

Dr. Patrick O'Brien's
Spring 2025 Client Note



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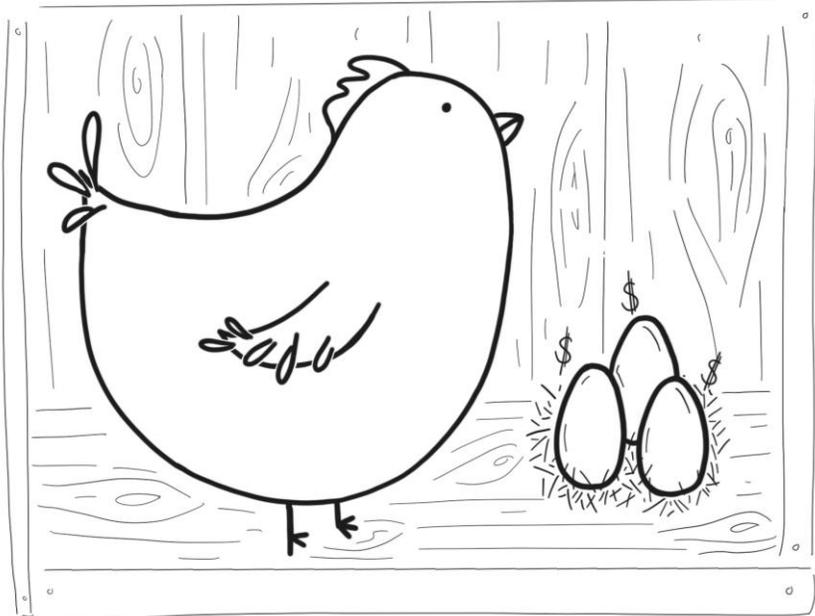


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Behold - The Chicken and her Eggs!

Dear Friends and Clients,

I hope this note finds you well. It has been a turbulent first quarter with headlines suggesting calamity that hasn't happened. It reminds me of a Mark Twain saying, "I have had a lot of trouble in my life, most of it never happened." In other words, he worried about a lot of stuff that never actually came to pass. The media has a vested interest in messing with our minds. I am wary of its power to confuse and create anxiety.

I recently spoke to a businessman who was active in the 1970s and 80s. He told me that everything he shipped to the US prior to 1989 had a 25% tariff attached. I was unaware of the size of the tariff. He went on to say that he thought that Canada could withstand that again – not that we want that. Take heart, we will be OK.

You will note the discrepancy between our investment results (not much happened) of the first quarter and the gloom and doom projected in the media. I am very pleased with how resilient portfolios have been and expect that to continue. But why would they not be? During times of stress, investors gravitate toward companies with quality hard assets in business-friendly areas of the world that have secure income streams. This fits my chicken and egg model very well – there is value in a recurring, tax efficient income stream that is set independently of the actions of political leaders.

Remember that share prices are set by the stock market, but the income stream is set by the companies. Rental real estate is similar. The market determines the price of the rental property, but the rent is independently set by the landlord. Similarly, if our investment program income is based on human needs for light, heat etc. then it is resilient indeed. No matter what happens, we will turn on the lights when it is dark.

Mark Twain did have a lot to worry about. He was prone to making big investment gambles that bankrupted him once. Fortunately for him, his literacy gift kept him afloat. We invest conservatively unlike Mr. Twain.

Some Timely Financial Considerations:

Tax returns are likely to be delayed this year because of the on and then off changes to capital gains taxes. I will have to wait to see how much I can contribute to my RSP. By making my RSP contribution long before “RSP season” in February 2026, I gain valuable time for income and capital gains to accrue.

The First Time Homebuyers Savings account (FHSA) can be a useful program for people who have not owned a home in the last 5 years. The deposit is tax deductible and growth and income generated is tax free. This deduction can also be deferred to a later year when a higher income makes the deduction more advantageous. The account is used to make the down payment on a home. As there is no tax on capital gains on a primary residence, this tax reduction never has to be repaid as it does with an RSP.

Tom’s Corner

Tom brings a unique skill set to our group, having received his financial education and experience in the UK, the United States, and now here in Canada. Tom worked for RBC Wealth Management in the UK and then various retail banking roles in Canada before joining my group as the lead in financial planning. Below is his first planning piece for what we are calling “Tom’s Corner.”

There are three key documents in BC that build an estate plan:

- Will
- Power of Attorney
- Representation Agreement.

Will

A will expresses your final wishes for what happens to your property and assets once you pass away. You will nominate beneficiaries, who are the individuals, trusts, or charities who will inherit the assets. To administer your estate, you will appoint an executor. This can be an individual or a trust company that acts on your behalf to achieve your wishes. It is worth noting that wills do not expire so we recommend reviewing a will every 5 years or if there is a large milestone such as marriage or childbirth. It is important to have a backup executor in case the first can’t act for whatever reason. This is true for all three documents.

Power of Attorney (POA)

A Power of Attorney comes into action while you are still alive, but unable to manage your finances or assets. The POA can be a friend, family, lawyer or a trust company. The POA can do simple tasks such as accessing a bank account to pay expenses, or all the way up to selling the person’s property if that is needed.

Representation Agreement (RA)

The RA is for when you are alive, but can’t manage your own health care decisions. The RA documents a person’s healthcare wishes and appoints a representative to make decisions if the individual is unable to do so. Examples could be simple, such as location / style of care home, frequency of haircuts, progressing up to opting out of being resuscitated.

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