

Richard Rand's

# Random Views

*"Simplifying All The Financial Needs of Busy Families"*



Wealth Management  
Dominion Securities

November 2018



Rand Wealth Management  
RBC Dominion Securities Inc.

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**Today's Chuckle:**

Money is better than  
poverty..... if only for  
financial reasons !  
Woody Allen ( 1935 - )

## Rand Wealth Management – November 2018

**It's all "Fundamental" .....**

*Comments by RBC Wealth Management – Global Insights October 2018*

Much of the story in recent months has been the outperformance of U.S. equities and the underperformance of just about everything else. Very little has worked outside of America, save for a few emerging markets. While the S&P 500 has rallied 5.1% year to date (as of October 18), other developed markets are down 6.25% as a group, and emerging markets have fallen 15% as a whole, in U.S. dollar terms.

Credit for U.S. leadership mainly goes to stronger-than-expected economic and earnings growth aided further by tax reform. Growth exceeded peer developed nations by wide margins at a time some emerging market fundamentals have faltered. Additionally, the Federal Reserve's gradual pace of interest rate hikes— at the same time other major central banks remained accommodative— has boosted confidence in the U.S. economy. Moreover, a number of Tech and Communications stocks benefitted from structural trends and performed particularly well, which enhanced S&P performance.

Will the bifurcated equity returns persist? We think the long-term U.S. bull market has further to go and should deliver at least modest gains in 2019, but other markets should perk up in the meantime.

Our constructive U.S. view is predicated on bright corporate earnings and economic outlooks. S&P 500 profits should grow at a high single-digit pace or slightly better in 2019, in our estimation. Although the economy is probably in a later stage of the cycle, all of our major forward-looking economic indicators continue to signal very low recession risks. This is important because bull markets don't die of old age—recessions typically do them in....

As always, please call or email us with any questions, needs or comments and we wish you all Health and Happiness into the Holiday season !!!

# Sharing of CPP Retirement Pensions

~ The Navigator RBC Wealth Management

## A tax planning strategy involving your retirement pension

You should obtain professional advice from a qualified tax advisor before acting on any of the information in this article. This will ensure that your own circumstances have been considered properly and that action is taken on the latest information available.

This article outlines how you may be able to share your CPP benefits with your spouse to reduce your overall family tax bill. CPP benefit plan allows spouses to share the pension benefits they earn with each other. Please note that any other reference to the term spouse in this article also refers to a common-law (de facto) partner

Spouses should consider sharing their CPP retirement pensions if the higher income spouse also receives a larger CPP benefit. By electing to share their pensions, a portion of the higher income spouse's retirement pension may be received by the lower income spouse and taxed in the lower income spouse's hands.

## Canada Pension Plan (CPP)

### Who is Eligible for CPP Sharing?

To qualify for CPP retirement pension sharing, both spouses must be:

- 60 years of age or over; and
- A recipient or applicant of a pension benefit from CPP or a non-contributor to CPP



## Application for CPP Sharing

The application form for sharing CPP retirement pension benefits can be downloaded from the Service Canada website. Supporting documents that must accompany the application include certified copies of the marriage certificate or, if in a common-law relationship, a declaration of the common-law union. Your social insurance number must be on all documents (except originals) prior to sending. The completed form, with the supporting documents, should be sent to the Service Canada office nearest to you. For a list of Service Canada offices and their respective addresses, please visit the Service Canada website.

## The Effect of Sharing CPP

Spouses who apply and are eligible to share their CPP will receive a portion of the other spouse's pension. This does not result in an increase or decrease in the total CPP received by the couple. The pension sharing process combines both spouses' pension entitlements that have accumulated during the time the spouses have lived together and reallocates 50% of the combined entitlements to each spouse. This may result in tax savings to the couple.

## Example

Alice and Brad have been living together since 1988, and they currently receive monthly CPP retirement pensions of \$500 and \$200 respectively. Alice and Brad accumulated \$100 and \$0 of entitlements respectively prior to living together, and \$400 and \$200 of entitlements respectively while living together. By sharing their retirement pensions, Alice will receive a CPP pension of \$400 ( $\$100 + 50\%$  of  $[\$400 + \$200]$ ) per month. Brad will receive \$300 ( $\$0 + 50\%$  of  $[\$400 + \$200]$ ) per month.

## Termination of CPP Sharing

The sharing of CPP retirement pension payments ends at the earliest of:

- The month in which either spouse dies;
- The 12th month after a separation;
- The month of divorce;
- The month a common-law relationship ends;
- The month that the non-contributing spouse becomes a contributor; or

The month following Service Canada's approval of a written request by both spouses to terminate the arrangement

Please contact us for more information about the topics discussed in this article.

## Richard's Corner



# MOVEMBER® FOUNDATION

PROUD MO GROWER

November 2018

It's that time of year again everyone .....Yes, the rains are here and it's time for the "**Follicly Challenged**" Richard to grow a Moustache in support of the **MOVEMBER Foundation Canada**.....

Richard has been growing and supporting the Moustache cause for 9 years now and will again be growing his moustache for 30 days of Nov/Movember.

Richard supports the Movember Foundation because they're tackling some of the most significant health issues faced by men today...Prostate Cancer, Testicular Cancer and Mental Health !!!

If you'd like to see our progress this year, please use this Movember Link:

<https://mobro.co/richardrand?mc=5>

Many Thanks,  
Mo Bro Richard



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