

## With change comes opportunity: Are you ready?

The world is in the midst of profound change. In the United States, President Barack Obama was elected on a message of change. Here at home, the federal government delivered a budget designed to stimulate the economy, create jobs, and lower personal taxes.

At times of significant change, opportunities present themselves. The best way to take advantage of these opportunities is to be prepared. Here are some practical steps you can take today to bring a renewed perspective to your finances and seize the opportunity to meet your goals.

### Pay yourself first

It's difficult to find a lump sum of money to invest. So, if you don't already have a pre-authorized contribution plan, set one up today. Having money withdrawn from your bank account and automatically directed to your Registered Retirement Savings Plan (RSP), Tax Free Savings Account (TFSA), or non-registered account on a regular basis is an easy and convenient way to reach your goals – and it won't cost you a cent to set up. Once formed, this good habit is hard to break.

### Save more money

Are you expecting a tax refund this year? Did you receive a raise or bonus at work? If so, consider using the extra cash to top up your RSP or TFSA.

### Consolidate your RSPs

Keeping things simple often yields opportunity and potential. If you have more than one RSP, a good way to simplify your finances is to consolidate your plans.

Having one RSP account reduces the number of statements you receive every quarter, which can cut down on unnecessary information overload and clutter.

It's also much easier to monitor and manage your portfolio when everything is in one place. Bringing together your RSP investments can open up new

opportunities – such as managed portfolio solutions – that may not be available to you if your money is spread across several accounts.

### Explore new opportunities

Did you find it difficult to make the right investment choice for your RSP this year? Are you looking for a solution that takes the guesswork out of investing and allows you to focus on living your life to the fullest? Then a managed portfolio solution may be right for you.

With just one investment, you gain access to a range of different mutual funds that are constructed to provide you with broad-based exposure to major asset classes and geographic regions. Your portfolio is monitored and rebalanced on an ongoing basis so that it continues to reflect your objectives.

### Did you know?

There are four *Scotia Portfolio Solutions* – *Selected, Partners, Vision, and INNOVA* – available to meet your managed investment objectives. All offer professionally managed, one-stop diversification. Speak to your *Scotia*® advisor about the Portfolio Solution that's right for you, or visit [www.scotiafunds.com](http://www.scotiafunds.com)

## Review your RSP beneficiaries\*

Think back to when you opened your RSP. Do you remember naming a beneficiary? If you've experienced any major changes to your personal circumstances (the birth of a child or remarriage, for example), it may be worth a review. This will ensure that your RSP assets are distributed according to your wishes should something happen to you.

\* Under Quebec law, the designation of a beneficiary or successor annuitant of a registered plan for a Quebec resident can only be made through a Will.

**Now is a good time to sit down with your *Scotia* advisor and take a fresh look at your overall investment plan. Your *Scotia* advisor can provide you with a Second Opinion to ensure you're making the most of your investments.**

## Scotiabank among the world's top 10 stable banks

Scotiabank is one of the top 10 most stable banks in the world, according to the Oliver Wyman Group, an international consulting firm. The global ranking cites Scotiabank's diverse sources of capital, its sophisticated risk management systems, and less volatile returns.

Source: Oliver Wyman Group

## There's no better time than now to save money. Here's how...

Everywhere you look, there are signs of renewed financial discipline, as individuals pare down debt and boost their personal savings. Much has been written about the tried-and-true tips for saving, such as cutting back on expensive coffees, looking for a less expensive cable package, and entertaining at home.

But there are also ways to potentially find money in our financial lives. Here are a few ideas to get you started.

### Automate bill payments

Paying bills electronically avoids the annoyance of keeping paper records. More importantly, setting up automatic bill payments can help you avoid late charges and build your credit history.

### Choose the right bank account

Do you have multiple bank accounts? Depending on the number and type of transactions you conduct, you may be able to save on fees by switching to a single account.

You can also save by choosing an account that reflects your needs and usage. *Scotia's* online Account Selector Reality Check can help you find the account that's right for you. Visit: [scotiabank.com/accountselector](http://scotiabank.com/accountselector)

### Earn more on your savings

A high-interest savings account, such as the *Scotia* Power Savings Account is an ideal complement to your day-to-day banking account — allowing you to move money conveniently between your accounts by phone or online. You earn a competitive rate of interest and your money's always accessible.

### Reduce the taxes you pay

No matter your age or income level, there may be steps you can take to reduce the taxes you pay. It may be a matter of claiming all of the credits and deductions you are entitled to, such as the tax credit on transit passes. Or it may involve splitting income with your spouse to reduce your family's total tax burden. It is important to consult your tax advisor.

### Unclaimed bank balances

Every June, the Bank of Canada updates its searchable database of unclaimed bank balances. It's easy to check if one of these accounts belongs to you or your family. Go to the Bank of Canada website ([www.bankofcanada.ca](http://www.bankofcanada.ca)), and look under the "Services" tab.

**These are just a few examples of how to save on your banking and financial arrangements. Your *Scotia* advisor may be able to suggest other solutions that are right for you.**

# Are you getting a tax refund? Consider saving for a rainy day in a TFSA

Many Canadians are about to receive a cheque in the mail, or a direct deposit to your bank account.

It's your income tax refund and the amount may be well over \$1,000. In fact, according to the Canada Revenue Agency the average refund paid for the 2007 tax year was an impressive \$1,440! That was almost \$200 more than the average in 2006.

Now the question is what to do with that money. You could always spend it, of course, but in these tough economic times many people are more inclined to use any windfall cash to pay down debt or to build their personal savings.

## The TFSA is a good choice

Paying down a loan is a good choice if the interest rate is high and not tax-deductible, such as credit card debt. But the savings option is also attractive, especially since the introduction of the TFSA at the beginning of this year.

All Canadian residents who are 18 or older can open a TFSA and I strongly advise you to do so. In my opinion, it is the most powerful personal wealth-building tool to appear since the introduction of RSPs more than half a century ago.

If you haven't already taken advantage of this new plan, your tax refund provides the perfect opportunity to get started.

## Save for a "rainy day"

One of the best uses for the TFSA is as a source of emergency money. That's because the plan allows you to withdraw your savings tax-free at any time – think of it as a type of tax-sheltered bank account. As a bonus, any money you take out is added back to your contribution room in the following year.

As a result, many families have started to use the TFSA as a "rainy day" plan – a source of emergency cash in the event of job loss, serious illness, or other unforeseen needs.



*Pape's Corner*

Many financial advisors recommend that you have an emergency fund that equals at least three months' worth of family after-tax income. So if your family brings home \$60,000 a year, the emergency fund should be about \$15,000.

Of course, your own situation may require a smaller or larger amount. For example, a single-income family with children may want to increase the size of the emergency fund to six months' equivalent of take-home pay. On the other hand, a single person with no dependents and a secure job might be able to get by with a one-month or two-month cash reserve.

## Savings options for your emergency fund

If you decide to use your TFSA in this way, it's important to make sure that you can get quick access to the cash. So don't lock into a five-year GIC. A *Scotia* TFSA Cash Account is a good choice.

You could also choose to hold your rainy-day money in one of *Scotia's* cash-equivalent money market funds, such as the *Scotia* Money Market Fund and the *Scotia* T-Bill Fund. Money market funds are considered to be very low risk and cash can be withdrawn at any time if needed.

So when that refund cheque comes in, put it to good use. A rainy-day TFSA will provide financial protection for your family and all the interest earned inside the plan will be tax-free.

**Gordon Pape has authored or co-authored more than 40 books on investing and personal finance. His latest book is *Tax-Free Savings Accounts: A Guide to TFSAs and How They Can Make You Rich*.**

# Partner with us to uncover opportunities

The investment world can seem like a confusing place. Navigating the thousands of mutual funds, not to mention the ups and downs of the markets, can seem overwhelming. Not only do you have to choose the right mutual funds, you have to combine them into a diversified portfolio that fits your objectives.

That's where objective, professional financial advice and investment expertise becomes valuable. Indeed, a recent Statistics Canada survey showed that Canadians aged 45 to 59 who receive financial advice are more confident that their retirement savings will meet their needs than those who do not receive advice.

Here are a few more benefits of working with a *Scotia* advisor.

## Customized plan

A *Scotia* advisor will take the time to understand your goals and tolerance for risk and then map out an investment plan that's unique to your situation.

## Holistic approach

Too often, we are so focused on the day-to-day that we can overlook the big picture. A *Scotia* advisor has the time and the expertise to help you develop a comprehensive investment plan that meets all of your objectives — such as saving for retirement, a child's education, and building a cash reserve for a rainy day.

## Sounding board

A *Scotia* advisor is there to answer any questions you may have about your investments or the investment world. They can help you maintain your long-term perspective during changing market conditions.

**Your *Scotia* advisor is there to help you get ahead at each step of the way. Speak to your *Scotia* advisor about how to make the most of what you have.**



ScotiaFunds™ are offered by Scotia Securities Inc., a corporate entity separate from, although wholly-owned by, The Bank of Nova Scotia. 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, their values change frequently and past performance may not be repeated.

The Scotiabank Group includes The Bank of Nova Scotia, The Bank of Nova Scotia Trust Company and Scotia Securities Inc.

™ Trademark of The Bank of Nova Scotia, used under license.

© Registered trademarks of The Bank of Nova Scotia.

The information and opinions contained in this newsletter are intended to provide only a general commentary on areas which may be of interest or significance to readers. This newsletter is not intended to provide specific legal or financial advice or recommendations. Readers should consult with their legal, personal financial or tax advisor before acting on any information or opinions contained in this newsletter.

9040110 (04/09)