

Fall 2020



Start Savings for Their Education EARLY!

Written by Ryan Husk

The RESP (Registered Education Savings Plan) is a plan to save for children's education. We generally find them under utilized, especially in the early years of children's lives. The earlier you start with savings and investments, the better. Here are some RESP basics:

They can be opened as soon as your child has a SIN.

You contribute to the plan, and the money gets invested, much like any other investment account.

The government matches 20% of your contributions with grants, which too get invested. In some cases, depending on income, the government will add extra grants and/or bonds. There are annual maximums which can be carried forward if unused.

This money stays invested until children go off to post secondary school at which point it is withdrawn to pay for various expenses. Some of the withdrawals are taxable to the student at that time.

What if my child does not take any post secondary schooling?

You can add multiple children to the same plan, and grants can be shared and withdrawn under the name of the child who does go to school.

OR, if no children go to school, the grants will be returned to the government, and the investment growth will either be taxed, or can be rolled into a RRSP to avoid upfront taxes. So, worst case scenario, you will receive your initial investment and most of the investment growth back!

Think about using the Canada Child Benefit to fund a RESP. You can turn this tax free benefit, into even more money to help pay for the rising costs of education! Ask us how!



Raymer Financial-Holliswealth



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The Importance of Having a Will

Written by Andrew Raymer

Here's a short list of some consequences of a person passing away without a will. You will notice that many of them are not specific to finances. A will is an important and inexpensive tool to have in place in the event you pass away, because unfortunately, death is one of the few certainties in life.

1. With no will, you will not have an executor, which means the courts will decide what happens with your assets, big or small.
2. If you have children, your will, will appoint their guardians in the event both parents pass away. Again, without a will, the court system will decide who will raise your kids.
3. Burial arrangements, etc, are typically documented in a will, so if you don't have one, loved ones will be stuck guessing what your wishes were.
4. Only your will can dictate what would happen if one of your heirs passes away before you (ie. pass on to grandchildren if one of your children has passed away).
5. Family heirlooms can be addressed in a will. Families fight over items much more often than they fight over money!
6. Only a will allows you to include or exclude certain beneficiaries. If you wish to leave anything to a close friend or a charity, it's nearly impossible courts would do this for you.
7. If any of your heirs are minors, your will can appoint a trustee to administer the funds until the heirs reach an age you are comfortable with them receiving funds. Hint: most people don't want an 18 year old inheriting a large sum of money at once. However courts would likely give it to them directly.
8. Without a will, it is very likely that your estate will incur more taxes and fees, which means less goes to loved ones.
9. Without a will, it is much more likely family members will disagree. If your wishes are well documented, it lowers the chances of families fighting.

SOME TFSA FACTS

Each year, the Canadian Government increases the lifetime TFSA limit.

If you have been over 18 since 2009, your lifetime contribution limit is now \$69,500, or \$139,000 total for a couple.

Don't forget to INVEST your TFSA money, it is not simply a savings account!

- Gains are 100% tax free
- Withdrawals are 100% tax-free
- Unused room is carried forward from previous years
- If you made a withdrawal previously, that room is not lost, you get it back the following year
- You can invest in mutual funds, stocks, bonds, GICs, etc. within a TFSA
- Can be passed along to your heirs 100% tax free (to spouse or children)

HAVE YOU PROTECTED ALL OF YOUR ASSETS?

Life Insurance – to ensure loved ones can keep their standard of living if you pass away prematurely. Also can be used for tax efficient estate planning

Critical Illness Insurance – pays a one time lump sum if you get diagnosed with a covered condition, gives you the option of taking time from work when you need it most!

Disability Insurance – pays a monthly benefit while you are unable to work, covers both physical disabilities and mental illnesses

Call us for more info!

How Much Do I Need for Retirement?

Written by Ryan Husk

There's certainly not a cookie cutter answer to this one, and every household is different from the next. But here are some general facts and food for thought as you ponder retirement regardless of your age.

Living on Less Income

While it's not a certainty that you will be living on less income in retirement than in your working years, people often retire this way because they are surprised to see it is possible. The main reasons for this are; you no longer have to contribute to CPP and EI. This eats up more of our income than we think. Also, many people retire without a mortgage. This means less money needs to be coming into the house without sacrificing the fun things in life. To add to these 2 large factors, people wind up in a lower tax bracket than their working years, so they see far less of their income needing to go towards taxes.

Travel & Leisure & Other Extras

On the flip side, if travel and other activities are expected to increase in retirement, it needs to be taken into account in your retirement plan.

Renovations & Repairs

Houses do cost money to maintain. Repairs and renovations happen. This needs to be a part of your plan as well. We highly recommend you have a home equity line of credit, even if you do not have a mortgage.

You need income to qualify for a home equity line of credit, so they are easier to get during your working years. This will secure a low interest rate for future borrowing needs. They carry no cost if they are not used but are handy for unexpected large expenses. This will stop you from having to draw too much on your funds, and potentially pushing you into a tax bracket you don't need to be in.

Family Considerations

If you have kids, the younger they are when you retire, the more likely they may need financial help of some sort. It's getting harder and harder for young people to buy their first house. If you plan to help them somehow, you need a plan to do so. The same can apply to grandchildren if you plan to help them financially somehow. Aging parents can also be a factor, get familiar with their finances if you can, so you know if you may need to help them later.

Do You Have a Retirement Plan?

The moral of the story is, this major step in life is a whole lot easier if you have a retirement plan. A proper plan takes into account these variables to make sure there's an answer if some of these factors become realities. The sooner you start planning, the easier it is. Our clients often comment that a year or two after starting to regularly save, they don't even notice their contributions leaving their bank account. Let's get you working harder on this important and life changing achievement!

TAP SCHOLARSHIP FUNDS AVAILABLE



In 2016, we teamed up with TAP (Tavistock Assistance Program) to help found the TAP Community Scholarship Fund. It is aimed to assist those in financial need with the expenses of post secondary education. This can be someone right out of high school or a mature student going back to school to gain new skills.

We were able to secure some donations from companies we do business with as well as some generous clients. So there is money up for grabs. All people have to do is fill out an application and submit to us directly or directly to TAP.

Here's the criteria to qualify for funding:

- Reside within the service area of TAP (inquire if you are outside of Tavistock, to see if you can qualify)
- Details for financial need
- Details of program studying

Once submitted, it can be quickly reviewed by ourselves and TAP, and once approved, financial awards of \$500-\$1500 will be paid!

Now that we have the program available and funding, we need to continue to get the word out. Please share this information with anyone you feel could be interested.

For more information, please go to raymerfinancial.com/community-involvement for more info, or contact TAP at 519-655-3500 or tapisforyou@outlook.com

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