PLANNING MATTERS

Quarterly Financial Planning Newsletter from Coleman Wealth

Fall 2018 - 2nd Edition

Important Dates and Numbers

Maximum RRSP limit for 2018: 18% of earned income up to a maximum of $26,230
TFSA limit for 2018: $5,500, if over age 18
Cumulative TFSA limit: $57,500 if (over age 18) since 2009

Pedro and Nik's Tips and Tricks

- **Pedro:** Please do not forget that if you haven't already topped-up the kids' RESP for 2018, we should definitely do so before the end of the year. We can do $2,500 to receive the maximized government grant of 20%. If you've missed previous years, then we can do an additional $2,500 to catch up. Please give me a call if you would like to verify how much you have contributed thus far.
- **Nik:** As we approach the end of this year, we begin to wrap up and top up all of the 2018 contributions to your registered plans. Next year's TFSA limits are being increased to $6000. We currently have a program that we run and contribute automatically to your TFSA in the month of January topping you up for the year and therefore taking the thought off your mind. If you wish for us to automatically do the full contribution for you, year over year, please let us know and we would be happy to add you in.

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Introduction to Eimear

As you may have observed from Darren's latest webinar, my name is Eimear Moriarty (yes, as in Sherlock's nefarious nemesis) and I'm the latest member of the Coleman Wealth team, assisting in all matters concerning communications and marketing.

I joined the 3Macs, a division of Raymond James team back in January 2018 as an administrative assistant before happily moving upstairs, joining the ranks of the Coleman Wealth clan. Whilst this is my first foray into the field of finance, I'm eager and keen to delve in deeper.

Since graduating with a master's in journalism from Dublin City University and an undergraduate degree in Irish and new media, I spent the subsequent years working across a plethora of media platforms including print, online and radio, whilst dappling in the fields of marketing, communications and public relations.

Having decided I needed a new challenge, I bid farewell to the fair shores of the Emerald Isle at the start of 2017 to experience an infamous Canadian winter. And whilst I miss absolutely everything about my native soil (in particular a perfectly executed pint of stout and my mother's heavenly potato and leek soup), I am enjoying Toronto immensely and I relish scratching away at the multifaceted layers of the Canadian landscape, bit by bit.

I look forward to meeting and working with you all, and if there is anything I can do to help, please do not hesitate to contact me.

- Eimear

Sleeping Children Around the World (“SCAW”)

This July, my wife, Susan and I participated in a distribution of bedkits through Sleeping Children Around the World (“SCAW”). We joined a team of six other Raymond James employees and travelled to Tanzania where we delivered 2,000 bedkits that were generously donated by our family, clients and friends. Below is the short story I shared with SCAW on my experience. I owe an enormous debt to everyone who made our trip and our gifts possible. Thank you.

It was the shoes. I thought it would be their eyes. But it was their shoes.

When I first considered participating in a distribution, I knew – hoped, really – that I would be emotionally impacted by the experience. As a father, I know the connection I have with my children and the joy it is to be with them. Hearing the stories from Warren, who became our team leader, of his distributions in Tanzania, Togo, Singapore and India, I knew I had to have this experience in my life. The impact SCAW has had on Warren is evident within the first two minutes of speaking with him. His passion, his tirelessness, his commitment – it’s inspiring. I signed on to the idea even before he had provided any details.

It is so easy to drift by, focusing on work and family, and to allow these commitments to fill up our days. It’s only when we consider how much more we can do for others that we can see how much more we can give. Life stretches.

Anticipation is a tough thing. We can get so wound up by the idea of the activity that we can miss the “moment” of the activity. So, I began preparing myself for the emotional impact of the trip, of being with 2,000 children, by considering what would affect and impact me most. And I believed that it would be seeing the children’s eyes. Their expressions. Would there be joy? Sadness? Confusion? And how would I feel when we connected. When

our eyes met? What effect would that have on me?

And it was incredible. Children are children – no matter their circumstance. Their eyes express the most amazing potential. They are happy; they are sad; they are confused; they are certain; they are determined; they are playful. And all were wonderful. Their eyes tell you about their spirit. I made sure I looked into the eyes of every child I met. I wanted them to see me, and I wanted them to know I saw them.

Yet as their eyes were full of hope, it was their shoes that betrayed them. Their shoes tell the stories of how they live and what their daily struggles are. Shoes that my children would have thrown out long ago, are prized possessions. Shoes that have clearly been handed down from many older brothers and sisters. Shoes that are barely hanging on. Shoes that are torn, ripped and filthy. And then the children who have no shoes at all. The shoes break my heart.

The shoes tell me that we are making a difference to the children. By giving them some material comfort: some new clothes, new school supplies and a better sleep, we empower their spirit. The bedkits we distributed may contain only $35 worth of items (foam mattress, mosquito net, school supplies and new clothes), but the impact our gifts, our "zawadi", can make will benefit not just the child, but likely their whole family. And perhaps an entire community.

I am so grateful to have been involved with a SCAW distribution. I know we have made a difference to the children. I saw it in their eyes. And in the eyes of their parents and their teachers. 2,000 kids will sleep better tonight because we were there. And they will have a better day tomorrow.

Introduction to Nick Murray

One of the industry's premier speakers, author of twelve books for financial services experts, and a firm favourite of Darren's, Nick Murray touches upon the ever-present pitfalls of clickbait catastrophist financial journalism in *Client's Corner, An Open Letter to CNBC*, a pertinent topic discussed also by Darren during his latest webinar.

An Open Letter to CNBC

TO: MS. JESSICA DICKLER, PERSONAL FINANCE WRITER, CNBC

Reference is made to your posting of September 15 on CNBC.com, under the headline "Postcrisis, wary investors miss out on huge returns." I confess I settled down to read it with some relish, as I love reportage concerning the lingering fear and loathing of equities still abroad in our land, even after the market has quadrupled its Great Panic lows. All my experience suggests that this is a genuine humdinger of a contrarian indicator. But I digress.

What diverted my attention, and ultimately prompted this missive, was the very first sentence of your lead-in summary. In its entirety, it reads, "It's been 10 years since the financial crisis, yet many Americans are still clawing their way back to where they stood before ***$2.7 trillion in retirement accounts were wiped out*** (emphasis mine)."

Good heavens, I thought. Could a significant portion of my retirement savings have been ***wiped out*** in the crisis, and I somehow missed it? And am I, even now, still ***clawing my way back?*** This didn't seem possible, so I went back to my account statements for that fateful period (which began, I may tell you, when I was in my mid-60s).

What I found was an experience that I suppose could perhaps be ***mistaken*** for having about half of my retirement

investments ***wiped out***. Peak to trough, my account values were in fact down just less than 50%—which closely tracks what happened to the broad equity market between October 2007 and March 2009.

But, as I suspected even then that it would be, this disappearance proved temporary, and even fleeting. Indeed, like the broad market itself, my pre-crisis balances were fully restored at the beginning of 2013. (And then some, actually, because in the interim my dividends were being reinvested at prices I doubt I'll ever see again.) In no sense, therefore, had any part of my retirement portfolio been ***wiped out***.

(Forgive me if I'm piling on here, but I cannot forbear to add that, since their complete recovery at the turn of 2013, my retirement accounts—which I've never changed—have doubled ***again***, even after accounting for those pesky Required Minimum Distributions. No brag, Ms. Dickler; just fact. I've only done about what the broad equity market has done, which is really all I was trying to do.)

I know that I'm at risk here of generalizing from my own particular experience—and that of a lot of other patient, disciplined equity investors who held on during those parlous days, and continue to do so. That said, I suspect strongly that what you've actually done in your first sentence is to take the entire dollar amount of the temporary decline in equity values during the late crisis, and somehow to characterize it as having been permanently lost—***wiped out***, in your frighteningly vivid phrase.

This is beyond wrong; it's silly. Yet I can understand, if not quite forgive, your propagating it: ***you were just doing your job***. It is the pure essence of financial journalism, which is always and everywhere committed to helping investors confuse temporary decline with permanent loss, and thereby fail.

I'll give you this, though: people who panicked out of their equity portfolios during the 2007–09 unpleasantness ***did,*** in fact, have some significant part of their pre-crisis account values ***wiped out***. But the equity market didn't do that to them. They—with the avid encouragement of clickbait catastrophist financial journalism—did it to themselves.

You might give some thought to reporting on that someday.

THE HITS JUST KEEP ON COMING

"The Fed last week released its 2Q18 estimates for household net worth and related measures of prosperity. Of note, households' leverage (liabilities as a % of total assets) fell to a 33-year low, and households' net worth hit a new all-time high in nominal, real and per capita terms. Total household net worth is now almost $107 trillion, up over 50% from pre-2008 highs, whereas liabilities are up only 7% from their Great Recession highs. Housing values have increased by about 15% since their 2006 bubble highs, but are still 6% lower in real terms. Households have been busy deleveraging, saving and investing, and the housing market is back on its feet and healthy. Major trends are all virtuous and consistent with past experience."

—Scott Grannis, "More impressive financial milestones," September 27

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