

PATRICK O'BRIEN'S

# January 2018 Client Note



For the clients and friends of  
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Buzzfeed

Dear Clients and Friends,

I still laugh at this picture of the cow "photo bombing" the horse stuck in the fence. I worked with both cows and horses in my veterinary practice, so I had a bird's eye view of the respective horse/cow viewpoints. The picture shows the underlying snobbery that exists in a subset of the horse and cattle industries. In southwest BC, most of the hay fed to horses comes from dairy farms. Some farmers have humorous names for the buyers of their hay and a few of the horse people sniff at the "inferior" species and the vets who work with them.

## Markets:

Markets continue to head higher around the world as economic growth is widespread. I expect that we will see a few interest rate increases, more noise around NAFTA, and turmoil south of the border. I don't expect any of these issues to affect us much. Steady as she goes.

## A special note to business owners:

I write a regular column for the dairy industry magazine. My topic this month is "innovation." The industry experts will be talking about innovation with respect to cow health, robotic milkers/feeding systems etc. I will write about financial innovation and for those who have a BC private corporation, there is a significant

money saver available since 2014. That is the year the Wills, Estates, and Succession Act was passed in BC confirming the two will strategy. Owners of corporations can have a second will (and executor) covering the corporate assets that removes the need for a grant of probate to change the ownership of the shares. On a 10 million dollar corporation, this strategy could save up to ~\$140,000 in probate plus some of the frictional losses in the estate process. Unfortunately, it doesn't reduce the tax on the capital gains that may have accrued. Please give me a call to discuss this or any other financial or (hot cow/horse) topic. You will need an estate lawyer. I will be happy to make a referral.

**Here are four action items for early in the New Year:**

TFSA (Tax Free Savings Account) – contributions for 2018 are set at \$5,500 if you have fully contributed in the past. The total limit for fully eligible subscribers is a maximum of \$57,500 as of January 1, 2018. I make my TFSA contribution each January to maximize the tax free compounding effect.

RESP (Registered Education Savings Plan) –this is a valuable education financing tool for your children and grandchildren. I contribute fully to my children's RESP each January for maximum growth through compounding.

March 1, 2018 – deadline for contribution to RSP (Registered Savings Plan) for 2017. Maximum contribution for 2017 is \$26,010 less any pension adjustments. I contribute when the rhododendron blossoms peak in May which is when I receive my new contribution room in the CRA notice of assessment. By making the contribution then, I have gained multiple percentage points of growth in my RSP over the traditional contribution at the deadline ~10 months later.

Every year I have clients who pass away. It is part of the job. Also part of the job is to help the surviving spouse with the financial challenges thrust upon them. It is also true that in the family division of labour, one person often handles the investment portfolio. My suggestion is that if you are not the investment person, then becoming familiar to some extent may be worthwhile. I am happy to educate all my clients to their desired level. When a passing occurs, we will help you; please call us and we will assist you during that difficult time.

Regards,

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