

MONTHLY NEWSLETTER

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FEBRUARY 2025



Market Watch

TOPICS

Market Watch

On the Blog

Financial Tip

Joke of the Month

Recipe of the Month

A busy January brought a new President south of the border and some volatility in equity markets. Within the last few days, we've seen the emergence of DeepSeek, a Chinese Open AI service, - a much cheaper option than ChatGPT and other current AI offerings. This sent shockwaves through the tech sector, resulting in NVIDIA's stock price dropping around 17%. This is the biggest market loss in history losing almost 600 billion dollars. The rebound following this drop was minimal, signalling the AI sector could still be fragile. As a result, the NASDAQ index sits relatively flat for the year with the S&P 500 up just over 2% and the Canadian S&P TSX up about 1.5%.

As we look ahead, the Bank of Canada should continue its easing, and drop interest rates at their January announcement. Corporate earnings will continue to be the focus, especially with the volatility we have seen year-to-date. Eyes are also on Trump's tariff plans and the degree they're rolled out, if at all.

Brad Wilson CIM®

How to Get the Most Out of Your RRSP

Ready. Set. Go! The sprint to make RRSP contributions before the deadline has begun. This makes it a great time to look at RRSPs, how they work, best practices, and how much is too much.

A Quick Summary of RRSP Taxation

Let's begin by refreshing ourselves with the main features of the RRSP. RRSPs are registered accounts, meaning they are registered with the Canadian government to receive certain tax benefits.

RRSPs have two tax benefits. One, contributions are tax-deductible – effectively reducing your taxable income. Two, all growth made in an RRSP is tax-sheltered. However, when it's time to pull money out of your RRSPs, the taxman will come knocking – withdrawals must be reported as income and taxed at your personal income tax level.

Best Practices in Building Your RRSP

1) Start ASAP.

RRSP season may be a sprint but saving for retirement is a marathon – open an RRSP early. The sooner you add money the longer it can grow. Allowing your money to make you more money.

2) Add regularly.

Setup regular contributions to your RRSP (monthly, bi-weekly, etc.) – a 'set it and forget it' approach is best. This saves you from that mad rush to add at the beginning of the year and allows for dollar-cost averaging. Dollar-cost averaging can reduce the overall impact of price volatility and lower the average cost per share/unit when investing.

3) Top up during RRSP season!

Run a quick tax calculation in January/February and add to your RRSP, before the deadline, if it is beneficial.

4) Create a retirement plan.

Plan – preferably with your wealth advisor – to ensure to are on the right track towards retirement and not headed off course.

How Much is Too Much?

There are specific scenarios in which contributing to an RRSP can be too much of a good thing. Those include:

1) You've overcontributed to your RRSP.

If you add more than your contribution limit, you will eventually receive a letter from the Canadian government informing you of your penalty ... which may be significant. Check your last Notice of Assessment, myCRA portal or ask your accountant for your current contribution limit.

2) You'll trigger OAS Clawback.

If your RRSP and pension savings require you to make large withdrawals in retirement, your OAS benefits may be reduced (known as OAS clawback). Map out your retirement income with your advisor to see if this applies to you.

3) All your income sources in retirement are taxable.

CPP, OAS and pension withdrawals are taxed as income just like RRSPs. If all your sources of retirement income are taxable, it could create future financial stress. Especially when large extra expenses arise such as trips, vehicles or medical expenses. Ensure you have savings in accounts that provide tax-free withdrawals (such as TFSAs or non-registered accounts) for better tax planning in retirement.

To get the most out of your RRSPs contact KLT Wealth Management.

- Courtney Beach, QAFP

Reminder

Tax slips are starting to be delivered, and they have until the end of March to send them out so keep them organized and make sure you have everything you need before filing your taxes.



FINANCIAL TIP

RRSP DEADLINE MARCH 3RD!

Contact us if
you want to
make a
contribution



PODCAST

BUILDING WEALTH ON THE GO

February has Valentine's Day and Family day
Focus February on
the ones you love
Family and Friends



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JOKE OF THE MONTH



Always make sure SOMEONE
in the relationship has a good
credit.

That's why it's called
SIGNIFICANT other.

Sign/if/I/can't.

FEBRUARY 2025

RECIPE OF THE MONTH

Raspberry & Cream Parfaits

INGREDIENTS

- 4 oz cream cheese, at room temperature
- 2 tablespoons orange- or almond-flavored liqueur, such as Grand Marnier or Amaretto
- ½ cup sugar
- ½ cup heavy cream
- 3 cups fresh raspberries
- 4 small sprigs mint, for garnish

DIRECTIONS

1. Have 4 wineglasses or glass dessert cups at hand.
2. Combine the cream cheese, liqueur, and sugar in the bowl of a stand mixer fitted with the whisk attachment or hand-held electric mixer. Beat on medium-high speed until creamy and lump-free, about 2 minutes. Using a rubber spatula, scrape down the sides of the bowl.
3. Add the heavy cream and start beating on low speed (so it doesn't splash), then increase the speed to high and beat until the mixture is thickened to a pudding-like consistency, about 2 minutes.
4. Distribute half of the raspberries among the bottom of the glasses or dessert cups, then distribute two-thirds of the cream mixture so that it covers the berries in each portion. Distribute the remaining berries evenly among the glasses or dessert cups, gently placing them on the layer of cream. Spoon equal amounts of the remaining cream on top of each portion. Refrigerate for at least one hour or up to 4 hours. Garnish each serving with a mint sprig and serve.
5. Make Ahead: The cream mixture can be made and refrigerated a day in advance. Assemble the parfaits up to 4 hours before serving.
6. Note: It's okay to leave out the liqueur if serving to children and any berry substitute will do.



A simple
Valentine's Day
Treat

ENJOY!

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