

“Once you start investing in a corporation, you have to be aware of certain tax issues. I think what makes us unique is that we work very closely with our clients’ accountants and lawyers.

— Elizabeth Harding, Wellington West Capital Inc.

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For each client, a new plan

BY PAUL BRENT

It is a case of second time around for the husband-and-wife doctor team of Sebastien Hotte and Kathryn Webert and their fruitful relationship with their investment advisors. The Hamilton, Ont.-based MDs, who are both in their late thirties, are in good financial health thanks in large part to an advisory relationship that stretches back to the time when Dr. Hotte was single, still in residency and had more debts than assets.

“It was mostly trying to maximize the RRSPs as much as possible while paying off the debts as much as possible,” he says. “So it was much simpler than it is now.”

There has been a great deal of change in less than a decade for the Hamilton doctors. There was marriage and two children (a boy and a girl aged six and three) and their early relationship with the advisory team of Diana Orlic and Elizabeth Harding could not continue, due to contractual obligations, when the duo left the financial firm with which they were affiliated.

Fast forward a few years and Drs. Hotte and Webert were witnessing the depths of the global financial crisis and they were convinced that they needed a “new” advisory relationship. That turned out to be their “old” relationship, rekindled with the Orlic-Harding team, who were now with Wellington West Capital Inc. and operating as Orlic Harding Cooke Wealth Management Group. “When we had a chance to get back with Diana and Elizabeth then we jumped at it,” he says.

The doctors and their former investment advisors had been apart just three years but a great deal had changed over that span. The couple both had busy and well-paying medical careers and were in a much improved financial position. “We had started to accumulate a little bit of wealth, bought a house and very aggressively brought down the mortgage,” he recalls. “So we were in a very low debt situation and were starting to have more cash flow.”

Although Dr. Hotte jokes about the stereotype about physicians being notoriously bad when it comes to finances, he and his wife seemed to have taken the right early steps to ensuring that they would not be one of those bad news stories. They were at a crossroads, however, seeing the stock market in the depths and not sure what to do with their newfound financial flex-



Wellington West Capital Inc. investment advisors Ty Cooke, left, Elizabeth Harding and Diana Orlic insist on individualized plans for their clients.

ibility. “We wanted to have somebody who we could trust that would have our best interests at heart and really make the portfolio grow without us really having to make all the decisions for them,” he says. “So once they got to know us they would know which direction we wanted to go and they could make a lot of the day-to-day decisions.”

Their investment advisors, who had teamed up with former colleague Ty Cooke to create an Oakville, Ont.-based practice, explained the wisdom of investing in the bottom of the market, a time when investors’ moods were darkest, Dr. Hotte recalls. “You see the graphs that show that things always return to the mean but to really have it explained to us did give us more of a feeling of security.”

The doctor was also in the process of incorporating his practice, which has many tax advantages but comes with a host of reporting and investment issues and decisions.

The Orlic Harding Cooke Wealth Management Group has carved out a market niche with physicians, who are confronted with many unique tax challenges related to investments, as well as the challenges that often accompany astute investing.

“It can get very sophisticated. We are very cognizant of taxation issues, for incor-

We don’t believe in model portfolios; everything is customized for the client

porated medical professionals in particular,” Ms. Harding explains. “Once you start investing in a corporation, you have to be aware of certain tax issues. I think what makes us unique is that we work very closely with our clients’ accountants and lawyers.”

For a professional such as a doctor who has incorporated a practice, decisions include

how to balance and stream income into salary and dividends and the investment-related tax implications that go along with those decisions. “The accountant drives a lot of these decisions but we have to be onsite and participate in this whole process and deciding what is right for this unique family — and it is different for each one,” says Ms.

Harding.

The recognition that each client is different extends to their individual investment and retirement portfolios, Ms. Orlic adds. “Everything is customized for the client. We don’t believe in model portfolios; every client has a customized portfolio.

“If there is a way to do something better, it is our job

to find it,” Ms. Orlic says. “Especially with [the Webert-Hotte family], we have really done a lot of work with customizing their portfolio and they have appreciated the guidance over the years.”

Dr. Hotte’s incorporated company has proved to be the centerpiece of the advisors’ investment strategy, offering an investment-related tax deferral vehicle. “We look for ways to be able to shield or shelter taxation of some of the investments,” says Ms. Harding.

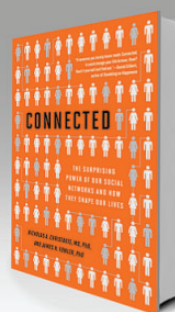
Medical professionals typically enjoy higher income and more investment-related tax planning options than most Canadians. However, in some ways they are playing catch-up with the rest of the working population. Years and years of schooling and low-pay residency work means that they enter their earning years later and with more debt than most. That situation makes the hiring of competent financial advisors all the more important.

“Physicians are business

owners and it is important to recognize that, especially once they have incorporated their practice,” Ty Cooke says. “They don’t have time. They know that they can come here and the team environment that we employ looks after virtually everything that they need looked after. I think that is a very comforting thing for each one of our physician clients and other business owners with similar needs.”

Dr. Hotte adds that a major part of The Orlic Harding Cooke Wealth Management Group’s offering is giving clients such as he and his wife the confidence to invest after spending so much of their adult lives in school and in debt.

“I am probably a little bit less conservative than my wife is,” he says. [Ms. Harding and Ms. Orlic] have both been very good in making us a little bit less risk-averse ... Over the years they have been really good at doing that and our returns have certainly shown that.”



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