

*Dr. Patrick O'Brien's*  
**Summer 2024 Client Note**



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*Frenchman's Cove - Tranquility on the Sunshine Coast*

Dear Friends and Clients,

I recently read an article that looked at how the US market performed under the 24 years with a democrat president vs the 24 years of republican Whitehouse reign. An investor who owned stock market securities only during the republican presidencies made a little less than 25% of the result of an investor who only was in the market during democrat presidents. The investor who stayed invested regardless of the Whitehouse incumbent did better than both – almost 10 fold of the republican only and double the democrat only. The message? I will continue to build a solid tax efficient income stream, (with some growth).

Interest rates are finally coming down, how far down they go and the timing is uncertain. This interest rate outlook should give a further boost to total portfolio values. That is nice, makes us all feel good. However, since we view the portfolio more as a pension system to provide tax advantaged income for retirement, the ups and downs of the market are less important. Most of my retired clients are in the enviable position where they can live comfortably on the income generated without infringing on the capital. As I like to say, “eat the eggs, not the chickens.” Investors with growth focused portfolios or insufficient capital must gradually sell assets into a capricious market. The market needs to continually advance in order for them to meet their monthly expenses. My people are independent of the market gyrations - which means lower financial anxiety for my clients. This investment style also works as a disability plan should a working person suddenly be unable and needs the income to live.

## **How to Dispose of Sensitive Documents Without a Paper Shredder:**

Not long ago, Tom Bell, my Associate Advisor, brought up a very useful tip that his grandparents used to make sensitive mail unreadable. They filled the kitchen sink with warm water and soaked the documents for a few minutes. Once softened up with ink dissolved, they crushed all the paper into a ball rendering everything completely illegible.

## **Financial Planning Tips:**

The only “newish” thing is the First Time Home Buyer’s Savings Account (FHSA). Started last year, it allows people to save for their first home and get a tax break (like an RSP when they contribute). When that first home is purchased, the funds and any growth or income generated can be withdrawn and form part of the down payment without tax. There are too many rules to detail here, but we are happy to chat should you need more information.

## **Basics of Personal Finance:**

Speaking of younger folks, Tom Bell, wrote a very good article on the basics of banking, mortgages, credit cards, insurance, and investment. We are pleased to provide education for all, and this includes our younger clients. Please reach out to us for a copy or to discuss with Tom.

## **Saving Probate:**

I beat the drum again on the multiple will strategy for clients with private corporations. The goal is to save the 1.4% probate payable if only a single will is in place. Please reach out to me for more information.

On that same probate busting concept, solo account holders can add multiple new joint account holders limited strictly to the gift of survivorship, not ownership. This allows the account to be private and solely under the control of the principal owner until passing. Upon the death of the principal, the account becomes the property of those with the gift of survivorship. It should be noted that this does not prevent the application of capital gains taxes. Again, call me if you would like more information.

We are ever ready to discuss your situation and help as we can. Please reach out to us for your financial/estate planning, investment, and insurance needs. We are grateful for your referrals and pleased to speak with your friends and family who could benefit from our services.

All the best,

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