

InTouch

Basic Financial Services Inc. | Sterling Mutuals Inc.
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QUARTER 4 – 2023

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Our customized services include:

- Retirement Income Planning
- Investment Management
- Asset Planning
- Wealth Protection
- Risk Management
- Tax Planning

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Happy New Year and welcome to the first issue of In Touch for 2024. We hope this issue provides you with valuable information, which will allow you to make strong financial decisions.

What's Happening

We'd like to first start off by wishing you, along with your family and loved ones a very Happy New Year. May it be filled with health, happiness, success and prosperity!

We are just finishing up our Fall review season and working on maximizing TFSA contribution limits for 2024. Shortly after that, we will be focused on RRSP contributions (for those who wish to make lump some contributions to their RRSP). RRSP contributions will certainly help reduce taxable income for some.

Every one of our clients' situations is unique, so we take a customized, hands on and pro-active approach to planning, whether we are making recommendations regarding tax bracket management, investment advice, etc.

Although the financial plans are all customized to each client's personal situation, we are finding that most questions from clients are similar. What does that mean to you?

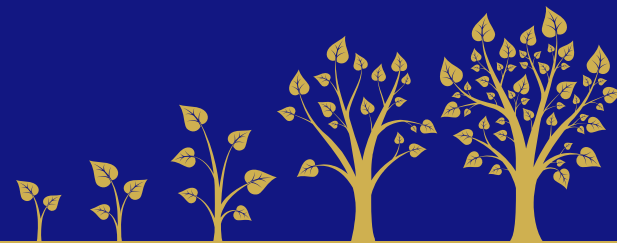
It means we are going to be providing you with answers to your burning questions in the form of a blog. Basic's very own Cody Weber will be providing blogs about planning for retirement. Have a look in our Articles of Interest section to see the first couple of articles. Keep in mind this newsletter is a quarterly piece, so if you like what you read, you can find more blogs on our website at www.basic360.ca

Market & Economic Update

Just like it started, 2023 went out with a bang. Although it did not feel like it - 2023 saw a strong bounce back in most major investment markets, interest rates stabilized, and affordability dropped. From a market perspective, in 2023 the S&P/TSX (Canadian Market) exhibited commendable performance, showcasing its resilience and adaptability in the face of various market conditions. Despite encountering some fluctuations and uncertainties, the index demonstrated its strength by delivering solid results throughout the year, finishing up 8.12% for the year. In 2023, the S&P 500 (US Market) experienced a year of remarkable growth and resilience. Despite some fluctuations and uncertainties in the market, the

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index demonstrated its strength by achieving impressive gains throughout the year. Investors witnessed consistent upward momentum, and the S&P 500 continued its upward trajectory, showcasing the resilience and potential of the market even in challenging times. Overall, it was a positive and fruitful year for the S&P 500 finishing the year up 24.23%.

2023 was a good year in most investment markets.

The hot topic in 2023 was interest rates. In Canada, we saw a gradual and measured increase as the Bank of Canada took a cautious approach to monetary policy, aiming to balance economic growth with inflationary pressures. Throughout the year, there were carefully implemented adjustments to interest rates in response to evolving economic conditions. This strategy allowed for a controlled rise in rates, providing a stable environment for borrowing and lending while also addressing concerns about inflation. On the heels of gradual growth in interest rates, the Canadian housing market continued to demonstrate its robustness and resilience. CREA (Canadian Real Estate Agency) forecasted the national average home price in Canada to drop by 3.3% to \$680,686 on an annual basis in 2023. This is the first drop in several years with higher interest rates playing a major factor.

There have been indications by both the Bank of Canada and the US Federal Bank that we might be in line for a rate cut or two in 2024. March might be the earliest rate cut and this would affect Variable Rate Mortgages and Home Equity Lines of Credit the most. Fixed Rate Mortgages have already dropped in November/December of 2023 in the expression of interest rate cuts in 2024. If you read last quarters update, you would have noticed July/August inflation trend upwards. Inflation as most expected trended lower the remainder of the year.



TRADINGECONOMICS.COM | STATISTICS CANADA

Looking forward - 2024 could see a continued growth if, as expected, the Bank of Canada and US Federal Bank pivots, earnings advance, and the economy continues to avoid recession. The key risks to this outlook are that inflation pressures could rise again, forcing the Bank of Canada and US Fed to walk back on rate cuts, and that much of the soft-landing narrative has already been priced into the market.

As always, your team at Basic Financial Services will continually be on-top of changing market conditions and provide tailored recommendations to your unique circumstances when needed. Here's to a successful 2024!

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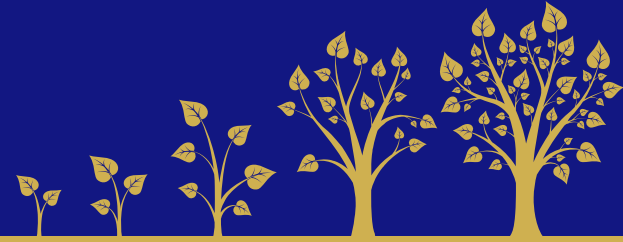
Please feel free to reach out if you have any questions, comments or would like to book some time to review your specific situation. We offer both face-to-face or electronic meetings via Zoom. If you feel the information above may be helpful to a family member or friend, feel free to share or visit our website www.basic360.ca

Sincerely, your team!

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Articles of Interest

Financially Free and Fully Alive: My Planning Guide to Retirement Bliss

By Cody Weber, CFP®, RRC®

Welcome retirees and pre-retirees to the blog you've been waiting for... **Financially Free and Fully Alive: My Planning Guide to Retirement Bliss**

We are going to be diving deep into what's important to you and your loved ones. If you're here, you likely have many questions on your retirement situation that need answering... yesterday. Or, tomorrow if you are planning ahead 😊. If you are.... We will get along great. I myself have been in the industry for nearly a decade and strive to provide the best customer service / financial advice for YOUR SITUATION. Because that's what you care about.

My firm and I are specialists in retirement planning. We can certainly go into the nitty-gritty of Retirement Planning and what that encompasses, but at the end of the day –just think of it as 5 different ingredients: Income Planning, Investment Planning, Asset Planning, Risk Planning and Tax Planning. Take these 5 ingredients, mix them in a pot and boom – the recipe for your desired retirement. At the end of the day, we SIMPLIFY THE COMPLEX. We take our challenging industry and decades of knowledge to spell it out to you, in a way you can understand. This way you can make the best choices for yourself and/or loved ones to live the life of your dreams.

To us at Basic Financial, we have an acronym for RETIRE. Why? Because our industry has acronyms for everything. TFSA – Tax Free Savings Account. RRSP – Registered Retirement Savings Plan. CPP – Canada Pension Plan. You get the point. So, why not have one for the potentially biggest decision of your life?

For us, RETIRE means the following:

Are you **R**eady for the next step of your life?

How do you **E**nvision the coming years?

What will you do with your all of your free **T**ime?

How will you **I**nvest in yourself and your loved ones?

Have you **R**eflected and planned for the future?

Is it important that you **E**nd on your own terms and leave behind a legacy?

Ready – are you able to give up your biggest source of time and social life throughout the week? Are you financially ready to retire?

Envision – what is your gameplan for the next 5-10 years as you transition into retirement? Do you want to be more / less active? Spend more and enjoy life? Can you afford to?

Time - what does your life look like post retirement? Does it include social outings with friends for dinner? For some, it may be at home looking after the property and staying in. It might even be enjoying the warm beaches of Florida in winter to escape our Canadian cold. Retirement is different for everyone.

Invest – are you comfortable with your investment strategy? Can your advisor explain it to you so you understand it? Is it in the right place or going towards the right purpose?

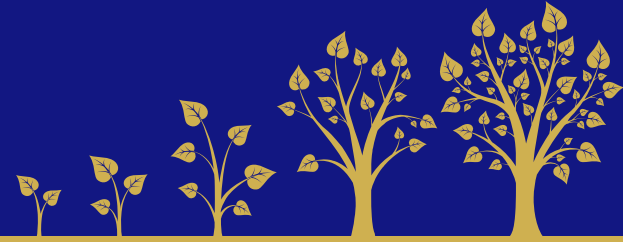
Reflect – have you thought about your money habits and the changes that have occurred over the years? How will that impact your decision making moving forward?

End – what does a happy / successful life look like for you? How will you enjoy your hard earned money? What are your wishes if you intend to leave some of it behind?

All of these questions and more are important to determine what is important to you and how money fits into the puzzle. We all have a money story. It is as much

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financial as it is emotional and psychological. We will be exploring both sides of money throughout this journey. I am excited you're looking to take it with me. Let's get started.

I will explore the complexities of Retirement Income, going from 1 paycheck in your working years to multiple during retirement. Stay tuned...

Disclaimer:

If you have questions, you can contact me via email: cody@basic360.ca.

Basic Financial Services Inc. is an independent financial planning firm in St. Catharines, Ontario... near Niagara Falls. We're on "the good side" of the Falls for those that have visited our area. Our team has multiple CFP® professionals and we provide unbiased financial advice. For those of you who don't know, CFP® stands for CERTIFIED FINANCIAL PLANNER® - it's essentially the designation you want your Financial Planner or Financial Advisor to have. We have spent hundreds of hours learning and understanding finances and looking at the big picture...not just one area of finance.

Embracing Retirement: Navigating the Financial and Emotional Transition

By Cody Weber, CFP®, RRC®

Dear Retirees and Soon-to-be Retirees,

For decades, your life has revolved around schedules, deadlines, and responsibilities. Those responsibilities may have included juggling kids sports while trying to make dinner and handling work commitments. That life is behind you, stepping into retirement requires changing your daily rhythm, rediscovering hobbies, passions, and interests that may have taken a backseat amid the hustle and bustle of work and family life.

It's a moment to revisit forgotten dreams, to immerse yourselves in activities that bring joy, fulfillment, and a renewed sense of purpose. Whether it's gardening, volunteering, traveling, or learning a new skill, working part-time to keep busy/social or working on a passion project. Retirement gifts you the luxury of time—an invaluable asset often underestimated during your working years. Navigating the financial and emotional transition represents the **RE** of **RETIRE**:

Are you **R**eady for this next step of your life?

How do you **E**nvision the coming years?

The world has changed, Pong is no longer the video game of choice in 2024. Your parents' version of retirement is in the past. Modern day retirement is different for everyone - mostly because we all have a unique set of circumstances that dictate how (and when) we retire. You'll face many important questions along your path to an emotionally fulfilling retirement:

1. Have you thought about what's important to you as you stop working full-time and settle into your retirement years?
2. How (if at all) do you want to change your lifestyle in retirement?
3. Are my spouse and I on the same page about when to retire?

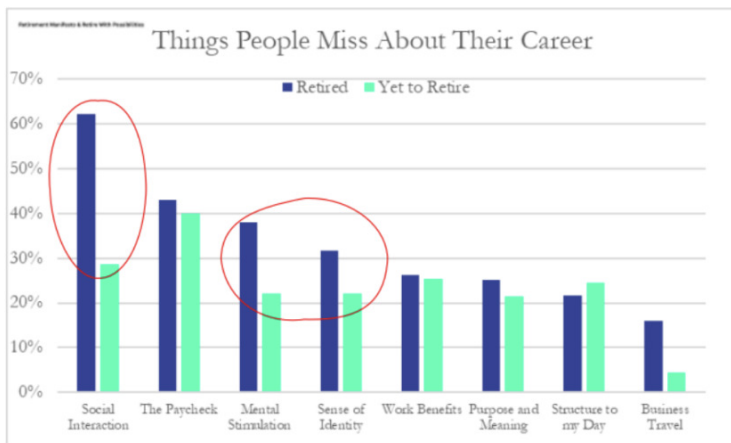
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4. Do you intend to spend more money in your earlier years of retirement while you are more active?
5. Are you going to work part-time?

It's easy to forget how much value we get from our jobs (it's not just about the money, right? 😊) – there is the lifestyle it provides, a sense of purpose and, if we're lucky, friendships/social connections. I regret to be the bearer of bad news, but that all ENDS when you decide to hang up the skates like Wayne Gretzky. He's now transitioned into the business world; – involved with Gretzky Winery in Niagara-On-The-Lake, one of my favourite establishments in the Niagara Region. I highly recommend it if you ever make it to our corner of Ontario. Wayne SHIFTED his purpose from the NHL to other ventures and opportunities to keep him busy in retirement. Heck, remember when he tried and failed as a coach? I say all of that to demonstrate how different life can be in retirement.



It's common to take time to adjust to retirement. At first it can feel like a holiday - you can relax, sleep in, travel more or spend time with family and friends. However, once the 'honeymoon' period wears off, you may find yourself looking for more purpose.

Many people don't spend enough time thinking about how they will fill their days without a full-time job. Please don't make that same mistake. I'm a "Numbers Guy" so I'll throw a statistic at you; retirement increases the probability of suffering from clinical depression by about 40 per cent (2). WOW, that can be a surprise to you as you consider retirement. That is why it is so important to have a plan on what you want to do and achieve in retirement. I have seen this firsthand; a client

and I ran the numbers, put all the steps in place to and he sent in his 2 weeks notice to retire. He was so excited and ready for this next step in his life. After a few months, as part of my process and client service level – I checked in, he was already back at work.

"Cody, I just got so bored and lonely being at home. There are only so many projects to complete, golf rounds to play and meals to cook. I need something to wake up for and to have a sense of PURPOSE". Like I said earlier, retirement is different for everyone. For Larry it was social connections and a sense of feeling needed. It's important to plan for your retirement and the lifestyle you wish to live during it. You'll need to consider more than your financial goals. Let's look at some things to consider in the lead up to your big day and make it enjoyable.

Financial Readiness:

Undoubtedly, financial readiness is a crucial aspect of Retirement Planning. It's about ensuring that your hard-earned savings and investments can support your envisioned retirement lifestyle. Questions about your retirement income, expenses, healthcare, and long-term care may linger, causing understandable concern.

But here's the aspect often overlooked: the emotional and lifestyle transition. Retirement isn't just an end; it's a new beginning. It's an opportunity to embrace newfound freedom, explore passions, and redefine your purpose. For years, your identity might have been closely tied to your profession. Retiring might feel like bidding farewell to a part of yourself.

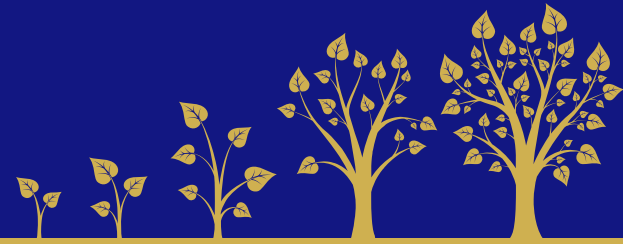
Lifestyle Plans:

Amidst this change lies the chance to discover a renewed sense of self. It's a time to explore hobbies, work on your terms doing what you care about, delve into lifelong passions, or contribute to causes you care deeply about. It's an invitation to savor life's simple pleasures—to travel, spend time with loved ones, or even pick up that book you've always wanted to read.

The transition into retirement is not just financial, it's a mental and emotional transition. It's about embracing the freedom to shape your days according to your desires, not your obligations. It's about finding joy in the small moments and celebrating the journey you've traveled to get there.

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Sure, there might be uncertainties along the way. But in these uncertainties lie the beauty of this chapter—unwritten pages waiting for your unique story. It's about realizing that retirement is not just an end goal; it's a canvas awaiting your masterpiece.

So, to all retirees and those about to embark on this journey, take a deep breath. Reflect on the path that brought you here and look ahead with optimism. Embrace this transition with an open heart and an adventurous spirit. Remember, retirement isn't just an end; it's a beautiful new beginning.

Mindset Shift:

Perhaps the most profound aspect of retiring is the mindset shift it demands. Shifting from the structured routine of work to a more flexible, self-directed lifestyle can be both liberating and daunting. It's about cultivating a new mindset that embraces change, resilience, and adaptability.

Retirement marks a juncture where your identity transcends your professional title. It's an invitation to discover the multifaceted aspects of your being—to embrace personal growth, introspection, and self-discovery. Take the time to reflect on what truly brings you happiness and fulfillment, nurturing your mental and emotional well-being in this new phase of life.

In Conclusion:

Retirement isn't merely a destination; it's a transformative journey—one that encompasses financial preparedness, lifestyle transitions, and a profound shift in mindset. It's about cherishing the moments, relishing newfound freedoms, and embarking on new adventures.

For my client, Trudy, retirement meant going to the theatre with her daughter, and seeing her grandchildren play hockey. It was about time freedom and doing what she wanted, when she wanted. I am so glad we could help her get there. If you are struggling with your purpose in retirement or what to do, here are some steps to take a few years before from the big day. It is a list designed to provide several to do items from 5 years away from retirement, 3 years, 2 years, 1 year away and 6 months.

PRE-RETIREMENT CHECKLIST

5 YEARS AWAY FROM
RETIREMENT

TASK CHECKLIST

- BEGIN THINKING ABOUT YOUR RETIREMENT LIFESTYLE
- ESTIMATE YOUR RETIREMENT SPENDING PLAN
- ESTIMATE YOUR INCOME SOURCES - CPP, PENSION, INVESTMENTS, ETC.
- RUN RETIREMENT PROJECTIONS WITH YOUR FINANCIAL PLANNER
- TAKE ADVANTAGE OF CATCH UP ROOM IN YOUR RETIREMENT ACCOUNTS
- TRACK YOUR NET WORTH

As you step into this new chapter, remember to be kind to yourself. Allow yourself the grace to navigate this transition at your pace, embracing the emotions that arise along the way. Surround yourself with a supportive community, seek guidance when needed, and above all, enjoy the opportunity to craft a retirement that reflects your dreams and aspirations.

Congratulations on reaching this significant milestone. Embrace it with open arms, for it is the beginning of a new chapter filled with endless possibilities. Stay tuned..... for my next post, I will provide tips on creating your retirement spending plan for the lifestyle you wish to live. Stay tuned...

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