

Partaker Wealth Management
of RBC Dominion Securities



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E-WEDNESDAY

February 5, 2025

“

The key to making money
is to stay invested.

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~S u z e O r m a n



Money

Don't tell me where your priorities are. Show me where you spend your money and I'll tell you what they are." ~ James W. Frick

A tale of two economies': Experts react to latest BoC rate cut

A tale of two economies': Experts react to latest BoC rate cut

The Bank of Canada cut its key interest rate as expected by 25 basis points last week, and experts say that was the right decision for the Canadian economy.

The central bank cut its overnight rate from 3.25 per cent to three per cent, noting in its decision that economic projections are subject to "more-than-usual uncertainty" due to President Trump's threats and what actions might be taken.

"Who doesn't like round numbers? We've moved from five per cent at its peak to three per cent now, that's 200 basis points in six meetings," Warren Lovely, chief rates strategist at National Bank of Canada, told BNN Bloomberg in a panel discussion.

"That's a faster tempo to interest rate relief in Canada than almost anywhere on the planet, reflecting what has been a pretty significantly underperforming economy, and now one that faces, as the Bank of Canada's just outlined, a pretty serious economic threat."

Ed Devlin, founder of Devlin Capital and a Senior Fellow at the C.D. Howe Institute, said in the panel discussion that he thinks the Bank of Canada deserves credit for its aggressive maneuvering since it kicked off its current easing cycle in June of last year.

"I'm still in the camp that the biggest risk that we face is deflation and going back to zero per cent interest rates in a very negative economic environment and we kind of run out of bullets," he said.

"So, we had to move up aggressively and they moved up aggressively – I give them kudos for that. Now they are moving down aggressively, and I give them kudos again for that, and I would encourage them to keep doing that."

Devlin argued that the bank should continue lowering rates until they are closer to the bottom end of its neutral range – between 2.25 per cent and 2.5 per cent – in order to stimulate activity in Canadian markets.

Lovely noted that south of the border, the economic backdrop is more positive, and the growing divergence between interest rates in Canada and the U.S. will continue to impact financial markets and the Canadian dollar.

"We really do have a tale of two economies here, one characterized by resilience in America, and one characterized by underperformance and a massive, outsized shock that is perhaps right in front of us," he said.

"So, it's hard to be too constructive on the Canadian dollar here in my opinion and you really do see significant, and I think quite lasting, divergence in interest rate policy between the Bank of Canada and the U.S. Federal Reserve, and that's no tonic for the Canadian dollar."



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Earl Davis, head of fixed income and money markets at BMO Global Asset Management, said in the panel discussion that despite the divergence between the American and Canadian economies, growth in the U.S. ultimately benefits Canada.

“Seventy-five per cent of our trade is with the U.S., so if the U.S. is doing well, we’ll do well. We’re just talking about tariffs, but the net impact on Canada is the impact of tariffs plus the impact of more growth in the U.S.,” he said.

“Because remember, if the tariffs come, we’re going to have a cheaper Canadian dollar, so increased growth in the U.S. is actually beneficial for us and our employment (levels).”

Devlin added that Trump’s unpredictable nature of his policy proposals has many market participants struggling to guess his next move, but he said there’s one group of stakeholders the U.S. president likely wants to keep happy: equity investors.

“People say Trump has no guardrails and I would disagree with that. I don’t think it’s opinion polls because he doesn’t need to be re-elected, I don’t think it’s Congress – he doesn’t care – or the Senate... it’s the S&P 500 (Index),” he said.

“I think he is more attuned to the equity markets, not the bond market by the way, he cares about the stock market. And if his tariffs or his trade policies or economic policies cause the stock market to tank, look for him to reverse them.”

Alberta Targets \$173 Billion Fund to Wean Itself Off Oil Revenue

Canada’s top oil-producing province of Alberta plans to boost its wealth fund roughly tenfold to C\$250 billion by 2050 in a bid to wean itself off volatile natural resources revenue.

The government formed a corporation to oversee the C\$24.3 billion Heritage Savings Trust Fund and seek opportunities to raise returns to 9% annually from about 7% now, it announced recently. It also passed legislation that requires the fund to reinvest its returns rather than distribute them to the province.

Provincial pension fund manager Alberta Investment Management Corp. will continue investing the C\$25 billion currently in the Heritage Fund, and the new Heritage Fund Opportunities Corp. will set guidelines for managing that money.

The new entity will also directly oversee a C\$2 billion injection to the Heritage Fund this year, focusing on partnerships with other global investors and investing in “areas that matter to Albertans, such as technology, energy and infrastructure,” a news release said.

The goal is to reduce Alberta’s reliance on resource revenue, which makes the province “susceptible to the highs and lows of global energy markets, which can change rapidly and unpredictably,” the government said.

Alberta projects it will collect C\$20.3 billion in non-renewable resource revenue in the current budget year — largely driven by higher royalties for oil sands bitumen — which accounts for more than a quarter of its total inflows.

“When the royalties dry up or start to become significantly smaller, the only tool a government has is to seek more revenue through the tax base,” Alberta Finance Minister Nate Horner said in an interview.



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“By being diligent and allowing this to grow, by the time we get to C\$250 billion, we’ll have the ability to use this in an annual way to help offset revenue needs within government.”

Horner didn’t share the size or budget for the new Heritage Fund corporation, beyond saying it will be “quite small” in comparison with Aimco. Joe Lougheed, a partner at the Dentons law firm and the son of former Alberta Premier Peter Lougheed, will chair the new entity.

The projection for 9% annual returns would outperform the 6.3% annualized return generated by Norway’s sovereign wealth fund since 1998 and the 6.8% annualized return of the Abu Dhabi Investment Authority over the past 30 years.

The projection would also beat Aimco’s 6.1% average annual return in the five years through 2023. The Ontario Teachers’ Pension Plan, which manages about C\$256 billion in assets, on par with Alberta’s goal for the Heritage Fund, averaged 7.2% in the five years through 2023.

Horner said Alberta’s new manager will be able to outperform its larger rivals because of its smaller size, adding that the 9% target is “relatively conservative.”

“Our size allows us to be quite nimble, especially in the early days, and seek out those great deals,” Horner said.

Canada’s capital gains tax hike faces court challenges as politicians abandon policy

The increase to Canada’s capital gains inclusion rate is facing legal challenges after leading politicians pledged not to implement the hike if elected.

The country’s largest tax law firm, Thorsteinssons LLP, and the Canadian Taxpayers Federation filed separate legal challenges in the Federal Court of Canada. They’re contesting the Canada Revenue Agency’s decision to administer the capital gains tax at a higher inclusion rate — even though the government was never able to pass legislation to implement that policy.

Then-Finance Minister Chrystia Freeland introduced the change in the 2024 federal budget, increasing the inclusion rate to two-thirds from one-half for all corporations and trusts, and for individuals with gains above \$250,000. The effect was to increase the government’s take of asset sales.

The CRA is the Canadian equivalent of the Internal Revenue Service, processing tax filings and enforcing rules. Its standard practice is to begin implementing tax changes once they’re announced, on the assumption they will eventually become law.

But with an election looming and Parliament temporarily suspended, the government’s capital gains reform is unlikely to be passed at all, according to the parties filing the court challenges.

Taxpayers “will be faced with either complying with the law, or complying with the CRA. Either course could lead to significant financial repercussions,” Thorsteinssons said in a news release.

“The CRA has been peppering the public with messages about how it will administer the rule change as though it’s been enacted,” David Davies, a tax litigator with Thorsteinssons, said in an interview. “We think that introduces an intolerable level of uncertainty.”



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Conservative Leader Pierre Poilievre — whose party is ahead by about 20 points in some opinion polls — has said he's against the hike. Freeland, who quit the finance post in December and is now running to replace Justin Trudeau as prime minister, has said any government led by her would not proceed with the measure.

"It is the role of our elected representatives to make these types of decisions and not bureaucrats or the executive wing of government," Devin Drover, general counsel with the taxpayers' federation, said in an interview. "We want to see government being accountable to Canadians such that they're abiding by the constitution."

The hike was to take effect on June 25, 2024, and some businesses sold assets before that date to avoid the higher inclusion rate.

Business leaders have called on new Finance Minister Dominic LeBlanc to resolve the issue.

The government projected the increased inclusion rate would bring in more than \$19 billion over five years, with some of the revenue being earmarked for housing measures and other social programs.

Tax Strategies

"Tax planning is an ongoing, not a set-and-forget, exercise." ~ u n k n o w n

Five ways to pay less tax in retirement

(4min read)

Explore strategies that can help you maintain the lifestyle you had while working.

Taking home more income during your retirement can make all the difference in the type of lifestyle you get to enjoy. And one way to keep more of your earnings is to minimize the taxes you pay.

Here are five strategies to consider if you're retired or getting close.

1. Contribute to a spousal Registered Retirement Savings Plan (RRSP)

Under Canada's tax system, you'll pay less tax as a retired couple if you each earn \$50,000/year than if one of you alone earns \$100,000/year.

If you're approaching retirement, one of the easiest ways to even out your future income is by making contributions to a spousal RRSP. This tactic involves the spouse earning the higher income contributing to the lower-earning spouse's RRSP.

If you're the one making the contribution, you'll claim it on your tax return, reducing your taxable income that year. Meanwhile, the contribution itself will be deposited into your spouse's RRSP. The goal is to keep contributing until your expected retirement income is about the same as your partner's.



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2. Split pension income with your spouse/common-law partner

Do you expect to be in a higher tax bracket than your spouse or common-law partner in retirement? If you receive pension income, you can reduce your total tax bill by allocating up to 50 percent of that income to your spouse. The amount of tax savings can vary widely, and it depends on several factors—like the difference in your marginal tax rates—but the savings can be significant.

You can also save on taxes by sharing your Canada Pension Plan (CPP)/Quebec Pension Plan (QPP) with your lower-earning spouse or common-law partner. This strategy is especially helpful if one spouse or partner doesn't have much work history (and has limited contributions to CPP/QPP).

3. Withdraw your assets in the right order

Implementing this strategy may help you keep more of your income.

While the tax implications of each type of withdrawal will vary depending on your individual situation, the general guidance is to use your least flexible sources of income first, such as a Life Income Fund, which have minimum annual withdrawal requirements. Next, you could withdraw assets that aren't as heavily taxed, such as your Tax-Free Savings Account (withdrawals aren't taxed at all in this case) or any non-registered investments (these are only partially taxed).

It's a good idea to talk to a wealth advisor and tax professional to work out the order of withdrawals that's best for you.

4. Have extra assets? Use them wisely

If you're fortunate enough to have additional funds or assets, you can use them in a way that will cut down on your taxes. For example, if you want to leave a gift to your children or loved ones, you could buy a life insurance policy, gift assets or set up a family trust. Choosing this route can help ensure they receive this wealth (either now or in the future) and reduce the tax you must pay today.

5. Keep contributing to your Tax-Free Savings Account (TFSA)

Because there is no age limit on when you can make TFSA contributions, you can keep adding funds to this account during retirement. While TFSA contributions aren't tax deductible, the income and gains made in the account grow tax-free. What's more, any money you withdraw from your TFSA isn't taxable, so that income won't impact your tax bracket or marginal tax rate.

While you won't be able to avoid paying taxes in retirement altogether, these strategies can maximize your after-tax retirement income.

*A version of this article was first published on [rbcroyalbank.com](https://www.rbcroyalbank.com).
This article was updated in Jan. 2025.*

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<https://www.rbcwealthmanagement.com/en-ca/insights/five-ways-to-pay-less-tax-in-retirement>



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Wit

“Remember, there’s no such thing as a small act of kindness. Every act creates a ripple with no logical end.” ~ S c o t t A d a m s



Small acts of kindness, officer, can go a long way toward making this world a better place.

Febrary 17th – Acts of Kindness Day



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Entertainment

"I got hooked into folk music by accident, because that's what white college kids liked when I was a child." ~ Stephen Stills

Calgary Folk Music Festival Presents Block Heater

<3 min read

Light up your life with Block Heater — the tenth annual festival returns to downtown Calgary February 14–15, 2025, powered by ATB.

Block Heater 2025 is coming in February!

Look for love in all the right places – the Calgary Folk Music Festival's 10th annual Block Heater returns Valentine's day weekend, February 14–15, powered by ATB. Sway with your sweetie under the starlight as we welcome artists from near and far. There's a show for everyone: whether you're a diehard folk music fanatic, a psych-rock buff, a neo-soul enthusiast or just looking to get down and have a good time, Block Heater will light up your life this winter.

View schedule <https://calgaryfolkfest.com/block-heater/schedule?day=1>

Defrosting every February

Groove to music makers and earth shakers from near and far. Block Heater is Calgary's answer to the winter blues with a dynamic festival lineup across downtown venues. You'll be over the moon and singing amongst the stars with our sizzling lineup. Featuring performances by: Kathleen Edwards, Jeremy Dutcher, Black Mountain, SUUNS, TEKE::TEKE, Basia Bulat, Begonia and more.

Full festival passes on sale now for \$99 can be found on EventBrite!

A version of this article was first published on calgaryfolkfest.com

This article is republished from Calgary Folk Fest you can read the original...<https://calgaryfolkfest.com/block-heater/info>



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Food & Drink

"Life is like a cup of hot chocolate: you have to stir it up to make it sweet." ~
u n k n o w n

Chocolate Delight

<3 min read

Indulge your chocolate cravings at the YYC Hot Chocolate Fest this February! For the entire month, participating cafes across Calgary will be serving up specially crafted hot chocolate drinks, with proceeds benefiting Calgary Meals on Wheels. Have a go-to savory sip? You can cast your vote online to help choose Calgary's "Best Hot Chocolate" and support a great cause!

About The YYC Hot Chocolate Fest

YYC Hot Chocolate Fest was started in 2011 by Calgary Meals on Wheels as a way to bring our community together to support local businesses and raise funds for a good cause. Originally just 10 businesses participated to raise \$5,000 for Calgary Meals on Wheels. This annual festival has grown into a beloved city-wide event that consistently sees over 100 businesses take part and raises over \$100,000 annually to combat food-insecurity in Calgary.

Every February, participating cafés, restaurants, and chocolatiers compete for the coveted awards of YYC's Best Hot Chocolate, Best Spirited Hot Chocolate, Cup That Runneth Over (most sold) and, new for 2024, the Most Creative Hot Chocolate. For 28 days, Calgarians can sip varieties of hot cocoas and vote to determine the blend that roasts them all!

How does it work?

Try out some of the Hot Chocolates from our list of contestants and then rate the drink online or through our app to help decide who has the best Hot Chocolate in town!

\$1 - \$3 from every cup sold supports Calgary Meals on Wheels, thereby directly providing nutritious meals to Calgarians.

2024 Winners

- **Cup That Runneth Over- The most sold Hot Chocolate (determined by location, not business)**
2024 Winner - Hexagon Café
- **Best Hot Chocolate - The top-rated Hot Chocolate**
2024 Winner - Little Chief Restaurant



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- **Best Spirited Hot Chocolate - The top-rated Hot Chocolate that also gets you tipsy**
2024 Winner - Tops Pizza & Steakhouse
- **Most Creative Hot Chocolate - Most mind-blowing beverage based on votes**
2024 Winner - Telus Spark

The contestants for this year will be revealed on January 29th! To join the fun, download the app by visiting [YYC Hot Chocolate Fest](#)

A version of this article was first published on [yychotchocolate.com](#)

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