



UPPER CANADA CAPITAL
PRIVATE WEALTH MANAGEMENT

Happy New year!

With the start of a new year comes new opportunities to reflect on one's finances and goals and we are ready to help!

In our first e-newsletter of the year we are focusing on upcoming deadlines, contributions and strategies.

From the desk of Kurt Rosentreter, CPA, CA

It is a US election year and no politician wants a scary stock market ahead of people voting in November. Watch for further interest rate cuts in 2020 which impact mortgage rates, investments and the economy.

At the same time the growth markets of the last ten years are more than three years overdue for recession. In our meetings this year we will be advising caution in our overall investment strategies and look forward to speaking to you about your personalized approach.

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

Now that it is officially 2020, you can add \$6,000 to your Tax-Free Savings Account (TFSA) to maximize your contribution room for the year. Also, if you were at least 18 in 2009 when the TFSA first debuted, your total cumulative contribution in 2020 is \$69,500.

If you are unsure of how much contribution unused room you may have, please forward us a copy of your most recent Notice of Assessment (NOA) from CRA and we will help you calculate how much there is.

We like TFSAs as they are perhaps the most versatile investment accounts in Canada: your money grows tax-free; you can withdraw at any time without penalties or taxes and any money you do withdraw can be re-contributed the next year.

If you have any questions about your TFSA or TFSAs in general, please do not hesitate to reach Kurt or our team.

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

Income splitting is a useful tax-strategy that allows a higher-income spouse the opportunity to transfer some of their income to a lower-income spouse, effectively reducing the overall tax burden of the family. While there are several strategies for splitting income, today we will focus on prescribed rate loans and how they can be effective.

A prescribed rate loan is the action of loaning a lower-income spouse an amount for the purpose of income splitting. The concept of loaning money to your spouse may seem odd, however, the outcome could be beneficial for each partner.

The higher-income spouse can loan their lower-income spouse an amount, and all gains, interest, and dividend income generated from the loan is attributed to the lower-income spouse while they are in a lower tax bracket.

There are several items you need to remember to make the loan effective, and some rules you need to follow in order for the loan to be valid:

1. The loan needs to be properly documented and include repayment terms. Speak to your accountant and lawyer.
2. Charge interest that is at least equal to the CRA minimum required of two percent.
3. **Important!** Ensure the interest due is paid back to the loaner before January 30th of the following year, and each year the loan is in force. If the loan payment is missed, the higher-income spouse that loaned the money will become liable for the income generated in the year the payment was missed and all future years.

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

You can claim a deduction on your income tax return for the registered retirement savings plan (RRSP) contributions and the deadline for the 2019 tax year is coming up.

You have until **March 2nd, 2020** to take advantage of a tax reduction on your tax return. Your 2019 RRSP deduction is limited to 18% of income earned in 2018, to a maximum of \$26,500, minus any pension adjustment plus any previous unused RRSP contribution room.

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For 2020 the contribution room is again 18% of the income earned in 2019 up to a maximum of \$27,230

The CRA keeps track of your contribution limit for you. You can obtain your personal RRSP deduction limit in a number of ways:

1. You can access your account online on the [Canada Revenue Agency \(CRA\) website](#)
2. You can call CRA directly at 1 800 267 6999 or 1 800 959 8281.

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

As you make your New Year resolutions, consider adding the following to your list:

- Have a financial plan done in 2020 (if you don't have one in place)
- Save more than the "annual saving target"
- Set up monthly automatic savings from the paycheque
- Contribute to RRSP and TFSA as early in the year as possible
- Save for the kids' education in the RESP and get maximum grants
- Pay down debt faster in 2020
- Not looking at the stock market each day - instead focus on long-term plan
- Minimize taxes
- Plan for the estate

Our team is happy to help and guide you for all these topics.

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

Happy 2020! The start of a new decade brings a fresh start to your finances. The foundation of most people's financial plan starts with protecting your most valuable asset - you!

This is a good time to reflect on your personal insurance coverage - life, long term disability, critical illness - that you may already have in place versus what your current financial circumstances and goals are.

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Has your income materially changed since you first applied for insurance? Has there been a change in the number of dependents that rely on your income? Has a term policy renewed at higher premiums? Do you need more or perhaps less coverage?

We would be pleased to guide you through an assessment of your needs for 2020 and beyond.

From the desk of Patrick Dailey, Client Services Assistant, Manulife Securities Incorporated, Patrick.dailey@manulifesecurities.ca:

Value of Leading Indicators

As we enter the new year, we still deal with a significant amount of uncertainty surrounding the economy for the foreseeable future. To deal with this uncertainty, our team continues to track key leading economic indicators to help give us an idea of the direction of the economy. Below are a few of the leading economic indicators that we track:

- The Conference Board Leading Economic Index – this is a composite of ten leading economic indicators which seeks to find turning point patterns in economic data.
- The U.S. Treasury Yield Curve – an inverted 10 year to 2 year spread on Treasury Yields has predicted the past seven recessions – this inversion occurred briefly in August of 2019.
- Manufacturing PMI – based on five major survey areas of supply chain managers and is a measure of the current direction of economic trends in manufacturing.
- And more!

Kurt comes prepared with our bi-weekly report to every client meeting to discuss and we are happy to provide you with a copy upon request.

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

Financial Dictionary and Glossary

January Effect - The January Effect is a perceived seasonal increase in stock prices during the month of January. Analysts generally attribute this rally to an increase in buying, which follows the drop in price that typically happens in December when investors, engaging in tax-loss harvesting to offset realized capital gains, prompt a sell-off.

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In Conclusion

We always try hard to stay in touch with you as your partner in finance and financial goals. Please coach us on what you prefer for meetings, phone calls and e-mails in a year.

The team and I wish you a healthy and prosperous 2020.

Warm regards,
Kurt.

Kurt Rosentreter, CPA, CA, CFP, CLU, FCSI, CIMA

Senior Financial Advisor & Portfolio Manager, Manulife Securities Incorporated
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If you prefer not to receive future emails, CLICK [HERE](#).

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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.”

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