Portfolio Advisor

Wealth Management
Dominion Securities

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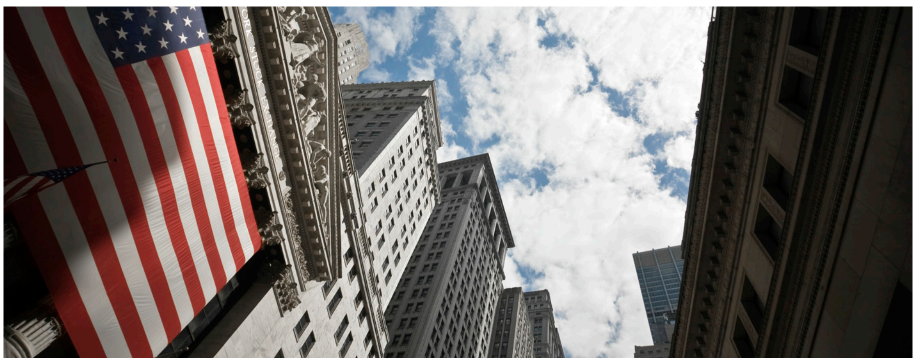
Market commentary

The global equity correction persisted in March as concerns about the U.S. administration's protectionist policies, particularly with regard to China, came to the fore. Equities could remain vulnerable to further headline risk and volatility around trade and tariff disputes.



Equities could remain vulnerable to further headline risk and volatility around trade and tariff disputes.

Meanwhile, the global economy is enjoying solid growth in North America, Asia, and Europe. This broad expansion should continue despite some easing in European momentum. All major economies should deliver growth for the next 12 months, at least. We maintain a modest overweight position in global equities and a market weight allocation to the U.S. While the correction may have further to run, we expect new highs and a resumption of the long-term bull market later in the year.

Fixed income

Federal Reserve Chair Jay Powell's first meeting went off without a hitch, with a rate hike as expected and continued guidance toward a total of three hikes this year. He also noted that he isn't concerned about surging price pressures, which helped to further calm some of the early-year fears of rampant price pressures. In the near term, the Bank of England is likely the next to act where, despite inflation easing, hawkish policymakers appear determined to push through a rate hike in May.

Flat yield curves will continue to pose challenges for investors and play into our curve positioning recommendations. Higher overall yields have increased interest in corporate credit, but we advise investors to temper their enthusiasm and stay selective as credit spreads overall are still tight, leaving us underweight fixed income.

To learn more, please ask us for the latest issue of Global Insight.

RBC Wealth Management
Global Portfolio Advisory Group

Cryptic cryptocurrency

We've come a long way from trading sea shells. Currencies have existed since civilization itself with new methods of payment regularly replacing the old. Today we're experiencing the rise of digital currencies, and the question is: Is virtual money for real? And what do mysterious terms like "blockchain" and "bitcoin" mean, anyway?

Building blocks

With traditional methods of payment, transactions and account balances are verified, processed and recorded by a central authority, like a bank – the ledger is centralized. Whereas, cryptocurrencies, such as Bitcoin, are based on blockchain technology, which is a decentralized, distributed ledger that keeps track of transactions but is not a currency itself. Blockchain is maintained by a community who deal directly with one another when making transactions, versus a centralized ledger, such as a traditional bank.

Say Andrew wants to pay this month's rent to Kate electronically. The transaction, also known as a "block," is announced to the community, who each allocate portions of their computers to hold and maintain a complete copy of the ledger containing all past transactions. Each computer consults the ledger to verify that Andrew has the money and hasn't already spent it elsewhere. Once the community network has verified the transaction, a new block (essentially, a timestamped ledger entry) is added to the existing "chain" of blocks. There is now a permanent and transparent record of the transaction. Kate receives the payment from Andrew.

A history of all past transactions is accessible to the entire community in real time, which helps keep the ledger accurate. Further, transactions between members and their account balances are encrypted for personal privacy. Each member has a public key, allowing them to transact on the blockchain, and a private key, which gives them access to their individual account and allows them to make complete transactions.

Once encrypted transactions – blocks – have been added to the chain, they are theoretically secure and can never be altered. As a result, blockchain technology has potential uses in other situations that require accuracy and prevention of double entries, such as election vote counts, health-care records, and supply chain management. It isn't limited to transferring funds using digital currency.

Putting the "crypto" into "currency"

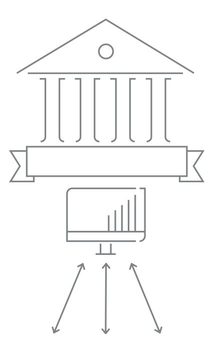
If blockchain is synonymous with a bank's ledger, cryptocurrency is money and Bitcoin is a dollar. Many confuse blockchain with cryptocurrency, but blockchain is the technology, while cryptocurrency is one way the technology can be used. Like regular currencies, cryptocurrencies are units of exchange. The "crypto" in cryptocurrency stems from the use of cryptography to encode and secure transactions. There are thousands of cryptocurrencies, the most popular being Bitcoin. While regular currencies are issued by governments and administered by central authorities, cryptocurrencies are issued by the rules of the community and collectively administered using blockchain technology. Unlike currencies, cryptocurrencies do not have legal tender status, meaning that they are not required to be accepted as a form of payment.

Approaching with caution

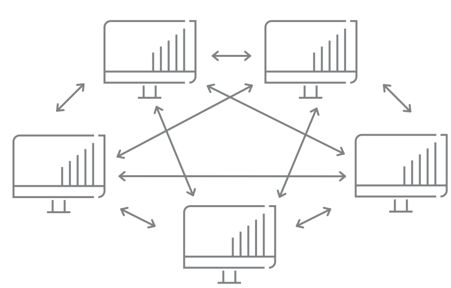
As useful as cryptocurrencies appear, they are currently less an accepted method of payment than a speculative investment, as you can see by the intense volatility in cryptocurrency exchange values such as Bitcoin. At this stage, while blockchain technology appears to have a bright future, cryptocurrency remains in question.

For more information, please contact us today.

Traditional banking ledger
Transactions recorded and verified at a centralized location



Blockchain ledger
Transactions recorded and verified across a vast network of independent computers



Raising money smart kids

Whether it's teaching them the value of a dollar or helping their future financial independence, many parents strive to teach their children how to make sound financial decisions. While every child is different, instilling positive spending, saving and borrowing habits can help ensure a lifetime of financial confidence.

Get started early

Your involvement is key to starting your child on the right path to financial literacy. As early as age six, children can understand the basic principles of saving and spending, including the value of saving first, or for longer-term goals.

Many experts recommend a "save-spend-share" concept. This means that whenever children receive money, they put some aside for savings and charitable donations, and can spend the rest as they like. Opening a high-interest savings account can also help introduce bigger kids to budgeting, investing and borrowing.

Childhood is also an ideal time to instill a lifetime desire to give back. Consider talking to your children about causes they might like to support and incorporating their ideas into how your family gives back.

Preparing young adults to leave the nest

Whether they're planning for university, moving out, or starting a new career, money plays an important role as your children start the journey of "making it on their own."

Budgeting – Post-high school is a great opportunity to create a first "real" budget with your child. Encourage them to track spending, and list income sources and projected expenses. Adding these numbers up can help determine whether they'll run short or have a surplus.

If they're running short, they might want to look hard at "wants versus needs" or ways of increasing their income. If they have a surplus, introduce the idea of contributing to a Tax-Free Savings Account or Registered Retirement Savings Plan.

Credit – Young adults are often presented with easy access to credit. Teach them to be aware of anything that sounds too good to be true, stick to their budget and borrow only what they can afford to repay.

Grown-up children still have plenty to learn

Adult children eventually enter a world where they need to balance their financial goals, such as owning a home, with basic living expenses or the costs of raising children. This is an ideal time to pass on your own financial experiences, including the challenges you overcame to build wealth.

Preparing children to receive their inheritance is another key element of financial education, and helps perpetuate your family legacy. Consider talking to them about what they will inherit and how they can manage their inheritance, or passing on assets while you are alive to allow them to benefit from your guidance.

The value of advice

While informal family conversations and real-world learning are essential components of financial education, it can make sense to introduce your children to your financial, legal and tax advisors, who can help provide guidance that might be difficult for you to convey. Your trusted advisors can also provide education in many areas, or assist with getting your children's affairs in order.

For more information on raising money smart kids, please contact us today.

Happily ever after

In families, there's often a division of labour between spouses to run the household. While that often makes sense for certain tasks, when it comes to household finances, there are good reasons to consider working together.

Maintain marital bliss

It's no secret that money is a leading cause of marital discord, but it doesn't have to be. Being upfront about your finances and sharing financial responsibilities can help keep a couple on the same page.

Money also often goes in hand in hand with life's big goals. Early in your marriage, you may have shared these goals. But things change, and it may be different now. It's important to keep the conversation going, and ensure you're both agreed, where possible, on major financial priorities as you go through life's changes.

Prepare for one of you to live longer

It is very common for women, especially, to outlive their spouses. According to Statistics Canada, there are nearly two women for every man aged 85+. Regardless of which spouse outlives the other, it's important for both of you to be prepared to handle the household finances on your own at some point.

Prepare to take care of each other

With better health care, people today are generally living longer, and often with health issues that need extra care. It's important that both spouses are prepared in the event that one of you is unexpectedly unable to earn an income or care for themselves.

Getting started on a plan – together

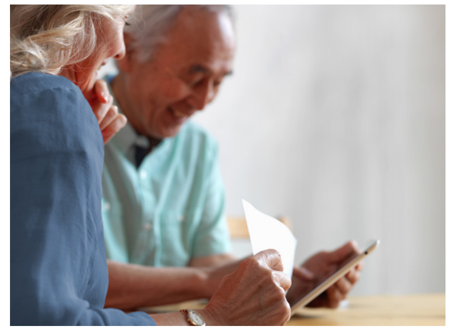
Sharing financial responsibilities doesn't have to mean making every decision together, or even splitting responsibilities equally, but it does mean building and evolving your plan together.

Take your "Family Inventory"

A Family Inventory is a comprehensive listing of information pertaining to your family's current financial status including: personal information, professional advisors, banking, investments, assets, debt, pensions, insurance and legal documents, such as Wills and Powers of Attorney. Assembling your inventory is an easy way to help ensure you and your spouse are aware of all elements of your family finances, and an important step in building a financial plan.

Get educated

Knowing what's in your Family Inventory is step one – step two is building a sound understanding of each component. Both partners can often benefit from financial education, whether it's through reading or family discussions, or via trusted advisors, who can provide education on everything from investing and banking basics to retirement, estate and tax planning strategies.



Build a plan

With a sound understanding of the components of your family finances, a comprehensive financial plan is the next step in helping secure your financial future – and perhaps even your marital bliss. Your plan should pull everything from your Family Inventory together, enable both of you to define and prioritize your family's needs and goals, and ultimately provide a flexible roadmap for your family's financial security and peace of mind.

Marriage can be complicated – and even more so when you add money to the mix. We can help, with wealth planning that includes both you and your spouse. To learn more, please contact us today.

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