RBC Dominion Securities Inc.

Wealth Management
Dominion Securities

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Financial Focus

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RBC Dominion Securities Inc.

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TAX SLIPS

Make sure you receive all required tax slips to file your income tax return.

T5 income related slips have been mailed out in February. All other tax slips will be mailed out during March.

To view our tax reporting guide, please visit www.rbcds.com.

Dear Clients and Friends,

Well, I must say that the months of January and February have gone by in record time. It is always a busy time of the year with TFSA contributions in January, and RRSP contributions up to the end of February.

The economy, interest rates, inflation and the stock market continue to be the news of the day. Expectations that central banks will lower interest rates in the coming months have moderated recently. Meanwhile, the global equity market is off to a reasonably good start this year, driven once again by the U.S. market and large-cap technology stocks. Notably, an abundance of recent data suggests the U.S. economy not only remains resilient but is showing signs of strengthening. The Bank of Canada remains concerned about reducing interest rates prematurely amid elevated shelter inflation and robust wage growth.

A lingering question is whether inflation can continue to moderate in the face of an economy that is potentially reaccelerating. This may take some time to answer. With inflation largely trending in the right direction, the economy resilient as ever, and both the U.S. and Canadian central banks contemplating rate cuts, the equity markets may continue to push higher for the time being. So too could investor optimism, as it often does when things are going well. As always, it is my responsibility to remain level-headed and attentive to the risks and opportunities that may emerge.

What will the remainder of 2024 look like for investors? If inflation continues to decline and interest rate decreases start to happen, the stock market should continue to provide a positive rate of return. This is a U.S. election year and historically that means we should see a strong U.S. stock market. However, election years can also bring market volatility and we will be sure not to overreact to the daily ups and downs with stock prices. I continue to remind clients that strong and resilient U.S. companies will continue to make profits regardless of who ends up in the White House. It is only the short-term news of the day that may create short-term volatility which should not significantly affect your long-term financial goals.

One of the most rewarding aspects in my role as Portfolio Manager and Financial Planner is that of educator. I enjoy teaching people about the world of financial planning and investment management. My primary intention is to create an experience that educates and empowers my clients to make the best financial decisions possible. It is an incredible feeling when you have educated someone to the point where they are now fully engaged in their own financial future.

Wishing you a happy and healthy spring!

Sandra

Why you need more than just a Will to achieve a lasting legacy

Passing on wealth to loved ones is an important goal for many people. While your Will defines who will inherit what, it's just a start. A comprehensive wealth transfer plan can help ensure that your assets are distributed as intended, pass quickly to your loved ones, and retain more of their value by minimizing taxes and costs.

Distribute your estate as you intend

Distributing wealth can be more complex than simply allocating the right percentage of assets to each beneficiary. For example, one child may wish to own the family home, so it may seem straightforward to pass other assets of equal value to your other child. However, the tax treatment or disposition costs of different assets can vary greatly and result in unequal distribution and potential family conflict. Understanding your beneficiaries' plans for their inheritance and proper tax planning can be very important, especially if your entire estate isn't liquidated.

Minimize taxes and delays

A plan to minimize taxes and avoid delays on the transfer of assets, investments or insurance policies should be set in motion during your lifetime to help protect the legacy you've built. Tax planning, insurance solutions and gifting assets can all help with wealth transfer efficiency.

Address complex family structures

The challenges for diverse family structures, such as couples with children from previous relationships, can be even greater when it comes to distributing assets. Making specific provisions for children who might otherwise be left without the inheritance you intended to give them can help avoid future family conflict and legal battles.

Pass on assets discretely

Many people prefer to keep their wealth a family matter. A comprehensive transfer plan can help ensure certain assets bypass the public reading of your Will and probate process (which can also help reduce costs).

Prepare your beneficiaries

The greatest risk to your legacy may be failing to prepare your beneficiaries for their inheritances. "Shirtsleeves to shirtsleeves in three generations" is a proverb that essentially means it takes three generations for wealth to be gained and lost.

As a benefactor, you have an important role in preparing your beneficiaries to receive their inheritances. Consider talking to them about the challenges you overcame to build wealth, or even how you would like them to manage their inheritance. You might consider passing on assets while you are alive to allow your heirs to benefit from hands-on guidance.

Your trusted financial, tax and legal advisors may also be able to provide guidance that might be difficult for you to convey (possibly because your younger family members don't always listen to or heed the advice of their family elders). What's more, introducing your heirs to your advisors in advance can help when they receive their inheritances – they won't have to scramble to find their own advisors during a difficult, emotional time.

To learn more about protecting your legacy for the next generation, please contact us.

What about the U.S. Election?

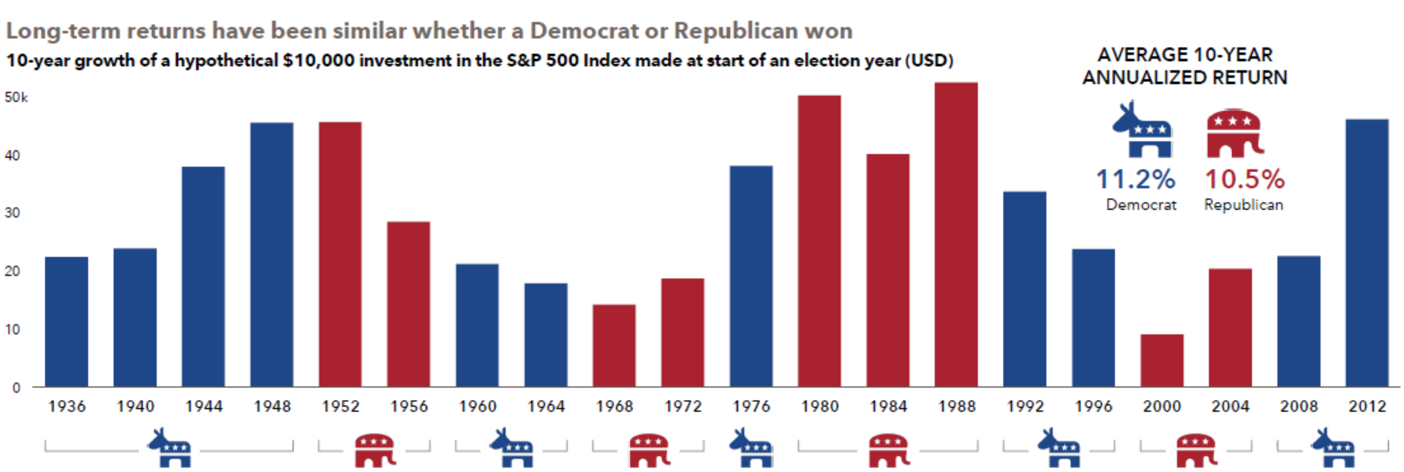
The U.S. is preparing to go to the polls on November 5th, 2024. It is safe to say opinions and emotions about the U.S. elections are running hot. U.S. presidential elections have polarized the public for many decades, especially when there are major differences in the candidates' policy proposals on taxes and other issues, as is the case with this election cycle. We are expecting the rhetoric to pick up sharply in the months to come.

U.S. Presidential Elections: Stay invested

Staying invested matters more than the outcome of U.S. presidential elections.

Despite some volatility along the way, the S&P 500 has tended to power through presidential elections, regardless of whether a Democrat or Republican won the White House. In 18 of 19 presidential elections, a hypothetical $10,000 investment made at the beginning of each election year would have gained value 10 years later. That's regardless of which party's candidate won. In 15 of those 10-year periods, a $10,000 investment would have more than doubled. While past results do not guarantee future returns, election-year jitters should not deter investors from maintaining a long-term perspective. The only negative 10-year period followed the election of George W. Bush in the year 2000. During that decade, the S&P 500 posted a negative return amid two seismic events: the 2000 dot-com crash and 2008 global financial crisis. In contrast, the biggest election year return would have been in 1988, when George H. W. Bush won office, and $10,000 would have grown to $52,567 by the end of 1997. By design, elections have winners and losers, but the real winners have been investors who stayed the course and avoided the temptation to time the market.

Red, blue and you: Investing through U.S. election uncertainty



Understanding the Tax Forms

You may be receiving some of these tax forms to be used with your 2023 tax return

T3	Statement of Trust Income if you have investment income from mutual funds in non-registered accounts and from certain trusts.
T5	Investment income including interest, dividends and certain foreign income.
Summary of Securities Dispositions (T5008)	This form sometimes looks more like a letter than a tax slip so be sure that you do not overlook it. This is a summary of the proceeds of any sale of securities and your capital gain or loss information.
RRSP Contribution Receipt	Reports the value of contributions made to an RRSP plan during the year and up to 60 days in the next year.
T4RSP / T4RIF	All payments made from RRSP, RRIF or LIF accounts are taxable in the year they are received. If tax has been withheld and sent to CRA, it will be reported on the tax slip.
T4A	Education Assistance Payments from a Registered Education Savings Plan (RESP) are taxable in the hands of the child in the year it was withdrawn. This is only the grant and/or income portion of the plan which is taxable as income.
T4FHSA	Records various First Home Savings Account transactions – qualifying or taxable withdrawals, beneficiary distributions received, amounts deemed received on cessation, transfers, designated withdrawals, contributions.

When is Interest Tax-Deductible?

If you use borrowed money to buy investments, the interest may be deductible. As long as your investments generate income such as dividends or interest, or if you have a reasonable expectation that they will generate income, you can deduct the interest on your loan from your total income. Capital gains are not income for the purposes of this deduction. If you borrow to invest in shares that do not pay dividends and rely on capital gains to make money, the interest is not deductible. Interest on a mortgage you use to buy a property is deductible if you generate rental income from the property. The most important part of deducting interest is keeping records to prove that you used the borrowed money to produce income.

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