

# Vested INTEREST

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PERLER FINANCIAL  
G R O U P



WORLD SOURCE  
FINANCIAL MANAGEMENT INC.  
MUTUAL FUND DEALER

## MAIN FOCUS THIS QUARTER:

## Market Update as of December 2018

Happy New Year! We hope you enjoyed yourself over the holidays.

Looking back, 2018 was a challenging year for investors. For most of the year the major equity markets were trading water and were either flat or slightly positive. Then the 4th quarter arrived and we saw volatility spike in October and it hasn't subsided much since then. December was the worst month for stocks since 2008. The S&P 500 in the US was down 9% in December and in Canada the S&P TSX was down almost 6%. It wasn't just stocks that failed to perform in 2018 however. Real Estate was also negative in 2018, due in large part to rising interest rates which squeezed affordability and therefore demand. Rising interest rates continued to put pressure on fixed income and so the bond market

also struggled to provide investors with a positive return in 2018.

According to Deutsche Bank, virtually every asset class except for cash, posted negative returns after accounting for inflation in 2018. In fact, 93% of all investable assets were negative in 2018. This was in stark contrast to 2017 when only 1% of investable assets posted negative returns after accounting for inflation.

These stats and graphics should not mislead you to believe that 2018 was a terrible year. Though the majority of asset classes were negative, they were not deeply negative like they were during the last recession like in 2008. Nonetheless, 2018 was a challenging year for investors, and December in particular was tough. However there seems to be disconnect between the markets and the economy in

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COMPLIMENTS OF HARRY PERLER & DAVID OLEJNIK

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recent months. Corporations for the most part continued to generate above average profits in 2018, and consumer spending was strong on the back of a similarly strong labour market. The Federal Reserve's stated plan to continue hiking interest rates seems to continue to be the primary force that markets are reacting to. Many indicators are signalling that investors have perhaps oversold in recent months and if we continue to see corporations generating profits as expected, that a rally may be due.

As an investor we should always avoid the temptation to concern ourselves too much with short term performance and predictions. As we know, investing in equities can be highly volatile and unpredictable over short time periods. Despite the fact that we have negative months,

and sometimes even negative years, when we look at dividend paying blue chip stocks over 5 to 7 year time periods they always deliver attractive returns.

As always, should you have any questions, or wish to get together to review your portfolio or update your financial plan, we would love to hear from you. Have a great day, and all the best to you and your family in 2019.

*Each month we are emailing you a market update which you can also find on our YouTube Channel. Be sure to subscribe to our YouTube Channel to be notified each time we post an informative video.*



## TFSA & RSP Limits

### RSP

March 1, 2019

Deadline for contributing to an RRSP for the 2018 tax year

Contribution limit for 2018  
\$26,230

Contribution limit for 2019  
\$26,500

### TFSA

The TFSA contribution limit for 2019 is \$6,000, up from \$5,500 in 2018.

With the TFSA limit at \$6,000 for next year, the total room available in 2019 for someone who has never contributed and has been eligible for the TFSA since its introduction in 2009 is \$63,500.

Have you contributed to your RSP &/or TFSA yet? **Please be sure to contact us if you have not already done so!**

## TERM LIFE INSURANCE

*Source: Canada Life*

Protect what matters most to you. Term life insurance can cover significant financial commitments if you are no longer there to support you and your family, at the lowest initial cost to you.

### WHAT IS TERM LIFE INSURANCE?

Term life insurance offers simple and affordable life insurance protection. You get valuable

coverage for a set period of time, along with plenty of options to meet your needs and budget. It provides a tax-free cash payment to your beneficiaries if you die while your coverage is in effect.

### WHO IS IT FOR?

Term insurance is often ideal for people with young families, young adults, and business owners who need immediate coverage but have limited funds to work with. That said, it can be an excellent choice for virtually anyone who needs affordable, straightforward life insurance protection for the short term.

# Have Grandkids – Will Spoil

Source: Manulife Solutions

## How to be a generous grandparent while also being financially prudent.

Most grandparents agree – having grandchildren is one of the most fulfilling experiences in life. Loving grandparents undoubtedly want to ensure their grandkids want for nothing, but it can be easy to get carried away. From toys to clothing to school supplies and entertainment, the costs can really add up – and may even impact retirement savings if not managed carefully. If you are a doting grandparent, here are some strategies to help keep your finances on track without compromising your status as World’s Best Grandma or Grandpa.

### CREATE A BUDGET AND STICK TO IT

Buying grandchildren gifts can be rewarding, but it’s a good idea to set limits on spending. Consider setting up an annual budget for presents, taking birthdays and holidays into account. It’s also helpful to find out what grandkids truly want, instead of trying to predict what they will like – this way, money will be spent on gifts they will actually use.

### OPEN A SEPARATE “SPENDING” ACCOUNT

You may want to keep your retirement savings apart from savings that are specific to helping your family. Depending on your situation, there are a couple of options to consider. If not already part of your

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**TAX DEADLINE!**  
**APRIL 30th 2019**

Tax payment deadline for your balance owing for 2018 personal income tax. Payments are made to the CRA. This deadline is for all personal income tax filers including those who are self-employed.

## PERLER WEALTH APP

Be sure to download our app to be kept up to date with news of precedence and informative articles. You can download the app from [www.PerlerWealth.com](http://www.PerlerWealth.com) or from the app store.

### HOW DOES IT WORK?

When you buy term life insurance, you choose your beneficiaries, the amount you are covered for, and the length of your coverage – either 10 or 20 years. Your payments will never increase for the entire length of your term. You can renew your coverage when your term finishes, but at a higher cost than what you paid previously. You can also easily convert to permanent life insurance, which – although more expensive – provides lifelong protection that can accumulate cash value to help you achieve your financial goals.

### HOW DOES IT BENEFIT YOU AND YOUR FAMILY?

Term life insurance can help ensure your loved ones are not burdened with financial obligations if you are no longer there to support them. The tax-free payment they receive can be used for anything – like helping to pay off a mortgage, taking care of daily expenses, or funding your children’s education.

#### **Valuable coverage, affordable price**

Because term life insurance is less expensive than permanent

insurance, you can afford to buy more coverage to better suit your needs. Your premium payments are locked in and will never increase during your term.

#### **Easily upgrade to lifelong protection**

If permanent life insurance is not in your budget today, term insurance offers an effective short term alternative with the option to transition to lifelong protection when the time is right, without having to answer additional questions about your health.



**Harry Perler**, CFP, CLU, CEA, CPCA  
Financial Planner  
CEO, Perler Financial Group



**David Olejnik**, CFP BA  
Financial Advisor

## GET IN TOUCH!

D-2232 Elgin Avenue  
Port Coquitlam, BC V3C 2B2

**Phone: 604-468-0888**

Fax: 604-468-0887

hperler@perlerfinancial.com  
dolejnik@perlerfinancial.com

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 Harry Perler

 David Olejnik

 @perlerwealth

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retirement plan, a Tax-Free Savings Account (TFSA) is a great way to grow savings tax-free, and money can be withdrawn at any time without tax implications. But remember that any withdrawals are not added back to unused contribution room until the following calendar year. Another option is to set up automatic deposits into a non-registered savings account that pays high interest – even a small amount each month can add up pretty quickly.

### GIVE THE GIFT OF EDUCATION

A Registered Education Savings Plan (RESP) allows family members to contribute money towards the education of a child. The earlier contributions start, the longer the investment will enjoy tax-deferred growth. The RESP may also be eligible for the Canada Education Savings Grant (CESG) – a 20 per cent match on contributions up to \$500 annually. It may be worthwhile to coordinate with the child’s parents to eliminate the confusion of multiple accounts while ensuring the plan qualifies for the maximum government benefit.

### CONSIDER GIFTING LIFE INSURANCE

A permanent life insurance policy in a grandchild’s name can earn cash value that accumulates over time, giving grandchildren access to funds that may help them later in life. A policy for a youngster also has the added benefit of lower rates, allowing them more affordable insurance coverage for life. And when a grandchild becomes of age to access the policy or its cash value, they could use the value in the policy to help pay for their education, or even help purchase a new home.

Sometimes just spending time with grandchildren is worth all the money in the world.

### SPEND MORE TIME AND LESS MONEY

Consider giving grandchildren experiences rather than just things. Sometimes just spending time with grandchildren is worth all the money in the world. Playing board games or cards, tobogganing at the local hill or baking cookies are just a few fun activities you can share. Even small things like reading a book together can create fond memories. Being a grandparent is a rewarding experience. With a bit of planning and preparation, you can be generous while balancing the costs of your other needs. Speak to your advisor – he or she can help you decide which strategies best meet your goals.

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