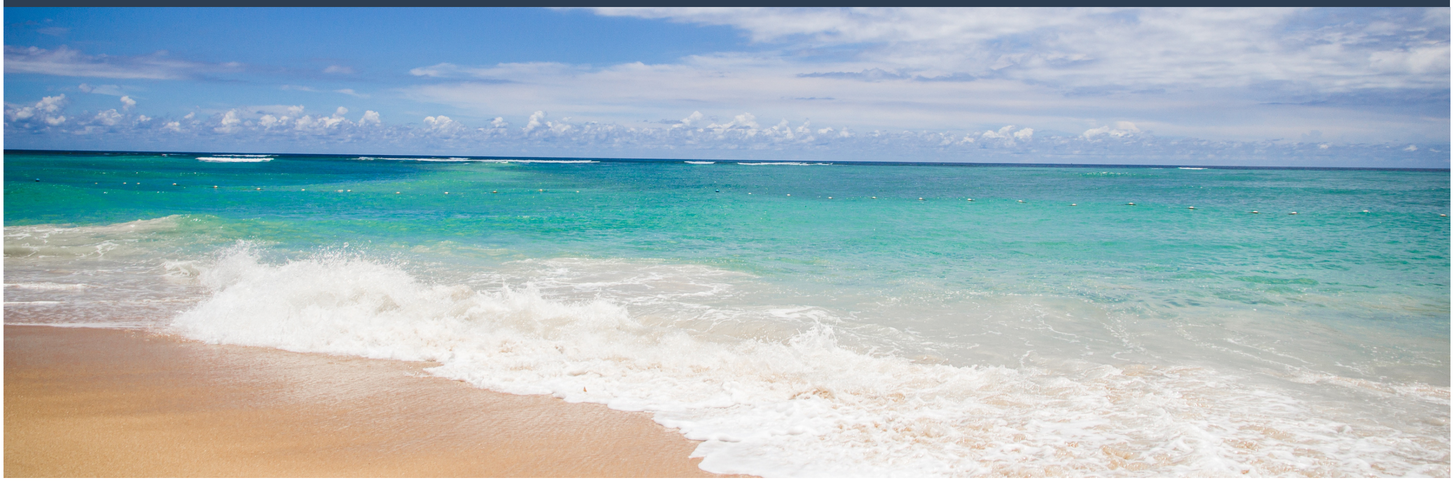
Summer 2021



Should I Pay Down My Mortgage or Invest More?

Written by Ryan Husk

This one comes up a lot for us and the answer is not always the same. There are some factors to consider. We always want people to focus on growing their net worth. An extra mortgage payment achieves this, but so does adding to investments.

The case for paying down the mortgage. If you make an extra payment, you immediately see your balance owing go down, and you know exactly how much interest you are guaranteed to save by making that payment. It also, of course, reduces the amount of time before you are mortgage free. If your current pace has you carrying a mortgage into your retirement years, some extra payments are a great idea. Retirement is so much easier to achieve without a mortgage.

The case for investing more. With interest rates as low as they are, investing more instead has become more attractive. As long as you have a long term time horizon and are willing to take some risk, the returns from stock markets have been far higher than the interest rate on mortgages, which means your net worth should grow faster by investing more than paying down your mortgage.

What if you do both? A great way to do this is by adding your extra payments to your RRSP. This well help generate a bigger tax refund. Eg. If you add $10,000 to your RRSP and are in a 30% tax bracket, you should get a $3,000 refund to apply to your mortgage. Before we account for any investment growth, you've increased your net worth by $13,000 but only parted with $10,000.

Other considerations. If you ever plan to upgrade your home with renovations or move to a more expensive home, it may create more flexibility to jump on an opportunity if you have a lower mortgage balance. Mortgages are getting harder and harder to get approved for, so the flexibility of a lower balance can help a lot!

Why Credit Scores Matter

Written by Ryan Husk

What is a credit score?

Essentially, your credit score (also known as a credit rating) is a number between 300 and 900 that shows lenders how good you are at borrowing money and paying it back. Along with a credit report, it's a key piece of information that they'll look at whenever you apply for a loan, credit card, a line of credit or a mortgage. The higher the number, the more successfully it says you've managed your credit, debt and overall finances in the past – and the more likely you are to repay loans in the future. If your score registers near the higher end of the scale, you can enjoy advantages, such as access to better lending rates and more receptive responses to your applications. Lenders generally regard scores within the 660-900 range as good, very good or excellent.

Remember to check your credit score

A growing variety of online credit service sites, such as CreditKarma.ca or Borrowell.com, as well as many banks, offer access to your credit score for free.

Following these tips can help you preserve and improve your credit score:

1. Never miss a payment

Missing even a single credit or bill payment entirely can decrease your credit score. If you're in danger of missing a payment, making a partial or minimum payment is necessary to preserve your credit score. If you anticipate difficulty making a mortgage or loan payments, contact your credit provider to learn more about other possible payment options and assistance beforehand.

2. Don't rely too much on credit

Developing an appetite for too much credit can impact your score, as can carrying an excessive balance. Ideally, you should pay off any credit balances in full each month to preserve your score and to avoid costly interest charges. If this is too challenging, consider setting up a pre-authorized monthly payment plan for some or all of your credit balances.

3. Keep your oldest credit line or card active

Your credit history says a lot about how responsible you are with money, so try to keep your oldest credit card or line of credit active, even if you rarely use it. Keeping it open and in good standing is a strong indicator of your financial behaviour over time.

4. Try to use different types of credit

Using a variety of credit products can show lenders that you can handle multiple payments at once. Managing credit cards, a car loan and a student loan all at the same time may help boost your score. Ultimately, you want to demonstrate that you can pay back any money that you borrow.

5. Limit your new credit applications

Sending multiple credit applications can raise red flags for lenders, so limit how many times you apply to help steer your score away from taking a hit. If you're approaching multiple lenders for quotes, try to get to them within a short time. This way, the combined credit inquiries will appear as only a single request and reduce the damaging effect of too many inquiries.

Your credit score can be a powerful financial tool. Maintaining a strong score can ease the way forward to future funding that may help you achieve your goals.

Have you Been Asked to be an Executor?

Written by Andrew Raymer

Have you been asked to be an executor? It's an honour to be asked, but also a great responsibility.

What's involved? As executor, it's your responsibility to wrap up a person's estate after they've passed away based on their last will and in accordance with applicable laws.

A few first steps:

• Locate the will and determine its complexity.

• Help with funeral arrangements and secure immediate family financial needs as required.

• Apply for a death certificate.

Get organized:

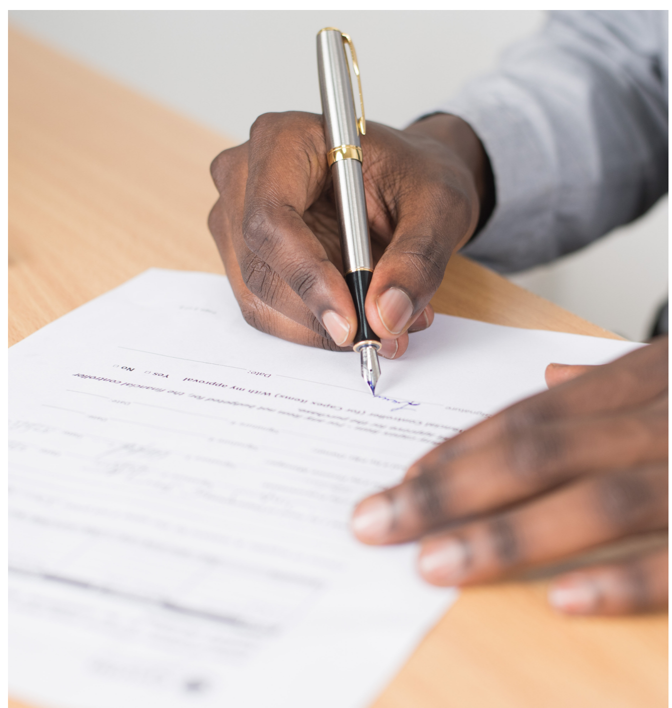
• Send death notifications to financial groups, government agencies and others.

• Prepare an inventory of assets, including their values, and apply for probate

• Open an estate bank account to pay debts and disbursements.

• Cancel credit cards, pay property taxes, apply for government death benefits.

• Track down beneficiaries.



Distribute assets:

• Prepare final income tax returns, pay any remaining debts.

• Distribute funds and assets to beneficiaries.

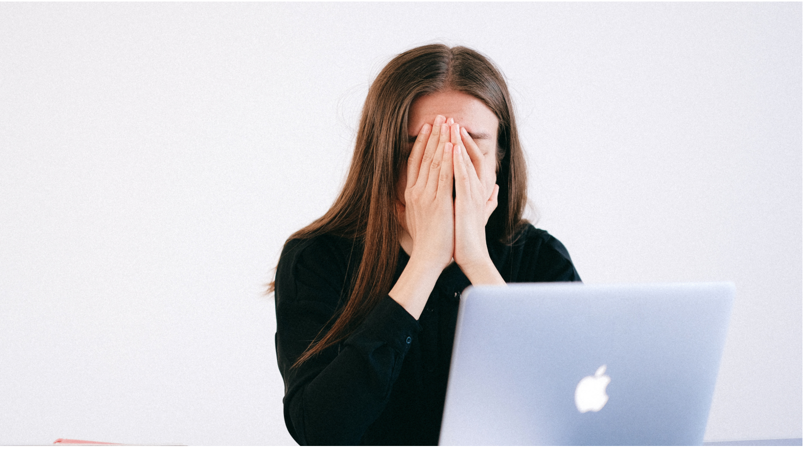
• Close out estate bank account once all financial details are finalized.

Ask for help if you need it.

Consider appointing multiple executors (including co and alternate executors) to share the workload. Consider retaining a professional executor, accountant, advisor or lawyer with the required expertise.

Executor compensation Typically, a percentage of estate assets up to 5% is taxable income. It's best to have compensation outlined in a will, so the beneficiaries understand you are being fair. If you have been asked to be an executor, speak to us. We can connect you to appropriate resources and professionals.

MOVING ON FROM A FINANCIAL LOSS



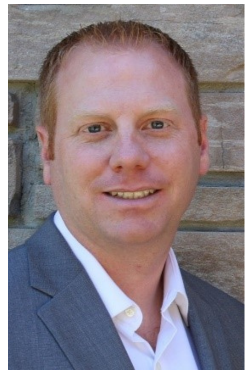
It can happen quickly and without warning. Loss of income or a large sum of money because of employment downsizing, an unexpected large bill, or a significant life event can alter your financial position. Knowing that it can happen to anyone, think about how you would handle a similar situation.

How would you face a financial challenge? What would you do to recover from the loss and move forward? Try to stay calm and avoid making any emotional decisions. Adjusting to a new financial situation may require discipline and resolve, and regardless of the circumstances, there's bound to be a fitting solution. Start by breaking down your budget. When you stop and evaluate your nonessential monthly costs and decide what you can live without, the road ahead may not be as rough as you first thought. It's amazing how small things can add up.

Think about all the monthly payments you make, and which ones are essential. Maybe you no longer need that landline or maybe it's time to scale back on some online subscriptions. Adapting to a new financial plan probably won't be easy. But it could be critical to reclaiming control of your future. As your situation improves, you can set new goals and focus on achieving them.

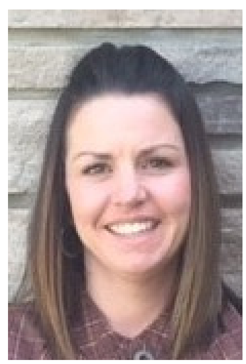
Most importantly, don't despair. Most losses won't last forever. With some professional guidance and a solid plan, you can chalk it up to what it was – an unfortunate setback with some tough lessons learned – and then, move forward.

Contact Information



Andrew Raymer
BBA, CIM®, CFP®
Investment Advisor
iA Private Wealth
Insurance Advisor
iA Private Wealth Insurance*
andrew.raymer@iaprivatewealth.ca

Ryan Husk
BBA, RIS
Investment Advisor
iA Private Wealth
Insurance Advisor
iA Private Wealth Insurance*
ryan.husk@iaprivatewealth.ca



Julie Witzel
Executive Assistant to Andrew Raymer & Ryan Husk, Investment Advisors
iA Private Wealth
julie.witzel@iaprivatewealth.ca

iA Private Wealth™