

THE ARTISAN

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...there are many simple strategies Canadians can employ to either defer or reduce income tax payable.



PROFILE OF A PHILANTHROPIST

The experiences and knowledge of our client base has provided us with valuable insight to allow us to identify areas where we can provide strategies and/or education. In this edition of The Artisan we have asked Rob and Janice Dawes to share with us some information about supporting a charity. As both Rob and Janice are philanthropic by

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NORTHLAND
—WEALTH MANAGEMENT—



ORIGINS AND UNDERSTANDING



What does Wealth Management really mean?

Management is a fairly well understood concept however it is the word Wealth which seems to create the most confusion or difference of opinion. Most will agree that your investment portfolio would be considered your wealth. In reality this expands to include all assets that a family owns. Such as your home, cottage, vehicles, collections, businesses, etc... But does wealth stop there? We would argue that your wealth also includes the people within and close to your family, also known as your family's authentic wealth – intellectual, social and human. You may not be able to place a dollar value on this portion of your wealth, however it certainly holds worth.

Sound stewardship of private wealth is the result of hard work, family cooperation, maintaining high standards and the consistent use of best practices. Working with a trusted advisor like Northland Wealth Management, who have extensive experience in all aspects of the stewardship process, from tax efficient investing to the appropriate family governance structure, reaps significant benefits for family clients. Northland Wealth Management offers solutions that manage clients' individual mandates as well as ensuring that their overall needs and goals are always considered, addressed and met.

A "wealth manager" must integrate a larger number of factors and, therefore, an exponentially larger number of possible interactions. Consider a possible list of the issues facing a wealthy family: financial assets, taxes, cash flows, estate planning and execution, philanthropic planning and execution, family roles and governance, family education, family risk management, family values, and many others.

Some examples of Integrated Wealth Management services available to our clients include:

- Personal and continuous review and consultation to ensure that individual long-term goals are met as well as integrated with the overall family strategy when both appropriate and advantageous.
- Detailed cash flow, income, asset and liability analysis based on key personal and actuarial assumptions to allow for a true understanding of the families financial situation.



UPDATE AND OUTLOOK

The Big Picture

As Canadians learned from the crash between 2007 and 2008 you can't ignore what is going on outside of your own borders. Despite having a strong and well regulated banking system, the collapse of Lehman Bros. in the U.S. and the meltdown of the U.S. financial system pushed Canada into recession, and the TSX remaining at levels below where they were in 2007. A look at the evolving worldwide economic picture is very useful in determining where we are likely to be going in the upcoming quarter.

The more recent slowdown means the developed economies must pick up the slack to keep worldwide economic growth on the plus side.

Emerging economies such as Brazil, China and India have recently experienced slowing growth as demand for commodities and manufactured goods from the developed economies fell. However, concerns that China in particular was headed for recession have recently abated. Unfortunately investment funds that used to flow to the emerging economies from the developed countries have dried up, particularly for long term projects. Initially in the worldwide slowdown, the emerging economies continued to grow while Europe and North America showed little if any growth. This helped world growth numbers to stay positive. The more recent slowdown means the developed economies must pick up the slack to keep worldwide economic growth on the plus side.

Europe presents a mixed but improving picture. Germany continues to power along with low



unemployment and positive GDP growth helped by the relatively cheap Euro. The Northern tier of the Euro zone is also in good shape. The southern tier- Greece, Italy, Spain, Ireland and Portugal continue to struggle with government deficits and high unemployment. Recently, however, while economic growth is elusive, economic activity seems to have stabilized in the southern tier. While further cuts in government expenditures are necessary, some stimulus would also seem appropriate. The euro zone should be paying attention to the apparent success of the U.S. in stimulating its own economy. Unfortunately the German public has been adamantly opposed to any stimulus particularly something that will require German financing. The current German Chancellor, Angela Merkel, (now that she has been re-elected), given her past pragmatic approach, could support some softening of the austerity policy presently in place. This would be very instrumental in producing better growth in the Eurozone.



The importance of housing as a growth driver cannot be underestimated.

In North America the U.S. has recently been generating quite encouraging economic numbers. Current low interest rates and the recent promise by Fed chairman Bernanke to keep them low, have provided the base for recovery in the housing sector. The importance of housing as a growth driver cannot be underestimated. New housing requires a wide range of inputs from lumber to washers and dryers, benefitting a wide range of industries and employers. For five years the U.S. has not met normal housing requirements to provide for population growth and

ORIGINS AND UNDERSTANDING (CONTINUED FROM PAGE 2)

- Retirement scenario projections and required rate of return analysis after tax and inflation.
- Consolidation of net worth and income statements along with analysis of key debt and cash flow ratios as well as the inter-relationship of the family's liquid assets, management of a family owned business or other fixed assets.
- Personal and corporate cash management with vendors and tax authorities in a Family Office context.
- Estate planning for optimum asset protection and tax efficient transfers of wealth.
- Risk assessment and management through the implementation of mitigation strategies and insurance planning.
- Open and discrete consultation on closely held business issues.
- Development, planning and execution of family foundations and tactical philanthropic activities.



- Family dynamics and intergenerational issues.
- Family financial education programs for all generations.
- Team approach to portfolio and relationship management incorporating access to external professionals.

It becomes apparent that integrated wealth management involves much more than simply managing your portfolio, or what is known as asset management. This does not mean that asset management is not important but it highlights the importance of looking beyond your investment portfolio to ensure that they are receiving a fully integrated solution and truly have their wealth managed. These services differentiate Northland Wealth from investment firms in Canada solely on the premise that we address a wide variety of issues in relation to both your financial and authentic wealth.

Jeff Sproul, PFP, Hon BBA
Vice-President, Wealth Management





PERSPECTIVES: (CONTINUED FROM PAGE 1)

nature, It did not take them long to share with us why they donate, volunteer, or offer their skills and support. "It is because it provides a way to give back and improve our community and our society. It may sound like a text book statement, but it is the best way we can describe our motivation." says Janice.

What is your biggest take away?

The act of helping others can make you feel better. Knowing that you have given your time, finances, or property to assist people in need adds purpose to your life.

How do you get started?

Selecting a charity and determining what you would like to do are the first steps. For us it was something that directly affected our family and we felt that volunteering was the most effective way to show our support.

How does one determine where they can make the biggest impact?

When we first started to volunteer, we had to determine where our personal skill sets could be applied. Accessing websites is the fastest way to gain information on issues connected to a charity. As a result, we became better educated about the charity and their needs and learned where and how we could dedicate our time in an effective manner.

What is your story of philanthropy?

For myself, I became a volunteer in fundraising events for the Canadian Breast Cancer Foundation. They have a number of ways to participate. I chose to support the CIBC Run for the Cure. My friends and family fully supported my endeavors. For the Run, I become involved in the Committee for York Region and I also decided to participate in the Run. I trained through the Running Room to actually run the 5K. Not being a runner this was a totally new experience and a challenge. We set some fundraising goals for the team and rallied around meeting the target. I have been doing this now for 4 years and every year it brings forward the importance of being involved. I have also become involved in other events such the Yard Sale for the Cure and their Pink Bus Tour.

My husband volunteers his time for the Run as well. He works with a group of people to manage the logistics on the day itself. He was also a Big Brother when he was younger and now volunteers by organizing the Annual Big Brothers Big Sisters Golf tournament. As a result of his involvement he was asked to join the Board of Directors to assist in growing their fundraising initiatives.



UPDATE AND OUTLOOK (CONTINUED FROM PAGE 3)

family creation. Excess housing created in the boom of 2005 to 2007 has been absorbed and all that is required is continued home buyer confidence to keep this sector positive. The Federal Reserve has pledged to hold down interest rates until growth and employment reach certain levels, but an end to their asset purchasing program is expected to usher in a period of rising interest rates.

Corporate confidence is improving and this combined with a more accommodating banking system should result in improving GDP numbers in upcoming quarters.

The U.S. corporate sector is also in excellent shape with earnings growth exceeding expectations quarter by quarter. US equity markets have moved to new highs but most U.S. corporations have continued to sit on high cash balances. This reluctance to spend on capital expansions or more employees has provided significant drag on the U.S. economy. Corporate confidence is improving and this combined with a more accommodating banking system should result in improving GDP numbers in upcoming quarters.

The steady recovery in the US should also provide a lift for the Canadian economy.

In Canada, as in the U.S., our corporate sector continues to generate good profit growth. Stable or higher commodity prices, particularly for oil, have improved future prospects for the very important energy sector. The steady recovery in the US should also provide a lift for the Canadian economy. The Canadian financial sector remains in excellent shape and housing starts and sales have continued to be strong despite the tightening of new mortgage rules.



Unfortunately the tendency of financial markets to be driven by psychology is still with us. Despite the fact that the fears that drove down equity markets a number of times in the last two years have not materialized, the markets are still prone to periods of selling panic. Thus a sell strategy has profited the short sellers, and as long as this practice is profitable they will continue to reinforce any market decline.



On a more positive note, the TSX, which so far this year has lagged US equity markets, has in the last quarter outperformed the Dow and the S&P 500. Hopefully this will encourage Canadian investors who have gone to US equities to return to the Canadian market.

Equity markets will remain volatile but will climb the traditional “wall of worry”.

To summarize, while problems still face the world economy they are manageable. Predictions of imminent collapse that have frightened markets have died down. With the bond market facing the prospect of higher interest rates at some time in the future investors are becoming more inclined to move capital into equities. Equity markets will remain volatile but will climb the traditional “wall of worry”. We anticipate positive returns from equities will continue in the fourth quarter.

We believe that investing in and holding good quality dividend paying investments should form the core of investor portfolios. With higher interest rates expected, non-traditional investments such as short-term mortgage funds, private real estate trusts, actively managed bond funds and private equity, offer good cash returns and/or capital gains and protection against rising rates.

David Cockfield, MBA, CFA
Managing Director & Portfolio Manager



The level of involvement is dependent on how much time you wish to dedicate to the organization. It can be as little or as much as you want. Our experience has been that you will be welcomed to join the organization and starting out as a volunteer is a great entry point.

How has philanthropy benefitted yourself?

We met a new group of people who broadened our perspectives and made us feel that our contributions made a difference. As an example, when I participated in the Run for the Cure, I met many survivors of the disease, researchers, corporate partners as well as media supporters. For my husband, he has had the opportunity to connect with many organizations within our local community e.g. Schools, Corporate Sponsors, Government: all of whom participate in supporting the Big Brothers Big Sisters with their programs.



Remember most of all - Kindness is the language which the deaf can hear and the blind can see. ~Mark Twain

What message would you like to pass on to others?

There are many organizations that need help, be it through funding or volunteering. The spirit and passion that exists within the people of these organizations is humbling.

What is next for you?

As for the future...Considering an endowment allows us to still continue to do good works and encouraging the next generation of our family to also become involved.

If you currently support a charity, you will likely have realized many of the benefits that Rob and Janice have shared. If you have not become involved yet, we would encourage you to consider volunteering as there are many benefits to donating one's time - we don't believe you will regret your decision to do so.

YEAR END TAX PLANNING TIPS

With 2013 drawing to a close and the holidays coming fast and furious, Canadians need to ensure they do not get so caught up with the excitement and chaos of the season that they neglect crucial year-end tax planning strategies, many of which need to be implemented by December 31st to be effective. What follows are the five most important strategies to focus on over the months ahead.

1. Tax-Loss Selling

"Investors and high income professionals need to keep in mind that December 31st is also the deadline for tax loss selling and the purchase of certain tax shelters, such as flow through limited partnerships. For selling capital property, it normally takes three business days to settle a trade, so don't wait until the last minute. Aim for December 24th if you want to 'crystallize' capital gains or losses on individual stocks, equity mutual funds or similar assets. Be aware of the superficial loss rules which limit the deductibility of a loss if, within 30 days before or after the sale, the same or identical properties are acquired by you or an affiliated person" says Geoff Bustin, CA with Williams & Partners.

2. Retirement Considerations

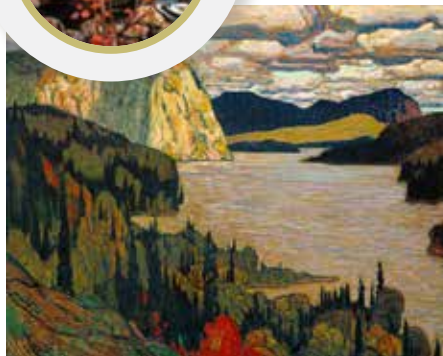
With the first wave of baby boomers turning 65 this year, here are some tips for retirees.

Convert your RRSP to a RRIF by age 71

If you turned 71 in 2013, you have to make your 2013 RRSP contribution prior to converting to a RRIF which must be completed by December 31, 2013. The rest of us have until Monday March 3, 2014 to maximize our RRSP contributions.

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HOW TRAGEDY PULLS A COMMUNITY TOGETHER



The Alberta Flood of 2013 is one of the single largest environmental disasters that Canada has faced in many years. Individuals and agencies went into automatic action to deal with the emergency conditions that threatened the province. As conditions stabilized, the province began to assess the

long term impact of the flooding. It is estimated that the flooding affected 55,000 sq. km. of Southern Alberta and over 100,000 homes. Statistics Canada recently reported the equivalent of 88,000 people out of work for the month and property losses estimated at \$5 billion. Alongside the raw numbers, the flooding had some unexpected impacts on communities and many areas of the economy that should be noted.

Communities — extensive damage to infrastructure including roads and bridges, schools, hospitals and water treatment facilities. In addition public areas including damage to community centres and erasing of historic recreational areas. A pervasive mixture of river silt and raw sewage also created a major public health concern, complicating the cleanup.

Oil & Gas industry — the industry suffered the biggest loss of productivity in the flood. One in four jobs lost in June was at the expense of the oil and gas sector.

The Environment — many pathways, backyards and recreational properties simply ceased to exist, permanently washed away by the waters. Altered landscapes and newly cut river channels are forcing officials to consider whether or not properties can actually be restored. World class trout fisheries were also placed in doubt due to the loss of eggs for spawning.



The Arts & Charitable Organizations — Individual artists in many cases lost a lifetime of work and suffered major damage to tools and equipment. For both artists and collectors, most works were uninsurable.

Driving through the affected areas, it was sobering to see pile upon pile of ruined furniture, broken plaster board and moldy appliances out on

the street. However, the response of local residents to the emergency was equally impressive. When a call went out for volunteers to help with the cleanup in Calgary, thousands of people turned out to fill 600 spots. Donations ranged from vehicles and lodging to child-care and laundry services. As the gravity of the situation in High River became evident, teams of volunteers were bussed from surrounding communities to assist residents such as the elderly who were literally stranded in their own homes; unable to cope with the cleanup. Such were the efforts of volunteers during the flood that the Governor-General's office recently announced the surprising award of commendation to the entire City of Calgary and surrounding communities..

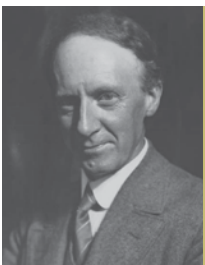
Companies like Suncor made major cash donations to flood relief efforts, but specialized pumping equipment and vacuum trucks provided the biggest, immediate assistance during the emergency as the industry's fleet of vehicles was diverted to assist with the cleanup.

Wildlife officials and enthusiasts resorted to the unusual task of recovering fish stranded in pools on city streets and parks to limit the damage.

The Flood of 2013 will be remembered for the terrible damage to the province's infrastructure, but what will remain with me is the tremendous efforts of individuals and organizations to combat the emergency. Although many residents in flood prone areas still face a difficult decision to rebuild or relocate, the outpouring of private resources has greatly helped to bridge flood victims over the initial disaster. It is often difficult to find the silver lining in a situation like this, however in this case unparalleled acts of unselfishness and sense of community will have a greater positive impact than the economic devastation of the flood itself.



Jerry A. Olynuik, LL.B, CFP, CFA
Senior Vice-President & Portfolio Manager



The Solemn Land (photo on page 6)

By: J. E. H. MacDonald Of The Group of Seven

MacDonald, one of Canada's outstanding artists, lived in Thornhill from 1913-1932. Born in Durham, England, of Canadian parents, he came with his family to Hamilton in 1887. Though his formal art training was limited, he became one of the founders

of the "Group of Seven" and participated in most of its exhibitions. In 1929 he was appointed Principal of the Ontario College of Art, a position he held until his death. His extraordinary sense of colour and design vividly interpreted the Canadian landscape in such outstanding paintings as "The Elements", "The Solemn Land" and "Mountain Snowfall, Lake Oesa".

YEAR END TAX PLANNING TIPS (CONTINUED FROM PAGE 6)

Old Age Security (OAS) benefits

If you turned 65 in 2013 and have not yet applied for OAS benefits, you should do so as soon as possible since retroactive payment of benefits is limited. You must meet certain residency requirements to be eligible for the benefits and OAS payments are "clawed back" (reduced or eliminated) if your net income exceeds \$70,954 in 2013.



3. Review asset allocation

Investment income can be taxed in different ways, depending on the type of income (e.g. interest, Canadian dividends, or capital gains), and the type of account in which investments are held (non-registered or registered). Year end is an excellent time to review the types of investments that you hold, and the accounts in which you hold them.

If you are planning a TFSA withdrawal in early 2014, consider withdrawing the funds by December 31, 2013, so you do not have to wait until 2015 to re-contribute that amount.

4. Contribute to an RESP & RDSP

Registered Education Savings Plans (RESPs)

December is also the deadline for making contributions to a Registered Education Savings Plan (RESP). The first \$2,500 of the annual RESP contribution per child qualifies for the 20% Canadian Education Savings Grant – a \$500 freebie you won't want to miss out on.

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YEAR END TAX PLANNING TIPS (CONTINUED FROM PAGE 7)

Registered Disability Savings Plans (RDSPs)

If your child has a disability, you may be allowed to establish a Registered Disability Saving Plan (RDSP). Like RESPs, contributions to RDSPs will not be tax-deductible, but investment income can be earned in the plan tax-free. Investment income, but not contributions, will be taxable to the beneficiary when it is paid out of the RDSP - up to \$200,000

5. Ensure certain payments made by December 31st

Medical expenses, charitable donations, political contributions, moving expenses, child care, certain child and spousal support payments, union and professional membership dues, tuition fees, interest on student loans, safety deposit box fees, prescribed interest payments on spousal loans and investment counsel fees should be paid before December 31, 2013. To ensure that all appropriate paperwork is in place, target November 30th as your completion date.

If you own a business, Tim Laceby, CA, CPA of DNTW Toronto suggests that "If your year end is approaching and you are considering acquiring new equipment for your business, purchasing it towards the business' year end will generally accelerate your depreciation tax deduction. The personal tax rates on small business dividends are going up in 2014. If your compensation for 2014 will include dividends from your small business corporation, consider taking the dividend this year to pay less personal tax on the dividend."

There is no silver bullet to avoid income taxes, however there are many simple strategies Canadians can employ to either defer or reduce income tax payable. To discuss your personal situation further contact our office or your accounting professional.

Jeff Sproul, PFP, Hon BBA
Vice President, Wealth Management



Willing Wisdom: 7 Questions to Ask Before You Die

by Tom Deans

Deans' publication is more a gift than a book, or maybe a gift wrapped in a book. Adjectives that come to mind are progressive, emotionally intelligent, sensitive, loving, helpful, and enlightened.

We all recognize the complexity of family relationships under the best of circumstances. Deans' book provides the foundation for revealing a critical element to a happy life and a healthy, intentional way of looking at our relationship to money. Wealth and its pursuit is for many people a defining element in their life. (i.e. no money, not enough money, too much money). Each of these wealth circumstances brings its own forms of gift and suffering. This suffering can be no more acute than at the time of a family death and the revealing of wills. Deans presents ideas that ask us to re-assess and better understand the role of money in our lives and its impact on the health of our family system.



The team at Northland Wealth Management would like to congratulate Victor Kuntzevitsky on his recent passing of the Level 1 Exam of the Chartered Financial Analyst (CFA) program. This is a significant accomplishment given that only 38% of those writing this worldwide exam in June received a passing grade. The CFA Program has become the "gold standard" of professionalism in the financial and investment communities.



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The information provided in this newsletter is for informational purposes only and should not be used as investment or tax advice. For investment advice tailored to your specific situation and investment objectives, please contact a Northland Wealth Management professional.

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