



UPPER CANADA CAPITAL
PRIVATE WEALTH MANAGEMENT

Welcome to summer 2018 and a few moments to talk finances!

Your team at Manulife Securities is running full force all summer as there is lots on the go in the worlds of stock markets, interest rates, real estate, income tax, children's planning and more.

From the Desk of Kurt Rosentreter, CPA, CA, CLU, CFP, FCSI, CIMA, TEP, CIM:

Introducing "Upper Canada Capital".

In the months to come you will notice the launch of a new team brand and identity called "Upper Canada Capital". This identity is our new team brand within the Manulife Securities dealership. Nationally Manulife Securities has more than 1,400 individual advisor teams often known by the advisor name. Creating the brand "Upper Canada Capital" allows us to have a team identity that is less about Kurt and more about a team of individuals all here to serve you. As well, with other financial advisors from other dealers regularly contacting us to join our team with their own practices, they too can be part of our Upper Canada Capital identity assuming they share the same philosophies of goal based planning, integrated and comprehensive advice, transparent and value based fees, service plus and unbiased advice.

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

Income Tax Installments

For those of you who are self-employed, retired or have an income generating property, you are probably making quarterly tax installments. The Canada Revenue Agency (CRA) calculates these installments based on your income in previous years. However, your income this year may be significantly more or less than those previous years. As a result, you may have wondered if you should amend the amount that CRA says you owe. [This article](#) from the Financial Post discusses the three different methods of calculating quarterly installments in such cases, the pros and cons of each and the potential penalties if you don't pay the correct amount.

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Upper Canada Capital is our trade name (i.e. business name) under which we offer all our services. Upper Canada Capital is a trade name used for both securities business and insurance business. Stocks, bonds, and mutual funds are offered through Manulife Securities Incorporated. Financial plans are offered through Manulife Securities Incorporated. Insurance products & services are offered through Upper Canada Capital Inc. and Manulife Securities Insurance Inc.



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

Debt and Rising Interest Rates

With interest rates rising here in Canada we are all noticing the increase in our savings accounts and GIC rates, and enjoying the benefits. With that said, it is prudent to also consider that while we may benefit from rising rates for our investments, our household debts, mortgages, lines of credit, student loans, car loans, and credit card rates may also increase, warranting a need to plan for these items as well. Below, our team has reflected on the following debts and how they may impact your finances

- Mortgages and lines of credit with variable rates will rise almost immediately, however, payments on your fixed rates will not change until the renewal date. Note that if the rate was fixed five years ago, you will most likely renew at a higher rate today.
- Car loans generally have fixed payments but may have a fixed or variable interest rate. For a variable rate car loan, your payments will stay the same as interest rates rise although your amortization period will now increase.
- Credit cards charge a fixed rate of interest which will not change with key interest rate increases. With that said, credit cards typically carry the highest rate of interest on debt.
- Our team used an example of a household with a mortgage of \$274,748, a \$6,000 personal loan, a \$10,000 car loan, and a \$6,500 credit card debt. We found that if rates increased by one percent the additional annual cost of debt would increase by \$1,776 per year. For additional details on the amortization, rates and more please visit the data source link below.

Managing debt overall can be overwhelming and adding additional costs to this can be stressful. Kurt and our team are always here to reflect on your financial planning needs and questions, and how they relate to your goals.

* Data source: <https://www.canada.ca/en/financial-consumer-agency/services/interest-rates-rise.html>

* Data source: Solutions Magazine for Financial Planning. Spring 2018 edition.

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From the desk of Frank Valicek, CFP, Financial Advisor, Manulife Securities Incorporated, Certified Financial Planner and Life Insurance Advisor, Manulife Securities Insurance Inc., frank.valicek@manulifesecurities.ca :

Trade Tariffs

Canada is in a David vs Goliath situation when it comes to trade negotiations with the United States and finding the right strategy to trade tariffs is no easy task. Our position being as small as it is makes trade negotiations difficult as this article from the Financial Post suggests: [Canada has already picked a losing strategy for Trump's trade war](#). With Canada only representing 3.5% of the world stock market, we continue to stress the importance of diversifying your investments outside of Canada – perhaps now more than ever.

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

Exploring ETFs (Exchange Traded Funds)

Initially this type of product was created to mirror and track market indexes such as S&P500, S&P/ TSX Composite and the Dow Jones Industrial Average. Similar to a mutual fund, an ETF is a basket of securities but is traded just like a stock any time the markets are open.

Since 1990, when the world's first ETF was created in Canada, growing popularity of this product now totals \$156.9 Billion (Source: [CETFA Monthly Report](#)) of assets in Canada and over 500 ETFs are listed on the Toronto Stock Exchange. This list now includes newer products which aim to outperform the market returns and/or reduce risk by applying a set of rules called Smart Beta.

Contact us to explore using ETFs in your portfolio within a fee-based account.

Quarterly Manulife Solutions Magazine – Spring 2018

To read the Spring 2018 edition of our Manulife Solutions Magazine, please click on the link below: [Manulife Solutions Magazine](#)

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A Final Word from Kurt....

There is a lot going on in the world today that may make you nervous. Stock markets are never a straight line up and the last eight years have made it feel that way - don't be fooled. You should expect regular, significant volatility to your assets (including your real estate assets) and measure results over years not months. Most importantly, do not lose sight of the goal you are striving for and how your finances relate to this goal. As always, we will help you track this progress and create a proper dashboard for evaluation.

Have a wonderful summer,

- Kurt

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To follow Kurt's financial tips on social media, click on the links below:



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