

## New Views of the Golden Years

*Experts talk about aging and what's next for older Canadians*

**DEALING WITH THE SENIORS WHO ARE DEAR TO US** sometimes requires the advice of experts and a willingness to alter our perspective.

Last fall, BMO Harris Private Banking hosted a breakfast panel where members of our enCircle® Advisory Council shared insights on dealing with aging — both for ourselves and for our loved ones. Created for mature family members, enCircle is an innovative BMO Harris Private Banking service that offers a range of healthcare, financial and lifestyle solutions. Here are key words of advice from each of our experts.

### Dr. Howard Bergman

“The horse is not out of the barn, it’s not too late. Whether you’re 45, 55 or 75, there are things you can do that will contribute to you aging in a healthier manner.

There’s no doubt that genes play an important role, and all sorts of other factors like education level and socio economic level — those are things we can’t change.

But there are things we can do: exercise, good nutrition, keeping your body weight at a reasonable level, staying active socially and intellectually. We can also take preventive measures, such as making sure your blood pressure is normal or well-controlled, controlling cholesterol, making regular visits to your doctor so he can screen for things like blood pressure and blood sugar, and other simple things like getting the flu vaccine if you are over 65 or have a chronic disease.



DR. HOWARD BERGMAN

The good news is it seems that the present generation of older people is probably healthier than the previous generation, and it’s likely that the 45-to-65s will be even healthier.

It’s certainly a challenge that there will be an increasing number of older people, but it’s generally not a good idea to be too catastrophic about what’s coming down the line, because we’re often wrong. As Yogi Berra said, ‘It’s tough to make predictions, especially about the future.’”

*Dr. Bergman is the Dr. Joseph Kaufman Professor of Geriatric Medicine and director of the Division of Geriatric Medicine at McGill University and the Jewish General Hospital.*

### Dr. Michael Gordon

“The conversation — that’s the most important thing.

The key to successful aging within families is communication, formal and informal, verbal and non verbal. Invariably when something happens to an older person in a family, somebody else in the family has to respond.

I’m not a big believer in living wills because I don’t think they do a good job. The document may say ‘don’t do anything heroic.’ What’s heroic? They’re doing stuff now that when I was a younger doctor would have been fairy tales.

I’m a big believer in stories. In every culture, stories are there. The important thing for each of us in a family is knowing the story that reflects the values and wishes of those who matter to us.



DR. MICHAEL GORDON

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With my father, after my late mother died from a terrible, drawn-out illness, I said, 'look, I'm going to tell you what I think you would want.' When I finished, he looked at me and said 'exactly.' That was our living will. And I did it again together with my sister so that she heard it not just from me, but from him.



Healthcare practitioners must help people to have those conversations. Then, when we're faced with these often daunting challenges, we can help the people who have had the conversations interpret them so they feel as good as they can about making these difficult decisions."

*Dr. Gordon is the medical program director of palliative care at the Baycrest Centre and professor of medicine at the University of Toronto. He is co-author of Parenting Your Parents, 2nd Edition with Bart J. Mindszenty.*

## Dr. Margaret MacAdam

"Canada's older population is becoming more diverse every day. British Columbia, Ontario and selected areas of Canada are already experiencing a very high increase in the number of seniors from diverse ethno-cultural backgrounds. Ontario is home to 50 per cent of all immigrants in Canada; 20 per cent of Ontario's seniors were born outside the country.



DR. MARGARET MACADAM

Seniors from these backgrounds have different beliefs about their care — such as in identifying a health problem, and knowing how to access the health services they need. If they came to Canada as seniors, they often have language problems as well.

Cultural misunderstandings occur when people behave differently and no one understands why. Then there is judgment, and that's not really what anybody meant. Some seniors in the Asian community, for example, suffer from depression, but it's not appropriate in their culture to talk about a mental health problem.

Canada is changing and we're going to have to get used to it,

especially in the big cities. Business and healthcare providers can provide better services if we understand what those changes are and adapt our own practices to accommodate them."

*Dr. MacAdam is the president and founder of Age Advantage Inc., which offers gerontological consultation and strategic planning. She is an associate professor (adjunct) in the Faculty of Social Work at the University of Toronto and senior fellow, Canadian Policy Research Network.*

## Dr. John Crawford

"In 2015, there will be more Canadians over the age of 65 than under the age of 15. This has never happened before. Everything in society will need to be much more oriented to an aging population.



DR. JOHN CRAWFORD

Boomers and seniors are trying to use professional services and companies that have taken the trouble to understand the health, social and financial aspects of aging. They are looking for progressive organizations that are taking the lead in changing corporate thinking about how to deal with issues and concerns that are of interest to the elderly and those who care for them.

It is estimated that by 2010, over 50 per cent of seniors will have experienced divorce, compared to eight per cent in the year 2000. That has an astonishing impact because it introduces complications in terms of blended families, inheritance — the whole family network becomes much more complex.

In 2000, only eight per cent of retirees still had a mortgage. By 2010, 62 per cent will be in this category. Boomers are refinancing their mortgages because they are accustomed to using credit.

Any corporation or service that deals with seniors will have to understand these realities so they know what's behind their clients' decision-making. Boomers will be a different kind of senior."

*Dr. Crawford is a co-founder of the Canadian Academy of Senior Advisors Inc. (CASA), which provides the popular Certified Senior Advisor (CSA) training that teaches professionals about the aging processes and their effect on the social, health and financial needs of seniors. CASA has partnered with BMO Financial Group in this endeavour.*

If you would like more information about the ways in which enCircle can help you or a family member, contact your BMO Harris Private Banking client advisor.

# Bridging the Yield Gap

JUNE 10, 2000, WAS AN EXCEPTIONALLY FINE day in London, England — ideal for the opening of the new Millennium Bridge spanning the River Thames.

As 90,000 people streamed across, this narrow suspension bridge began to experience small sideways oscillations. Pedestrians felt the motion and, to keep their balance, synchronized their steps to it, which greatly amplified the effect. After engineers identified this positive biofeedback phenomenon (known as synchronous lateral excitation), they were able to modify the structure to eliminate the wobble.

“In a similar way, when investment conditions evolve, and the needs of many of our clients begin to change at the same time, we determine if any action is required and adjust the structure of their portfolios,” says Lutz Zeitler, a portfolio manager at BMO Harris Investment Management Inc., the investment arm of BMO Harris Private Banking.

## Two Factors Swaying the Markets

Two phenomena are currently swaying the North American investment market. First, vast numbers of baby boomers are about to



reach retirement age, a trend that will grow over the next decade. People entering — and already in — this stage of life typically seek higher-income-yielding investments to supplement or offset their declining income. (Yield is the return investors get from placing their money in an investment.)

Second, the investment environment itself has changed. Relative to other asset classes such as equities, lower returns are expected from traditional fixed income vehicles (such as bonds) over the next few years. Because of the trend of declining bond yields over the recent past, income trusts came into vogue; investors were comfortable taking on a slight increase in risk in return for their added yield.

In 2006, however, the Canadian government imposed a new tax on income trusts that will take effect in 2011.

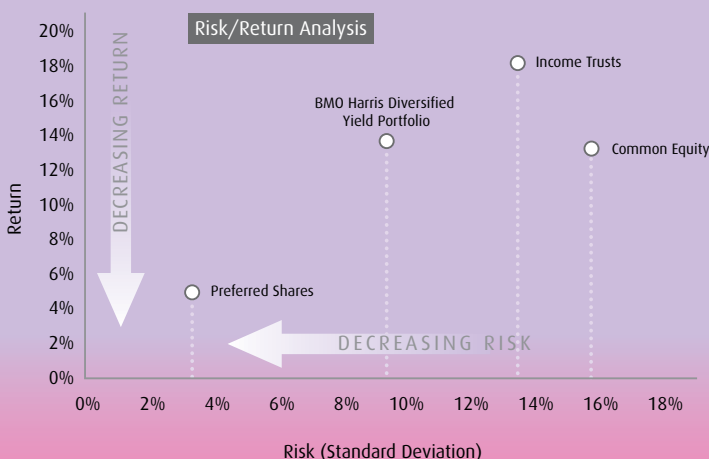
“While it is still unclear what structure the income trusts will evolve into, the underlying businesses are very much intact,” Lutz says. “Their management teams are determined to pay out high levels of cash to investors. We maintain our positive view on these investments for our clients’ portfolios at this time, irrespective of the tax changes.”

Clients in — or nearing — retirement need diversified portfolios that generate sustainable, tax-efficient yield. BMO Harris Investment Management Inc. is responding by broadening the mandate of its Diversified Trust Portfolio.

Now called the BMO Harris Diversified Yield Portfolio, the fund’s objective is to provide income by investing primarily in a diversified portfolio of Canadian securities (see chart at left), including income trusts (until 2011), preferred shares, high-dividend-yielding common shares and REITs (real estate investment trusts), which were left relatively unscathed in the recent changes to trust tax legislation.

“The goal of our BMO Harris Diversified Yield Portfolio, as one element in a diversified investment strategy, is to get our clients securely across the bridge into retirement, and meet their objectives once they are there.”

## MANAGING RISK... A BALANCED APPROACH



This chart shows the historical annual returns of various capital markets indices on the vertical axis and the historical volatility (or risk) of these indices on the horizontal axis. It demonstrates the balanced nature of the Diversified Yield Portfolio, which manages risk while maintaining healthy return levels.

*For more information on how diversified income strategies impact your portfolio, talk to your BMO Harris Private Banking client advisor.*

SOURCE: ZEPHYR. NOTE: THE MARKET INDICES IN THE CHART ABOVE ARE REPRESENTED BY THE S&P/TSX COMPOSITE INDEX, THE BMO CM INCOME TRUST COMPOSITE INDEX, AND THE BMO CM 50 PREFERRED SHARE INDEX.

# The New Retirement *How It Will Change Our Future*

There are things we can do today that will increase the likelihood of adding life to our years as well as years to our life.

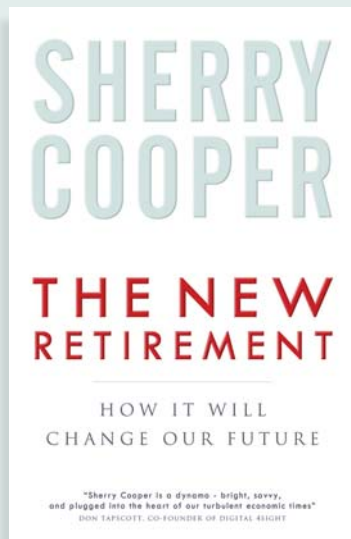
A new book entitled *The New Retirement* by Sherry Cooper, global economic strategist and executive vice-president of the BMO Financial Group, outlines how we can ensure physical and fiscal independence as we phase out of employment.

A growing body of scientific research suggests that a number of predictive elements and learned behaviours influence both the quality and length of our lives.

We can age successfully, regenerate rather than degenerate, Sherry says. Boomers will be “retiring” retirement as our parents knew it. Our later years will be more vital and exhilarating than they were for any previous generation; we are the healthiest and wealthiest ever to retire.

## Boomers Bad Savers

Yet boomers have been, for the most part, notoriously bad savers. Sherry describes some ways to fast-track retirement savings



and stretch the value of a retirement nest egg. Many boomers will need to stay in the work force longer to top up their savings.

The desire to work beyond the traditional gold-watch-and-rocking-chair birthday will coincide with a labour shortage in Canada. This is good news for an increasing number of people who are seeking a phased-in retirement because they want to continue working, but on a flexible basis.

## Accumulate and Preserve Wealth

New attitudes toward options for achieving wealth include a different perspective on what's appropriate for a retirement investment portfolio. The book explains why it is no longer considered necessary to shift from stocks to bonds as retirement approaches, nor is it necessary to eschew equity holdings,

“At BMO Harris Private Banking we share Sherry’s views that the new retirement calls for new investment strategies to fund a longer, more active life after work. With that in mind, we have built portfolios that manage risk, but with a greater emphasis on growth, including more equities and fewer bonds,” says Paul Taylor, Chief Investment Officer at BMO Harris Private Banking.

The first 50 BMO Harris Private Banking clients who contact Shirley Lee at [shirley.lee@bmo.com](mailto:shirley.lee@bmo.com) will receive a complimentary copy of Dr. Cooper's book, *The New Retirement*.



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