



UPPER CANADA CAPITAL

PRIVATE WEALTH MANAGEMENT

Happy New Year!

Here's hoping 2021 sees a return to many of the activities we hold near and dear to our heart. To get the year kicked off on the right financial foot, the team and I are here with some financial tips to think about in the first quarter of 2021.

From the desk of Kurt Rosentreter, CPA, CA

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- President and Life Insurance Advisor, Upper Canada Capital Inc.
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Top Five Financial Housekeeping Items for January 2021

As we start another new year, the financial landscape is changing and your financial strategies and products may need to evolve with it. Here are a few “thinking points” to get your financial year started:

1. If you have a mortgage with an interest rate greater than 2%, evaluate breaking the mortgage, paying the fee and refinancing at the new lower rates.
2. Budget for your 2021 new savings overall. Tax Free Savings Accounts, RRSPs and children's RESPs are the “big three”. But go further and work with us to determine what your savings need to be in order to reach goals. Savings based on government rules (e.g. RRSP limits) may not be enough to reach your goals.
3. Retirees living off their savings should look at the entire year now and plan for money they will need to withdraw from their savings for travel, quarterly tax installments, new vehicles, home repairs and month to month spending. A year of cash flow needs should be in cash savings now, not in the stock market.
4. For the best integrated planning advice possible, make sure we have copies of your last tax returns, notices of assessments, Wills, Powers of Attorney, mortgage details and investment statements for investments at work or elsewhere. Send us an e-copy today. Mail us your originals and we will make a copy and send them back.
5. Pick a date during 2021 for a good, thorough, two-hour planning review with us on your goals and status of financial health. Let's get that date booked now. Plan to include any “significant other” in your life in the session if appropriate.

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There is a lot of time to get into stock picks, interest rate forecasts and market calls and you will hear from me and the team on those topics and more repeatedly. Once a year, usually best in January, I encourage you to “get above the forest where you can see all the trees” and reflect on the big picture. It’s this integrated and comprehensive perspective where we as your advisory team can help the most.

Best wishes for a healthy and wonderful 2021!

From the desk of Jordan Campbell CFA

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2021 Financial Planning Topics

At the beginning of every year, our minds often turn to the question, “what will be in store for the next 12 months?” While this is a natural curiosity, trying to figure out what will happen in the next year is often a futile exercise.

No one could have predicted back in January 2020 that a global pandemic would engulf the entire world.

But what if you did know on January 1st, 2020 that millions would die, tens of millions would get sick, international travel would grind to a halt, global economies would shut down for prolonged periods of time, countless people would lose their jobs and the virus would still be raging across the world 12 months later? If you had that knowledge, I am sure you may have called into our office and sold all of your stocks. Surely the stock market would end the year down over 50%.

And yet, if you had done that, you would have missed out on strong stock market returns. The TSX ended up 5.60%, the S&P500 was up 16% and the NASDAQ was up an astounding 48%, led by technology stocks (sourced from Morningstar 12/31/20).

The truth is we cannot know what will happen tomorrow, and even if we could, we have no way of knowing what the actual impact would be.

So, when it comes to your personal finances in 2021, what should you do? While we do not know what tomorrow will bring, we can help you prepare for whatever the new year brings our way.

That includes:

- Reviewing your investment asset allocation, investment objectives and risk tolerance and rebalancing your portfolio if necessary. A properly constructed portfolio should be able to withstand whatever the market throws at you over the long-term, so long as it is built with your life goals in mind. This is what we do every time Kurt has a meeting with you or when we send you a portfolio review.

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- Updating or building your financial plan to see how various scenarios may affect your finances. We can look at how changes in careers and different retirement dates affect your long-term financial strength.
 - Taking a look at your insurance policies to see if you are sufficiently protected in case of an unforeseen event. Even the best laid plans can go astray when disability and death strike and insurance can guard against that.
 - Helping you with estate planning such as reviewing your will and beneficiaries and discussing how they fit in with your portfolio and inter-generational planning.
 - Integrating your taxes into your investments so that we make tax-smart decisions in your portfolio to save you money.

As we venture into 2021, we stand ready to help you with whatever may come your way.

From the desk of Mathew Cain

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The Inventor of the “4% Rule” Just Changed It

The 4% rule is a guideline, or “rule of thumb,” used to determine how much a retiree should withdraw from their retirement savings each year. The rule stated in the past that this 4% withdrawal rule would provide steady income to the retiree while maintaining an account balance for future withdrawals (e.g. not eroding the base before death).

However, the inventor of this rule, US financial advisor Bill Bengen, just stated that this may no longer be the case in this changing world.

Our team has never followed this rule. Rather, we have worked with you to determine an appropriate cost of living based on your goals, financial needs, risk tolerance, net worth, savings levels and much, much, more.

If you would like a fresh look at your plan, we would be happy to revisit this in the new year.

To read the full article about the 4% rule, please [click here](#).

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From the desk of Gerdi Lito, CFA

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COVID-19 Travel Coverage

A survey done in September 2020 shows more than half of Canadians are planning to travel in 2021 despite COVID.

Travel insurance in mid 2020 was not covering COVID-19 related illness needs and the insurance companies are **now revising coverages again** to include protection for COVID-19. Below is a sample of coverage.

Sample health related coverage includes:

- Up to \$5 million of medical emergency coverage for non-COVID related illness
- Up to \$200K coverage for COVID-19 related expenses, including medical and trip interruption/delay expenses.

Trip interruption/delay benefits:

- For unexpected quarantine (example: you or a family member are diagnosed with COVID and need to quarantine and miss your return flight)
- For government travel advisory (the case when you cannot return from your trip as travel is banned when you are abroad)

One product we looked at does not cover trip cancellation (if your vacation is cancelled because of COVID-19). The same company does not cover any cruise ship travel.

Safe to say travel health insurance and trip cancellation insurance continues to be a moving target while COVID-19 is still rampant. Plan your trips outside of Canada carefully by shopping around for insurance coverage and thoroughly understanding your coverage before you depart.

From the desk of Monika Kucinskaite

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Have You Been Working at Home Due to COVID-19?

With more Canadians working from home, CRA simplified a way how your office supplies and expenses can be claimed. Employees who have been working from home due to the pandemic can now claim home office expenses on their personal tax returns and get a tax deduction.

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There are requirements that need to be met to claim the deduction which are as follows:

- If you, or your employees, have been working from home more than 50 percent of the time.
- If you have been working at home for a period of at least four consecutive weeks in 2020.
- Your employer has signed the required CRA form T2200S.

If you meet these requirements than there may be an opportunity to deduct stationary items, proportional share of rent, phone and utilities bills as well as minor repairs in relation to the office.

For more information on this please [click here](#).

Source: Canada Revenue Agency

From the desk of Jeton Spahiu

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2021 TFSA Contributions

With the start of a new year upon us, please note that you can now complete your 2021 Tax-Free Savings Account (TFSA) contribution.

The 2021 TFSA annual limit is \$6,000 and can be completed at your convenience. Please let us know if you require the instructions for making a deposit.

If you were at least 18 years old in 2009, which is the year when the TFSA program began, then the lifetime contribution limit as of 2021 is \$75,500. If you just turned 18 or will turn 18 shortly, please contact us to discuss opening a TFSA.

If you are unsure of your TFSA contribution room, talk to us about how to determine your available contribution room. Note that if you have multiple TFSAs at several institutions, we will require an update on this as well.

Don't have a TFSA? Ask Kurt and our team if a TFSA is the right vehicle for you. While most of the time it is excellent for short-term goals and long-term savings, there could also be other accounts/strategies to consider first before your TFSA.

Did you make a TFSA withdrawal recently? The TFSA account is flexible in contribution room and you can always catch up on missed years, or withdrawal years, in the subsequent years following the year of withdrawal. Your cumulative contribution room is never lost.

Please feel free to reach out to us if you have any questions regarding your TFSA. Kurt and our team are always here to help.

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Final Thoughts

Best wishes for the new year and we look forward to speaking with you soon.

Warm regards,

- Kurt.

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

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Kurt Rosentreter, CPA, CA, CFP, CLU, TEP, FMA CIMA, FCSI is a national best-selling author seven books on personal finance in Canada and the past co-founder of the national wealth management practice at one of Canada's "Big Four" public accounting firms. For the last fifteen years Kurt has been a core financial course instructor for the Ontario Chartered Public Accountant Association and also appears regularly in the national press as an expert on matters of money. Kurt is the owner of a national wealth management practice in Toronto working with professionals and business owners on all topics of personal finance. Learn more about Kurt at www.kurtismycfo.com.

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