

*"In three words I can sum up everything I've learned about life: it goes on."  
~Robert Frost*

We entered July with uncertainty due to the swirling aftermath of the June Brexit vote. As July closed investors realized life, for the most part, is good. We can look past the news and understand life does go on.

In Canada the angst brought on by the world issues wilted and washed away in July as the markets rallied and the TSX composite index rose 3.68% despite a drop in oil prices. Equity markets rallied in July with the strong U.S. economic data.<sup>1</sup> The creation of 277,000 in the U.S. pushed markets to record highs despite mixed quarterly earnings. Gold prices strengthened on the political uncertainty surrounding Britain's exit from the European Union. The Canadian bond market - as measured by the FTSE TMX Canada Universe Bond Index - gained 0.8%.<sup>2</sup>

Clinton slams Trump; Trump slams Clinton... Brexit news seems to have taken second stage to the U.S. presidential race and the political discontent shaping up. Despite the political shenanigans all the U.S. indexes rose; the Nasdaq had a strong performance of 6.60%. Even with the positive growth in July the U.S. Federal Reserve kept interest rates unchanged.

The Canadian Federation of Agriculture (CFA) president Ron Bonnett states that trade deals are uncertain in some areas of Canada due to the Brexit vote and looming U.S. election.<sup>3</sup> With all the information economic growth in Canada is expected to lag that of the U.S., and as such, interest rates are likely to remain low until the second half of 2017, even if the U.S. Federal Reserve raises rates this year. Although the Canadian unemployment rate has been declining for the past few months on a month-over-month basis, the decline has been uniform, with Alberta and most of the Maritime provinces in a rising unemployment trend. Growth in Western Canada is heavily influenced by the price of oil and the strength of the U.S. economy. However, while oil appears to have stabilized and the U.S. economy remains generally on track, it is expected the repercussions of the devastating wildfires around Fort McMurray could have a negative economic impact on Canada in months ahead.<sup>4</sup>

Stock Exchange	Year to Date July 31, 2016
TSX (Toronto)	12.09%
DOW (U.S.)	5.78%
S&P (U.S.)	6.34%
NASDAQ (U.S.)	3.09%
CAC (France)	-4.25%
FTSE 100 (London)	7.72%
DAX (Germany)	-3.77%
NIKKEI (Japan)	-12.95%
HANG SENG (Hong Kong)	-0.11%

Rates as of July 31st, 2016 *		
Term	GICs	RSPs
1 year	2.05%	1.45%
2 Year	2.27%	1.65%
3 Year	2.30%	1.76%
4 Year	2.26%	1.81%
5 Year	2.26%	1.91%
* Rates subject to change without notice.		
<b>DAILY INTEREST ACCOUNT</b>		
1.00%		
<b>TAX FREE ACCOUNT</b>		
1.00%		

*(Information source(s): [<sup>1</sup>Advisor Research Group - Weekly market update: August 8, 2016]); [<sup>2</sup>July 2016 - Russell Investments Market Summary]; [<sup>3</sup>Swift Current on Line - Ag News - Aug 9, 2015: Amy-Jean McLean]; [<sup>4</sup>July 2016 - Sentry Q2-2016 Commentary: Conservative Balance Income Fund - James Dutkiewicz, CFA, Chief Investment Strategist & Senior PM; Michal Simpson, CFA, Senior VP & Senior PM])*

## Our Services

- ✓ Financial Planning
- ✓ Portfolio & Investment Solutions
- ✓ Retirement Solutions
- ✓ Estate Maximization
- ✓ Risk Management:
  - Life, Disability, Critical Illness
- ✓ Mortgage Services (upon referral)



• Manulife Securities Investment Services Inc. PH: 306-778-6611 FAX: 306-778-7644  
 Certified Financial Planners & Mutual Fund Advisors: Larry Jensen, Randy Sommerfeld, Travis Cuthbert  
 Mutual Fund Advisor: Norman Tonnies

• Manulife Securities Incorporated PH: 306-778-0730 FAX: 306-778-0371  
 Certified Financial Planner & Registered Representative: Craig Robinson

Financial Planning offered through Mercator Financial Inc. and Manulife Securities Incorporated. Insurance products and services offered through Mercator Financial Inc. Mutual funds are offered through Manulife Securities Investment Services Inc. and Manulife Securities Incorporated. Stock, bonds are offered through Manulife Securities Incorporated.

## The ABCs of how to withdraw from your RESP

It's the final month of summer and that has parents and students thinking about their last few weeks of carefree fun.

Some student's entering the fall of 2016 know their life is about to really change. Some students have decided they want to review life by searching out opportunities in the work force, while others are planning to continue their studies and are getting gearing up for their post-secondary education.

It's an exciting time in the family. Parents quickly realize their child is on the brink of adulthood and their years of contributing to a RESP will now help offset their child's education; in the same moment the child starts to realize their hopes and dreams are about to unfold and now they understand the costs associated with an education and becoming independent. Both scenarios involve money and if you are fortunate enough to have some funds set aside in a RESP for your child it is important for everyone involved to understand the rules and strategies for withdrawing the funds.



First there are two different types of money in the RESP account:

- 1) **Contribution Amount:** is the sum of all the contributions you made to the account over the years.
- 2) **Accumulated Income:** is made up of the grants, capital gains, interest, dividends earned in the account. Any money not contributed is considered to be accumulated income.

Understanding the two types of money is important because taxation of withdrawals from the contribution portion is different than withdrawals from the accumulated income portion.

- Contribution withdrawals are not taxed.
- EAP (educational assistance payments) which are withdrawals of accumulated income, are taxed as income in the hands of the student which is good since they typically have a lower tax bill.
  - \* NOTE: there is no withholding tax on any kinds of RESP withdrawals, so if the student ends up in a taxable situation, they will be responsible to pay the taxes at tax filing time.

A withdrawal limitation:

One rule to understand - you are only allowed to withdraw \$5,000 of the accumulated income (EAP) in the first 13 weeks. After 13 weeks, you can withdraw as much accumulated income as you wish. There are no limits to withdrawals from the contribution portion as long as the child is attending school.

Basic RESP withdrawal information:

- Try to withdraw as much accumulated income money (EAP) as you can tax free. A good tip is to ask for more since withdrawals are not as convenient as retrieving funds from your chequing account.
- The RESP can be used for one degree (approved course) and extra funds can kept in the account for future education opportunities that meet the guidelines.
- The account can be open for 35 years after the year in which the account was opened. So don't collapse it until all schooling is totally ruled out.

When it comes time to withdraw your RESP funds make sure you speak with your advisor to avoid any errors that could cause tax consequences to the parent or child.

Manulife Securities and the block design are registered service marks and trade marks of the Manufacturers Life Insurance Company and are used by it and its affiliates including Manulife Securities Incorporated and Manulife Securities Investment Services Inc.

Manulife Securities Incorporated is a Member of the Canadian Investor Protection Fund | Manulife Securities Investment Services Inc. is a Member MFDA IPC

This publication is solely the work of Mercator Financial for the private information of his/her clients. Although the author is a Manulife Securities Advisor, he/she is not a financial analyst at Manulife Securities Incorporated or Manulife Securities Investment Services Inc. ("Manulife Securities"). This is not an official publication of Manulife Securities. The views, opinions and recommendations are those of the author alone and they may not necessarily be those of Manulife Securities. This publication is not an offer to sell or a solicitation of an offer to buy any securities.

This publication is not meant to provide legal, accounting or account advice. As each situation is different, you should seek advice based on your specific circumstances. Please call to arrange for an appointment. The information contained herein was obtained from sources believed to be reliable; however, no representation or warranty, express or implied is made by the writer, Manulife Securities or any other person as to its accuracy, completeness or correctness. Commissions, trailing commissions, management fees and expenses may all be associated with mutual fund investments. Please read the prospectus carefully before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

Mercator Financial and Manulife Securities Incorporated and Manulife Securities Investment Services Inc. ("Manulife Securities") do not make any representation that the information in any linked site is accurate and will not accept any responsibility or liability for any inaccuracies in the information not maintained by them, such as linked sites. Any opinion or advice expressed in a linked site should not be construed as the option or advice of Mercator Financial or Manulife Securities. The information in this communication is subject to change without notice.