CEV WEALTH

FINANCIAL PLANNING • WEALTH MANAGEMENT • INSURANCE

mutual gains

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We will listen carefully
to what you are saying
and be attentive to your desires
as well as your fears
so together we can build
and enjoy
a harmonious
and responsive relationship
in attaining your life's dreams
and through that
We will be attaining ours.

Carey

Every New Year Has Good & Bad

All of us seem to want to know the future but if we knew the future, we wouldn't be able to handle knowing anything bad that is in store. However, planning for possible outcomes is prudent. There are of course, the optimists and the pessimists, who only really see catastrophe. Interestingly though, "the past wasn't as good as we remember, the present isn't as bad as we think, and the future will likely be better than we anticipate" (Morgan Housel, best selling author, etc.). So, as this New Year begins, what can we expect?

Lots. Cancer will strike someone we know. We'll hear of children being born. A person close to us will die. Many young adults will realize a big dream, whether it be landing a fantastic job or buying their 1st home. Peace will come to some places in the world while tensions in other parts will flair up. Countless numbers will make big mistakes while many others will realize, "Wow! That turned out great!". Overall though, in times of trouble, humans individually and with the support of people around them, will discover, "I can handle this".

On a bigger scale, the world gets through very tough things, and the random happenings of good and the bad together~~,~~ move the world to a better place than it was in the past. Many will dispute that but all you have to do is look at history objectively (not your own feelings) to see the truth of that statement.

What we have seen in the past shapes our expectations of how our experience in the future will play out. Of course, history can't be relied upon but it sure is one of our strongest probability measurement tools.

So, what can we expect in 2026 and beyond? More countries trying to be self sustaining in manufacturing and food production. The companies that have attracted the most investment attention (which are the very large companies) will seem less attractive. This will mean mountainous shift of dollars to investing in much smaller companies all around the globe.

There is a lot of caution out there amongst the general public, much of which stretches to pessimism. The most obvious evidence of the caution is in the low volume of buyers of residential real estate in Canada. Most of this uncertainty and angst is Trump related; rhetoric on tariffs to military actions in other countries.

Despite that, the financial markets have been very buoyant since last Spring,

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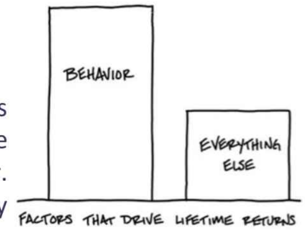
and the New Year has started with a lot of positive expectations built in. Why? Because the business environment and economic stats say that economic conditions keep improving. Employment and inflation are relatively stable with fears to the upside and downside continuing to see-saw. Interest rates seem to be able to stay where they are (in the US, rates are expected to come down, while Canada could likely see an interest rate increase later in 2026).

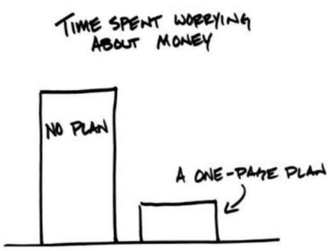
Your Behaviour Vs Everything Else



Many Financial Advisors (and a lot of institutions that want you to invest with them), will try to get you to focus on what specifically to invest in, paying the lowest fees etc. These things feel productive since they're concrete and measurable. Yet, over your lifetime, the biggest driver of results isn't any of those things, it's your behavior. This is how Carl Richards, a long time finance illustrator with the New York Times, who eventually became a very successful Financial Advisor and is now an author and speaker, illustrates it (see right).

The decisions we make when markets are calm matter. However, the decisions we make when the world is very uncertain to the point of being scary, matter so much more. Staying invested when headlines are very loud. Continuing to save and invest when optimism is scarce. These choices don't show up in daily or annual performance tables, but they quietly compound for decades.

That's why behavior dominates the chart (and in many years of Behavioral Finance studies). It governs whether returns are captured or missed. It determines whether price fluctuations become a temporary annoyance or a permanent loss. That is why 2 investors who own the same investments can end up in very different places; one remained disciplined, sticking with it, while the other reacted emotionally. The difference is about being prepared, knowing that investment prices sometimes go down a lot. It is about knowing what you will do ahead of time.



When you feel uneasy, it's not a signal that something is broken. Rather, it's a signal that you are participating in the process of making your money work hard. The goal isn't to eliminate discomfort. The goal is to keep that discomfort from making your decisions. Solid investments and reasonable investment costs do of course matter. But none of them matter as much as staying disciplined when it counts. THAT is how you build financial success.

Of course, even the simplest of plans, what Carl Richards calls a "1 Page Plan", is all you need to make it all happen. It can be that simple. Yet, working with a Financial Advisor, who can help you stay focused when you need to cross that bridge over troubled waters will not only help you succeed, but will also reduce the worry you have about money dramatically.

Now Could Be A Good Time To Set Up A HELOC

If you have owned a home for several years, you probably have built up some equity in it. In other words, the mortgage (or maybe no mortgage) that you have is well below the value of the home you own. The difference is the equity you hold. This equity can be unlocked by setting up a "Home Equity Line Of Credit". The financial industry calls this a He-Lock (HELOC).

Many people are reluctant to have debt on something they've tried to paydown for many years. However, setting up a HELOC doesn't actually incur debt. It simply is a pre-approved loan for based on the percentage of the value of your home (max. 75% of your home's value minus any other mortgage) and of course, your income. If the HELOC isn't being used it costs you nothing, although it does cost ~$1,500 to set up (appraisal & legal fees). That cost can be well worth it if you plan on living where you are long term. With it, you have the cheapest and easiest way to borrow and do so, at a moments notice. These "moments notice" times may include:

An Asset Goes On Sale—Have you ever looked back and said "I wish I bought _____ (name the asset) when _____ (name the instance or time in the past)? I have, many times. Having a HELOC in place allows you to take advantage to buy an investment, property etc. when it is very attractively priced. When that time comes, you want to have all your ducks in a row. These are the ducks.

You Lose Your Job— A potential scary squeeze on your cash flow. The HELOC would be the tool that would make cash available for you until you find your next gig. That borrowing tool is your emergency reserve.

Special Assessment– This happens often with strata units like condos and townhomes. However, if you own a home you may have discovered you have a major expense (roof, exterior painting etc.) to be paid as well. The HELOC would be there to provide the cash to pay for it.

Someone Needs Help– Family members are the most common in need; however, it could be for anyone. Cash is available from your HELOC.

Reno On Your Home— The contractor, supplies etc. can be paid from the HELOC. Yes, you have debt but also your home becomes more valuable (and livable) as well. If you have a mortgage, when that comes due you can simply rewrite the mortgage and transfer the debt from your HELOC to your new mortgage (or not and simply work to pay off the reno faster).

Marriage Breakdown— This is where 1 spouse is staying in the home and the other simply wants cash for their share of the equity. The HELOC can be used to payout cash to the spouse that is severing their ownership ties to the home.

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Of course, this is only a small sample of situations where a HELOC can come in handy. Also, a benefit I didn't mention is, unlike most loans, on most HELOCs you only have to pay the interest. This gives you a lot of payment flexibility. For the ~$1,500 in set up costs (a financial institution may offer an incentive package), if you plan on staying in your home for the long term and are financially disciplined, a HELOC is a fantastic financial tool to have. PS. Our office works closely with 2 very experienced mortgage brokers who can assist (or at least look at the idea for your situation) at no cost to you.

The RDSP Is Like A RRSP (But Way Better)

Just this month we had an enquiry from a client who has 3 teenagers, 2 of which will most likely go on to post secondary education. Like most of us, they have only so much cash flow and thus a set amount they can set aside to fund their kids' future educations costs. The best way to do this is through an RESP because the government kicks in 20% of what you contribute each year, to a maximum of $500/year.

The wrinkle is that all 3 of these kids are deemed to have a disability. This has qualified them for a RDSP (Registered Disability Savings Plan) and the government's contribution to it is much more rich than with the RESP. $1,000 into a RDSP can get as much as $3,500 added to it by the government. So what do you fund? The RESP, which is the money that will be needed sooner? If it's the RDSP, how will you pay for those potential post secondary education costs?

Without going into all the numbers, from a pure math perspective, the RDSP is a slam dunk. Overall your kids will be better off. However, the education cost will have to still be paid. If the RESP can't be funded out of one's cash flow, borrowing the money to contribute to the RESP can make a lot of sense. However, you may not want to fund both your kid's education and the RDSP (which will be able to provide them a monthly income at age 60). In that case, you would explain to your teenage child how you have structured things and why them paying for their own schooling is to their benefit in the long term. To eliminate the squeeze on them, a student loan or a loan by you, which they could pay off when they are finished school and working, could be a solution.

The long term benefit to your kids is that in the future, they will have to put much less into a RRSP for themselves since you, as their parent, planted the RDSP tree relatively early in their lives and the government contributed most of the money. The decades of the growth that your kid's RDSP will have, with much of the contributions coming from the government, will be immense. In the end, that will give them a healthy lifetime income starting at age 60.

Adding Your Adult Child's Name To The Title Of your Home Is A Bad Idea

I've written about this many times. It seems though, this question comes up a lot. Conclusion? There are an awful lot of people out there who believe that adding their adult child's name to the title of their home is a "must do" when in fact, it is a bad idea.

In BC, there is 0% probate fees on the 1st $25,000 of an estate, 0.6% from $25K to $50K and 1.4% on anything over that. (The reason I say it goes up as the dollar figure goes up, is because that's exactly how income tax works.) Many try to get away with this cost since if you hold something in joint name (with rights of survivorship), the asset, in this case the home, automatically changes ownership when the other owner dies. That eliminates the probate fees on the home's value.

The downsides to trying to save that money is threefold. First, you lose control of your home because the person whose name you want to put on title will have ownership to it. They will then have a legal say in what is done with it (selling, borrowing against it etc.). Second, any future gains on the property will be taxed, unless they will deem it to be their principal residence as well. Third, you are opening up the potential for feuds between you and anyone else who now owns the property with you. If it is more than 2 owners, you've just increased the chance of infighting exponentially. Can you see why I say it is such a bad idea?

3 Estate Planning / Wealth Transfer Moves

As you read, one of the ways NOT to do this is adding names to the title of your home. However, here are things that you should look at:

Life Insurance—Many families need life insurance, mostly while kids are in school and the income of the parent(s) is needed to keep the family's lifestyle ship afloat. You may want to consider paying for "permanent" life insurance for your adult children since they probably need life insurance anyway. This coverage will be for your adult children's life and could include an investment portion. You are taking your money and paying for something that is highly needed by them as well as building wealth for them for the future. It is a way of transferring some of your wealth to your kids, now. This can also help to eliminate the tax you are paying on assets you have outside your RRIF and TFSA. Because it is held in a life insurance contract, your adult kids (you could do this for your grandkids as well) won't pay any tax either.

FHSA For Your Kids (or Grandkids) - This also puts money in your beneficiaries' hands, though it is for a particular purpose: building up a downpayment for a future home purchase. Along with the money you are supplying for the FHSA, your adult child or grandchild also will get a tax deduction on their income. With you putting in as much as $40K over 5 years, they could be saving another ~$20K of income tax. Your $40K has, without doing anything else, magically become $60K for them. You contribute $40K; the government adds up to $20K.

RESP—Assets accumulated in a RESP are in fact, property of the subscriber (the person who makes the RESP contributions). This is most often the parents or grandparents. If a "Subscriber" dies before a child is enrolled in some form of post secondary education or training program, the money in the RESP go to the Subscriber's estate. This means the money from the RESP goes to all the people in the Subscriber's Will; it doesn't go to who the money was originally purposed for. To prevent that from happening, parents and grandparents should include directions in their Will stating where the RESP dollars should be going to.

Life Gems—Google My Maps

Everyone seems to use Google Maps. Every time I get in the car to go somewhere I put in my destination. It gets me their quickest by avoiding traffic congestion. Google My Maps is very different. It allows you to create personalized maps, which is especially useful for travel. You can create 1 main map of where you will be for a few days (eg Athens) and you can add places that you want to see, restaurants that you want to eat at, grouping any of those for a particular day. You can share these customized maps and included notes you've made along with pictures. Yes, that can take a lot of time to research. It doesn't have to be with the AI tools available. You simply type out how you want 1 of your days to look, including things like what kind of breakfast you want, if you want to do a tour, shop, etc. and the AI tool that you used can put it all into a CSV file. You upload this to Google My Maps and presto! You have 1 day planned and laid out in Google My Maps. If you want the very detailed explanation and instructions on how to use this planning tool, here is a very good one on YouTube.

HHHmmm...

• The average year-end S&P 500 forecast says there will be a 9% gain in 2026. Not a single one of the 21 prognosticators surveyed by Bloomberg News is predicting a decline. #StuffWillHappen

• 52% of Canadians say that fear of making the wrong financial decision is a barrier preventing them from taking control of their finances. When fear takes the wheel, hesitation becomes expensive, not because of bad choices, but because of no choices. There's never a perfect moment, only informed ones. Every year, investors miss out on potential gains, savers lose to inflation, and opportunities quietly pass by while people wait for the "perfect" time to act. #JustDoIt

• In the late 1970s, gold prices surged dramatically, increasing by nearly 300%. This spike was driven by a series of geopolitical events, including the 1979 Oil Crisis, the Soviet invasion of Afghanistan, and the Iran hostage crisis. By mid-1982, however, gold prices experienced a significant sell-off, dropping by nearly 65%. This decline marked the beginning of a prolonged gold bear (down) market that lasted for more than a decade. #BuyLowSellHigh

• At the current price level of $4,075 per ounce, which significantly exceeds the marginal cost of production ($1,600), gold producers are incentivized to invest in additional production capacity. This increased investment can lead to an oversupply in the market, potentially driving gold prices down. We've seen this movie before—in the early 2010s and late 1970s. #HistoryRepeatsOrRhymes

• Apple seems ripe to be disrupted: As Meta founder Mark Zuckerberg said on Joe Rogan's podcast in 2025, "They haven't invented anything great in a while. It's like Steve Jobs invented the iPhone, and now they're just kind of sitting on it 20 years later." OpenAI could be a competitor, setting its sights on being a hardware company. #YesterdayIsn'tToday

• We have too much oil. The world knows this, the market knows this, the forward energy demand curve knows this, and hence oil is trading where it was five years ago. #EvolutionOfTransportation

• Gallup asked those who say they would like to move permanently to another country, where they would like to go. Each year since the poll's inception, the U.S. has ranked as the most desired destination, although the 17% who named the U.S. in 2024 was on the lower end of the trend. Canada is a distant second, with 9% naming it as their country of choice. #LandOfMostOpportunityStill

• In September 2020, the average price of beef ribs in Canada was $19.31 a kilogram, according to Statistics Canada. In September 2025, it was $42.52. #EatChicken #SaveItForASteakhouse

• While general consumer prices in the USA have roughly doubled since the 1980s, tuition has more than tripled. #PriceVsBenefit

• In the fiscal year 2025, Costco set a new record, selling more than 245 million hot dog combos for $1.50 each in the USA (includes a 20 oz drink). #CostcoVsMcDonalds?

• Small, frequent, mindless expenses are a bigger financial drain than most people realize. 3 lattes a week will cost ~$1,000 over the course of 1 year. That ever expanding list of monthly subscriptions can add up even faster. #LineByLineBudgetReview

• Average asking rents in Canada fell 3.2% (~$71) in September for the 12th straight month to $2,123. Apartment rents fell in all of Canada's 6 largest cities, led by Vancouver with an 8.2% decrease to $2,776 and Calgary with a 7.4 per cent drop to $1,897. #Supply&Demand

• Purchasing a condo in the Vancouver area now absorbs 48% of average pre-tax household income, down from 60% in late 2023 and early 2024. In Greater Toronto the figure is 37%. In Calgary, it's just 22%. With cheaper housing and better job prospects, it's little surprise that record numbers of British Columbians are migrating to Alberta. #Canada'sTexas

• 54% of U.S. adults now say they drink alcohol, the lowest Gallup has recorded since first measuring alcohol use in 1939. #MoreIPAsForMe

• In 2025 I paid for something at a retailer that had a payment terminal (the one that is handed to a customer to enter their credit card pin) where the numbers showing on the screen to punch in your pin randomly changed position when it was handed to the next customer. This made it virtually impossible for someone looking over your shoulder to see what PIN you were typing in since the numbers were not in a static place as they are with physical buttons.

• The common belief is that kids today are growing up faster. In fact, they are getting adult freedoms and privileges sooner but they aren't having to take on the responsibility that those freedoms and privileges require. This has a tempering effect on character. #YouCanSayNo