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INTEREST
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Perler Financial Group Inc

Worldsource Financial Management Inc.
Mutual Fund Dealer

In This Issue:

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Compliments of
Harry Perler &
David Olejnik

Main Focus This Quarter:

Moving Forward Without Moving Out

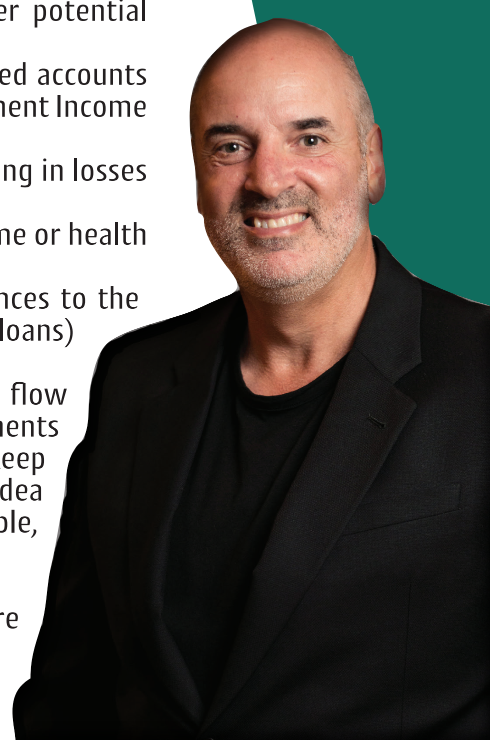
Source: Manulife Solutions

In a recent survey of Canadian homeowners, only four in 10 respondents were confident they would have enough savings to maintain their lifestyle when they retire. One reason may be that, for many, a significant portion of their wealth at retirement is tied up in their home. And selling their house to free up that money simply isn't what they want to do.

If that sounds like your situation, you may want to consider accessing the equity in your home to help boost your retirement income. One of the most common ways to do this is through a secured line of credit (also called a home equity line of credit). A secured line of credit lets you borrow what you need, when you need it, at a very favourable interest rate because your loan is secured, or guaranteed, by your home.

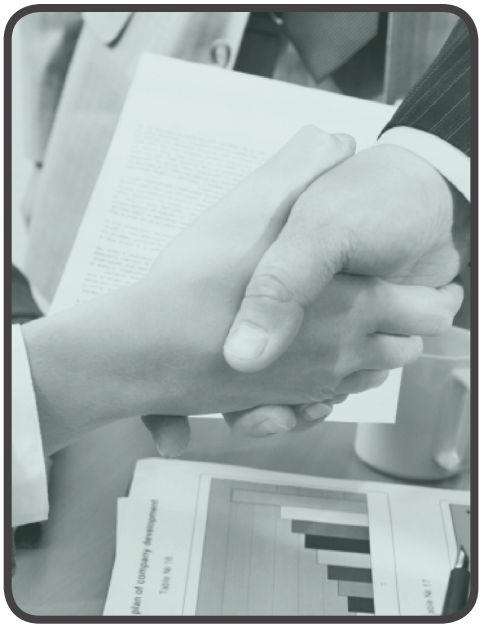
In addition to helping you stay in your home longer, there are other potential advantages. When you access your home equity:

- Your withdrawals are tax-free, unlike withdrawals from registered accounts such as Registered Retirement Savings Plans and Registered Retirement Income Funds
- You may be able to avoid cashing out other investments and locking in losses when markets are volatile
- You can ensure ready availability of funds to meet unexpected home or health care expenses
- You can reduce the cost of other debts by transferring those balances to the secured line of credit (if the interest rate is lower than your other loans)



Keep in mind that you may need to have enough cash flow from other sources to cover the monthly interest payments on the secured line of credit. To protect yourself and keep interest costs from becoming a burden, it's a good idea to put a cap on the amount you borrow – for example, 20 per cent of the value of your home.

Your home is an important asset that should figure



in your overall retirement planning.

Speak with Harry Perler or David Olejnik to find out how well this approach fits your personal situation. And plan to enjoy your retirement knowing that reaching this milestone with less saved than you hoped for doesn't necessarily mean you need to sell the home you love.

Six Really Useful Things You Can Do With Your TFSA

Source: Sunlife Financial

A tax-free savings account (TFSA) is a lot more versatile than you might realize. They should really call it a Terrifically Flexible Savings Account.
Here's an easy question: What's your RRSP for? I bet you'll say it's for the same 2 things everyone else uses theirs for: saving for retirement and tax relief.

Here's a tougher question: What's your tax-free savings account (TFSA) for? For many people, that's not a straightforward question – not because TFSAs aren't useful, but because you can use a TFSA in so many different ways at different stages of your life.

Maybe it would be helpful to think of your TFSA as your Terrifically Flexible Savings Account.

"Since TFSAs were introduced in 2009, they've become a really important and flexible part of many Canadians' financial plans," says Sun Life Financial advisor Jim Barnard, RHU, CFP, of J. Barnard & Associate Financial Services Inc. in Owen Sound, Ontario. "I like to talk with every client about TFSAs, because it's not always obvious how to use a TFSA most effectively."

Here are some ways you can put this terrifically flexible account to work.

1. Save more for your kids' education
Before post-secondary school. If you've already saved enough to access the maximum government grants for a registered education savings plan (RESP), your TFSA is an ideal place to save more for your kids' education. You'll pay no taxes on the growth within the plan and there will be no penalties if your children choose not to go to college or university. During the post-secondary years. Once your children reach age 18 and you've already contributed the maximum to your own TFSA, give them money to open TFSAs in their own names. (A word of caution: A TFSA in your child's name means the child isn't legally obliged to use the money the way you intend.)

2. Help your kids save for other goals
When school is finished, continue to give your children money to contribute to their TFSAs, with an understanding that the money will be used for a specific goal, such as a down payment for a home or wedding costs. (But again, the child has no legal obligation to use the money the way you intend.)

3. Finance your retirement
Top up your retirement savings with TFSA contributions, if you've already reached your RRSP contribution limit. The extra savings will come in handy some day.
Retire early. If you retire early, you may not yet be eligible to receive government or workplace pensions and you may not want to start withdrawing income from your RRSP savings. Your TFSA may be the ideal way to bridge the gap, but check with your financial advisor, because efficiently funding early retirement can be tricky.
Continue to save in retirement. If you're not employed, or your part-time business isn't making a profit, you're still eligible to contribute to your TFSA without the earned income needed to make an RRSP contribution.

Continue to save after age 71. You can't own an RRSP past the year you turn age 71. You have to convert it to a registered retirement income fund (RRIF) or payout annuity by the end of the year you turn 71, or take the RRSP money in cash (and pay tax on it). But you can keep your TFSA open – and keep contributing to it – as long as you wish.
Use your TFSA as a source of tax-free income. Talk to your advisor about how and when this is a good strategy.

4. Save for your parents' healthcare
If you're responsible for helping aging parents, a TFSA can be a great way to help them with the cost of healthcare or long-term care. If it looks like your parents will be unable to fully cover such costs, you can use your TFSA — or give your parents money to contribute to TFSAs in their names, if you've maxed out the contributions to your TFSA — to help make ends meet.

5. Save for a rainy day
It's an uncertain world; a TFSA is ideal for letting you put aside money in good times and withdraw it – with tax-free investment growth – in bad. For example, you can use your TFSA in case:
- You lose your job or your income is otherwise interrupted.
- You incur healthcare costs not covered by government, group or personal health insurance.
- Your home needs emergency repairs or renovations.
- Your old car unexpectedly gives up the ghost and needs replacing.

6. Save for a sunny day
Saving can feel better if you've identified your TFSA as the place where you put money away for a wedding, a trip of a lifetime, or whatever is special to you.

Three Trends That Will Drive Canada's Economy In 2017

Source: Advisor to Client

There are three trends that will guide the Canadian economy in 2017. Those are:

- The strength, or lack thereof, of oil prices;
- Domestic housing developments; and
- Whether the U.S. economy continues to improve.

So says Russell Investments' 2017 Global Market Outlook, which calls for modest growth in the coming year for Canada.

"Moderate improvement in the price of oil and reasonable growth of the U.S. economy are weighed down by debt-laden households," says Shailesh Kshatriya, director of Canadian strategies at Russell Investments Canada Limited. "We expect domestic equities to be positive, but without the exuberance of 2016. However, domestic bonds likely will be challenged as lacklustre fundamentals may be partially offset by rising yields in the U.S. […] On balance, we see 2017 economic growth in the range of 1.6% to 2%."

Further, the report highlights the Bank of Canada's admission that it did entertain cutting interest rates during its October 2016 meeting. However, Russell Investments strategists question how effective rate cut would be, given current market conditions (read more on monetary policy and how it affects you).

Kshatriya says, "Cutting rates in the near term, while recession probabilities are low, is a view that is difficult to reconcile. As such, we expect the central bank will keep their target rate steady at 0.50% in 2017."

Happy New Year!

We hope that you had a wonderful Holiday Season and wish you all the best for 2017!

January is an excellent time to have your Personal Financial Plan reviewed and updated. Be sure to contact the office to set up an appointment with Harry and/or David to review your individual situation!

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Canadian 10-year bond yields are headed higher, albeit moderately, and Kshatriya expects them to trade within a range 1.5% and 1.9% by year-end 2017. "With our anticipation that the U.S. Federal Reserve will raise the federal funds rate, potentially as many as three times by the end of 2017, we believe the upward bias in the U.S. yields could help pull domestic yields higher."

Global forecast overview

Russell Investments' strategists anticipate a challenging global market environment in 2017. The team says global economic growth is likely to improve–spurred by fiscal stimulus as political leaders worldwide move away from austerity. But the pciture isn't as rosy in the long term.

In the U.S., the strategists see equity market valuations as already expensive, and they caution that the anticipation of Trump stimulus could lead to overvalued U.S. equities. Also, corporate profit growth is likely to be in the mid-single digits at best, there could be pressure from rising labor costs and a stronger dollar on margins.

"Trumponomics is directionally pro-growth, pro-inflation, and our central scenario is a net addition of half a percentage point to real GDP growth," said Paul Eitelman, multi-asset investment strategist for North America at Russell Investments. "We continue to favor Europe and Japan equities over the U.S. in global portfolios, and expect expensive U.S. valuations to limit future market performance."

Inflation and a more hawkish U.S. Federal Reserve could be a boon for bonds, the report says, but uncertainty is the primary reason that Russell Investments has upgraded the 10-year U.S. Treasury yield forecast. Trumponomics is untested, it says, and too much stimulus could overheat the U.S. economy–resulting in more Fed rate hikes and an economic downturn in 2018.

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