

Richard Rand's

Random Views

"Simplifying All The Financial Needs of Busy Families"



Wealth Management
Dominion Securities

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Today's Chuckle:

With the rise of self-driving vehicles, it's only a matter of time before we get a country song where a guy's truck leaves him too.

Rand Wealth Management – March 2018

Spring is just around the corner and a very strange thing happened with my computer monitor at work over the past month or so. Every time I looked at my stock quote screen all the data was in red; and since 2008 it's been mostly green. All joking aside, the volatility that has been absent in the markets for a long time has now returned and the "sea of emotions" are back also. I have put in a few notes below to put this volatility into context and these are comments from Warren Buffet's latest newsletter to his clients:

"Priced for Perfection: Since the beginning of the year, a modest bout of volatility has re-entered the landscape, as investors took note of an upward creep in Treasury bond yields. It's a reminder that stocks don't rise in a straight line. While tranquil periods won't last forever, I will never try to time a peak or trough in the market. Corrections can come suddenly, surprising the most astute market observers. There is no one out there that can consistently call the tops and bottoms in the market, period. A sudden downdraft in shares can be unsettling and I understand that. I've heard a correction described as being blindfolded on a rollercoaster... You know there's a bottom, you just can't see it. Early February's slide saw the S&P 500 Index lose just over 10% in value—an official correction—in just nine trading days. That's right—nine trading days from an all-time high to a 10% decline which, according to LPL Research, was the quickest on record.

Let's review the landscape. Moderate economic growth at home and abroad has been fueling corporate profits; analysts have been sharply revising 2018 profit estimates higher (Thomson Reuters); inflation has been low, and interest rates, while creeping upward, remain near historically low levels. It created an ideal environment for stocks, i.e., low volatility and upward momentum. However, when you're priced for perfection, or something near perfection, any disappointments are likely to be amplified. What sparked the sell-off? Yields on the 10-year Treasury were rising, which began to create a stiffer headwind for stocks. But what likely would just have been a mild downturn snowballed. As we entered February, speculators who had piled into products designed to take advantage of low volatility were suddenly forced to jump ship, which exacerbated selling pressure in stocks. Further, computer program trading kicked in, adding to the turbulence. Let me take a moment to repeat a familiar refrain. "Making investment decisions during times of emotional duress is rarely profitable."

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What's new or changed for 2017 tax-filing season

Changed credits and amounts

- **Tuition, education and textbook credits.**

As of Jan. 1, 2017, the federal education and textbook credits were eliminated. However, clients can still carry forward unused amounts from previous years. Also, with certain conditions, they may now be able to claim the tuition amount for fees paid to a post-secondary educational institution for occupational skills courses, even if they're not at a post-secondary level.

- **Children's credits.** As of Jan. 1, 2017, the children's arts tax credit and children's fitness tax credit were eliminated.
- **Public transit tax credit.** As of July 1, 2017, this credit was eliminated. For the 2017 tax year, clients can claim the cost of eligible public transit expenses only for travel taken from Jan. 1 to June 30, 2017.

New and improved credits

- **Canada caregiver credit.** This non-refundable tax credit replaces three separate credits: the family caregiver credit; the credit for infirm dependants age 18 or older; and the caregiver credit. The new credit gives tax relief to eligible individuals who have a spouse or common-law partner, or a dependant, with a physical or mental impairment.
- **Disability tax credit (DTC) certification.** Nurse practitioners across Canada can now certify the DTC application form.

- **Medical expense tax credit.** If clients need medical intervention to conceive a child, they may be eligible to claim certain expenses even if they don't have a medical condition—these expenses are the same as those that would generally be allowable for individuals who have a medical condition. If clients have had fertility-related expenses for any of the 10 previous calendar years and haven't claimed them, they can request a change to their income tax and benefit returns to include these eligible expenses.

New services

- **Mailing a paper income tax and benefit return to homes.** Starting this year, the CRA will mail a 2017 income tax and benefits guide and forms book to paper filers. For those who want to file on paper and haven't received a guide and forms book by Feb. 26, 2018, they can find what they need online or order a paper copy.
- **Phone filing with *File my return*.** This automated service lets eligible Canadians with simple tax situations file their return by answering a few questions.
- **Viewing transactions and paying balances with CRA BizApp.** This app lets small businesses and sole proprietors view their business account balances and make payments by pre-authorized debit to their corporations, goods and services tax/harmonized sales tax (GST/HST), payroll, and excise duty accounts.

Please visit us at our new website: <http://ca.rbcwealthmanagement.com/richard.rand>

Private password for clients only access: **Wealth2017**

Wealthy Canadians not discussing inheritance with heirs

The biggest inter-generational wealth transfer in Canadian history is taking place now, but the majority of affluent Canadians are keeping their heirs in the dark on how they plan to pass on their wealth.

In fact, 58% of wealthy Canadians have not discussed instructions for their estate with their heirs. Further, 12% do not plan to talk about their inheritance plan with their beneficiaries.

Amid this vast amount of wealth that will be handed over, 32% of affluent Canadians say they are worried about how their heirs will handle their inheritance; and 36% say their children don't have the financial literacy to manage a potential windfall.

Yet, the data revealed that only 19% have introduced their children to a financial advisor or have taken them to a planning meeting with the person currently managing their money (18%).

“It's important to have that financial planning conversation between family members when parents are still healthy, and everyone is calm as opposed to making decisions in a time of crisis when emotions are high,”

Blended families

Those who are part of a blended family—which includes children of a previous marriage of one spouse or both—are more likely to indicate a lack of trust in their beneficiaries' ability to manage their wealth (28%).

They also share a range of other concerns, such as whom to appoint as the primary beneficiary (15%), how to fairly divide assets (13%), and the fact that they haven't spoken openly to their spouse about their estate plans (13%).

Here are some additional findings.

- 20% fear that their children will not have anything to pass down to their own children.
- 28% don't trust their children's spouses to manage their heirs' inheritance money.
- Men (74%) remain the lead decision-maker in their household when it comes to finances and investments.
- 40% want their heirs to have the same financial advisor that they have to help manage their wealth.



DS Online real-time RESP Contributions – Now available!

[Clients whose DS PCD/Client card are linked to RBC online banking](#) are now able to contribute to their RESP accounts through the DS Online Real-Time Funds Transfer (RTFT) page, from any bank account they have listed on their RBC Online banking profile. The contribution will be equally allocated to the number of beneficiaries on file. For example: if there is one beneficiary on file, they will receive 100% of the allocation. If there are 2 beneficiaries on file, each beneficiary will receive a 50% allocation. If the client would like to allocate the contribution in a different way, they are instructed online to contact their Investment Advisor Team. Contact us to sign up to DS Online and learn about this exciting new feature.

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“The Bottom Line: The early February downturn can be pinned on technical factors and not economic distress, in my view. The profit and economic outlook is upbeat, which I believe cushioned the downturn. Interest rates, however, may tick higher. It’s something that could create headwinds in the nearer term, even as profit growth this year is forecast to accelerate (Thomson Reuters). Longer term, I am confident in the economic outlook and a continuing of the equity bull markets” – Warren Buffet



Richard’s Corner Upcoming Community Events

Walk Richmond

McDonald Beach - March 10th 10:00 - 11:00 a.m.

Meeting spot: North end of McDonald Road at the McDonald Beach parking lot.

Hugh Boyd Park - March 24th

Meeting spot: Outdoor Fitness Circuit; West Richmond Community Centre, 9180 No. 1 Rd

Vancouver Cherry Blossom Festival

Running from the end of March through to mid-April each year, the Vancouver Cherry Blossom Festival offers a cultural calendar full of opportunities to capture their beauty. Check the Vancouver Cherry Blossom Festival website www.vcbf.ca for updates!

Loblaw Bread Price Fixing Rebate and the Richmond Food Bank

The Richmond Food Bank will gladly accept the Loblaw's \$25 rebate gift cards if you wish to donate them. However, the gift card is only usable at the retail stores for purchases at retail pricing. Better yet, your cash donation will triple the buying power for the Food Bank when it can purchase in bulk. Cash or card, RFB will always make good use of your donation to those in need.



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