



UPPER CANADA CAPITAL

PRIVATE WEALTH MANAGEMENT

From the desk of Kurt Rosentreter, CPA, CA, Senior Financial Advisor and Portfolio Manager, Manulife Securities Incorporated, President and Life Insurance Advisor, Upper Canada Capital Inc, kurt.rosentreter@manulifesecurities.ca :

Have you been getting benefits from CERB, CEWs or any other Federal Government programs operating since March? Lean on the team and me if you have any questions about these programs especially as the benefits start to wind down. In the spring, we put a lot of time into understanding all of the programs and would be happy to talk to you about the rules.

We're watching the U.S. election this fall and frankly I don't feel either party winning will have any long-lasting impact on the stock market. A Biden win may cause a short-term dip and I would view this as a buying opportunity. Stay tuned for more thoughts in the weeks to come.

From the desk of Jordan Campbell CFA, Associate Portfolio Manager, Manulife Securities Incorporated, Jordan.campbell@manulifesecurities.ca :

One question we have gotten a lot is "why is the stock market doing so well when the pandemic is still running wild and the economy is struggling?"

Well, the reason is that most stocks in general aren't doing that amazing. The truth is that the stock market is being driven by five "technology" companies – Apple, Microsoft, Amazon, Facebook and Google. Outside of these companies, most stocks are either flat for the year or still down – more reflective of the economic reality. These five companies have benefited from the "work-from-home" and "remote schooling" movements as people and institutions have had to invest a lot of money into technology to stay connected.

To demonstrate this, we've included a chart below showing the year-to-date returns of the 11 US stock sectors. As you can see Technology (Apple, Microsoft), Discretionary (Amazon, Tesla) and Communications (Google, Facebook), are the only sectors that have done well this year. The rest are flat or negative.

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US SECTOR INDEX	
TECHNOLOGY	29.77%
HEALTHCARE	4.39%
FINANCIALS	-19.14%
DISCRETIONARY	18.32%
STAPLES	2.97%
UTILITIES	-7.24%
ENERGY	-38.34%
COMMUNICATION	14.66%
INDUSTRIAL	-4.47%
REAL ESTATE	-7.03%
MATERIALS	2.54%

1. Sourced from Refinitiv on 8/25/20

From the desk of Mathew Cain, Financial Advisor Associate, Manulife Securities Incorporated, mathew.cain@manulifesecurities.ca

Converting a Portion of Your RRSP to RRIF/Pension Tax Credit

Converting your RRSP to a Registered Retirement Income Fund (RRIF) is one of the biggest milestones in the financial world. It is the time when the Canadian government states that you need to start drawing on your retirement assets by age 72 – even if you don't need to. For most retirees, this is not the case as you have likely been drawing on your RRSP savings earlier than this and paying withholding tax on each withdrawal. Today, I will be discussing the strategy of converting to a RRIF early so that you can defer the taxes on the withdrawal and even receive a taxable credit when you file.

If you withdraw from your RRSP now to fund your cost of living, you could likely be paying 30% withholding tax – most of which you will likely get back at tax time although these funds are not gaining any interest/benefit from paying the tax man early. When you convert some or all of your RRSP to a RRIF, you are only required to withdraw a minimum amount ([click here for more details](#)) but you get to defer the tax payment on the income until you pay your taxes the

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following year – an effective strategy for retaining your assets in a tax-deferred environment for longer.

But there is more. If you are receiving RRIF income and you are 65 years or older, then you now become eligible for the pension tax credit – a non-refundable tax credit up to \$2,000.

If you are withdrawing from your RRSP now, please expect Kurt and our team to continue discussing this strategy with you in your upcoming calls and Zoom discussions. There is some math involved to ensure that you are only withdrawing what is required but leave this to us to figure out and present. Further to this, we would always advise to discuss tax strategies with our team and your accountant to ensure they make sense for your specific financial situation.

From the desk of Gerdi Lito, CFA, Financial Advisor Associate, Manulife Securities Incorporated, gerdi.lito@manulifesecurities.ca :

Transferring money to your investment accounts

You can transfer money to your investment accounts with Manulife Securities in one of the following ways:

- *Send us a cheque or bank draft payable to Manulife Securities.* This is the preferred method if you are transferring a large amount.
- *Transfer electronically from your online banking service.* If you have not done this before, please contact us and we will guide you through the process. Once you set it up, you can use it every time you need to transfer money. Note that you need to be aware of the limit set by your bank to transfer money online.
- *Wire payment.* This option is available for large amounts and you will need to complete a form that needs to be approved by our head office.

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Withdrawing money from your investment accounts

There are two ways we can send you money from your accounts:

- *Send you a cheque.* This is the “traditional” method and can take several days as the cheque is mailed from Manulife Securities to your address.
- *Send you funds electronically.* This method is fast and efficient. All we require is a void cheque on file but once this is complete, we can send funds to your account with a few days notice. We recommend that you contact us a week in advance of needing the funds to avoid any delay from the bank.

From the desk of Monika Kucinskaite, Financial Advisor Associate, Manulife Securities Incorporated, m.kucinskaite@manulifesecurities.ca :

Canada Emergency Student Benefit

For Canadian college and university students, the deadline of being able to apply for an Emergency Student Benefit is approaching. Applications can be submitted using CRA My Account no later than September 30, 2020.

Students may be eligible for the benefit of \$1,250 for each four-week period if they are or were enrolled in a post-secondary educational program and unable to work due to COVID19. Please [click here](#) to review all eligibility criteria.

From the desk of Laura Collins, Executive Assistant to Kurt Rosentreter, Manulife Securities Incorporated, laura.collins@manulifesecurities.ca:

**Financial Dictionary and Glossary
Capital Gain***

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Capital gain is a rise in the value of a capital asset (investment or real estate) that gives it a higher worth than the purchase price. The gain is not realized until the asset is sold in most cases.

A capital gain may be short-term (one year or less) or long-term (more than one year) and must be claimed on your income tax return.

Final Thoughts

The team and I are wondering if we send out too many of these newsletters. I personally send out four quarterly tax planning newsletters. I often write a few more special editions each year that are quite long. And the team sends our general newsletters monthly. Let us know if you feel the content and frequency is too much. We put a lot of time into all these notes and want it to be of good value for your time.

Best wishes for a warm autumn that hopefully sees a continued return to a state of conditions we all miss. Support your local restaurants and retail stores – they are hurting.

Warm regards,

Kurt Rosentreter, CPA, CA, CFP, CLU, FCSI, CIMA, CIM, FMA, TEP

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“Kurt Rosentreter is the author of “Wealth Building, Lifelong Financial Strategies for Success with Your Money (Revised Edition)” (2009); Wealth Building (2005); Rosentreter’s Rules 100 Financial Strategies to Achieve High Net Worth (2001); 50 Tax-Smart Investing Strategies (1998); 50 Tax-Smart Investing Strategies (Updated 1999); 50 Tax-Smart Investing Strategies (2002); 50 Tax-Smart Investing Strategies (2004). Manulife Securities has not created nor endorsed this book or any of its contents. Any opinions, advice, statements, services, offers or other information contained in this book are those of the author and not of Manulife Securities or any of its affiliates.”

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