



# The David Miner & Associates Communiqué

## Winter 2022

*"Inflation is  
taxation without  
legislation"*

– Milton Friedman



## Season's Greetings!



2022 was not for the faint of heart, a theme that has been endured since early days of the pandemic in 2020.

Ongoing conflict in Europe and China's Zero-COVID policies have continued to impact the manufacturing and distribution of goods. Aside from these themes, financial market headlines in 2022 have largely been driven by one of inflation or rising interest rates. Remember when inflation was 'transitory'? The interest rate response, to this no longer holding true, has all but dashed hopes for a 'soft landing' as we look ahead to 2023. Having underestimated the persistence of inflation, it now appears the pendulum will swing too far in an effort to cool inflation.

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*Maya admiring Soumya's birthday  
cocktail!*

As interest rates continue to rise, the impact of the first several hikes are only now working their way through the financial system as asset prices struggle (think stocks, bonds, real estate), the ability to service debt is tested (individuals and corporations alike), and a growing number of job cuts are being forecasted by large multinational companies.

There remains too much uncertainty to predict the depth and duration of any economic downturn but should this culminate in a global recession, demand will subside and with it, that stubborn inflationary pressure.

Looking to similar periods throughout history where interest rates were rising due to inflation and recessionary conditions were prevalent, we expect that markets should stabilize at some point in 2023.

## Re-thinking Retirement

Retirement is a time for new thinking and new directions. It is an evolution of lifestyle and the daily routine, not simply the day we stop working.

Most of us think about retirement in terms of what is next. Perhaps it is more quality time with family, greater pursuit of hobbies or the arts, maybe even work in a part-time capacity or an entirely new industry. It can be an intimidating transition, as work often represents much of who we feel we are.

When contemplating our retirement years, we know that declines in our mental and physical capabilities will ultimately dictate what we can do in retirement and for how long. Are the “Life’s a Beach” retirement commercials realistic?

Retirement involves saying goodbye to earned income and we are often left with a complicated mix of pension plans, government programs, retirement savings and insurance to work for us. Bill Sharpe (economist, professor of finance, and Nobel Laureate) once said that retirement income planning was the most complicated financial problem he ever faced. When we think about retirement planning, most of us have a list of questions centred around a few core themes :

**INCOME** – Are my expectations of monthly income from my retirement savings too low? too high? What can I do to optimize my monthly cashflow in retirement?



*Helena hosted the team for the office Christmas party!*

**VOLATILITY** – Is my retirement income stable or will it decrease with markets?

**INVESTMENT RISK** – Are my investments still appropriate for me? Are they optimized to achieve strong returns, while still protecting against volatility?

**LONGEVITY** – Does my retirement income plan give me the comfort that I am not going to outlive my savings?

**ACCESS TO CAPITAL** – If I need extra money from my retirement nest egg for something special, can I do so quickly and easily? Does this compromise my income down the line?

**BEQUESTS** – I want to be able to leave something to loved ones when I am gone. Does my retirement plan allow for this?

**TAX** – how do I optimize all of the above without triggering instalments, having my OAS clawed back, or giving too much of it to the government?

In a world where the landscape is shifting due to eroded purchasing power, prolonged market downturns and challenged public healthcare we are here to help you navigate this environment. Good advice and planning will build a better picture of what your retirement can and should be.

*Acknowledgement – some of the thoughts and ideas for this article came from the video presentation Vanguard Adviser Roadshow in 2022 - Rethinking Retirement Advice with Jeremy Duffield (Australia)*

## Two cents on cryptocurrencies and the FTX Exchange

Just over a year ago, the market capitalization of cryptocurrencies peaked at approximately three trillion dollars amidst fanfare and advertisements which included the likes of Tom Brady and his then-wife, Gisele Bündchen, promoting the cryptocurrency exchange FTX. Fast forward to today and the market capitalization of cryptocurrencies is approximately \$840 billion or ~72% lower and FTX has declared bankruptcy despite being valued at \$32 billion earlier this year.

Of the many issues that plagued FTX, some of the most notable that have come to light include their lack of integrity and an absence of internal controls and resulted in customer deposits being lent to the related company Alameda Research without consent or disclosure. The extent of misappropriation is still to be determined but over 100 affiliated companies have filed for bankruptcy and initial reports estimate billions of dollars were lost by investors, which included the Ontario Teacher's Pension Plan.

The value of cryptocurrencies is difficult to determine and was founded heavily on speculation in a time where near-zero interest rates and monetary stimulus promoted what could be viewed as an asset bubble in hindsight. Introduction of regulations, policy change and mass adoption could make cryptocurrencies legitimate at some point in the future; however, without a reliable store of value and wide adoption (ie: using cryptocurrencies to purchase a carton of milk at the local grocery store), we still don't see a strong case for investment in the currencies themselves.

History doesn't repeat but it often rhymes – if you don't understand what you are investing in, and the value proposition can't be explained, you can save yourself a lot of heartache and loss by avoiding.

### Year-End Housekeeping Items

With 2023 fast approaching, a few key updates from the CRA are noted below:

1. Incremental TFSA contribution room will be \$6,500 for 2023 (maximum lifetime cumulative contribution room is \$88,000 where eligible).
2. The RRSP contribution limit will be \$30,780 (18% of earned income).
3. The Year's Maximum Pensionable Earnings (YMPE) will be \$66,600.
4. CPP employee and employer contribution rates will be 5.95% (or a maximum of \$3,754.45 each).
5. RESP contribution is capped at \$2,500/beneficiary to receive Canada Education Savings Grant (CESG) of 20% matching. Additional benefit may be available, subject to qualification (no change for 2023).
6. Finally, the tax-free First Home Savings Account (FHSA) will debut in 2023, however as there is no official 'launch date' we will cover this in our next Communiqué.



*David and Dori at the Investia advisor conference*



## INTRODUCING OLIVER WILKINSON

Hello! I've recently moved to Canada from the UK with my partner Beth, and I'm delighted to have joined the team here at David Miner & Associates. Everyone at the office has been hugely supportive and helped to make my first few months in the country thoroughly enjoyable.

Before immigrating to Canada, I lived in a rural area of England called North Norfolk, where I also worked for the local Member of Parliament. My educational background is in mathematics, which culminated in studying mathematics with finance and investment banking at the University of Reading. I particularly enjoyed the areas of Modern Portfolio Theory and the Environment Social and Governance framework in my studies, something I hope to be able to blend into my new role.

In my spare time I love following Formula 1, golf, as well as football (soccer) - You'll often find me at the Manchester City supporters' club here in Toronto on the weekend cheering my childhood team on. Aside from sports, I enjoy trying new recipes, reading as many Philosophy books as I can get my hands on, and exploring all the wonderful green space Ontario has to offer.

I'm sure I'll be in touch with many of you shortly, but please feel free to reach out with any questions!



*Oliver at the Aventine Hill in Rome over the summer*

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