

## A Roadmap to Your Financial Well-being

Travelling can be an exciting, fun adventure. But sometimes when you're in new, unfamiliar surroundings, you can get lost or disoriented. A roadmap can point you towards your destination.

Financial planning, like a roadmap, can assist in dealing with bumps in the road, avoiding wrong turns and reaching dead ends. It can also help keep your financial journey pointed in the right direction.

Ideally, a financial plan focuses on your current needs and future goals. It establishes the best routes to get there (on time) as well as identifies important landmarks so you know you're on the right track.

Since no two people's situations are the same, and life can certainly take a detour or two, your plan can be as simple or as robust as you need it to be to fit your circumstances.

There are many different areas of financial planning, and while some may not be relevant to you now, over time that may change. A financial planner can help you determine what may impact your situation.

Here are some areas to consider on your roadmap.

**It's not just about how much you make. It's also about how much you spend.**

Figuring out how much money you have and where it goes doesn't mean penny-pinching or giving up your daily

Frappuccino, weekly dinners out, annual vacations or cutting out other life's pleasures. In fact, it's about realizing the best ways to allocate money to things

most important to you.

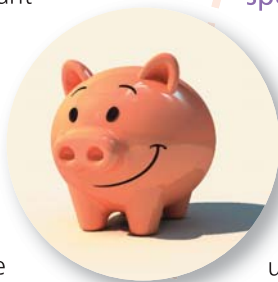
A good way to kick start your plan is to list all your income and expenses which can shine a light on potential potholes on your financial journey. It can also uncover some hidden cash flow opportunities that might free up more money towards other financial goals. It can

give a clearer picture to determine if you can maintain your current lifestyle and see if your investments, registered accounts, pension and government income sources can sustain your desired retirement lifestyle.

### Keeping your eggs in one basket

Encountering a rough ride on your financial journey is always a possibility. So

Continued...



## A Roadmap to Your Financial Well-being (continued)

spreading your wealth across a wide range of investments can help manage long-term risk and keep you focused on your investment objectives. A diverse range of investments, including portfolio solutions such as Scotia INNOVA Portfolios, can help smooth out your journey. It also can help you avoid the temptation and pitfalls of trying to time the market.

### Death and taxes (The CRA cometh)

Let's be honest, you can't avoid either. But a healthy lifestyle may prolong your life. And a sound financial plan can identify ways to reduce or defer the taxes



you're paying now and in the future. There are many potential strategies to consider, including capital gains deferral, retirement income splitting, CPP sharing, cash gifting to your minor children, testamentary trusts and tax-efficient investing such as corporate class mutual funds.

### Peace of Mind

During the course of your financial journey, your situation can change. Reaching certain life milestones are moments to celebrate and treasure like getting married or having a child. But it's also important to examine how these events affect your

financial plan. As you continue to build your wealth and life together, you may also want to ensure that your family is protected and taken care of.

While it can be hard to think about, at some point in time, your journey through life will end. It's important to ensure that your finances and legal affairs are in order beforehand.

Your financial roadmap, as part of an estate plan and up-to-date Will, can give you the opportunity to make objective and financially sound decisions to accurately reflect your wishes.

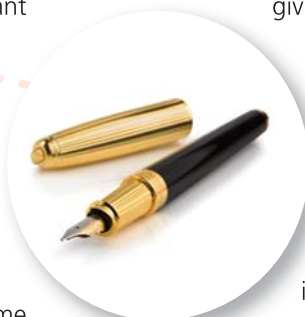
Your financial plan can help you determine: the best ways to transfer wealth to your children and grandchildren or

other relatives; who are the right executor and trustee for your estate; charitable

giving, probate and other tax considerations.

### It's a wrap

For business owners running a busy operation, it can be challenging to find the time to make a succession plan until retirement is near. But having one early in your financial roadmap can uncover substantial savings. Your roadmap can also help you determine the necessary steps for a smooth and successful transition of the business to future generations.



### Choosing your destination

While not all aspects of financial planning may apply to your current situation, as your financial wealth grows over time and you encounter life's milestones, you can adapt to meet your evolving needs.

Your advisor at Scotiabank can be a good place to start and also serve as a regular annual check point to help ensure you stay pointed in the right direction. ■

## Portfolio Performance (as at October 31, 2014)

SCOTIA PORTFOLIOS	3 Mths	6 Mths	1 Yr	3 Yrs	5 Yrs	Since Inception
<b>Scotia INNOVA® Portfolios Series A</b>						
Scotia INNOVA Income	1.02%	2.29%	6.40%	5.42%	5.25%	6.38%*
Scotia INNOVA Balanced Income	1.15%	2.49%	7.78%	6.87%	6.03%	7.62%*
Scotia INNOVA Balanced Growth	1.39%	3.07%	9.85%	8.89%	7.06%	8.82%*
Scotia INNOVA Growth	1.44%	3.38%	11.29%	10.49%	7.78%	10.03%*
Scotia INNOVA Maximum Growth	1.52%	3.65%	12.96%	12.98%	8.93%	11.19%*

\* January, 2009

Commissions, trailing commissions, management fees and expenses may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed or insured by the Canada Deposit Insurance Corporation or any other government deposit insurer, their values change frequently and past performance may not be repeated. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns.

# Life is a Highway

In a day and age when people are always in a rush, and precious downtime is more often than not preceded by a flight, Fall presents an opportunity for a quintessentially Canadian activity...the drive to see the Fall colours.

That last weekend when the sun is shining, the sky is blue, the roads are dry, and the trees are ablaze with colour on the horizon is when Canadians grab the car keys, load the kids in the car, agree on a play list and hit the road.

Across the country you'll find many choices for memorable drives. A quick glance online, though, will show that the following routes are recognized as being worth the effort:

- Sea to Sky Highway, British Columbia – renowned for its natural beauty including mountains, lakes, fjords, and a waterfall there's something for everyone to enjoy on this drive.
- Highway 60 - Algonquin Park Corridor, Ontario – perhaps one of Ontario's most famous parks, in addition to views of forests, cliffs, lakes, and rivers, there's a very real chance you may come face-to-face with another natural wonder – a moose!
- St. Lawrence Route, Quebec – boasting a UNESCO World Biosphere

Reserve along this route, the natural beauty combined with picturesque towns and villages can make you feel as though your leisurely drive has become a full blown vacation.

- Viking Trail, Newfoundland and Labrador - a route to the UNESCO World Heritage site, Gros Morne National Park, this drive features rugged beauty and a palpable sense of history.

If you haven't done this type of a drive in the past, consider doing it this year. Once you've logged that activity, you'll be ready to get started on the other great Canadian past-time....complaining about the weather! ■

## The Bird's Eye View on Pensions



While there are more than 6 million Canadians with pension plans\*, it's an area of personal finance that few people feel they have a good handle on. However, learning about pensions can be time well spent and make planning for the long-term that much easier. Below, a quick primer on some of the more common pension plans:

### Defined Benefit Plan (DBP)

As the name suggests, with a DBP, plan participants receive a defined pension, typically for life. This kind of pension is often referred to as a "Company Pension" as it's sponsored by your employer and is based on a formula that considers factors like salary history and length of employment.

### Defined Contribution Plan (DCP)

A more recent addition on the pension front. While these are offered by employers, unlike the DBP, the eventual payments are based on accumulated contributions and investment returns.

### Canada Pension Plan (CPP)

If you work in Canada, you generally pay into the Canada Pension Plan. CPP provides a reduced pension as early as 60, a full pension at age 65, or as an increased pension as late as age 70.

### Old Age Security (OAS)

Unlike CPP, eligibility is not linked to your employment history. OAS is paid monthly to people 65 years of age and older who meet the eligibility requirements. Depending on your income, this pension can be "clawed back." ■

\*Source: Statistics Canada, Pension plans in Canada, as of January 1, 2012



# A LOOK at the Markets

## The hawks strike back



Sunny with clouds

The Fed stuck to its script of announcing the end of its stimulus program in October, and also provided their thoughts on jobs and inflation. With respect to employment, the Fed believes that the labour market is reaching its full potential, stating the “underutilization of labour resources is gradually diminishing”. On inflation, the Fed thinks that it will begin to

increase towards its 2% target, stating that “inflation running persistently below 2% has diminished somewhat since early this year

## Declining oil prices ground the loonie



Sunny with clouds

The loonie fell to a five-year low in October on weakened oil prices. It is expected that Canada’s currency and short-term growth will continue to decline without a sustained turnaround in the commodity. In the long-term however, the Canadian economy remains on track for growth as the Bank of Canada projects the country’s GDP growth to

average close to 2.5% in 2015 before slowing gradually to 2% by the end of 2016.

## European banks ease loan standards



Sunny with clouds

Eurozone banks have recently eased lending standards to the private sector.

This news indicates the banks are becoming more willing to offer funds to credit-starved firms and households – a positive sign for growth. The primary driver of this easing is the ECB’s promise of delivering its stimulus package to try to get the Eurozone back on its feet, which officially started last month

## China: to grow, or not to grow?



Sunny with clouds

China posted GDP growth of 7.3% in the third quarter, beating the consensus estimate of 7.2%. From a longer-term perspective, the country recorded its slowest expansion since 2009, leaving investors with mixed feelings. On the one hand, the latest GDP numbers beat expectations – a positive. On the other, the country is at risk of missing its official target for the first time in 15-years. ■

## This market pullback was brought to you by the letter “e”.

Following a mixed third quarter, October ushered in market volatility at levels not witnessed for some time. A confluence of factors took the edge off the long-standing bull market, with the slowing growth in Europe, lower energy prices, economic setbacks in China and concerns over the spread of Ebola all pulling stocks lower. Despite the headline concerns, the positive backdrop for corporate earnings and North American economic growth should give rise to a more optimistic outlook for markets. In fact, most major U.S. and Canadian indices retraced earlier losses to finish the month in positive territory.

### Index Performance

YTD (as at Oct.31, 2014,C\$)

- ▲ 9.9% Canadian equities (S&P/TSX Composite Index)
- ▲ 17.8% U.S. equities (S&P 500 Index)
- ▲ 3.8% Global equities (MSCI World Index)
- ▲ 10.1% Emerging markets (MSCI Emerging Markets Index)
- ▲ 0.6% Canadian bonds (FTSE TMX Canada Universe Bond)

Source: Bloomberg

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2014-1007-1860