FROM THE DESK OF:
David Bardal, CLU, CH.F.C, CFP
Senior Financial Planning Advisor
Juana Baldwin, CFP, CHS, RRC
Financial Planning Advisor

Fall 2016

Assante Financial Management Ltd.

It is that time of year when we reach for a sweater or coat before we leave the house, and we trade those summer salads for hearty soups and stews. As we prepare for another winter it is important to take time to review your current financial situation, are you on track for your 2016 goals, do we have any transactions to get in motion before the close of the year? Call our office with any questions or to book a review before the end of the year.

Upcoming Events:

Business Owners Luncheon – November 15th, 2016

Client Education Event – Fall 2016 - details coming soon

Watch the website for details! www.davidbardal.com

FINANCIAL LITERACY LEADS TO BETTER OUTCOMES

The Institute Edition 298
July / August 2016

Financial literacy and retirement planning tend to go hand-in-hand; both subjects capture media headlines and are the focus of a great deal of government attention. Financial literacy refers to the set of skills and knowledge that allows individuals to make well-informed and effective decisions with respect to their financial resources, including earning, managing and investing money.

Retirement planning is the process of preparing financially for the type of lifestyle individuals desire after their working years. This includes accumulating adequate savings during one's working years to afford a particular lifestyle and managing those funds during the accumulation and post-retirement phase. There is a growing sense that stronger financial literacy leads to better retirement planning.

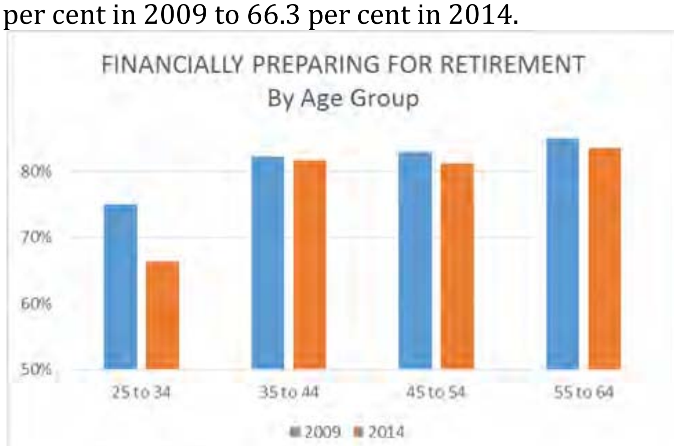
In late June, federal Finance Minister Bill Morneau announced that he and his provincial counterparts had reached an agreement in principle to enhance the Canada Pension Plan (CPP), a significant element of Canada's public pension system. The phased-in design changes to the CPP include increasing the upper earnings limit to $82,700 by 2025 (currently $54,900), with the income replacement level increasing to one- third of income (currently one-quarter). To finance these objectives, employer and employee plan contributions will be subject to a series of increases over a seven year period beginning January 1, 2019.

As plans are underway to strengthen the public portion of Canadian's retirement resources, Statistics

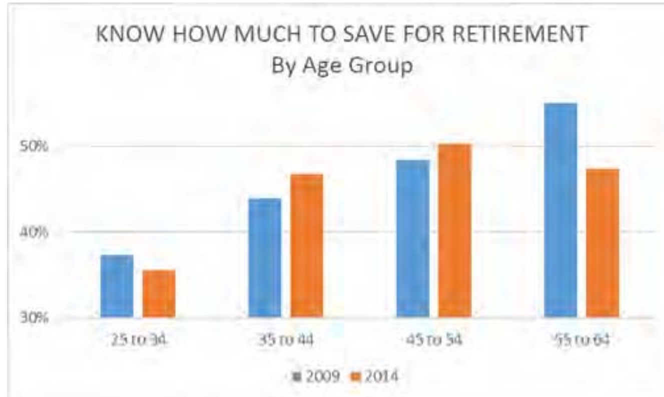
Canada recently issued a new report that looks at how well Canadians are preparing for retirement along with perspectives on the relationship between financial literacy and retirement planning. The 2014 survey captured data from individuals, ages 25 to 65, within Canada's labor force – employed and unemployed. The report, released in March of this year, provides some interesting statistics based on four age bands: 25 to 34, 35 to 44, 45 to 54, 55 to 64.

Seventy-eight per cent of those surveyed indicated they were preparing financially for retirement, although only 45 per cent indicated they knew how much they needed to save. Of particular interest is the group of individuals ages 55 to 64. Within this group there was a significant decline, from 56.8 per cent in 2009 to only 47.4 per cent in 2014, when asked if they knew how much to save to fund their retirement. Two of the other three age categories, 35 to 44 and 45 to 54, experienced slight increases, 2.8 and 1.9 per cent respectively, when asked if they knew how much to save, while ages 25 to 35 dropped slightly.

Looking at the youngest generation in the study, more than one-third of people ages 25 to 34 indicated they know how much to save but the number who are actually saving for retirement declined from 75 per cent in 2009 to 66.3 per cent in 2014.



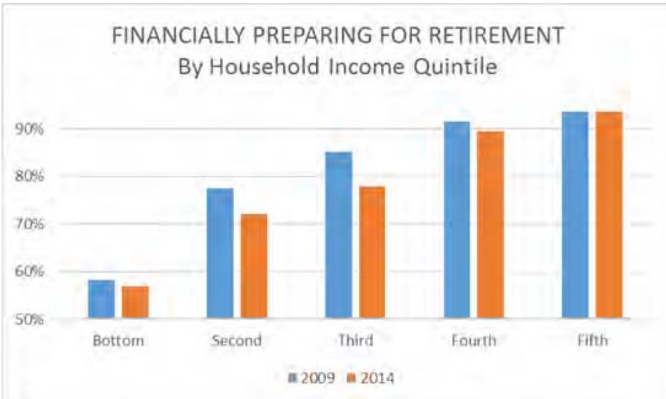
Data source: Financial Literacy and Retirement Planning, Statistics Canada, March 23, 2016

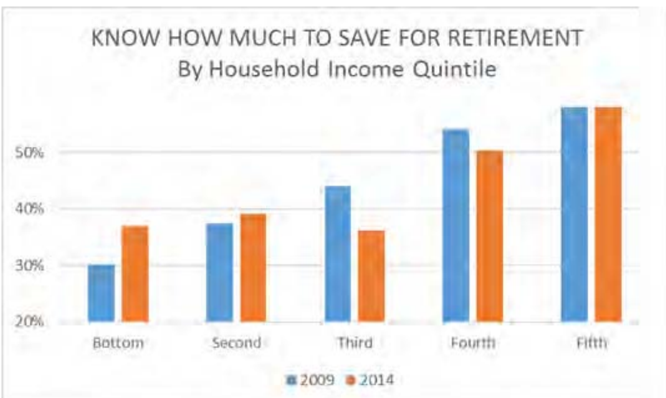


Data source: Financial Literacy and Retirement Planning, Statistics Canada, March 23, 2016

The survey also analyzed the results based on household income divided into five categories (quintiles). As would be expected, those with the highest household income were the most financially prepared for retirement and 62.5 per cent of the group indicated they knew how much to save. These numbers were quite consistent between the 2009 and 2014 surveys.

In general terms, there seems to be a slight drop across all households, except the top quintile, as to who is preparing financially for retirement. Household incomes in the third and fourth quintiles indicated less knowledge about how much to save when comparing the 2009 and 2014 results. No explanation for these variations is offered by the study, but theories could include a shift away from employment pension plans in general and, more specifically, the shift away from defined benefit pension plans that provide a pre- determined amount of retirement income.



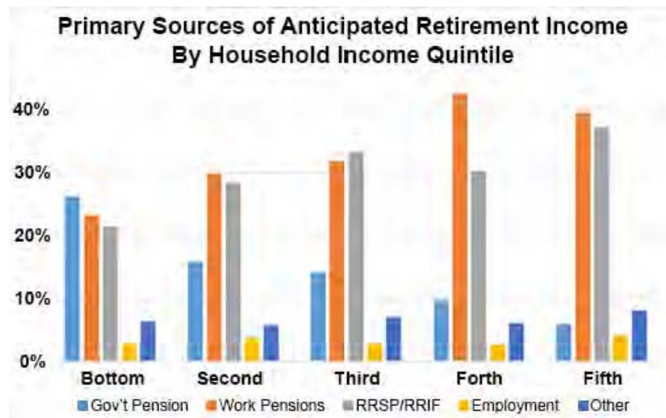


Data source: Financial Literacy and Retirement Planning, Statistics Canada, March 23, 2016

As is evident from the report, older, higher household income individuals are more likely to be preparing for retirement and are confident with their knowledge of how much to save. However, there appears to be a growing sense of uncertainty by the older, middle household income group with respect to how much is enough. This might be attributable to the fact that higher-income individuals are generally less reliant on public retirement programs, whereas the middle- income have a greater reliance and sense of uncertainty with respect to the reliability of public programs in the future.

The survey asked respondents what sources of income they were including in their retirement income planning:

- Over 90 per cent included government pensions (CPP, QPP, OAS) and RRSPs.
- Almost 70 per cent included workplace pensions.
- About 50 per cent indicated their plan included earnings from part-time work during retirement.
- About 30 per cent said they would have to sell something.
- Only about 20 per cent reported that they were including inheritance in their planning.



Data source: Financial Literacy and Retirement Planning, Statistics Canada, March 23, 2016

Planning is the key to achieving one's goals and objectives. Public programs such as the CPP are certainly components of many Canadian's retirement income plans. However, an enhanced CPP does not alter the need for Canadians to develop strong financial literacy skills and focus on retirement planning goals.

This article was written by Deborah Kraft and Jim Kraft and was published in the 292-2015 issue of COMMENT. Posted with permission from the Financial Advisors Association of Canada (Advocis) and The Institute for Advanced Financial Education.

This commentary is published by The Institute in consultation with an editorial board comprised of recognized authorities in the fields of law, life insurance and estate administration.

Assante
WEALTH MANAGEMENT

HOLIDAYS & BUSINESS TRAVEL

Office Closed:

- Thanksgiving – October 10th, 2016
- Remembrance Day – November 11th, 2016
- Christmas – December 26th -27th, 2016
- New Years Day – January 2nd, 2017

David Out of Office:

- Toronto Clients – November 10th – 12th, 2016

Juana Out of Office:

- Vacation – October 14th – 21st, 2016
- Vacation – December 6th – 16th, 2016

As we head into the fall, life seems to speed up in so many ways. All of the various activities that we often took a “holiday” from over the summer start again. Most of us find ourselves very busy and some of the important (but not urgent) matters get pushed to the side. These matters can include checking in on our goals for 2016 and seeing how we are progressing toward their attainment. Please give us a call to schedule a review or financial planning update.

Both David and Juana are always happy to meet with new people and provide a second opinion on their current financial strategies. Do you know someone we can help? Have them give us a call!

Saving for our children is something we all think about. A great strategy to include in your family plan is a juvenile life insurance policy.

Insurance premiums on a healthy child can be very low, when your child becomes a responsible adult you can have them take over control of the policy. Your child will then be insured, even if their health changes at some point.

Should they require funds to pay for a home, or for school they could surrender the policy or even just take out a policy loan (the insurance company will charge a low interest rate).

Two benefits are that the money you are investing is tax-sheltered, and you will now have set your child up with insurance at a very reasonable premium.

If you would like to review or discuss your families risk management plan, please do not hesitate to get in touch.

1345 Taylor Avenue, Winnipeg, Manitoba, R3M 3Y9
www.juanabaldwin.com ● www.davidbardal.com
P: Juana at 204.977.8068 ● P: David at 204.977.8007
F: 204.943.1561