

# The Strategist

## Do You Know How Much You Are Earning At Your Bank?

We know that most clients like the security of holding their emergency / rainy day funds at their bank or local credit union, earning interest. We get it – your deposits are insured under the Canada (or Credit Union) Deposit Insurance Corporation, the funds are easily accessible, and interest rates are so low that it's not worth your while to look at other options...or is it?

The Bank of Canada has raised interest rates five times since summer 2017, so it may be worth investigating if your financial institution has kept pace. From a quick check of the posted rates of the five largest Canadian banks, it appears that the majority of their Canadian dollar “e-savings” type accounts are currently yielding 1.05% per annum. And if your money is in an ordinary savings account, the rate is likely closer to 0.05%.

We have access to many different high interest savings funds that are eligible for Canada Deposit Insurance Corporation coverage. We have no incentive to pick one over the other, so we simply buy the highest yielding one and review the alternatives regularly.

For example, the highest yielding Canadian dollar high interest savings fund that we have access to is currently offered by Manulife Bank, with a rate of 1.70% per annum. If you are able to lock up a portion of your emergency / rainy day funds for longer than 90 days, we may be able to get a higher rate by purchasing a cashable GIC. There are no costs involved with buying, selling, or switching between these funds, they accrue interest daily, and we have the capability to transfer funds electronically to your bank or credit union when you need some of your cash back.

For those of you with U.S. dollar accounts, the spread is even wider. For instance, we recently met with a client who had roughly \$200,000 U.S. earning 0.05% at their bank. For the portion of this that they wanted immediate access to, we purchased a U.S. dollar high interest savings fund that was yielding 1.45%. And we were able to invest the balance into a 4-month banker's acceptance note (similar to a T-bill, but backed by a bank instead of the government) that had an annualized yield of 2.20%! In the interest of full disclosure, U.S. dollar high interest savings funds are not covered by the Canada Deposit Insurance Corporation, but many are offered by the largest Canadian banks, so they are a very low risk proposition in our opinion.

Please feel free to touch base with Ryan, Erika, or Larissa if you are interested in learning more about our high interest savings fund and/or cashable GIC offerings. All of the above rates are as of November 20<sup>th</sup>, 2018 and are subject to change at any time without notice.

### Quarterly Reminders

#### RESP Contribution Deadline for 2018

- December 31st

#### TFSA Contribution Limit for 2019

- \$6,000 (as of January 1st)

#### Upcoming Holiday Closures

- December 25th & 26th, January 1st



## Update on the Team

Last month, Chris, Ryan, Erika and Larissa attended the annual Raymond James National Business Conference held down in St. Petersburg, Florida. It was a valuable three days consisting of keynote speakers, business building sessions, and networking with colleagues across North America.

On the designation front, we are excited to share that Natalie is now officially fully licensed as an investment representative! She is happy to report that the long hours of studying have finally paid off.

Last but not least, from “most proactive” to “most productive” – we are thrilled to announce that Erika and her husband Luke are expecting baby girl number two. She is set to begin maternity leave in March – congratulations to them both!