

Sound Advice



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

The Future is Friendly

Like you, I am subjected to a lot of TV and newspaper ads, and now Internet and mobile phone advertisements. Most of them are boring at best, and annoying at worst. But then there are a few that are really quite clever and really humorous. Those are the ones I like. The Telus ads for their telecommunication services are one example. Who could not love all those friendly, goofy birds and animals. And they feature great music! However, there's another important underlying message. **The future is friendly.** Why might you ask is Telus trying to convince us that the future is friendly? After all, think of all the changes in modern life. Nothing is the same as it used to be. Everything is changing. Shouldn't you be scared or intimidated by the future? How can all this change be good? Well, that's a good question. Can the future really be friendly?

Telus clearly wants us to use as much of the new technology as possible, especially cell phones, Ipads and anything else that requires a telephone, or internet connection. And of course preferably a Telus connection! In order to get more people to use their services, they need the public to

embrace the future of telecommunication and convince us that the future is friendly. That seems to me a pretty noble idea.

But the question is still in our minds, is the future really friendly?





Maybe a better question would be “was the past really all that friendly”, or is it just because it's in the past and we no longer are afraid of what has already happened? Just to give you a sense of the times past, I would like you to remind you of what did, and did not happen. The loss of life in World War I was 20 million, and 56 million lives were lost in World War II. Nothing remotely close to those losses

has occurred due to warfare in the 67 years since 1945 and the ending of World War II. The loss of lives attributed to the Spanish Flu in 1918 was between 50 and 100 million. Today we have better medicines and a great deal better sanitation, so this type of sickness can be more easily cured, or most likely never happens and can be deterred. Today the number of medical procedures that are routine – hip replacements, knee replacements, cataracts surgeries, heart surgeries, and many others would have been considered miraculous as early as the 1960's. Instant and continuous telecommunications are now taken for granted and are now either very cheap, and in many



cases free. At the end of World War II, few of these communications options existed and any that were possible were beyond the means of most consumers.

It is, after all, these same computer enabled technologies that have

permitted the visual enhancement of the workings of the biological world. This knowledge will in turn fuel more discoveries that will enable a whole raft of new exciting advances. For example, we can expect new and better treatments for many cancers that today are major causes of loss of life. By way of example, a child diagnosed with Leukemia in 1960 had a one in 10 chance of survival. Today, he/she has a 95% chance of survival. That kind of improvement is absolutely heartwarming.

We could go on listing all of the magnificent accomplishments of the last 50 or so years. Most of them are the direct result of the advancements of the microchip – the computer. And most of them, we now take for granted and get really upset when they don't work. For example, you know how it feels if your cell

phone drops a call, or the internet connection fails.

Now that we have put some of these technological changes in context, imagine what advances will occur in the next 10 years, let alone the next 50. Many of these advances will be the direct result of an increasing capability of the microchip, which is at the heart of ever greater computer power.

So the next time someone delivers some foreboding message about how scary some future development might be, just remember, history says otherwise. **The future is friendly.** Just ask the hippopotamus or the parrots on the Telus advertisement.



Saskatchewan Kicks in for Education Savings

Legislation has passed for the Saskatchewan Advantage Grant to RESP's. An additional 10% of annual contributions (up to a max. of \$250) will be added to Education Savings on top of the current federal grant of 20%.

This is great news for our future students!

A Triumph of Character

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

I am writing to you about a great victory you have achieved. As I write this note to you in early April, I am reminded of the long winter that is passing. We are all reminded here in Saskatchewan of the record snow fall and possible wet spring. How many times have you wished that winter would be over! But now, spring approaches and as the long days and bright sunshine prevail, we'll soon forget the winter of 2012 and 2013.

In the same vein, March 6, 2013, marked the fourth anniversary of the capital markets low in 2009. Only four years ago, you were inundated with negative news about the economy and about banks and companies that had, or would fail. I remind you now because I am pretty certain that when you recall that time four years ago, you probably felt very discouraged, perhaps even worried about your investments and savings. If that was the case, and for many it assuredly was the case, then I want to salute you for the decisions you made. **You could have done exactly the wrong thing at exactly the wrong time.** You could have sold all your holdings, put the money in a savings account or something similar, and then felt safe. If you had done that, you would have paid a terrible price for the perceived sense of financial safety and for such an action. But, maybe you are still wondering "Would that have been the best thing to do?"

As you will see in a moment the answer is a resounding **no. It would have been a really bad idea.** However, since you did not do that, my sincere congratulations. You achieved a great triumph of character, a triumph of courage over fear, of reason over emotional reaction.

I can report to you that during this period most of my clients not only continued to hold their portfolios of well chosen investment funds, but also added to them when additional savings were available. In the past four years, many clients have added funds to their retirement savings accounts at prices that will likely never be seen again. Likewise they have added to their tax free savings accounts, to the children's educational accounts and to their other investments, and the results have been gratifying.

Let's stop to consider what has taken place in the last four years. To illustrate this I will use the broad measure of the value of all businesses in Canada and the US, the major market indexes. These indexes include one called the S&P 500, representing the 500 largest businesses in the US, and the S&P TSX, a similar measure for the value of Canadian businesses. **On March 6, 2009, the S&P stood at 683 and the TSX at 7591.**

On March 6, 2013, those same two numbers were **1541** and



12,830, for an increase of 225% and 169% respectively.

As you can see, that represents a tremendous increase. Likewise, your diversified investment portfolios, because they also include many of these same businesses, and securities from all parts of the world, have similarly benefited from this remarkable rebound.

But what if you had given in to that impulse to sell everything and put your money in the bank? Well, the decades low, or in some cases centuries low, interest rates would have added a paltry few percent to your account, and you would now be faced with an even more difficult decision. Should you reinvest your savings into the same securities at twice the price that you sold them four years ago? Translation –Buy high, sell low, buy high? Now that is a scary thought. No worry, however, because **that is not what you did.** Instead, you took the wise and courageous choice by continuing to own your diversified investment portfolios. Predictably, the last four years have proven you made right choice and rewarded you very handsomely.

Congratulations on your choice and thank you for your commitment to a rational investment and retirement plan. I look forward to serving you and your family as a financial advisor in the years to come.



When I Win the Lottery

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

From time to time I have indulged in a bit of daydreaming—the same fantasy that millions of Canadians entertain every week. I imagine what I would do if I won a big lottery. Now before I proceed, I must confess, I have no expectation of ever winning the lottery. I simply imagine this because it reminds me of what is most important to me with respect to the use of money. Here's my point, the odds of winning a major lottery, let's say Lotto 649, are one in 14 million. The odds of the Lotto Max are one in 28.6 million. For most people, those odds seem rather high, but not impossible, so they buy lotto tickets. Occasionally, they win small amounts so the habit continues. But let's just stop for a minute to put those odds in a more graphic picture. If you lined up water bottles, the kind that we all have as a drink while walking or hiking, it would require enough of those bottles lined up all away from here to about Fernie, BC to equal the odds of winning the Lotto 649, and all the way to Vancouver to equal the odds winning the Lotto Max. And if you were picking **just one** of those water bottles as the winning one, you would have to decide **which one** of those thousands and thousands and thousands of bottles from here to Moose Jaw would be the winner. Now, you see how difficult it would be to actually choose the winner. Maybe buying a ticket on the Lumsden Duck Derby, or the Riders Touchdown Lottery would be a better bet.

So when I tell you that I fantasize of winning the lottery, I'm finally just giving my imagination permission to choose what it is that I **actually** really regard as the most important monetary goal in my life. After I have done that, I quickly return to reality and decide how I will earn the investment money to accomplish the same goal. I've effectively tricked myself into just setting a goal and getting on with the business of achieving it.

Now just for the record, you might be interested to know exactly what I would do if I won a lottery. Well, for the answer to that, I consulted my spouse. We had a bit of fun with this exercise and

our answers were somewhat different, and a whole lot the same. We both agreed we would do like most of you and help out family. We would help any worthwhile endeavour, especially getting mortgages and educations funded. We would also help family with any entrepreneurial enterprises. In other words, we would help and assist family, but not burden them with too much money or deprive them of their own ambition.

After that we would help fund worthwhile community projects. While serving on the board of the Saskatchewan Science center, I witnessed the amazing benefits of the Imap Theatre, thanks in part to the generosity of the Kramer Family. I was also recently introduced to the value of donations to a wonderful local imitative, Hope's Home, for disabled children. <http://hopeshome.org>. Of course we also saw the extraordinary multiplier effect of clean water in Ethiopia, as Connor Kindred raised money for Connor's Well Wish through WaterCan. <http://give.watercan.com>. Of special interest to our family, we would like to see money directed to a center for youth activities, a safe place for young people to gather and learn about how to become successful adults. As you can imagine, it is easy to see how a little money put in the right place can yield huge and lasting benefit.

Now just to be completely honest and transparent, I am part of a luncheon group, each one of us whom contributes a few dollars every month to a lottery pool that buys tickets on behalf of all of us. Everyone puts in a sum of money and each week, our trusted financial secretary, Greg, purchases the tickets. When the contributions are about to be depleted, we restock the treasury. Greg does all the work. You know, come to think of it, since he does all the work, I think he should deserve a bigger piece of the eventual winnings, even if the odds are one in a 14 million!



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