THE TYLER GROUP
Financial Services

Sound Advice

Why We Choose to be an Independent Company

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

Over the years I have been asked why I chose to work as an independent financial advisor instead of joining a big bank or other nationally recognized financial firm. There have been lots of financial incentives to do just that. I assure you that I was never tempted. Why, you may ask?

It is best explained by telling you a story of why I have always believed independence is a critical part of any work or career choice. If you think about it, how often have you heard someone say what they would like to do, if only there was the freedom to make some work decision or career choice? Maybe it was you saying that same thing.

Here's my story.

When I began my career as a financial advisor, it was after some thought and preparation that I had recently sold a truck rental and leasing business. I was used to the responsibility of hiring and paying skilled employees, financing by borrowing and repaying large sums of money, overcoming business challenges of all kinds and then, ultimately selling a successful business to a younger partner. However, when I approached the existing financial firms of the early 1980's in my quest to become a financial advisor, I quickly realized the roles would now be reversed for me. I would be an employee, or more realistically a commissioned sales representative of a company. It was 1981 and the investment market was entering a financial recession after a period of the highest inflation and interest rates ever recorded, and therefore the job offers were few and far between. When I was accepted at one of the large financial firms of the day, I focused on surviving a rapid career change and establishing a clientele.

From the beginning, I set a goal to become an accredited and competent professional advisor and it amazed me when others around me didn't share my enthusiasm for achieving accreditation. The "manager" of the institution pressured the advisors to "bring in business .. lots of business". He was not the least bit interested in whether I completed certification or took part in educational opportunities. I should have been more observant about this contradiction, but I was on a learning curve and focused on my goal. Eventually this contradiction would become critical to my choice of becoming an independent financial advisor.

After a couple of years had gone by, I had overcome the odds of succeeding in my new profession. I had a growing clientele; I won company awards; I had achieved my financial planning accreditations, as well as other financial advisory accreditations and I was excited to continue to grow my clientele's wealth and my business. There were, however, two problems that began to trouble me. I was becoming aware of the limitation that I had as an advisor of only one large company. I could only recommend and sell their investment funds and deposits as well as their insurance offerings. The problem was that I knew that that there were better choices, but I could not access them for my clients. Then one day I was introduced to the second dilemma.

I had befriended an older and long-time advisor in the firm, one who had a loyal clientele whom he had served very well for many years. One day the manager of the company invited everyone to a social gathering that included the wife of my friend. The understanding was that this event was intended to be a surprise birthday party for my advisor friend; however, it turned out to be something else. After a short ceremony the manager presented a gold watch to this loyal employee, accompanied with a bouquet of roses to his wife and announced that my friend would now be retiring. My advisor friend never saw this coming! As I watched this unfolding before my eyes, I had an epiphany. I realized that one day I may be the person who was presented with a gold watch and my wife would be holding a bouquet of roses. It was then that I knew that I wanted to become an independent advisor. I also endeavored to be fully accredited and connected to educational opportunities so that I would be well informed.

I wanted to be able to offer my clients the best financial solutions from a range of offerings, and in order to do that, I would provide written financial plans as a more complete planning approach, rather than just selling a financial product offered by a company who employed me. It is now thirty-five years later, and I can say that this was a good choice, both for my clients and for myself.

Here are three advantages of working with an independent financial advisor:

There are no proprietary financial products for sale. Peak Investment Services Inc. provides financial advisors like those of us at the Tyler Group, access to a world of choice, and does not have any vested interest in the financial offerings. Our compensation is the same, no matter what we recommend to our clients. Therefore, we are free to choose the best solution for each client depending on specific needs. We focus on serving our clients with our best advice.

We have no sales quota. We are free to focus on service and advice, and not on the pressure to sell more investments or insurance. We do have some specific goals for service to our clients, and we are proud of our awards for "outstanding record of compliance" in our financial procedures. We also welcome any suggestions you may have that would improve our service to you.

We are professional financial planners and we approach our client relationships from a financial planning perspective. What that means is that we provide you with our recommendations only after we understand your goals. After we have a clear and complete understanding of what you want to achieve, then, and only then, will we give you an investment or insurance recommendation.

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3. **We are professional financial planners and we approach our client relationships from a financial planning perspective.**
   What that means we provide you our recommendations only after we understand your specific financial situation, your goals and your dreams. After we have a clear and complete understanding of what you want to achieve, then we will give you an investment or insurance recommendation.

In the next issue of ***Sound Advic***e, I will outline for you three more reasons why working with an independent financial advisor could be your best investment.

Doing it Wrong

(Part Two)

We at the Tyler Group are all great fans of humorous television ads. We are also quite sure you have all seen the television ads from the home improvement company Rona, entitled "Doing It Wrong". If you haven't, I suggest you take a quick peek at a replay of one these great commercials on "Doing it Wrong".

http://www.youtube.com/watch?v=QfBdKO19mpM

Here is the continuation of our Part 1 article in the previous edition of *Sound Advice*. We hope you enjoy Tips 6 – 10 of how to do things completely wrong!

6. Always do it yourself.

The one thing you can always count on is that it is always better if you do it yourself. The experts always charge too much, or make it sound like it is more complicated than it really is. Besides, why trust anybody? If you always do it yourself, nobody can take advantage of you. Even if you don't get it right the first time, you can always ask them how it is done, and then you can still do it yourself. This can really save you money.

Then you can always tell all your friends how clever you were to do it yourself while they paid money to have it done professionally. Besides, you have lots of time, and your time isn't worth that much anyway.

7. Depend on the government to look after you.

The smartest thing you can possibly do is very simple. Live for today and let somebody else worry about your future need for money. The best candidate to look after you is the government. Think about it. The government can't leave you to starve, so they will make sure there is some money available for you when you finally quit working. No need to save any money or buy insurance for yourself. The government will take care of everything for you. Yes, we know it might not be a lot of money, but what the heck, it will be free. You might have to fill out a lot of forms, or meet a lot of government employees who will assess your need, but it's free. If you are thinking that might be a little embarrassing, just tell yourself that there will be lots of other folks just like you standing in line or waiting for an appointment. And here is the big bonus, the big payoff. You won't need to do any estate planning or bother with writing a will. When you die, there just won't be estate to pass on to anybody, nothing really to talk about. You can tell your family about your plan right now, but maybe just let them find out later. It saves a lot of emotional energy now and you won't be around to hear anybody complaining. Now just carry on living for today and let somebody else worry about tomorrow.

8. Do it tomorrow.

Never do today what you can leave for tomorrow. In Spanish there is a similar expression "manana"!, pronounced in English as "man yana". Tomorrow! Besides, if you wait long enough, you might not even have to do it at all. Ever.

9. Never buy insurance. It costs too much.

One of the biggest wastes of money is buying insurance. Any kind of insurance. It costs too much. It is better just to save the money you would have paid for your insurance coverage. You can easily invest all that money you would spend on insurance premiums, and then eventually you will have the same amount of money that the insurance would pay if you have an insurance claim. Just like having your cake and eating it too. Yes, you may need to save a long, long time to accumulate those same amounts of money. But think about it. Accidents and illness, death, car accidents and fires all happen to other people. The chances it will happen to you are small, so just take a chance and save the money.

If anything ever does happen to you, you can always rely on some of the other Top Ten Tips to bail you out. Tip Number 7 is especially useful: (Depend on the government to take care of you).

10. Never plan ahead.

Planning ahead is highly over-rated. Why trouble yourself with planning ahead, even if it saves you money. Yes, I know you can save a lot of money by buying things when they are on sale. Why buy your next year's Christmas decorations in January? Just wait 'til next Christmas eve, when you really need them. They always have some available at a late night pharmacy, even if they are a little pricey. Besides you would have to store the decorations for a whole 11 months! And why buy your new barbeque in October, even if it is half price? You won't need it 'til next May and then they will have the new models in the store. Then you can just put it on your credit card or ask for the store's financing offer. Then you can pay it off slowly, even if the credit card rate is 19%. Besides, planning ahead and saving money is just for other people.If you or someone among your family or friends is seeking a second opinion about their financial affairs, please call us. We will be pleased to offer our advice.

TFSA's 7th Birthday

It's is hard to believe that 7 years have now gone by since you could begin contributing to your **Tax Free Savings Account**.

If you are interested in the history of this way to save, you might like to read our recent ***Sound Advice*** article about how to make this account work for you. (link to **http://thetylergroup.ca/wp-content/uploads/2014/04/SoundAdvice-Spring2014.pdf**)

As the last 7 years have rolled by, we at The Tyler Group have also become aware of some common TFSA misunderstandings and mistakes that could cost you money.

Here are our Top 3 Tips when investing in a TFSA

1. The most common TFSA investment mistake is **accepting the low, low interest rates offered by banks and credit unions**, instead of getting professional investment advice about what choice of TFSA investment best suits your circumstance. As you see in the sidebar, this difference could cost you thousands of dollars.

2. **Using a TFSA as a short term investment account**. Each time you withdraw money you must wait until the next calendar year to replace that withdrawal. If you re-contribute those funds in the same year, you will be assessed a penalty by CRA and it could be a substantial one. Our advice is to talk to a professional planner and he or she will explain the rules and how to avoid these penalties.

3. **Having too many TFSA accounts at different banks and credit unions**. We know that some investors think that having lots of different deposits in different banks and credit unions is a smart idea. We also know that if you forget how much and how often you deposit into your many TFSA accounts, it can cost you significant penalties for over contributing. Our advice. **Consolidate your TFSA in one place** and never lose track of how much you have contributed or withdrawn.

If you want advice and help with maximizing your TFSA investment results and avoiding the mistakes, call us.

We can help.

TFSA Contribution Limits

Your TFSA

Here's what your TFSA would look like if you contributed yearly to an account that offers a 2% rate of return as compared to a 6% rate of return.

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At **THE TYLER GROUP** we accept new clients on a referral basis. If you know a colleague, friend, or family member who could benefit from our advice, please call us.