

PATRICK O'BRIEN'S Fall 2017 Client Note



For the clients and friends of
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Pumpkins for Polio

Dear Clients and Friends,

As I write in early October, there is a ton of sad, scary, and bewildering news in the media. Twas ever thus. But let me tell you a good news story. A few years ago, I initiated a Rotary fund raiser called Pumpkins for Polio. I grew the pumpkins on our hobby farm and sold them to local Rotarians and others raising a few dollars for polio eradication. Every dollar has helped the campaign, but it has been Rotary International and the Bill and Melinda Gates Foundation that have driven the polio cases from 365,000 per year in 1987 (when I graduated from veterinary school) to the last few cases of today. There have been only 10 reported cases worldwide so far in 2017 attributed to the wild polio virus. That is good news.

Here is another good news story. Despite the headlines, our portfolios continue to deliver growth and income, even though there have been almost no gains in the larger Canadian market to the end of September. Staying away from oil companies with their attachment to the unpredictable price of oil has helped. Further, the gains in the US portfolio would have been seriously eroded by the sudden rise in the loonie – if they were unhedged. I purposefully hedge our US dollar exposure to mitigate unpredictable currency moves when the Canadian dollar is low. By hedging a low Canadian dollar, we remove a large amount of the unpredictable losses when/if the loonie jumps against the US dollar as it did this past summer.



Wealth Management
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End of the Year Planning:

If appropriate to your situation, you can make an RSP contribution for 2017 based on your contribution limit. Your contribution room is shown in your notice of assessment from CRA that likely would have arrived last May. If the proposed tax changes to small business corporations turn out to be draconian, an Individual Pension Plan (IPP) may become important to business owners. I will be in touch when the tax rules are finalized with a plan of action to limit taxes going forward.

RESP contributions for 2017 can be made until the end of the year. The combination of early regular deposits, received grants, and reasonable growth could pay the ~\$15,000 per year (currently) for an undergraduate science degree at UBC (4 year program).

The TFSA (Tax Free Savings Account) new contribution room for 2018 will again be \$5,500. IF you haven't contributed in prior years, the 2017 limit is \$52,000, \$57,500 in January. As time goes by, the TFSA will become more and more important. It is not unreasonable that my TFSA will be worth some millions by the time my good until date is passed in 40 or so years. I expect to be living off the tax free income and when I pass away, the assets will then be rapidly transferred to the beneficiaries tax free, privately, and without probate.

As always, my team of Cameron, Celine, Michelle and I welcome your inquiries and visits. As a financial advocacy practice, we look forward to helping as we may with any financial, estate, planning, or insurance issue you may have.

All the best for the fall season.

Regards,

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Celine McKay

Michelle Roberts

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