

# Vested INTEREST

Quarterly Newsletter • October 2017



PERLER FINANCIAL  
GROUP INC.



WORLD SOURCE  
FINANCIAL MANAGEMENT INC.  
MUTUAL FUND DEALER

## In This Issue:

- Staying the Course
- Divorced or Widowed? What it means to your investments

### MAIN FOCUS THIS QUARTER:

## Staying the Course - 5 Things You Need to Know To Ride Out A Volatile Stock Market

Source: Franklin Templeton Investments

### 1. WATCHING FROM THE SIDELINES MAY COST YOU

When markets become volatile, a lot of people try to guess when stocks will bottom out. In the meantime, they often park their investments in cash. But just as many investors are slow to recognize a retreating stock market, many also fail to see an upward trend in the market until after they have missed opportunities for gains. Missing out on these opportunities can take a big bite out of your returns.

**Consider that in the 12 months following the end of a bear market, a fully invested stock portfolio had an average total return of 37.4%. However, if an investor missed the first six months of the recovery by holding cash, their return would have been only 7.5%.<sup>1</sup>**

The table below is a hypothetical illustration showing the risk of trying to time the market. By missing just a few of the stock market's best single-day advances, you could put a real crimp in your potential returns.

#### Jumping In and Out of the Market May Cost You

20 Years Ended December 31, 2015

Period of Investment	Average Annual Total Return of S&P 500 Index <sup>2</sup>
Stayed Fully Invested	8.19%
Missed the 10 Best Days	4.50%
Missed the 20 Best Days	2.06%
Missed the 30 Best Days	- 0.04%
Missed the 40 Best Days	- 1.97%

This table is for illustrative purposes only

### 2. DOLLAR-COST AVERAGING MAKES IT EASIER TO COPE WITH VOLATILITY

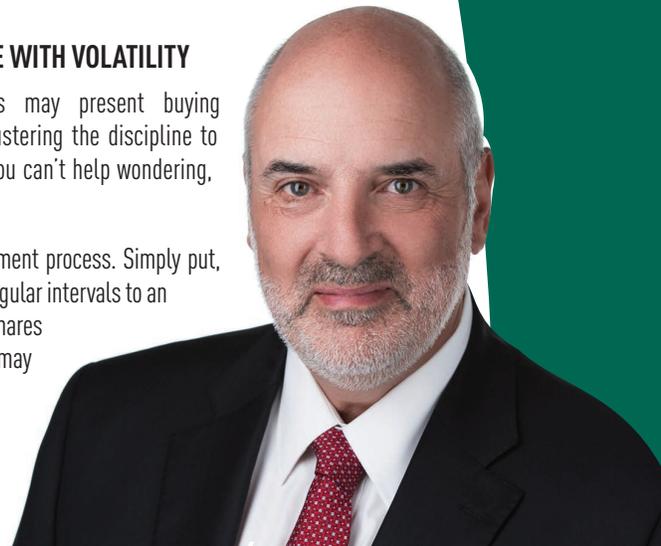
Most people are quick to agree that volatile markets may present buying opportunities for investors with a long-term horizon. But mustering the discipline to make purchases during a volatile market can be difficult. You can't help wondering, "Is this really the right time to buy?"

Dollar-cost averaging can help reduce anxiety about the investment process. Simply put, dollar-cost averaging is committing a fixed amount of money at regular intervals to an investment. You buy more shares when prices are low and fewer shares when prices are high, and over time, your average cost per share may be less than the average price per share.

cont. on page 2

If you are interested in receiving our monthly eNewsletter, please contact Josephine by phoning 604-468-0888 or emailing [jchai@perlerfinancial.com](mailto:jchai@perlerfinancial.com)

Compliments of  
Harry Perler &  
David Olejnik





cont. from page 1

Dollar-cost averaging involves a continuous, disciplined investment in fund shares, regardless of fluctuating price levels. Investors should consider their financial ability to continue purchases through periods of low price levels or changing economic conditions. Such a plan does not guarantee a profit or eliminate risk, nor does it protect against loss in a declining market.

#### DOLLAR-COST AVERAGING AT WORK

Month	Monthly Investment Share Price Amount	Share Price	Shares Purchased Each Month
January	\$500	\$9.00	55.6
February	\$500	\$10.00	50
March	\$500	\$8.00	62.5
April	\$500	\$11.75	42.6
May	\$500	\$12.25	40.8
June	\$500	\$9.00	55.6
<b>Total</b>	<b>\$3,000</b>	<b>\$60.00</b>	<b>307.1</b>

Average Share Price: \$10.00 (\$60.00/6 purchases) Average Share Cost: \$9.77 (\$3,000/307.1)

The average cost of your shares would be \$0.23 less than the average price of your shares over that period. Figures are for illustrative purposes only.

### 3. NOW MAY BE A GREAT TIME FOR A PORTFOLIO CHECKUP

Is your portfolio as diversified as you think it is? Meet with your financial advisor to find out. Your portfolio's weightings in different asset classes may shift over time as one investment performs better or worse than another. Together with your advisor, you can re-examine your portfolio to see if you are properly diversified. You can also determine whether your current portfolio mix is still a suitable match with your goals and risk tolerance.

### 4. TUNE OUT THE NOISE AND GAIN A LONGER-TERM PERSPECTIVE

Numerous television stations, websites and social media channels are dedicated to reporting investment news 24 hours a day, seven days a week. What's more, there are almost too many financial publications to count. While the media provides a valuable service, they typically offer a very short-term outlook. To put your own investment plan in a longer-term perspective and bolster your confidence, you may want to look at how different types of portfolios have performed over time.

#### Hypothetical Performance of Asset Allocation Portfolios

12/31/95–12/31/15<sup>3</sup>

1-Year Cumulative Returns (%)

	Growth of a \$10,000 Investment	Average Annual Total Return	Best	Worst
100% Stocks	\$40,214	7.21%	38.37	-37.95
80% Stocks   20% Bonds	\$40,035	7.18%	31.51	-29.31
60% Stocks   40% Bonds	\$38,474	6.97%	24.66	-20.67
40% Stocks   40% Bonds   20% Cash	\$32,070	6.00%	17.21	-12.66
20% Stocks   60% Bonds   20% Cash	\$28,993	5.47%	10.70	-4.02

The hypothetical asset allocation portfolios shown above are for illustrative purposes only. They do not represent the past or future portfolio composition or performance of any Franklin Templeton fund and are not intended as investment advice. We suggest working with your financial advisor to see which allocation opportunities may be right for you.

### 5. BELIEVE YOUR BELIEFS AND DOUBT YOUR DOUBTS

There are no real secrets to managing volatility. Most investors already know that the best way to navigate a choppy market is to have a good long-term plan and a well-diversified portfolio. But sticking to these fundamental beliefs is sometimes easier said than done. When put to the test, you sometimes begin doubting your beliefs and believing your doubts, which can lead to short-term moves that divert you from your long-term goals.

To keep a balanced perspective, we recommend that you contact your financial advisor, Harry Perler or David Olejnik, before making any changes to your portfolio.

1. Source: © 2015 Ned Davis Research Group, Inc. Ned Davis Research defines a bear market as a 30% drop in the Dow Jones Industrial Average after 50 calendar days or a 13% decline after 145 calendar days. Reversals of 30% in the Value Line Geometric Index also qualify. As of 12/31/15, 28 bear markets were analyzed from 9/3/29 through 10/3/11. For illustrative purposes only. Indexes are unmanaged, and one cannot invest directly in an index.

2. Source: Standard & Poor's. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

3. Source: © 2016 Morningstar, Inc, 12/31/15. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely.

# Recently Divorced or Widowed? 5 Steps to Protecting Your Finances

Source: Fidelity Investments

Losing a spouse through death or divorce can be an emotionally devastating experience. And yet it's typically a time when many financial matters require your immediate attention.

To help avoid making emotionally driven – and potentially harmful – financial decisions, it's important to be prepared should you find yourself suddenly single.

Here are five important action steps that can help protect your personal finances.

## 1. UPDATE YOUR FINANCIAL ACCOUNTS.

When you lose a spouse, whether through death or divorce, you'll likely need to change the registrations on any financial accounts that are owned jointly. Such ownership changes typically require certain documentation. It's best to initiate this process early on, as registration changes can take weeks to implement. A word of caution: Pay attention to the conditions under which you divide assets and/or shift ownership. You could face significant tax burdens when splitting up highly appreciated assets, or risk losses by selling in volatile markets. You should consult your tax advisor.

## 2. DIVIDE OR ROLL OVER RETIREMENT ASSETS.

Pension and retirement account assets have their own set of rules when it comes to shifting ownership from one spouse to the other, or splitting the assets. Generally, upon the death of the account owner, retirement account assets pass directly to the beneficiary(ies) (often the spouse, for those who were married) designated on the account, while in cases of divorce, retirement assets are often split up as part of the divorce settlement.

## 3. ADJUST YOUR INCOME AND BUDGET.

In many cases, being suddenly single could mean reduced household income. You may need to adjust your budget accordingly. Start by listing your essential expenses (housing, food, insurance, transportation, etc.) and your discretionary expenses (dinners out, vacations, clothing, etc.). Try to match reliable sources of income (salary, support payments, pension, etc.) to your essential expenses and see where you might trim your discretionary spending. Speak with your financial advisor to help you set up a budget that works for you.



## Thank-You

A heartfelt thank you for your continued patronage and all your referrals. Your confidence in us is truly appreciated.

## 4. EVALUATE YOUR INSURANCE NEEDS.

What you'll have and what you'll need for insurance can change dramatically when you lose a spouse through death or divorce. It's important to take a careful look at all the different types of insurance that are available, to see where you may need to adjust your coverage. Be sure to review

### LIFE

If you are the surviving spouse and the beneficiary on your deceased spouse's life insurance policy, you will typically receive the proceeds, tax-free. But if you are still caring for children, you may want to either purchase or increase your own life insurance coverage to make sure they will be protected in the event of your death. If you are divorced, you have to consider (1) changing the beneficiary on your life insurance if it is currently your ex-spouse, and (2) purchasing or modifying your coverage to adequately protect your children if either you or ex-spouse dies.

### HEALTH

Even if your spouse carried your family's health insurance coverage, you should be able to continue it for a period of time, whether you are divorced or become widowed. Talk to an insurance expert to ensure you have adequate coverage to meet your unique needs.

### DISABILITY

What if you were injured or sick and couldn't go to work? Disability insurance is designed to protect you and your loved ones against loss of income.

### LONG-TERM CARE

If you're in your 50s or older, you may want to consider buying long-term care insurance to help keep potential costs of nursing home stays and home health care from depleting your income resources if you become seriously ill or injured.

## HARVEST DAY

Remember, October 29th is our annual Fall celebration! Please refer to your invitation with details of our brunch at the beautiful Swaneset Bay Resort and Country Club. Your RSVP is required. With limited space and time, please make sure you contact Stefanie at our Reception. Looking forward to seeing you soon.

## 5. REVIEW YOUR CREDIT.

When you're suddenly single, your credit can be among your most valuable assets, so protect it wisely. After divorce or the death of a spouse, you may want to request a copy of your credit report to take inventory of all the accounts that are open in your name and/or jointly with your former spouse.

If you're divorced, you'll want to close joint credit accounts and shift to single accounts so that an ex-spouse's credit score won't affect your credit rating. If you're widowed, contact both Canadian credit bureaus (Equifax Canada and TransUnion Canada) to let them know that your spouse has passed

away, in order to keep others from falsely establishing credit in his or her name.

Good advice is a great idea. Regardless of your financial situation or level of investment knowledge, Fidelity believes that working with a financial advisor can have a significant positive impact on your wealth – and your piece of mind. Whether it's being better prepared for retirement or creating a successful savings plan, research shows that having a good relationship with your financial advisor can help you realize your financial goals.

### Critical Illness Insurance - What you need to know

Cancer, heart attack or stroke are the 3 most common critical illnesses.

If you are not prepared, living with one of these illnesses can majorly affect your lifestyle and finances. Be prepared and get covered to ensure a smooth and easy recovery.

If you would like to learn more about Critical Illness Insurance and the options available to you, please feel free to contact, Harry Perler or David Olejnik.

The information contained in this newsletter is for general information purposes only and is based on the perspectives and opinions of the owners and writers. The information is provided with the understanding that it may not be relied upon as, nor considered to be, the rendering of tax, legal, accounting, or professional advice. Please contact Harry Perler or David Olejnik for advice on the specific circumstances before taking any action. Some of the information provided has been obtained from sources, which we believe to be reliable, but we cannot guarantee its accuracy or completeness. Worldsource Financial Management Inc. does not assume any liability for any inaccuracies in the information provided. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

Mutual Funds and Segregated Funds provided by the Fund Companies are offered through Worldsource Financial Management Inc. Other products and services are offered through Perler Financial Group.



**Harry Perler**, CFP, CLU, CEA, CPCA  
Financial Planner  
CEO, Perler Financial Group



**David Olejnik**, CFP BA  
Financial Advisor

## Visit Us On Our New Website

[www.PerlerWealth.com](http://www.PerlerWealth.com)

## Join Us On Social Media

 Harry Perler

 David Olejnik

## Get In Touch!

**Perler Financial Group**  
D-2232 Elgin Avenue,  
Port Coquitlam, BC, V3C 2B2

**Phone: 604-468-0888**  
**Fax: 604-468-0887**

[hperler@perlerfinancial.com](mailto:hperler@perlerfinancial.com)  
[dolejnik@perlerfinancial.com](mailto:dolejnik@perlerfinancial.com)

