

Sound Advice



Lessons from Peru

By Rod Tyler, CFP, R.FP, CLU

As I promised in the last issue of Sound Advice, I am back from Peru and the Andes Mountains, and ready to share with you a few thoughts and observations. I also promise not to subject you to a long travel monologue, or more than a couple of the 1,300 pictures taken. Three friends and I planned this trip many months ago. It consisted of a four-day trek up and down the Inca trail to the ancient ruins of Machu Picchu. This world heritage site is becoming an increasingly popular destination for tourists seeking adventure and learning about the history of the Inca people. As an undergraduate student in Anthropology, I had long dreamed of visiting Machu Picchu. This South American excursion was a great way to finally live that 40-year-old dream. That's the good news. The problem is that now I want to go back. Nevertheless, you can easily

appreciate that hiking and climbing eight to ten hours a day allows you lots of time to contemplate the great lessons of life. Here are some of my insights.

1. First, set a goal. I mentioned earlier that I had long dreamed of visiting Machu Picchu, the lost city of the Incas. It remained simply that. A dream. Something I wanted to do, but I was not fully committed to doing it. One day, a good friend asked me, "Rod, do you want to go to Machu Picchu?" "Of course," I replied. My friend said he was putting together a group of four, and if one of his other traveling partners was unable to go, I could be the substitute. A few months passed, and I heard nothing more. Then, just before Christmas of 2009, my friend once again called and asked the question, "Do you want to go to Machu Picchu?" And my answer was the same, "Yes." He replied, "Well, you're in. We're going next June." Now I was committed. I had set a goal. There was no turning back.



As I finally reached the summit on the Inca trail, a height of about 4,200 meters, or 13,500 feet, I thought about this lesson of setting a goal. My friends and I were exhausted, cold and exuberant. We had passed the first test. Now we were two days from the ruins, and the remaining trek would be at lower altitudes. As we were climbing, our guide reminded us that getting to the top safely was best done at the same slow, steady pace of that native South American animal, the llama. Speed was not the goal. Success was our goal.

The great advantage of setting a goal is simply that now you can direct all of your efforts toward the goal. As a financial advisor, I have long recognized that those clients who have set goals usually achieve them. Sometimes there are modifications and adjustments to the goals, but eventually their goals are attained.

2. Find and use a guide. While standing at the edge of a mountain, pausing to catch my breath, once again I came to appreciate one of the great lessons of life. Find a trusted guide. If my friends and I had not utilized the services of the two experienced Peruvian guides, our trip would not have been possible. We would likely have made all kinds of mistakes that would have made a successful trek impossible or very difficult. Instead, our guides reminded us when we were tired and heading up a steep climb to go at “llama pace.” Translation: slow and steady. It works. Likewise, had my friend, Gord, not spoken Spanish, our travels could have been a lot more complicated. Gord was our interpreter and saved us from a lot of embarrassments. Lesson: learn the local language or have a guide that can help you.

Once again, as I paused to rest and gaze over the beauty of the upper Amazon mountains, I suddenly realized a connection between my role as that of a financial advisor and that of our guides. My true role is to be a financial guide to my clients. Like my Peruvian guide who spoke the local language, Quechua and Spanish, I have learned all the local dialects of

the financial world. Like my guide, who made this trek over 300 times, I've witnessed 30 years of successes and failures of those seeking financial certainty. My role as an advisor to my clients is to minimize the chance of failure and maximize the opportunity to succeed. Whether I am encouraging you to keep going, even at a llama pace, or to have faith in your plan to avoid obvious financial risks, I am acting in your interest as an experienced financial guide.

3. Enjoy the ride. If you've ever gone on a trip with friends or made new friends while traveling, you'll remember that the whole point is to enjoy the trip. When something unexpected happens, it's much easier to simply adapt and have a laugh, knowing that it's simply a short-term inconvenience. When my friend's luggage failed to arrive, we took it in stride. We were prepared to lend each other an extra set of clothes or buy new ones. When the luggage did eventually arrive, we all had a good laugh and continued on our journey.

Likewise, reflecting on the last few years as an advisor, the financial markets have been very challenging to my clients. That's the bad news. The good news is that we're all able to make adjustments to our plans. Once we have, we can easily recognize that our financial goals can be reached by making these changes. Once the changes have been implemented, we can remove the worry and appreciate that we will reach our goals and enjoy the ride.

4. Appreciate the view. When you stop to think about modern technological life, you can quickly realize that it can be experienced as a very unnerving and threatening experience. Every form of media, television, radio, or the Internet, seems determined to report about a new threatening event. It could be some climatic or environmental event, a political upheaval or a regrettable accident. No wonder there's an old saying in the news media: “If it bleeds, it leads.” Translation: scare people. It gets their attention. And truly, if you really chose to examine each of the different media's main agendas, they're all the same. They want your attention, regardless of how it's achieved. And the easiest way to scare you is to make you feel that you're missing out on something. Greed. This is definitely not a view that inspires confidence.

Now imagine that you're in your favorite relaxing vacation destination. Do you notice how little all that news means to you? Notice how relaxed you feel, and how much you can appreciate the view.

After some 500 years, the city of Machu Picchu, built high in the Andes Mountains at 7,800 feet above sea level, remains much as it was when the Inca people abandoned it in the 1500s.

How could such a magnificently designed structure, built of giant quarried stone blocks moved without anything but the simplest of technologies and virtual armies of workers, have withstood all the earthquakes and torrential rainfalls? In fact, the Incas were very skilled builders and understood their own environment. They definitely knew how to appreciate the view! Likewise, standing outside my tent at midnight, at 10,000 feet of altitude, looking up at the Milky Way in all its magnificent glory, or at the Sun Gate of the Inca Trail, overlooking the ancient ruins of this magnificently planned city, truly helped me appreciate the view.



Charitable Giving

I am inspired and motivated by my colleagues and the various people I meet everyday in our office. The extraordinary life stories of perseverance, fulfillment and satisfaction

resonate with me. Because of you, I have asked myself the question, how can I give back to my community? Along with volunteering at the Regina YMCA, I have decided to increase my charitable donation to this organization. The YMCA holds a special place in my heart. I have been involved with the Y since I was six years old. As a teen and young adult I volunteered and worked at the downtown location and Camp Ta-Wa-Si at Echo Lake. My leadership and outdoor experiences at the YMCA have carried over to adulthood and have helped to build who I am today.

So, in my quest to give a little back, I have found a partner to assist... my own government. Here's how:

- The first \$200 of my annual donation is converted to a tax credit based on 15% of the donation.
- After \$200 the tax credit jumps to 29% on the remaining of my donation.
- The donation amount can be carried forward for up to 5 years.
- I can combine my donations with my spouse or allow the higher-income earner to claim the Charitable Donation tax credit.

A Well Placed Gift

By Rod Tyler, CFP, R.FP, CLU



Most Saskatchewan residents either know about, or have visited the MacKenzie Art Gallery. Currently located in the T.C. Douglas Building in Regina's Wascana Park, the gallery owes its existence to a generous and visionary gift by Norman MacKenzie, a prominent lawyer and art collector in early Regina history. MacKenzie, prior to his death in 1936, had built a substantial collection of old master drawings and paintings, as well as contemporary Saskatchewan and Canadian art. MacKenzie left most of his collection, and a portion of his estate, to the University of Saskatchewan, with the intent of establishing an art gallery in Regina. Dr. William Riddell, Dean of Regina College, helped established just such a gallery on the college grounds. By 1957, a larger, more modern gallery was built on the college and was combined with the college's school of art. In 1990 it moved to its present location in the T.C. Douglas building.

We are left to wonder if such an art gallery might ever have been built in Regina had it not been for the foresight and generosity of Norman MacKenzie. Not only did he gift valuable artwork for public viewing, but he committed part of his estate funds to house and exhibit the work. If you and your children or grandchildren appreciate artwork, I encourage you to visit the MacKenzie at least once a year. It stands out as one of those hidden gems in our province, the result of a well-placed gift.

If you are interested in how to set up a trust or foundation for yourself or family, I can help by providing you with referrals to lawyers who specialize in writing the trust documents. I can also help you fund the trust in the most tax-effective manner by considering how to allocate your estate assets, including the use of a life insurance contract. Please call me if I can be of help or if you have any questions.

Famous Estate Planning Failures

By Rod Tyler, CFP, R.FP, CLU



As I am writing this installment of Sound Advice, the major league baseball season is entering the playoffs. I thought you might be interested in one of baseball's most famous players and how his estate was ultimately settled.

George Herman Ruth Jr. was best known as Babe Ruth. His nicknames were the Bambino and the Sultan of Swat. Babe Ruth played in the American League from 1914 through 1935. After the Boston Red Sox sold him in 1919 to the rival New York Yankees, he became one of the most famous baseball players of his time. His sale also led to the ultimate curse, the curse of the Bambino, and the rivalry between the Boston Red Sox and the New York Yankees. His prolific batting averages and home run totals established a standard of measure for which all other baseball players were measured. His 50 home-run record of 1927 remained unbroken until Roger Maris exceeded it in 1961. Ruth's 714 home-runs, remained unsurpassed until Hank Aaron did so in 1974.

Off the field, Babe Ruth was famous for his charity, as well as his reckless lifestyle. He grew up in a rough neighborhood of Baltimore, Maryland. When he was seven years old, he was sent to a reformatory and orphanage. It is easy to understand why he had a kind heart for the downtrodden and underprivileged. Towards the end of his life, he established the Babe Ruth Foundation. In 1947, Babe Ruth Day was held at Yankee Stadium to help raise money for the Foundation. Ultimately, however, the funding was inadequate. The foundation lacked the money to do any of the things Ruth had wanted. In addition, the instructions to the trustees were too vague to be of much guidance. The foundation was instructed to assist anyone who needed help, leaving the trustees without clear

direction or adequate funds. Ruth had good intentions but lacked planning and follow-up.

How could this have been avoided? There are two principal requirements to making a foundation or trust succeed.

The first is that the purpose and instructions to the trustees must be clear and unequivocal.

Those instructions must also be give the trustees a certain power of discretion to act in the best interest of the trust.

The second requirement, for a trust or foundation to succeed, is to ensure that it is properly funded.

If the fundraising by other people is the only source of resources, the trust is unlikely to succeed. An easy way to have funded Babe Ruth's trust would have been for him to have acquired some life insurance while he was younger and in good health. He certainly had the money during his playing days; therefore, funding would have been very easily accomplished.

If you're interested in how to set up a trust or foundation for yourself or family, I can help.



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