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OCTOBER 2023 EDITION

KPW NEWSLETTER

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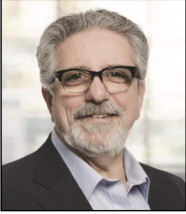
WHAT IS YOUR NUMBER?—KPW LIFE PLAN—IMAGINE YOUR FUTURE

VOL. 12, ISSUE 10

“"You are neither right nor wrong because the crowd disagrees with you. You are right because your data and reasoning are right." - **Benjamin Graham**



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LIFESTYLE FINANCIAL PLANNING—A REAL EXAMPLE

EDITORIAL COMMENT

Sergio Simone

We are into the homestretch of 2023, and what a year it has been…..so far. The good news is that equities have performed much better than most pundits expected, and the 10-year US Treasury yield is up 0.40% as I write this. If you stuck it out until now, you have likely recovered a good chunk of the disaster that was 2022 and I believe you are in a good position to take advantage of some longer-term rewards that I expect are just around the corner.

We have survived being bludgeoned by an onslaught of rate increases and although there still may be one or two in our future, I can see the light at the end of the tunnel and that light is loaded with opportunities.

FINANCIAL PLANNING FOR STUDENTS

Kristina De Souza, CFP

The fall always has us in “back-to-school’ mode. What that looks like for everyone can vary, but for me, it hits home for a variety of reasons. In our industry, the earliest we tend to begin formal financial planning is with young professionals. Although this makes sense, as this is typically when people start earning a notable income and can truly plan for the future, it can be argued that planning should actually begin sooner. For the younger generation, fortunately we are seeing an increase in financial literacy and education, which is extremely valuable. Evidently, there is a planning gap for those pursuing post secondary education, likely because they lack real income and assets.

LIFESTYLE FINANCIAL PLANNING - A REAL EXAMPLE

Ryan Simone,
CFP, CLU, CHS

I’ve written quite a few articles explaining the merits of life plans and lifestyle focused financial planning. It can be hard to convey to someone the importance of this type of planning and that it is different from mainstream financial planning.

Mainstream financial planning is about building wealth and protecting it. What it lacks however, is the personal touch of lifestyle financial planning. Mainstream financial plans often don’t put enough emphasis on the importance of a person’s lifestyle and are too focused on the bottom-line dollar. Yes, building wealth and protecting it is good, but how you use your wealth is what will ultimately make you happy.

Kleinburg Private Wealth
91 Anglewood Ct.,
Kleinburg, ON, L0J 1C0

www.kpwfinancial.com

905.893.2540
info@kleinburgprivatewealth.com

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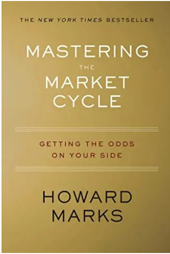
BOOK OF THE MONTH

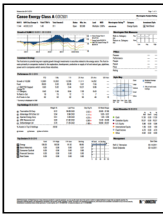
MASTERING THE MARKET CYCLE: GETTING THE ODDS ON YOUR SIDE—by Howard Marks



We all know markets rise and fall, but when should you pull out, and when should you stay in? The answer is never black or white, but is best reached through a keen understanding of the reasons behind the rhythm of cycles. Confidence about where we are in a cycle comes when you learn the patterns of ups and downs that influence not just economics, markets and companies, but also human psychology and the investing behaviors that result.
If you study past cycles, understand their origins and remain alert for the next one, you will become keenly attuned to the investment environment as it changes. You'll be aware and prepared while others get blindsided by unexpected events or fall victim to emotions like fear and greed.

FUND OF THE MONTH

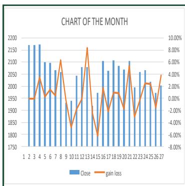
AGF GLOBAL DIVIDEND FUND



The fund invests in high-quality dividend-paying companies, maintaining strong risk controls at the country, sector and company levels, contributing to historically lower volatility and better downside protection than peers. This fund is for investors seeking the benefits of global market diversification and capital appreciation potential.

CHART OF THE MONTH

MAJOR ASSET CLASSES: SEPTEMBER 2023 PERFORMANCE REVIEW



Commodities and cash continued to top the monthly performance tables in September for the major asset classes. Also on display for a second straight month: widespread losses elsewhere for global markets, based on a set of ETF proxies.

BLOG OF THE MONTH

MAKE YOURSELF RECESSION-PROOF

Six Steps to Take NOW to Prepare Your Finances for a Recession

The first thing to know is that a recession, "a period of declining economic performance across an entire economy that lasts for several months," is a normal part of the economic cycle. Since World War II, there's been a recession about every five years, each lasting just under a year.

Recessions can cause rising unemployment, declines in stock values and other assets, and shrinking wages, so we're certainly not dismissing the possibility of very real economic pain. But to paraphrase a famous British World War II slogan, "stay calm and read on."

VOL. 12, ISSUE 10

PRIVATE WEALTH

INFORMATION AND SOLUTIONS FOR HIGH NET WORTH INVESTORS

PRIVATE ASSETS & THE HIGH NET WORTH ATTRACTION

In this episode, BMO Global Asset Management's Jeffrey Shell and Lillian Ferndriger join us to discuss newly accessible opportunities in private market assets. Jeffrey is Head of Alternatives, Commercial ESG and Innovation from BMO Global Asset Management. And Lillian is Director of Alternatives Distribution at BMO Global Asset Management.

We delve into the realm of private market investing, now a more widely accessible and vital instrument for portfolio diversification that promises attractive risk adjusted returns.

Wealth Management

THREE THINGS EVERY INHERITOR SHOULD KNOW

Despite appearances to the contrary, receiving an inheritance can be a very challenging experience. Managing a transfer of assets at a time of bereavement is difficult emotionally, and that can be further amplified if an inheritor has never before received an inheritance or been well-informed about the process beforehand.

Inheritors in Canada are generally unprepared to receive a transfer of wealth, according to our survey of 1,054 high net worth individuals on their attitudes and intentions toward giving and inheriting wealth.

BAY STREET CAPITAL HOLDINGS

10 SMART WAYS TO SPEND YOUR LOTTERY WINNINGS

If you won the lottery today, what's the first thing that you'd buy or spend your money on? A plane ticket to your dream destination or that designer bag or pair of shoes that you've been eyeing?

On one hand, winning the lottery could mean becoming financially secure. On the other hand, it could mean a new set of lifestyle problems. So, how do you navigate this new situation?

Sudden wealth comes with great opportunities as well as high stakes.

TAX STRATEGIES FOR HIGH-NET-WORTH INDIVIDUALS

Just as your ambitions are uniquely your own, so too is your tax situation. No single tax strategy will fit all scenarios. Instead, your tax obligations may require a personalized guiding plan with annual tinkering and consultations with tax advisors as your wealth accumulates or your business evolves.

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WHAT IS YOUR NUMBER?—KPW LIFE PLAN—IMAGINE YOUR FUTURE

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CORPORATE CULTURE

WHO ARE INDIVIDUAL PENSION PLANS FOR AND HOW DO THEY WORK?

An IPP is a registered, defined-benefit (DB) pension plan typically set up for just one member – you. It can let you build your retirement income under a tax-sheltering umbrella. And, you can get the maximum pension that Canadian tax law allows.

If you're a business owner or an executive, an IPP can create more contribution room over and above an RRSP. Here's a breakdown by age:

THE BEST BUSINESS ADVICE THESE 10 ENTREPRENEURS HAVE EVER RECEIVED

When an entrepreneur brings on a business advisor, they often do so with the intention of gaining sound insight and advice—finding that "second opinion" that can help steer their business in the right direction. But, many times, an advisor turns into something more: a true mentor who can offer guidance, support, motivation and understanding when times get tough, as well as the advice needed to help get you back on your feet.

14 EFFECTIVE EMPLOYEE RETENTION STRATEGIES

A top performer resigns out of the blue, and you're at a loss. You lean on your remaining team members to take on more responsibility while you search for their colleague's replacement. That becomes the tipping point that pushes them to think about leaving. At the very least, it may affect employee morale, which could undermine work performance and employee engagement. So, now is the time to confirm that your business is doing the right things to help drive employee job satisfaction and, ultimately, the retention of highly valued talent. First, you need to understand why your employees might be looking for a new opportunity — and consider why some team members may have already tendered their resignations.

SMALL BUSINESSES ARE UNDERESTIMATING THEIR CYBER RISK DESPITE INCREASED THREATS

Most small businesses don't believe they will experience a cyber attack, yet many employees are concerned they are putting their organizations at risk, according to a recent poll by Insurance Bureau of Canada (IBC). IBC's 2023 Cyber Security Survey found that more than 60% of small businesses believe their business is too small to be targeted by cyber criminals. This number rises to 73% for sole proprietors. The majority of business owners surveyed were not concerned about their staff posing a cyber risk, however, three out of four employees surveyed admit to having taken at least one action that poses a cyber security risk..

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FUND MANAGER COMMENTARY

Brian S. Wesbury, Chief Economist

First Trust Portfolios

DON'T FALL FOR THE Q3 HEAD-FAKE

We have plenty of data reports to go, but, so far, the third quarter is shaping up to be a strong one for the US economy. The Atlanta Fed's GDP Now model is tracking a Real GDP growth rate of 4.9% for Q3, which would be the fastest quarterly growth rate since the earlier part of the COVID recovery.

Our models aren't tracking quite so high but are projecting growth at about a 4.0% rate, still strong by the standards of the past couple of decades. However, we would not get too excited about what's happening in the third quarter and don't think one quarter of strong economic growth means a recession is off the table.

Sonal Desai, Chief Investment Officer

Franklin Templeton Fixed Income

RESTRICTIVE? WE'LL KNOW IT WHEN WE SEE IT

The Federal Reserve (Fed) kept interest rates on hold in its September meeting, but went out of its way to signal that the neutral interest rate is likely higher than the central bank has indicated so far, and that policy will have to remain tighter for longer—as I have long maintained.

BeiChen Lin, Investment Strategy Analyst

Russell Investments

INFLATION RISES IN CANADA. COULD A RATE HIKE FOLLOW?

Lin explained that the three core inflation measures preferred by the BoC—CPI-trim, CPI-median and CPI-common—actually slowed down in April compared to March, on a year-over-year basis. This illustrates how inflation does not necessarily decline linearly, he said. "Slowing inflation may consist of a series of declines, with an occasional spike back up. It's never going to be a linear process all the way down," Lin remarked.

Mike Gitlin, Incoming President & CEO

Capital Group

AS RATE HIKES NEAR END, HISTORIC INVESTOR OPPORTUNITY MAY BEGIN

Artificial intelligence is taking the world by storm. In this article, Malcolm White and Jeremy Yeung, Directors & Portfolio Managers, Global Equity, BMO Asset Management, place artificial intelligence within the history of innovation, discuss the many ways it could change how we live and work, and explain how that could translate into attractive investment opportunities.

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LINKS

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FEDERAL RESERVE HARDENS COMMITMENT TO 'HIGHER FOR LONGER' INTEREST RATES

INTEREST RATES WILL STAY HIGH 'AS LONG AS NECESSARY,' ECB LEADER SAYS

US BANKS REPORT $872B YOY DROP IN DEPOSITS

CREDIT CARD RATES ARE PRACTICALLY IN 'LOAN SHARK' TERRITORY AS THEY HIT RECORD HIGHS

US CORPORATE PENSIONS AT HEALTHIEST LEVEL IN A DECADE

ANALYSTS REACT TO FEDERAL RESERVE LEAVING INTEREST RATES UNCHANGES

USING YOUR HOME EQUITY FOR RETIREMENT INCOME

US CONSUMER CONFIDENCE IS THE LOWEST IT'S BEEN IN FOUR MONTHS

U.S. BANKS CLOSED 3,000 BRANCHES LAST YEAR

PARANOID? AN UPDATE ON CONSUMER SENTIMENT

Consumer and business confidence metrics are not yet out of the woods, and the recent spike in rates, oil, and the dollar might chip away at relatively resilient sentiment.

LEARNING TO COPE WITH A CRITICAL ILLNESS

You are going through life as you do every day – balancing work and home, pursuing your dreams – and then, out of nowhere, you are diagnosed with a critical illness. Your world is turned upside-down. What do you do next?

After the initial shock wears off and your medical team creates a plan for your treatment, the real work begins. Unfortunately, you can't prevent a critical illness from happening, but you can take steps to cope with your diagnosis and help protect your livelihood.

VIDEO AND PODCAST LINKS

INTEREST IN SEG FUNDS IS GROWING. HERE'S WHY

US CONSUMER CONFIDENCE DROPS TO A FOUR-MONTH LOW ON GLUM OUTLOOK

TOP DIVIDEND PAYERS UNDER SCRUTINY IN TURBULENT MARKET

FINANCIAL CALCULATORS

RETIREMENT CALCULATOR

Are you on track to reach your retirement goal? Here's a simple, fast way to see if you are on track.

FIDELITY TAX CALCULATOR

Estimates your year-end tax balance based on your total income and total deductions.

RRSP SAVINGS CALCULATOR

Estimate how much your registered retirement savings plan will be worth at retirement

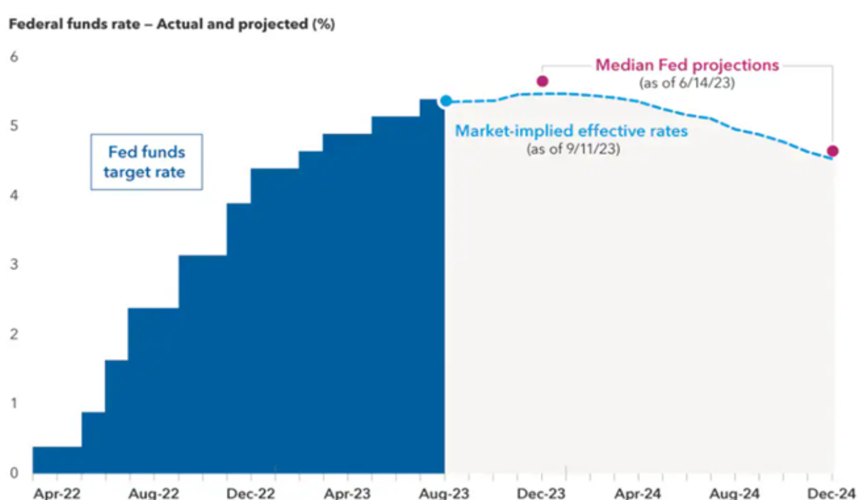
EDITORIAL COMMENT - CONTINUED

It is inevitable that central banks will be pivoting from a tightening policy to a stimulative one at some point. In the meantime, we can expect a more benign look in the equity markets and perhaps a pullback in volatility.

Just to recap, 2022 was the first time in some 45 years that both equities and bonds retreated into negative territory simultaneously. The Fed ruthlessly raised rates hurting both asset classes. Investors who sought refuge from falling equities by investing in “safer” bonds were unpleasantly surprised to find that bond prices fell in line with equity prices. Normally we can expect bonds to act as a refuge from turbulent markets but in 2022 the system had broken down!

Many investors doubled their mistakes by first moving money from equities to bonds and then from bonds to Cash or some substitute for cash. In the United States, $5.6 trillion sat in money market funds by early September according to the Investment Company Institute. In fact, with investors receiving rates in the 5%-7% range, they are still pulling money out of the markets to lock into a risk-free investment. This may be a solution for investors, but there is one thing that history has taught us: This may be an incredibly opportune time to add to your equity and fixed income (bond) portfolios.

Although no one knows exactly when the Fed will begin easing up on raising rates, there is a murmur out there that we could see a 1% drop in rates by the end of next year.



Sources: Bloomberg, Federal Reserve. The fed fund target rate shown is the midpoint of the 50 basis-point range that the Federal Reserve aims for in setting its policy interest rate. Market-implied effective rates are a measure of what the fed funds rate could be in the future and is calculated using fed fund rate futures market data.

So, back to what we have experienced historically. If you think that Fed rate increases are all but done, then pay attention. A review of the last four Fed hiking cycles clearly shows that yields on cash investments decayed while returns on equities and bonds flourished.

You may be sitting proudly on that 5% GIC especially after all these years of near zero returns in cash, but the fact is that the cash you are currently holding is being seriously eroded by inflation and taxation.

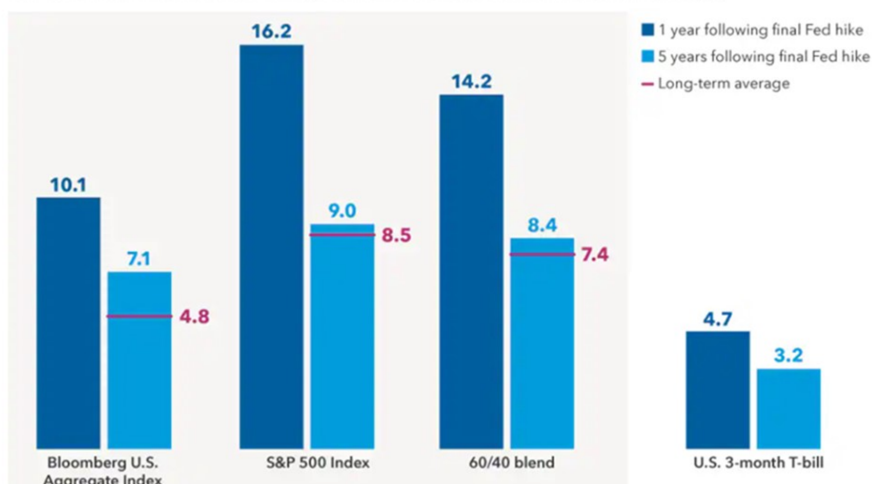
The real return on that $100,000, 6%, 1-year GIC may surprise you. Let’s take a look at what happens to that $6,000 interest gain. I am going to make an assumption that the investor is in a 40% tax bracket. So, right off the bat CRA is entitled to their $2,400, leaving you with $3,600 to enjoy as you please. The problem is that August inflation in Canada was at 6.9%! You would have had to earn $6,900 just to break even so your net result is that you lost money in August. ($6,000-$2,400-$6,900=-$3,300). I refer to this type of investment as “going broke slowly”.

Cash investors may feel a sense of comfort with some remarkable yields based on the recent historically low interest rate climate but the benefit of remaining in cash is severely eroded by taxes and inflation. To make matters worse these investors may have their money locked up when rate hikes end and reverse course causing the markets to shift into overdrive.

If we use historical experience as a guide, the 18 months after the Fed ended hikes in the last four cycles, the yields on cash investments have decayed rapidly while returns in stocks and bonds excelled. Another interesting result is that the first year following the end of Fed rate hikes contributed the highest returns over the next five years.

EDITORIAL COMMENT - CONTINUED

Results have been front-loaded following the final Federal Reserve hike in the last four cycles (%)



Sources: Capital Group, Morningstar. Chart represents the average returns across respective sector proxies in a forward extending window starting in the month of the last Fed hike in the last four transition cycles from 1995 to 2018 with data through 30/6/23. The 60/40 blend represents 60% S&P 500 Index and 40% Bloomberg US Aggregate Index, rebalanced monthly. Long-term averages represented by the average five-year annualised rolling returns from 1995. Past results are not predictive of results in future periods.

The reason this occurs is not rocket science. When the Fed stops tightening a great risk to the financial system vanishes. Once consumers and corporations see their borrowing costs declining, there occurs a significant boost to the economy and to corporate profits. It is no surprise that equity investors have realized tremendous gains during these occurrences. Even more cautious investors with a balanced approach to investing which includes more defensive positions such as dividend-paying stocks and high-quality bonds have experienced higher than normal returns.

I don’t want to appear insensitive to investors who have been dealing with a string of investment losses over the last year. I understand that the double whammy of reducing values and increasing costs can make even the staunchest among us despondent. And I truly see the powerful attraction of 5%-7% yields but as a proponent of long-term investing I also know that markets don’t remain idle for very long. For this reason, I avoid getting stuck in cash while I wait for the market to get back on track. I have lived through many market cycles and have experienced many ups and downs in my portfolio but I have always remained optimistic about what the future has in store and have not been disappointed yet.

FINANCIAL PLANNING FOR STUDENTS —Continued

This aside, students arguably have a lot in common with retirees: they have various income sources to piece together to meet expenses for a specific time horizon. Again, retirement planning is the standard in our industry, but planning for students is far less common.

The reality is that despite the lack of assets and income associated with students, there is a great amount of potential that should be focused on. We argue, the best place to start building lasting relationships is by showing the true value of financial planning. RESPs tend to be the first place the advisor-student relationship begins, but once the students and their families start requiring income from the RESP, it is time to take an immediate need and expand it into a multi-generational planning opportunity. The planning focus for students will look different to other genres and should focus specifically on tax credits and deductions. RESP income (EAP) isn't the only source of taxable income for students, many will have employment, investment income and various scholarships or bursaries. If expenses, which may include tuition and books, rent, food, technology to name a few, exceed income, then student loans may come into play.

In terms of tax credits, in general, non-refundable tax credits save tax at the lowest marginal tax rate at both the federal and provincial level. However, if the student does not have any tax owed, any non-refundable credits that can't be carried forward are lost. Two that cannot be carried forward that may pertain to students include the basic personal amount and the Canada employment amount. However, a tax credit for interest paid on eligible student loans and the tuition amount can, in fact, be carried forward.

Most refundable tax credits can be paid out regardless of the student's taxes owing, such as the GST/HST credit, the working income tax credit, the Canada training credit, and child and family benefits. Keep in mind that refundable credits are income-tested, so the students will receive more back the lower their taxable income is.

In terms of tax deductions, these reduce taxable income, but similarly only some can be carried forward so they should be used to their fullest while available. For example, child-care expenses are an example of a deduction that can't be carried forward. However, other deductions, such as the one for eligible moving expenses, can be carried forward and ideally should be taken in years where income is higher.

As we've learned, the foundation of education planning typically lies with the RESP. As such, planning for students will ultimately include planning around the RESP withdrawals.

Education Assistance Payments (EAPs) include government grants/bonds and investment earnings on RESP capital and are taxable to the student beneficiary. There is a withdrawal maximum of $5,000 ($2,500 for part-time students) for EAPs withdrawn in the first 13 weeks of the student's enrolment. From this point on, the annual EAP withdrawal threshold is $20,000, indexed to inflation.

There is the requirement for an eligibility assessment for any amounts paid above this annual limit, and lastly, EAPs can be taken up to six months after enrolment ceases. The goal in most of this planning should be to maximize EAPs throughout the student's studies, in order to reduce the amount in the RESP that would be a future non-educational payment (accumulated income payment (AIP). AIPs are taxable to the RESP subscriber (those who set up the account), payable at their marginal tax rate plus 20% unless they transfer the AIP to their RRSP, an RDSP for an eligible student, or pay it to a designated educational institution. Finally, bear in mind that for any requested AIPs, the associated grants and bonds must be fully repaid to the government.

With the proper planning in place, students can maximize their EAP withdrawals and ensure they retain all government incentives for their education. This process may include forecasting the years of study, annual expenses and the total RESP assets and other savings. By combining these factors with their other income sources, we can establish the best way to utilize available tax credits and deductions, making RESP withdrawals as tax efficient as possible. Ultimately, by maximizing after-tax income at the time it is needed, the student's need to take on unnecessary debt can be reduced, leaving them well positioned for their future earning years.

LIFESTYLE FINANCIAL PLANNING—A REAL EXAMPLE—Continued

Recently I've been working with a woman, helping her to create a life plan and I wanted to share her story to highlight the significance of this type of planning. I won't share her name, and I'll change some details to protect her identity, but the message will stay true.

This woman is 41 and has a full-time career with a large corporation. She has good benefits, a good pension, and makes a good salary in the six digits. Real upper management material. She is married, and combined with her husband, their total annual expenses are about $275,000 per year. This number includes taxes and contributions into savings plans and insurance. Overall, a financially stable and financially independent woman who in the eyes of a typical financial planner is doing all of the right things – saving for the future and making sure she is financially protected.

When I do life plans for people, I talk about "the bucket". Your bucket is where you keep all your money. Any money that you could access within the next 10 days is in your bucket. TFSA's, RRSPs, bank accounts, investment accounts are all part of your bucket. If you can spend it, then it's in the bucket. Houses, cars, pensions plans sit outside of your bucket. You can't use your house to buy groceries in the same way that you could use a TFSA. And every bucket has a tap that drains it. This tap is your expenses, and it includes taxes, savings and contributions, lifestyle costs, and debt payments – all the things that you spend your money on. For the woman whose life plan I am working on, her tap drains $275,000 per year out of her bucket. It seems like a lot of money, but she doesn't need to worry because her bucket continues to grow each year. She can grow the amount of money in her bucket because she adds new money via her and her spouse's salary, and she invests a good portion of the money she doesn't use.

When I presented this very healthy bucket scenario to this woman, I expected her to be quite happy with herself. Her bucket was growing, and she could easily maintain her current lifestyle. As I do with everyone, I showed her the cash flow analysis I created so that she could see for herself that her cash sources easily matched her cash uses. I also showed her a decades long cash flow projection that supported her ability to fund her lifestyle no matter what happens.

As I ran through everything with her, I noticed a certain look and it was not a look of somebody who was happy with what they were seeing. I could tell she was thinking deeply about something, and it might have even been troubling her. I needed to figure out what it could be. Here is the crucial difference between a lifestyle financial planner (a professional) versus mainstream financial advice as the industry likes it. A lifestyle financial planner puts all focus on a person's wants and needs. The backbone of every financial plan is to really listen to what a person wants and to view all planning through a lifestyle lens. In fact, I spend a lot of time listening to people so that I can figure out what they really want in life. Discovering this will not only make a person happier but it will also encourage participation in the planning process. It means people will be more inclined to complete the planning goals.

Mainstream financial advice hasn't really caught on to this. Mainstream financial advice would be content in just knowing that this woman had a healthy and sustainable financial bucket. Mainstream financial advice would have a grand 'ole time moving all that money around that bucket under the guise of saving taxes and earning more. And mainstream financial advice would say: "job well done Mrs. Client, you have lots of money, just make sure to keep saving and we'll make sure to keep you up to date on all the products available to wealthy people like you". Mainstream financial advice doesn't notice that Mrs. Client is bothered by something because mainstream advice thinks Mrs. Client couldn't possibly be upset about having such a great financial circumstance.

When I noticed something was off about this woman's reaction, I backed away from the numbers and started to ask questions. I wanted to understand how she was interpreting this information laid out in front of her. After some careful discussion, this woman said something that was far more powerful than any of the numbers I was showing her. She said, "I'm not spending my money on the things I actually want to do!" Her biggest expenses were going towards things like her vehicle, taxes, daycare. Yes, she needed to spend money on those things, she wasn't questioning that, but what she realized was that she wasn't spending enough time (note that I did not say money) doing things for her. I asked her to elaborate, and she told me she wants to take fitness classes and travel more but instead she's spending all this money on things like a car – something she doesn't care all that much about. Since having enough money wasn't her issue, the problem became one of how she was spending her time – a concept that was being reflected to her through such a mundane thing as a cash flow spreadsheet.

She wasn't seeing a cash flow surplus; she was seeing a lifestyle deficit! Eureka, a perfect lifestyle financial planning moment!

LIFESTYLE FINANCIAL PLANNING—A REAL EXAMPLE—Continued

Suddenly we were contemplating things like her career and how much she wanted to work. We talked about fitness classes and some of the weirdest trends in that space. Things like goat yoga - strange yes, fun also yes. For her, it was as simple as splitting some of the responsibility of daycare pick-up with her husband so that she could free up time to join some classes. She also decided to spend more time planning out her travel for the next year. In other words, the lifestyle financial plan showed this woman a better way to enjoy her life and it had nothing to do with knowing which investment earned her the highest return last year. She knew she wasn't doing things the way she wanted but the lifestyle financial plan process showed her how that was the case.

I truly believe this type of planning is alternative to what mainstream financial planning is doing and recently I've caught myself telling people I'm an alternative financial planner or an "alt planner" (I like to think it sounds cool to the kids). I also believe that this type of planning is where the profession needs to go.

Lifestyle over product; lifestyle as the bottom line.

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DISCLAIMER

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the simplified prospectus before investing. Mutual funds are not guaranteed and are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer. There can be no assurances that the fund will be able to maintain its net asset value per security at a constant amount or that the full amount of your investment in the fund will be returned to you. Fund values change frequently and past performance may not be repeated.

Labour Sponsored Investment Funds (“LSIF”) have tax credits that are subject to certain conditions and are generally subject to recapture, if shares are redeemed within eight years. Please note that Mutual Fund Representatives in Alberta are not permitted to sell LSIF.

An investor proposing to borrow for the purchase of securities should be aware that a purchase with borrowed monies involves greater risk than a purchase using cash resources only. The extent of that risk is a determination to be made by each purchaser and will vary depending on the circumstances of the purchaser and the securities purchased.

Discuss the risks associated with leveraged mutual fund purchased with an investment funds advisor before investing. Purchases are subject to suitability requirements. Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same if the value of the securities purchased declines.

Investors should educate themselves regarding securities, taxation or exchange control legislation, which may affect them personally. This newsletter is for general information only and is not intended to provide specific personalized advice including, without limitation, investment, financial, legal, accounting or tax advice. Please consult an appropriate professional regarding your particular circumstances.

All non-mutual fund related business conducted by **Kleinburg Private Wealth Management** is not in the capacity of an employee or agent of Carte Wealth Management Inc. Non-mutual fund related business includes, without limitation, advising in or selling any type of insurance product, advising in or selling any type of mortgage service, estate and tax planning or tax return preparation. Accordingly, Carte Wealth Management Inc. is not liable and/or responsible for any non-mutual fund related business conducted by **Kleinburg Private Wealth Management**. Such non-mutual fund related business conducted by Kleinburg Private Wealth Management alone.

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