Happy holidays!

From the desk of Kurt Rosentreter, CPA, CA

We are pleased to provide some year-end planning considerations as you head towards the holiday season. I also have a year-end tax tips email yet to come! Our office will be open throughout the holiday season so lean on us for any financial questions you might have!

From the desk of Jordan Campbell, CFA, Associate Portfolio Manager, Manulife Securities Incorporated, jordan.campbell@manulifesecurities.ca:

Following-up on a story we shared back in June, this Globe and Mail article further details the corruption, self-dealing, fraud and lack-of-oversight that took place at PACE Credit Union between the father and son who ran the credit union. Ten former members of the board of directions were also added to the legal action against the company for acting "negligently and in breach of their duty of care." The board of directors are the ones who are supposed to monitor and keep the management in check, which apparently, they did not do here.

We bring this up not to say that all credit unions are corrupt, but rather to warn against "chasing rates." Credit Unions (and other smaller financial institutions) often offer high interest rates on savings accounts and GICs, but people rarely look beyond these offers. If you are thinking of investing money with an institution with high rates, you need to do your due diligence and make sure that they are a financially stable company and that they have the necessary internal controls in place.

Here at Manulife Securities, we can offer GICs from 19 different companies, including several credit unions and smaller financial institutions. Before we can offer a GIC from an institution though, our back office does a thorough review of the company, including looking at their financials. This way, we can be confident that we are offering you GICs from vetted companies to keep your money safe.

From the desk of Mathew Cain, Financial Advisor Associate, Manulife Securities Incorporated, mathew.cain@manulifesecurities.ca:

With the holiday season approaching fast our team has been diligently working on reviewing your portfolio for advanced strategies we can employ to ultimately reduce your tax bills in the following year. Specifically, I will be writing today about the beloved tax-loss selling strategy.

Tax-loss selling is the process of selling securities in your taxable non-registered accounts where the market value of the security is less than what you paid for it (the book value). These losses can then be used to offset some of the gains that were realized throughout the year. Kindly note that realizing a loss in your registered accounts (RRSPs, LIRAs, RRIFs, TFSAs, and more) do not qualify for this strategy.

With that said, there are some rules that we all need to take into consideration when selling:

1. The size of the loss. If the loss is small, and your gains were large. This strategy might not make sense.
2. The deadline to realize a loss is December 31st. Also note the statutory holidays during December.
3. Selling and then repurchasing. If you sell a stock and repurchase it within 30 days (before or after the sale date), the Canada Revenue Agency considers it a "superficial loss" and you won't be able to use it to offset capital gains.
4. Transfers to RRSPs and TFSAs. Shares transferred "in-kind" to an RRSP or TFSA do not qualify for a tax-loss selling strategy.

From the desk of Monika Kucinskaite, Financial Advisor Associate, Manulife Securities Incorporated, m.kucinskaite@manulifesecurities.ca:

If you're looking for a great gift idea for a child, niece, nephew, our team can set up or transfer funds to a Registered educational savings plan or RESP. This type of account is designed to accumulate funds for post-secondary education.

Up to and including the year when a (grand)child turns 17, contributions attract 20% matching grant from the federal government. Some conditions need to be met after age 15 but if a child is nine, parents, relatives or friends can still make additional contributions to catch up and attract the maximum total of $7,200 lifetime grant. It is worth noting that the government limits its annual RESP grant each year to $500. However, if some prior years were missed, enhanced contribution of $5,000 ($2,500 x 2) can receive up to $1,000 of Canada Education Savings Grant in one year.

From the desk of Gerdi Lito, CFA, Financial Advisor Associate, Manulife Securities Incorporated, gerdi.lito@manulifesecurities.ca:

Financial decisions are important for a couple and can impact your marriage. Ideally, both spouses need to be involved in decisions about expenses and budgeting, investing, risk, retirement, children savings, taxes, insurance and estate planning. Unfortunately, we do not see this all the time.

Couples often split their household duties and family finances are part of this. Often the spouse/partner that is more money-savvy handles the finances, while the other is more passive and sometimes not involved at all and has no idea what is happening with their finances. This brings difficulties in cases when the couple splits or when the spouse dealing with finances dies or is ill/disabled.

Below are some tips to avoid difficult situations, especially after a possible death of one of the spouses:

- Both spouses should be present when meeting with their financial advisor, accountant, banker, insurance agent or lawyer. Ideally, both should be involved in discussions, although the one that is more knowledgeable may “lead the conversation”.
- If communication with these persons is done via e-mail, always include your spouse in the communication. Often an important information is sent by e-mail and maybe difficult to find later.
- Have a list of all your assets (and liabilities), either written or in a digital format that can be easily accessible by both spouses.
- Have a list of your financial documents in a secure place where both spouses should have quick access.

- Have a list of the important contacts (advisor, accountant, lawyer, insurance agent, banker) that the surviving spouse should contact in case of need.

From the desk of Frank Valicek, CFP, Manulife Securities Incorporated, frank.valicek@manulifesecurities.ca:

Did you or are you about to celebrate your 71st birthday in 2019? If you have an RRSP account, the calendar year when you turn 71 years of age marks the year in which one must convert their RRSP to one of three options by December 31st. You can cash in your RRSP which is generally not advisable as all amounts withdrawn from an RRSP are added to your income for the year and taxed accordingly. You can transfer your RRSP to a life insurance company to purchase an annuity to provide you with a guaranteed lifetime income. Or you can transfer your RRSP to a Registered Retirement Income Fund (RRIF) account which will require minimum annual withdrawals while you continue to invest as you've been doing but you can no longer make contributions. If you haven't already done so, we're ready to guide you on what the most beneficial option is for your given circumstances. And don't worry if you miss the deadline as most financial institutions will automatically transfer your RRSP to RRIF by default until you have the time to complete the required paperwork.

From the desk of Laura Collins, Executive Assistant to Kurt Rosentreter, Manulife Securities Incorporated, laura.collins@manulifesecurities.ca **:**

Financial Dictionary and Glossary

Diversification - Diversification is a risk management strategy that mixes a wide variety of investments within a portfolio. The rationale behind this technique is that a portfolio constructed of different kinds of assets will, on average, yield higher long-term returns and lower the risk of any individual holding or security.

Portfolio holdings can be diversified across asset classes and within classes, and also geographically—by investing in both domestic and foreign markets.

Diversification limits portfolio risk but can also mitigate performance, at least in the short term.

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Wishing you a safe and happy holiday season!

Warm regards,
Kurt.

Kurt Rosentreter, CPA, CA, CFP, CLU, FCSI, CIMA
Senior Financial Advisor & Portfolio Manager, Manulife Securities Incorporated
President, Upper Canada Capital Inc.
Life Insurance Advisor, Manulife Securities Insurance Inc.
302 – 3 Church Street | Toronto, ON, M5E 1M2
Tel: 416-628-5761 Ext 230 | **Toll free:** 1-866-275-5878 | **Fax:** 416-225-8650
http://www.kurtismycfo.com | @KurtRosentreter on Twitter | linked.com/in/kurtrosentreter/ | Kurt on Facebook

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"Kurt Rosentreter is the author of "Wealth Building, Lifelong Financial Strategies for Success with Your Money (Revised Edition)" (2009); Wealth Building (2005); Rosentreter's Rules 100 Financial Strategies to Achieve High Net Worth (2001); 50 Tax-Smart Investing Strategies (1998); 50 Tax-Smart Investing Strategies (Updated 1999); 50 Tax-Smart Investing Strategies (2002); 50 Tax-Smart Investing Strategies (2004). Manulife Securities has not created nor endorsed this book or any of its contents. Any opinions, advice, statements, services, offers or other information contained in this book are those of the author and not of Manulife Securities or any of its affiliates."