



UPPER CANADA CAPITAL
PRIVATE WEALTH MANAGEMENT

Welcome to January Strategic Financial Tips from Kurt and Team!

From the Desk of Kurt Rosentreter, Senior Financial Advisor, CPA, CA, CLU, CFP, FCSI, CIMA, TEP, CIM kurt.rosentreter@manulifesecurities.ca:

2019 Financial Resolutions List

- If retired, review your 2019 portfolio cash flow needs early in the year with us.
- Pay down your mortgage faster ahead of rising interest rates.
- Get your RRSP, RESP and Tax Free account contributions for 2019 done early to take advantage of tax sheltering.
- Get your Wills and Powers of Attorney updated and give us a copy to hold for you.
- Tax season is around the corner - if you need an accountant call us early to help.
- Expect another volatile stock market year as the global economy slows - take profit and limit your stock market exposure on any money you need to spend in the short term.
- Book your 2019 review meetings with us now!

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

Tax Planning Opportunities

The start of a new year brings new tax planning opportunities to consider depending on one's circumstances. The following article touches on some tax planning tips we can help you with no matter what age you may be: [Tax Tips to Kickstart 2019 for Every Age Group](#).

Manulife Securities Incorporated
Suite 302, 3 Church Street, Toronto, ON M5E 1M2
T: 416-628-5761 • F: 416-225-8650 • TF: 1-866-275-5878
Visit our website: UpperCanadaCapital.com

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

Market Volatility

When the market is volatile, it may be tempting to sell most of stock holdings and sit in safe investments like cash and GICs. However, if you have a long time horizon, it may actually be detrimental to do this. [As this article shows](#), missing just the best five days for the market in a twenty year period (1998-2017) can have a drastic effect on your average annual return and your accumulation of wealth. For example, while there were many large down days in October, November and December 2018, on December 26th, 2018, [the S&P500 was up almost 5%, its biggest one day gain since March 2009](#). When times become volatile, our recommend is to review your long-term investment and risk objectives and only make changes as need be.

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

Reflecting on Goals

As we enter the new year there are several items to keep in mind such as completing your TFSA, RRSP, or RESP contributions, however, one of the most important items to reflect upon is your goals. Your goals will ultimately provide the path as to how we invest, the construction of your portfolio, cash flow design, retirement planning and much more.

Generally, your goals will change over time as new life events develop. Changes could be, but are not limited to, a new addition to the family, a career change, getting an inheritance, getting married, and much more. With that said, it is important to reflect on these new goals and together, we can reflect on how these life events will change your financial plan and/or retirement portfolio.

Please contact us to discuss any changes in your life/goals as we are always happy to help, and always note that these changes typically do not need to wait until a review meeting or call with Kurt. Our team is standing by.

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

New TFSA Contribution Limit and TFSA Tips

For 2019 the government has increased the annual contribution limit for the Tax-Free Savings Accounts to \$6,000. We recommend taking advantage of this type of accounts and make your contributions as early as possible during the year to benefit from having the assets growing tax-free. Below are some tips to consider when planning your TFSA contributions:

- If you have not already maximized the contribution in previous years you can check your contribution room with the Canadian Revenue Agency by creating an account to their website at this link: <https://www.canada.ca/en/revenue-agency/services/e-services/e-services-individuals/account-individuals.html> Note that CRA updates the contribution room every year at the beginning of the year so make sure that you check the date.
- You can contribute a cash amount to your TFSA or transfer existing investments in-kind from your non-registered accounts. When you transfer existing investments like stocks, tax rules consider the transfer as a “deemed disposition” (like you are selling the stocks and repurchasing them in the TFSA) and any capital gain will be taxable, while you cannot claim any capital loss.

If you have set up a monthly pre-authorized contribution plan for the TFSA it is a good idea to update it to reflect the new contribution limit or top it up for the difference. Contact our team on how to complete this process and we will be happy to assist.

You can find more TFSA rules in the Canadian Revenue Agency website at this link:
<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/tax-free-savings-account/contributions-withdrawals-transfers.html>

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

Prescribed Loan: Another Way to Reduce Taxes

Interest rates keep rising in Canada but investors have an opportunity to lock in today's rate and cut their future taxes by using a prescribed rate loan. The prescribed rate of interest is set at 2% as of January 1st, 2019 and will be reset again next quarter.

Here's how this strategy works using an example of spouses/common-law partners who are in different tax brackets. A higher earner would effectively loan money to invest at the current interest rate. This interest would be claimed as income to a higher earner and as a tax deduction to a lower-income spouse.

As a result, the net tax savings to the couple would be having the investment portfolio income taxed at the lower rate instead of the higher rate.

For this strategy to apply, the interest must be paid in each year by January 30 for the previous year's accrued interest and if missed, that year's income and all future income from invested money will be attributed back to the lender.

This strategy can also be expanded to fund children's education or other expenses by making a loan through a family trust.

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A Final Word from Kurt....

As we begin the new year please contact us to schedule any first quarter planning meetings you would like to see completed now.

It continues to be a pleasure to partner with you on finances.

Warm regards,

- Kurt

Kurt Rosentreter, CPA, CA, CFP, CLU, CIMA, TEP, FMA, FCSI, CIM

Senior Financial Advisor, Associate Portfolio Manager, Manulife Securities Incorporated

Certified Financial Planner and Life Insurance Advisor, Manulife Securities Insurance Inc.

416-628-5761 Ext. 230

Kurt.Rosentreter@Manulifesecurities.ca

www.kurtismycfo.com

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



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