

Patrick O'Brien's Christmas 2018 Client Note



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Dear Clients and Friends,

With the holiday season comes time for family and reflection. This past year, we have welcomed many new children, grandchildren, and even great grandchildren into our families. Welcome to you all and may you always be ready to help your elders operate their phones, computers, watches, TVs...



Michelle's kids with Santa

Goodbye (riddance) 2018

It has been a difficult year in the markets following 2 very good years. We saw a drop of more than 10% in January/February, a quasi-recovery, and then another 10% downturn in October in major stock markets around the world. Bond markets have also declined as interest rates have risen. Normally, when stock markets decline, bond markets rise as investors exchange higher growth expectations for capital preservation. Bond and stock markets are like children on a teeter-totter – as one side goes down the other side rises. In the 2018 case, equally weighted tyrannosaurs have swept pesky children aside and sunk the entire apparatus. Despite the difficult playground zoography, we expect small gains for the year, rather than the significant losses experienced in markets generally.

The investment approach was consistent in 2018 with a strong predilection toward what is “**here today**” as opposed to **hoping** for a grand tomorrow. As such, we have avoided the carnage in the nascent marijuana/bitcoin industries and emerging markets. The investments are safely based in countries with well-developed democracies and the rule of law. We especially like our home country where we receive tax advantages and some protection from currency fluctuations. We own for the most part, companies that carry on mundane, but necessary businesses that provide for our basic survival, pay good and rising dividends, and send a “must pay” bill to customers each month. It has been a good year (again) to be invested in this way.

A Financial Planning Note from Cameron:

Each year homeowners in British Columbia owe property taxes. However, did you know that you can elect to defer the payment of your principal residence's property taxes if you are 55 or older?

The Provincial Government currently applies a low interest rate of 1.45% to the amounts owing, which accumulate and are due upon the sale of your residence. The program is subject to some basic protocol and restrictions.

To learn more, please contact us or visit the Provincial website (we can email you the link).

There are three reasons to re-read this note early in the New Year:

January 1st-Tax Free Savings Account contribution for 2019 is set at \$6,000 (total contribution limit will be \$63,500 in 2019 if you have not contributed to a TFSA before).

January 1st- Registered Education Savings Plan (RESP) regular and catch up contributions can be made for 2019. **RESP contributions for 2018 must be made by December 31st.**

March 1st 2019- Deadline for contribution to Registered Savings Plan (RSP) for 2018. Maximum contribution for 2018 is \$26,230 less possible pension adjustments. You can check your 2017 notice of assessment from CRA to see your contribution room.

Please contact us for help with investments and financial planning; we are here just waiting to hear from you.

Happy Holidays and I look forward to seeing you in the New Year.

Regards,

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