



We hope you enjoyed 2017 as much as we did and are looking forward to an exciting and prosperous 2018! We are excited to introduce you to our Newsletter. Our team is planning to have a newsletter out twice throughout the year. Please feel free to pass this along to those you feel may benefit from the information in contains.

Fidelity's Mark Schmehl

Named Mutual Fund Manager of the Year
Investment Executives Magazine



JOINED FIDELITY – 1999

MARK SCHMEHL
 Portfolio Manager

"Events change quickly. People don't. Recognizing those moments of change allow me to find opportunities that traditional investors overlook."

FUNDS MANAGED

PORTFOLIO MANAGER

- Fidelity Canadian Growth Company Fund and Class
- Fidelity Special Situations Fund and Class
- Fidelity Global Innovators Class

AWARDS



2016 FUNDGRADE A+ AWARD

Fidelity Canadian Growth Company Fund

INDUSTRY EXPERIENCE

- 23 years

CAREER EXPERIENCE

- Equity research analyst, Fidelity Investments
- Pension consulting, SEI Investments

EDUCATION

- BBA, Wilfrid Laurier University
- MBA, Columbia University

DESIGNATION

- CFA

Important Dates



Feb. 12th – Family Day

Mar. 1st – 2017 RRSP
 Deadline

Apr. 30th – Personal Tax
 Deadline

May 24th – Victoria Day

June 15th – Corporate Tax
 Filing Deadline

Calculators and Planners



Tax Calculator:

<http://www.ey.com/ca/en/services/tax/tax-calculators>

TFSA/RRSP Calculator:

<http://www.dynamic.ca/eng/learning/Calculator-TFSA-RRSP.advisor.html>

Retirement Calculator:

<http://www.dynamic.ca/eng/learning/Calculator-Retirement-Planner.advisor.html>

Retirement Calculator:

<http://www.dynamic.ca/eng/learning/Calculator-Home-Budget.advisor.html>

RRSPs or TFSAs – Which is best?

The TFSA is a welcome addition to the savings landscape and joins the traditional RRSP as a tax-effective way of saving for the future. The subjective term 'better' is not really appropriate since the two investment vehicles are quite different.

TFSAs and RRSPs both allow tax-free growth for investments, but with an RRSP you get a tax break up front through tax deductions and pay full tax on withdrawals. With the TFSA, you contribute after-tax funds but pay no tax on withdrawals. If your Marginal Tax Rate (MTR) remains the same at the time of contribution as at the time of withdrawal, it can be mathematically shown that there is no difference between the plans. In these simple examples:

	RRSP	TFSA
Amount Contributed *	\$1,818	\$1,000
Reinvested Refund (45% MTR)	(\$ 818)	
After-Tax Contribution	\$1,000	\$1,000
Compound Growth over 20 years @ 6% annual return	\$5,831	\$3,207
Tax on Withdrawal @ 45%	(\$2,624)	
Net Return	\$3,207	\$3,207

	RRSP	TFSA
Amount Contributed *	\$1,818	\$1,000
Reinvested Refund (45% MTR)	(\$ 818)	
After-Tax Contribution	\$1,000	\$1,000
Compound Growth over 20 years @ 6% annual return	\$5,831	\$3,207
Tax on Withdrawal @ 35%	(\$2,041)	
Net Return	\$3,790	\$3,207

The example on the left makes the assumption that an additional amount is contributed initially but when the investor receives the refund of \$818, their after-tax cash contribution is \$1,000.

While the example on the left assumes a constant Marginal Tax Rate (MTR) of 45% for both the tax effect of the RRSP and the TFSA withdrawal, it follows that if your MTR is lower at the time of withdrawal than at the time of contribution then the RRSP will result in a higher net return. If the MTR at the time of the RRSP contribution remains at 45% and the MTR at the time of withdrawal is 35% then the following occurs with the example on the right. However, there are other considerations:

Psychological Factors

RRSPs are viewed as long-term investment vehicles and are subject to full taxation which makes people hesitant to draw on those funds. TFSA withdrawals, on the other hand, are not subject to tax which makes withdrawals far easier to contemplate. Consequently, RRSP contributions are probably more likely to be left intact to be available in retirement.

Clawbacks of Government Benefits

RRSP withdrawals are treated as earned income for tax purposes which may negatively impact government benefits such as Old Age Security and the Guaranteed Income Supplement. This is not the case with TFSA withdrawals which may have a bearing on the amount of money an investor would want in a particular plan when planning for future withdrawals.

As you can see, various factors must be considered when looking at RRSPs and TFSAs to determine which is 'best'.

Bridging Today's Reality with Tomorrow's Wealth

Your Gilchrist Financial Team

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**Thank you for entrusting us with your Friends and Family
through your generous referrals!**

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