Kleinburg PRIVATE WEALTH
Carte WEALTH MANAGEMENT INC.

KPW LIFE PLAN—IMAGINE YOUR FUTURE

VOL. 12, ISSUE 1 JAN 2023

"The best chance to deploy capital is when things are going down" **Warren Buffett**

Sergio Simone
EDITORIAL COMMENT

Kristina De Souza, CFP
STAYING PROTECTED WHILE VISITING CANADA

Ryan Simone, CFP, CLU, CHS
CAN AN EXECUTOR QUIT?

EDITORIAL COMMENT

Sergio Simone

I don't believe there are too many investors who don't want the markets to return to some kind of pre-inflation normal. I know I would! Unfortunately, I do expect higher than normal levels of volatility to continue into, at least the early part of the year. What we need to see happening, sooner rather than later, is for the Fed and other central bankers to put an end to the increasingly tiresome "tightening cycle" we seem to be entrenched in.

2022 was the year that got off on the wrong foot with investors looking at the prospect of interest rate hikes caused by fears of rising inflation, increasing tensions between Russia and Ukraine, spiking bond yields and a major hit on IT and Consumer Discretionary stocks.

STAYING PROTECTED WHILE VISITING CANADA

Kristina De Souza, CFP

During these cold, grey, winter days of January I find myself drifting towards thoughts of travel. As I shift my focus back to reality, I am reminded of a recent opportunity I had to meet a client's unique travel needs. As pandemic-related restrictions are becoming a thing of the past, and we continue on the trajectory towards 'normal', travel is becoming an increasingly popular topic, especially with all the pent-up demand.

Several times in the past I've touched on travel insurance as a service we provide, but I'd like to focus on a topic I am sure many, if not all of our clients, are unaware that we can help with.

OLD AGE SECURITY (OAS)

Ryan Simone,
CFP, CLU, CHS

Old-Age Security (OAS) is Canada's largest federal program. Like CPP, Canadians can choose when to receive old-age security (OAS) benefits. OAS benefits are available at age 65 but may be deferred to 70 and delaying OAS enhances the benefit by 0.6% per month.

What you receive depends on how long you've been a resident of Canada after age 18 and the minimum amount of time to qualify is 10 years. Also, if you've lived in Canada for fewer than 40 years (after age 18), you're only eligible for a partial payment which is calculated as the number of years in Canada divided by 40. Enrollment is automatic at 65, so it is important to know that if you want to defer the payment you must do so through the My Service Canada website.

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CONGRATULATIONS KRISTINA de SOUZA!

The face of wealth is changing: the share Canada's financial wealth in women's hands is expected to surge exponentially this decade. Reflecting that ongoing transformation and better address the needs of women in shaping their financial future, the country's wealth industry is working to bridge gaps in representation and create opportunities for exemplary female leadership.

To recognize the agents driving transformation across Canada's wealth management industry, the Wealth Professional team invited nominations for the most exceptional women leaders via an expansive survey process done in partnership with Women in Capital Markets (WCM), a national not-for-profit organization focused on building equity literacy, amplifying diverse talent, and uniting Canada's finance industry.

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TIME TO BOOK A PORTFOLIO REVIEW MEETING!

Regular portfolio reviews are a great opportunity for you to assess your progress toward your financial future and ensure that your investment portfolio continues to satisfy the conditions that were established in the **"KNOW YOUR CLIENT" questionnaire.**

It is important that your portfolio does not drift from your desired risk tolerance and time horizon. Here are four important reasons to regularly review your portfolio.

1. ASSET ALLOCATION

As an investor you should regularly examine your overall asset allocation, especially if your investment accounts are sitting with different asset managers or advisors. Markets are not static and overtime your portfolio may have drifted from its original allocation. Also, economic cycles should be factored into where you are allocating your assets. It may be time to reduce exposure in certain sectors while increasing exposure to other sectors. This is also an opportunity to align your various portfolios held with various advisors to avoid overlap or concentration risks.

2. PORTFOLIO OVERLAP

In cases were an investor uses more than one asset manager, it is likely that more than one manager has invested in a very similar asset class or individual security. This is an opportune time to revisit your weightings in certain sectors, or individual securities as this concentration can increase the risk of volatility in a portfolio.

3. CONCENTRATION RISK

Your portfolio may have recently benefited from a surge in a particular asset class that has caused an overweighting in that class. This can increase the risk profile of your overall portfolio. Even if you are a traditional buy and hold investor, you may find that over time some positions have increased significantly and now pose a concentration risk. A review of your portfolio will help determine if these holdings are still appropriate, or whether alternative options should be considered. Another consideration would be the tax consequences of making changes to your portfolio. These are all issues that your advisor can help you with.

4. PORTFOLIO HOUSEKEEPING

Now is a great opportunity to review your BENEFICIARY and TRUSTED CONTACT PERSON information. Checking to make sure these beneficiary designations are accurate is a vital part of a regular portfolio review.

To encourage you to contact our office to schedule a portfolio review, we are placing all the names in a draw and on March 1st 2023 we will select a winner of a Oculus 2, wireless virtual reality headset.

The Oculus Quest 2 is an undeniably awesome VR experience.

According to PocketLint's review of the Oculus Quest 2: **"In our mind, there's no doubt that Meta Quest 2 is the wire-free VR headset king. We're hard-pressed to find almost anything negative to say about it—and if VR is your thing then we're sure you'll feel the same."**

We are looking forward to meeting with you soon.!

CHECK OUT THE META QUEST 2 HERE

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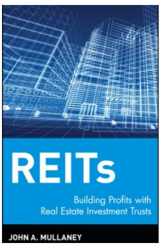
BOOK OF THE MONTH

REITs

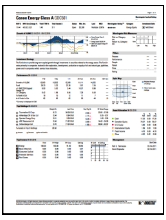
- by John A. Mullaney



A timely and authoritative guide to today's hottest new investment vehicles This book covers REITs from A to Z that is understandable to both the layperson and the expert alike. John Mullaney is one of the very few real estate analysts who can simplify this complex new asset class and make the compelling argument that securitized real estate will continue to have a bright future and belongs in everyone's portfolio.

FUND OF THE MONTH

DYNAMIC GLOBAL REAL ESTATE FUND

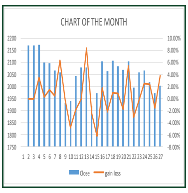


This fund gives investors access to high-quality real estate assets through public companies from around the globe. It offers diversification benefits from an asset class highly sought after by pension funds and institutional investors.

The fund is an actively managed portfolio of holdings that offers a conservative quarterly income stream.

CHART OF THE MONTH

SUMMARIZING 2022 IN ONE CHART



The markets in 2022 can be summarized in one word, “BAD”! It was the S&P 500’s fourth largest calendar year loss in more than 80 years. It produced a widespread decline in global equity prices and bonds offered no respite. Crypto was a complete disaster, with many of the major digital currencies declining by more than 60%.

THE REAL ECONOMY

BLOG OF THE MONTH

U.S. FINANCIAL MARKETS IN THE NEW YEAR

Financial markets have started the year facing a host of challenges, including the prospect of a stand-off over the debt ceiling in a divided Congress and the possibility of a recession later this year.

Yields are rising to compensate for greater risk, and that increases the cost of capital for businesses. At the same time, businesses are contending with higher costs associated with the shift from low-cost production in China and rising interest rates. Now, with the war in Ukraine still raging and a global economic contraction looming, uncertainty has surpassed the high level of the trade-war era, before the pandemic.

All of this risk is showing up in global financial markets, including the U.S. bond market. Yields are rising to compensate for this greater risk, which increases the cost of capital for U.S. businesses.

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PRIVATE WEALTH

INFORMATION AND SOLUTIONS FOR HIGH NET WORTH INVESTORS

Forbes

PLANNING AHEAD: THREE KEY WEALTH STRATEGIES FOR HIGH NET WORTH INDIVIDUALS IN 2023

The holidays are a great time to celebrate with loved ones and to get serious about finances. While that's the last thing many of us want to do, the benefits can be enormous—especially for those holding a sizable portfolio.

Anyone who has investable assets in excess of $1 million is known as a high net worth individual (HNWI). These individuals hold sizeable portfolios. They require the use of complex financial planning strategies, and because of the complexity piece, it can be easy to "set and forget" them once they're in place.

GULF BUSINESS

HNWI INVESTORS WILL BE ON THE MOVE, GEOGRAPHICALLY AND STRATEGICALLY, IN 2023

Against the backdrop of inflationary pressures and hawkish policies from central banks, continued overexposure to traditional asset classes could be risky. Under this scenario, systematic investments into alternative assets with hedge potential are advisable. Private equity and credit, renewables, commodities, Japanese equities, health care, and energy stocks — which are relatively decoupled from conventional risk-return patterns — could garner more attention in this regard in 2023. Such asset classes translate to a parallel return profile, providing risk-adjusted alpha.

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charles SCHWAB

2023 PLANNING AND WEALTH MANAGEMENT OUTLOOK

Investors are in the crosscurrents of inflation spikes, rising interest rates, global economic and stability uncertainty, and talk of a looming recession. To navigate these crosscurrents, we suggest that investors focus on their goals and the time horizons for their short-term and long-term objectives as part of a financial or wealth management plan. For 2023, we see five themes for investors to keep in mind:

Watch inflation—Manage liquidity—Assess emotions—Plan ahead for taxes—

Check your estate plan

RBC Wealth Management

THE TOP FIVE WEALTH PLANNING TOPICS FOR 2023

The UK is expected to endure a prolonged economic downturn as we head into 2023. For high-net-worth individuals (HNWIs) and their families, this means there are going to be new challenges and opportunities that influence their financial decisions. Here are the five key wealth planning topics we expect to see more of in year ahead.

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CORPORATE CULTURE

5 EXCELLENT BENEFITS TO OFFER EMPLOYEES IN 2023

The Great Resignation has continued for far longer than many had anticipated, with approximately 4 million Americans continuing to leave their jobs each month since April of 2021. This trend has persisted even during the shaky economy of 2022, with the onset of a technical recession doing little to stop the turnover juggernaut. Benefits packages are one of the key factors that can influence an employee's decision to stay or go, which is why many companies have been beefing up their offerings in recent months. With the competition for talent remaining fierce as 2023 approaches, here are five innovative benefits trends that can act as powerful differentiators for companies that want to maintain an edge in recruiting and retention:

YEAR-END TAX PLANNING TIPS FOR YOUR BUSINESS

As 2022 comes to a close, preparing for the upcoming tax season will help you strategically position your business to be as tax-efficient as possible. We're sharing our top four tax planning tips you can benefit from. It's never too late to get started—your future self will appreciate it!

1. Find the most tax-efficient way to extract funds from your business

As a small– to medium– sized business owner, you could receive a dividend or salary from your business, noting that:

FUTURE PROOFING YOUR SECURITY STRATEGY IN 2023

While cyber attacks are (always) on the rise, so are the threats to physical safety. We've seen a surge in physical violence at schools, vandalism to places of worship, and more theft targeting local businesses. And let's not forget about the increase in workplace violence. Security and safety have undoubtedly become a priority across all industries. No matter the size of your company, it's safe to say all businesses need to up their game in the new year.

"Last year, 28% of businesses reported an increase, matching 2021 and up from 20% in 2020. When it comes to crime in the coming year, 29% believe security incidents will continue to increase in 2023, up from about 27% entering 2022

RECIPE FOR STARTUP SUCCESS

Surprisingly, it's been just 15 years since the first decacorn came into being. A US$240 million investment from Microsoft took Facebook, now Meta, to a US$10 billion valuation – the first startup to hit this previously unheard-of milestone.

With unicorns increasingly commonplace, more and more companies are taking this next leap. There are now 48 decacorns, according to Failory, including familiar brands like Canva, Byju's and SpaceX. While they focus on wildly different areas, they all have their valuation in common.

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FUND MANAGER COMMENTARY

JURRIEN TIMMER
FIDELITY INVESTMENTS

DAN BASTASIC
IA CLARINGTON
INVESTMENTS

BENJAMIN TAL
CIBC CAPITAL MARKETS

STEVE LOCKE
MACKENZIE I
NVESTMENTS

Jurrien Timmer, Director of Global Macro

Fidelity Investments

EXPECTING MORE MARKET CHOP IN 2023

Markets may continue to face choppiness in 2023 as investors navigate potentially declining earnings and rates that stay higher for longer than expected. However, I believe it's most likely that the market won't experience a significant downtrend (or uptrend) for the year, and may instead follow a sideways path.

Dan Bastasic, Sr. V.P., Investments & Portfolio Manager

IA Clarington Investments

Positioning For Alpha Opportunities In The Year Ahead

Portfolio Manager Dan Bastasic discusses the macro picture for 2023 and explains why he likes the outlook for high yield and U.S. stocks.

Benjamin Tal, Managing Director & Deputy Chief Economist

CIBC Capital Markets

Light At The End Of The Tunnel

Everybody is talking about inflation. But the reality is that at the end of the day, this is not about inflation. This about the cost of bringing inflation down to 2%, which is the target. The Bank of Canadda, the Fed in the U.S., have established their reputation as inflation fighters. They are not going to toss it away.

Steve Locke, Chief Investment Officer, Fixed Income & Multi-Asset

Mackenzie Investments

Financial Tightening: No Pain, No Gain

As Federal Reserve Chair Jerome Powell warned in August, consumers and businesses will experience pain in 2023, due to elevated borrowing costs. Soaring inflation gave central banks little choice but to hit the economy with the largest rate hikes in over 40 years throughout 2022. Markets repriced repeatedly for the expected tightening of monetary policy. As late as the fourth quarter, North American bond markets underestimated the potential peak in rates next year, making 2022 one of the worst bear markets for bond on record.

The lagged effect of monetary policy means the impact of higher borrowing costs are only gradually felt throughout the economy.

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LINKS

DON'T NEGLECT BONDS THIS YEAR DESPITE TOUGH 2022 PMs SAY

DECEMBER JOBS REPORT OFFERS GOOD NEWS: EASING WAGE PRESSURES, HEALTHY ECONOMY

TFSA CONTRIBUTION LIMIT INCREASES IN 2023

MANUFACTURING POSTS FIRST DECLINE IN NEARLY 3 YEARS

WORLD'S TOP PUBLIC SECTOR PENSION INVESTORS HIT BY RECORD LOSSES: REPORT

U.S. INFLATION EASES IN DECEMBER, SUPPORTING A MODERATION IN FED RATE HIKES

'HOLY GRAIL' OF SOFT LANDING BACK IN PLAY

FEDERAL TAX CREDIT FOR MULTI-GENERATIONAL HOME RENOVATIONS NOW AVAILABLE

CHINA'S BID TO LEAVE COVID BEHIND COULD DETERMINE GLOBAL ECONOMY'S FATE

CFIB

Over $2 trillion in business assets are at stake as majority of small business owners plan to exit their business over the next decade. Continue Reading

MACKENZIE Investments

MAKE THE MOST OUT OF YOUR TFSA

While the Registered Retirement Savings Plan (RRSP) has provided Canadians with one of the best tax shelters available since 1957, its sibling, the Tax-Free Savings Account (TFSA), has only been around since 2008. That hasn't stopped it from becoming a favourite among Canadians: almost 15 million of us have a TFSA, with those savings worth around $300 billion.

Despite its popularity, many Canadians are still in the dark about the TFSA's advantages. In fact, over a quarter of Canadians don't know the difference between a TFSA and an RRSP

VIDEO AND PODCAST LINKS

INLFATION IN THE EUROZONE FALLS BACK TO SINGLE DIGITS AS DOWNWARD TREND CONTINUES

CANADA: ANOTHER LEADING RATE HIKE IN SIGHT FOR JANUARY 25?

INVESTMENT OUTLOOK Q1 2023: LOOKING FOR THE SILVER LINING

FINANCIAL CALCULATORS

INVESTMENT GROWTH CALCULATOR

Find out how much your savings will grow over time by making regular investments

FIDELITY myPLAN SNAPSHOT

The Fidelity **myPlan** Snapshot enables you to get a glimpse into your retirement finances in seconds.

RRSP SAVINGS CALCULATOR

Estimate how much your registered retirement savings plan will be worth at retirement

EDITORIAL COMMENT - CONTINUED

The problems only seemed to intensify during the year as the major indices struggled to find reasons to move upward. The year ended with the S&P 500, S&P/TSX Composite, Nasdaq Composite, and MSCI EAFE indexes all down 12.4%, 5.8%, 27.8% and 7.9% respectively, in Canadian Dollars, including dividends.

Those that thought bonds could be a sanctuary were sorely disappointed as FTSE Canada Universe Bond index fell 11.7%, the Bloomberg US Aggregate Bond Index lost 13.0% (USD) and the Bloomberg Global-Aggregate Total Return Index dropped by a whopping 16.3% (USD).

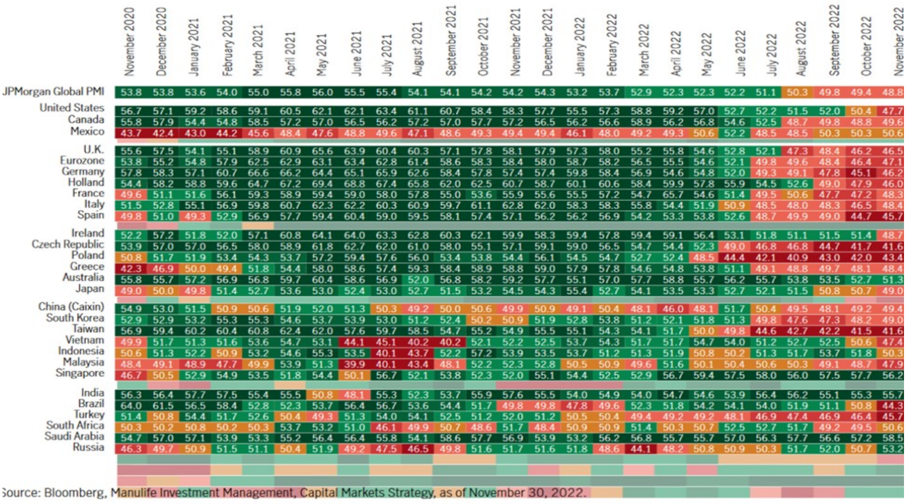
2022 will go down in history as the only year since 1926 that the S&P 500 and U.S. Treasuries bonds were both down by more than 10%. Unfortunately, this was not the only negative surprise in this nefarious year. Some could argue that the biggest negative surprise was the increasingly stubborn inflation problem that had initially been thought to be temporary and transitory but turned out to be persistent and permanent, at least for 2022. The second event that caught the world off guard was Russia's invasion of Ukraine in February which only added fuel to the fire as embargos were put on Russian oil causing prices to skyrocket throughout the western world.

As if matters couldn't get any worse, China's ambitious zero-COVID policies resulted in full-scale shutdowns of major urban centers like Shanghai and Beijing. The delay in opening up the supply chains created goods shortages around the world, leading to higher prices, further exacerbating rising inflation rates.

I wish, as I look into the new year, that I could ease your minds with a positive conviction that the next Bull Market is underway. Unfortunately, a more confident outlook on the markets may still be a few weeks away. There is still some uncertainty in upcoming events that need to play out. First and foremost, we need to hear some positive information from the Fed on their true readiness to pause further rate increases. To do this, the Fed needs to be convinced that inflation has peaked and is coming under control. They need to be certain that inflation will continue to fall on a month-over-month basis and is on track to achieve the Fed's self-imposed target rate of 2.0%.

Don't get me wrong. I don't believe the Fed actually needs to see a 2% inflation rate. They just need to see that the direction is downward. I believe the Fed will pause when inflation falls into the 4% - 5% range. This is not a foregone conclusion anytime soon, and the longer it takes to achieve this level, the more unsettling the markets will be and the greater the volatility we can expect to experience.

There have been a couple of signs that the economy is slowing. The first is the Global Purchasing Manager Index from countries around the world. This index tracks things such as output, new orders, employment and suppliers' lead times. A reading above 50 is good as it indicates that manufacturers output is growing. A reading below 50 signals contraction. In the following chart pay attention to the colors. Green is good, yellow is neutral and Red is bad.



Source: Bloomberg, Manulife Investment Management, Capital Markets Strategy, as of November 30, 2022.

As you can see, almost every country in this chart has experienced severe declines in the last half of 2022. The global economy had a massive slowdown last year and I believe that this weakness will continue into 2023 as economic uncertainties continue to play out. Historically, a chart that looks like the one above has indicated that a challenging economic and earnings growth environment is on the horizon.

I understand this is only one indicator, but when I look at a number of various indicators, I am not encouraged. Following is a chart that shows the only positive indicator is that the Labor Market is not weakening. Every other sign points to a pending recession.

EDITORIAL COMMENT - CONTINUED

Signs of a recession	Present today?
Inverted yield curve	Yes
ISM Manufacturing PMI below 45	Neutral
Positive inflationary trends	Yes
Tighter financial conditions	Neutral
Housing starts declining	Neutral
Labour market weakening	No
Leading economic indicators negative	Yes

Source: Bloomberg, Manulife Investment Management, Capital Markets Strategy, as of November 30, 2022.

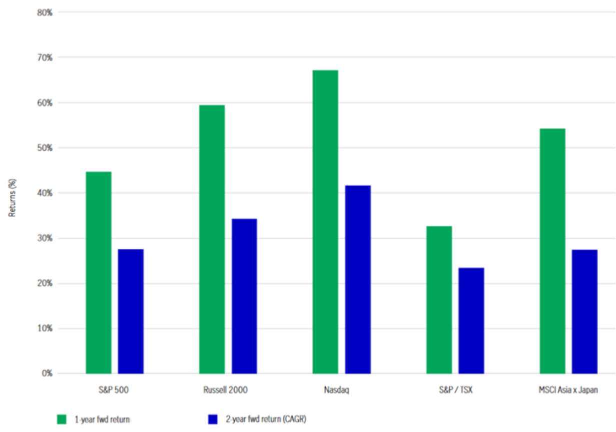
I have little doubt that the U.S. will experience a recession. The only question is how severe will it be? I lean towards the school of thought that says the U.S. recession will likely be mild whereas a recession in Canada and Europe will likely be worse.

As negative as this news initially appears to be, I also believe we will turn the corner in 2023. Indications are that we are nearing the end of a cycle of central bank tightening in North America. This is by no means an assertion that we are out of the woods, only that there is only one hurdle left to occur before rates begin coming down. That is that the equity markets must begin announcing negative earnings growth. It would not surprise me to see this occurring during the first quarter of 2023.

The side effect will be unusually high volatility over the near term but once all the numbers are out and there is more clarity from an earnings perspective, there is a great probability that equity markets will turn favorable.

This is where it gets interesting for us and our clients. History has shown us that markets tend to react in a certain way when they are coming off their bottoms.

The following chart is from a report presented by Kevin Headland and Maca Nia of Manulife Investment Management. They looked at the one-year and two-year annualized forward returns from the bottom for the S&P 500, S&P MidCap, Nasdaq Composite, S&P/TSX Composite, and MSCI AC Asia ex Japan Indices during previous bear markets since 1990. For reference, there have been seven: COVID-19 pandemic; 2018, European debt crisis; Global Financial Crisis, the dot-com bubble, Asian Currency crisis and the 1990 recession.



Source: Bloomberg, Manulife Investment Management, Capital Markets Strategy, as of November 30, 2022

What is evident is that the Nasdaq Composite and the S&P MidCap Indices have historically performed better from market bottoms compared to other equity market indices. From their perspective, an ideal outcome would be the S&P MidCap space as its valuations are more attractive, it's more focused on the U.S. economy, and provides better diversification.

Another area of focus for us this year will be in Fixed Income. When I look forward, I see there are opportunities in adding Bonds to our portfolios. As the year unfolds, I expect to see a weakening in our economy which will likely lead to a recession both in Canada and the U.S. The good news is that this also implies that we will be at or near the end of the interest-rate tightening cycles by the two central banks.

As the economy worsens, yields tend to come down. Looking back, since 1976 whenever the U.S. has been in a recession, the 10-year U.S. Treasury yield has fallen by an average of 35%. This is good news for bond investors since there is an inverse correlation between yields and returns. I expect that 2023 will offer Fixed Income investors the opportunity to increase their returns and mitigate risk at the same time. There are many opportunities in the Fixed Income market, and I have oversimplified a very complex asset class, but on rare occasions the path of least resistance is right in front of us and should be taken advantage of.

When meeting with clients to re-evaluate and re-allocate assets, they can expect to discuss a slight reduction in U.S. exposure in favor of Fixed Income.

At KPW, we strive to follow certain investment principals. We identify the direction for earnings growth, inflation, interest rates and the economy in general. We do this while understanding that the short-term markets are unpredictable and unreliable in nature and are not a reflection on the markets over a long-term.

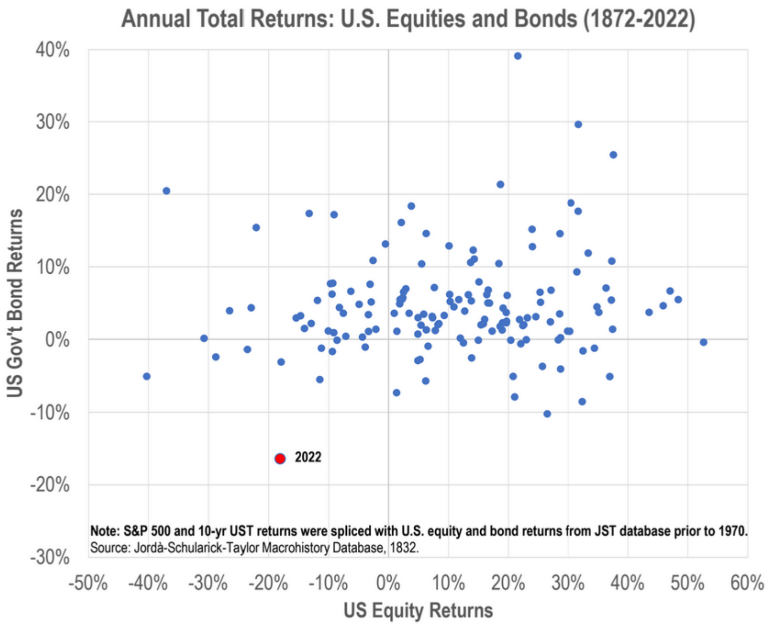
EDITORIAL COMMENT - CONTINUED

As the new year unfolds and we come to realize and experience a slowing in the global economy, heightened geo-political risks, a slow decline in inflation, an end to central bank tightening, there will be many events that put a strain on investor emotions. However, despite whatever events occur, I believe the opportunity is ripe and present for patient and flexible investors to take advantage. I do expect more twists and turns along the way, but a focused investor will make progress and arrive at their destination in much better shape than they were in when the year began.

CHART OF THE MONTH - CONTINUED

The following chart shows the annual returns of a combined portfolio of U.S. Equities and Bonds from 1872 to 2022. The red dot is 2022. It clearly shows that last year was an anomaly year.

Chart of the Month: A rough 2022 for stocks and bonds



Scarcity is the perfect word to describe the return opportunities in 2022. Almost all asset classes generated losses to varying degrees. That the various asset classes experienced losses at the same time has been an infrequent occurrence throughout the course of history, emphasizing just how difficult the investment environment had been over the prior year.

STEVE LOCKE - CONTINUED

Today’s higher yield curve creates tighter financial conditions for households and businesses, slowing borrowing for consumption and investment, and increasing the cost burden as existing debt coupons reset. It also hinders the carry-trade that supports some lending and speculation.

The Canadian economy is likely to feel the impact well into 2023. Higher household debt has increased overall sensitivity to rising yields, making Canadian households among the most rate-sensitive globally. Demand will slow quickly unless nominal incomes increase to compensate for inflation, including debt costs. Businesses may become cautious given increasingly uncertain demand and elevated costs of inputs and interest.

The leading edge of monetary policy impacts may be seen already in the Fed’s Senior Loan Officer Opinion Survey and the Chicago Fed’s National Financial Conditions Index — both of which show a much tighter lending picture over the last 12 months, commensurate with past periods of economic strain.

Consumer credit card use has been rising while savings rates have fallen. Delinquencies remain very low, but there is a greater likelihood they will rise in 2023, as the benefits from the last two years of stimulus fade and tighter financial and economic conditions set in.

Much like the household economic picture, corporations have benefited from low borrowing costs. Most businesses with fixed rate debt have not seen new-issue debt costs this high since 2009. Many companies should be able to absorb rising debt costs for a while.We do not foresee a large default wave in 2023, as the refinancing calendar for the high-yield bond market will not be significant until 2025.

Our view

We believe that if central banks are forced to maintain policy rates at these levels to rein in inflation, tighter financial conditions will be a headwind for business fundamentals in 2023.

Priced for imperfection: Bond market sees a slowdown

Canada and US 10-year to 2-year spread (%)

Source: Boomberg, November 30, 2022.

Staying Protected While Visiting Canada—Continued

Whether you're here for a visit or plan to make it your new home, it is always advisable for all visitors and new immigrants to purchase insurance to cover the high costs that can be associated with unexpected accident or sickness while in Canada. As a reminder, visitors who aren't Canadian residents are not covered by our government health insurance plans, and the reality is that a trip to the hospital can cost upwards of $5,000 or more. Fortunately, insurance is available for temporary or longer-term visitors, landed immigrants, returning Canadians and for individuals coming to Canada on work or student visas.

On a similar, but slightly different note, an added service we offer that I wish to share some insight on, is insurance for Parent and Grandparent Super Visa applicants. I should start off by providing a bit of background.

The Parent and Grandparent Super Visa (PG-1) is a special Temporary Resident Visa option for parents and grandparents of Canadian citizens and permanent residents to visit their family in Canada. These PG-1 Visa holders may be eligible to visit for up to 2 years without the need to renew their visa status and can be renewable up to a total period of 10 years.

In order to obtain a Parent or Grandparent Super Visa for Canada, visa applicants must have valid emergency medical travel insurance from a Canadian insurance company. Super Visa applicants need to provide proof that they have emergency medical travel insurance valid for a minimum of 1 year and meets specific requirements including: coverage for emergency medical care, hospitalization and repatriation; minimum of $100,000 (CAD) emergency medical coverage; valid for each entry to Canada and available for review by a port of entry officer; and is purchased from a Canadian insurance company.

This is where we come in, partnering with a Canadian insurance company that is a leader in this space. They innovatively offer a monthly payment option, so the full 365-day premium does not have to be paid up front, as well as the option for a two-year policy. This type of policy also covers side trips, up to an overall total of 30 days, to any country in the world except the country of origin.

The side trips may occur prior to, during, or following the visit to Canada, as long as you spend at least 51% of your overall insured period in Canada with no gaps in coverage.

If insurance is purchased (or activated if you opted for the Monthly Payment Plan) before arrival in Canada, there will be no waiting period for sickness coverage and in many circumstances, and coverage is even provided during uninterrupted flights to and from Canada at no additional charge. Depending on the type of policy selected and the age of the applicant, there may be some medical questionnaires to be completed.

Most Supervisa Travel Insurance policies and providers have overlapping qualities, as they are by definition Visitor to Canada travel insurance. As such, there is also variation across providers on price, who can apply, coverage options, preexisting condition exclusions, optional additions, eligibility and plan qualifications. The key is to find the provider and policy that suits your unique needs, and I would be more than happy to help with this.

Old Age Security (OAS)—Continued

OAS benefits are adjusted to inflation each quarter. On July 1, 2022, those 75 and older saw a 10% permanent increase to their monthly benefits. The current monthly maximums are $687.56 for those aged 65 to 74; for those aged 75 and older, the maximum is $756.32.

OAS Starting Age	Enhancement at 0.6% per month
65	0.0%
66	7.2%
67	14.4%
68	21.6%
69	28.8%
70	36.0%

Figure 1: Age-based enhancements to OAS

The quarterly inflation adjustment for OAS is calculated on the difference between the average CPI for two periods of three months each. For example, the first being the most recent three-month period for which CPI is available and second being the last three-month period where a CPI increase led to an increase in the OAS benefit. In the first quarter of 2023, OAS payments were indexed by 0.3%, bringing the total increase for the year to 7%!

Deciding when to take OAS involves a number of factors such as: other income sources, life expectancy, and of course inflation. For example, if you are still working past the age of 65, it probably makes sense to defer your OAS. This is because your employment income may be high enough to cause an OAS clawback. In other words, you'll be sacrificing your OAS benefit with zero gain to you. You'll receive less money and you'll also loose out on the ability to enhance the payout later when you're no longer working. In this case, deferring the OAS until after you retire may help to reduce the OAS clawback and would provide and additional 0.6%/month of extra income.

The OAS clawback is a gradual clawback, meaning that $0.15 is held back on every dollar of income above the threshold. The threshold for 2023 is $86,912. Moreover, the income ceiling for the clawback zone increases at more than just the rate of inflation, meaning you could retain even more benefits in future years by deferring OAS.

Surprisingly, most Canadians (96%) choose not to defer OAS. Of the 4% that deferred, the average length of the deferral is 23 months. If life expectancy is a concern and you think you should collect the money before it is too late, than the numbers may also be a surprise since the probability for most Canadians is that they will live longer than expected. According to the 2014 Canadian Pensioners' Mortality Table, a man who lives to 65 has a 50% probability of reaching age 89, a 25% probability of living to 94, and a 10% probability of living to 97. For women, the equivalent ages are 91, 96 and 100!

Of course, there are reasons not to defer OAS such as a legitimate reason to believe you'll have a shorter life expectancy or to meet cash flow needs. However, this group should make up only half or less of Canadians, yet the number of Canadians who defer is only 4%. Many financial advisors believe in taking control of OAS (and CPP) as soon as possible. Often this argument is backed by claims about the 'break even point' and 'use it or lose it' logic. Again, this may be the case for some Canadians, but the reality is most Canadians wouldn't fall within this category and most advisors don't recommend deferring (this is examined in Bonnie-Jeanne MacDonald's 2020 whitepaper titled "Get the Most from the Canada & Quebec Pension Plans by Delaying Benefits").

Here's the truth. I'm a financial planner, and I have no problem admitting that I tend to lean towards the unpopular opinion that most people should defer – even if it means using RRSP money to supplement that period until it makes sense to take the benefit. In an age where employee pension plans are on the decline, CPP and OAS are quickly becoming the only guaranteed retirement income source. Not only is it guaranteed (i.e. safe), but both are indexed to inflation and the rate of return achieved on the deferral is difficult to match without using aggressive and higher risk investment tactics.

As always, the answer to the deferral question will depend on individual circumstances, so it is best to sit down with a Certified Financial Planner to determine the best course of action in your own financial plan.

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An investor proposing to borrow for the purchase of securities should be aware that a purchase with borrowed monies involves greater risk than a purchase using cash resources only. The extent of that risk is a determination to be made by each purchaser and will vary depending on the circumstances of the purchaser and the securities purchased.

Discuss the risks associated with leveraged mutual fund purchased with an investment funds advisor before investing. Purchases are subject to suitability requirements. Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same if the value of the securities purchased declines.

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