Tax haven denial

Ireland is preparing to officially reject accusations by U.S. Senators this week that it acts as a tax haven for large multinationals after the U.S. alleged Apple effectively negotiated a special corporate tax rate of less than 2% in the country.

How do you stack up, and is it relevant?

GAIL VAZ-OXLADE
Special to QMI Agency

Did you know the Royal Bank has a tool on its website that measures how you stack up against people in your region and Canada in general when it comes to your income and net worth?

According to "How do you stack up?" the average household income in Canada is a little more than $81,000, while the average net worth is almost $280,000. So, how are you doing? Of course, that doesn't take into account how many people are in your family earning money, how old you are (so how much time you've had to build up your net worth) and where you are in your stage of life (just bought a home? You'll likely have a whopping mortgage).

That's the problem with comparing yourself to others. Sure, it's nice to get a benchmark of how you're doing, but comparing your results to someone else's means nothing if you aren't dealing with similar circumstances. Your family could be earning the average of $81K, but if you're supporting eight kids, you're going to have a lot less in assets than the DINKs (dual income, no kids) next door, right?

And that's why it's so important to set your own goals and measure your own progress. Instead of comparing yourself to others, ask yourself these questions:

• Are you happy with your income? Do you feel like you make enough money, or do you know you're not bringing in enough to support the lifestyle you want?

• Are you spending less than you make? This is Gail's Rule #1 and it's the only way to be solvent. Do you even know how much of your income you're spending and on what?

• Do you have any consumer debt? This is the bane of a healthy financial life. Consumer debt is money you spent that you haven't yet earned. If you're relying on overdraft protection, a line of credit or your credit cards to get you to the end of the month, you're in trouble.

• Do you have an emergency fund? You need six months' worth of essential expenses (that's ground beef, not sirloin steak) in the bank in cash. A line of credit doesn't count.

• Are you saving enough for retirement? You can count on government benefits if you think that's all you'll need. But if you live above that standard now, and you don't want to be old and broke, you better start setting a little something aside now, don't you think?

— GAIL VAZ-OXLADE'S LATEST BOOK, Money Rules, is published by HarperCollins and will make you say, "Really? I didn't know that!" Visit her website at gailvazoxlade.com

Just because you're a beginner investor, it doesn't mean you're dumb

BARBARA STEWART
Special to QMI Agency

One of my colleagues in the investment industry sent me a note the other day. He said, "I have a client couple: He is very interested (in the process) and she is not interested although she recognizes that she should be a little more educated on the topic of investing ... She asked if I could recommend a book on 'investing for dummies' or 'investing for women' to help her out."

Well, I must admit that my immediate reaction was along the lines of "really? Did he really just put 'dummies' and 'women' in the same sentence about investing?" I calmed down once I realized that I am sure he didn't intend to make the words interchangeable and that it was possible that the woman had described herself in a self-deprecating manner.

I have worked with many strong, capable female investors who insist on telling me that they "should know more" or they "aren't very good" even though they consistently make brilliant decisions. I have learned over the years that the way we describe ourselves as investors doesn't always match our actual levels of knowledge.

So let's talk about the best way to handle this situation. My first piece of advice is to step way, way back from the question and try hard to wipe the slate clean of all assumptions. Each investor is a unique individual. The best advisers do not simply ask their clients to check a box on a pre-printed form about investment objectives. Trust me, there are a wide variety of interpretations of the word "conservative."

The most difficult task for an adviser is to accurately assess a client's personality type, communication style and risk tolerance. As the head of a consulting firm told me, "my money manager needs to get personal enough to understand my investment needs, not the general needs."

The difference between a good adviser and a bad adviser is often his or her ability to assess and then adapt to the person in front of them.

Now that we are looking at the client as a unique individual, how best can we answer her question about a book recommendation? I try to get her to provide more information about herself and her preferred style of learning. Is a book truly going to be the best way for her to tackle learning investing basics?

Once you have acquired the basics, it is a great idea to get some real-life practice. Open a self-directed investment account (with a small amount of money that you can afford to lose) and go through the process of buying, holding and then selling a stock. You will be more interested in following the moves in the stock price if you invest in a business that resonates with you in some way.

After all of this, if anyone still wants to read a book about investing for beginners, may I recommend *The Intelligent Investor* by Benjamin Graham for putting investing into context? Then I'd move on to *The Number* by Lee Eisenberg, which talks about how much one needs for retirement and how to save for that amount.

And however you decide to learn about investing, please remember you may be a beginner, but you are not a dummy.

— BARBARA STEWART, CFA, is with Cumberland Private Wealth Management Inc. Visit her website at barbarastewart.ca