

Happy New Year!!!



Market Update

2016 had a number of events that influenced world markets. Those of note included a decision by the U.K. to leave the European Union, Donald Trump's U.S. election and an agreement by many oil producing countries to limit their output.

Canada's equity market had a strong turnaround, over 2015, and completed 2016 as one of the world's best performing markets. The benchmark S&P/TSX Composite Index posted an impressive 17.5% gain for 2016. A significant portion of this return came from a comeback in the materials and energy sectors.

The Bank of Canada's Canada/U.S. dollar exchange rate began the year at 1.39, but dropped to 1.34 as the year finished. In the U.S., the equity benchmark S&P 500 Index added 9.5% or 6.4% when expressed in Canadian dollars.

Globally, most markets had generally solid results for the year. However, this performance was also influenced by a loss of 12% (in the local currency) for the Chinese market - now the world's second largest economy. Overall, the MSCI World Index rose 5.3% in U.S. dollar terms or 2.3% in Canadian dollars.

The FTSE TMX Canada Universe Bond Index, a measure of government and investment-grade corporate bonds posted a final gain of 1.7% for the year.

The U.S. Federal Reserve also announced a long
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New Account Statement Format

Your 2016 account statement will arrive soon and it has a new format. All financial institutions are now required to have specific details on statements going forward. Statements will now include your personal rate of return and details on charges and compensation. The rate of return (money-weighted methodology) will be for 2016 and will account for deposits and withdrawals made during the year. The charges and compensation section details account fees (if applicable), and what you pay for administration, service and advice that you receive from us and Keybase. We would be happy to walk you through the statement if you have any questions.

Notable for 2017

- ⇒ RRSP Contribution Deadline is March 1st, 2017
- ⇒ Additional \$5,500 added to TFSA Contribution room for 2017.
- ⇒ Monthly or bi-weekly contributions are a great way to add to RRSPs and TFSAs
- ⇒ We can now accept e-transfers for one-time purchases

Q&A on RRIFs

What is a RRIF?

A RRIF (Registered Retirement Income Fund) is an investment account that has mandatory annual withdrawal amounts. An RRSP can be converted to a RRIF when a person is in need of regular retirement income.

When is a RRSP converted to a RRIF?

It is a common misconception that you have to wait
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As the Trans Pacific Partnership and the North American Free Trade Agreement are in jeopardy with the election of Donald Trump, Canada is set to start free trade talks with China in the coming weeks.

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awaited 0.25% rate increase in December. The Bank of Canada kept its key lending rate unchanged.

Each year there will continue to be new political and geographic impacts on markets. However, as investors, it is important to keep the big picture in mind and that volatility also creates opportunities. Maintaining a well-diversified portfolio that reflects your financial goals and tolerance for risk can help smooth out short-term market ups and downs, as well as provide an excellent opportunity for building wealth over time.

The information in this article is derived from various sources, including CI Investments, Signature Global Asset Management, Cambridge Global Asset Management, Globe and Mail, National Post, Bloomberg, The Guardian, and Trading Economics. Index information was provided by TD Wealth, TD Newcrest and PC Bond. This material is provided for general information and is subject to change without notice. Every effort has been made to compile this material from reliable sources; however, no warranty can be made as to its accuracy or completeness. Before acting on any of the above, please contact us for individual financial advice based on your personal circumstances.

Tax time is around the corner.... We can provide copies of tax slips and help gather the necessary tax documents regarding your investments. Don't forget that for non-registered (open) plans the year-end statement may have capital gain/loss information. Let us know if we can help.



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With Keybase online access you can:

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- ⇒ Update your email address and phone number
- ⇒ Update your mailing address
- ⇒ Change your statement delivery method ie from paper to electronic or electronic to paper

Contact us if you wish to be setup for online access.

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until age 71 to convert your RRSP to a RRIF. This conversion can actually be done at any time prior to age 71. This can depend on the need for income from a RRIF or other tax considerations.

What kinds of investments can be held in a RRIF?

In general the same investments held in an RRSP can be held in a RRIF. Portfolios are often adjusted at conversion time to account for the income to be paid from the RRIF.

How much is required to be withdrawn from a RRIF?

The withdrawal amount is a government prescribed percentage and is dependent on the account holders age and account value at January 1st. Some examples (age/withdrawal rate): 65 is 4%, 71 is 5.28%, 80 is 6.82%, 90 is 11.92%

On death, what happens to a RRIF?

Similar to RRSPs, RRIFs can have beneficiaries. If your beneficiary is your spouse the RRIF can be rolled to the spouse without probate or income tax implications. If your beneficiary is someone other than your spouse the proceeds from the plan will still bypass probate however it will be subject to income tax on the deceased's final tax return.

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