Future *of* Investing

***Dragons' Den* star Manjit Minhas**
shares her investing tips with Canadians
p02

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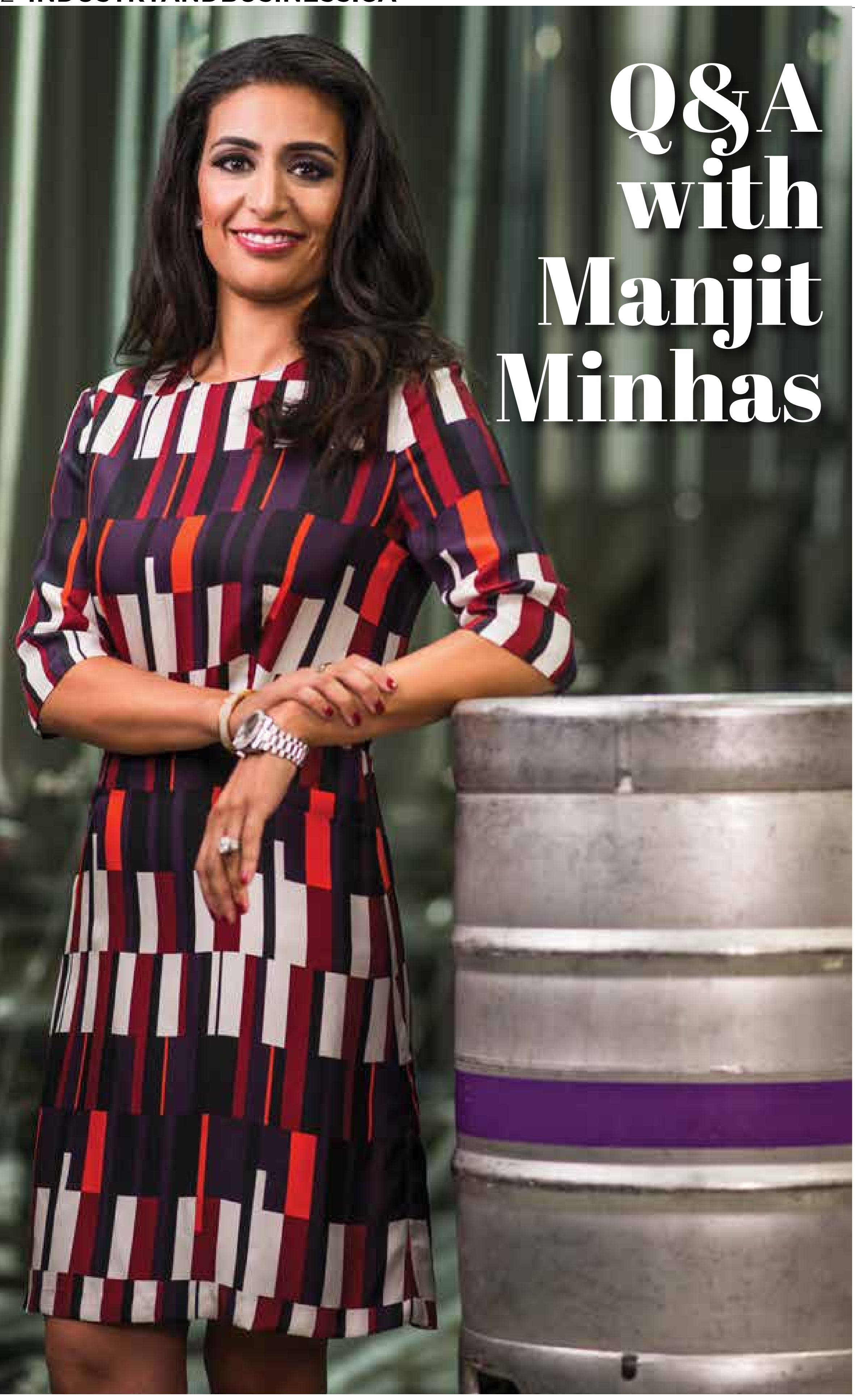

Q&A with Manjit Minhas

Dragons' Den star and beer baroness Manjit Minhas, talks investing both inside and outside of the den

Mediaplanet *Do you have a financial advisor or do you manage your own investment portfolio?*
Manjit Minhas I use an independent financial advisor but I also invest on my own. I like having that combination because the advisor often has access to exclusive investments and she's on top of industry news and trends. I like the flexibility of buying and selling my own investments based on my gut and interests at any given moment. It also gives me the capability of being impulsive sometimes.

MP *How have you seen technology affect the way that we manage and invest our money?*
MM Technology has democratized investing in the last several decades and also exerted significant downward pressure on fees, which is great. Before, investors wouldn't know how their investments were faring until they received their account statements in the mail. Technology has also armed both individual investors and investment advisors with the tools to perform cutting-edge research and analysis on investments and help manage portfolios.

MP *What industries do you usually look to invest in?*
MM I like to invest in consumer staples like food and beverage, as well as energy companies. With a petroleum engineering background and a home in Calgary, I've always kept close to this industry. I believe it's important to invest in industries that you are familiar with and have knowledge about so you can understand your investments in depth.

MP *You're invested in so many different companies from varying industries — there seems to be no set pattern. What is it that you look for when investing in someone and their business?*
MM When investing as a venture capitalist I am first and foremost investing in the entrepreneur — I look for someone who is passionate, focused, and dedicated to their business and idea and someone who I would enjoy working with. Generally, I look for industries that can use my skills and experience to their advantage. I often invest in consumer goods because I love the challenge of building an innovative product from scratch and creating a company around it. I started my business in the liquor industry at age 19 making private label spirits, and I love investing in young entrepreneurs who are still finding their path. My motto in life has always been be humble, be hungry, and be the hardest worker in the room.

MP *Any tips for investors from your years of experience?*
MM When investing, you're taking risks but I believe in calculated risks. Do the research, do the math, and don't put all your money in one basket — diversify!

Proper Credentials Key to Hiring the Right Financial Advisor

Greg Pollock
President & CEO,
Advocis

At any stage in life, Canadians should have access to the peace of mind that comes from knowing they have a well-thought-out financial strategy for their future. Professional financial advisors and planners can help consumers make sound decisions that ultimately lead to greater financial stability and independence. According to a 2016 study by CIRANO entitled *The Gamma Factor and the Value of Financial Advice*, up to 76 percent of consumers who work with a financial advisor believe they are "better off financially," and 93 percent of Canadians say they "trust their financial advisor and agree having a professional advisor helps them feel financially secure."

"If you are looking to hire a financial advisor there are a few critical things to consider," says Greg Pollock, President and CEO of Advocis, the Financial Advisors Association of Canada.

"Always look for what credentials an individual holds related to the provision of financial advice," he says. "Consumers should also find out if the advisor holds designations from the industry or ask if they are a member of an association that maintains professional standards and follows a professional code of conduct."

Pollock believes people should look for advisors who are Chartered Life Underwriters (CLU), Certified Health Insurance Specialists (CHS), or Certified Financial Planners (CFP), among others.

Ask the right questions

Due to limited regulatory oversight, financial advisors and planners are not required to hold any credentials. Nor do they have to advertise whether they have them. Making sure someone is properly licensed and up-to-date in their field is key to assessing the right fit, notes Pollock — and that job falls on the consumer.

Advisors and planners are not obligated to join a trade association, but those who have may meet additional standards not required of the average advisor. Members of Advocis must agree to work within its Code of Professional Conduct so that the public knows they are being held to a clearly defined standard. For its part, Advocis will conduct an internal disciplinary process where it can investigate complaints lobbied by dissatisfied customers against one of its members.

You want an advisor who's credible and who can provide advice about what strategies will work best for your current lifestyle and future goals. Speak at length with them about the types of clients they have. "It helps a lot in terms of giving some assurance that this advisor has the client's best interests in mind and knows what they're talking about," Pollock says. "Gain an understanding of the advisor's client base to gauge whether you are reflective of it."

> "Up to 76 percent of consumers who work with a financial advisor believe they are 'better off financially'."

Find the right fit

Pollock points to this lack of clarity as a key issue that may have led to larger frauds instigated by people posing as advisors or planners without any licences or memberships.

"If someone is guaranteeing record returns, that's a red flag and not someone you want to be working with," he says. "Good advisors aren't just picking the right investment. They're helping to modify people's behaviours to pay off bad debt first, save more, and develop medium and long-term strategies. Those things combined make the difference."

There are varying specialties and specializations to consider as well, which Pollock notes can be explored by visiting the **ouradvisor.ca** website. These can range from tax planning, estate planning and retirement planning to securities, mutual funds, and risk management.

"Consumers tend to trust financial advisors, giving them a very high pass rate," he says. "It's good to see, but it's also worth knowing who you're dealing with. It's difficult to ask questions, but it's important to do it." Ensuring you have a trusted and qualified advisor is an important first step towards achieving financial well-being.

Ted Kritsonis

Three Things
You Have Wrong About ETFs

Pat Dunwoody
Executive Director, Canadian ETF Association

> "ETFS have become a dominant player in the market, and it doesn't look like they're going anywhere, anytime soon."

Exchange-traded funds (ETFs) have become an increasingly popular choice for Canadian investors in recent years. Last year, Canada witnessed 70 percent growth in new ETF launches compared to 2016, as well as significant growth of assets under management.

Despite their rising popularity, ETFs are still a relatively new product for investors in Canada, and many misconceptions still exist amongst advisors and investors. The Canadian ETF Association (CETFA) was created in 2011 to combat these myths, and provide Canadians with greater information, education, and access to resources on ETF investing. The first association of its kind globally, CETFA currently represents 97 percent of ETF assets under management in Canada.

"We are conscious that advisors and investors may still not be fully up to speed on ETFs or the market in general," says Pat Dunwoody, Executive Director of CETFA. "It is our responsibility to ensure they are."

Below are three common misconceptions about ETFs that CETFA aims to demystify:

Myth 1: ETFs are just like stocks

Not exactly. Unlike a stock, which has a limited number of shares available for sale or purchase, an ETF is an open-ended fund that can create new units based on demand, like a mutual fund. "Although ETFs are traded on an exchange, market makers will continually offer new shares and will create new units when needed," clarifies Dunwoody.

Myth 2: ETFs aren't liquid

This is a common myth. ETF liquidity begins with the underlying portfolio, where ETFs that are based on harder to trade strategies will then have less liquidity. An ETF adds liquidity through exchange trading, and as an ETF matures, more buyers and sellers meet on the exchange and the ETF develops more liquidity than its underlying portfolio. This is particularly beneficial in narrower asset classes and fixed income areas with historical liquidity challenges.

Myth 3: ETFs are a purely passive play

While passive products continue to lead, actively managed ETFs are increasing in popularity. In fact, active ETFs now make up 20 percent of Canada's more than $153 billion ETF market. That number is only expected to rise as more mutual fund companies look to enter the space.

The future of ETFs in Canada

ETFs have become a dominant player in the market and it doesn't look like they're going anywhere, anytime soon. "We believe that the growth will continue — and we are working to ensure that the industry is efficient and will be able to handle the growth," says Dunwoody.

To find out whether an ETF is the right choice for your portfolio, speak to your advisor or visit **cetfa.ca** to learn more.

Melissa Vekil

Four Benefits ETFs
Bring to Your Portfolio

Since launching in Canada nearly three decades ago, ETFs have been growing in popularity and gathering assets at a rapid pace. Canadian ETF assets totalled $147 billion last year, up from $113.7 billion in 2016. The industry currently has more than 700 ETFs offered in the marketplace, within a multitude of options and sectors.

Despite the record-breaking numbers, many Canadian investors remain unclear about the benefits of ETFs and the role ETFs can play in their portfolios. Tim Huver, Head of Product at Vanguard Investments Canada, notes that the right ETFs can be a critical component of an effective portfolio. Some of the benefits ETFs can bring investors include low costs, trading flexibility, portfolio diversification, and transparency.

Tim Huver
Head of Product, Vanguard Investments

1 Low costs

In helping investors save money, ETFs truly shine. They tend to be cheaper than mutual funds because they tend to follow a less expensive indexing strategy. Historically, costs have been important in forecasting returns — the lower the cost of investing in a fund, the higher the expected return for that fund.

The recent growth rates of ETFs are almost triple those of mutual funds, an indication that investors might be looking at replacing a higher-cost mutual fund with a lower-cost ETF.

2 Trading flexibility

Since ETFs are traded on a stock exchange, they can be bought and sold through an advisor or a brokerage at any time during the day when the markets are open, unlike traditional mutual funds, which can be traded only after the markets close. This provides greater flexibility to build a new portfolio — or restructure an existing one — following a change in goals or circumstances.

3 Portfolio diversification

ETFs are helpful when investors want to create a diversified portfolio that meets specific asset allocation needs. With the wide variety of sector and industry categories available, ETF shares can provide investors with exposure to a desired market segment. Broad diversification can help offset the risks associated with a single security or market segment.

ETFs are also evolving from single products that investors can use to construct a balanced portfolio to an all-in-one option suited directly to the investor. Some ETFs offer investors an option that holds several ETFs within a low-cost, balanced structure, based on their tolerance for risk.

4 Transparency

ETFs tend to hold the same securities as their benchmark indexes, so investors will have transparency regarding the types of stocks included in their portfolio mix. Being able to track and verify their positions on a daily basis provides many investors with peace of mind.

Although ETFs have been in Canada for nearly 30 years, many Canadian investors are still unfamiliar with their benefits. And although the multitude of ETFs offered in the marketplace has provided investors with a wide variety of product flavours to choose from, there are quite a few niche areas that may not be in the long-term interests of investors. While these types of ETFs tend to be headline-grabbing, their complexity and narrow scope may not be suitable as a large part of many investors' portfolios.

ETFs can be a critical component of a well-diversified and effective portfolio. That's why it's important to learn more about their unique benefits and how they can be best utilized. Compare investment products from Canada's leading ETF providers and determine which product best suits your investment needs by visiting Vanguard's ETF Education Centre at **vanguardcanada.ca**. For more information on ETFs, contact your financial advisor.

Melissa Vekil

> **Canadian ETF assets totalled $147 billion last year, up from $113.7 billion in 2016.**

Responsible Investing: The Way of the Future

More and more Canadians are investing responsibly — Dustyn Lanz outlines the impact that responsible investing brings to society and your wallet

Dustyn Lanz
CEO, Responsible Investment Association

Mediaplanet *What is responsible investing?*

Dustyn Lanz Responsible investing (RI) refers to investments that incorporate environmental, social, and governance (ESG) factors. There are numerous RI strategies. For example, a growing number of investment firms are integrating ESG issues into their financial models to identify risks and opportunities that might not show up in a company's financial statements. You could also build an RI portfolio by "screening in" sustainability leaders and "screening out" sustainability laggards. Or you could invest in a fund that focuses on a specific ESG theme such as clean technology or women in leadership, or a fund that engages with companies to improve their sustainability performance.

MP *What is the importance of responsible investing?*

DL A company is more than just the numbers. Incorporating ESG issues into investment decisions provides investors with a more comprehensive view of a company and whether its returns will be sustainable over the long term. As an investor, it's irresponsible to ignore ESG issues, because these are some of the most important drivers of change in the global economy today.

MP *How do responsible investments perform against traditional investments?*

DL A growing body of evidence shows that responsible investments perform just as well as, if not better than, traditional investments. For instance, a 2015 Carleton University study found that responsible Canadian equity mutual funds outperformed traditional equity funds 63 percent of the time, and with lower levels of risk and volatility.

Save Trees and Make Money with a Green Impact Investment

Wendy Burton
Founder & CEO, World Tree

Impact investing — a subset of socially responsible investing — aims to earn money for investors while making a positive difference in the world. World Tree provides an impact investment that takes this concept one step further by earning money for investors, reducing carbon, and supporting smallholder tree farmers across North and Central America.

A green investment is a sustainable one

The World Tree Empress Investments is a sustainable timber investment based on the Empress Splendor tree — the fastest-growing tree in the world, able to offset 11 times more carbon than any other tree. It takes only 10 years to reach full maturity, at which time it can be harvested and turned into a valuable and versatile hardwood lumber to make an array of products from furniture to sailboats to musical instruments. The Empress tree is non-invasive, non-GMO and grows where other crops won't.

Initially established in 2002 as a tree-selling company, World Tree switched to a cooperative investment business model by Founder and CEO, Wendy Burton in 2015, after she learned of the economic hardships farmers experienced due to climate change. "I wanted to be able to give them a crop that they could actually get wealthy on and honour them for all their hard work," she says.

"We created an investment that would let individuals offset their carbon footprint, give trees to the farmers free of charge, and split the return in 10 years' time when the trees are harvested and sold," says Burton. The first offering sold out within six weeks.

Many benefits for investors

Until recently, most impact investing has only been available to institutional and high-net worth investors. Thanks to World Tree, this type of investment is now accessible to individual retail investors wanting to make an impact with their investment dollars. The minimum investment is $2,500 and the program is fully RRSP and TFSA-eligible. For every $2,500 invested, World Tree plants one acre of trees. In 10 years' time, when these trees are harvested and the lumber is sold, 50 percent of profits go to the farmers, 25 percent goes to investors, and 25 percent goes to World Tree.

Long-term profit potential is projected to be high, as the United Nations predicts that demand for timber will double by 2050. With the majority of trees taking 20 to 50 years to reach maturity, "eco-timber is a way to keep up the demand for timber without sacrificing our forests," says Burton.

World Tree scores a triple win — for investors, the planet, and the farmers.

Anne Papmehl

To learn more about how Empress Investments can add value to your investment portfolio, visit worldtreecop.com.

SPONSORED BY World Tree

How Royalty Investing is Fuelling Growth in Renewable Energy

Bernard Tan
Co-Founder & CEO, RE Royalties

Peter Leighton
Co-Founder & COO, RE Royalties

Leighton with RER client, Transeastern Power, at their Baia wind park in Tulcea County, Romania.

One of the biggest challenges for any company wanting to scale up its operations is finding adequate funding. This is especially true in the renewable energy sector, and the primary reason Bernard Tan and Peter Leighton founded RE Royalties (RER) two years ago.

"We saw an opportunity to develop an innovative financing solution through royalties, which wasn't commonplace in the renewable energy sector, but had proven successful in other industries," says Tan, the company's co-founder and CEO. "Investors can feel good about where they're putting their money and get a good return while helping the clean energy economy grow."

According to Tan, the renewable energy market is growing exponentially, with more than $280 billion invested in the sector last year. There are a lot of smaller clean energy companies that don't get the love of Wall Street or Bay Street and are not typically served by more traditional financing. "These companies don't have a lot of options when it comes to financing, and the options they have can be expensive and inflexible," says Tan. "Instead of diluting the equity of a company or selling assets, we instead provide financing and then collect a royalty on their revenues." This, in effect, makes it simple for everyone to invest directly in renewable energy projects, worldwide.

Everyone can have a piece of the pie

Investing in the renewable energy sector has historically been difficult for individual investors because much of the investment is coming from large institutional funds. "We've been able to provide an investment opportunity for the 'little guy'," says Leighton, co-founder and COO of RER. "Someone could invest a thousand dollars and contribute to the renewable energy sector while having an investment that is safe with strong returns."

The company is currently undertaking a public listing on the TSX Venture Exchange along with concurrent financing in order to grow its royalty portfolio.

Leighton explains that RER chooses operating projects and that royalties are based on gross revenues rather than profit. This insulates the investment to a large extent because royalties are still collected even if there are operational issues with the project.

As the renewable energy sector continues to mature, there will be significant opportunity for royalty investing, while contributing to a cleaner environment.

Ken Donohue

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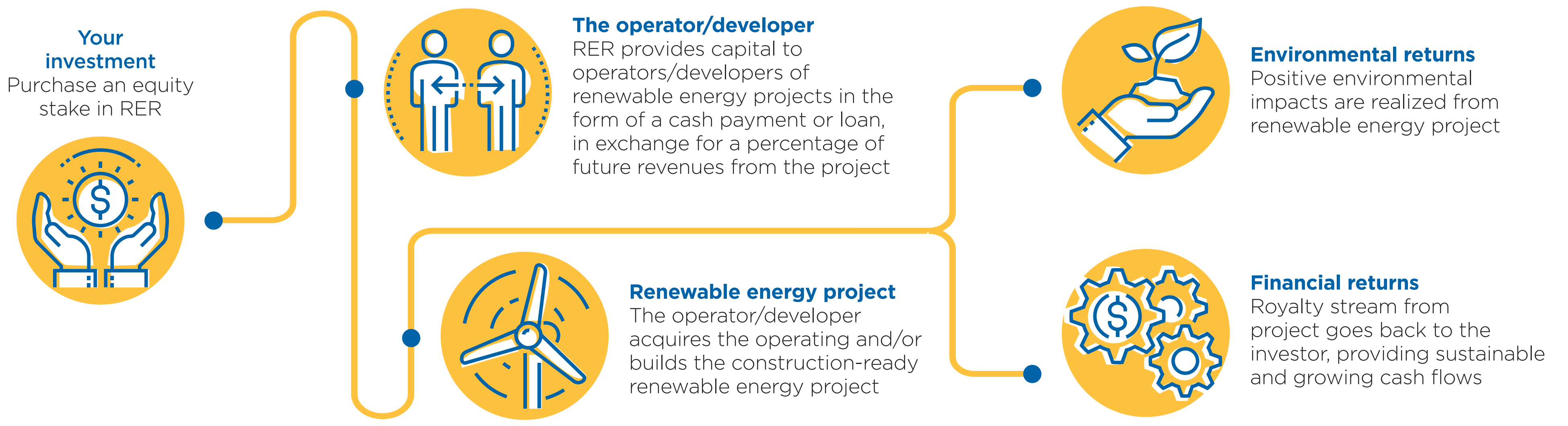
Visit reroyalties.com for more information

The Journey of Your Investment



Going Global with SRI

More and more investors are recognizing that in today's complex market environment, achieving attractive equity returns requires a global approach. For Canadian investors, this presents an opportunity many times the size of our domestic stock market. Of note, Canadian stocks account for only about three percent of the world's equity opportunities.[1] By exploring regions beyond our borders, you can increase your portfolio's diversification and enhance its return potential.

But can you take a global approach while still maintaining your commitment to socially responsible investing (SRI)? "You absolutely can," says Dermot Foley, Portfolio Manager for Vancity Investment Management Ltd. (VCIM) and sub-advisor for iA Clarington's Inhance suite of SRI funds, which includes the fossil fuel-free IA Clarington Inhance Global Equity SRI Class. "We bring to global equities the same commitment to SRI that drives our domestically focused solutions."

Foley believes a key feature of a genuine commitment to SRI is an investment process driven by environmental, social, and governance (ESG) analysis. "When we're evaluating global equities, we screen out companies that fail to meet our stringent ESG standards," he explains. This includes companies whose primary line of business includes tobacco, nuclear power, military weapons, adult entertainment, and gambling.

It's not just a question of eliminating companies that don't meet VCIM's ESG criteria, says Foley. "We actively seek out companies — all over the world — that demonstrate a progressive ESG agenda, such as companies developing new technologies that improve environmental sustainability."

A company may tick all the ESG boxes, but that's only part of the equation, notes Andrew Simpson, Portfolio Manager at VCIM. "We aim to deliver attractive returns, so for a company to make it into our funds, it also has to have all the purely financial attributes that a traditional stock picker is looking for — a strong balance sheet, an established competitive advantage, and an excellent management team, to name a few."

If a company in the portfolio begins to exhibit sub-par ESG performance, VCIM leverages the fund's status as shareholder to engage with company management, either one-on-one or in concert with other shareholders or stakeholders.

Foley concludes that investors seeking a global equity solution with a deep commitment to SRI would do well to start with the prospectus — a legally binding document for the fund manager. "We believe a portfolio manager should be willing to codify his or her commitment to SRI in the prospectus," he says. "If someone is unwilling to talk the talk, they almost certainly won't walk the walk."

IA Clarington Inhance Global Equity SRI Class, managed by sub-advisor Vancity Investment Management Ltd., offers Canadian investors socially responsible access to the global equity landscape. For more information, speak with your financial advisor today.

> "Canadian stocks account for only about three percent of the world's equity opportunities."

[1]*The World Bank, as at December 31, 2017 (https://data.worldbank.org/indicator/CM.MKT.LCAP.CD).*

The MoneyShow Toronto, happening **September 14-15, 2018** at the **Metro Toronto Convention Centre,** is the premier education event for self-directed investors and active traders in Canada. The free, two-day pass will give you unlimited access to an exciting array of topics and world-class insights to fit your investing and trading needs, including keynote presentations, interactive workshops, live trading demonstrations, and spirited panel discussions. With more than 75 topics to choose from, you'll leave with the knowledge you need to become more skilful and confident when navigating any market condition.

You can register for free either by calling **1-800-970-4355** or by visiting **torontomoneyshow.com**

Education More Important than Ever with Volatile Stock Market

We spoke with Portfolio Manager Keith Richards and Chief Economist and Strategist David Rosenberg about what makes a good investor

Keith Richards
Portfolio Manager,
ValueTrend Wealth Management &
Worldsource Securities Inc.

David Rosenberg
Chief Economist & Strategist,
Gluskin Sheff + Associates, Inc

Mediaplanet ***How is knowledge about the stock market integral to successfully navigate any market condition?***

Keith Richards The age of volatility has begun. It's vital to have an understanding of how to invest in the new era of enlightenment, rapid information flow, and accessible technical and fundamental analysis tools. Knowledge helps us migrate through the overwhelming overabundance of information.

David Rosenberg Successful investing means avoiding the mistakes and pitfalls of the past, which in turn means that an education in history is absolutely essential to have an edge in this business.

MP ***What's the one piece of investment advice you give investors?***

DR It is important to block out the noise — and there's lots of it. There is no how-to lesson to teach you how to succeed in this respect, except to develop the courage of your conviction and act on it without reservation or procrastination.

KR The most important thing is to understand your personal attitudes to risk and volatility. Everyone is a long-term investor until the proverbial poop hits the fan. But if you don't like volatility, you should buy GICs.

Gavin Davidson

Virtual Wealth Management Gets Personal with Credit Unions

Credit unions have long positioned themselves as alternatives to banks, especially for services related to investments and new technologies

Diane Dou
COO, Prospera

In Canada, a credit union offering the same services as a big commercial bank can be a preferred alternative for those looking to manage their investments.

Credit unions were founded on the principle of communal financing to help consumers who couldn't get loans from banks. They largely operate as for-purpose organizations, meaning that they are deeply rooted in community involvement. Members collectively own them and assume voting rights.

Despite being in business for decades, credit unions sometime struggle to communicate that they offer the same financial well-being larger banks do. A key differentiator at Prospera Credit Union is that all of their wealth management staff are Certified Financial Planners who offer holistic financial planning services and insurance for businesses and families.

Speed and innovation the key differences

Given their smaller size, credit unions are more nimble, with flexible decision-making, according to Diane Dou, COO at Prospera. This helps them adopt new services and technologies meaning they are able to pursue partnerships with fintech companies and roll out innovative solutions in months rather than years.

"We were the very first credit union in Canada to go with a virtual wealth platform to trade through computers and mobile devices," Dou says. "We live in a time where bigger is not necessarily better and the fast beat the slow. While we are not as big as banks, we aim to be the quickest and most innovative organization while having our members' best interests at heart."

By mixing a hands-on approach with virtual tools, members enjoy a full-service banking experience. For example, Prospera representatives can do business at a hockey rink where a member's children play. This supports their goal to be the trusted home for families and local businesses, bringing them a private banking experience.

Additionally, the credit union adopted a virtual auto-adjudication platform to slash the time it takes to get a loan. Dou notes that the majority of people under 55 do their banking online. "It's important to offer innovative products and services that allow people to do their banking whenever and wherever, they want," she says. "Millennials are young and energetic, and want something new. Time-poor small business owners want easy and convenient solutions."

There's something for everyone when customization and financial institutions converge. Speak with a Prospera advisor today to explore your options.

Ted Kritsonis

How Canadians Benefit from an All-Digital Bank

Dan Dickinson
Chief Digital Officer, EQ Bank

Digital innovations have changed the way we live our lives — from calling a taxi, to checking the forecast or booking a hotel.

It's also changed the way we do banking. With the click of a mouse, tap on a screen, or push of a button, we can receive paycheques, pay bills, and transfer money — all thanks to digital banking.

While many customers have embraced digitized services offered by traditional banks, more are now turning to purely digital banks, where everything is done online or by phone. This digital-only model — where customers never physically set foot in a bank — offers an appealing alternative to busy people banking in today's go-anywhere, do-anything world.

"I think one of the big draws of the pure digital model is that it's less expensive to run, so digital banks can pass that on to customers in terms of better savings rates," says Dan Dickinson, Chief Digital Officer with EQ Bank, the all-Canadian digital banking arm and tradename of Equitable Bank. Equitable Bank is a federally regulated institution and is also a member of the Canada Deposit Insurance Corporation (CDIC). Along with the higher savings rates, digital banks offer quite a few additional perks to help customers make the most of their money.

Anne Papmehl

Benefits of Banking Digitally

If you're not already banking with a digital-only bank, here are six benefits you might want to consider:

1 Convenient
Customers have access to their money as well as the customer care centre 24/7, and they can bank from anywhere — at home, at work, or on the go. This makes it very convenient for all Canadians — and especially freelancers, shift workers, entrepreneurs, and travellers.

2 Cost-effective
With all digital banking transactions done online or by phone, there are no paper statements or chequebooks that add to banking costs. "Digital banks obviously run much leaner because they don't have bank branches," says Dickinson. This translates to no monthly fees and higher savings for the customer.

3 Customer-focused
"Digital banking is about what makes sense to the customer as opposed to the banks," says Dickinson. That's often reflected in product design. EQ Bank's Savings Plus Account, for example, does away with the chequing versus savings model. Instead, customers can process all their transactions through one account which also earns them interest.

4 Higher interest rates on your savings
Without the costly infrastructure needed to run a physical bank, the digital bank model can pass these savings on to the customer by offering higher interest rates.

5 Simplicity
Customers can make an array of transactions all from one account. "Receiving payments, paying credit card bills, and arranging pre-authorized mortgage payments can all be done in one place where the customer's money earns interest," says Dickinson. Plus, it's all paperless. "In a world where we see people increasingly purchase, pre-authorize payments, or send money online, the need for paper statements is becoming obsolete," says Dickinson.

6 Ease of use
You can simply download the app and sign up within a few minutes. There are no forms to fill out and mail in and, in a lot of cases, customers are approved and have access instantly. You can sign up online using your mobile device or computer.

Learn more about how EQ Bank is providing these benefits to customers at **eqbank.ca**

Pair Your Child's Educational Goals with a Flexible RESP

Lesley-Anne Scorgie
Personal Finance Expert & Founder, MeVest.ca

Registered Education Savings Plans (RESPs) are the absolute best tool for parents to save for their children's future education. By contributing regularly each year, your child receives a free grant — through the Canada Education Savings Grant — of up to $500 annually (to a maximum of $7,200 over the life of the account). If you live in Quebec or British Columbia, there are additional grants that, for parents, equals free money.

The reason I shout from the rooftops about the benefits of RESPs is because the cost of education is on the rise and many parents are unprepared. This can result in one of two things — first, parents emptying their retirement savings accounts to pay hefty tuition bills or second, students applying for massive loans and lines of credit. Scholarships can partially offset these debts, but thousands of Canadian students aren't bothering to apply.

This is an all-around bad financial scenario for the entire family.

But starting early to take advantage of tax benefits and compound growth available in an RESP can make a major difference in a child's ability to afford a post-secondary education down the road.

Say hello to flexible RESPs

In the past, group RESP providers set up complicated products that worked like this — a number of families would pool their savings in a group scholarship plan. Those families whose students did not attend higher education would receive their contributions back, and those families whose students did attend a traditional four-year post-secondary education would reap all the investment proceeds of the plan.

For most families, these plans worked well. But others found these products to be too restrictive — what if their circumstances changed and they had to stop making contributions? What if their children only attended a two-year college program or dropped down to part-time studies?

> **"The cost of education is on the rise and many parents are unprepared."**

Knowledge First Financial, a progressive RESP provider, was first-to-market in 2012 with a revamped flexible RESP plan, the Flex First Plan. Over 85 percent of their new customers choose this plan because students can attend any kind of post-secondary institution (including for part-time or shortened programs), parents can stop or start contributions conveniently, and students have lots of choice when it comes to the timing and amounts they withdraw from their RESP.

Other group RESP providers are starting to follow this shift towards more flexible RESPs. This is great news for parents, who can now take advantage of this new and emerging trend in individual flexible RESPs and give their children more choice for the future.

Lesley-Anne Scorgie