

June 2026 Financial Planning Email Update

I recently attended a Macro Economic Update seminar given by Fred Demers, Head Strategist, Multi-Asset Solutions with BMO Global Asset Management. Fred began by stating: "The bad news is, the world is likely to remain messy, and the good news is the world always carries on." World markets, as a result of the Iran war, have seen an oil shock which is negative for economic growth and may cause inflation, but to what degree is unknown. Financial markets are looking beyond the war and the US economic outlook remains exceptional, while the global outlook for Canada and Europe remains modest. For Canada there is uncertainty around a USMCA trade agreement.

The US has just named a new chair of the Federal Reserve. Kevin Warsh, like Alan Greenspan (the Fed Chair during the tech boom of the 1990s) is reluctant to tighten monetary policy as their philosophy is that rising productivity and AI technological innovation are helping contain inflationary pressures, allowing the economy to expand without immediate interest rate hikes.

Canada's challenge is that we are much less productive than the US. The US Gross Domestic product (GDP) per capita is \$34,000 greater than Canada and Intellectual Property investment versus share of GDP is 5½% in the US and only 2½% in Canada. Business investment as a share of GDP is 14½% in the US and 8½% in Canada. One reason for reduced productivity in Canada is due to our high business and environmental regulations, as compared to the US. Business investment in AI; however, continues to soar.

Fred does have a concern that inflation may rise resulting in a reduction in purchasing power and after-inflation rates of return.

Fred cited eight (8) reasons why the US economy is more resilient than Canada's.

1. Increased fiscal/government spending in the US.
2. Top 20% of earners carry a lot of weight and have more resilient spending patterns.
3. The aging population has a steadier income stream.
4. Reliance on fossil fuel energy has diminished greatly since the 1970s.
5. The US is now mostly energy independent.
6. The US is the highest producer of oil in the world, with Saudi Arabia 2nd, Russia 3rd, Canada 4th, and Iran 5th.
7. Healthy corporate and household balance sheets due to a deleveraging cycle (reducing debt) since the global financial crisis.
8. Inflation adjusted oil prices are not that high. Oil prices would need to exceed \$200/gallon to equal the 2008 oil price high adjusted for inflation.

Recently attending the Canadian Institute of Financial Planners National Conference was very insightful. The following eight (8) current trends and issues in Financial Planning were discussed.

1. The first trend is what is being called cognitive surrender; where users treat AI as authoritative rather than as a tool, thereby willingly offloading reasoning to machines. This creates a third category of artificial cognition alongside traditional intuition and reflective thinking.
2. The second issue is being referred to as financial whiplash, whereby 43% of Canadians are now within \$200 of insolvency causing ongoing unpredictable conditions for those individuals. Consumer insolvency is at the highest level since 2009, at 17 Canadians per hour.
3. The third issue affects the area of Estate Planning. As assets in an estate become more fragmented across various institutions, being held physically or digitally, it makes settlement more difficult for executors. Also, traditional estate planning is not preparing for advanced serious illness planning, which is needed to document values before a crisis arises.
4. The fourth trend is 'solo agers' in which 27% of seniors are aging without a nearby support network.

5. The fifth issue is caregiving for the elderly. Today, 25% of Canadians are providing this type of care. Caregiving is often an involuntary transition that severely interrupts career income generation and RRSP contributions and may delay retirement. On average, caregivers face \$1,000/month in out-of-pocket expenses.
6. Longevity and identity reframe is the sixth issue, as we have come to realize that retirement is not an event but the beginning of a second lifetime... a lifetime with many stages. Our lifetime could be 100 years; therefore, our time should be planned with purpose as having too much unstructured time can lead to temporal disorientation and accelerate decision fatigue. Currently, up to 20% of older adults experience symptoms of depression.
7. The seventh issue, anticipated to occur in the near future, is the four trillion-dollar shift in wealth from men to women.
8. Finally, the eighth issue is fraud trauma. When a scam occurs; this can cause severe emotional exhaustion, anxiety, isolation, and guilt. High-tech threats include phone-based fraud via AI voice cloning. To prevent being the victim of fraud, intentional thinking is recommended. Intentional thinking involves creating space between receiving incoming messages and taking action, which allows us to enhance our awareness and to analyze the situation.

Amanda and I are both qualified CERTIFIED FINANCIAL PLANNER® professionals at your service to assist in all areas of comprehensive financial planning including financial goal discovery, cash flow/budget analysis, retirement income planning, tax savings, estate planning, insurance needs analysis, investment planning, education saving planning, special purpose or major purchase planning. I wish to thank you for your continued confidence and for the opportunity to serve you in all aspects of Financial Planning.

As always, I will continue to keep in touch with you but if you have any questions or concerns, that you would like to discuss or review, please do not hesitate to contact either Amanda or I by email or by calling the office at 519-894-2661 or toll-free at 1-800-716-5538.

Have a great day!

Respectfully Yours,

Gary



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