

## October 2024 Financial Planning Email Update

In late September Amanda attended the Institute of Advanced Financial Planners annual conference. There were many topics covered. The following are points made which we feel would be of interest to you our valued client:

- (1) Advanced research was discussed exploring new technologies in wealth management such as AI, blockchain, and open banking with the goal of servicing clients more effectively in the long run. Examples include letting the system write first drafts of communications followed by human review and using plain English to make inquiries and completing research.
- (2) A review of the real estate market noting that Canada had, by far, the highest population growth in 2023 of all G7 countries. Now, with a population of 41,551,240 and the lowest average housing supply per capita, Canada's supply versus demand housing issue brings upward pressure on rental costs ensuring a robust residential rental market demand in the future.
- (3) The importance of the implications of the 2024 federal budget on financial planning which was analyzed and discussed in this monthly update earlier this year. The major points are the increase in the capital gain inclusion rate from 1/2 to 2/3<sup>rd</sup>s on actual capital gains above \$250,000 per person per year effective June 25, 2024.
- (4) A discussion of the new enhanced Canada Pension Plan (CPP) contribution rates and how this will only begin to impact those receiving CPP 40 years from now.
- (5) The impact of potential policy changes after the results of the U.S. election next month. Trump is proposing lowering income tax rates for middle income earners, possible elimination of capital gains taxes on certain investments, no tax on tips or overtime, exempting social security benefits from income tax and the elimination or significant reduction in gift tax as well as estate tax to a maximum rate of 20%. Harris' proposals include restoring the top individual federal income tax rate to 39.6% for income over \$400,000, giving eligible first time home buyers a tax credit of up to \$25,000 over 4 years, exempting income tax on tips, increased capital gains tax reform (combined with capital gain average federal, state, local tax rate would exceed 38%), raising the federal corporate tax rate from 21% to 28%, increase tax on dividends, introduce a new minimum wealth tax of 25% minimum tax on the ultra rich (>\$100,000,000 in wealth), increase estate tax rates and lower gift tax limits. It was thought that these Harris recommended tax rate increases would reduce U.S. global competitiveness.
- (6) Longevity risk was explored. The total time in retirement can range between 10 and 40 years. Forecasting a significant rise in centenarians in Canada over the next 30 years of which the majority is expected to be women. Longevity is 50% genetics, 25% environmental and 25% behaviour – of which the latter two are generally referred to as 'lifestyle'. The most important factor in reaching the age of 90 is lifestyle. The most important factor in reaching the age of 110 is genetics. The required wealth to live past 100 years of age is 4x greater than living to the age of 70.
- (7) Chartwell residences made a presentation which recommended proactive planning for long term care so we are ready when it is needed.

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 and enjoy your summer!

Respectfully Yours,

Gary



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