

THE Quarterly Dividend

Vol. 11 No. 3

Your guide to income tax & financial planning

FAST TRACK



CLIENT GOLF

Summer is here and an afternoon on the golf course with a client or potential customer implies an interest in building a long-term relationship that will last beyond the next sale or contract. In many cases it is a six-hour sales call that culminates in a relaxing drink over the 19th hole that ultimately leads to the follow-up

In this Issue:

The Crime of the New Millennium	1-3
When Should You Start Collecting CPP Benefits?	3
Financial Tips for Graduates	4

The Crime of the New Millennium

With the growth of the Internet and e-commerce, telecommunications and computer processing have made it easier for companies and consumers to reach each other. Unfortunately, they also scatter your personal information more widely, making life easier for criminals. This has led to “identity theft” or “identity fraud” becoming the fastest growing financial crime in our society.

Identity theft is a crime in which the impostor obtains key pieces of information, such as a name, date of birth, Social Insurance Number, or credit card number and uses that knowledge to obtain credit, merchandise and services in the name of the victim. The victim is left with a ruined credit history and the time-consuming and complicated task of regaining his good name and financial well-being. It is a dual crime for it besmirches the name and resources of the victim and steals cash and merchandise from unsuspecting businesses.

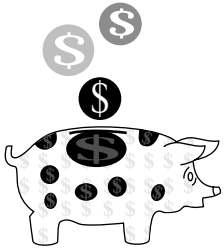
Identity theft occurs in many ways, ranging from the careless sharing of personal information to intentional theft of purses, wallets, mail or digital information. While you are inside your home, thieves may obtain information from your personal computer while you are on-line; when you are outside your home they may steal your mail, trash or recycling; and when you are in public places they may engage in “shoulder surfing” – watching you punch in your tele-

phone calling card or debit/credit card number from a nearby location.

The mundane activities of the typical consumer during the course of a regular day also provide tremendous opportunities for the identity thief. These include such chores about which most of us never think twice: purchasing gasoline, meals or clothes by a debit or credit card; renting a car or home video; purchasing gifts or stocks on-line; receiving mail; or taking out the trash or recycling. Any activity in which information is shared or made available to others creates an opportunity for identity theft.

Victims of identity theft often do not realize they have become victims until they attempt to obtain a car loan or a mortgage on their home. When the lender informs them that they have been refused due to a poor credit history, they realize that something has gone terribly wrong. In most cases they review their credit report and become aware of credit cards for which they have never applied, outstanding bills that are long overdue, unfamiliar billing addresses and inquiries from unfamiliar creditors. Even if they are able to identify the culprit, it may take months or years to clear up their credit history with its associated costs – both emotional and financial.

Take time to review the accompanying information on identity theft. . . and do what you can to make sure it doesn't happen to you.



phone call or meeting that clinches the deal.

A golf game offers people a greater opportunity to get to know one another than a business lunch or attending a sporting event. The length of time spent together allows each participant a chance to talk about things of interest and discover mutual likes and dislikes.

However, it is important to remember the following tips before heading out onto the links to cement customer loyalty:

- (a) know whom to invite – target your invitees to those who will eventually produce the most business for you...they may not be the best golfers or the most easy to get along with, but this is not recreational golf we're discussing;
- (b) have a sales plan – decide in advance what you would like the afternoon to accomplish, especially what kinds of

HOW IDENTITY THIEVES GET YOUR PERSONAL INFORMATION

- (a) they steal wallets and purses containing your identification, bank access cards, debit/credit cards;
- (b) they go through your mail with particular attention to bank and credit card statements, pre-approved credit offers and income tax information;
- (c) they complete a “change of address” form to divert your mail to another location;
- (d) they rummage through your trash or recyclables (or those of businesses) for personal data;
- (e) they fraudulently obtain a copy of your credit report by posing as someone who may have a legitimate need or right to such information;
- (f) they get your personnel records from your place of work; find personal information in your home or obtain information that you share while on the Internet;
- (g) they purchase personal information sometimes from organizations that make available their membership lists, etc. or from “insiders” who have access to the information and are willing to sell it.

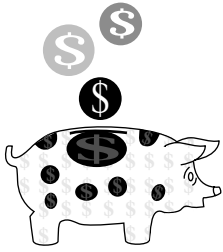
HOW IDENTITY THIEVES USE YOUR PERSONAL INFORMATION

- (a) while pretending to be you, they call your credit card issuer and ask them to change the mailing address on the account. They then use your card for their own purposes and run up charges on your account. Because your bills are being sent to a new address, it takes some time before you realize what has occurred to you;
- (b) they open a new credit card account using your name, date of birth and Social Insurance Number. When they run up charges and do not pay the bills, the delinquent account is reported on your credit report;

- (c) they open a bank account in your name and write bad or counterfeit cheques on that account;
- (d) they establish telephone or wireless services or take out bank loans in your name;
- (e) they file for bankruptcy under your name to avoid paying fraudulent debts that have been incurred using the above schemes.

MINIMIZE YOUR RISK

- (a) be stingy about giving out personal information to others unless you have a reason to trust them. Find out how this information will be used and whether it will be shared with others;
- (b) pay attention to billing cycles. If you have bank or credit card accounts, you should receive monthly statements that list the transactions for the most recent month or reporting period. A missing credit card bill could mean that an identity thief has taken over your account and changed your address to cover his tracks. And even if the statement has arrived on schedule, check it very carefully to guard against unauthorized debits or charges to your account.
- (c) guard your mail from theft. Deposit outgoing mail in Canada Post collection boxes or at your local postal outlet. Promptly remove all mail from your mailbox after it has been delivered and if you are planning to be away, arrange for a family friend or neighbour to collect and hold it until you can pick it up. Alternatively, arrange with Canada Post to hold your mail for you.
- (d) put passwords on your credit card, bank and telephone accounts. Avoid using easily available information such as your mother's maiden name, your birth date or the last four digits of your phone number, etc.
- (e) reduce the number of bank cards that you carry to those that you actually use;
- (f) do not give out personal information on the telephone, through the mail or via the Internet unless you have initiated contact or know the person with whom you are deal-



information you can glean from your client;


- (c) abide by the rules and etiquette of the game – you are selling yourself as well as your product...while you are watching your customers, they are also observing you and how you act in an informal setting;
- (d) only discuss business between the fifth and fifteenth hole – let your playing partners acclimatize themselves to the surroundings before shifting the emphasis to business. Also, a few good finishing holes can make the 19th hole more conducive to serious discussions;
- (e) avoid alcohol in all cases;
- (f) know how to play “ready golf” – be ready to hit the ball when it is your turn...most players are happy to play

ing. Identity thieves pose as bank representatives, Internet service providers and even government officials to entice you to reveal confidential data. Legitimate organizations with whom you do business should already have all the information they need to continue having you as their customer;

- (g) keep items with personal information in a safe place. To thwart an identity thief who may pick through your trash or recycling bins, tear or shred such items as charge receipts, insurance forms, credit card applications, etc. that you are discarding;
- (h) be cautious about where you leave personal information in your home, especially if you employ outside help or are having service work done;
- (i) find out who has access to your personal information at work and verify that the records are kept in a secure location;
- (j) give out your Social Insurance Number only when absolutely necessary. Ask to use other types of identification whenever possible, and never carry your card in your wallet. Leave it in a secure place such as a safety deposit box; and
- (k) order a copy of your credit report at least every three years. It should list all bank and financial accounts under your name and

will provide other indications if someone has wrongfully opened or used any accounts in your name.

IF YOU ARE A VICTIM

- (a) report the crime to the police immediately and ask for a copy of the police report so that you can provide proof of the theft to organizations with which your name has been besmirched;
- (b) take steps to undo the damage...contact the fraud department of the major credit bureaus and tell them that you are an identity theft victim. Request that a “fraud alert” be put on your file and ask that creditors contact you in the future before opening any new accounts or changing existing ones;
- (c) contact, in writing, the creditors for any accounts that have been tampered with or opened fraudulently and immediately close these accounts;
- (d) get new credit cards, bank accounts, etc. as the case may be; and
- (e) have your credit report annotated to reflect the identity theft and check back every three months for a year to make sure that no one has tried to use your identity again. 

When Should You Start Collecting CPP Benefits??


One decision retiring Baby Boomers will have to make starting in the not too distant future is when they should start to collect Canada Pension Plan benefits.

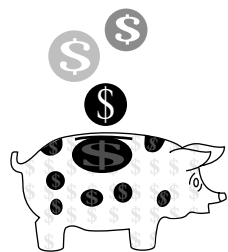
Old Age Security cheques commence the month after you turn 65, but CPP can start as early as age 60, when you will receive 30% less than your maximum pension, or as late as age 70 when you will qualify for an enhanced pension that is 30% more than what your maximum pension would have been at age 65.

The decision to start as early as 60 is a tricky one because collecting early implies a cessation of work and will decrease your ability to contribute to your Registered Retirement Savings Plan. Or even worse, it

could put you in a position of having to draw against these retirement savings if your cash flow requirements are not being met.

The decision to delay the receipt of payments to age 70 appears to be easier. Here you are bypassing sixty cheques in the hope that the increased monthly benefit will be enough to make up for the shorter period in which you will be collecting. Most studies conclude that the difference in the amount you will ultimately collect after age 70 will not be sufficient to recover this loss nor make up the lost opportunity for growth that would otherwise be possible if those funds had been invested.

So start collecting at age 65 (or even 60), but not any later!! 



Financial Tips for Graduates

This is the time of the year when university and college graduates put their schooling behind them and go out into the working world. In many cases, these graduates are saddled with student loans and mounting credit card bills that must now be faced. Here are some ideas to assist you in establishing a strong financial footing for the years ahead.

Student loans: As tuition costs have risen over the past few years, many students have relied on loans to enable them to complete their education. The most recent statistics date back over five years ago, but at that time the average university graduate owed more than \$12,000 when he finished his bachelor degree and those who completed community college owed more than \$9,000.

Anecdotal evidence would suggest that these figures are even higher today.

So the best advice for these individuals is to pay down these loans as soon as possible.

Contact the government body or financial institution handling the repayment of your loan to set up a workable schedule to extinguish this debt.

Pay cash: Soon after graduating, many students dream of travelling or buying a car. But then the reality of limited finances sets in.

Credit card debt is very expensive. For at least the first six months after graduation, pay cash for all expenditures. This will allow you to determine your monthly cash flow requirements and know if you can meet these costs from your income.

Credit cards: The six month rule of thumb mentioned above will help you avoid the trap of living beyond your means and financing your lifestyle through more debt. Then, when you know you can cover your expenses, you can use a credit card for convenience.

Apply for just one card with a credit limit that matches the amount you have determined that you need and can handle each month. Shop around for one that charges a low interest rate rather than one that promises rewards for customer loyalty. And make sure you pay off your balance every month.

Reduce expenses: This does not mean that you have to stop living the lifestyle you want...only that by eliminating some small expenses can add up to big savings.

Rent an apartment with a few friends rather than on your own or live at home for a few years; borrow books, magazines, videos and other entertainment free from the local library rather than buy them; shop at discount retailers; invite friends over to your house rather than party at outside eateries.

Finally, keep the "twenty-four hour rule" in mind. Wait at least one full day before deciding to purchase the big item that you are considering. By escaping the in-store marketing hoopla attached to such products, you will be better able to determine whether owing that item is so important after all.



alongside others of different capabilities as long as they do not waste time on the course;

- (g) do not play "customer golf" and allow your partner to win...always play your game because if a client discovers that you are letting him win, he will likely become insulted. Use the handicap system to even the competition, and
- (h) play for the 20th hole: follow up your game with a letter, proposal or souvenir photo that will remind your customer of the pleasant afternoon you spent together.

Thanks for Your Referrals

We very much appreciate your referrals. If you know of someone who can benefit from the services we provide or who would like to receive our publication, please let us know. We will send them a copy with your compliments.

The Quarterly Dividend highlights income tax and other financial matters in general terms. We recommend that no action be taken based solely on the basis of information contained in this letter. Specific professional advice should be obtained as individual circumstances must always be taken into account. This newsletter is copyright; its reproduction in whole or part by any means, without the written permission of the copyright holder, is forbidden.