August 2018

Money Wise Magazine

Market Watch

Trade negotiations lending a new level to market uncertainty & interest rate increases

Trinity Wealth Company News

A few changes and important milestones have taken place within our office

Household Spending Habits

Some interesting categories increased between 2015 and 2016.

When do I have to close my RRSP?

What are your options when you hit 71?

TRINITY WEALTH PARTNERS

QUADRUS

Quadrus Investment Services Ltd.

YOUR ANNUAL FINANCIAL CHECKUP

You schedule an annual checkup with your doctor, but do you take your finances just as seriously? The Financial Planning Standards Council (FPSC) recommends you meet with a CERTIFIED FINANCIAL PLANNER® professional at least once a year to take your financial pulse.

1

SCHEDULE

Action: Meet with your CFP® professional to review your financial plan at least annually

Why: To keep it current and on track to meet your financial and life goals

2

PREPARE

Action: Get ready for the checkup by preparing a synopsis of life changes in the previous 12 months, compiling a list of questions for your CFP professional and gathering relevant documents such as tax returns and insurance policies

Why: A clear understanding of your current personal circumstances and changes to your goals will allow your CFP professional to provide the best possible advice on how to amend your plan and move forward

3

ANALYZE & ADJUST

Action: At the meeting, your CFP professional will assess your financial health and, if necessary, recommend adjustments to help you achieve both short and long-term objectives

Why: Changes in your financial and life goals or adjustments to your future plans, such as planned retirement age or estate planning, could require changes to your financial plan

4

REPEAT

Action: Meet with your CFP professional more often than once a year if necessary

Why: Salary increases or decreases, a new baby or home, increased insurance needs or any other life event that could impact your financial plan should be reviewed with your CFP professional so that the plan can be adapted as soon as possible to your changed circumstances

---

To schedule an appointment with a qualified financial planning professional in your area, visit FindYourPlanner.ca.

FINANCIAL PLANNING STANDARDS COUNCIL

In this Issue…

Who ordered the tropical weather?! We asked for summer and we got it! While we hope you're enjoying your summer so far, it sure has been a struggle to keep cool lately! We have been keeping busy in the office (with A/C!) following a few developments within the company. We hope that as summer winds down you enjoy the remaining long, sunny days.

While I would normally start off with any company news, so much has happened so far this year that Rick will field the changes we've gone through over the past few months and milestones we're celebrating in 2018 in this newsletter. Our mutual fund dealer, Quadrus, is also making some improvements to their platforms and introducing, in the near future, e-statements for your accounts! More information on signing up for this will be available in the coming months.

The markets haven't produced anywhere near as much to talk about as the political climate and trade agreements around the world. While these events unfolding can have an effect on stock market returns, the future remains, as always, uncertain. Rick and Patricia talk more about the returns last quarter in Market Watch.

I had run across an interesting article that discusses the breakdown of spending within the average American household. What was interesting is not only the breakdown itself, but the categories that increased between 2015 and 2016. You can see more details on these categories in my article.

One of the categories that had increased was spending on retirement savings vehicles and pensions. Given the rapid approach of retirement for a large group of the North American population, this statistic is not surprising. But what do you do with your RRSP when you are set to retire and take income from your plan? Patricia discusses the options of closing your RRSP in her article.

Natalie LeBlanc
Marketing Assistant

Trinity Wealth

2018 marks the year of a number of milestones for Trinity Wealth Partners. With these milestones came a few changes within the office in terms of our roles and staffing. Through these changes, we strive to provide the best quality of service for you, our clients, and your families.

While Natalie normally fields all of the company news, I just wanted to take a moment to acknowledge a few important milestones that this year brings, as well as provide an update on the direction we're heading. It has been 10 years since I took over the investment business from my parents and made the move to Quadrus Investment Services as well as 10 years this February in our current location. (We forgot the cake.) Overall, we are very happy with the move to Quadrus and I'm excited about some enhancements they are working toward. We love our current location also, though I don't rule out the idea of buying a building at some point in the (probably somewhat distant) future.

2018 marks my 20th year in the financial services industry so perhaps time to take a moment to reflect on all the things that have, and haven't changed, in that time. We've had two of the worst stock market downturns in history in that period (the 2000-2002 tech wreck and the 2007/2008 global financial crisis) but the stock market has recovered despite these setbacks. We've seen trends towards globalization turn to talk of trade wars, we've seen long established companies and business models displaced by new technology, yet the old investment truisms of diversification and patience remain.

As Natalie mentioned, we're expecting the coming year to bring about some exciting enhancements on the technology front. First will be e-delivery of statements for clients who choose that route, and eventual virtual signatures for many documents.

We are also looking into ways to incorporate a robo-advisor service model as part of our client service offering. We feel very strongly in the value of financial advice and, on the investment front, in the benefits of active management. Some prospective new clients may prefer a more automated, digital experience when it comes to their investments however and we want to be able to meet people where they want to be met. The industry in Canada is in the very early stages but as this area evolves I'm keen to see how it may integrate into our existing business model. We're excited to see what other efficiencies the rapidly advancing world of "fintech" can bring to the business in the coming years in terms of the automated of some of the more mundane tasks and overall enhance the richness of the client's digital experience.

On another front, we were very sorry to see Melissa go in a different direction after 8 ½ years of service. Her personal situation changed as the length of time her family planned to stay in Kingston

Company News

became more open ended and she made the difficult decision that she didn't wish to continue to work from a remote location so found another job in the industry local to her. We wish her all the best in the new phase of her career.

At the same time, when one door closes another opens and Melissa's departure opened up several opportunities. Patricia Bell, a financial advisor in the industry over 30 years who has been with Trinity since 2014, took over as advisor for Melissa's investment clients. Patricia has a wealth of experience and I know Melissa's clients are in very capable hands.

Melissa also had key roles in managing the insurance part of my business as well as income tax where we worked together to prepare returns and she liaised with CRA as needed. Instead of hiring someone new at this point to manage these roles I will be looking to partner with an insurance specialist who is looking to take their practice to the next level and grow together and to partner with an experienced tax advisor to manage the tax business and deepen our advice-giving capacity in that area. I'm not going to rush this process, and it could take some time to find the right individuals, but in the meantime, I want to assure you that we will be able to continue to provide both services.

As our youngest child will be entering primary in September, my wife Erin will be able to take on a larger role in the day to day management of the business. Longer term, in the next few years I will be hiring another person to take on most of the day to day investment business processing as Natalie's role will be evolving into more of a financial literacy/counselling one as well as managing our digital platform; her true passions!

Last but not least, I want to congratulate Natalie for obtaining her mutual fund license this month. She was already very experienced in the industry after working for Trinity for 5 ½ years but now she will be able to handle client trade inquiries and take requests such as redemptions over the phone if I am not available. She was already very valuable to me but having a licensed assistant for the mutual fund side of the business is a big asset.

The evolution of key roles in my company, regulatory changes and technologic enhancements plus the ongoing shifts of the increasingly complex stock market. All in all, an interesting 10 years and we are looking forward to the next 10+ years!

Rick Irwin, CFP, CLU
Financial Planner,
Investment Representative

Market Watch

The theme of the markets seems to be "uncertainty" as trade regulations and relationships around the world are tested. The returns of the last quarter posted by major corporations were undermined by advancing disruptor stocks. The Bank of Canada's decision to increase interest rates also played a role in mutual fund returns.

Rick Irwin, CFP, CLU
Financial Planner,
Investment Representative

Global stock markets generally fared well in the second quarter of the year, with the US stock market (as measured by the broad-based S&P 500) gaining nearly 3% for the quarter. Blue chip companies followed their trend of relative underperformance as market leadership continued to be concentrated in the robust technology sector. Many foreign markets also experienced positive results this quarter, despite President Trump's sabre rattling.

For the balance of the year, uncertainty will likely remain on whether the world economies are moving toward a full scale global trade war or if the final outcome will be more muted. Some managers have shifted to smaller-cap companies or more domestically focused stocks while others are preferring to take a wait and see approach.

Here at home, a sharp jump in oil prices helped reverse losses in the Canadian stock market earlier in the year. Despite the rebound in energy prices, normally constructive for the Canadian dollar, uncertainties about NAFTA contributed to weakness in the Canadian dollar – which dropped from the 80 cent (USD) range back to 75 by mid-year. Interest rates continued to creep upwards, causing concern for some about the high-flying housing market in some Canadian cities. The Bank of Canada has a delicate job of trying to normalize interest rates, by reversing some of the emergency rate cuts put in place during the fallout from the 2008 global financial crisis, without upsetting the housing market.

Global growth is still accelerating, though at a slower pace than over the last few years. And the more robust markets like the US and China are showing signs that they are entering into the late stage of the current economic cycle.

Some caution is warranted at this point in the cycle. Diversification remains important. Now is not the time to double up on more aggressive growth-oriented investment strategies that are capturing the growth in the tech sector (though those strategies do have their place in a well-rounded portfolio). While other more conservative, value-oriented investment styles have produced disappointing results over the past few years, they will have their moment to shine as market conditions continue to evolve through the later phase of the current cycle.

Patricia Bell, PFP
Financial Planner,
Investment Representative

Many of us here in the Maritimes are eagerly anticipating some time away from the office to enjoy our all too brief summer, so our thoughts aren't necessarily on investing or saving. However, as we look forward to our vacation (or lament the fact that we've already had it), keep in mind that if you don't stay within your budget you could wind up paying more than you expected for your fun in the sun.

Both the US Federal Reserve and the Bank of Canada (BOC) have begun increasing their overnight rates (the interest rate at which major financial institutions borrow and lend each other money overnight). On July 11, the BOC increased the overnight rate to 1.50% (the fourth increase since last July).

The bank prime rate, by comparison, is the lending rate banks charge us, the customer, to borrow money, usually with a premium added to it. The prime rate is also used to help set mortgage and credit card rates. Currently most banks prime is 3.45%.

It's easy to over indulge when we're on vacation, spontaneity can make your vacation more interesting for sure. Just make sure it's the non-credit kind.

Household Spending Habits:

Do you think you spend too much money going to the movies every week? What about your grocery bill? While some of our expense categories (like healthcare) may not be comparable to our American counterparts, the U.S. Bureau of Labor Statistics prepared a report of household spending through the 2016 calendar year that highlights some interesting facts.

On average, Americans spend about a quarter of their income on housing alone. When you add in transportation (12%), food (10%) and clothing (2%), that's about half of your income going towards daily necessities. Other expenditures like healthcare, insurance and retirement savings, while not "necessities," make up an additional 15% of expenditures. This leaves 35% of your income for spending on leisure (9%), saving (9%) and taxes (14%). There really isn't much left over for the average household.

Three expense categories showed an interesting increase over 2015: charitable contributions, healthcare expenses and pension contributions.

RAGE-GIVING: KEEPING THREATENED CAUSES ALIVE

The report's findings unearthed a trend of "rage-giving" in 2016, which may be tied to that year's presidential election. This phenomenon is the act or intention of giving more funds to a charity that is under threat to be defunded or underfunded. With some American-based charities (largely environmental groups and women's advocacy) coming under fire by politicians, citizens took the onus upon themselves to keep these causes funded, apparently by giving 14.4% more of their income than in 2015.

HEALTH INSURANCE: NOW OR NEVER

The broad category of healthcare was up 6.2% in 2016, but health insurance made up the bulk of this increase at 6.1%. While this statistic may not be as comparable to Canadians' budgets, it does highlight the increased need for health insurance, which is potentially driven by an aging population.

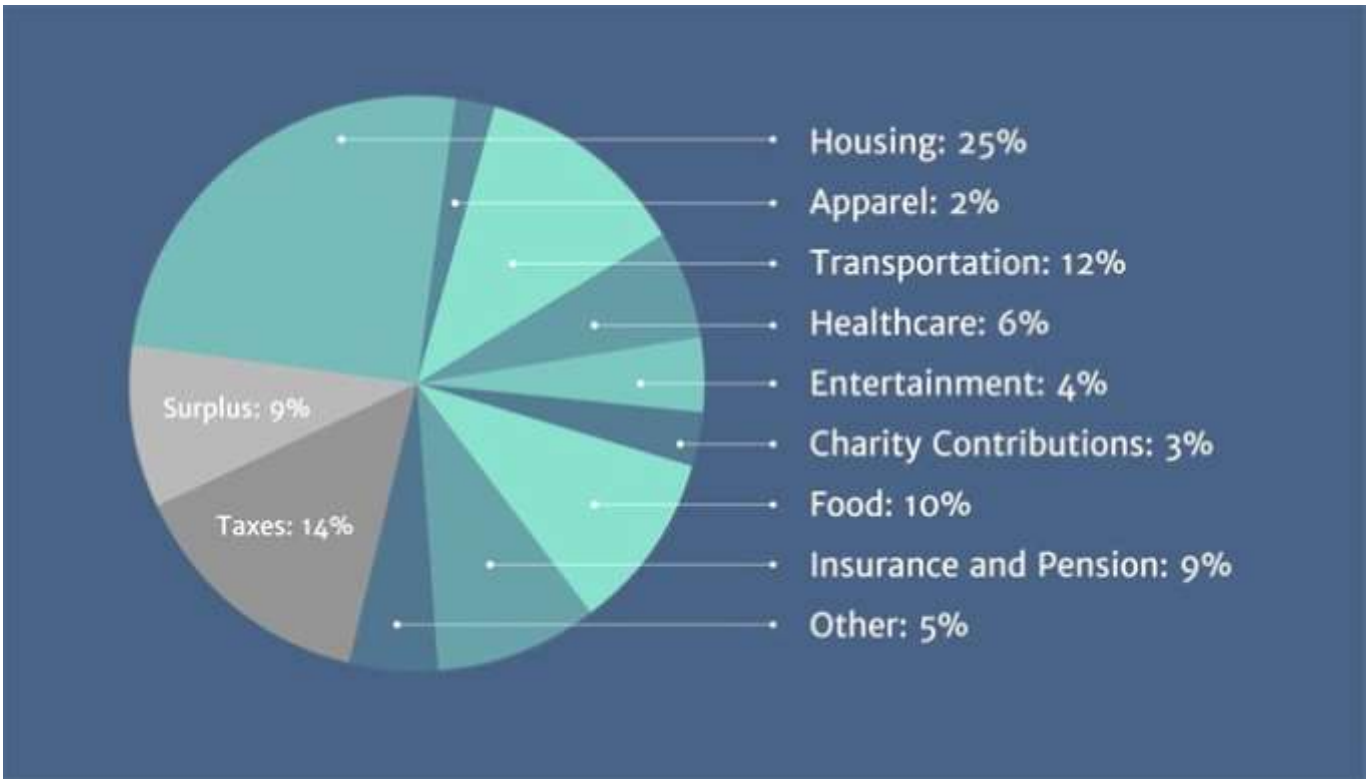
PENSION CONTRIBUTIONS: RETIREMENT IS NIGH

Retirement is not far off for the largest age demographic in North America. As the baby boomer generation gets closer to hanging up their ties and coveralls, many are realizing they might not have enough saved to live

How do you Compare?

comfortably in retirement. Naturally, this sparks a flurry of savings; pension and social security contributions were up 8.2% over 2015. In Canada, we are seeing the same phenomenon, though at a slower rate. RRSP contributions were up 3.1% from 2015 to 2016.

How does your spending compare? Take a look at the chart below and see for yourself:



Sources:
Westmaas, Reuben. "Here's How the Average American Household spends its Money." Curiosity.com https://curiosity.com/topics/heres-how-the-average-american-household-spends-its-money-curiosity?utm_source=androidapp
Consumer Expenditures. Bureau of Labour Statistics. www.bls.gov/news.release/pdf/cesan.pdf
McCambridge, Ruth & Larry Kaplan. "What Was Rage Philanthropy After All?—And Has It Run Its Course?" Non-Profit Quarterly. https://nonprofitquarterly.org/2018/03/13/rage-philanthropy-run-course/
"Total RRSP contributions rise as number of contributors declines slightly." Benefits Canada. www.benefitscanada.com/news/total-rrsp-contributions-rise-as-number-of-contributors-declines-slightly-110950

Natalie LeBlanc
Marketing Assistant

When do I have to close my RRSP?

There's always a lot of discussion around when is the right time to take funds from your retirement savings. Here's a quick look at the differences between Registered Retirement Savings plans (RRSPs), Registered Retirement Income Funds (RRIFs) and annuities.

While you can withdraw from your RRSP anytime, you aren't required to until the end of the year you turn 71. By December 31 of that year you'll need to do one of three things:

Cash out your RRSP completely and add the full market value to your income for the year, paying tax on the full amount. Probably not the best choice.

Convert your RRSP to a RRIF and start taking at least the minimum withdrawals the following year. The withdrawal amounts are based on your age and a percentage of the RRIF's value from the end of the previous year. Most of the time you don't need to 'sell' your investments at this time, you can simply move them 'in-kind' from one vehicle (the RRSP) to another (the RRIF). Whenever you convert your RRSP to a RRIF, you can do this even before age 71, your minimum required withdrawal for that year is based on your age. For example, the year you turn 72 your minimum withdrawal is 5.28% of the market value of the RRIF on December 31 of the previous year. So, if you had $100,000 in your RRIF at the beginning of the year you'd have to withdraw $5280. As you can see by the accompanying chart this percentage increases each year according to a government schedule.

Purchase an annuity from an insurance company with your RRSP funds and receive pre-determined payments for the rest of your life. When you purchase an annuity, you give up your principal for a guaranteed annual income for your lifetime. An annuity is like buying a pension. You exchange your RRSP for a monthly payment from an insurance company. How much income is based on the account balance, current interest rates, your age and life expectancy. With this purchase you also give up your right to decide how the capital is invested. An annuity can be a good option for part of your retirement income if you don't have a defined benefit plan, since it guarantees a certain amount of income each month.

There are many variables when determining which option is best for you. When you talk to your advisor make sure they're aware of all of your assets as well as your income sources, so they can help you make the best decision for your circumstances.

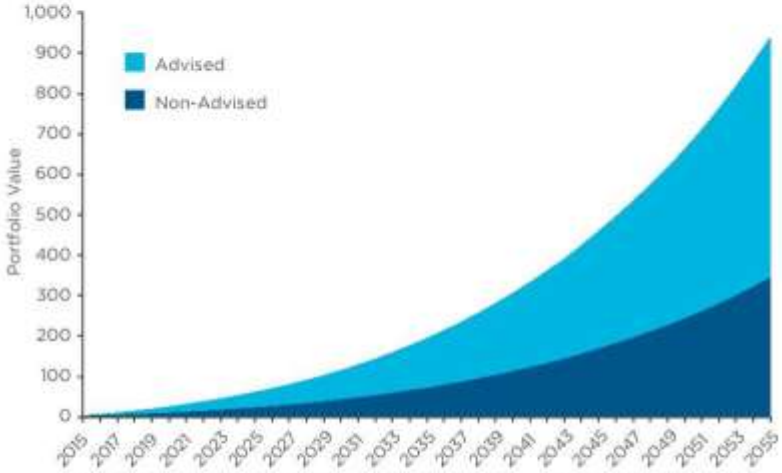
Patricia Bell, PFP
Financial Planner,
Investment Representative

THE VALUE OF ADVICE

HELPING INVESTORS SAVE FOR THEIR FUTURE

Mutual funds offer Canadians an excellent way to save for their future goals. Whether it is saving for retirement or for a new home, there are many opportunities available to investors.

Accumulated wealth of advised and non-advised investors
$ billions



Sources: Boosting Retirement Readiness and the Economy through Financial Advice, Conference Board of Canada, Investor Economics, Survey of Financial Security, Pelland 2004, CIBANO 2013

85%

85% of Canadian mutual fund investors say "funds will help me meet my financial goals."

87%

87% of Canadian mutual fund investors purchased their fund from an advisor in 2014.

RRSP assets

Assets in registered plans accounted for 57% of all assets under management (AUM) in 2013. Roughly 45% of all (AUM) were in RRSPs alone.

Total mutual fund assets

Mutual funds are one of the most common investments for retirement savings in RRSPs. In 2013, mutual funds accounted for 47% of all wealth in RRSPs.

At Dynamic Funds, we believe that the best way for you to achieve financial security is to invest with the professional advice of an experienced and independent financial advisor. Contact your financial advisor today to find the right investment opportunities for you.

Customer Relations Centre

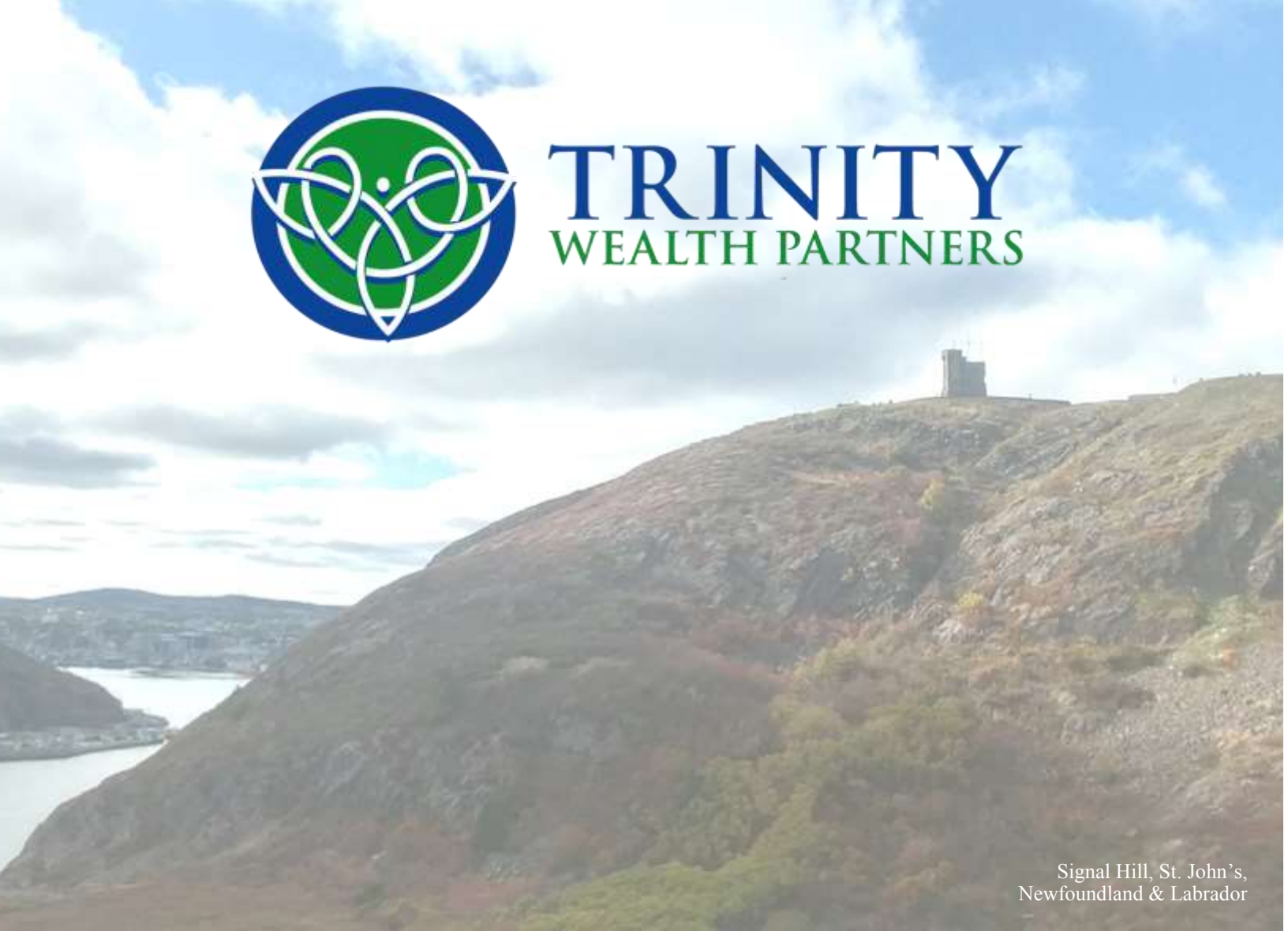
Toll free: 1-800-268-8186
Tel: 514-908-3212 (English)
514-908-3217 (French)
Fax: 416-363-4179 or 1-800-361-4768
Email: service@dynamic.ca

dynamic.ca

A MEMBER OF

IFIC THE INVESTMENT FUNDS INSTITUTE OF CANADA | L'INSTITUT DES FONDS D'INVESTISSEMENT DU CANADA

Dynamic Funds®
Invest with advice.



Signal Hill, St. John's,
Newfoundland & Labrador

1095 Bedford Highway
Bedford, NS
B4A 1B7

(902) 835-1112
www.trinitywealthpartners.ca
info@trinitywealthpartners.ca