Investor's Edge

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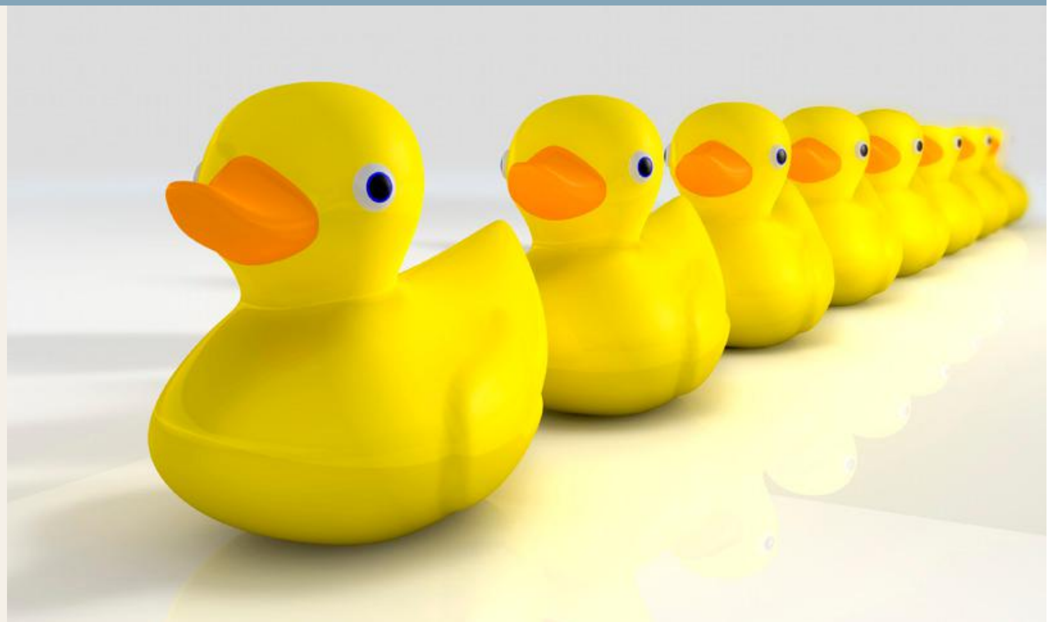

Estate Planning: Why It Matters and What You Can Do

You work hard and invest carefully to build wealth and provide for loved ones. Indeed, some of your most important financial goals on a personal level may include ensuring the well-being of others who depend on you.

In terms of your overall financial life, estate planning is one way to create the legacy by which you will someday be remembered. This includes implementing strategies to both preserve your wealth and share it with people and causes you care about.

So estate planning may be one of the most meaningful achievements your financial advisor helps you realize. Yet it is estimated that more than half of Americans (56 percent) do not have an up-to-date estate plan, according to the National Association of Estate Planners and Councils.

If you want to feel confident about having all of your estate planning ducks in a row, here are five steps to follow.

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Organization

First, take an inventory of your assets. What do you own? And where are the records? Property (both real and intellectual), securities, insurance policies, bank accounts and other valuables all need to be identified and located. Your financial advisor can help you determine your net worth and provide our Family Inventory Work Book organizational tool.

Documentation

Next, tackle the necessary documentation. You need, at minimum, three cornerstone documents.

Durable Power of Attorney — Appoints an agent to act on your behalf regarding financial matters, including if you become incapacitated.

Health Care Directive — Appoints an agent to act on your behalf for medical decisions, should you become incapacitated (including HIPAA release).

Will — Outlines your wishes of how and to whom property is to pass at your death.

If you have more complex estate planning needs, you may also want to consider a Revocable Living Trust. This tool provides for a trustee to act with regard to assets held in the trust should you become incapacitated, and it helps avoid probate for these assets at your death.

It may seem like a cheerless task. But at least the paperwork is manageable. Your financial advisor can facilitate documentation with your attorney and accountant, as well as help you make well-informed decisions about your investments.

Distribution

Related to documentation, you need to determine who you want to benefit from your financial success and when you want to transfer assets to them. For example, if you want to invest in a loved one's future by providing funds to earn a college education or start a business — or if you want to be able to help your heirs learn to responsibly manage family wealth – you may want to make gifts to them while you are alive and can help them celebrate their accomplishments. In addition, you may have philanthropic visions you wish to see fulfilled during your lifetime. Family dynamics and tax considerations may also play a role in your distribution decisions.

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One reason people fail in their estate planning efforts is they start with the distribution step and then give up because they are not prepared to address it yet. Taking care of organization and documentation first can help make your choices more manageable.

Evaluation

Unfortunately, many people think their estate plan is "done" once distribution decisions have been made and the documentation is completed. The truth is that estate planning is not a one-time task. As your life continues to change, you will want to ensure your estate plan keeps pace.

It is recommended you review your estate plan when you experience:

- Changes within family (births, marriages, divorces or deaths),
- Changes to your estate (such as significant inheritance or gifting), or
- Changes to estate laws (either at the state or federal level).

Even if these events do not occur, it is still a good idea to review your estate plan every three to five years. This includes ensuring that executors, trustees and guardians are still appropriate. Your financial advisor can help coordinate estate plan evaluation with your accountant and attorney.

Discussion

Communication can be critical to effective implementation of your estate plan, because it is your opportunity to share your intentions with the people who may be affected by your decisions. Like periodic evaluation, however, discussion is an often overlooked step.

At a minimum, let your executor and/or trustee know your basic wishes and the location of key documents. Depending on your family dynamics and your personal feelings about money, you may also want to let beneficiaries know what to expect. The level of detail you provide is up to you; the purpose is to help avoid unpleasant surprises.

Organization. Documentation. Distribution. Evaluation. Discussion. Regardless of where you are in the process, the steps you take today can help you direct your estate toward the impact you want it to have. And a well-prepared estate plan can be a gift to heirs, both in their understanding of your wishes and in making estate settlement less burdensome for them during their time of grief. To discuss your estate planning needs, please call your financial advisor.

Smart Strategies for Funding Major Lifestyle Expenses

Once you reach a certain stage in life, you may find that you are making good progress toward your most important financial goals, such as saving for a comfortable retirement, sending your kids or grandkids to college, and supporting philanthropy. If this is the case, good for you — your hard work and careful investment decisions are being rewarded.

Now that this year's summer vacation season is a warm memory, you may also be thinking it is time to finally acquire the boat, recreational vehicle or vacation property that you have long desired. At the same time, you may be asking yourself, "Would a major purchase be practical?"

To determine if you are ready to take on a significant elective expense, you need to take stock of your circumstances. True, you may be well on your way toward achieving your financial objectives. But are you far enough along?

Are you taking full advantage of every investment vehicle — IRA, 401(k), annuity and brokerage account — available to help you retire with confidence? Have you taken steps to protect your wealth by maintaining adequate insurance and preparing for the costs of long-term care? Do you have your ducks in a row regarding your estate plan? (See front page for accompanying article.)

If you can answer "yes," then you might be ready to move beyond your essential needs (such as financial security in retirement) to address a discretionary want (the beach house). So your next question might be, "How can I pay for it without interfering with my other long-term goals?"

After all, if you dip into your investment portfolio for the necessary funds, you might find yourself sitting on the deck of that beach house on a pleasant summer evening, but unable to fully enjoy the experience because of concerns about whether you have sufficient resources for your future.

Fortunately, you have some attractive funding options. Your financial advisor, working with a dedicated credit specialist, can offer you access to two lending programs secured by the eligible securities in your account(s):

RBC Express® Credit — Simply sign a margin agreement and gain fast, easy access to cash, up to the permitted value of your marginable securities. As long as your minimum equity requirements are maintained, you will not have to establish a fixed term or repayment schedule.

RBC Premier Line of Credit — Featuring no setup fee, an attractive LIBOR-based borrowing rate, a range of fixed interest rate periods and flexible repayment options, this revolving line of credit for high-net-worth individuals also offers the ability to borrow in major currencies.

Both of these lending programs offer you some advantages over traditional bank loans. The qualification process may offer greater personal privacy. Also, the interest rate may be highly competitive. Plus, by consolidating your assets and liabilities you can potentially reduce fees and paperwork and gain a clearer overview — and greater control — of your entire financial picture.

Savvy investors have long used credit solutions like these to further their financial goals. And as a financially successful individual or family, you may enjoy that big-ticket item even more if you pay for it in a way that makes sense for your life.

To discuss your major purchase financial goals please call your financial advisor.

Four Tips for Meaningful Holiday Charitable Giving

The holidays are just around the corner. In addition to reminding you it is time to start thinking about year-end tax planning, it is the first sign of charitable giving season. Soon worthy causes of all kinds will begin, once again, to flood you with solicitations. How can you cope with this tidal wave of requests? And how can you maximize the benefits of your charitable gifts?

Here is a suggestion: Create an overall gifting strategy. If you just respond to requests as you get them, you might rush your decisions. And this may lead to charitable giving that is less effective and efficient than if you had looked at the "big picture" and purposefully acted on your own wishes and priorities.

By planning your gifts carefully, you can increase their value, in terms of both your personal satisfaction and the control you will have over potential tax benefits. (Gifts to qualified charities are typically tax deductible; plus, if you give appreciated stocks or other securities, you can avoid paying capital gains taxes.)

If you would like a model for charitable giving this holiday season, you might want to emulate Warren Buffett, one of the world's most successful long-term investors — and a great philanthropist. In 2014 alone, Mr. Buffett gave approximately $2.8 billion to charitable causes, with $2.1 billion going to the Bill and Melinda Gates Foundation.

But you don't need Buffett-type wealth to follow his approach. Anyone can apply his four key principles of giving.

1. Seek Relevance

Your friends, extended family and coworkers may ask you to contribute to their favorite charities. But you may feel more fulfilled if you know your gifts are truly aligned with your values. Mr. Buffett suggests you clarify what motivates you in your daily life. Are there specific issues — homelessness, education, health, the environment and so on — you feel compelled to address?

2. Maximize Impact

Look for those charitable groups that have the greatest impact on their intended recipients. For example, if you are considering supporting a food bank, find out not just how many people it serves, but also whether it is reaching out to the households at greatest risk of hunger.

3. Support Sustainability

Well-run nonprofit organizations, like well-run businesses, find ways to sustain themselves. If you want to support a nonprofit group, but it has run budget deficits for several consecutive years, you might want to reconsider your plan. With a little research, you can learn the financial track record of nonprofits and charitable groups.

4. Look for Quality in Management and Operations

You can learn a lot about a charitable group or nonprofit by visiting its facilities, reviewing its communications and studying its board of directors. If it operates with efficiency and professionalism, you might feel confident supporting it. Conversely, if its management is substandard in any way, you might want to look elsewhere to bestow your hard-earned money.

Clearly, it will take some time and effort to follow Mr. Buffett's charitable giving guidelines. Yet it may pay dividends in terms of its benefits — both to you and to the recipients of your generosity.

For more information on charitable giving strategies and solutions, please call your financial advisor.

How to Prepare for Money Market Mutual Fund Reform

Money market funds have long been used by investors as a safe and convenient way to invest cash while earning a competitive return. You have been able to choose from a variety of money market funds to help you accomplish your cash management goals.

It is important to understand, however, that in July 2014, the Securities and Exchange Commission adopted sweeping reform that will become effective in October 2016 and will change the way money market funds are offered.

Among other things, reform measures will require institutional prime and tax-free or municipal money market funds to "float" the net asset value. Additionally, all non-U.S. government money market funds may elect to impose liquidity fees or redemption restrictions in times of stress.

These are reasons why the RBC non-U.S. government money market mutual funds are no longer available to new investors and why I recommend that clients with prime or tax free money market funds to consider one or more of these alternate cash management tools.

RBC Bank Deposit Program® — This program sweeps un-invested cash balances into one or more FDIC-insured banks. And if your deposit is greater than the FDIC coverage available at one bank, the excess amounts will be placed in accounts at other participating banks, thereby providing you with up to $500,000 in aggregate FDIC insurance. This cash sweep option may appeal to you if you seek the protection of principal offered by FDIC insurance.

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RBC U.S. Government Money Market Fund — This fund invests in U.S. Treasury bills, notes, bonds and other obligations issued or guaranteed by the U.S. government or its agencies. Your deposits will receive SIPC coverage, which offers investors protection in case of theft, unauthorized trading or brokerage liquidation.

In addition to offering choice, convenience and the confidence of knowing your cash is protected, each of these solutions will allow you to meet all of your liquidity needs and will not be subject to money market fund reform. Given that upcoming regulatory changes are less than one year away, this may be an opportune time to be proactive and determine which cash sweep option(s) may be appropriate for your ongoing cash management needs now — before new rules take effect.

To discuss how money market reform may affect you and how to prepare, please call your financial advisor.