

A scenic photograph of a lighthouse situated on a rocky coastline. The lighthouse is white with a red top, and a small red-roofed building is nearby. The foreground is dominated by large, grey and brown rocks meeting the blue water of the ocean. The sky is filled with dramatic, grey and blue clouds, suggesting a sunset or sunrise. A wooden pier extends into the water on the right side of the image.

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Your money in the age of uncertainty

After a decade of steady growth, we have hit turbulence. How will you avoid knee-jerk reactions when your wealth plan gets rattled?

Years of steady growth on the stock markets came to an abrupt halt recently as the world grapples with the fallout of COVID-19.

A robust economy in 2019 suddenly feels shaky in 2020 and there is talk of recession. Nobody knows what's around the corner, but if you're already feeling unnerved, any news seems like bad news.

Anxious times can lead to uncertainty over your money, second-guessing your future plans and wondering where you're going to be down the line. This could be when the 'what ifs' arrive: What if you can't retire when you want to? What if the economy tanks and your savings cave in? What if you lose your job or get sick, and you are forced to sell your home? What if you run out of savings at 85?

If you've got a bad case of the 'what ifs' that's understandable. But it may also be counterproductive. Making a rash decision in the emotion of seeing a portion of your recent gains disappear may lead you to a course of action you

could come to regret. Before you take action, here are some points you may want to consider:

Create a plan for all seasons

Tannis Dawson suggests that you shouldn't let the 'what ifs' drive your action. The High Net Worth Planner with TD Wealth believes that trying to run away from problems and fleeing investments on a whim can lead to even greater problems. While no one has a crystal ball, she helps build wealth strategies that aim to protect against bad times as far as possible.

Dawson explains that while a crashing stock market and downturns in the economy may be unwelcome and can panic those who have never experienced anything like it before, cashing out during volatile times may cause you to miss a market recovery. Stocks and mutual funds don't grow in straight predictable patterns. If you review the major market indexes after the pullback in 2001 and 2008, the market has always recovered. In the same way Canadians can be sure there will be a nasty snowstorm every winter, no one can truly predict what day it will come nor how much shovelling we'll be doing. Same for the stock market. There will always be a downturn, sometimes severe, but no

one knows the date. Yet the market rebound that follows may push it to new heights.

She says that if clients are worried throughout this period, and want to know how well their plan is insulated from volatility or just want to confirm their plan is still on track, just contact their advisor and chat.

“When an advisor meets with clients, they typically say, ‘We planned for this, and we design your plan to help deal with this,’” she says.

A good plan ... offers perspective

If you have been used to steady growth in your wealth plans for a decade, losing a portion over two months can be plainly shocking. But Dawson says that this can be a dangerous time to make a move. For example, if you have 30 per cent of your portfolio invested in equities, you may feel highly motivated by a sharp loss to sell and transfer the funds into seemingly safer type of investments, like cash or GICs.

But Dawson says that kind of move could make the problem worse because, while someone may have suffered a loss on paper, selling can crystallize that loss thereby eliminating an opportunity for the investment to rebound. Moreover, once a growth cycle starts again, leaving money in cash means that an investor can't take advantage of the market recovery.

“I tell people, ‘If you're not in the market if it takes off again, you could miss that growth,’” she says.

And she points out how people can put minor turbulence into perspective.

“If clients are years away from retirement, advisors typically tell them, yes the market has gone down but you likely do not need access to those retirement savings right now. Time can help investments rebound from their lows before most investors need the money,” she says.

And for people who are retired, if they have a good wealth plan, they usually have two to three years' worth of living expenses in cash or low-risk investments, which will likely not be impacted by a market downturn. Therefore, any growth investments can have time to recover.

Perspective is important, she says, because people often fail to recall the times when they were enjoying above-average growth, thinking any recent good times were the norm. She reminds people what should go into making a wealth plan in the first place: a plan with a personalized standpoint, one that needs to evolve as people do and one that is based on reality, not rose-coloured glasses.



A good plan ... is personalized

In order to avoid a cookie-cutter plan that is ill-suited to your individual situation, your plan should be customized to who you are, what your situation is, and what you want in life, says Dawson. Advisors will sit down and discuss and discover what people want to do with their money — whether it's retiring at age 59, buying a sailboat for the cottage or planning a rich legacy for your grandkids.

The process of building a plan is also a great opportunity for a course correction if your current lifestyle is not matching your savings goals. For instance, if you are not putting enough money away when you're 40, it is likely better to make a small adjustment now than have to make a much bigger adjustment when you're a few years away from retirement.

Part of this discussion is determining your risk tolerance, which means what kinds of investments are appropriate for you and your goals. For instance, while cash is the safest type of investment, its low-growth characteristics may not be enough to reach your end- goals. Others may dislike the ups and downs of higher-growth investments. Usually people can choose a happy medium between both extremes.

Plan realistically and change the plan when necessary

A plan is built on a foundation of precise data on what you have and where you want to go with it, says Dawson. While we might all love to buy an island in the South Sea when we retire, simply

wishing for it won't get us there. However, exact details on financial obligations, cash-flow, savings, and aspirations for your wealth can allow a realistic plan to be built. It may not let you buy an island, but it could determine if you can visit and how the nice the hotel will be.

As an example, Dawson points to one of the greatest disparities people often have in their plans: their spending estimations in retirement. She says many clients believe they will be able to live on 75 per cent of their previous lifestyle costs, or even less. In reality, many people spend the same amount. The reason? Most newly-retired people have more time and enthusiasm for doing things they never had time to do when they were working (like enjoying a luxurious European vacation), which can eat into their savings even if they are spending less day to day. With this in mind, Dawson urges people to be realistic with their future spending, and all their forecasting estimates, in order to help make a more accurate retirement plan.

Few of us go through life without changing our priorities as life progresses or as events like starting a family bring their own urgency to how we run our lives. Both positive and negative changes must be reflected in your wealth plan since how much you can ultimately save, the time horizon for your savings and what you want to use the funds for must reflect your current, not previous, situation.

"People never know what life event is going to hit them," Dawson says.

It all comes down to trusting the plan

Dawson says talking to your advisor can help bring perspective and reassurances you are on the right track. And if someone doesn't have a wealth plan, talking to an advisor about how they can help may bring some clarity to what needs to be done about their finances.

She says that while news from the world or financial markets may be unsettling, she tells people they can learn to tune out the noise around them and focus on their long-term plan, which may be shielded from the short-term volatility of the markets.

Overall, bear in mind that generations before us faced economic turmoil, political stresses and international conflicts, and so may generations after us. We, along with our wealth plans may get rattled, but in the end we may need to re-adjust, reset and carry on.

"While the short-term results may be disappointing, the long-term view may show that recent history is just a blip on the road in seeking to achieve their goals," says Dawson. "Don't make rash decisions — it's often why you have an advisor in the first place."

— Don Sutton, *MoneyTalk Life*



COVID-19 and your business: Where to find financial relief



If you're worried about maintaining your business during the COVID-19 pandemic, here are some of the benefits and resources that may be available to you.

As business owners, it's hard to prepare for what we can't see coming. We may have been meticulous about insurance and even saving for a rainy day, but just a couple short weeks ago, few would have seen what was in store: the mandatory closures of businesses, mass layoffs and, in many instances, the potential for reduced or even no revenue for weeks or months to come.

If you are a business owner, here is some information on the benefits and resource that may be available to you.

Enhanced work-sharing programs

One way to help reduce layoffs of employees is to institute work-sharing. If you are facing a reduction of business activities, your employees may be able to access government benefits like Employment Insurance even while working a reduced work week to help them maintain an adequate level of pay. The federal government has extended this plan to a

total of 76 weeks and has waived the waiting period for employees to access benefits.

Increased access to credit and financing

Through the Business Development Bank of Canada (BDC), and Export Development Canada (EDC), new business credit programs are making loans available to small- and medium-sized businesses who need to borrow to keep operating. On March 27, the federal government announced the Canada Emergency Business Account would guarantee a loan of up to \$40,000 for qualifying businesses. The loan would be interest-free for the first year, and as much as \$10,000 may be forgivable. Businesses should contact their financial institutions to find out how they can access these and other federal government COVID-19 relief programs.

Wage subsidies for small and medium-sized businesses

The government is supporting small- and medium-sized businesses small and medium-sized businesses by subsidizing up to 75% of an employee's wages for the next three months. The subsidy maxes out at \$5,000 per month per employee and is retroactive to March 15th.

Tax payment deferral

The tax filing deadline remains unchanged for corporations. However, if you owe taxes, the deadline for payment has been extended to September 1, 2020. That includes installments, penalties and interest: all of which are being waived as long as payments are made by that date.

On March 27, the government also announced that GST and HST payments for small- and medium-sized businesses will be deferred until June.

Canada Emergency Response Benefit

For freelancers or other business owners who may not be eligible for Employment Insurance and who are facing a downturn in their business, the government has introduced the Canada Emergency Response Benefit. It provides workers who have lost their jobs or can't work due to COVID-19 disruption with \$2,000 per month for up to four months. Applications will be available in April and can be completed online. The benefit will be eligible to salaried, contract and self-employed workers, as well as those who are sick, in quarantine, caring for someone who is ill or taking care of a child due to school closures. They will be able to receive the benefit regardless of whether they are eligible for traditional Employment Insurance.

You may also qualify for mortgage and loan deferrals through your lender. To learn more about your options, contact your financial provider and look for further information from the Government of Canada's website. All levels of government continue to monitor the impact that the COVID-19 pandemic is having on businesses and may continue to adjust or offer additional aid.

— Denise O'Connell, *MoneyTalk Life*



7 healthy habits to help you live longer



Taking care of yourself may help you live longer. Here are some ideas to consider if you want to up your health game.

Statistics suggest that more and more of us will likely reach the age of 90 than ever before.¹ Needless to say, not only is living as long as possible a goal many of us want to strive for, we want to get there in the best shape possible. What's the best way to help do that? Dr. Adam Stewart, a family physician, from Madoc, Ontario, and MoneyTalk columnist, says there's no magic pill — your genes and your socio-economic position will likely have the greatest impact on your long-term health. He also notes that some studies in the U.S. suggest that longevity in certain populations may be actually decreasing because of increasing conditions such as obesity, diabetes, and heart disease.² But he does emphasize that there are major health factors that everyone should and can control if they want to be healthier at any age.

Stop smoking tobacco

“The most bang for your buck is smoking cessation. It's number one,” Stewart says. “Smoking makes everything worse. Cardio-vascular problems, stroke, cancer and chronic pain. Everything.” He also notes that while stopping smoking will have the greatest health benefits, it is probably the hardest thing to do and says people can consult with their doctor for support.

Exercise

“People don't have to be athletes. Whether it's walking or just being active, the more the better, but every little bit helps,” says Stewart. Exercise improves mental health, bones, cardio-vascular health, hypertension, obesity and may also help prevent certain types of cancers.

Nutrition

Eating fewer processed foods and more fruits and vegetables, is better. There is no perfect nor magic diet. And no one is perfect. Dr. Stewart says the best diet will be one that is sustainable for you, personally.

Sleep and stress

Dr. Stewart says science is increasingly discovering links between sleep, stress and good health. Stress can create a snowball of poor health issues while a healthy sleep schedule can have positive effects.

Focus on mental health

There is also a growing awareness of importance of good mental health and how it impacts overall wellness, says Stewart. Stimulating the intellect and creating a strong social network can ward off depression and anxiety. A healthy mind can help deal with other health issues like smoking cessation, whereas depression and anxiety can complicate matters. “Mental health interrelates with everything. If you’re depressed and have a heart condition, your motivation is impaired for managing that problem,” Stewart says.

Alcohol in moderation

Excessive alcohol use can lead to multiple health problems, the obvious of which is addiction. Some general guidelines are two drinks a day for men and one for women, suggests Stewart.

Preventative Health Care

Early detection of certain diseases can improve your chances at a longer, healthier life, says Stewart. Pap smears, colon cancer screenings, and other tests can be very important. Patients should periodically check in with their doctors to help ensure they are up to date for all their preventative care options.

— Don Sutton, *MoneyTalk Life*

¹ www12.statcan.gc.ca/census-recensement/2016/as-sa/98-200-x/2016004/98-200-x2016004-eng.cfm

² www.theatlantic.com/health/archive/2016/12/why-are-so-many-americans-dying-young/510455/



Updated March 2020

Major Canadian Tax Deadlines and Dates

	2019	2020
Filing Income Tax Returns & Instalments:		
Individual	June 1, 2020	April 30, 2021
Self-employed individual	June 15, 2020 ¹	June 15, 2021
Deceased — Final tax return ² :		
Death occurred between January 1 and October 31	June 1, 2020	April 30 th of the following year
Death occurred between November 1 and December 31	Six months after the date of death	
If deceased was self-employed, death occurred between January 1 and December 15	June 15 of the following year	
If deceased was self-employed Death occurred between December 16 and December 31	Six months after the date of death	
Graduated Rate Estate ³	90 days after tax year end	
Trusts, including testamentary or spousal/common-law partner trusts	May 1, 2020	March 31, 2021
Quarterly tax instalments	15 th of March, June ⁴ , September and December	
Registered Retirement Savings Plan (RRSP):		
Contributions for the year	March 2, 2020	March 1, 2021
Contributions for the year an individual turns 71 years of age	December 31, 2019	December 31, 2020
Home Buyers' Plan (HBP):		
Withdrawal — Buy or build a home before October 1 st of the following year	October 1, 2020	October 1, 2021
Repayment — Starts in the second calendar year after the withdrawal	March 1, 2022	March 1, 2023
Registered Education Savings Plan (RESP):		
Contributions to receive Canada Education Savings Grants (CESGs) for the year	December 31, 2019	December 31, 2020
Registered Disability Savings Plan (RDSP):		
Contributions to receive Canada disability savings grants and bonds for the year	December 31, 2019	December 31, 2020
Capital Loss Selling:		
Disposition of investments to realize accrued capital gains or losses for the year (last trading date for settlement to occur within the year)	December 27, 2019	December 29, 2020
Family Loans:		
Interest on family loans to avoid attribution rules	January 30 th of the following year	
Charitable Donations	December 31, 2019	December 31, 2020

¹Please note that if there is a balance owing for the 2019 tax year it can be paid on or before September 1, 2020.

²The deceased's Will or a court order may set up a testamentary spousal/common-law partner trust. When testamentary debts of the deceased (or estate) are being handled through the trust, the due date for the final return is extended to 18 months after the date of death. However, any balance owing on the final return must be paid on the due date as determined by the date of death.

³The Economic Response Plan does not provide any information for trusts with year end other than December 31, 2019 which may impact Graduated Rate Estates with a non-calendar year end.

⁴The Canada Revenue Agency will allow all taxpayers to defer, until after August 31, 2020, the payment of any income tax amounts that become owing on or after today (March 18th 2020) and before September 2020. This relief would apply to tax balances due, as well as instalments, under Part I of the Income Tax Act. No interest or penalties will accumulate on these amounts during this period.

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