



# Newsletter

February 2017

## 2016 In Review

2016 was full of exciting economic activity



**2016 Federal budget** changes to education tax credits, TFSA limits, child benefits & corporate class funds



**Brexit Referendum in the UK** citizens vote in favour of leaving the European Union



**United States Presidential Election** Donald Trump, the 45th President of the United States of America.

## Looking forward to 2017

### Top 5 Things to know about RRSPs and TFSAs:

#### 1. Avoid The Rush

Contributing to your investments throughout the year can be easier than coming up with a large annual deposit. Consider regular contributions on your payday to keep your savings on track.

#### 2. Know Your Limits

Check with Canada Revenue Agency before contributing to your RRSP or TFSA. Over-contributions can lead to penalties of up to 1% per month.

#### 3. Income Matters

Know your current tax situation. It plays an important role in choosing which tax efficient solution works for you.

#### 4. Use Your Tax Refund Wisely

Think about strategies like paying down debt or increasing your savings. Take time to consider how today's decisions will affect you tomorrow.

#### 5. Don't Go It Alone

Work with an advisor to discover a solution that works best for you.

### Quick Facts:

**RRSP Contribution Deadline, March 1, 2017**

- 18% of prev. years earned income
- Contributions are tax deductible

**2017 TFSA Limit, \$5,500**

- Started in 2009
- Must be 18 years old to contribute

Source: Government of Canada website, <https://www.canada.ca/en.html>

Patient investors who stayed the course were rewarded despite market volatility.

| Index/Commodity/Currency            |           |              |            |
|-------------------------------------|-----------|--------------|------------|
|                                     | Close     | Month Change | YTD Change |
| <b>S&amp;P / TSX Composite</b>      |           |              |            |
|                                     | 15,287.59 | 204.7        | 2,277.60   |
|                                     |           | 1.4%         | 17.5%      |
| <b>Dow Jones Industrial Average</b> |           |              |            |
|                                     | 19,762.60 | 639.0        | 2,337.6    |
|                                     |           | 3.3%         | 13.4%      |
| <b>S&amp;P 500</b>                  |           |              |            |
|                                     | 2,238.83  | 40.0         | 194.9      |
|                                     |           | 1.8%         | 9.5%       |
| <b>NASDAQ Composite</b>             |           |              |            |
|                                     | 5,383.12  | 59.4         | 375.7      |
|                                     |           | 1.1%         | 7.50%      |

Sources: Bloomberg, PC Bond December 31, 2016 Index

Financial information, advice, seminars and tips for our members.

# want wealth?



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It begins with a conversation. Talk to a Mutual Funds Investment Specialists today.

## Planning for your future... Will you have enough?

### Canadian Pension Plan

Earliest age that CPP can be taken - 60 years

### Crunch the numbers

|  |                    |   |
|--|--------------------|---|
| If you take CPP at age 60 your payments will be reduced up to 36%        | or<br>how<br>about | If you take CPP at age 70 your payments may increase up to 42%              |
| Average CPP payment in 2017 at age 65 \$644.35/month \$7,732.20/annually | up<br>to           | Maximum CPP payment in 2017 at age 65 \$1,114.17/month \$13,370.04/annually |

Source: <https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-benefit/amount.html>

### Average Spending in Retirement

The Average Canadian spends approximately \$2,400 per month in retirement, or \$28,800 a year. Most people require 60% - 80% of their current income in retirement to live comfortably. Other factors that will determine a retiree's spending include any additional debt they are carrying such as a mortgage or line of credit. Source: <http://newsroom.bmo.com/press-releases/bmo-wealth-management-study-canadian-retirees-spe-tsx-bmo-20150625104191001>

### Old Age Security

Available to legal residents or citizens at age 65

### Did you know?

In order to be eligible to receive OAS, in addition to being 65, a legal resident or citizen of Canada, you must have lived in Canada for a period of 10 years or more.

The basic Old Age Security Benefit as of January 2017

**\$578.53 per month**

**\$6,942.36 annually\***

\*Other factors apply, please visit [www.canada.ca](http://www.canada.ca) for details.

OAS can be clawed back if your net income exceeds the threshold amount of \$73,756 in 2016.

Source: <https://www.canada.ca/en/services/benefits/publicpensions/cpp>

## Already there...? Your Retirement Financial Checklist.

1. Update your budget as a retiree.
2. Decide when to apply for public pension benefits.
3. Consider the tax credits you may be eligible for.
4. Review and update your insurance coverage to make sure it meets your current and future needs.
5. Consider what might happen to your pension if you continue to work.
6. Consider pension income splitting and/or pension sharing with your spouse or common-law partner to minimize the amount of tax you have to pay in retirement.

7. Protect yourself and the people you love against financial fraud and abuse.
8. Plan for a possible loss of financial independence.
9. Make or update your will.
10. Consider where you will live when you retire and how much it will cost.
11. Consider the cost of living or travelling outside of Canada when you retire.

Source: Government of Canada web site, <https://www.canada.ca/en.html>  
For more information, tips and links please visit the government of Canada website at [www.canada.ca](http://www.canada.ca) and visit the retirement planning page.

Forward planning can go a long way to securing financial freedom in your retirement. SVCU can assist you in designing a long term plan that is unique to your goals. It is never too early or too late to plan for your future, contact us today to book an appointment.