

Quarterly Newsletter September 30, 2015

We hope everyone had an enjoyable summer, fall is in the air and we all know what is on the horizon.

Market Focus

Globe and Mail Sept. 30, 2015

The Toronto Stock Exchange's S&P/TSX composite index unofficially closed up 270 points, or 2.07 per cent, at 13,306.96. It fell 4 per cent in September and 8.6 per cent in the quarter.

Canada's economy grew 0.3 per cent in July, the second consecutive month of growth after contracting for the first five months of 2015. Financials, energy, mining and manufacturing were among sectors leading the growth.

U.S. stocks rallied in September's final session, with the Standard & Poor's 500 Index rising the most in three weeks, bringing traders some comfort as equities trimmed their worst quarterly decline since 2011.

Mixed messages on Federal Reserve interest-rate policy combined with worries of a China slowdown have put the S&P 500 on track for consecutive monthly declines while creating the most turbulent period for stocks in years. The benchmark is down 10 per cent from its record set in May, and came within five points Tuesday of its 2015 closing low reached in August. This quarter's retreat has wiped almost \$11-trillion off the value of global shares.

Major equity indexes around the world declined 10 per cent or more from July through September as fears mounted of a global slowdown brought on by China. Slower Chinese growth also slammed commodity prices and countries that depend on their export.

Oil has plunged more than a quarter from this year's closing peak in June on speculation a global glut will be prolonged amid a weakening Chinese economy and the return of Iranian barrels to market. U.S. crude stockpiles remain more than 100 million barrels above the five-year seasonal average, while the Organization of Petroleum Exporting Countries pumped more than its 30 million-barrel daily quota for the 16th consecutive month in September.

Canada is due for a surprise rally, according to BMO Capital Markets

Jeff Lagerquist, BNN.ca staff
2:00 PM, E.T. | September 29, 2015
Investing Ideas



Tags: **Investing, Jeff Lagerquist, Stock Markets, Toronto Stock Exchange (TSX)**

Investors are frozen like a deer caught in the headlights as bearish sentiment builds on the back of screaming headlines, according to Brian Belski.

But the chief investment strategist at BMO Capital Markets says Volkswagen's [emissions scandal](#), Glencore's [whipsawing share price](#), and endless speculation about the impact of China's slowing economic growth are masking the onset of a major rally in North American markets.

"We think Canada's wagon is hitched to America," said Belski in an interview with BNN. "The way that I'd look at Canada as a stock versus America as a stock, I would say Canada is beta and America is alpha. We have a big rally coming in both. The rally in Canada is going to surprise people."

Belski says he's seeing an inflow into bond products as fear overwhelms investor psychology. He's reminding his clients that markets historically bottom out from August through to October, and now is the time to go shopping for high quality equity names.

While Canada may have slipped into a recession this year, at least from a technical standpoint, Belski isn't ticking any of the boxes he says would be necessary to assume near-term weakness is here to stay. Those include an inverted yield curve, waning consumer confidence, a slumping ISM Manufacturing Index reading, and a spike in jobless claims.

"Wall Street is talking about the markets in terms of a daily and weekly basis. It makes absolutely no sense to us," said Belski.

He says Canadian investors are particularly susceptible to retreating in the face of disappointing energy and resource earnings given the historically overweight influence of those sectors, a role he says is starting to diminish.

"When you strip out energy, earnings are positive. Given the fact that energy from just a market cap perspective has gone down dramatically in both [U.S. and Canadian] markets, the impact fundamentally in both markets starts to dwindle quite substantially," said Belski.

"We think investors are going to think that they are missing something. They are going to jump on board and the market is going to rally. Then people are going to think about 2016 in a much more positive light."

More Canadians are 65 and over than under age 15, StatsCan says More than 1 out of every 6 people in Canada over age 64 in July

[CBC News](#) Posted: Sep 29, 2015 10:24 AM ET Last Updated: Sep 29, 2015 2:58 PM ET

For the first time ever, there are now more people in Canada age 65 and over than there are under age 15, according to Statistics Canada.

[The data agency said Tuesday](#) that Canada's population sat at 35,851,800 at the start of July, a figure that has increased by 308,100 or 0.9 in the past year. That's the smallest annual increase in 17 years, but still the largest pace of growth seen in any G7 nation.

Much of growth came in the form of people coming from other countries, as migration accounted for 60.8 per cent of the population growth. The rest was natural population growth, as people already in Canada had children.

Aging population

Canada met a milestone that demographers have seen coming for a long time. In the year ended in July, the population of people 65 and older is now larger than the number of children under 15.

There were 5,780,900 Canadians 65 and older on July 1. That compares to an under-15 population of 5,749,400. In percentage terms, 16.1 per cent of Canadians were in the 65-and-over group in July, with under-15s accounting for just 16 per cent of the population.

The cohort of people 65 and up isn't just large in absolute terms, but their ranks are growing faster than the rest of us, too. The population growth rate for the over-64 set increased by 3.5 per cent during the year, four times faster than the population at large.

That pace of growth has increased every year since 2011, the data agency said.

But by international standards, Canada's population of 65-and-overs is still relatively small, and lower than any other G7 nation. In Japan, for example, 26 per cent of the population is over age 64.

The bulge of aging baby boomers isn't increasing evenly across Canada, however. Provincially, New Brunswick had the highest proportion of over-64s, at 19 per cent of the province's total population. Conversely, the lowest proportion in Canada was in Nunavut, at 3.7 per cent. Of the provinces, Al Nationally, there were 1.01 seniors for every child in Canada under age 15 in July. The ratio was highest in Nova Scotia at 1.35 and lowest in Nunavut at 0.12. Alberta had the lowest proportion at 11.6 per cent.

Across all age groups, four provinces are making up a bigger and bigger share of Canada's total population. In July, 86.3 per cent of people in Canada lived in Ontario, Quebec, British Columbia and Alberta.

That breaks down as follows:

- Ontario, 38.5 per cent.
- Quebec, 23 per cent.
- B.C., 13.1 per cent.
- Alberta, 11.7 per cent.



Ontario is still Canada's most populous province, with 13,792,100 people, Statistics Canada said. Quebec is the second most populated province at 8,263,600 people.

2015 Federal Budget- Changes RRIF withdrawals –Tax tips.ca

The [Federal 2015 Budget](#), which received Royal Assent June 23, 2015, reduced the minimum withdrawal factors for age 71+, for both post-1992 and pre-1993 RRIFs, to the amounts shown below. RRIF holders who at any time in 2015 withdraw more than the reduced 2015 minimum amount will be permitted to re-contribute the excess (up to the amount of the reduction in the minimum withdrawal amount provided by this change) to their RRIFs. Re-contributions will be permitted until February 29, 2016 and will be deductible for the 2015 taxation year. Similar rules will apply to those receiving annual payments from a defined contribution RPP or a PRPP.

The minimum withdrawal amount is based on the value of your RRIF on December 31 of the previous year.



Please note that these changes affect all investment types such as Mutual Funds, Segregated Funds, Guaranteed Income products, GIC's etc. that are held in RRIF Accounts.

For further information please contact our office.

Table of RRIF Factors			
	All RRIFs 2015+	Post-1992 RRIFs prior to 2015	Pre-1993 RRIFs prior to 2015
Age	RRIF Factor	RRIF Factor	RRIF Factor
71	0.0528	0.0738	0.0526
72	0.0540	0.0748	0.0556
73	0.0553	0.0759	0.0588
74	0.0567	0.0771	0.0625
75	0.0582	0.0785	0.0667
76	0.0598	0.0799	0.0714
77	0.0617	0.0815	0.0769
78	0.0636	0.0833	0.0833
79	0.0658	0.0853	0.0853
80	0.0682	0.0875	0.0875
81	0.0708	0.0899	0.0899
82	0.0738	0.0927	0.0927
83	0.0771	0.0958	0.0958
84	0.0808	0.0993	0.0993
85	0.0851	0.1033	0.1033
86	0.0899	0.1079	0.1079
87	0.0955	0.1133	0.1133
88	0.1021	0.1196	0.1196
89	0.1099	0.1271	0.1271
90	0.1192	0.1362	0.1362
91	0.1306	0.1473	0.1473
92	0.1449	0.1612	0.1612
93	0.1634	0.1792	0.1792
94	0.1879	0.2000	0.2000
95+	0.2000	0.2000	0.2000

Watch your wallet turn greener this fall with a limited-time offer on new Manulife Bank deposits

This fall you can earn 2.50% interest for 90 days on new personal Manulife Bank deposits made between September 15 and November 27.



So while the leaves change colour, you can watch your wallet turn greener.

When the savings days end your money continues to grow in Manulife Bank's unique Advantage Account.

- high-interest savings account with a great rate on every dollar
- convenient chequing account features, including free unlimited everyday banking when your balance is \$5,000 or more
- free online transfers and easy access to your funds through Canada's second-largest automated banking network

Start saving today for winter getaways, holiday season expenses, home upgrades and more.

Call us today to take advantage of this limited-time offer.

Limited time offer

To be eligible for the Promotional Rate, Manulife Bank must receive and accept your application between September 15 and November 27, 2015. New clients must submit both a completed Advantage Account application along with a completed GIC application. Minimum investment is \$500 to a maximum of \$500,000. The interest rate of 2.50% is pro-rated for 90 days. At maturity, both the principal and interest of your GIC investment will be deposited into your Advantage Account. The Advantage Account pays a variable annual interest rate of 1.00% and is applied to all funds in the account. Interest is calculated daily on the total daily balance and paid monthly. All rates are as at September 8, 2015 and subject to change without notice. GIC deposits are redeemable prior to maturity and are subject to a \$25 fee and no interest paid prior to 30 days. After 30 days, a fee of \$25 and an interest discount of 1.25% will apply.

Protection from market volatility?

CI Investments' G5|20 and G5|20i Series

G5|20 Series, part of CI Guaranteed Retirement Cash Flow Series, offers: 5% guaranteed cash flow for 20 years, backed by Bank of Montreal. The Guaranteed Asset Value is reviewed periodically to lock in a portion of market gains to increase the guaranteed cash flow.

Flexible investment mandate provides downside protection in bear markets and takes advantage of opportunities in bull markets.

A low volatility investment strategy by a dedicated risk manager.

Tax-efficient cash flows for non-registered accounts.

The simplicity and liquidity of a mutual fund.

Automatic locking in of a portion of market gains.

G5|20i – for investors who require cash flow now.

For further information please contact our office.

A stylized logo for G5|20, featuring the numbers '5' and '20' in a large, bold, red font with a slight shadow effect, and the 'G' and a vertical bar to the left of the '5'.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Except as described below, mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Bank of Montreal guarantees that, following the five-year Accumulation Phase of the fund, an amount equal to the greater of the net asset value per unit or the original amount you paid for the unit will be paid back to you over a 20-year period in equal monthly installments. This guarantee does not apply to units redeemed before the end of that period. You will receive the net asset value per unit for any unit redeemed early. Mutual fund securities are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer.

When illness or disability derails retirement plans

An unexpected health problem can be a financial and emotional shock, but a holistic approach to retirement planning can protect assets.

By: VIRGINIA GALT, Globe Advisor

Date: September 28, 2015

The abolition of mandatory retirement has led many Canadians to believe they can work past 65 for as long as they need or want to. However, "many people don't realize how common a serious illness can be," says Rocco Taglioni, Senior Vice-President, Distribution and Marketing, Individual Insurance and Wealth, at Sun Life Financial.

The reality is that almost 70 per cent of Canadians stop working before they actually plan to – with health problems a predominant cause of sudden forced retirement, according to Sun Life's most recent Canadian Health Index survey.

"Coming by surprise – as they almost always do – these experiences generally present us with unforeseen costs just as they threaten our ability to earn an income," Sun Life notes in its fifth annual Canadian Health Index, which is based on a poll of 2,799 Canadians from 18 to 80 years of age last year.

Almost 30 per cent of the retirees who participated in the survey reported they had retired earlier than expected because of personal health or medical issues, while 10 per cent had to stop working because of involuntary job loss. Others (15 per cent) moved up their retirement dates because of optional early retirement offers from employers, 14 per cent retired for some other reason and 2 per cent left work to take care of someone else with health issues.

Major events such as stroke, cancer diagnosis or a serious injury can result in severe financial shock as well as emotional shock, Mr. Taglioni says. Canadians also seriously underestimate the cost of out-of-pocket medical expenses – underscoring the need for a more holistic approach to retirement planning. Advisors can help clients see the bigger picture and provide strategies to protect their retirement assets from unanticipated events.

"When our advisors think of protection, they think of a number of things, but mainly planning," says Mr. Taglioni. "We like to believe that the majority of people don't plan to fail, but fail to plan. *Various forms of protection, such as life and health insurance, are valuable parts of the planning process.* They help ensure that a serious health event or accident won't derail retirement savings and allows the peace of mind that you'll leave something for your family when you die."

In his report, Dr. Weinstein notes that some retirees are caught off guard by "the magnitude of costs" when they lose their employee health benefits.

Retirement projections should take a number of factors into account, including long-term retirement income goals, possible health costs and inflation factors, says Mr. Mastracci, an advisor and portfolio manager at KCM Wealth Management Inc. He takes his clients through various scenarios, including, "What's it going to look like if I can't work anymore?"

Sun Life said in its 2014 Canadian Health Index report that "despite Canada's justifiably celebrated universal health care system, out-of-pocket expenses are commonplace," and these expenses typically increase as people age. Last year, according to Sun Life's research, respondents reported paying \$1,511 out of pocket for health care expenses.

Yet, "a remarkable number" expect to pay nothing for prescription drugs, eye care, hearing aids, home care, psychiatric treatment, physiotherapy, nursing home or long-term care – mistakenly assuming that they will be fully protected by provincial government health plans in retirement.

"We know Canadians are living longer and that might mean longer health care costs," he says. Sun Life recently released health care funding guidelines on their website, which are separated by province and give information about health services such as disability protection, home care, palliative care and prescription drugs.

"These guidelines can help Canadians have that conversation with their advisors and understand what is and is not covered by provincial health plans."



Insurance rates

For those of you who are looking for life insurance that is available through our office, here are some recent quotes. Monthly premiums, non smoker, 10 year term. Rates effective Sept. 29, 2015.

All rates subject to change.

<u>Male</u>				<u>Female</u>		
Age	30	40	50	30	40	50
100K \$	10.98	12.33	23.04	9.00	11.34	17.28
250K \$	15.53	20.70	45.90	12.15	16.88	33.52

Office News

We have recently updated our website with a new look. To visit our site go to www.life-cycle-financial.ca.

If you have any family or friends that would like a second opinion of their portfolio, or need advice or have questions on retirement planning, insurance products, or other financial products, please let us know and we would be happy to meet with them. [We would like to thank all of our clients for helping to make our business a continued success.](#)

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Banking Products: GICs*, Savings Accounts, Mortgage Referrals

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**Insurance products provided through multiple insurance carriers. Segregated funds products are offered through Investia Financial Services Inc. and/or multiple carriers.*

Guaranteed Investment Certificates (GICs) are offered through Investia Financial Services Inc. and/or multiple carriers.

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While he was visiting, my father asked for the password to our Wi-Fi.

"It's taped under the modem," I told him.

After three failed attempts to log on, he asked, "Am I spelling this right? T-A-P-E-D-U-N-D-E-R-T-H-E-M-O-D-E-M?"

While visiting a retirement community, my wife and I decided to do some shopping and soon became separated.

"Excuse me," I said, approaching a clerk. "I'm looking for my wife. She has white hair and is wearing white shoes."

Gesturing around the store, the clerk responded, "Take your pick."

You need only 2 tools in life. WD-40 and duct tape. If it doesn't move and should, use WD-40. If it moves and shouldn't, use duct tape.