



Since 1972

# Macdonald, Shymko & Company Ltd.

Fee Only Financial Advisors/Portfolio Manager

## WEALTH MONITOR

### MSC CELEBRATES 40 YEARS!

**Macdonald, Shymko & Company Ltd. (MSC) was a pioneer in the provision of comprehensive Fee Only financial advice when Doug Macdonald and David Shymko established the firm in early 1972.**

We have been through so much in the financial markets, the overall economy, and the financial environment in Canada over the past 40 years. In 1972 a new Income Tax Act was introduced and has been evolving since. Through six significant recessions and down markets, we have seen high inflation in the 1970s, record high interest rates in the early 1980s versus record low interest rates of late, which have created challenges for everyone; however, with discipline and a plan, we all keep moving ahead.

circa 1988-1990



Larry Jacobson      Adrian Mastracci      Doug Macdonald      David Shymko

### FALL 2012



Inflation is when you pay fifteen dollars for the ten-dollar haircut you used to get for five dollars when you had hair.

~ Sam Ewing

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## TAX TIP

**Family Caregiver Tax Credit:** A “Caregiver Tax Credit” has been in place for many years to provide a tax credit if a parent or grandparent (over 65) lives with you, even if they are not your dependent. Now there is an additional *Family Caregiver Tax Credit* to provide some tax relief for caregivers of infirm dependent relatives, which also includes spouses and minor children. Also, in 2011 there was a change to remove the cap of \$10,000 for eligible medical expenses that can be claimed for financially dependent relatives (Medical Expense Tax Credit).

## CRA PENALTIES

Did you know that CRA can levy penalties as high as 20% for income that is not reported? Canada’s tax system is based on self-reporting, and for individuals that miss income reporting in the current tax year, as well as one of the previous three years, federal and provincial penalties of 10% respectively may apply.

## MSC NEWS

- ◆ Gina Macdonald is expecting baby #3 in October and is expected to return to the office on November 1st, 2013. She already has a boy and a girl, and we will announce in the next newsletter whether the new addition will be wearing pink or blue! The other members of her financial planning team, Doug Macdonald, Ngoc Day, Keith Copping, and Clayton Brown, remain available and committed to your financial planning needs and goals.
- ◆ Congratulations to Peter Edge for his achievement in being one of the two CGA students attaining the highest mark in B.C. for the Advanced Personal and Corporate Taxation exam in June 2012.
- ◆ MSC advisors were quoted in the following *Globe and Mail* Financial Facelift articles:
  - ◇ March 16, 2012 - “Widow Had Let Her Husband Handle the Money” (David Shymko)
  - ◇ April 13, 2012 - “The Heart Of The Matter For This Couple? Too Much Cash” (Ian Black)
  - ◇ June 15, 2012 - “Portrait Of The Artist As A Yield-Hungry Investor” (Ngoc Day)

## MSC CELEBRATES 40 YEARS! (CONTINUED FROM PAGE 1)

Over this period, MSC has grown to 11 advisors and a total staff of 15, with a significant commitment to technology, while maintaining our original value proposition of providing comprehensive financial advice to individuals on a fee-for-service basis (“fee only”). Moving forward with this commitment, it is important for MSC to thank our clients (some have been with us for over 35 years) for the trust they have placed in our firm, and additionally, thank clients who had the trust and opportunity to refer others to us who have found value in the service we provide. ***Above all else, in measuring the success of the firm, it is this trust that we value the most.***

Time goes by fast when you are having fun, and it has been a privilege to advise our clients and watch them achieve their goals with our guidance. Forty years later, Macdonald, Shymko & Company Ltd. is still going strong with a solid succession plan in place. We are looking forward to the next 40 years!

## COMMUNITY INVOLVEMENT



Rockets T-Ball Team, sponsored by MSC, in Kerrisdale Days Parade (Spring 2012)

## MSC FOUNDATION NEWS

In May, the Macdonald, Shymko & Company Foundation donated funds to 100% support the 2012/2013 “Breakfast Program” at Sir Guy Carleton Elementary School, located in the Collingwood area of East Vancouver. This program helps to ensure students start the day without feeling the need for nourishment.

The Macdonald, Shymko & Company Foundation was established in 1997, on our 25<sup>th</sup> Anniversary, to fund local education and community needs. Past projects have included: revitalizing the Stanley Theatre, donating a section of the TransCanada Trail, sponsoring summer education programs, supporting athletes, and purchasing new computers for Strathcona Elementary School.

MSC would like to thank the many clients and employees that have contributed to the Foundation’s goals over the past 15 years.

## ODDS & ENDS

### MARKET RECOVERY SINCE 2007

Floyd Norris recently wrote an article in The New York Times titled, *U.S. Stock Market Leads Most Others in Recovery*. The article is summed up in a chart showing the performance of 30 stock markets around the world when they peaked back in October 2007 to when they bottomed in March 2009, until August 2012. Surprisingly, only four stock markets, Mexico, Singapore, Sweden, and the U.S., are above their 2007 peak. This is based on total return (assumes you are reinvesting dividends) in USD. Canada sits roughly 10th on the list at approximately 11% below its 2007 peak. What does all this mean to investors? Had you avoided the U.S. market after the crash, your portfolio would have missed out on significant returns. Staying diversified and not timing the market will help you in the long run.

### OLD AGE SECURITY (OAS)

The proposed changes to Old Age Security will gradually increase the age of eligibility from 65 to 67. The changes will be phased in from 2023-2029. While this has been a major item in the news, a detail that received less attention is a new "Voluntary Deferral" provision. This proposal (effective July 2013) would allow people to defer the start date up to 5 years past the age of eligibility, and in return the future OAS benefits would be enhanced by 0.6% per month (7.2% per year) for life. This may be a suitable option for individuals that work beyond age 65 or those with a strong financial situation, but your personal circumstances must be taken into consideration.



### ESTATE PLANNING: *DIGITAL ASSETS*

Estate Planning now has some virtual items to consider that lie outside the common Estate categories of Personal Property & Real Property. These virtual assets are referred to as *Digital Assets*, and may include items such as accounts with Facebook, Hotmail, Gmail, LinkedIn, PayPal, Apple, etc., or online banking/brokerage services. Some may have a monetary value, while others may have only a personal or sentimental value. How will the Executor identify all of these assets and deal with them? When organizing your Estate documents, consider making a list of these accounts, user IDs, passwords, etc., so that the Executor can try to manage/wind-up these accounts. Without this pertinent information, there may be no means to deal with them.

## THANK YOU FROM MSC

MSC is a client referral based firm and we would like to thank you for referring your family, friends and coworkers to us. It is a privilege to advise you on the creation, development and preservation of your personal wealth.

Please feel free to send this newsletter to others you think may benefit from a *Fee Only Financial Planner*. Our newsletters can also be viewed on our website: [www.macdonaldshymko.com/financial-resources/articles-and-newsletters](http://www.macdonaldshymko.com/financial-resources/articles-and-newsletters)



Since 1972

*Macdonald, Shymko & Company Ltd. ~ Fee Only Financial Advisors/Portfolio Manager*

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