

Richard Rand's

Random Views

"Simplifying All The Financial Needs of Busy Families"



Wealth Management
Dominion Securities

August 2018



Rand Wealth Management – August 2018

Some Summer Thoughts.....

The hot and dry part of the year is upon us and I hope that you and your families have had some time to enjoy the weather and some R & R. We usually don't put much information of the state of the markets, interest rates and currencies into our Random Views client newsletter, as we try and use it to communicate and educate on various topics that we are involved in when helping our clients manage their Wealth and Planning. And since we are in a time and space that has had quite a lot of local and world volatility and news events, we have been fielding more questions than usual about the direction of the markets, interest rates and the timing of a recessionary period in the future. To answer some of these questions, we have added some market and Asset Mix commentary from our analysts below and as always, please call or email us with any questions or comments.

Enjoy the second half of the summer and we look forward to speaking and seeing you soon.....

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Today's Chuckle:

"The way to get started is to quit talking and begin doing."

Walt Disney
Producer

The Markets

Equity market volatility has persisted through the spring, as earnings growth has been almost entirely offset by declining valuations. Our models suggest that higher inflation and rising interest rates detract from the market's intrinsic value, but that the impact so far is relatively small. Global equities fluctuated significantly in the past quarter and were essentially directionless as rapid corporate profit growth was offset by contracting price-to-earnings ratios. Expanding valuations have been a significant source of gains for stocks during this long bull market, but sustained earnings growth will be critical to drive stocks higher from here. Confidence is a critical component that drives markets. Consumer spending and business investment have fed off of the high confidence levels formed in recent years. The escalation of protectionist activity globally has introduced a challenge to these confidence levels. This is not an immaterial matter and clarity is needed, along with persistently healthy earnings fundamentals, to get the markets unstuck from the current trading range. Should protectionist behavior intensify, we would expect the market to turn defensive. Defensive and interest sensitive equity sectors and Treasuries would likely outperform in this scenario, while cyclicals such as industrials, financials, and resource sectors would underperform. The alternate scenario where trade tensions ease would support the cyclicals sectors, and defensive sectors would likely underperform.

Asset Mix

Balancing risks and opportunities in the short and long term, we feel it is still appropriate for a balanced investor to maintain a bias toward risk assets. Solid global growth should support higher interest rates and corporate profits. The former will act as a headwind to bond returns and the latter should support equity prices. However, given the maturation of the business cycle and other potential risks to our base case, we feel it is prudent to reduce the degree of risk-taking in our portfolios. We remain underweight fixed income, but less so than at previous points in the cycle, since bonds should serve as ballast in a balanced portfolio if equities run into turbulence or the economy downshifts. The fact that our indicators suggest little chance of recession over our one-year forecast horizon, combined with the potential upside in corporate profits, still justifies a mild overweight in stocks.



Market insight excerpted from RBC Wealth Management Global Insight July 2018 issue. Please visit our web site to view full article: <https://ca.rbcwealthmanagement.com/richard.rand/global-market-commentary>

Ten Strategies to Pay Less Tax in Retirement

Are you approaching retirement or have you recently retired? Maximizing your retirement income is likely to be an important aspect of enjoying this exciting new phase of your life. However, a large portion of your major sources of retirement income may be taxed at your top marginal tax rate with no preferential tax treatment. This is likely to be the case if you depend on such sources of retirement income as employer pensions, Registered Retirement Savings Plans (RRSPs), Registered Retirement Income Funds (RRIFs), Canada/Quebec Pension Plan (CPP/QPP) and interest income. Further, you may no longer have the opportunity to take advantage of making tax-deductible RRSP contributions to reduce your taxable income. This might be the case if, for example, you already maximized your RRSP contribution room and are no longer generating additional RRSP contribution room due to having stopped working, or if you and your spouse are over the age of 71.

Fortunately, there are several strategies you can consider to maximize your after-tax retirement income. Although not exhaustive, below is a summary of 10 of the most common tax-saving retirement strategies that you can use as a reference when evaluating your retirement plan. Please contact Richard to incorporate some of the strategies that may work for you.

Ten Strategies to Pay Less Tax in Retirement

The following is a summary of the ten most common tax-saving strategies at retirement.

Strategy #1: Spousal RRSPs

Strategy #2: Order of asset withdrawal

Strategy #3: Tax-preferred investment income

Strategy #4: Pension income splitting

Strategy #5: CPP/QPP sharing

Strategy #6: Spousal Loan Strategy

Strategy #7: Effective use of surplus assets

Strategy #8: Prescribed life annuity

Strategy #9: TFSA

Strategy #10: Minimum RRIF/LIF/LRIF/PRIF withdrawal planning

Richard's Corner

Upcoming Community Events



**BEST ON THE BLOCK
BBQ RIB COOK-OFF**

EAT WELL. DO GOOD.

DATE: Saturday, August 18th
TIME: 11 - 2 pm
COST: \$15 for 1/4 rack of ribs from each restaurant
Location: shared parking lot of Marriott and Sheraton Hotels (7571 Westminster Highway)

Featuring beer sponsors:
Parallel 49, Parkside Brewery and Fuggles & Warlock.
100% of the proceeds going to the Richmond Food Bank.

Richmond Food Bank | Harbor's | CAVU | THE AMERICAN GRILLE

Other fun things going on:

Family Farm Day

Sunday 19 August 2018

10 a.m. - 4 p.m.

London Heritage Farm ~ 6511 Dyke Road, Richmond

Steveston Beer Fest 2018

Saturday 25 August 2018

7:00 - 9:30 p.m.

The Gulf of Georgia Cannery ~ 12138 Fourth Ave, Richmond



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