

MONTHLY NEWSLETTER

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Market Watch

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North American equity markets ended January with a rally, showing strong returns to end the month. The first two weeks of February were relatively flat, followed by a sell-off in the last week. Overall, North American equity markets were down between 1- 3% in February. As I have continued to mention, there is a big focus on corporate earnings in 2025, and none are bigger than Nvidia's report coming February 26th. As the market cap leader, the tech sector and major US indexes will likely rise or fall accordingly, with the earnings results.

Major news headlines continue to surround international relations and the US tariff threats. As tariff and policy deadlines loom, we must wait a little longer to see if any fallout arises. The Bank of Canada touched on the tariff threats and stated they likely won't impact their decision-making with the policy rate, at least initially. The Bank of Canada did, however, highlight that Canadian inflation has come in below their 2% target for the last 6 months; evidence inflation is stabilizing. There are on the other hand currency concerns - of a weakening dollar if Canada continues to cut rates while the US doesn't. Analysts are therefore split on the March rate announcement, with a small majority leaning towards them holding the rate at 3%.



What to do with a Windfall

It's exciting to hear about the latest lottery winner, but there are also stories of winners who quickly lose their riches by spending recklessly. How can you enjoy your windfall while being responsible? What steps should you take when you receive unexpected money?

Types of Windfalls

What is a windfall? Merriam-Webster's dictionary defines it as "an unexpected, unearned, or sudden gain or advantage." There are a few ways you can suddenly find yourself with such a gain: lottery winnings, inheritance, settlement, unexpected bonus, property/asset sale, large tax refund, etc. It's not just about Lotto Max.

First, Take Your Time

Most windfalls come with either excitement or grief, and it can be difficult to make rational decisions when in such a moment. That's why the first step is to take a pause. Most bad financial decisions are made in one of two instances – when overcome with emotion or through a snap decision. A windfall is a recipe for both – a pause is critical before using any of your newly found money.

Always Consider Taxes!

Before you start planning to spend, you must consider taxes! In Canada, lottery winnings are non-taxable. However, some windfalls come with taxes. An inheritance, sale of property, bonuses, etc. can attract taxes. Therefore, explore if any taxes need to be paid. If so, calculate how much and set the necessary money aside; somewhere safe, and easily assessable – remember some investment types are un-cashable until maturity and others take time to sell so ask how easy and how much time is needed to get the money in your bank account before committing to anything.

Develop a Plan

The next step, list your wants and needs for the remaining money - Make sure to consider debt repayment, saving for the future, and having fun. Once you have your list, highlight your priorities. What is doable? What is reasonable? Consider how each idea may impact your cashflow. For example, buying a bigger home or cottage involves larger utility bills and maintenance costs. Is this cashflow change feasible?

Once you have your list, it's a good time to loop your Wealth Advisor into the conversation. There could be tools, strategies or timing considerations which will have a significant impact on how and when you should implement portions of your plan.

Long-Term Savings Considerations

Lastly, if you're planning to invest a portion, consider future tax consequences. Investments in non-registered accounts can attract taxes in the form of capital gains, dividends and interest income. To mitigate this, you'll want to explore maxing out tax-sheltered accounts (such as TFSAs) annually. Then for the remaining dollars talk with your Portfolio Manager about more tax favourable options. You may still have to pay taxes, but less is better.

Above all remember, while a windfall may have caught you by surprise, strategic planning can empower you to maximize its potential and secure your financial future.

To develop your plan or discuss tax-efficient options contact KLT Wealth Management.

Courtney Beach, QAFP



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FINANCIAL TIP

March marks the start of spring, which means expenses might change. Prepare for events like vacations, tax payments, or home improvements by budgeting for these costs now.



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JOKE OF THE MONTH



What do you call a
fake Irish diamond?

A shamrock!

RECIPE OF THE MONTH

LEG OF LAMB

INGREDIENTS

- 6 lbs leg of lamb
- 2 tbsp fresh rosemary chopped
- 3 tbsp seas salt
- 2 tbsp ground black pepper
- 4 garlic cloves
- 1 tbsp herbs garnish



DIRECTIONS

1. In a small bowl, create a dry rub by combining salt, black pepper and chopped rosemary.
2. Poke holes throughout the top of the leg of lamb and stuff them with whole garlic cloves.
3. Generously rub all sides with spices.
4. Place the leg of lamb on a baking dish.
5. Bake at 350°F for 90 minutes. During the last 20 minutes, cover the lab with foil or a lid.

Leg of lamb is fully cooked when the internal temperature reads 145°F. Let it rest for 10 minutes before slicing and serving.

ENJOY!

PERFECT EASTER FAMILY DINNER

HAPPY EASTER

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