

ADVICE FOR LIFE

Market watch:

Interest rates, inflation
& the job outlook

The importance of
financial planning

What are your options
in volatile markets?

PLUS
VALUE OF
FINANCIAL ADVICE



HELLO!

In this issue you will find:

Interest rates, inflation & employment update

The importance of financial planning

What are your options in volatile markets?

and so much more



MARKET WATCH

After an interest rate increase of 25 basis points in July, the Bank of Canada (BoC) kept its policy rate at 5% when making its September 6 announcement¹. The next announcement is scheduled for October 25, and whether the BoC implements changes will depend on economic data. For now, many economists expect the BoC to hold steady on interest rates as the impact of several rate increases since March 2022 work their way through the economy to help slow (and eventually lower) inflation.

The BoC targets an annual inflation rate in the range of 1% to 3%, but at its most recent reading, the Consumer Price Index (CPI) rose 3.8% in September on a year-over-year basis, declining slightly from August's CPI reading of a 4.0% increase. Higher prices for gasoline contributed to September's inflation numbers².

According to Statistics Canada's latest reading, housing investment declined by 2.1% in the second quarter of 2023, the fifth consecutive quarter of declines. A slowing in renovation activities and a significant decrease in new construction through most of Canada led to this decline. As well, second-quarter growth in real household spending was only 0.1% (first-quarter growth was 1.2%)³.

In the labour market, Canada added roughly 64,000 jobs in September but the unemployment rate remained at 5.5%. Workers' wages gained by 5% in September, slightly below August's 5.2% increase⁴.

U.S. equities declined sharply in September and were down over the quarter amid concerns about a government shutdown and the U.S. Federal Reserve's monetary policies. Canadian equities also declined as the economy struggled and a potential recession looms.

FACT **vs** FICTION

Here are three common misconceptions about financial planning:

1. It's only for the wealthy.

Everyone has their own money goals, so everyone can benefit from financial planning. Your plan is a roadmap to achieving your goals.

2. A financial plan is the same as a budget.

While budgeting is part of it, a financial plan also helps you save better, be more tax efficient and invest for the future.

3. I can create and maintain my own financial plan.

It takes a lot of time and effort to oversee your plan, and financial expertise to make adjustments as needed to stay on track.

WEBINARS

Check out our Advice for Life webinars. Watch past webinars or register for upcoming ones.

[Read more](#)



1. <https://www.bankofcanada.ca/core-functions/monetary-policy/key-interest-rate/>
2. <https://www150.statcan.gc.ca/n1/daily-quotidien/231017/dq231017a-eng.htm>
3. <https://www150.statcan.gc.ca/n1/daily-quotidien/230901/dq230901a-eng.htm>
4. <https://www.bnnbloomberg.ca/statistics-canada-to-release-september-jobs-data-this-morning-1.1981197>



The importance of financial planning.

Let's say you're interested in a new role at work. Your manager may create a plan to help achieve this goal. Your plan might include training and education, new or expanded responsibilities, and creating or deepening relationships integral to your new role. These steps will be embedded in the plan so progress can be tracked as you work toward your goals.

Similarly, a financial plan is designed to help achieve your short- and long-term goals. This plan takes into account your specific circumstances, such as family situation, assets and income, debts and expenses, personal and financial objectives, time horizon, risk tolerance, etc. Your plan should be carefully constructed and amendable whenever your life circumstances change, such as marriage or divorce, having children, loss of employment, critical illness or death in the family.

Financial planning is key to helping build a strong financial future. When working with an advisor, you'll have in-depth discussions so they understand your situation and can develop a customized financial plan. Advisors approach financial planning in their own way, but generally cover the same areas.

Responsible for establishing financial planning standards and setting certification requirements for financial planners, the **FP Canada Standards Council** identifies the following six areas as core to holistic, integrated financial planning:¹

¹ <https://www.fpcanada.ca/docs/default-source/standards-and-enforcement/guidance-to-the-profession---financial-planning-process.pdf>

- 1. Financial management.** Focuses on a client's current and future financial position, including cash flow, savings, credit and debt repayment. [Learn more](#)
 - 2. Investment planning.** Focuses on how best to manage a client's assets according to their investment risk tolerance and objectives. [Learn more](#)
 - 3. Insurance and risk management.** Focuses on strategies designed to manage a client's risk exposures related to an unexpected financial loss.
 - 4. Tax planning.** Focuses on a client's current and future income tax obligations, and uses available strategies to minimize or defer taxation. [Learn more](#)
 - 5. Retirement planning.** Focuses on a client's financial well-being in retirement, comparing their expected lifestyle with projected retirement income streams and assets. [Learn more](#)
 - 6. Estate planning and legal aspects.** Focuses on asset distribution upon death, including estate planning objectives and strategies. [Learn more](#)
- [Learn more](#) about these six key areas of financial planning.

It's important not to procrastinate about financial planning. Delaying the process could hinder your ability to take advantage of better saving and spending habits, tax-effective investing and the full benefits of compound growth. Over time, this delay may lead to decreased wealth and a lower standard of living. The sooner you build a comprehensive financial plan, the more likely you'll reach your financial objectives. Speak to an Alterna Advisor about financial planning.

Meet an **ADVISOR**



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Women often outlive men, which requires a well-thought-out financial plan to support them for a longer duration, including planning for now, retirement and wealth transfer to the next generation. Get a good start on your preparation as you learn how to strengthen your financial future. [Read more](#)



What if?

What are your options in volatile markets?

From the pandemic to geopolitical turmoil to soaring inflation, markets have been extremely volatile. Investors may be confused about what to do. While your own circumstances will dictate how to approach investing, here are three basic tips for uncertain times:

- 1. Stay the course.** If your portfolio value is declining, it's tempting to panic and sell. For individuals with a long-term perspective, remaining invested helps you stick to your financial plan. Selling when markets are struggling will "lock in" losses and erode long-term wealth.
- 2. Invest systematically.** With dollar-cost averaging, you invest a fixed amount at regular intervals in stocks or mutual funds. When markets rise, you'll buy fewer higher-priced shares or units. When markets are down, you'll buy more at lower prices. Over time, this disciplined strategy helps offset volatile markets.
- 3. Take advantage of high rates.** If you have money to invest but are concerned about market volatility, you could park some cash in securities that generate stronger returns when interest rates are high. Examples include **GICs** and high-interest savings accounts.

Did you know?

Some people believe it's better to skip financial advice, save on fees and manage their own finances. What many fail to recognize are the tangible benefits of receiving professional advice that helps to create meaningful long-term wealth aimed at securing their financial future.

In fact, comprehensive industry research seeking to quantify the value of financial advice has shown that investors working with a financial advisor accumulate more savings over the long haul than they could achieve on their own.¹ That's because an advisor has the specialized training and experience to build and maintain a financial plan that's customized to the unique needs of you and your family.

If you wonder whether it really pays to work with a financial advisor, it might be tempting to go the "DIY" route, but most people lack the time, knowledge and emotional discipline to make the right financial decisions. Just like it makes sense to visit a doctor if you have a medical issue or hire a contractor to undertake significant home repairs, an advisor has specific expertise to guide you through life's financial challenges and help you achieve your financial objectives. Still have questions? [Learn more](#)

¹ https://www.ific.ca/wp-content/uploads/2022/11/Financial-Advice-in-Canada-Whitepaper-November-2022.pdf?id=27821&lang=en_CA

REAL-TIME RATES

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