

Patrick O'Brien's  
**Spring 2021 Client Note**



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Pacific Green Tree Frog males croak to attract females each spring

Dear Clients and Friends,

**Spring and the Coming of the Crop Season**

I am excited about the gradually awakening plants and animals that are so much a part of life here in Canada. The Pacific green tree frogs are raising a ruckus every night as the males “sing” the females to the ponds and ditches. The Sandhill cranes are back, swooping over our little farm like low flying 747s, calling in voices that make me think of dinosaurs. It is also time to start farming....

Different farmers farm different things – cows, chickens, berries - I farm money. I create and maintain “farms” that generate reliable income and growth in a tax efficient manner. We like to be prepared for, rather than trying to predict, the next downturn. My nearly three decades of investment, first for myself and then as a professional, has made it clear that down turns are inevitable, unpredictable, but also temporary when you hold quality investments.

My portfolios have layers of protection around their core value, like the center of an onion. We like companies that reside in stable democratic countries with the rule of law, market regulators, and accounting standards. Avoiding the dangerous places in the world protects us against theft and currency fluctuations. A second protective layer is comprised of the intrinsic value of hard valuable assets (like a hydro dam) to our society. These hard assets provide an underlying stability to a company. Finally, we like companies that send their customers a monthly bill that won't be ignored – no one wants their electricity cut off for non-payment. These companies are generally much less affected by market declines and they return to share value growth quickly when the upset passes.

Canada is a perfect place for this kind of investment program, over and above the tax advantages Canadian residents enjoy. One reason the program works so well is that we are a small population in a very large land mass. If we want the modern infrastructure of a developed country, then the companies that build, maintain, and expand those services must be profitable or the services will be of poor quality or non-existent. Our big banks, railroads, and telecommunications firms are all examples. They provide us with consistent, and rising dividends plus growth over time and the public gets functional banks, rails, and telecommunications.

### **Financial Planning tips:**

RSP season is about to begin☺! Yes, I do mean that. The media always concentrates on the end of RSP season in February. But contributing at the last minute misses out on about 10 months of compounding gains each year – which is significant over a 40 year working career. I make my RSP contribution each May when I receive my notice of assessment (NOA) - it reveals how much I can contribute. By contributing early, my RSP contribution begins creating dividends and growth for me many months ahead of the deadline at the end of February in the next calendar year.

In my last Client Note, I discussed the “Joint account with the right of beneficial survivorship” – a technique we use to save on probate when a single, older person passes. I am pleased with how many clients have taken advantage of this method to eliminate probate in taxable accounts.

I also want to remind you that a multiple will strategy can be used by owners of private BC corporations to erase probate costs and smooth the share transfer to the new owners (beneficiaries). On May 13 at 2pm, I will be speaking, along with local legal and accounting professionals, about business planning. The advertising/registration flyer will be sent out soon.

As always, please contact us with any questions you might have about your portfolio, insurance, or financial planning. We look forward to hearing from you!

Happy spring,

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