opening lines:

It was the best of times, it was the worst of times; it was the age of wisdom, it was the age of foolishness; it was the epoch of belief, it was the epoch of incredulity; it was the season of light, it was the season of darkness; it was the spring of hope, it was the winter of despair; we had everything before us, we had nothing before us; we were all going directly to Heaven, we were all going the other way.

Dickens wrote this passage in 1859, describing Paris and London during the French Revolution. However, you would be forgiven if you thought it was a description of the financial markets in first decade of the new millennium. We began 2000 with a rising market fueled by the hopes for the new technologies, followed by the "tech wreck", followed by 911, the war in Iraq and then the rapid rise in commodities and property values, and ended it all in 2008-09 with a market collapse and subsequent recovery. That is where we are today.

Thinking back through the turbulent financial markets of 2009 I recall the many comments I received suggesting that it must be a very hard time to be a financial advisor. Initially these comments caught me off guard, but then I realized two things. First, my friends and clients were extending a heartfelt concern for my role as an advisor during turbulent markets. Second, they believed that this truly was a hard time to be assisting my clients. In fact, I would have to say that there has **never been a better time ever, in my 30-year career of providing financial guidance, to be a financial advisor.** Let me explain.

This past December I met with two of my friends, both of whom were previously financial advisors. Both were forced to retire early. Both are dealing with health issues, but both shared common values. As advisors, both always rose to the occasion to assist their clients to make smart decisions about financial affairs, and they did so at the time of maximum need. They inspired me, and made me realize that it is at the very time of maximum difficulty or opportunity, that a true advisor rises to the occasion to provide his clients the best possible guidance.



Rod Tyler, CFP, RFP, CLU

*Rod Tyler*

**Here are three reasons I think this is the best time ever to be a financial advisor:**

First, you are surely aware of the sudden decline in the capital markets in 2008 and early 2009. That's old news. As you look now at your investment statements, you also realize that a significant rally has taken place. In my opinion, the continuing rally will be extended in the years to come. I am committed to seeing that my clients will be among those who see the benefits of a well-crafted financial plan and investment portfolio. Helping you achieve that outcome is the true reward for a trusted financial advisor.

Second, you are also aware of the current incredibly low interest rate environment. If you are not convinced then look no further than the listed rates for term deposits and GICs at 2% to 3% locked in for several years. For savers, this is an extremely troubling time, unless you look at the tremendous opportunities in the large world of income-oriented investment funds. Good advice will help you capture some of these returns but even more importantly, for anyone who has any debt in the form of mortgages, car loans, lines of credit, or credit card balances, this is simply the best time to consolidate your borrowing into the lowest interest rate in fifty years. Helping you save money and pay down debt is the role of a trusted financial advisor. If you or a family member wants to save on the interest costs of borrowing, the timing couldn't be better. Call me and I can provide you with advice.

Third, while we all want to earn as much as we can on our investment accounts, pay as little as possible on debt and eliminate it as soon as possible, there is another reality – what if something unfortunate happens, especially to our health? Again, there has never been a better time to review all those risk management concerns, your health and life insurance coverage, your will and estate planning. There is the very real possibility that we can save you money on your insurance costs, or make sure that you really do have the right insurance that will be there if it's ever needed. As a Chartered Life Underwriter, my goal is to help you identify, eliminate and minimize those risks. Now is always the best time to take action.

Finally, there has never been a better time for me, as a financial advisor, to help my clients by preparing a written comprehensive financial plan that addresses all those concerns and opportunities we have just spoken about, and any others that should be discussed.

Once again, thank you all for your expressions of concern but, I assure you, **there has never been a better time to be a financial advisor!** I and the team at Tyler and Associates are available to assist you with your critical financial decisions.

## Happy Birthday TFSA!

As of January 1st, 2010 the new Tax Free Savings Account (TFSA) is officially one year old. January 1st also marks the date when each of us can add another \$5000 to our TFSAs. If you contributed last year to a TFSA, and took advantage the steeply discounted market values, your TFSA has already grown significantly. If you haven't, then now is the time to set one up. You can contribute monthly or as a lump sum at any time during the calendar year.

### How the Tax-Free Savings Account Works

- Canadian residents age 18 or older can contribute up to \$5,000 annually to a TFSA.
- Investment income earned in a TFSA is tax-free.
- Withdrawals from a TFSA are tax-free.
- Unused TFSA contribution room is carried forward and accumulates in future years.
- Full amount of withdrawals can be put back into the TFSA in future years.
- Contributions are not tax-deductible.
- Neither income earned within a TFSA nor withdrawals from it affect eligibility for federal income-tested benefits and credits, such as Old Age Security, the Guaranteed Income Supplement, and the Canada Child Tax Benefit.
- Funds can be given to a spouse or common-law partner for them to invest in their TFSA.
- TFSA assets can generally be transferred to a spouse or common-law partner upon death.

If you'd like to establish an account or would like more information, please call us at 525-5250 or 1-877-225-5250.

# Great Gifts

By Rod Tyler, CFP, R.F.P., CLU



Ada Staples Library, Oxbow, Saskatchewan

Ada Staples was born in 1887 to parents William & Susan Staples. In 1884, the Staples had first settled in 3 tents on their homestead South of Oxbow, Saskatchewan. Ada was born in their first house, a log cabin they called “Prairie Home”.

Ada was home schooled by her mother, a former school teacher, and went on to attend high school in Oxbow and then Normal School in Regina. She then taught school herself for a few years before attending the University of Saskatchewan in Saskatoon. She completed a B.A. and an M.A. in 1921. She subsequently taught school in numerous locations around the province including Arcola, Oxbow and Carnduff. You can see from this short history that Ada Staples had a lifelong passion for learning and education.

In 1981, thanks to a significant financial gift from Ada Staples, the brand new Oxbow Library was able to open its doors. Anyone visiting this library will see the plaque acknowledging the gift from Ada that made its construction possible, and will instantly recognize what a tremendous contribution this gift has made to the town and district of Oxbow. It is even more amazing to realize that Ada was able to leave this legacy by saving money on a teacher’s salary.

It also reminds us that ordinary people can make an extraordinary difference donating a gift to something they truly value. Ada Staples valued education.



## Team Member Profile:

Rod Tyler, CFP, R.F.P., CLU

## What is your favorite Saskatchewan vacation destination?



Good Spirit Lake

January is a great time to think about and plan your summer vacation. If you are looking for the perfect place to take small children for a beach vacation, look no further than the sandy shores of Good Spirit Lake. Good Spirit is renowned for its shallow shore lines and soft sand, perfect for both toddlers and big kids alike. It’s easy to get there, just a short drive from Yorkton.

When my youngest son was small our family and his many young friends spent several summer vacations enjoying the sandy beaches and relaxed atmosphere of Good Spirit Lake. I have many good memories of our times spent there, and for this reason it remains one of my all time favorite Saskatchewan vacation destinations.

To find out more about Good Spirit Provincial Park check out the Government of Saskatchewan Tourism website at <http://www.tpcs.gov.sk.ca/GoodSpiritLake>

MacLean’s Magazine has rated Good Spirit Lake one of the top 10 beaches in Canada!

# Famous Estate Planning Failures

By Rod Tyler, CFP, R.F.P., CLU



## Elvis Presley

1935 – 1977

The Elvis Presley Estate is a prime example of estate planning failures. Elvis' estate of approximately ten million dollars was ultimately reduced by 73% payable to taxes,

probate and other settlement costs, the result of poor estate planning. If his will had employed the use of a trust, these costs would have been largely eliminated.

While Presley's estate failed the test of planning, it did produce an unexpected outcome. Indeed, Presley's legacy may turn out to be that he earned far more dead than alive.

Initially, Elvis' father, Vernon, served as executor of the ever dwindling estate. At the time, Graceland, the Presley home, cost \$500,000 per year to maintain. In 1979, Elvis' ex-wife, Priscilla, assumed executorship of the estate. By this point, his daughter Lisa Marie's trust had now declined to only \$1 million. Faced with having to sell Graceland, Priscilla examined the fate of other famous houses and museums. After seeing what had been done with these heritage properties, Priscilla hired a CEO, Jack Soden, to turn Graceland into a money making venture. Priscilla's gamble paid off. Graceland opened to the public in June 1982 and within one month earned back all the money invested in its startup costs.

Presley's daughter, Lisa Marie, turned out to be a very capable business woman herself. In 2005, she sold 85% of the estate's business to a media company, excluding Graceland itself.

Since its opening, Graceland has seen a steady troupe of visitors numbering between 500,000 and 700,000 per year. In the most recent year Graceland earned a reported \$22 million and received 600,000 visitors. Had Elvis lived to see it all, he would have been 75 years old on January 8th, 2010.



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