THE POST-PANDEMIC WORLD - THE NEW NORMAL

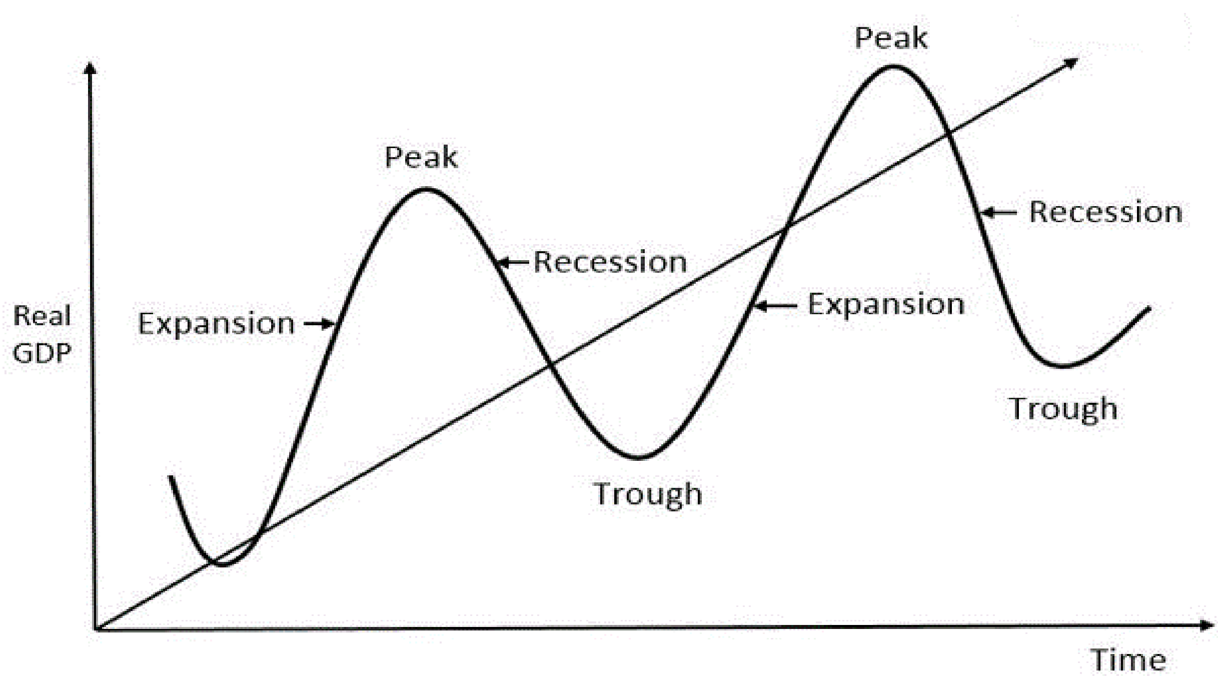
2022 : Q1

Dear Valued Clients

This past year was a good one for markets. The DOW posted a 18% gain, for 2021, despite the continuation of the pandemic and growing supply chain issues. However only a week into 2022, markets pulled back as investors were faced with the escalating situation in Ukraine, and the realization that inflation was much stronger than anticipated. During these times the question is always - *is it a time to sell or a time to buy*?
A few weeks ago, I read a market commentary report with comments from some of the industry's leading institutions proposing investors "stay the course", and to even add to their positions. This aligns with the opinions of many of the market pundits I follow who are predicting a **moderate year-over-year performance for 2022.**

We have not had to deal with excessive inflation in over a decade. It seems clear now, however, that interest rates will be going up, to some degree, over the course of this year. It is the opinion of some economists that the current extraordinary level of inflation is due partly to supply issues and will likely diminish as supply chains recover over within the next year or so.

In a recent web cast, **Jurrien Timmer, Director of Global Macro at Fidelity Investments**, talked about the current state of global economies and the market outlook, in general. Timmer offered a number of interesting facts, including that many company CEO's (AKA: ***the smart money***) are buying-up their own company shares at one of the highest rates we have seen since 2009. That is certainly a bullish signal.



The current crisis in Ukraine is also creating some additional volatility in markets. Markets should recover once this conflict runs its course. My recommendation has been that we defer any portfolio re-allocation initiatives for a few weeks or until we have a better sense of when the hostilities will begin to dissipate.

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Pre-Retirement Tax Planning Ideas

Unused RRSP Contributions at age 71: Overview

For those turning 71 in the not-too-distant future, and who also have unused RRSP contribution room, there may be an opportunity to do some strategic tax planning. One's RRSP must be matured no later than by the end of the year in which they turn 71. After that, the RRSP no longer exists as an RRSP (most are converted to RRIF's) and, therefore, no further contributions can be made. Those with unused RRSP contribution room might consider eliminating this unused amount in the form of a lump-sum contribution, before their RRSP is converted to a RRIF - even if it means borrowing. The resulting tax deduction can be carried forward over future years. In addition, the supplementary contribution will increase the size of the RRIF, and, therefore produce a larger annual income. This lump-sum contribution can also be directed to a Spousal RRSP for tax planning purposes, in order to distribute taxable retirement income between spouses.

RRIF Income Splitting:

For those over age 65, RRIF income can be split with one's spouse/common law partner for tax planning purposes. Splitting RRIF income in this way may result in reducing one's income to a lower marginal tax rate. It may also reduce OAS claw-back. Additionally, RRIF income qualifies for the non-refundable Pension Income Credit of $2000. As such, both spouses would be able to claim the Pension Income Credit.

Take CPP Early or Defer until 70? :

The most common question on the general topic of retirement is, *"When should I take my CPP*?"
The right answer is, there is no right answer. The best choice depends on the pensioner's personal situation. There are several relevant factors that should be considered in the decision such as, other retirement income sources/amounts; anticipated retirement lifestyle; taxation; OAS claw-back; and personal health considerations/longevity expectations.

The typical age people access CPP is at age 65. CPP can be accessed as early as age 60 or as late as age 70. The eligible pension amount, at age 65, is reduced by .6% per month for each month taken before age 65. Conversely, the eligible pension amount is increased by .7% per month for each month CPP is deferred after age 65. As a result, there is a break-even point for each option. The decision should come down to one's need for money and one's anticipated longevity. All things being equal (i.e. shortened life span concerns not a factor), there may be a financial benefit to deferring CPP.

Please feel welcome to contact me with any questions regarding the topics above. I am happy to receive suggested topics you would like to see in future CHW&E Market Update Letters.

As always, I value your trust in me as I continue to work hard to help you achieve your personal retirement investment objectives.

Very best regards,

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