Helkie Financial

THE NEWSLETTER OF
MONEY MANAGEMENT AND
FINANCIAL PLANNING IDEAS

Planning Ahead

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FOCUS ON INSURANCE

Here's how to secure savings for your kids' education

With "back to school" just around the corner, many parents may be thinking ahead to their kids' future education — and how to protect it.

With tax-deferred savings and government contributions, Registered Education Savings Plans (RESPs) are one of the most effective ways to save for a child's post-secondary studies. But what if your earnings were no longer available to fund contributions?

Secure future funding

If you really think about it, opening an RESP and arranging to make regular contributions is just the start. The real goal is make sure that your child graduates from the educational institution of his or her choice.

Life insurance can help to ensure that happens. You can take out a term policy that coincides with your child's graduation from high school and be confident that funding will be available should something happen to you.

Your needs may change over time

It's important to revisit your education savings and life insurance needs anytime there is a significant change in your life. For example, if you have another child, you'll want to adjust both your contributions and your coverage.

Similarly, in today's increasingly competitive world many students are opting to pursue master's degrees, to give them that extra edge with employers. By preparing early, you can open the doors to that possibility.

If you have children, make an appointment soon. We can help you protect their education and their future. ■

Canada: 150 years old and plenty to celebrate!

MUTUAL FUNDS

The spectacle of the new, media-savvy U.S. president has made it hard to look away from events stateside. But we'd like to draw your attention homeward for a moment.

The International Monetary Fund (IMF) is predicting that Canada will post the second highest growth rate among advanced economies in 2017 and 2018.[1] Indeed, Canadian markets are well positioned to adapt to shifting global themes in 2017, including a rebound in commodity prices. Mutual funds offer a convenient way to take part in Canada's recovery.

Resource rebound

The resource sectors, such as materials and energy, helped the Canadian markets rebound in 2016, and this theme is playing out again in early 2017. The energy sector is feeling better about its prospects since U.S. President Trump came into office, and with pipelines getting the go-ahead in Canada and possibly the U.S., energy could benefit. The materials sector could benefit from the continued recovery in U.S. housing, along with the new administration's focus on building out infrastructure.

How to take part. There are many ways to take part in the resource rebound. Diversified natural resources funds may include energy and materials investments, while many core Canadian equity funds will also have market-weighted allocation to the resource sector.

Industrials and infrastructure

With Canada's economy picking up steam, the industrials sector is poised to benefit. Investing in infrastructure is a key part of President Donald Trump's economic strategy and was also a prominent feature of Prime Minister Justin Trudeau's economic update last fall. Infrastructure is also expected to give a lift to the industrials sector here in Canada, while providing support to the materials sector as well.

How to take part. Broad-based Canadian mutual funds will have positions in the industrial sector. Global infrastructure funds provide an opportunity to take part in the expected infrastructure renaissance in both Canada and the United States.

Bullish on banks

Economic growth in the U.S. and in Canada could prove positive for Canada's all-important financial sector, as should rising interest rates in the U.S. and less financial regulation south of the border. Canada's financial sector is attractively valued, and is home to many of the most stable blue-chip companies in the country.

How to take part. Many Canadian equity funds include banks among their top holdings, but there are also funds that focus exclusively on the financial sector.

Diversify through real estate

With positive economic growth expected for Canada and the U.S. and a lack of affordable rental units here at home, real estate investment trusts (REITs) could perform well. For investors, real estate provides opportunities to diversify their portfolios in ways that aren't connected with traditional stock markets.

How to take part. Real estate funds typically invest in REITs and public real estate companies.

REITs are also commonly found in income mutual funds. The majority of real estate funds hold commercial and corporate properties, although they also may include undeveloped land, apartment complexes, and agricultural space.

Investment considerations

Canada's prospects have always been tied to events in the U.S., and while the economic agenda south of the border currently aligns with ours, President Trump is still a wildcard, as are any potential revisions to the North American Free Trade Agreement (NAFTA) that may affect Canadian exporters.

As part of your diversified investment strategy, let's work together to find the amount of Canadian exposure that's right for you as well as individual funds that align with your investment objectives and risk tolerance. After all, what better way to celebrate Canada's sesquicentennial than by participating in the growth of our markets? ■

1 International Monetary Fund, *World Economic Outlook Update*, January 2017.

MONEY MANAGEMENT

Smooth out the cost of U.S. dollars

If you visit the U.S. frequently, invest or do business there, or plan to spend a lot of time in the States in retirement, a U.S.-dollar banking account can be convenient and save you time and effort when you need U.S. funds. Many Canadian financial institutions offer a range of U.S.-dollar savings and chequing accounts, which give you the option to save, write cheques, and earn interest in U.S. dollars.

But with the U.S. dollar expected to remain strong in 2017, you may be concerned about currency exchange costs. An easy solution is to take a "dollar-cost averaging" strategy to purchasing U.S. dollars. Here's how it works:

Step 1. Open a U.S.-dollar banking account.

Step 2. On a regular basis, use the same amount of Canadian dollars to purchase U.S. currency. For example, you might exchange C$200 every month, C$500 every quarter, or C$1,000 every six months — whatever suits your cash flow.

Over time, this approach can help to smooth out the effect of exchange-rate fluctuations — all while earning interest on your savings. When you need to access U.S. funds in the future, they'll be readily available, and the exchange rate won't matter. ■

EYEOPENER

Are you prepared for a financial setback?

A recent bank survey[1] suggests that about half of all Canadian homeowners don't have enough money set aside to deal with a financial emergency — and that one-quarter of those surveyed had less than $1,000 in reserve.

How much is enough?

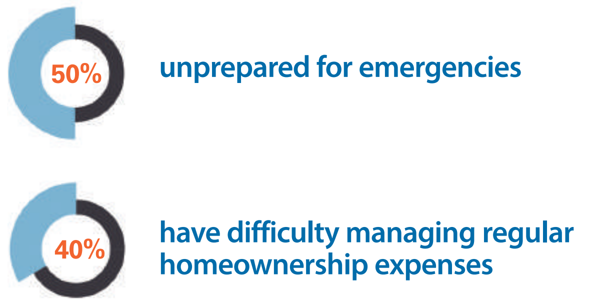
The general rule of thumb is to keep enough cash on hand to cover three to six months of living expenses — groceries, the rent or mortgage, utilities, phone, transportation, and other necessities.

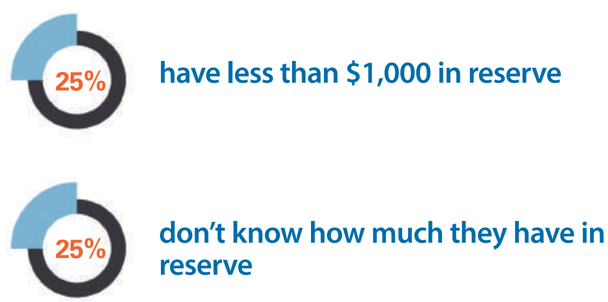
The amount that *you* should be saving will depend on your personal circumstances. If you are single, have a secure job, and your skills are in high demand, you can probably get by with three months in reserve. If you have dependents or your income fluctuates because you work on commission or are self-employed, you may want to build a larger emergency fund.

Where to keep it

You'll want the money you put away for financial setbacks to be completely secure and easily accessible. Money market funds, cashable Guaranteed Investment Certificates (GICs), and high-interest savings accounts are all good options.

We can help you figure out how much of an emergency reserve is right for you and choose the best place for it. ■





1 Manulife Bank of Canada, *Debt, dollars and decisions: Three generations of homeowners talk about debt and money management*, November 2016.

Give your kids a head start, with life insurance

What's one of the most valuable gifts you can give your children? Believe it or not, the answer may be life insurance.

Purchasing life insurance when your children are young can give them access to protection that can last a lifetime. It's also a great way to increase their financial options as they grow older. And in most instances, coverage is very affordable.

Life insurance for children provides the basis for coverage that can continue when they're adults. Down the road, your children will likely appreciate your foresight.

Guaranteed insurability

Arranging coverage early in life can help avoid problems your children might have obtaining coverage when they're older. Many policies offer options that guarantee the right to purchase additional protection in the future without having to pass insurability tests.

This can be a huge relief for someone who develops a medical condition in adulthood that would otherwise make him or her uninsurable or make the cost prohibitive. Certain career or lifestyle choices can also affect eligibility. By putting coverage in place now, you can ensure protection for later.

Cash value

If you choose permanent insurance (universal life or whole life), you're building up a source of funds that your child can use in the future. In addition to protection, these policies have an investment component that grows over time. Down the road, your child might use the policy's cash value for education funding or perhaps a down payment on a home.

The policy does not have to be cashed in to access its value. It can be used as collateral for a loan. Note, however, that the policy coverage will be reduced by the amount of any loan outstanding.

If your child doesn't need the cash, the investment portion of the policy continues to grow, tax-free, for your child's later benefit.

Financial support for your family

In the unfortunate event that anything does happen to one of your children, life insurance can help prevent financial hardship in addition to your emotional loss. You may want to take time off work, beyond your employer's allowed bereavement leave, and the tax-free insurance proceeds could give you the flexibility to take as much time as you need.

In addition, you might need the money to cover outstanding medical bills if your child was ill for an extended period.

Take action today

There's no better time than now to talk about life insurance coverage for your children. Purchasing a policy today can provide your children with a brighter future. ■

Divorcing? Add insurance into your settlement

If you're going through a divorce or separation, insurance is probably the last thing on your mind. However, it can play a key role in ensuring financial security for you and your children.

Support payments from your former partner can be essential to help cover the costs of raising children. But those payments could disappear overnight if your ex passes away. Your former spouse's estate is not obligated to continue support payments if they aren't stipulated in a divorce agreement or will.

Protect your children's future

One of the best routes to a secure future is to ensure that your ex-spouse has life insurance coverage that will leave money for you and your children in the event of his or her death.

It should be a condition of your divorce agreement. Without a legal stipulation as part of a divorce, there is no obligation to protect support payments with life insurance.

You need insurance, too

In addition to insurance on the life of your former spouse, you should have coverage on your own life. Your children's financial future depends not only on your spouse but on you, too. Life insurance coverage can provide the funds needed to support them until adulthood.

Going through a divorce is stressful for all involved. We can help you explore your life insurance options and make the decisions that provide you and your children with the financial protection you need. ■

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