

The Government of Canada also introduced a voluntary deferral of the OAS pension, starting in July 2013, to provide more flexibility and choice for Canadians so they can make decisions that are right for them when preparing for retirement.

The eleven-year advance notification and the subsequent six-year phase-in period will allow those affected by these changes time to make adjustments to their retirement plans. The phase-in period will begin by gradually raising the eligibility age by one month every three months, starting on April 1, 2023.

By January 2029, the age of eligibility for the OAS and the GIS

will be 67 and the ages at which the Allowance and the Allowance for the Survivor are Provided will be 62-66. The changes to the age of eligibility for the OAS program introduced in the Budget 2012 will not affect anyone currently receiving benefits.

Anyone born on or before March 31, 1958 will not be affected by the changes. If eligible, they will begin receiving their OAS and GIS at the age of 65.

If eligible, people born between April 1, 1958 and January 31, 1962, will begin receiving their OAS pension and GIS between the ages of 65 and 67, depending on their birth date. They will be part of the phase-in period.

Investor Insight

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Economic Outlook

Capital markets posted encouraging results in the third quarter of 2012. After a brief decline early in the period, several of the world's major equity indexes rallied through the summer months, resulting in positive returns for quarter and the year-to-date.

The MSCI World Index was up 6.8% in local currency terms in the quarter, and the S&P 500 Index in the U.S. increased 6.4%, extending its year-to-date gains to 16.4% and reaching its highest level in four years. Here in Canada, the S&P/TSX composite Index rose 7.0% for the quarter, and is now up 5.4% for the year-to-date.

Overseas, European indexes continued to mirror the economic

and fiscal uncertainty in the region, but many of those markets also benefitted from more forceful commitments by politicians and central bankers to tackle the sovereign debt crisis. Near the end of July, the European Central Bank pledged to do "whatever it takes" to preserve the euro, and later announced a bond-buying program to help control borrowing costs for indebted nations such as Spain. As a result, solid gains were recorded in Germany, France and the U.K. In Asia, indexes posted mixed results in light of the slowing economy in China. While the Chinese market lost ground, others such as Hong Kong, Korea and Singapore were up.

Bond prices edged higher and yields continued to decline through the period, with the DEX Universe Bond Index rising 1.2% for the quarter and 3.3% for the year-to-date. It is worth noting that the 10-year Government of Canada bond now has a yield of about 1.7%. Bond investments remain an important part of most portfolios because of their

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stability; however, yields at these levels provide negative returns after inflation and taxes (for non-registered accounts).

The third quarter's mainly positive equity market results can be attributed to several factors, most notably the anticipation and implementation of quantitative easing programs designed to maintain low interest rates and support the financial system in the U.S., Europe and Japan.

Despite these gains, many observers remain anxious. Factors that are fuelling concern include

Divorced or Separated

Couples who split up often forget to change their RRSP or RRIF beneficiary designations. This can be a costly and unfair oversight.

In most provinces, divorce does not automatically revoke beneficiary designations. This could mean that the beneficiary

Caring for Your Pet After You're Gone

Should your will include your pet? Lawyers say that can be tricky.

An option would be to name a guardian and leave them money for the pet's care. What if the pet dies before the money runs out? What happens if the guardian dies before the pet dies? A costly and complex

the Euro zone's ongoing sovereign debt problems, the rapidly approaching "fiscal cliff" in the United States that threatens to dampen economic growth, and the slowdown in China and other emerging markets.

The past quarter has shown once again that it is not easy to predict when the market will move up. As a result, I continue to believe that a well-diversified portfolio that includes equity funds makes sense for most investors. Equities remain the best way to benefit from long-term economic growth and to stay ahead of inflation.

may not be who you think it is and the people who you hoped would get the benefit and the people who actually get it are not the same.

It's always a good idea to review your will and beneficiary designations after an important change in your family.

option would be to create a formal trust to hold the necessary funds.

Alternatively, some animal shelters offer life-long care in return for a bequest. Providing for a pet demands much thought and sound advice.

Pay Yourself First

Many people often suggest that they don't have any money at the end of the month to put aside for the future.

We are used to spending what we receive in our income. We always seem to not have enough income to meet our living expectations. This thought process proves over time that it does not allow us to look beyond our future investment potential. Here is a simple idea to help everyone to put something aside for their future financial goals.

Turning 71? Its RRIF Time

If you will be 71 years old this calendar year, you have until December 31, 2012 to convert your RRSP to an income vehicle. The most popular choice is a Registered Retirement Income Fund (RRIF).

Converting your savings to income is a big step. Planning is necessary to minimize the tax bite. Don't

Start putting aside 10% of your income right now (pay yourself first) into a separate account. Train yourself to live on the 90% of your income instead of the 100%. You will probably find that you will be able to live on the 90% of your income. Who knows you might be able to live on even less without any hardship. You can feel that you are starting to make money, building and creating wealth and financial freedom for yourself.

forget that the income is taxable. Consider ideas such as using a younger spouse's age to determine income stream and your income needs.

Don't wait until the last minute. Discussing your options will allow you time to settle all the details before the year end.

Changes to Old Age Security

Pension

The government of Canada in Budget 2012, introduced measures to gradually change the eligibility age for the Old Age Security (OAS) program over six years, starting in April 2023.

The eligibility age for the OAS pension and the Guaranteed Income Supplement (GIS) will increase from 65 to 67. The ages at which the Allowance and the Allowance for the Survivor are Provided will increase from 60-64 today to 62-66 starting in April 2023.

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