

The Financier

Winter 2019

Increase your retirement savings

Starting to contemplate life after your working days are over? Here are 8 simple ways to maximise your savings so you can enjoy your retirement.

1. Spend less

Start by decreasing your **everyday expenses** for things like restaurants or coffee. Shop around for better **deals** on your telecommunications plans and your insurance. Consider postponing the purchase of a new **car** or opt for a more economic model. Think about moving to a smaller **home** that better fits your needs. These are all ways you can save significantly.

2. Get out of debt

To pay off your credit card balance:

1. Pay off more than the minimum amount.
2. Prioritize cards with higher interest rates.
3. Think before you buy.

3. Save more

Have some of your **expenses gone down**? Did you receive an **unexpected influx of money** (salary increase, bonus or inheritance)? Put these towards your savings.

4. Make the most of registered plans

They allow you to defer paying taxes on your savings. Take full advantage of them. You can put up to 18% of your employment income in a **Registered Retirement Savings Plan** (RRSP). You can also contribute up to \$5,500 a year to a **Tax-Free Savings Account** (TFSA). Keep in mind that you can catch up on your unused contribution room from previous years. Some employers offer **supplemental pension plans**. Once you retire, their contributions are added to the public plans.

5. Opt for automatic installments

Automatic transfers from your bank account are an easy way of putting money aside.

6. Don't let your money just sit there

Savings that just sit in your bank account don't gain any value. Striking a balance between guaranteed investment certificates, bonds and company shares will increase your income without taking unnecessary risks.

7. Postpone retirement

When your work income covers your current needs, even if you're only part-time, your savings continue to grow.

(+) Studies show that working later in life is an indicator of good health and longevity.

8. Delay receiving your pension

If you can, once you retire, don't claim your pension right away. If you claim it at age 70, it will increase by:

- 36% for the OAS;
- 42% pour le QQP.

Retirement is an important stage in life. To make sure you're prepared, schedule a meeting with your advisor or financial planner.



Tip

Do you know about **MyIdea**? This tool allows you to establish a concrete savings plan that can help you achieve your goals based on the amount you need and your envisioned deadline. Visit nbc.ca/myidea.

How to overcome financial stress

Proper financial management, just like eating right and exercising, has positive effects on a person's health. And yet finances are Canadians' main source of stress. Here are our tips to take control of your finances.



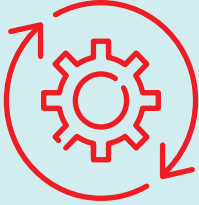
You're not alone

Finances are a source of **emotional stress** for nearly half of all Canadians. On top of that, 4 out of 10 Canadians admit that these worries affect their **sleep**,¹ and 50% of Canadian employees say that financial stress affects their **performance at work**.²



Good stress, bad stress

Stress can have its upsides: it can help you overcome challenges and perform well. However, stress that becomes chronic can cause problems. Persistent difficulty in earning a decent salary or putting money aside for your retirement can lead to issues with concentration, memory and learning. To put an end to this, you have to tackle the source of the stress.



Dealing with financial stress

To regain control of the situation, you have to deal with these two dimensions of stress:

Unpredictability

To reassure yourself when it comes to your **future income**, set up an accessible contingency fund for 3 months' worth of expenses. You just need to systematically set aside 5 to 10% of your income, even if it's modest.

If you're worried about stock market fluctuations, a financial advisor will be able to suggest **investment vehicles** in line with your risk tolerance.

The feeling of losing control

Take stock of your finances and deepen your understanding to feel more in control. An advisor can help you.

By identifying your sources of stress, you'll be able to take the necessary steps for more control of your finances. An American study was actually able to conclude that saving regularly reduces the risk of disease and the mortality rate. You'll feel much better!

¹ *Focusing on the Financial Health and Resilience of Canadians*, Seymour Management Consulting Inc., 2017.

² *La moitié des travailleurs estiment que le stress financier affecte leur rendement au travail*, Association canadienne de la paie, 2017.

Featured portfolio manager

In this Winter 2019 edition, we're sharing the approach of Corporation Fiera Capital, the portfolio manager for NBI Preferred Equity Funds and for the NBI Canadian Preferred Equity Private Portfolios (the "Funds"). These two investment funds are integrated either to NBI Portfolios or to the NBI Private Wealth Management profiles.

Overview

Preferred equity is a complex type of asset to evaluate. Several factors can influence its performance, such as interest rate fluctuations, the investors' level of risk tolerance, a change to an issuer's credit score and the number of new offerings.

Given this context, the investment process relies mainly on fundamental research and on taking into account quantitative and technical factors. Choosing assets depends on knowledge of the company, its business sector and its outlook for growth. It requires a strong credit analysis and an evaluation of risk profiles, of relative performance and of the economic conditions for each balanced asset in the portfolio.

- > To pinpoint the best investment opportunities, the management team relies on the expertise of internal teams who research fixed income investments and Canadian equities, as well as the opinions of external analysts.
- > The firm and their management team's reputation gives them direct access to upper management for many issuers, which allows them to maintain a strong presence in the marketplace.
- > They favour being active in their management to take advantage of market aberrations and generate profitable transactions in both the primary and the secondary markets. The portfolio manager can also liquidate assets if the belief is that a consistent risk-adjusted performance cannot be sustained.

Performance Evaluation

- > Attribution

Implementation

- > Best ideas portfolio
- > Trade execution
- > Compliance

Management strategy

The portfolio management team believes that preferred equities should perform better overall than bonds in a high-interest environment, while the dividend performance of floating-rate or fixed-floating stocks at variable or fixed-variable rates can be increased in the same context.

They expect the demand for this kind of asset to remain high if investors continue to favour the better-performing preferred stocks over high-quality company shares, considering the fiscal advantages of dividend income compared to interest income. However, they will favour floating-rate or fixed-floating preferred stocks traded at a discount, especially stocks whose dividend reset date is within the next two years.

Fundamental Research

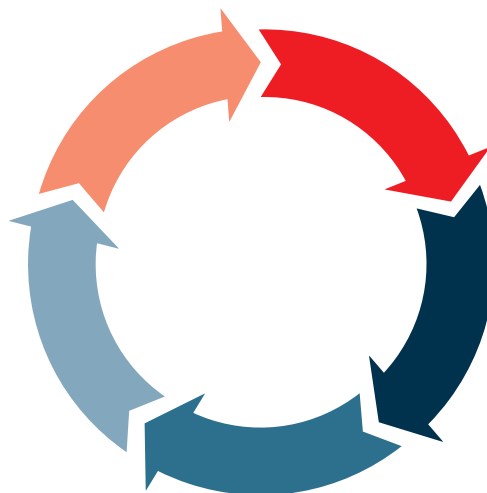
- > Quantitative analysis
 - Economy
 - Fiscal policy
 - Monetary policy
- > Relative value framework
- > Credit research

Market Behaviour Analysis

- > Qualitative analysis
 - Market sentiment
 - Technical factors

Strategy Setting & Risk Management

- > Align alpha opportunities with risk exposures
- > Identify risk exposures
- > Scenario analysis



Saving: Find the right strategy

With the right saving strategy, you'll be able to save enough to achieve your short-, medium- and long-term goals. Here's how you can do it.

Short-term goals, less than 3 years

To plan for your next trip, take advantage of high interest rates. A high-interest saving account will allow you to save the amount you need quickly. By setting up automatic transfers of \$50 per week, you'll save \$2,600 in one year.

Medium-term goals, 3 to 8 years

When it comes to home renovations, plan as much as possible. If you need \$25,000, divide your goal over five years, then 12 months, then 52 weeks. You'll realize that it's more feasible than you thought: by saving \$100 a week, you'll exceed your objective in five years, not counting interest.

Long-term goals, 8 + years


To pay for your child's education, let your savings accumulate. \$10 a week will allow you to save \$10,400 in capital after 20 years. On top of that, you'll also get the returns on your investment and your government grants (if you opted for a Registered Education Savings Plan).

4 tips to achieve your goals

To start saving today, follow these strategies:

1. **Forget traditional saving rules.** Situations and goals vary from one person to another. Work on a tailored savings strategy with your advisor.
2. **Identify your needs and goals.** An advisor will ask you the right questions about your situation, your objectives and your life goals.
3. **Cut back on unnecessary expenses.** Analyse your budget and make any necessary changes to optimize your savings.
4. **Implement systematic savings.** You'll feel the effect of these transfers at the beginning, but you'll start saving without even realizing it in no time. By focusing on tailor-made saving strategies, you'll better your chances of achieving the goals that matter to you.

To learn more

 1-888-270-3941 or 514-871-2082
Monday to Friday, 8:00 a.m.–8:00 p.m. (Eastern time)

 nbc.ca/investment

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