



An exclusive newsletter from Mark J. Krygier, Senior Portfolio Manager | March 2023

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## What is going to be YOUR legacy?

**I have had the good fortune to meet a lot of successful people** over the years, people who have been successful in sports, in business, and in community development. I often wonder what makes a successful person. The Dean of a college I once attended used to say, “Live your life by the epitaph you want written on your tombstone.” If you want to be a successful artist, athlete, businessperson or philanthropist, set your goals, plan the necessary steps, and work towards achieving those goals. If you want to be a good child, sibling, parent, grandparent, or respected community member – set your goals, plan the necessary steps and work towards achieving those goals. If your goals include setting-up a philanthropic legacy to benefit future generations, the same methodology applies. It all starts with having goals. I recently listened to a motivational speech by famed actor, politician, and former body-building champion, Arnold Schwarzenegger. In his unmistakable accent, he said that all of his life accomplishments were rooted in his ability to set goals. Having goals gives us a direction, a focal point, to guide our minds and more importantly our actions. Part of living a meaningful life will likely include the consideration as to what kind of legacy we want to leave after our lifetime, and that too starts with having goals.

**A common goal is to retire successfully.** What one does both before retirement and after retirement is a matter of personal preference and choices one has to make. If someone has a goal to be able to spend a certain amount of income when in retirement, the planning to do so has to start well in advance. For instance, if one estimates that one needs \$150,000 per annum to live on during one’s retirement years, then a reasonable goal would be to set aside (after all other preretirement living expenses) sufficient funds on a regular basis which will eventually form a pool of capital at retirement, from which one can draw \$150,000 of after tax money (i.e. over \$200,000 pretax). How much capital will one need to create such a stream of income? Well, for instance, if one can generate 5% of income (from stock dividends, rental income, bond or GIC interest, etc.) on one’s capital, then one will need \$4 million set aside by retirement in order to generate the pre-tax amount of \$200,000 per annum. It’s that simple. Generating less than that amount of capital by one’s retirement would make it unlikely one will be able to generate the desired amount of income, unless one can generate a higher yield or if one dips into one’s capital.

**Another common goal is to bequeath** a particular amount of one’s estate to children, grandchildren, other family members or even to a charity. The questions to consider would be how much do you want to be received by the beneficiary, when should they receive it and how should they receive it? This could be accomplished by explicit directions in a will – “I hereby bequeath \$25,000 per grandchild” or “\$100,000 to a particular charity”. It could be directed through a will as a percentage of one’s total after-tax estate: “One quarter (25%) of my assets are to be left to institution X”. This goal could also be accomplished by creating a separate investment account or even by having a life insurance policy with a designated beneficiary. Each choice will have different legal and tax implications which should be considered as part of the planning.

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**A goal which is perhaps less considered** by many people, and which I suspect is often done without deliberate thought, is “what” are you going to do in your retirement years? Living the “good” life has a very different meaning to every individual. Beyond having enough money set-aside to do the things “you want to do”, what are “those” things? Do you want to travel the world? What’s your plan? Do you have a schedule for what areas of the world are best to travel at which times of year? What’s the cost involved? Where will you stay? Are there health considerations or any danger in those locations? Do you have a bucket list of activities you would like to accomplish? If so, what’s your timeframe for doing so? What’s the cost involved? Are there any restrictions to accomplishing any of those tasks? Are you physically prepared for the activities? Last year a friend of mine hiked up one of the Himalayan Mountains as part of a group. It took him months of advance preparation before he could join the group. Aside from the planned activities, how about all the “in between” time? After all, one can’t be flying around 24/7, 365 days a year. What do you plan to do each day without the need to go to work? Tend the garden? Play golf? Very weather dependent. Rainy or snowy days - catch-up on all those novels collecting dust on your night-stand (speaking from personal experience...). Why is all of this important to consider? The answer is simple – drive and motivation are what keep us alive – both mentally and physically. Simply hoping things will work out or that you will figure things out as the days go by is about as practical as planning for retirement by hoping the dollars needed to set-aside will simply fall into place. We all know that doesn’t just happen on its own. So why would “purposeful” post-retirement living simply happen on its own?

## Bottom line

Success in life requires planning and effort and it starts with setting goals. Getting into a post-secondary institution or into a particular career requires taking steps in advance. So too, planning for retirement or to leave a legacy requires advance preparation if you hope to achieve your goals. Consider then that planning purposeful retirement years – if they are to be meaningful, and give vitality to your life, also requires deliberate thought and planning. Start the process, think about what’s important to you and try setting some goals. Not sure where to start? My team and our associated professionals can assist you in planning the steps to achieve your goals. Call us today to review and update or create anew a solid plan for moving forward. One thing the Covid closures taught us all, is that we all need a reason each and every morning to put on our proverbial pants (even if they are from *Lululemon!*).

### Global benchmarks

As at February 28, 2023 (Canadian \$ Returns – except where noted)

Asset class	YTD	1 year	3 years	Asset class	YTD	1 year	3 years
S&P/TSX Composite T/R (Canada)	4.8%	-1.2%	10.8%	30-year U.S. T-Bond - <b>US\$</b>	1.3%	-27.3%	-12.5%
S&P 500 TR - <b>US\$</b>	3.7%	-7.7%	12.1%	10-year U.S. T-Bond - <b>US\$</b>	0.2%	-14.2%	-6.3%
NASDAQ Composite - <b>US\$</b>	9.4%	-16.7%	10.2%	Long GOC Bond (2053)	2.3%	-19.3%	-11.4%
MSCI Europe Index Price Return	8.5%	3.7%	6.5%	10-year GOC Bond	0.3%	-9.5%	-4.1%
MSCI Emerging Markets	1.5%	-11.4%	-0.8%	5-year GOC Bond	0.1%	-5.4%	-1.8%
China S.E Shanghai A Price Return	6.3%	-7.2%	5.4%	3-month CDN T-bill	0.7%	2.0%	0.9%
MSCI World Index Price Return	5.0%	-1.9%	8.9%	<b>US\$/CDN\$</b> (1.3645)	0.7%	7.7%	0.6%

Source: RBC Capital Markets Quantitative Research

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