THE SCRIVENS PERSPECTIVE
BY PETER SCRIVENS, PRESIDENT

The Summer's weather certainly had it's ups and downs but the city is back to school and back to regular traffic.

That is, except a few areas that continue to be under development, like Elgin Street near our main office. We encourage you to help support the many local businesses on Elgin throughout the construction period.

Now that Summer is over, we're back to being open later on Fridays. Please note our regular hours are now in effect:

Office Hours
Monday to Friday: 8 am - 5 pm

It's interesting to hear some of the conversations these days about how politics and investments are related but Ken Browness offers his thoughts on how politics really affect your portfolio.

Speaking of your investment portfolio, Stephan Smith, encourages you to speak with your advisor each year to make sure you are taking advantage of all options afforded to you.

Elsewhere at Scrivens, Karen Spencer explains how condo insurance is special, what's going on with car insurance in Ontario, and more! Ole Jensen provides some great tips for business owners including device security for your employees, abuse liability insurance, and more!

We hope your summer had more ups than downs and your family is getting back into the swing of things as life gets a little busier.

I appreciate your support and I look forward to sharing what's going on around Scrivens in our next newsletter!

THE HOUSE OF COMMON SENSE: PLAYING POLITICS WITH YOUR PORTFOLIO

Ken Browness, CFP

When you receive this newsletter, we will be in the teeth of a Federal election. Rhetoric will be flying in all directions and various pundits will be pronouncing on the potential economic effects of this or that policy proposal from the various parties.

Given the volume (both in amount and in decibels) of material, it would not be unusual for one or another proposal to cause investors to worry about its effect on their portfolio.

While there is no question that political decisions can have some effect in determining the relative attractiveness of certain investments, I think we sometimes give them far more credit than they deserve. This reflects the fact that for investment fund managers, the fundamentals never change.

Consider the manager of a broadly diversified equity fund: when the manager is identifying companies to invest in, most are looking first at the company – what markets are they selling to, what is their cash flow and is it growing, what is their profitability and how is that improving, what are the barriers to entry for competitors in that industry, etc.

For such "bottom up" managers, a political consideration might enter at the margin: for example, in the current environment they might give a pass to investing in (for example) an American company that earned most of its revenue from selling to China.

Managers who consider the overall economy to base their decisions, rely more on macro factors such as inflation, interest rates, and where we are in the business cycle.

In a time of political argument, there is some comfort in knowing that investment fundamentals stand the test of time. Should re-assurance be required however, a portfolio review with your Scrivens advisor provides a nonpartisan solution to keep you on track.

In this, the 75th anniversary of the D Day landings, we are reminded of the sacrifice that was made to preserve our right to choose our political representatives. Your vote is indeed an investment in your future.

IMPORTANCE OF AN INSURANCE REVIEW
By Stephan Smith

An annual review of your insurance portfolio should consider life insurance, disability insurance, and critical illness insurance. Any oversights could carry huge financial and emotional costs.

Over the past 2 decades, too many occasions involved clients who waited until a tragedy hits to review their insurance.

Sound financial planning must include life insurance. As the industry evolves and your life progresses, your insurance needs will change.

The purpose of a review is to ensure your current *coverage* aligns with your current *financial needs*.

In today's uncertain market, it's crucial you take the time to review your portfolio now rather than being forced to do so. Contact your advisor and schedule a review today!

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REGISTERED DISABILITY SAVINGS PLAN (RDSP): WAITING FOR DISCOVERY

A couple of months ago I was at a seminar presentation in Montreal on the subject of Registered Disability Savings Plans (RDSPs). A grand total of 7 people (and that included the instructor!) were in attendance. From the instructor's perspective, the attendance spoke volumes about the state of awareness of the RDSP.

The RDSP is a long-term savings program best viewed as a vehicle for generating additional cash flow later in a person with a disability's life. There are two parties to an RDSP: the **Planholder** and the **Beneficiary**.

The most important point regarding the RDSP is that, in order to open a plan, the Beneficiary must be eligible for the Disability Tax Credit (DTC). Moreover, the RDSP will make sense mostly for those who not only are eligible for the DTC today, but are expected to continue to be eligible well into the future. This reflects the fact that becoming ineligible for the DTC may lead to repayment of government grant and bond money paid into the plan.

Where the Beneficiary is under 18 years of age the Planholder would be a legal parent. However, if at the time the RDSP is opened the Beneficiary has attained the age of majority, the Beneficiary would also be the Planholder except where they do not have legal capacity.

In some aspects, the RDSP resembles the Registered Education Savings Plan (RESP), in that there is a lifetime contribution limit ($200,000), and contributions up to certain limits generate Canada Disability Savings Grants (CDSGs).

The grant amounts that will be paid are determined based on family income, but starting from when a Beneficiary attains 18 years of age, it is their income that determines the CDSG paid. For 2018, where family income was up to or less than $93,208, CDSGs are paid at 300% on the first $500 contributed and 200% on the next $1,000. For family income above that limit, the grant amount is $100% on the first $1,000 contributed. Unused CESG grant room carries forward into future years, however, a Beneficiary is only eligible to receive CDSGs until the end of the year they turn 49.

It is also possible to qualify for a Canada Disability Savings Bond (CDSB) of up to $1,000 annually in situations where family income is low enough to meet certain thresholds. For those who qualify, the payment of these bonds requires only the opening of an RDSP: contributions are not required.

To underscore the fact that the RDSP program is intended for long term savings, for every $1 of money withdrawn from an RDSP, $3 of CDGG/CDSB money paid into the plan in the 10 years preceding the withdrawal must be repaid. Ideally then, the best strategy with an RDSP is to ensure that there is at least a 10 year period that passes from the last contribution to when money is drawn out.

Payments (referred to as Lifetime Disability Assistance Payments, or LDAPs) must start to be made from an RDSP by the end of the year the Beneficiary turns 60. There is a maximum annual payment amount determined by government formula.

From an investment perspective, you have the same investment choices with an RDSP as you do with an RSP or TFSA. Regrettably, the number of RDSP providers is not nearly as large as those providing TFSAs, for example.

Through Scrivens, we are able to offer RDSPs through some of the mutual fund companies we represent, for example, Mackenzie Investments.

The RDSP can be an excellent vehicle for building long term savings for persons with disabilities. Should you either be someone, or know someone who would qualify for the program, we would suggest setting up a meeting with a Scrivens Advisor to look at your specific situation, and get the benefits working for you.

- Ken Browness, CFP