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Wealth Management  
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# E-WEDNESDAY

January 16, 2019

“ *Budget: a mathematical confirmation of your suspicions.*

”

A.A. Latimer



# Money

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"The question isn't at what age I want to retire, it's at what income." **G e o r g e  
F o r e m a n**

## **Bank of Canada holds interest rate, views oil slump as temporary soft patch**

The Bank of Canada is holding interest rates steady as the economy navigates a temporary period of softness created by the sharp drop in oil prices, governor Stephen Poloz said last week.

The recent plunge in crude prices has darkened the central bank's short-term economic outlook — but Poloz predicted the country-wide effects of the oil slump to dissipate in the coming months and to allow Canada's healthy economic expansion to resume with fresh momentum.

"As the snow melts, we'll have a clearer view that the economy is back on track and then likely to grow above or around two per cent after that," Poloz told reporters after announcing the bank would keep its benchmark interest rate at 1.75 per cent.

The bank reiterated last week that more rate increases will still be necessary, but this time it inserted the phrase "over time" to its statement.

"It's meant to inject a degree of ambiguity into the timing of this because obviously we're dealing with developments over the last few months that constitute a delay," Poloz said when pressed for an explanation.

"The phrase 'over time' is meant to convey that there's no regularity, there's no preset course — it's all about data and it's purposefully vague. So, that's why I'm not going to explain how long it means."

Thanks to the stronger economy, Poloz has raised the bank's key interest rate target five times since mid-2017 to keep inflation from creeping up too high. The Bank of Canada has estimated it will no longer need to hike the rate once it reaches a "neutral" level of between 2.5 and 3.5 per cent — a destination range Poloz said is under review and could be updated in April.

The bank said the timing of its next hike will depend on several factors — with a particular focus on developments in the oil markets, the Canadian housing sector and global trade policy.



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## **TransCanada Drops 'Canada' From Its Name After 67 Years**

TransCanada Corp. is taking the Canada out of its name.

The Calgary-based firm that was created in 1951 as TransCanada Pipelines Ltd. to bring natural gas to Eastern Canada from Alberta, will change its name to TC Energy in the second quarter. The TRP ticker symbol used on the Toronto and New Stock Exchanges will remain.

"The name TC Energy clearly articulates our complete business – pipelines, power generation and energy storage operations – and reflects our continued continental growth into an enterprise with critical assets and employees in Canada, the United States and Mexico," Chief Executive Officer Russ Girling said in a statement last week.

Fittingly, the name change was announced at an employee forum in Mexico City. Truth is, TransCanada is increasingly getting more of its revenue from outside Canada, where it built the 14,000 kilometer (8,700 mile) Mainline gas pipeline in the 1950s. The U.S. accounted for about 60 percent of TransCanada's revenue in 2017, according to data compiled by Bloomberg. About 36 percent came from Canada and the rest from Mexico.

TransCanada, which diversified heavily into the U.S. with its \$10.2 billion Columbia Pipeline Group Inc. acquisition in 2016, signaled a name change more than a year ago by seeking trademarks on new company names that would excise its home country.

## **CN Rail planning pilot plant to create oilsands bitumen pucks that are easy to ship and float in water**

Canadian National Railway Co. says it is planning to build a pilot plant worth up to \$50 million next year to create pucks made of oilsands bitumen to transport by rail and ships to customers around the world.

CN has been working for years on a technology that mixes and coats the heavy, sticky oil with polymer plastic, creating a pellet-shaped product called CanaPux that can be shipped in rail cars and will float if spilled into water.

The railway is in discussions with the federal and Alberta governments, along with potential oilsands industry partners and the Heart Lake First Nation of northern Alberta, to fund the 10,000-barrel-per-day pilot plant, said James Cairns, vice-president of petroleum and chemicals at CN.

"So far we have enthusiastic support from both levels of government, now we just have to see if it translates into a financial commitment," he said Thursday in an interview.

"Ideally, we want it to be ... a third government, a third CN and a third industry."



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If the pilot succeeds, CN would build a commercial-sized plant with capacity to convert up to 50,000 barrels per day of heavy crude into pucks.

Bitumen is usually diluted with lighter oil during its recovery from the oilsands, with more diluent added to allow it to flow in a pipeline.

CN plans to install a diluent recovery plant alongside the commercial CanaPux facility to recover the valuable diluent for resale, Cairns said.

CN has signed a memorandum of understanding with an unnamed Asian customer who is interested in importing the pucks to his country and separating the oil and polymer for processing and sale, he added, declining to give further detail.

Cairns said the pucks can help generate industry profits by allowing Alberta bitumen and other heavy crude a less environmentally risky way to access new markets.

"It's not going to replace pipelines, not even close," Cairns said.

"This is just another idea, another way of getting Canadian product to market, that we can build upon."

## Technology & Perspective

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"Don't anthropomorphize computers - they hate it." Unknown

### **Robots in the field: farms embracing autonomous technology** - *The Associated Press*

EAST MEON, England — Faced with seesawing commodity prices and the pressure to be more efficient and environmentally friendly, farmer Jamie Butler is trying out a new worker on his 450-acre farm in England's Hampshire countryside.

Methodically inspecting Butler's winter wheat crop for weeds and pests, the labourer doesn't complain or even break a sweat. That's because it's a four-wheel robot dubbed "Tom" that uses GPS, artificial intelligence and smartphone technology to digitally map the field.

Tom's creator, the Small Robot Company, is part of a wave of "agri-tech" startups working to transform production in a sector that is under economic strain due to market pressures to keep food cheap, a rising global population and the uncertainties of climate change. Most robots are still only



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being tested, but they offer a glimpse of how automation will spread from manufacturing plants into rural areas.

"If we can keep our costs to an absolute minimum by being on the leading edge of technologies as one method of doing that, then that's a really, really good thing," said Butler, one of 20 British farmers enlisted in a yearlong trial.

Next year, the British startup plans to start testing two more robots controlled by an artificial intelligence system that will work alongside Tom, autonomously doing precision "seeding, feeding and weeding."

The aim is to drastically cut down on fertilizer and pesticide use to lower costs and boost profits for struggling farmers. As such, it not only helps economically, but it also lowers the environmental impact of farming.

"What we're doing is stuff that people can't do," said Ben Scott-Robinson, co-founder of the Small Robot Company. "It's not physically possible for a farmer to go round and check each individual plant and then treat that plant individually. That's only possible when you have something as tireless as a robot and as focused and accurate as an AI to be able to achieve that."

Commercial sales of the robots is still years away, with larger-scale testing planned for 2021. They represent the next step in the evolution of automation for farms. Self-driving tractors and robotic milking machines have been in use for years and, more recently, unmanned aerial drones that monitor crops have gone into service.

Eventually, farmers "will be able to automate virtually everything," said Tim Chambers, a fruit farmer who's not involved in the trial. Some jobs are harder to automate, such as harvesting delicate raspberries or strawberries by hand, but even that is coming, said Chambers, a member of Britain's National Farmers Union.

Florida's Harvest Croo Robotics, Spain's Agrobot, Britain's Dogtooth Technologies and Belgium's Octinion are all developing berry-picking bots. California startup Iron Ox and Japan's Spread grow vegetables in automated indoor farms. Bosch startup Deepfield Robotics is working on a weeding robot that punches them into the ground. Last year, British researchers planted, monitored, tended and harvested a barley crop using only autonomous machines robots, in what they said was a world first.

A more fundamental problem "will be the cost of building those robots and the research that has to go into making them," Chambers said. The low cost of air freight could still make it cheaper to, for example, fly in fruit from other countries where labour is cheaper, he said.



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To ease financial pressure on farmers reluctant to make big one-off investments in equipment, the Small Robot Company plans to sell its services as a monthly subscription, charging 600 pounds per hectare a year.

With a bright orange 3D-printed body, and beefy all-terrain wheels, Tom resembles an oversized roller skate. Their light weight means these robots won't compact soil the way tractors do, Scott-Robinson said.

On Butler's farm, Tom trundles along crop rows taking hundreds of thousands of high-resolution pictures during the growing season. The images are fed to Wilma, the artificial intelligence platform, which is being trained to tell the difference between wheat and weeds.

In 2019, the company will hold trials for two more robots, Dick and Harry. Dick will deliver fertilizer directly to soil around roots, instead of wasteful blanket spraying, and use a laser or micro-spray chemicals to kill weeds. Harry will insert seeds into the earth at a uniform depth and spacing, eliminating the need for tractors to plow furrows. — James Brooks contributed to this report.

## Wit

"Cheers to a new year and another chance for us to get it right." Oprah



Winfrey (b.1954)



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# Home & Travel

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"In America there are two classes of travel — first class, and with children."

Robert Benchley

## Living the dream: How to fund your bucket list

*We look at steps to establish a wealth management plan that not only funds your dreams, but keeps retirement security and your legacy in place.*

One of the biggest worries people have when managing their wealth is knowing how much money to spend today, while still having enough for retirement and to possibly transfer to the next generation.

According to a survey by The Economist Intelligence Unit (EIU) more than half (51 percent) of respondents in Canada say an inability to predict the future is their greatest challenge in meeting life's goals. Often, that includes knowing how much wealth to set aside for a comfortable retirement, including future costs of aging such as health care, while also living life to the fullest by pursuing hobbies, traveling and spending more quality time with loved ones.

The new face of wealth and legacy research, commissioned by RBC Wealth Management, surveyed 1,051 high-net-worth individuals (HNWIs), including 259 respondents in Canada, from March to May, 2018. The survey explores how the meanings of legacy and wealth are being redefined across regions, genders and generations.

### Women and the bucket list

The issue of not outliving your assets — and still enjoying life — is of particular concern to women given they traditionally live longer than men and may need to financially prepare to live alone for many years. The challenge is figuring out how to cover the cost of living — regardless of your lifestyle — while also financing your personal passions and potentially setting aside money to give to the next generation. You may want to donate assets to charitable causes, too.

Jennifer Lemieux, vice president and branch manager with RBC Dominion Securities, works with a number of women on establishing a wealth management plan, which includes earmarking funds used to knock items off their bucket list.

"Frankly, the first step is getting women to take the time to make a bucket list," says Lemieux.



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She encourages women to start small by thinking about one or two things they want to do, or keep doing, in their lifetime. That may include travelling, perhaps buying a cottage or an apartment close to the grandkids, or maybe it's purchasing a new red convertible.

"Then they start to get excited," she says of the bucket list conversation. Lemieux also encourages clients to do the things they love, if they can afford it, while they're still in good health. "You never know what unexpected events life might bring. Don't wait to pursue the things in life you enjoy."

For many, a fulfilling retirement is spending more quality time with family. The EIU survey shows 44 percent of women in Canada believe their most important life goal is strengthening relationships with their family.

Lemieux says that may include traveling with kids and grandkids, which may require them to fund all or part of the trip. She encourages women to see it as an investment in a life experience, if it makes them happy. "Remember, it's not only money you're giving to the next generation, it's the experiences you're having with your children and grandchildren that will stay with you all for your lifetimes," she says.

Regardless of what's on the bucket list, Lemieux encourages women to make one — at any age — and build a financial plan to help make it happen.

"Often, my role is simply helping define their bucket list and then helping them to understand what they're able to do," Lemieux says. "It takes courage to take control of your finances and to execute on your plan, but done well it's the greatest gift you can give to yourself."

Eighty-seven percent of women in Canada say they are in control of their legacy, yet just half say they are the primary decision maker when it comes to financial planning.

### **Mixing work and pleasure**

For some, living out a bucket list is less about abandoning work and more about finding the extra time to spend with family and to pursue personal passions. Many Baby Boomers, especially those who run their own business, don't want to fully retire to the golf course or poolside. Enjoying their careers is part of their bucket list, says Sonia Park-Root, vice president and private wealth consultant at RBC Wealth Management.

"They are enjoying life and their work is something they love," says Park-Root. "It's not that they don't want to spend money. It's almost that they're conflicted between their passion for their business and their passion for life. For them, it's a balancing act around not feeling guilty about spending too much



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time on their business — because they love it — and not spending enough time with their family — because they love them too."

Park-Root says her clients in this position seek the security of a wealth management plan (and a succession plan in the case of business owners) to ensure they can take time away from work to enjoy the personal pursuits that energize and complete them.

"At the end of the day, if you ask them what's really important, they say their families. It's a matter of building in time and being present," she says.

### **Planning helps, regardless of net worth**

Women in particular like to plan their spending, including how much they set aside for themselves at the next generation as well as charities they want to support. Park-Root says even some of her ultra-high-net-worth (UHNW) clients still follow a budget.

"I find the wealthier they are the more they want to make sure that they make good decisions," Park-Root says. "They like that process of planning because ultimately that's what gives them confidence, security and the inspiration to live their life exactly the way they want to."

Of the women surveyed by The EIU, 30 percent of those with more than US\$5 million in investable assets say their spending aligns with causes important to them. In comparison, that figure drops to just 16 percent for women with \$1-5 million.

In fact, there can sometimes be more pressure and expectation on wealthy people when it comes to how they manage, donate and transfer their wealth.

"Planning allows them to think about all of the things that matter to them, and plan in advance," Park-Root says. "Once they have that, they have the confidence and the drive to do those things."

<https://www.rbcwealthmanagement.com/ca/en/research-insights/living-the-dream-how-to-fund-your-bucket-list/detail/>

## **Lifestyle & Family**

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"Winter bites with its teeth or lashes with its tail." MONTENEGRIN PROVERB



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# Global Voices: What adults can learn from kids, seniors about optimism -

Marc Kielburger & Craig Kielburger

*Keep your social awareness active, even as life threatens to get in the way*

Sometimes it seems that life is bookended with optimism. Young people are known idealists and seniors develop a newfound appreciation for community. But what happens in between?

Growing up, people are quick to get involved in a cause. University campuses are hotbeds of political activity; many students take time off to volunteer. With grey hairs and wrinkles comes a renewed focus on legacy. Retirement-age career makeovers are increasingly popular for those concerned with the world they're leaving behind.

The result is today's youth-led fight for gun control and the 30-year tradition of the Raging Grannies advocating for the environment. Closer to home, young Canadians are the most likely to volunteer while seniors dedicate the most time. Kids join marches; retirees join charity boards.

Somewhere in between, we risk losing our optimism. An idealist at 20 can become a cynic by 40.

A while back, we wrote about the power of youth activists. Now, we're calling on adults to take a page from their book.

We get it: Life can get in the way. Mortgages, bills, RRSP contributions — those middle years are also the time we have the most responsibility. Idealism may not discriminate based on age but rather the amount of free time we have.

"It's not that people lose their passion, but things can fall by the wayside," explains Kerrie Everitt, a Vancouver mom who followed her daughter Capri around the world on a socially conscious quest.

The 13-year-old sang national anthems in 80 countries to raise money for orphaned children. Everitt notes the raw materials she gave her daughter — books that raised important social questions, a world view that embraced others. But Everitt says it was her daughter's passion that turned her into an activist.

*"Ensuring our kids grow up with clean water and in inclusive communities is as important as ensuring they have university tuition."*

It's unlikely that cynicism sets in at a certain age, or with parenthood and the onset of more responsibilities. Our ideals don't change, but our list of priorities does as our focus shifts from the wider world to the world under our roof.



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It's not an either-or choice.

All parents want what's best for their kids. That often includes a good education, enriching extracurriculars and opportunities for growth.

Ensuring our kids grow up with clean water and in inclusive communities is as important as ensuring they have university tuition. So let's take some action for these social efforts, just as we would make arrangements for education or enrichment. We look after our children not just by providing for their success but by building a better world for them to grow up in.

The first step to reviving youthful optimism, says Everitt, is to live vicariously through your children. Learn about the issues they care about, make an action plan and write letters alongside them. Pretty soon you'll have rediscovered your sense that anything is possible.

If your seven-year-old points at a homeless man and wonders where his house is, stop and ask. Buy him a meal. Don't ignore these childish impulses, lest they disappear.

The young activists taking on climate change in the U.S. courts or raising awareness about the injustice faced by Indigenous communities across Canada are doing incredible work. It's time more adults joined them.

*Craig and Marc Kielburger are the co-founders of the WE movement, which includes WE Charity, ME to WE Social Enterprise and WE Day. For more dispatches from WE, check out WE Stories.*

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