Kleinburg PRIVATE WEALTH

Carte WEALTH MANAGEMENT INC.

KPW LIFE PLAN—IMAGINE YOUR FUTURE

VOL. 10, ISSUE 10

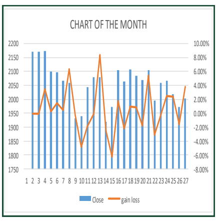
OCTOBER 2021

"Inflation is the one form of taxation than can be imposed without legislation."

- Milton Friedman

Sergio Simone
EDITORIAL COMMENT

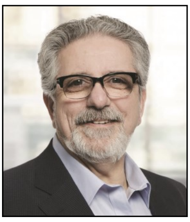
Kristina De Souza, CFP
MY JOURNEY TO THE CFP



COULD THERE BE AN OCTOBER CRASH?

Ryan Simone, CFP, CLU
GRADUATED RATE ESTATES

Editorial Comment



Sergio Simone

Unsurprisingly, Q4 has opened with a lot of hoopla, volatility and a market advancing with its tail between its legs. The market wants to break out so badly but is being bombarded on all sides with nagging obstacles, the biggest of which is accelerating inflation.

I have used the following chart (CMS Growth/Inflation Momentum Matrix) in the past to simplify our outlook of markets and will use it to illustrate our expectations over Q4.

Continue Reading

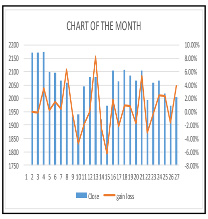
My Journey To The CFP

Kristina De Souza, CFP

Recently, I went for lunch with a colleague who I admire greatly. I mentioned that I wanted to go public and get personal about one of my recent achievements, but I wasn't sure that anyone would be interested. They reassured me to go forward with my plan, that people want to know. Whether that is true or not in this scenario, it was enough for me, so here it is for those who want to know.

Continue Reading

Could There Be An October Crash



"October: This is one of the peculiarly dangerous months to speculate in stocks. The others are July, January, September, April, November, May, March, June, December, August and February." Mark Twain

Well, it was bound to end eventually, but the S&P 500 Index will finish September in the red, ending an incredible seven month win streak.

Continue Reading

Graduated Rate Estates: What Are They And How To Avoid Losing Them

Ryan Simone, CFP, CLU, CHS

Since its introduction in 2015, the graduated rate estate (GRE) is an important estate planning tool in Canada. A GRE is created post-death and may exist for up to three years. Whereas a trust pays tax at the highest marginal tax rate, a GRE benefits from graduated tax rates. This means significant tax savings and the potential for some income splitting.

Continue Reading

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KRISTINA DE SOUZA

We are delighted to announce that Kristina De Souza's CFP certification has been approved and Kristina is now a **CERTIFIED FINANCIAL PLANNER®** professional. This means that Kristina can now identify herself as a CFP professional.

As a CFP professional Kristina joins a select group of professionals, who have demonstrated the knowledge, skills, experience and the ethics to examine their clients' entire financial picture, at the highest level of complexity required of the profession.

As the most widely recognized financial planning designation in Canada and worldwide, the **CERTIFIED FINANCIAL PLANNER®** designation provides assurance to Canadians that the design of their financial future rests with a professional who will put their client's interests ahead of their own.

There are approximately 17,000 CFP professionals across Canada, part of an international network of more than 175,000 CFP professionals in 26 territories around the world.

To obtain the CFP designation, candidates must complete a rigorous education program, pass a national exam and demonstrate three years of qualifying work experience. To maintain certification, CFP professionals must keep their knowledge and skills current by completing 25 hours of continuing education each year. They must also adhere to the FP Canada Standards Council ***"Standards of Professional Responsibility",*** including a Code of Ethics which mandates that CFP Professionals place their clients' interests first. The Standards Council vigilantly enforces these standards.

Congratulations again and we all wish Kristina great success as a CFP professional!

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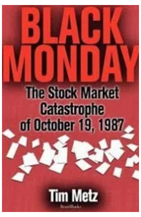


BOOK OF THE MONTH

FUND OF THE MONTH
FIDELITY GREATER CANADA FUND

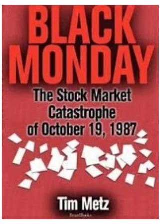
INVESTMENT TERMINOLOGY

BLOG OF THE MONTH
INTERNATIONAL MONETARY FUND

BOOK OF THE MONTH

BLACK MONDAY

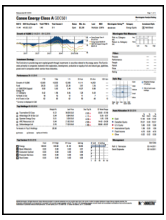
- by Tim Metz



This book is a great introduction to the stock market crash of 1987, and a timeless read, especially these days. It covers the '87 crash from various perspectives, including traders at various stock exchanges, the leadership at the NYSE, the Federal Reserve and pundits on Wall Street. This book presents an introduction to the crash from a high level.

FUND OF THE MONTH

MACKENZIE CANADIAN SMALL CAP FUND A



The investment seeks significant long-term capital growth by investing primarily in a well-diversified portfolio of smaller Canadian companies with below-average market capitalization.

BLOCKCHAIN

If you have been following banking, investing, or cryptocurrency over the last ten years, you may have heard the term "blockchain," the record-keeping technology behind the Bitcoin network.

What is Blockchain?

Blockchain seems complicated, and it definitely can be, but its core concept is really quite simple. A blockchain is a type of database. To be able to understand blockchain, it helps to first understand what a database actually is.

BLOG OF THE MONTH

A Hobbled Recovery Along Entrenched Fault Lines

The global recovery continues but momentum has weakened, hobbled by the pandemic. Fueled by the highly transmissible Delta variant, the recorded global COVID-19 death toll has risen close to 5 million and health risks abound, holding back a full return to normalcy. Pandemic outbreaks in critical links of global supply chains have resulted in longer than expected supply disruptions, feeding inflation in many countries. Overall, risks to economic prospects have increased and policy trade-offs have become more complex.

Compared to our July forecast, the global growth projection for 2021 has been revised down marginally to 5.9 percent and is unchanged for 2022 at 4.9 percent. However, this modest headline revision masks large downgrades for some countries. The outlook for the low-income developing country group has darkened considerably due to worsening pandemic dynamics.

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PRIVATE WEALTH

INFORMATION AND SOLUTIONS FOR HIGH NET WORTH INVESTORS

METHODS OF TRANSFERRING YOUR ESTATE

While the Will represents the most common means of estate asset transfer, there are four methods that can be considered when creating your estate plan. Using these alternative methods, however, must always occur in conjunction with a valid Will. Without a Will, the dissolution of your estate will be complicated by provincial intestacy rules (i.e. dying without a Will).

Method 1: Wills (probatable assets)

Method 2: Non-probatable assets (Joint ownership)

Method 3: Gifting assets before death

Method 4: Living/family trusts

THE CASE FOR TACTICAL FIXED INCOME PORTFOLIOS

Institutional investors are known for being able to play a long game, but sometimes fundamental assumptions change so dramatically that a rethink may be in order. The impact of the unprecedented quantitative easing undertaken by the world's central banks is leading many investors to wonder what to do with their fixed income allocations in an environment where long-term return assumptions of 4% to 6% now seem far-fetched.

When the COVID-19 pandemic arose in the first quarter of 2020, central banks around the globe responded with an extraordinary wave of quantitative easing and lowered rates to unprecedented levels.

HOW ULTRA-HIGH NET WORTH INDIVIDUALS INVEST THEIR MONEY

With over $30 million in liquid assets, Ultra-High Net Worth individuals (UHNWI) tend to invest their enormous wealth globally and across various asset classes to preserve their financial standing, even in a downturn or bear market. With much more to lose than the standard, or even HNW investor, this diversification on multiple fronts is critical to maximizing performance and managing risk.

If you have reached UHNW investor status and want to learn from those who have successfully grown and protected their wealth, take note of the investment strategies we've seen from clients with this kind of uncommonly valuable portfolio

HOW HIGH NET WORTH INDIVIDUALS INVEST: THEIR ASSET ALLOCATION BREAKDOWN

If you want to get rich, you might as well see how high net worth individuals invest. Specifically, it's good to see their asset allocation breakdown.

In a previous post we learned that the wealthier one gets, the larger the business component in the individual's net worth composition. Once you hit a net worth of $100 million, the business component reaches roughly 50% of net worth. Although most of us will never reach such levels of wealth, it's obvious you should start a business if you hope to get really rich one day.

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CORPORATE CULTURE

EMPLOYERS OFFERING RETIREMENT BENEFITS SEEING STRONGER STAFF PRODUCTIVITY: SURVEY

Nearly half (44 per cent) of employers that offer retirement benefits said employee productivity has been better than normal over the past year, compared to 29 per cent of employers that don't offer retirement benefits, according to a survey by Maru Group Ltd. on behalf of the Healthcare of Ontario Pension Plan. The survey, which polled more than 800 Canadian employers, also found fewer than one in five (18 per cent) employers offering retirement benefits said productivity has worsened, compared to 23 per cent of employers that don't offer retirement benefits.

CYBER RATES TO RISE FURTHER AND COVERAGE RESTRICTIONS INCREASE ON BACK OF RANSOMWARE ATTACKS

Cyber insurers are likely to continue reducing exposures and raising rates in response to ransomware losses, according to Fitch Ratings.

Ransomware losses have surged, said Fitch. The direct loss ratio for standalone cyber insurance spiked last year, despite almost 30% growth in direct written premiums, the ratings agency explained. The aggregate loss ratio for US standalone cyber insurers was 73% in 2020, up on the 47% in 2019 and 34% in 2018. The increase in losses was in large part due to claims from ransomware attacks, according to Gerry Glombicki, a director at Fitch Ratings.

RBC SMALL BUSINESS POLL REVEALS 3 PANDEMIC-DRIVEN TRENDS THAT ARE HERE TO STAY

According to the recent RBC Small Business Poll, the adoption of digital solutions, a focus on wellness and support for local, diverse businesses are among the biggest shifts that took place over the last eighteen months – and are the trends expected to continue long after the pandemic is in the rear-view mirror.

"There's no doubt that the pandemic created some significant challenges and changes for small business owners. But it also became a catalyst to accelerate some important shifts that we started seeing pre-pandemic around digital adoption

KEY PERSON INSURANCE: WHAT IS IT AND HOW DOES IT WORK?

As a small-business owner, you know that your team is your most important asset. Without key business partners or primary employees, a small business can suffer serious harm. This is where a particular type of business insurance, called key person insurance, can help.

Key person insurance can help a company survive the death or disability of the business owner or core employees. With the insurance proceeds, you can replace lost income or find and train a replacement hire. We'll explain the purpose of key person insurance in more detail, exactly what it covers, the cost and where to purchase key person insurance.

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FUND MANAGER COMMENTARY

REGINA CHI
AGF INVESTMENTS

ERIC SAVOIE
RBC GLOBAL ASSET MANAGEMENT

DAN BASTASIC
IA CLARINGTON INVESTMENTS

MYLES ZYBLOCK
DYNAMIC FUNDS

Regina Chi, V.P. and Portfolio Manager

AGF Investments Inc.

Is China Still Investable?

A "Common Prosperity" agenda that seeks to reduce income inequality might turn out to be a very good thing for the citizens of the People's Republic of China, but Western investors in Chinese equities might be forgiven for seeing it as a very bad thing for them.

Continue Reading

Eric Savoie, Investment Strategist

RBC Global Asset Management

Economy Slows And Volatility Spikes As Risks Brew

Momentum in the recovery appears to have peaked and tougher days for the economy likely lie ahead as challenges mount and the stimulus that has been in place since the early days of the pandemic starts to fade. Growth is slowing even as the expansion moves ahead and the contours of a post-COVID economy come into view.

Continue Reading

Dan Bastasic, Senior VP, Investments & Portfolio Manager

IA Clarington Investments Inc

An Update From Dan Bastasic

The following is a point form update from Dan on his market outlook and portfolio positioning.

Continue Reading

Myles Zyblock, Chief Investment Strategist

Dynamic Funds

The road to higher ground has become somewhat rockier over the past month. Worries about inflation, Chinese real estate, the U.S. debt ceiling and energy costs have fed into asset class volatility (see Chart of the Month). Global stocks are about 4% off their recent highs and yields have jumped by 20 basis points. There could very well be more volatility immediately ahead, but this should not be allowed to cloud the bigger investment picture.

The global economic recovery is still on solid ground. Fiscal and monetary policy settings are far from restrictive for economic growth, the corporate earnings trajectory remains positively sloped and capital costs are abnormally low.

Continue Reading

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LINKS

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Oil Prices Hit Seven-Year Highs; US$100 Oil Possible This Winter

Crude oil worth US$100/barrel could be possible this winter

Canada Adds 157,000 Jobs In September, Returning To Pre Pandemic Levels

Statistics Canada says the

Municipal Defaults Are Creeping Up, Suggesting More Bondholder Pain To Come

Cities and states aren't in trouble,

Building Inflation Buffers For Portfolios

Michael Sager, vice-president, multi-asset and currency with CIBC Asset Management said

Home Ownership Costs Soared In Q2, RBC Reports

The share of income required to own a home jumped by the

RESP vs TFSA: What Are The Key Differences?

While Registered Education Savings Plans (RESPs) and Tax-Free Savings Accounts (TFSAs)

Are We Craving Risk Or Losing Reward?

Corey Hoffstein recently brought the following chart to my attention which shows the required allocation to earn a 7.5% expected return in 1995, 2005,

The Taming Of The Crypto

Regulators are slowly bringing the sector to heel. Until recently, Crypto trading was essentially the

IFIC And Pollara Release 2021 Canadian Mutual Fund And ETF Investor Survey

Annual Survey reveals historically

FP Canada Standards Council™

WHY EVERYONE NEEDS A FINANCIAL PLANNER

Getting professional financial planning advice can help Canadians navigate the decade ahead with confidence

THREE THINGS I THINK I THINK—MYTHS THAT NEVER DIE

1) The government is running out of money – NOT. It's hard to kill old myths. Really hard. I've spent countless hours trying to debunk the idea that the US government is "running out of money". But here we are having another debate about the "debt ceiling" and this fake idea that a government with a literal printing press is somehow going to run out of money because we imposed a fake credit limit on it. I've explained the absurdity of the "debt ceiling" before so I won't bore you with it again. But what really bothers me is that we're now engaging in all these silly counterproposals to overcome

VIDEO AND PODCAST LINKS

Canada GDP Falls 0.1% in July, Rise Estimated For August

Consumers appear to have helped the Canadian economy through a July stumble, as

How To Best Withdraw Funds From A Large RESP With Minimal Tax

Each year around this time, I'm inundated with questions about

Global Market Outlook

The COVID-19 delta variant, inflation and central bank tapering are unnerving investors. We expect the pandemic recovery

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.

CANADA MORTGAGE CALCULATOR WITH 40 YEAR AMORTIZATIONS!

This mortgage calculator is proudly Canadian made!

EDITORIAL COMMENT - CONTINUED

Basically, you select a quarter of the graph that syncs with your outlook, and it will display the probable performance of various indices and sectors.

Accelerating Inflation Momentum ↑ / ↓ Decelerating Inflation Momentum; ← Decelerating Growth Momentum / Accelerating Growth Momentum →

Decelerating Growth / Accelerating Inflation	
SPX	1.4%
R2000	3.6%
TSX	5.5%
MSCI EM	8.2%
Commodities	5.9%
Gold	23.2%
High Yield	3.9%
DXY	-2.3%
US 10-Year Yield (BPS)	0.40

Accelerating Growth / Accelerating Inflation	
SPX	12.1%
R2000	13.9%
TSX	12.8%
MSCI EM	21.0%
Commodities	7.2%
Gold	11.8%
High Yield	11.1%
DXY	-2.3%
US 10-Year Yield (BPS)	0.50

Decelerating Growth / Decelerating Inflation	
SPX	5.2%
R2000	4.5%
TSX	-0.6%
MSCI EM	-2.3%
Commodities	-4.5%
Gold	0.5%
High Yield	6.0%
DXY	3.5%
US 10-Year Yield (BPS)	(0.67)

Accelerating Growth / Decelerating Inflation	
SPX	15.7%
R2000	20.2%
TSX	11.5%
MSCI EM	17.4%
Commodities	1.4%
Gold	5.5%
High Yield	13.0%
DXY	0.6%
US 10-Year Yield (BPS)	(0.38)

Source: Bloomberg, Capital Markets Strategy. As of September 30, 2021

Through our proprietary research, we will make a determination of the growth/inflation environment over the next year. This will help us identify the asset classes we believe are likely to perform well in such an environment.

Recently, it has been very difficult to assess where we are in our current economic environment. The accelerating inflation part seems to be a no-brainer. Go shopping, put gas in your vehicle or make plans for a trip and it is blatantly obvious that prices are rising. We are being impacted by inflation on a daily basis.

The more difficult part of the assessment is the choice between Decelerating Growth and Accelerating Growth. Rather than choosing either/or, we have elected to select an environment that lays somewhere between the Decelerating and Accelerating models.

The sectors and regions that tend to do well in this economic environment are:

- US large and small cap stocks (think S&P 500 Index for the large cap and the Russell 2000 Index for the small cap).
- Canadian Stocks (S&P/TSX Composite Index)
- Emerging Market stocks (MSCI EM Index)
- Gold.

Unfortunately, the US dollar and long duration bonds tend to underperform in this environment. What makes this environment so difficult to work with is that equities and bonds tend to move as a correlated unit. Normally bonds are considered to be an asset that reduces volatility in a portfolio and add some safety. These days, bonds are anything but safe, especially with the impending fear of rising interest rates.

The good news is that there is only one sign of a looming recession as indicated in the following chart.

SIGNS OF RECESSION	PRESENT TODAY
Inverted Yield Curve	NO
ISM Manufacturing PMI below 45	NO
Positive Inflationary Trends	YES
Tighter Financial Conditions	NO
Housing Starts Declining	NO
Labour Market Weakening	NO
Leading Economic Indicators Negative	NO

Source: Capital Markets Strategy. As of September 30, 2021

With only one sign, and not a severe one like an Inverted Yield Curve would be, we believe there is a low risk of recession in 2022. Since most bear markets coincide with recessions and we do not believe a recession is on the horizon, we anticipate that any near-term market volatility is very unlikely to result in a Bear Market.

In my opinion, one of the main deterrents for a booming economy is the extraordinary length of time it is taking to get people back to work. Governments must deal with this situation to prevent a greater decline. Global exports are a perfect example. On a year-over-year basis, global exports for the five largest exporters in the world have slowed from their peaks but continue to remain strong. The problems they face include Supply chain disruptions, Production backlogs and Port congestion. Recently, 65 cargo ships were forced to queue outside two of America's biggest ports because there was not enough manpower to unload the ships. Pre-Covid you would have been hard-pressed to find even one cargo ship waiting for a berth. All of these are a direct result of lack of workers to fulfill orders and keep the process moving.

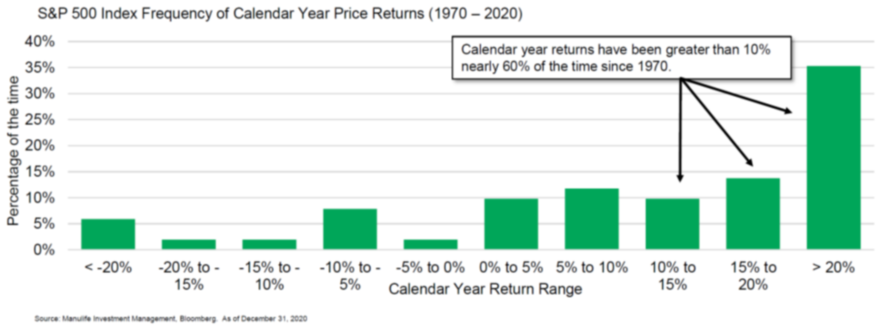
EDITORIAL COMMENT - CONTINUED

Unemployment is improving but at a snail's pace. After losing nearly 22 million jobs in March and April of 2020, the U.S. economy has added back almost 17 million jobs between May 2020 and August 2021. During this time the unemployment rate has fallen from 14.7% in April 2020 to 5.2% as of August. I expect labour market gains will continue into 2022 which should be a boon in keeping the markets rolling along.

Before signing off I thought I would close with a couple of graphs that have been an inspiration for me over the years when markets act strangely.

The first is a chart that has instilled a credo I have followed for most of my career. "Don't underestimate the market's tendency to produce above average returns."

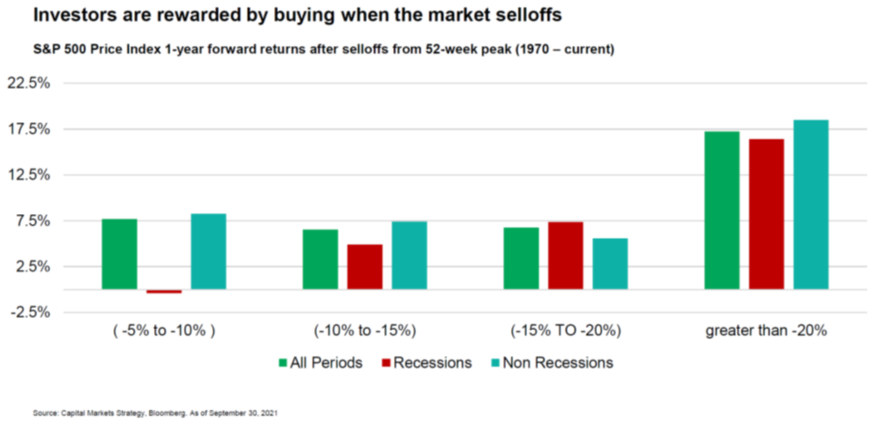
The average calendar year return for the S&P 500 Index (price return) has been 12.2%. What most investors may be surprised to learn is that the index rarely produces average returns of between 10% and 15%. In fact, this has only occurred less than 10% of the time since 1970. Pay attention to the bar showing calendar year returns above 20%. Approximately 35% of the time, the S&P 500 Index produces gains in excess of 20% in a calendar year!



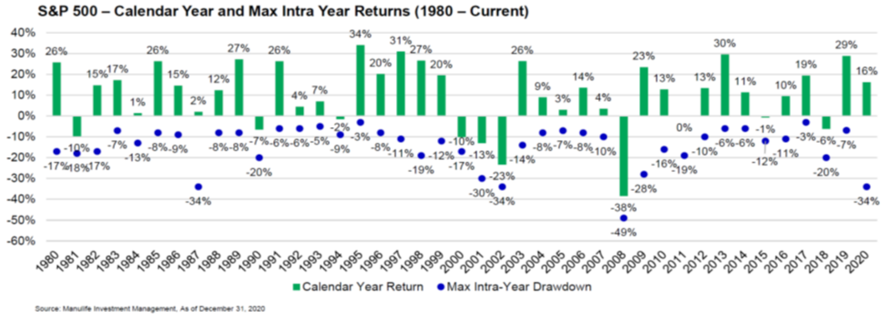
On a more interesting note, negative returns have occurred in about 1 in 5 years or 20% of the time while returns greater than 20% have occurred 35% of the time. Being an optimist, I know what I would bet on in any given year.

Another trait we have worked on with clients over the years is to buy when the market sells off.

The following chart makes a great argument in favour of this thesis.



For those clients that are concerned about facing corrections or recessions, the final chart will show how normal they are. Stock market corrections are very common and very difficult to predict. Since 1980, the S&P 500 Index has fallen an average of 14.3% during part of any given calendar year but is positive 78% of the time with an average return of 10.3%.



Investing in equities have always worked out when patience is applied.

To Page 1 Disclaimer

Dan Bastasic - CONTINUED

Outlook and Thoughts on Inflation

- we've been bullish since 2020 from a fundamental perspective due to the high level of liquidity in the economy
- there could be an 8% boost to GDP over the next 3 years due to excess liquidity, which provides a margin of safety
- we are pretty convinced now that the inflation we are seeing is secular rather than transitory
- we see the 10-year U.S. treasury yield reaching 1.80%-1.85% over the next 3 or 4 months
- stocks are priced on earnings, cash flows and interest rates
- some technology company valuations are so high that they will be very sensitive to changes in interest rates
- oil price may increase. Intrinsic value of $75-$80 is slightly above current level
- note that we are still underweight energy in our equity exposure as most of the companies in the sector are price takers. Therefore we prefer to get most of our exposure on the bond side
- equity valuations in general are high, but not for defensive sectors (utilities, telecom, financials)
- net interest rate margins will be favourable for financials
- the inflationary environment should be favourable for Canadian equities and the Canadian dollar, as cyclicals will benefit
- small caps and high yield corporate bonds also do well in this environment
- we have added to our materials exposure recently

Return Outlook

- we see U.S. equity market returns in 2022 in the range of 5-5.5% price appreciation plus the 2% dividend yield to get to a total return in the 7-7.5% range
- Canadian equity returns in 2022 may be slightly higher due to the greater exposure to cyclicals
- High yield corporate bonds might return 5.5-6%
- right now, we don't see a major 8-10% decline in the equity markets for at least 2 -3 years based on fundamentals, but this could change with the global pandemic

Cannabis Sector

- In terms of our thoughts on the cannabis sector, you have to be very careful of valuations, which are crazy for some firms (pricing in 7-9 years of growth)
- Canadian players that have U.S. operations may benefit from changes in the industry south of the border
- we focus on companies that have a track record of making money
- We own Trulieve (both equity and bonds in SIF and the bonds in SCBF) and Curaleaf Holdings (equity holding in SIF)
- we like the Curaleaf CEO's focus on low debt and emphasis on cash flow

My Journey To The CFP —Continued

Certified Financial Planner® certification is the world's most recognized financial planning designation and is considered the 'gold standard' for the profession.

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Spoiler alert, some of you may have noticed the 3 new letters beside my name, so it's no secret that I recently achieved this designation. Although I was successful, my journey was not glamorous, nor was it direct. It was volatile, imperfect, and had a few breaks in in the road. But much like the journey of motherhood that has been so strongly intertwined in this process for me, it was mine and it was worth it.

It's hard for me to pinpoint where to begin. As far back as I can remember my passions in life have been two-fold- learning and helping people. I am often asked what led me to this industry, given my background in Psychology.

What I am going to say next is in the true spirit of transparency. Academics have always been one of my strengths. I excelled at school from a young age, mainly because I enjoyed it. However, in my final year of high school I was an honor roll student who was barely passing calculus. The teacher handed me a passing grade as to not hold me back from pursuing my post-secondary studies and gently advised me that numbers simply weren't for me. They also advised me to find a field that better suited my strengths, so that is just what I did. I went on to achieve a Bachelor of Arts, Honours Psychology and I genuinely enjoyed every second of it.

University taught me how to learn and fueled my passion for it, something I carry with me to this day. The point is this. I was destined to help people, I may not have known what that looked like when I was 17 and chose my major, but I knew for certain it was what I was put here to do. Understanding people's needs and guiding them to achieve their goals is currently how I can do what I love in a meaningful way.

Formally, my CFP journey first began in 2009. As a recent university graduate working part time as a therapist in my field, I also began a part-time administrative role for an advisor to help make ends meet. It didn't take long for this to become so much more for me; this new role was nothing short of serendipitous. At the tail end of one of the biggest financial crisis' in history, I headed into the financial industry young, naïve, and whole heartedly.

I started by tackling one of the most difficult courses available, the Canadian Securities Course, with every doubt in my mind as numbers "just weren't for me". I devoted myself to passing this course, shortly thereafter achieving the LLQP full-life license, and became a fully licensed and practicing mutual fund representative.

This was only the beginning of a decade-long period of tackling industry courses while working in the field. I went on to complete the Branch Managers Course, obtain a Certificate in Advanced Mutual Funds Advice as well as a Certificate in Advanced Financial Advice, and became a Responsible Investment Specialist. Not being a numbers person changed hard and fast for me and goes to show how in the right context weaknesses can become strengths. This decade was a whole lot more for me than professional development, I added in a marriage and brought three beautiful little girls into this world during this time. My courses were all completed online and on my own accord, which was the only way for me to juggle it all. I had to work-HARD. I had to pivot, multitask, manage time I didn't even have, I had to ask for help, and I had to dig deep time and time again. Each time I passed a course my confidence grew, and I found myself closer to my goal both physically and mentally.

Fast forward 10 years- October 2019 I made the decision to register for the final stage of my preparation, I had one year to complete the final two FP Canada education requirement courses. This was it, I planned to tackle this 6-hour, beast of an exam in November 2020. I completed the first course immediately, and with ease. The finish line was in sight- or was it?

A few short months later, enter the COVID 19 pandemic. We were all navigating unchartered territory. For those who know me well know my best work is done under pressure. I would even argue it's the only way I work. So, what better time to take this leap than in the heart of a pandemic, while not only parenting but homeschooling 3 children ages 2, 4, and 6. It was fight or flight, and I chose fight. Amid my new roles within the home and navigating my new work from home role, I was fighting my way through the final course, and I was so close.

My Journey To The CFP —Continued

Reality: my stress levels were immeasurable (but to be fair, whose weren't?). The pandemic was changing everything we knew and loved, and the CFP exam was no exception. All in-person exam prep courses were cancelled. Though FP Canada adapted to the environment, there was still great uncertainty around exam sittings being cancelled or postponed and I did not feel at this time I could possibly write from home.

The variables were compounding and becoming too much to handle. The final straw: my toddler was admitted to the hospital for an illness. I was a veteran, working mom, but this too was new terrain for me. I was faced with a choice I could no longer avoid. This was not a time where pushing myself was going to end well, this much I knew. Holding my daughter in my arms in her hospital room, I pulled out my phone and withdrew my exam registration. I was flooded with the strangest combination of immense relief and severe disappointment in myself.

It was exactly one year ago now, but feels like yesterday, I reached this fork in the road. It was time to get back on the horse or throw in the towel. I took some time to recover and regain my emotional and physical strength but realized quickly that this was not it for me. I chalked it up to one last bump in the road, completed the final course, and on New Years' Eve 2020, pulled a yellow sticky note out of my desk and scribbled: "2021- CFP DESIGNATION". I decided then and there that 2021 would be my year. I'd try in May, and then again in October because I was fully aware of the fact that passing on the first shot was unlikely. I wasn't making excuses for myself, but rather, was being kind to myself and acknowledging that the present circumstances were not in my favor. I committed to allowing myself as many chances as I needed to write this exam, taking the immense pressure off in a time when there was no shortage of pressures elsewhere. I re-registered for the May 2021 sitting of the exam, after all, everything would be back to normal by then.

Low and behold, May came and we were still in deep water with the pandemic. There were still no in person study courses available, but fate had it that I was referred to a phenomenal instructor who was helping a small group of candidates out by offering an online study course. They were kind enough to allow me to join their existing group at the last moment. They advised me that catching up was going to be more than difficult and that passing or failing the exam could truly go either way for me.

Knowing I stood even the smallest chance was enough for me. For 6 (more) gruesome weeks I would eat, sleep, and breathe CFP material. I say this but I will also say that my other full-time duties such as my job and my family were still very present and very demanding. More than once, I did not feel I could go on. There were late nights that turned into early mornings, and tears (most of the time they weren't coming from my kids). There were times I sat with a child in one arm and my textbook in the other. I carried on reminding myself of the words of one of my all-time favorite authors, "we can do hard things."

A couple of weeks before the exam, in light of the recurring pandemic issues, I was once again faced with choices. There was a risk that exam centers would close suddenly forcing me to postpone, so I could take this risk, postpone immediately, or write from home. I chose the path that I felt posed the least amount of risk, but that didn't come without its own set of challenges. I did what needed to be done to write the online proctored exam from home. Exam day came and went. I felt in my heart and accepted that I would be writing again. I began looking into study courses for the fall and organizing my personal affairs around studying and writing again, this time I knew what I was up against. One sunny afternoon in July, I was notified that the results were in.

In the most recent FP Canada annual report released in July of this year, it was reported that currently only 31% of CFP professionals are female, and that only 9% are younger than 35. There are many moments that make up our lives, but only a few where time seems to stand still. In a very unique way reading those 4 letters "PASS" felt like nothing I had ever experienced before. I can say with great confidence that I have never worked so hard at something in my life. This journey may have broken me down a few times on the way, but in the end I truly believe that it made me. These three letters have finally validated something I've felt capable of deep down all along. They've boosted my confidence while simultaneously humbling me. I am motivated and inspired.

Another question I often get asked is how I was able to reach my goal given what life currently looks like for me. The answer is simple: not alone. They say it takes a village and does this ever apply to my journey. There was family and friends who supported me not only physically but emotionally. This is especially true about my other half who has filled the gaps and kept me going and grounded. I also work as part of a team whom I genuinely would not be here without.

My Journey To The CFP —Continued

I don't expect this all means that much to anyone, but part of me believes that just maybe there's someone out there, doubting their own capabilities and letting this stand in their way. Someone who needs to be reminded that when the road gets extra bumpy, just keep putting one foot in front of the other, lean in when you can, and know that you can do hard things.

I am hoping this is just the first small victory in what's to come, but I do know that it has laid the foundation for my future in the industry. I am grateful for the opportunity I have to do something I am so passionate about, helping people in such a meaningful way.

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Graduated Rate Estates: What Are They And How To Avoid Losing Them—
Continued

To be eligible for GRE status, an estate must designate itself as a GRE on its tax return in its first taxation year. An individual can not have multiple estates designated as a GRE – only one is permitted. Also, the estate must use the deceased's social insurance number on each tax return during the 36-month period following death.

To highlight the significance of a GRE status, suppose that an asset held within the estate has the potential to grow in value. During the 3-year period, any growth in the asset will be taxed at a marginal rate, meaning lower tax rates for lower amounts of growth. The lowest federal tax rate is 15%. However, without the GRE status, all growth will be taxable at the highest marginal tax rate, which for Ontario residents, is a combined 46.16% (federal & provincial). Not only can this equal significant tax savings over a three-year period, but it could also result in more assets left for beneficiaries.

From an estate planning perspective, maintaining a GRE is crucial. However, there are actions that could jeopardize an estate's GRE status. For instance, if an estate administrator or executor transfer's his or her own money to an estate as a gift, this will terminate the GRE status. According to Section 108(1)(b) of the Income Tax Act (ITA), if property is contributed to a trust other than by the deceased after the date of death, the trust will no longer qualify as a GRE. This might be an action that is taken by an executor when an estate is asset rich but cash poor. An executor may do this to help cover estate debts in a timelier fashion; thus giving time to sell non-liquid estate assets. This type of action may occur most often when executors are spouses or close family members of the deceased such as siblings.

GRE status is also jeopardized if the executor, instead of gifting money, uses his or her own money to pay down the debt of the estate. For example, if the executor is a brother of the deceased and decides to pay for the funeral costs out of pocket. The idea being that the executor will pay himself back the money out of the estate once the estate becomes more liquid. In this case the estate does not immediately lose its status if the executor is paid back that money within 12 months. If the executor is someone with whom the estate deals at arm's length (i.e. a professional executor or someone unrelated to the deceased), then loaning the estate money is not considered a contribution to the estate and GRE status will remain. In other words, if you are a family member of the deceased, be careful about mixing your own money with that of the estate.

Finally, if the deceased was the beneficiary of a trust such as an Inter Vivo trust or alter ego trust, there may be a situation in which money given from the trust to the estate will cause the estate to lose GRE status. The CRA issued an interpretation bulletin stating that GRE status will be affected by payment from a trust since it is a contribution after death by someone other than the deceased. This can be avoided if the trust in question had a stipulation that the trust's capital be paid directly to the individual and not the individual's estate. It's a simple thing that can be easily missed, which is why it is so important to involve professionals when creating an estate 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.

Investors should educate themselves regarding securities, taxation or exchange control legislation, which may affect them personally. This newsletter is for general information only and is not intended to provide specific personalized advice including, without limitation, investment, financial, legal, accounting or tax advice. Please consult an appropriate professional regarding your particular circumstances.

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