



**UPPER CANADA CAPITAL**  
PRIVATE WEALTH MANAGEMENT

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## Summer Financial E-Newsletter from Kurt & Team

A big summertime hello!

The month of August is often a time where all of us get to slow down a bit for a few weeks. Aside from perhaps a vacation and some recreational activity, it is common to use this “downtime” to focus on aspects of your finances that don’t get addressed during the winter months.

During the summer months we find we do a lot more planning work discussing real estate purchases and sales, divorce analysis work, severance analysis due to career change, new baby finances, living outside of Canada pros/cons and corporate tax planning and analysis. Contact me if we can ever be of service in these “non-traditional” planning areas.

– **Kurt Rosentreter.**

**From the desk of Jordan Campbell, CFA, Financial Advisor Associate, Manulife Securities Incorporated, [jordan.campbell@manulifesecurities.ca](mailto:jordan.campbell@manulifesecurities.ca)**

### Recession Indicators

With the stock markets in the US and Canada still hovering around all-time highs, people inevitably begin to wonder when it and the economy will start to fall. While it is impossible to know when the market will drop or when the next recession will be, there are several indicators that we monitor in our office to help us make better sense of where the economy is going. [This article from the New York Times](#) on recession indicators explains some of factors that we look at every day behind the scenes in our office and explains them in easy-to-understand terms.

**From the desk of Mathew Cain, Financial Advisor Associate, Manulife Securities Incorporated, [mathew.cain@manulifesecurities.ca](mailto:mathew.cain@manulifesecurities.ca)**

### Money University for Young Adults

It is our pleasure to announce that we are now in our third year of offering our Money University to young adults and professionals.

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Traditional day-to-day school curriculums have not taken the time to integrate crucial life planning topics that young adults would benefit from having of and our team recognized this.

For the past two years our team has been designing material and meeting with young adults to strengthen their financial knowledge and we are proud to say it had been a great success.

During the summer we welcome you to enroll your children in our program which was designed by our team. Sessions are one-on-one, last about one hour, and can be completed in person, via telephone, or through Skype. While we typically only meet with them once during the summer, we can add more than one session to enhance the value. There is never a cost!

Topics range from, but are not limited to:

- Setting goals.
- The basics of investing.
- Credit cards, interest, and how they are used.
- Debits cards, fees, and how they are used.
- First job guidance.
- Taxes.
- Budgeting.
- Purchasing a home for the first time.
- Leasing vs buying a car.
- And more.

Let us know if you are interested! We are happy to help.

**From the desk of Gerdi Lito, CFA, Financial Advisor Associate, Manulife Securities Incorporated, [gerdi.lito@manulifesecurities.ca](mailto:gerdi.lito@manulifesecurities.ca)**

### **Saving for your children's education.**

Helping kids by paying part or all of their education costs is one of the main goals for many Canadian families today. Research shows that costs for one year in college or university have grown faster than the annual rate of inflation in the last decade.

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Tuition is not the only cost though as there are a lot of things to consider. Check [this article](#) from Maclean's to have an idea of how much it would cost for your child to go to university. In the financial planning work that we do for our clients we often use \$25,000/year as the cost for each year as university education cost. For a family with two kids this means easily \$200,000 or more needed to cover their expenses for four years. This is a big amount and if you plan to cover it all this will make it your third major financial goal after your retirement and purchase of a home. The government has designed a specific product such as the RESP accounts to help Canadians save for their children's education, but this is not enough. Even if you maximize your RESP contributions and get all the government grants, there is a maximum lifetime of \$50,000 per child that you can contribute. You will be still short of several ten thousands of dollars if you count only on RESP and want to cover all the expenses.

There are a few options that you have to fill the gap like:

- Opening investment accounts and using them to fund education costs.
- Opening "In Trust For" accounts for each child and have them access the money when they turn 18.
- Explore child life insurance as a savings vehicle.

Contact our team if you want to learn more about these options and what might be the best solutions for you.

**From the desk of Monika Kucinskaite, Financial Advisor Associate, Manulife Securities Incorporated, [m.kucinskaite@manulifesecurities.ca](mailto:m.kucinskaite@manulifesecurities.ca)**

### Foreign Currency Moves

While the stock exchange opens and closes in line with a typical workday, foreign currency exchange is active 24 hours. Global trades and capital flows between countries push and pull exchange rates and by owning foreign assets, investors are exposed to currency fluctuation in addition to the volatility of that assets itself. Thus far in 2019 investors have seen the Canadian dollar strengthen against the US dollar by 3.5%\*, up from \$0.73 to about \$0.76 cents. This means that if you owned US dollar stocks, their value has dropped 3.5% in Canadian dollar-terms. Put another way, if you own a US stock that is up 10% in US dollars, it would only be up 6.5% in Canadian dollar-terms in 2019.

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With that said, these currency fluctuations can also be beneficial to you, serving as another form of diversification. In 2018, the Canadian dollar depreciated against the US dollar by about 8.6%\*. So while the S&P500 (the US stock market) was down -4.4% in US dollars, it was actually up 4.2% in Canadian dollar-terms thanks to the currency depreciation\*.

As you can see, all exchange rate swings can either boost or weigh-down an investment portfolio's returns and it is important factor to consider. While it is impossible to predict future outcome, broader diversification in currencies reduces risk compared to a single currency portfolio. Alternatively, investors can always choose to invest in products that "hedge" currency and remove these fluctuations from the performance of their portfolio.

\* Sourced from National Bank Daily Market Performance Report as of July 30, 2019

### Final Thoughts from Kurt...

As we head into autumn, we would be pleased to schedule a fall review meeting or phone call with you. We know that a personal meeting is not always convenient so let us know if our "review by email" service is more suitable for our next personal connection. We are working hard to connect with you in meaningful ways!

Have a wonderful August.

Warm regards,

- Kurt

### **Kurt Rosentreter, CPA, CA, CFP, CLU, FCSI, CIMA**

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