Future Financial News

Certified Financial Planners, Chartered Financial Consultants, Chartered Life Underwriters

FALL 2019 NEWSLETTER

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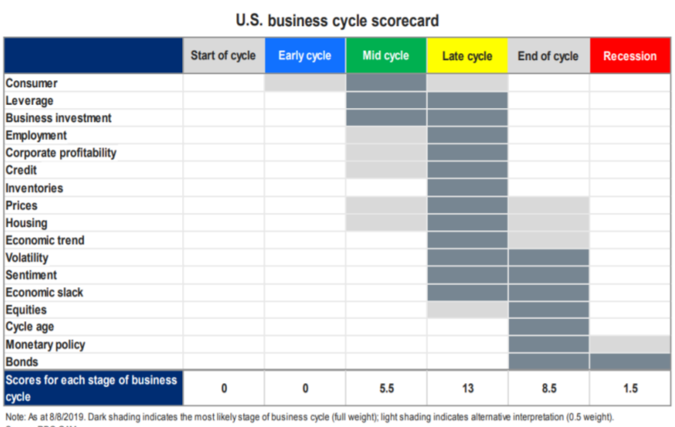
Carl's Comments

For investors volatility can either be a useful opportunity or an unwelcome distraction and should never be a reason to act irrationally. To be successful, one must remain focused on long-term goals and not let short term events cause us to deviate from our objectives.

Going into Q4, we remain cautious and defensive. Not to sound like a broken record, but the business cycle continues to be late or end of cycle so we must prepare.

A number of managers are expecting the market to test its bottom during this period and are holding more cash. In the past few weeks we've seen the market adjust from growth to value. This is a welcome change for investors and managers with a value bias.



Volatility is inevitable even in a healthy market. Every long-term investor will experience it and we should view it as a "cup half full" opportunity. As the market has been testing new highs, clients with late year RRIF payments may wish to take their RRIF payment early. Although it was short lived, let's avoid another December like 2018!

Strategies to manage volatility include being comfortable with your investments, using active management over passive, avoiding sector specific funds (gold, oil, China etc.), having a diversified portfolio, making regular automatic contributions or withdrawals and controlling only the things you can and, trying not to worry about the things you can't.

Economic Report Card – Where We Stand

Source: RBC Capital Markets Fall 2019 Outlook

OAS Secrets

There is a lot of complexity regarding when to take OAS payments. There are sixty potential start dates and sixty potential payment amounts for each month between ages 65 and 70! Furthermore, if you apply after age 65, you can back date the application as far as one year back and receive a lump sum payment. That lump sum payment will be taxed in the year it was received, not the year in which it was accrued. Here are some little know secrets for those that are approaching the claw back ceiling.

<u>Secret #1 – The ceiling is not the same for all</u>
The OAS floor amount is a fixed number and set by CRA annually, but the ceiling is not. If you delay your OAS, this in turn will cause the clawback ceiling to increase. If you delay to age 70, your ceiling could be as high as $143,000 this year.

<u>Secret #2 – Creating an OAS super-ceiling</u>
By combining a retroactive lump sum payment and a deferral past age 70, you may be able to create a super-ceiling. By timing it right, you could receive two years of enhanced payments in one tax year and push your claw back ceiling up to $209,110.

<u>Secret #3 – Applying for OAS after death</u>
An executor can apply for OAS benefits on the deceased's behalf within one year after death and as long as the deceased never applied themselves.

The application would request a retroactive lump sum that would have been effective during the applicant's lifetime. To avoid any claw backs, this income can be included on the optional tax filing "return for rights or things". Even if your income was $250,000, by filing a separate return, claw back would be avoided.

Source: Financial Independcenc Hub; OAS clawback secrets for the high-net-worth Sept 19/19

Worldsource Financial Statements will have a new look this quarter. Tell us what you think!

Marriage & Money

Wondering how you stack up to other couples when it comes to managing your finances? Thanks to a recent WealthBar survey of 400 Canadian couples, the results are in. How do you stack up?

- 64% have a financial plan while the rest take a laissez-faire approach
- 64% have a shared bank account or credit card
- 49% share household expenses equally while 30% share proportionally to income
- 20% have not discussed investing
- 16% have no debt, 63% have plans to pay off debt together and 21% don't have a plan to pay debt
- 3 out of 4 couples have disagreed about money
- Just over half are taking advantage of income splitting strategies

Source: https://blog.wealthbar.com/marriage-and-money/

How Gen-Xers Invest

Generally speaking, Gen-Xers, those born between 1966 and 1980 want to enjoy life now! Unlike Baby Boomers, Gen-Xers want to live in the moment and see life not as a marathon but as something to enjoy throughout. As they want to take advantage of everything they can, this may present challenges when it comes to saving for the future. There are some key areas that should not be overlooked when it comes to investment planning.

1) **RESPs -** If you have young children, this should be a priority. The government will match at least 20% of all contributions up to $500/year! It's too early to know for sure but Andrew Scheer is promising increases to grants in his election campaign. Missed a few years? No problem, you can catch up.

2) **Retirement Savings** - This includes TFSAs as well as RRSPs. The rule of thumb is to invest in your TFSA when your income is low and then in an RRSP when you are in your higher earning years. This is not ideal for everyone as TFSAs are easily accessible so if you need a way to "lock up" savings, an RRSP might work better for you. Additionally, if you'll be receiving a guaranteed, indexed pension, consider saving for retirement within your TFSAs rather than an RRSP so when it comes time to withdraw in retirement, you may avoid higher tax brackets and claw backs of income tested benefits.

3) **Insurance** – Can provide excellent risk and tax minimization strategies! *Term insurance* is cost effective and most often used to cover a mortgage as well as provide for lost income and various expenses relating to child rearing. *Disability insurance* protects your biggest asset, which is your ability to earn an income. *Critical Illness insurance* provides a lump sum if an illness prevents you from working. *Permanent life insurance* is useful in tax and estate planning, to leave a legacy, tax free growth of investments to protect the value of one's

pension etc. Return of premium policies are highly effective as if no claim is made, the premiums are refunded. If you can't afford all the coverage now, start small and increase coverage down the road.

Source: Investment Executive – Sept 2019. Page 31

Maximizing Charitable Contributions

Making charitable contributions can go a long way, but there's a way to make those contribution dollars go even further! Rather than making a cash donation, consider making donations in-kind using mutual funds or other securities. When donations are made using securities, there is no realization of capital gains and you still receive a receipt for the full market value.

We have encountered situations where clients have old stock certificates and no idea what the cost base is (i.e. what they were purchased for). By donating the shares, not only do you avoid figuring out, reporting and paying on the capital gain, but you also help a charity in need. The same works for US investments as determining the cost base can be difficult at best. Why not avoid that situation with a in-kind contribution.

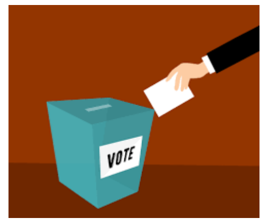
Charitable gift planning is also part of many estate plans. The gift can be directly from the estate through one's Will or through a beneficiary designation under a life insurance policy, RRSP, RRIF or TFSA.

If this interests you, let's sit down and figure out a way to get the most from your contribution dollars.

The Best Credit Cards in Canada 2019

There's always something new and better when it comes to credit cards and ways to save for trips, foreign travel or just cash back! Thanks to MoneySense, they've narrowed it down for us (for 2019 at least!)

- **Scotiabank Gold American Express and American Express Cobalt** - Best travel rewards cards for everyday spending
- **TD First Class Travel Visa Infinite Card** - Best Visa travel card
- **Scotia Momentum Visa Infinite** - Best cash back card with a fee
- **Tangerine Money-Back** - Best no-fee cash back card
- **MBNA Rewards Platinum Plus Mastercard** - Best no-fee card for travel reward
- **BMO CashBack Mastercard** - Best student credit card
- **American Express Essential Credit Card** - Best low-interest card
- **MBNA True Line Mastercard** - Best card for balance transfers



FEDERAL ELECTION DAY IS MONDAY, OCTOBER 21ST!

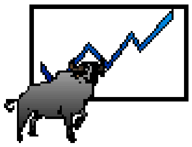
Did you know?

Only 13.2% of Canadian tax payers filed a paper tax return for 2018.

WORLDSOURCE FINANCIAL MANAGEMENT INC. MUTUAL FUND DEALER

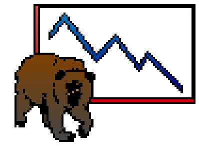
Future Financial Planning Group

Disclaimers



FFPG FUND REPORT

Compounded to October 4, 2019



Fund	YTD	1 yr %	3 yr avg %	5 yr avg %	10 yr avg %
CANADIAN EQUITY FUNDS					
Dynamic Equity Income Sr. A	15.97	7.71	8.19	7.29	10.11
Fidelity Canadian Large Cap Sr. B	8.00	9.67	3.38	5.16	10.70
Fidelity Canadian Growth Sr. B	22.24	1.02	9.72	11.40	13.47
Fidelity Dividend Plus Sr. B	14.33	13.73	4.64	5.96	9.36
IA Clarington Strategic Equity Income Sr. A	10.48	3.47	4.76	3.79	NA
Sentry Canadian Income Sr. A	11.56	0.36	2.52	3.49	9.40
US/INTERNATIONAL/GLOBAL EQUITY					
Dynamic Global Discovery Sr. A	12.64	4.20	10.83	12.61	10.42
Invesco Global Endeavour Fund Sr. A	4.86	-2.05	4.02	7.34	10.91
Sentry U.S Growth & Income Sr. A	15.25	5.51	9.88	10.45	NA
BALANCED FUNDS					
CI Signature Canadian Balanced Cl. A	9.66	0.96	4.24	3.28	5.36
Fidelity Income Allocation Sr. B	8.83	10.18	3.08	4.28	7.18
Fidelity Monthly Income Sr. B	10.23	8.73	3.17	4.10	6.92
Fidelity Canadian Balanced Sr. B	12.45	6.60	4.43	4.91	6.75
Edgepoint Cdn Growth & Income Port Sr. A	11.60	2.51	4.61	4.88	7.52
Mackenzie Canadian Growth Balanced Sr. A	13.96	6.82	7.48	8.74	7.92
GLOBAL BALANCED FUNDS					
BMO Tactical Gl Growth ETF Advisor Series	11.38	5.57	7.12	NA	NA
Dynamic Global Strategic Yield Sr. A	11.23	7.58	4.57	NA	NA
Dynamic Global Asset Allocation Sr. A	11.37	5.94	8.91	10.39	9.67
Edgepoint Gl Growth and Income Port Sr. A	6.96	-0.34	7.55	8.92	10.07
Fidelity Global Balanced Sr. B	9.80	5.85	4.92	6.24	7.28
SMALL/MID CAP FUNDS					
Dynamic Small Business Sr. A	12.89	2.58	3.33	4.58	8.69
Fidelity Small Cap America Sr. B	10.99	5.30	7.99	11.00	15.99
IA Clarington Canadian Small Cap Sr. A	7.35	-7.29	1.23	1.46	8.71
Mackenzie US Mid Cap Growth Cl. Sr. A	14.87	6.53	13.11	13.05	13.81
Sentry Small / Mid Cap Income Sr. A	10.13	-3.86	3.46	4.60	12.89

All Mutual Funds Sold by Prospectus Only & Alternative Funds Sold by Offering Memorandum

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