



UPPER CANADA CAPITAL

PRIVATE WEALTH MANAGEMENT

Kurt & Team Summer 2021 Newsletter

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

RESP grants

If your child is approaching university age and you have missed RESP contributions in previous years, it is a good idea to check what contributions you have made over the years and what government grants the child has received.

You can do this by calling Human Resources Skill and Development Canada (HRSDC) at the toll-free number 1-888-276-3624. You will need the child's personal information (date of birth and SIN number) to receive this information.

Share the information with our team and we can look at the optimal contributions strategy to maximize government grants before the child reaches age 18 and becomes ineligible for grants.

From the desk of Jeton Spahiu, Financial Advisor Associate, Manulife Securities Incorporated, jeton.spahiu@manulifesecurities.ca:

The Value of Economic Leading Indicators

As we enter the summertime, most economies across the world are set to reopen from the pandemic. Our team continues to track key economic leading indicators to help give us an idea of the direction of the economy. Below you can find some of the economic leading indicators that we constantly monitor:

- The Conference Board Leading Economic Index: The index is a composite of ten indicators that seek to find turning point patterns in economic data. Some of the most watched individual indicators within the index include money supply (M2), stock prices (500 common stocks), consumer expectations, housing permits, and manufacturers' new orders.
- The U.S. Treasury Yield Curve: The curve highlights the spread between the 10-year and 2-year U.S. treasury bond yield. An inverted/negative (below zero) yield has predicted the past seven recessions – this inversion occurred briefly in August 2019.
- The Purchasing Managers' Index (PMI): The index prevails the direction of economic trends in the manufacturing and service sectors. The PMI is based on a monthly survey of supply chain managers across 19 industries, covering both upstream and downstream activity.

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- South Korea Exports: Korean trade data usually comes before the first trading session of the month in Asia, which makes it the first of the world's major economic indicators to be released. Because Korea's exports are heavily exposed to China and Japan — the world's second and third largest economies — it is considered to have strong predictive power.

The above-mentioned indicators suggest that economies are expected to grow and gain momentum in most countries throughout 2021. This is supported mainly by an accelerating vaccination campaign, gradual lifting of Covid-19 restrictions, and an efficient global trade. Our team is optimistic about the global economic outlook, and we anticipate economic & manufacturing trends to continue improving for the remainder of the year.

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

COVID-19 Pandemic Travel Insurance

If you are longing for a getaway, starting the night of July 5th, fully vaccinated Canadians and permanent residents were able to return to Canada without forced quarantine at a government-authorized hotel. Keep in mind that some destinations might still be requiring you to complete a COVID19 PCR test as well as have travel insurance which will cover COVID-19 medical costs such as hospitalization, doctor's visits, prescriptions, ambulance and more. You can buy this policy either through your travel agent, credit card company, employer's insurance provider or on our website by [clicking here](#).

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

RRIF Conversion – A New Milestone To Discuss

Turning 72 years old is a big milestone in itself, although from a financial perspective, it is the time when the Canadian government makes you convert your RRSP into a RRIF.

If you are turning 71 this year, this means our team will be contacting you to discuss the next steps of converting your RRSP to a RRIF to prepare for the mandatory RRIF withdrawal at 72.

The conversion is simple.

There is some basic paperwork to complete and we will be here to help you through it.

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While the conversion is simple, there are some very important questions to address which should be discussed with Kurt and the team BEFORE the conversion takes place. Why? Because once the RRIF is set there is no changing it.

Questions we will discuss together:

1. Whose age will we use to set the withdrawal rate? This is very important. The RRIF annual withdrawals are set based on either your age or your spouse and this rate increases each year until it ultimately reaches 20% at the age of 90. This is not as simple as pick your or your spouse's age. It is a detailed conversation that should take into consideration your age, your spouse's age, your financial forecast, CPP, OAS, work pensions, other assets and your spouse's assets.
2. Do we want to withhold taxes now or pay or them later? You have the option of receiving your RRIF withdrawal and you do not have to pay tax on the withdrawal until you file your taxes. While some don't want a hefty tax bill in April and appreciate withholding the taxes upon withdrawal, others may want to let the funds that would have been destined for taxes, grow inside the RRIF and then pay the taxes in April.
3. How do you want to receive your RRIF withdrawals? The withdrawals can be weekly, monthly, semi-annually or even annually. For those that do not want the cash, they may opt to receive it in December, effectively letting their assets grow tax-deferred in the RRIF until it is time to withdrawal.

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

Inflation and Re-Opening

Two weeks ago, the US released data showing that inflation was up 5% in May, the fastest pace in over a decade. While the headline got a lot of attention, when you look into the details of what

drove the 5% inflation, you start to see that the drivers of inflation could be temporary "re-opening" spending.

In particular, airline fares were up 24.1%; restaurant food was up 4%.

Compare that to rent, which was up 1.80% and grocery, up 0.70%.

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In other words, the core costs were up slightly (rent and groceries) while travel and eating-out were up huge amounts, which drove the headline inflation rate higher.

With Canada's re-opening a couple of months behind the US, we may start to see higher inflation prices over the summer months. However, if it follows a similar pattern to the US, it may be limited to mostly discretionary spending and may only be present for several months.

From the desk of Frank Valicek, CFP, CIM, Financial Advisor, Manulife Securities Incorporated, President & Life Insurance Advisor, Upper Canada Capital Inc, frank.valicek@manulifesecurities.ca:

Cryptocurrencies Work Against Interest of Public

As reported by CBC News, a Switzerland-based financial institution that's viewed as the central bankers central bank, issued a report that it may declare that cryptocurrencies work against the interests of the public at large. This coupled with recent moves by China to crack down on cryptocurrencies have been devastating to those who only recently ventured into this speculative investment space.

The full article is available here: [World's central banks launch new campaign against cryptocurrencies](#). This is a rapidly evolving area and re-iterates the point that its key to build your investment portfolio on a sound foundation of proven investment options.

Warm regards,

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

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Kurt Rosentreter, CPA, CA, CFP, CLU, TEP, FMA CIMA, FCSI is a national best-selling author seven books on personal finance in Canada and the past co-founder of the national wealth management practice at one of Canada's "Big Four" public accounting firms. For the last fifteen years Kurt has been a core financial course instructor for the Ontario Chartered Public Accountant Association and also appears regularly in the national press as an expert on matters of money. Kurt is the owner of a national wealth management practice in Toronto working with professionals and business owners on all topics of personal finance. Learn more about Kurt at www.kurtismycfo.com.

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