

### Make Rich Seniors Pay For Drugs: TD Bank Report

Making the “rich” pay for their own drugs. Sounds reasonable perhaps since our province, and most others, is struggling to bridge the increasing cost of health care. As our population ages this will become even more acute.

But my problem is this: What is a “rich” senior? Whenever our governments elect to pass on user fees based on taxable income, they invariably cast a net that catches way too many fish.

Sure, the uber rich can afford to pay for their own drugs. Unfortunately, these folks have a tendency to find ways to bypass the penalty. They either vacate the unfavourable tax regime to another locale, or can afford insurance.

Consider the retired couple who were below the “rich” senior income threshold while both were alive, but now the surviving spouses finds she has only one tax

return to file. She now finds herself with less total family income than when her partner was alive, but is paying more taxes and may be required to pay for all of her drug costs.

We already find that many of our widowed clients are in much poorer financial shape because of the way our tax systems fails to recognize the impact of the death of a spouse.

Let’s not forget that the “rich” seniors have also paid more user fees and taxes than “poor” seniors over their life times. Should we really be penalizing people for having provided for themselves wisely? This kind of disincentive is a slippery slope for any society.

Get in front of this idea early if you want to try to limit any damage to your income. Write to your MPP, contact senior advocacy groups like CARP, let TD Bank know how you feel and make sure your voice is heard.

Remember, this idea did not originate with the government. This gives them greater latitude to either embrace it or distance themselves from it. Make sure they either do the latter, or are fair in its implementation.

### May 31, 2010

### GIC and RRSP Guaranteed Rates

The best rates we have available today are:

#### GIC and RRSP

Term	Best Available
1 year	2.12%
2 year	2.93%
3 year	3.40%

*These rates are current as of 9am on May 31 and are for annual interest payments, minimums may apply and are subject to change. All rates quoted are Canada Deposit Insured institutions.*

**Looking for other ideas? We have short term bond funds available that offer greater flexibility and yield. There are low risk options to allow you to get income.**

*From time to time I host client seminars and am always looking for ideas for topics. I’ve received a few good suggestions but I’m always looking for more.*

*Remember also that I am available to speak to community groups, schools or other organizations on a variety of financial planning topics.*

*Thanks!*

## Continued Market Volatility

In my last newsletter I talked about the problems in Europe. These have reached the mainstream media and have certainly made the markets much more volatile.

I expect this choppiness to continue over the summer until Europe comes to grips with its structural deficiencies. Greece was the tipping point, but the Euro zone itself may prove to be unsustainable unless mechanisms can be implemented to deal with delinquent members.

Greece, Spain, Ireland to name just three countries, benefited from the very cheap borrowing costs that also drove the US housing market. Now that easy borrowing has ended, and the costs have increased dramatically, they are left facing a number of dire choices. The images of cars burning in Athens are stark, but no populace wants to give up any of its economic privileges: Even if the rest of the world thinks them unrealistic.

The global economic fundamentals are very sound. We continue to get economic numbers that are generally very positive. Corporate profits and factory orders continue to show substantial, in fact almost surprising, growth.

We need to stay focused. A market correction is normal and essential to continued economic expansion.

We need to stay invested. We don't want to stand in the tracks of an oncoming train, but nor do we wish to lose sight of the longer term growth the market provides. As I've shared with many of you, the market is like a man riding up an escalator playing with a yo-yo. We focus on the yo-yo while losing sight of the fact it is rising with the escalator.

We need to stay diversified in high quality holdings managed by proven, successful managers. I've selected good holdings for you and it is important to let them to do their job. If any drop the ball, we'll recommend the appropriate changes.

### *Those lazy, hazy days of summer...*

As I work on this newsletter we have already had more hot, humid days in 2010 than we had in all of 2009. And with that in mind, it seems appropriate to consider summer holidays and hours.

As in the past, from June to August, we will be **closed on Fridays**.

Otherwise, we are **open all summer** with Pat and I alternating weeks off. You are unlikely to get both of us together in July and August but you should always find one of us here, Monday to Thursdays. **Just remember to call first to book an appointment.**

Have a great summer, keep safe and don't drink and drive. Cheers!

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## SHAW FINANCIAL SERVICES

106 Murray Street  
Peterborough, Ontario  
K9H 2S5

[www.shawfinancialservices.ca](http://www.shawfinancialservices.ca)

**Greg Shaw CFP CSA**  
Certified Financial Planner

**705-742-1776**  
and toll-free 1-866-433-0833

**FundEX Investments Inc.**

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