

December 2020 Client Note



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A Review of 2020

Dear Clients and Friends,

I hope this note finds you well. It has been a difficult year and the busiest in my 14 years as an investment advisor. I am grateful for your patience and trust during the declines of late February and March and the ensuing solid rebound, especially in November just past.

As I write, there are 3 vaccines showing excellent efficacy and safety. While the situation on the ground is still problematic, these developments point to an eventual end to the pandemic. A correspondingly dramatic move upwards in the markets has accompanied these major vaccine developments. Further, the anxiety over the US elections has also past giving some certainty to the economic policy environment for the next few years.

I don't know what will happen in 2021, but I feel confident that the portfolios will prosper and be resilient when (not if) the next market decline appears. We invest primarily in companies that have hard valuable assets (such as a hydro dam), that send their customers a monthly bill that will not be ignored given the service's essential nature. These attributes usually make temporary drawdowns shallower than the market indices quoted in newscasts.

I wrote three articles during the most worrisome months of 2020. They are collected in the Pandemic Articles section of my website:

<https://ca.rbcwealthmanagement.com/patrick.obrien/publications-and-articles>

With the holiday season upon us and hopefully some time to catch one's breath, you may like to reflect on the content and advice given. Please feel free to share them with others and contact us if you would like printed copies.

Planning Events to Consider:

There is still time before December 31 to make an RESP (Registered Education Savings Plan) contribution for 2020. This is a very good program in general and a way to help children and/or grandchildren pay for a post-secondary education of almost any kind, not just university.

Contributions to your Tax Free Savings Account (TFSA) will be \$6,000 for 2021. If you have never contributed, and have full contribution ability, you can contribute up to \$75,500. Be sure not to exceed your limit to avoid CRA fines. If you are not sure, please reach out to us.

The RESP deadline for 2020 contributions is March 1, 2021. The maximum contribution is 18% of your earned income, up to \$27,830, plus any unused contribution room. I made my contribution back in May as I do each year. I get about 10 months extra compounding advantage over last minute contributors with this strategy.

Owners of private corporations here in BC may want to consider using a two will strategy to eliminate the need (and cost) of probate on passing. Please call for details and my article.

Last chance for a reduction in your RIF payment. The federal government is allowing you to reduce your payment by 25% in 2020. You would only take advantage of this offer if you don't need the money. The smaller withdrawal lowers your income (and therefore your income tax) and allows your RIF to have a year of extra growth.

Housekeeping:

Brooklyn and Tanner are in the office and fully functional, but unable to receive clients past the reception. If you are coming in, please let us know in advance. Celine and I work from home and I don't expect to be back in the office until the pandemic is over. I am able to meet with you (keeping a social distance) and available by phone, Face Time, or WebEx. Please contact us for all your investment, insurance, and financial planning needs. We are pleased and gratified when we receive referrals from you. I look forward to serving your friends and relatives as well.

I wish you all the best for a very different Christmas Season and I expect a much more enjoyable 2021.

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