

A penny for Mom's money thoughts



BARBARA STEWART
Special to 24hrs

When you were growing up, do you remember anyone acting as your role model when it came to money?

This Mother's Day, I'd like to salute the smart moms around the world who delivered and continue to deliver powerful maternal messages about money. Many mothers share their wisdom through either storytelling or leading by example. Here are a few excerpts from my research:

She talks about money:

"My parents discussed decisions together and never let us feel any financial stress. I think it is necessary for girls and women to understand clearly that what we want costs money. We need to make this link and

find the path to earning our own money so that we can live the life we want.

"Just as my mother taught me, I would like to tell girls to stay in school, educate yourself either academically or by learning a trade, anything to help you have a better place in the world.

"Whoever tells you that you can or cannot do something, plan and figure it out for yourself. It is actually OK if you want to become a rocket scientist!"

She talks about values:

"Like a lot of working moms, my main time commitment these days is engaging my kids around values. I don't care so much if they grow up to become like me or their dad, but I would be devastated if they became terrible human beings.

"Apparently core values are in place by the age of 12. At our place, we're now having lots of deep, challenging, lengthy conversations around social justice and the importance of giving back. The questions are endless and exhausting!

"The kids need to know they can choose the kind of people they relate to, those they want to avoid and those

they would like to become. This can be a pretty difficult message to absorb when kids' brains are wired to carve out identities that are distinct from those of their parents."

She talks about saving the world:

"I am raising two teenagers and a nine-year-old and there is a lot of change in their world.

"I choose to spend a lot of energy in a way that many parents miss — I talk to them about real-life stuff such as, what are you doing to promote world peace?"

"To me, this issue is a narrow one — I look to myself and to those I touch, starting with my kids. I try to instill a spiritual life in them and encourage them to make generosity and kindness part of their day.

"When I was a teenager myself, I gave thought to pursuing a career helping the underprivileged in developing countries but life moved along and I never made that happen. Now that I have my own family and my own resources I have the ability to make an impact.

"I think having these types of larger conversations with



Kids learn a lot from their mother, including financial and social values. FOTOLIA

teens will, in some way, shape or form, contribute to making the world a more peaceful place."

She walks the talk:

"As a young girl, I would often sit at the bus stop to wait for my mom to come

home from work. It was so exciting to wait for her and watch her come off the bus. She was so proud to be working.

"My mother was definitely my role model. I thought to myself, 'I want to be like

that, look like that, feel like that!"

This Mother's Day, what is your smart message about money? Take the time to pass it along, it could shape someone's life!

Investing for an income stream

DOUG RIDING
Special to QMI Agency

Are you investing to generate an income stream? Building your savings prior to retirement generally involves a different investment approach than when you finally do retire and need to draw an income from those savings.

Many people believe they need to generate a large sum of money before they retire and then they just draw down the account over time. You should know that in retirement you do not live off a lump sum of money. In retirement you live off the income produced by a lump sum of money and generating income from your

savings might involve the use of dividend-producing investments.

A dividend is essentially a payment made to the owner of shares in a company. If the shares in question are from a qualifying Canadian corporation, they have preferential tax treatment over income that is received as salary or interest income (otherwise known as "other income") when it is received in an open or non-registered account.

People who have investments that are not sheltered in an RRSP, RRIF, or TFSA should consider dividend-producing shares as a part of their portfolio if they are looking to generate income from their investments to take advantage of

the dividend tax credit for qualifying stocks.

Even if you are not in need of income from your investments, dividend-producing stocks are great tools to help you build a portfolio where you get paid to wait for the underlying stocks to appreciate in value. The ability to generate capital growth in your stock portfolio is one of the great features of this type of investment.

If you have a stock that offers a 4% dividend, for example, and over the year the market value of the stock grows by 5%, then the combined return of that investment would be 9%. It is important to note, however, that the underlying stock could also lose value, but this is what makes the dividend

all that more important as it mitigates the overall loss in market value.

A company that offers a dividend for its shareholders and who grows that dividend over time is a very attractive company from an investor's viewpoint. Although a dividend is not guaranteed, most companies are reluctant to cut or reduce their dividend regardless of how difficult their year has been; they will be punished by investors who sell off their shares in response, thereby driving down the value of the company.

In a low-interest rate environment, it is very difficult to generate income from your investments and dividend-producing stocks offer an alternative to other



forms of income. When a dividend is issued, you can either have that money paid out in cash as a distribution or you can have it reinvested to purchase more of that stock. The ability to generate a cash flow, a potential capital gain and a tax credit (for qualifying dividends)

makes dividend-producing stocks an attractive investment option for any portfolio.

DOUG RIDING BA, CFP, FMA
SENIOR INVESTMENT ADVISER
WITH IPC SECURITIES
CORPORATION
WWW.RIDINGTEAM.CA