



The David Miner Communiqué

Holiday 2024

Compound interest is the eighth wonder of the world. Those who understand it, earn it; those who don't, pay it.

— Albert Einstein



Cozy Nights and Winter Delights



Where did 2024 go?

It has been a whirlwind of a year, and we consider ourselves lucky - the blur was with good reason! Back in October, Oliver and fiancée Beth completed the Toronto Waterfront Marathon and Half Marathon respectively. We were lucky to sneak in travel, family visits, and the performing arts in our free time.



*Team DMA works hard and plays hard!
Sharing a holiday meal at Dave & Dorinda's house in December*

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Our team has also been fortunate to grow with all the right people! Colin Embrett-Sauter joined our practice in May, fresh out of the financial services program at Humber College, and eager to gain experience; he's been a welcome addition to the support team. Esteemed industry veteran and advisor, Paul Bar, also recently joined Team DMA for the added support of DMA's advisors and administration. Paul has quickly become an asset to our team and brings over 25 years of experience. To learn more about any of us, check out: <https://davidminer.ca/about-us/our-team/>

With growth and a clear need for more room, we'll be relocating in early 2024. Same building, new space, different floor. Stay tuned!

*We wish everyone a safe and happy holiday season
and best wishes for 2025!*

Market Commentary

In the final weeks of 2024, investors that have ‘stayed the course’ were rewarded with strong double-digit returns. You have to go back to the late 1990s to find consecutive years where the S&P 500 had back-to-back years returning 20%+. This year, European markets had lower returns on average, reflecting an uneven economic recovery and the uncertainty created by geopolitics. Emerging markets have managed positive returns, but this only materialized once China committed to monetary easing. Fixed income and bonds have seen modest single digit returns with pockets of opportunity providing excess returns where investment managers exploited high yield strategies, preferred shares, etc.



*Paul & Joan Bar: One really cool couple!
Exploring the natural beauty of the Rockies this past summer on their bike.*



Dave and Dori basking in the prolonged warmth this fall.

What can we expect in 2025 from markets now that we know who will be sitting in the Oval Office? While top-down policy can lead to knee-jerk market reactions, the long-term impact of policy is usually more muted than we anticipate. Trump’s threat of tariffs is one of the major risks to global growth, and although this appears more likely to be a negotiating tactic, trade disputes could again stoke inflation.

We joke that we are always ‘cautiously optimistic’ in our approach to investments, regardless of where we are in the market cycle. Barring a major unforeseen catalyst or event, there is reason to expect modest gains for markets in the upcoming year, although likely from a different opportunity set than what drove markets in 2024. We continue to see opportunities globally and in up-and-coming sectors. Participation in this 26-month-old bull market has broadened across sectors and market capitalization alike. Earnings growth will need to remain strong to support US markets at these prices.

A Cheat Sheet: CRA and Tax Planning for 2025

1. **RRSP Contribution Limits:** The contribution limit for Registered Retirement Savings Plans in 2025 is \$32,490. This limit is calculated as 18% of 2024 earned income, up to the dollar limit.
2. **TFSA Contribution Room:** The Tax-Free Savings Account contribution limit for 2025 is \$7,000, bringing the lifetime contribution room for eligible Canadians to \$102,000.
3. **Basic Personal Amount (BPA):** The BPA is the annual income exempt from federal tax, and is indexed annually for inflation. For 2025, the BPA has increased to \$16,129.
4. **Employment Insurance (EI) Premiums:** For 2025, the EI premium rate for employees is 1.64%, with a maximum contribution of \$1,077.48 (\$860.67 for Quebec).



Hiking among the monkeys and sloths through the jungles of Panama!



Oli and Fiancée Beth, shortly after completing the Toronto Waterfront Marathon 2024. Winners in our hearts!

5. **CPP Contribution Rates:** The Canada Pension Plan contribution rate for employees in 2025 remains at 5.95%, with a maximum contribution of \$4,034.10 for each the employer and employee portion. The Year's Maximum Pensionable Earnings (or YMPE) will therefore increase to \$71,300 while the basic exemption remains at \$3,500.

6. **Prescribed Interest Rates:** The prescribed rate for family loans is 4% in the first quarter of 2025, down from 5% in the previous quarter. This rate is relevant for income-splitting strategies involving loans to family members.

7. **Real Estate Market Trends:** The Canadian Real Estate Association (CREA) forecasts a 6.6% increase in national home sales for 2025, anticipating 499,800 units sold. This projection is based on expected interest rate cuts and a more favorable economic environment.

Can I Retire with Debt?

In the 1980s, interest rates made debt crippling, especially for those with limited income. This was, however, an era where employers offered strong pension plans and most employed individuals had hard retirement dates. Today, we know that ‘retirement’ can fall along a spectrum, anywhere between the traditionally defined retirement and softer alternatives like working part-time. Retiring with debt is common today and while not all debt is created equally, certain types are manageable. Some examples of ‘healthy debt’ for retirees:

1. **Housing:** A short-term loan to cover off the transition period during the sale of a primary residence and purchase of a smaller residence (e.g.: a condo or townhouse) often makes sense. What it costs in short-term financing can be recovered quickly with reduced upkeep and ongoing maintenance. Where there is a stable income in retirement (pension income, part-time work etc.), a small mortgage can also be comfortably managed. Reverse mortgages have become an important tool for some retirees as Canadians are opting to live in their homes for longer with modifications or in-home care services.
2. **Debt Consolidation/Refinancing:** Ideally with strong financial advice, this can be managed prior to retirement. However, if going into retirement with different types of debt is a reality (credit card, auto loans, unsecured credit, etc.), refinancing various loans into one, cheaper interest rate can save money. Transparency and debt management may also bear faster repayment.
3. **Buying a new car:** Most retired clients who drive — especially younger retirees — will have to purchase at least one or more cars during retirement. Too often this cost isn’t factored in the retirement plan either as a monthly payment or lump-sum withdrawal. The cost of financing can be cheaper than the combination of lost returns and tax cost (i.e.: from RRSPs, RRIFs, capital gains, etc.) created by drawing down on investments to pay for a vehicle.
4. **Unforeseen expenses:** Sometimes life throws us a curveball, and whether it’s a surprise home repair, renovation or trip, the total cost of the purchase (inclusive of tax, interest, etc.) should be calculated among the available funding options to determine the best way to raise cash to fund the purchase at hand. Having access to a line of credit for these situations provides flexibility and peace of mind, and when secured against an asset such as your home, the interest rates are often substantially lower than credit cards or unsecured loans.

The types of debt that most often ‘sound the alarm’ for us are:

- Credit card balances that are carried consistently, especially into retirement.
- Use of debt products that were qualified for while still employed – these can be a trap when servicing that debt extends into your retirement years at a lower income.
- Taking on, or increasing a mortgage for the purposes of buying a larger or more expensive home (rarely advisable at a time when our incomes are typically diminishing) because they also come with increased carrying costs.
- Co-signing for family members in need without proper due diligence and/or agreements in place.

As advocates for a holistic approach to wealth management, please reach out to us if you or a loved one need help planning around any of these points!

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