

3 Exceptions to the Early Distribution Penalty That Only Apply to IRAs



When you leave an employer, you have an important decision to make.

If you participated in a company plan, you need to decide what to do with your money. Should you roll over your funds to an IRA? There are many things to consider.



Sweet Financial
SERVICES

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2022 Market Outlook.

Understanding Children's Critical Illness Insurance



Having a child with a critical illness can take both an emotional and financial toll. Having a critical illness policy on your child can give you the peace of mind that if your child become seriously ill, you'd have the financial resources to care for them.

What is Child Critical Illness Insurance

Critical Illness insurance provides a lump sum payment to the policy owner in the event that the insured person on the policy is diagnosed with one of the critical illnesses covered by the policy. This usually includes life threatening cancer, stroke, acquired brain injury, major organ failure, and a number of other conditions. However, a child policy covers 5 childhood illnesses as well. This include:

- Cerebral Palsy
- Congenital Heart Disease
- Cystic Fibrosis
- Muscular Dystrophy
- Type 1 Diabetes Mellitus

Child Critical Illness Insurance can either be bought as a stand-alone product or as a rider on another insurance policy. Children can be insured on these types of policies between the age of 30 days and 17 years old.

Benefits

There are a variety of benefits to having a critical illness policy on your child, the biggest being the financial relief it provides if you need to make a claim.

1. Critical Illness Insurance can provide you with money to cover medical treatments that may not be covered by the province you live in.
2. The extra money can give you the ability to take time off of work without financial penalty.
3. Insurance proceeds can assist with the many non-medical costs of having an ill child. This can include hotels, taxis, parking, meals etc.
4. Funds could be used to pay for in home care, as well as any accessibility improvements that your home or vehicle may need.

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Quarterly Conversations

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What's ahead for this week and beyond?

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In the U.S., the house price index, mortgage market index, new home sales, goods trade balance, crude oil, heating oil and gasoline reserves, wholesale inventories, durable goods orders, consumer spending, Q3 GDP will be released along with the influential Core PCE price index.

Globally, the scheduled announcements include China's house price index, Q3 GDP, industrial production, retail sales, trade balance, Japan's CPI, Bank of Japan interest rate decision, employment report, and the European Central Bank's interest rate decision on Thursday.

Thanks, you for reading.

Printed from: www.cfgwi.com**HOT TOPIC**

High Inflation: How Long Will It Last?

In March 2022, the Consumer Price Index for All Urban Consumers (CPI-U), the most common measure of inflation, rose at an annual rate of 8.5%, the highest level since December 1981.¹ It's not surprising that a Gallup poll at the end of March found that one out of six Americans considers inflation to be the most important problem facing the United States.²



When inflation began rising in the spring of 2021, many economists, including policymakers at the Federal Reserve, believed the increase would be transitory and subside over a period of months. One year later, inflation has proven to be more stubborn than expected. It may be helpful to look at some of the forces behind rising prices, the Fed's plan to combat them, and early signs that inflation may be easing.

Hot Economy Meets Russia and China

The fundamental cause of rising inflation continues to be the growing pains of a rapidly opening economy — a combination of pent-up consumer demand, supply-chain slowdowns, and not enough workers to fill open jobs. Loose Federal Reserve monetary policies and billions of dollars in government stimulus helped prevent a deeper recession but added fuel to the fire when the economy reopened.

More recently, the Russian invasion of Ukraine has placed upward pressure on already high global fuel and food prices.³ At the same time, a COVID resurgence in China led to strict lockdowns that have closed

Below is the latest monthly market update for April 2022 followed by the article:
What Are Insurance Cash Values?

Please contact me directly if you have any questions or needs.

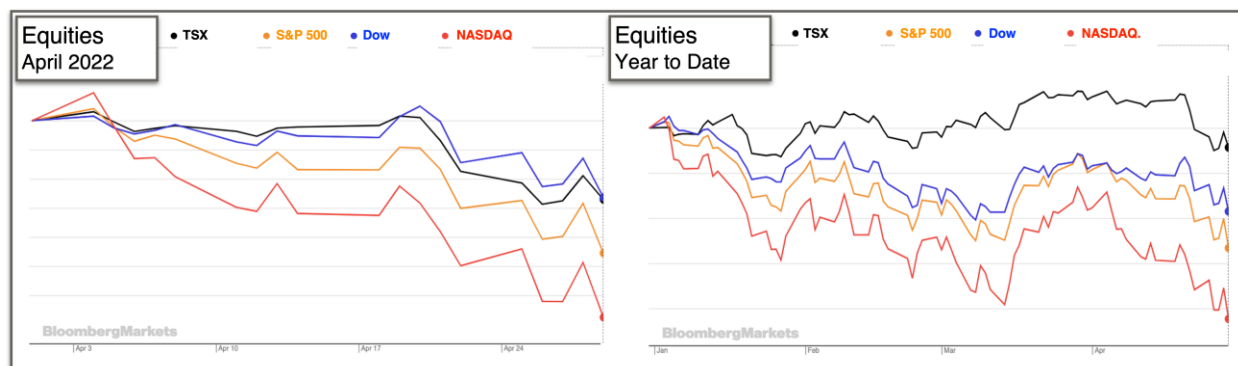
Last Month in the Markets – April 1st – 29th, 2022

	TSX	S&P 500	DOW	NASDAQ	ACWI	CAD/USD	GOLD (USD)	OIL (USD)
Month Close	20,762.00	4,131.93	32,977.21	12,334.64	653.667	77.83 ¢	\$1,911.70	\$ 104.69
week +/-	- 1,128.16	- 398.48	- 1,701.14	- 1,885.88	- 57.891	- 2.14 ¢	- \$ 42.30	+ \$ 4.41
week +/- %	- 5.15%	- 8.80%	- 4.91%	- 13.26%	- 8.14%	- 2.67%	- 2.16%	+ 4.40%
52 wk HIGH	22,213	4,819	36,953	16,212	727	83.28 ¢	\$ 2,082	\$ 121.17
52 wk LOW	19,052	4,057	32,273	12,316	637	77.14 ¢	\$ 1,704	\$ 57.88
YTD +/- %	- 2.17%	- 13.31%	- 9.25%	- 21.16%	- 13.40%	- 1.64%	+ 4.54%	+ 39.20%
1Yr +/- %	+ 7.82%	- 1.89%	- 3.18%	- 12.41%	- 7.68%	- 4.40%	+ 8.11%	+ 61.04%

(source: Bloomberg <https://www.bloomberg.com/markets>, MSCI <https://www.msci.com/end-of-day-data-search> and ARG Inc. analysis)

What happened in April?

The month began on a positive note for North American equity indices, unfortunately, the high-water mark was reached on the first Monday of the month. With only a couple of exceptions, the remainder of April delivered additional losses for equity investors. Additionally, the Year-to-Date graph, below, shows that the indices are all following the same pattern, but at slightly different levels of success.



(source: Bloomberg <https://www.bloomberg.com/markets> and ARG Inc.)

Programs and conditions to drive economic growth are being pared back. Interest rates are being increased by central banks. Employment is being maximized while inflation



On the Radar Screen

1. 3Q earnings reports will shed light on the degree to which rising input costs are squeezing profitability. Early indications are not promising.
2. Unemployment claims can be erratic from week to week, but the general trend (4-week moving average) speaks volumes about operating conditions for corporate America. We expect to see this series continue to rise as we move toward recession, lessening wage pressure.
3. We are following compensation metrics closely, with wages central to the Fed's effort to tame inflation. The Employment Cost Index, next released October 28th, is of particular importance.
4. The U.S. Dollar has strengthened dramatically this year, to the point of impairing the competitiveness of U.S. multinationals and potentially destabilizing some foreign borrowers.

Insights from Multi-Asset Solutions' Portfolio Managers

"We understand better now how little we understand about inflation."

– Jerome Powell, Federal Reserve Chair

A never-ending story. You're tired of hearing about inflation. We're tired of talking about it. And yet, what choice do any of us have? Inflation and the reaction function of the Fed remain the dominant drivers of today's market activity. So here goes.

Headline inflation—the index that covers the broadest basket of commonly incurred household expenses—appears to have peaked this summer. With COVID-induced supply chain bottlenecks largely resolved, inventories swollen, pandemic stimulus depleted, money supply growth tepid, and the cost of newly acquired debt moving dramatically higher, it is reasonable to anticipate that goods pricing will mean-revert, as appears to be happening now. It should not take long to see inflation readings fall from the 8%-9% range back down toward 4%-5% (or temporarily through that level) but that's where the good news ends. Reestablishing the Fed's 2% target on a protracted basis will be a much taller order, requiring significant economic pain before it can be accomplished.

Inflation has been running hot enough and for long enough, that workers are demanding higher wages to compensate, allowing them to better maintain their standard of living—and those demands are being met. Look no further than the railway labor agreement recently negotiated to avoid a crushing transportation strike. Railroad engineers received a 24% pay hike over a five-year window retroactive to 2020 plus a one-time bonus! That was not an isolated incident, as many workers across many different industries have successfully argued for higher wages. Labor markets remain very tight with roughly two job openings available for every unemployed individual looking for work, leaving employers little



The Lighthouse

FALL 2020



Coordinating the pieces to your financial puzzle

Welcome to the Fall 2020 edition of the *The Lighthouse*. We continue to work closely with our clients who among other things strive to develop “a work optional lifestyle” by making sound financial decisions. We believe good decision making will lead to long-term financial freedom.

We recently developed the above graphic which is designed to bring clarity to coordinating the pieces to your financial puzzle and keep you on the road towards meeting your financial goals and objectives. When we next meet let's make sure the pieces to your puzzle are working well together and putting you on the road to financial

WEEKLY MARKET UPDATE

AUGUST 21 2022



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Last Week in the Markets: October 17th – 21st, 2022

	TSX	S&P 500	DOW	NASDAQ	ACWI	CAD/USD	GOLD (USD)	OIL (USD)
Friday Close	18,860.95	3,752.75	31,082.563	10,859.72	569.932	73.31 ¢	\$1,656.30	\$ 85.05
week +/-	+ 534.60	+ 169.68	+ 1,447.73	+ 538.22	+ 17.851	+ 1.29 ¢	+ \$ 7.40	- \$ 0.56
week +/- %	+ 2.92%	+ 4.74%	+ 4.89%	+ 5.22%	+ 3.23%	+ 1.80%	+ 0.45%	- 0.65%
52 wk HIGH	22,213	4,819	36,953	16,212	727	81.29 ¢	\$ 2,091	\$ 110.78
52 wk LOW	17,873	3,492	28,661	10,089	548	71.55 ¢	\$ 1,622	\$ 60.20
YTD +/- %	- 11.13%	- 21.26%	- 14.46%	- 30.59%	- 24.50%	- 7.35%	- 9.42%	+ 13.08%
1Yr +/- %	- 11.09%	- 17.52%	- 12.70%	- 28.63%	- 23.24%	- 9.33%	- 7.05%	+ 3.09%

(Source: Bloomberg <https://www.bloomberg.com/markets>, MSCI <https://www.msci.com/end-of-day-data-search> and ARG Inc. analysis)

What happened last week?

North American equity indexes had a very good week Monday to Thursday, and Friday was almost as good as the preceding four days when the indexes jumped 1.5 to 2.5% on the final trading day of the week.

Although it was an exceptionally strong week for equities, not all the news was positive. Chrystia Freeland, the federal Finance Minister, warned that a domestic economic slowdown is expected in the coming months. She indicated that this is the natural consequence of the Bank of Canada's interest rate increases enacted to attack inflation. [Freeland source](#)

Canadian consumer inflation was above expectations on a monthly and annual basis. Although, inflation moderated slightly from 7.0% in August to 6.9% in September on a year-over-year basis prices increased in September by 0.4% on a seasonally adjusted basis. The decline in gasoline prices was largely responsible for moderating the monthly increase as price increases in other areas, like groceries, continued their trajectory. [Statscan source](#)

There is growing sentiment that the Federal Reserve and Bank of Canada are getting closer to the end of their rate-hiking cycle. The need to "front load" rate-increases, raising rates early to cause an effect sooner, is believed to reduce the overall negative effects by ending high inflation sooner. Another result as inflation begins to come under control is that future interest rate increases are reduced. Central banks continue to walk the fine line of slowing the economy to reduce inflation, while not dropping into a recession. [Rate slowdown source](#)

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