

Taking Stock with Steele

Your Monthly Newsletter

The purpose of this newsletter is to share insights and expertise. Our goal is to ensure that our clients are well-informed of changes affecting local business decisions and our investment recommendations.

We believe Knowledge Pays and we want our knowledge to help pay for you.

CORPORATE INSURANCE PLANNING TIME FOR TAX-SHELTERING IS RUNNING LOW

In August 2013, the Department of Finance (DoF) published their proposed changes to the taxation of life insurance limiting the amount of tax shelter room within these policies. The new rules are set to take effect on January 1st, 2016 though many expect these changes to be delayed until 2017. Nonetheless, it is now a priority to examine the benefits of using life insurance as a tax shelter for those clients with corporations.

What are the Benefits of Tax-Exempt Life Insurance to You Personally?

Tax-exempt life insurance is similar to the tax-deferred investment growth within an RRSP. Tax-exempt life insurance is ideal for those who are already maximizing their RRSPs. You can supplement your retirement income with the savings you accumulate in your policy through withdrawals or a loan program.

What are the Benefits of Tax-Exempt Life Insurance to Your Beneficiaries?

Proceeds from the policy, including accumulated assets, can be distributed directly to beneficiaries, bypassing the estate and the probate that comes with it. Retained corporate profits attract high rates of taxation but tax-exempt life insurance allows you to shelter a portion of these corporate profits. Tax-exempt life insurance is a great tool for maximizing your estate and allowing you to give more to your children or the philanthropic organizations you support. Tax-exempt life insurance can assist in special situations such as funding buy-sell agreements, covering any tax liability your family may have upon your death, or insuring and retaining key people within your business.

If you wish to discuss the benefits of tax-exempt life insurance in more detail, please contact a member of our team and we can sit down with **Keith Gummow, our resident Estate Planning advisor**, to explore your options.

RIDING THE CURVE A CATALOGUE OF OUR MONTHLY FIXED INCOME FAVOURITES

Dundee Corp Preferred B (DC.PR.B)

- Dundee is a diversified asset management company with a large net equity position
- The shares reset at 4.10% + the 5-year GofC bond (~1.64%) on Sept 30th, 2014/2019

- At \$25.11, the issue has a 2019 yield-to-call (soft) of 5.64% and is rated Pfd-3

Ag Growth Debenture A (AFN.DB.A) Maturing December 31st, 2018

- Ag Growth is a manufacturer of grain handling, storage and conditioning equipment
- This is a 4.3 yr debenture with a conversion price of \$55.00 (current price of \$45.64)
- This debenture yields 3.6% until maturity at a current trading price of \$106.50

Current Rates & Data

Govt of Canada

90 day	0.92%
1 year	1.00%
2 year	1.14%
5 year	1.66%
10 year	2.19%
30 year	2.72%

U.S. Treasury

90 day	0.02%
1 year	0.09%
2 year	0.57%
5 year	1.78%
10 year	2.53%
30 year	3.26%

Canada Prime Rate

3.00%

U.S. Prime Rate

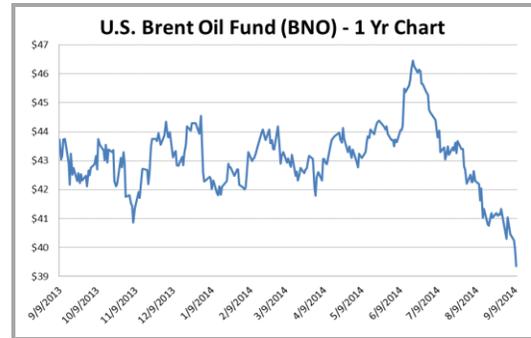
3.25%

Exchange Rates

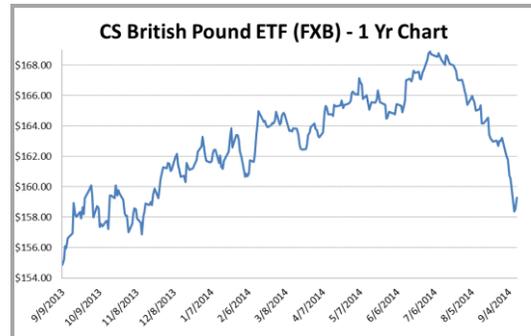
CAD/USD	0.914
USD/EUR	1.291
JPY/USD	106.8

ECONOMIC TIDBITS OIL PRICES SLUMP & SCOTLAND WANTS TO JUMP, MAYBE, POSSIBLY

- Oil prices pulled a 180 in late June. After climbing to a 9 month high on the back of strong economic growth data, escalation of the Ukrainian civil war and increasing Middle Eastern turmoil, WTI and Brent crude **oil prices now sit at 7 and 16 month lows**, respectively. Oil prices fell as Libyan output rose to 700k bbls/d from 200k bbls/d in early 2014 and as Iraqi output remained steady.



- Surprisingly Yes Scotland, the group representing the separatist voters, has taken a slight lead in the referendum polls. **UK markets and the British pound fell sharply on the news.** Yes Scotland, which consists of the Scottish National, Green and Socialist parties, is a hallmark of the polarization of European politics. The referendum vote for independence is to be held on Sept. 18th.



LE JIT A "JUST-IN-TIME" RUNDOWN OF OUR CURRENT INVESTMENT THEME

Two Stalled Industrial Stories Are Fuelled to Climb out of the Bin

- Progressive Waste Solutions (BIN)** and **Alimentation Couche-Tard (ATD.B)** are two investment ideas related to this theme.
- Despite improving demand for waste management services, **Progressive Waste** stock has been in the dumps for the past year. Its main competitors, Waste Management and Republic Services have seen their stocks rise markedly. We think Progressive is due to play some catch-up relative to its peers as a number of new contracts come online in 2014-2016 and as Progressive's exposure to wide Canadian margins and strong pricing trends should allow it to grow at a faster rate than its peers.
- Alimentation Couche-Tard** stock has taken off recently after languishing for the past year. Strong fuel pricing resulted in a major earning surprise and marks a reversal of fortune for the company after a long period of declining fuel margins. Improving fuel margins may provide the impetus necessary to get Couche-Tard back on the acquisition trail. New acquisitions have been the major driver of this stock over the past two years.
- Feel free to ask a member of our team for more information on these securities.

JEANNINE'S TIP O' THE MONTH WILLING WISDOM: LAST CALL

We invite you to a thought-provoking and inspiring event featuring the author of **WILLING WISDOM** **Dr. Tom Deans** and a **Panel of Experts** on **Wednesday October 8, 2014 at 5:45pm – 8:45pm**

Register online now at <http://events.SignUp4.com/wwrj> or call (519) 883-6040

This newsletter has been brought to you by Steele Wealth Management

Brian Steele, CA, CPA, CFA | Jeannine Campbell | Laura Prust, CPCA
Kelly Edmonds | Matthew Bell, CFA | Keith Gummow, CFP, CLU, Ch.F.C.

Phone: (519) 883-6030 Toll-Free: 1 (877) 642-6408

Email: steelewealthmanagement@raymondjames.ca

Address: 1001-20 Erb Street West | Waterloo, Ontario | N2L 1T2

Website: www.steelewealthmanagement.com

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