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Summer is a great time to pause, recharge, and reflect on your financial goals for the year ahead. As markets continue to evolve, staying focused on your long-term plan remains the key to building lasting financial success. We encourage you to review any changes to your personal or financial situation and reach out if you would like to discuss your investments, retirement planning, or tax strategies. Wishing you and your family a safe, relaxing, and enjoyable summer season!

Krish, Kyle, Gregg, Ryan, Travis, Kennedy



Should market changes affect how you invest?

Sometimes it's tempting to wonder if we should change how we invest based on the current market conditions. But what matters most is to continue investing regularly and stay on track to meet each financial goal.

When you focus on the goal, without reacting to the market's ups and downs, you benefit financially and psychologically.

Risks of reacting

During a bull run, a growth-oriented investor might think about increasing their allocation only to equity investments. Even some conservative investors may consider introducing or increasing equity holdings, not wanting to miss out. But such a move by any investor can raise their risk level beyond their comfort zone. All it takes is a market downswing for these new investments to lose value and the investor to feel regretful.

When markets are in a significant downturn, some investors are tempted to stay on the sidelines until they see signs of a recovery. This would be a missed opportunity. By investing regularly, they would be buying when prices are lower, aiming to profit from potential gains in a

market recovery. Also, if an investor stops contributing and waits out the downturn, they would resume investing when shares or fund units are more expensive.

Tuning out the noise

Another source to be aware of is media reports that predict economic trends, which can tempt investors to consider changing how they invest. For example, warnings of an impending market crash may cause individuals to think about holding off on investing.

Staying on track

Whether you are saving for a vacation or for retirement, your investments are designed to meet each financial goal through a variety of market conditions. Whether the market is trending up, down or staying sideways, you can continue investing a consistent amount on a regular basis – remaining on track to meet each goal. ◀

Planning for a longer retirement

With Canadians' increasing longevity, you may need to fund a retirement lasting 20 or 25 years or longer. This might seem like a challenge financially, but you can manage a longer retirement with a customized wealth plan.

The ultimate goal is to build enough savings to enjoy your desired retirement lifestyle, while feeling comfortable that your savings will last your lifetime.

Arriving at your goal

On the investment front, the tried-and-true practice of starting early, investing regularly and staying invested is key to benefiting from compound growth. You can truly appreciate its power when the amount of your investment growth exceeds the actual funds you invested. Thanks to our increasing longevity, investors have a longer time horizon to benefit from compound growth. Also, if you have a young adult child, you may want to ensure they appreciate this investment principle.

With an investment program underway, next is envisioning your retirement. Do you want to travel the world? Do you want to take life easy, enjoying the company of friends and your grandchildren? This information helps us estimate your future income needs, financial goal and retirement date. However, it's only one of several factors. We also consider your marital status, risk tolerance, net worth, estate plans and potential health costs. Then we take inflation into account, which becomes more pronounced the longer you live.

When you retire

When the time arrives to turn your savings into income that lasts your lifetime, we work with you to determine which method or combination of methods suits your situation. Quite a few options are available, including the bucket strategy, 4% rule, systematic withdrawals, and using guaranteed products, among others.



No single solution applies to everyone. For example, one of many factors is risk tolerance. Say that a conservative-minded retiree chooses the security of fixed-income investments and GICs and wants to ensure they'll have sufficient income if they live a long life. This retiree defers their Canada Pension Plan (CPP) or Quebec Pension Plan (QPP) benefits to age 70 to increase their guaranteed monthly income at older ages, income that's indexed to inflation. They withdraw from their Registered Retirement Savings Plan (RRSP) and Tax-Free Savings Account (TFSA) to support their retirement during the period before benefits begin.

Another retiree is a more aggressive investor and has significant equity investments, planning to use the potential growth to help fund their retirement. This person maintains a fixed-income pool to draw from in any year the stock market is underperforming, and they decrease their equity investments over time.

The ultimate goal may be similar for each retiree, but how you invest and draw income requires a customized approach. ◀



Plans may change

A retirement plan largely focuses on when you want to retire, but the date you set as a target could end up changing.

Postponing retirement. An individual or couple may delay their retirement for personal or financial reasons. For example, a business owner may reach their planned retirement date and not feel ready to give up something that has been their life for so long. Someone dealing with the financial consequences of a recent divorce may wish to work longer to build up their retirement savings. A couple might delay retirement to increase their savings if they have a change of lifestyle plans, such as deciding to spend winters down south.

Retiring earlier. An opportunity or a life issue can prompt someone to retire earlier than planned. A person who receives a significant inheritance or an early retirement offer from their employer may choose to leave the working world sooner. Life issues include caring for an aging parent or suffering a disability or an illness.

If you have any reason to consider retiring earlier or later than planned, we can help you determine a new date that enables you to enjoy a comfortable retirement, without worrying about outliving your savings. ◀

How you benefit from deferring tax

When you can defer tax, it's often seen as a worthwhile opportunity, simply because you'd rather pay tax later than now. But there's a lot more to it – you can benefit in three ways.

First, by putting off paying taxes, you keep more of your money to cover your cost of living today. Second, you can pay less tax if you have a lower marginal tax rate when the tax is payable in the future. Third, if you defer tax on investments, you increase your funds' potential to grow and compound.

Here are some situations where one or more of these benefits apply.

Saving for retirement

A Registered Retirement Savings Plan (RRSP) provides all three benefits. You have more funds to meet your current needs thanks to the tax deduction, received in exchange for deferring tax. Your investments have greater growth potential thanks to the plan's tax-deferred environment. Also, if you had taken your



contribution amounts as income, those funds would be taxed at your marginal rate, but those amounts in your RRSP may be taxed at a lower rate when eventually withdrawn.

Drawing income

When it comes to drawing retirement income, some retirees include mutual funds or other investment products that provide a non-taxable return of capital in their distributions. In this case, the tax on capital gains is deferred, either payable on future distributions or when the investment is sold.

In the meantime, you receive more funds to support your retirement. If you're in a lower tax bracket in the future, you may also pay less tax when it's payable.

Leaving assets to your spouse

When you pass away, your estate may face a significant tax bill on investments and property. But you can leave these assets to your spouse, which defers the tax. Your spouse has more assets to support their retirement, and the assets can continue to grow on a tax-deferred basis. ◀

► MONEY MANAGEMENT

Don't want to budget?

If you just cringed when you saw the word “budget,” you're not alone. But budgeting enables you to live within your means while saving for the future – and you may choose a method that's not a conventional budget at all.

Here are three reasons an individual or couple may not want to budget, along with a solution for each situation.

Reason #1: You think tracking all your expenses is an onerous task.

If you use the pay-yourself-first method, you don't need to track expenses. You determine the amount from each pay period that you'll dedicate to covering your fixed monthly expenses and meeting your financial goals, including saving, investing and paying off debt. Then you can spend the rest on discretionary purchases.



Another option without tracking expenses is the 50-30-20 approach. You dedicate 50% of your regular after-tax income to needs, including mortgage payments, utilities and groceries. You allot 30% for wants, such as dining out and vacations. Then you apply 20% to investments and other financial goals. You can adjust the percentages to suit your current situation.

On the other side of the coin, you may want to track your expenses if you're an app person. You'll find several options by searching online for budgeting apps in Canada.

Reason #2: You worry that sticking to a budget makes life restrictive.

It's natural to think that budgeting holds you back from enjoying life, but the opposite may be true. When you're comfortably taking care of your cost of living and long-term goals, you're better able to enjoy life's pleasures.

Reason #3. You believe a budget is unnecessary because you have no trouble making ends meet.

If you don't pay enough attention to how you spend, you may fall victim to lifestyle creep. That's where your extra cash flow gradually goes toward extravagant purchases and activities to the extent that you end up not getting ahead financially. ◀

Did you receive a tax refund?

A tax refund might feel like a gift, but it's your own hard-earned money the government has been holding, which you finally receive – and without interest.

You can put that money to work sooner by having your employer reduce the amount of tax that's deducted from your income.

You'll receive more money every pay period, which you may wish to contribute to your Registered Retirement Savings Plan (RRSP). Or you could use the extra cash flow to pay off high-interest debt or your mortgage, or contribute the funds to your Tax-Free Savings Account (TFSA), Registered Education Savings Plan (RESP) or emergency fund.



The first step is to file the Canada Revenue Agency (CRA) T1213 form, *Request to Reduce Tax Deductions at Source*. Quebec residents must also file the Revenu Quebec TP-1016-V form, *Application for a Reduction in Source Deductions of Income Tax*. Once it's approved, you'll receive a letter of authority that you give to your employer.

Note that you must file the form each year you want the tax reduction. ◀

Assessing financial influencers

Financial influencers, known as finfluencers, are gaining millions of followers through TikTok, Instagram, YouTube and other social media platforms.

A Canadian Securities Administrators survey indicates that 53% of Canadians use social media for investment information.¹ The question is whether this information is reliable, and the answer is sometimes yes, sometimes no.

When the information is fact-based and trustworthy, finfluencers can have a positive impact; for example, promoting saving habits that can help people make a down payment or fund their retirement.

But social media users should be aware of two key concerns. First, finfluencers



aren't currently regulated, so you must be wary of receiving poor advice or falling victim to a scam. Second, wealth planning decisions involve personal factors, and finfluencers are not in a position to provide you with a customized solution.

You can ask us to assess social media content, and consider telling family members to be cautious about finfluencers' advice. ◀

¹ Canadian Securities Administrators, *CSA Investor Index*, 2024

Covering health costs in retirement

Once you retire, should you pay out of pocket for health-care expenses or purchase a private health-care plan?

A private plan typically covers vision care, dental care,¹ physiotherapy, chiropractic care, hearing aids and other health costs.



Here are key reasons why different retirees make their choice.

Choosing out of pocket. Some retirees expect to enjoy reasonably good health, so they don't see the need for a private plan. Others want to know that money spent on health care is for actual expenses and not for premiums that aren't guaranteed to be the better choice financially.

Choosing private insurance. Many retirees would rather budget for regular monthly insurance premiums than potentially face significant health-care bills that may arise unexpectedly and often. Some retirees feel content knowing they're ahead financially in years when their premiums are less than their health bills, and in years when their premiums are greater than their claims, they have the blessing of good health.

To help choose, one strategy is to track your actual health expenses for one or two years and compare the costs to insurance premiums. Keep in mind it's only a guide, as health costs may vary greatly over time. ◀

¹ Some retirees may be eligible for the Canadian Dental Care Plan.

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