Personal Newsletter from Nicole Deters, Harbourfront Wealth Management – Gilman Deters Private Wealth

SUMMER 2025

Nicole M. Deters
Senior Investment Advisor

Wealth Team Members

David J. Gilman
Senior Portfolio Manager

Thomas A. Gilman
Portfolio Manager

John McCracken
Investment Advisor

Ona Thorington
Executive Assistant

Gilman Deters Private Wealth
100 – 1978 Cliffe Avenue
Courtenay, BC V9N 2L1

reception@nicoledeterswealth.com

gilmandetersprivatewealth.com

Nicole M. Deters

Gilman Deters Private Wealth

The Golden Age of Here and Now

In a world flooded with headlines about conflict, it may be easy to lose sight of how far we've come. It's worth a reminder: we are living through an extraordinary chapter in history. Of all the progress over the past 10,000 years in raising living standards, half has occurred since 1990. As ***The Economist*** recently put it, "*Of all the golden ages, the greatest is here and now.*"[1]

Much of today's prosperity is rooted in the post-WWII global order, with decades of expanding trade and cooperation lifting economies around the world. Respected investor Howard Marks recently noted: "*Globalization has contributed to a rising economic tide that has lifted all boats.*"[2]

It is therefore not surprising that the U.S. administration's April "Liberation Day" caught much of the world off guard. The breadth and global scope of the introduced tariffs challenged long-standing norms in international trade relations. As the situation continues to quickly evolve—with legal challenges underway at the time of writing—observers remain divided on the potential consequences. Some foresee heightened recession risks, while others believe evolving policy responses could help avert a significant slowdown. Regardless of the outcome, these developments have introduced a notable degree of uncertainty.

What's more certain is that changes in U.S. trade policy have accelerated a broader shift away from globalization toward a more multipolar world, where nations increasingly prioritize self-sufficiency and national security. This may also be undermining the long-standing role of the U.S. as the dominant superpower. During April's volatility, a sharp selloff in U.S. Treasurys raised concerns, particularly as China—holding roughly one-sixth of foreign-owned U.S. Treasurys—has been increasing its gold reserves. At the same time, demand for the U.S. dollar, once the world's default safe haven, has remained muted, raising questions about waning confidence in U.S. leadership. As one analyst put it: "*You can't antagonize and influence at the same time.*"

Indeed, the pace and tone of recent policy shifts have felt rapid, volatile and often confrontational—prompting some to compare the new U.S. approach to the tech-world mantra: "*Move fast and break things.*" Complicating the situation, we are living in a time when technology increasingly influences our perceptions—delivering news in real-time and amplifying the sense that change is urgent. Yet, many of these policies are still evolving, and their true impact remains uncertain. Market reactions, meanwhile, have been swift and exaggerated. The sharp selloff in April, followed by a strong rebound in May, serves as a reminder of how quickly investor sentiment can shift. As investors, this doesn't mean we should become complacent about how rapidly change can occur—but it does underscore how volatility can distort our sense of urgency.

Looking ahead, we should expect continued shifts in policies, as well as new—and likely unexpected—developments from south of the border. In an era where headlines can move markets in minutes, disciplined decision-making can play an essential role in investing. Equally important, patience, perspective and participation remain cornerstones of longer-term success—without losing sight that we continue to live through one of the most prosperous periods in human history.

1. https://www.economist.com/culture/2025/05/01/how-golden-ages-really-start-and-end; 2. https://www.oaktreecapital.com/insights/memo/nobody-knows-yet-again

Home Buying Season Is Here: The Bank of <<Insert Your Family Name Here>>

With homeownership increasingly out of reach for younger generations, many families are stepping in to help. In 2024, the average financial gift nationally was $115,000—ranging from $128,000 in Ontario to $204,000 in British Columbia—a whopping 73 percent increase since 2019![1]

While this can be a meaningful gesture, it requires careful planning to avoid unintended tax, family law or financial consequences. Support can take many forms, including gifting cash, lending funds or purchasing a property in your name—each with differing implications. In brief, here are four high-level considerations:

1. How does this impact my own financial situation? Many families draw from lifetime savings to provide support, so it's important to assess how this can affect retirement or long-term plans.

2. What if the recipient's relationship ends? If the recipient is in a relationship, a breakup could lead to a division of property under family law. Certain legal structures—such as ownership arrangements or cohabitation agreements—may help mitigate risks.

3. Are there tax implications? While Canada has no gift tax, keep in mind that certain arrangements could trigger taxable events. Large gifts from taxable investment accounts could result in unexpected capital gains tax. There may also be future tax implications. For instance, if you structure the arrangement to co-own a home with the recipient and it isn't your principal residence, capital gains may apply upon its sale/disposition, or there may be future cross-border tax implications if you retire abroad.

4. Will this affect my estate plan? If you have multiple beneficiaries, including the recipient, you may need to adjust an estate plan to ensure fairness. A strategic approach might include integrating gifting into an estate equalization plan—through lifetime gifts or testamentary planning using trusts or insurance.

The Many Benefits

When approached thoughtfully, supporting a home purchase can offer wide-ranging benefits. Many find value in witnessing their wealth in action—helping loved ones when support is most needed, rather than waiting for an estate distribution. This support can help mitigate long-term financial stress for the recipient. Gifting during your lifetime may help simplify your estate by reducing its overall size, which can ease future administration and potentially reduce probate fees, depending on the province. It can also be a teaching opportunity: smaller, ongoing gifts may be appropriate ways to help recipients invest and plan for the future by leveraging tax-advantaged tools like the Tax-Free Savings Account (TFSA) or First Home Savings Account (FHSA).

As always, seek the advice of tax and family law professionals.

1. https://financialpost.com/news/homebuyers-rely-bigger-gifts-from-parents

Housing Costs Over Decades: Why Kids Today May Have It Harder

	1984	2012	Today	% Change from 1984
Average home cost	$76,214	$369,677	$712,200*	+834%
Median family income	$48,500	$71,700	$107,663**	+122%
Price-to-income ratio	1.57	5.16	6.62	+321%
5-yr. fixed mortgage	14.96%	4.23%	4.70%***	–69%
75% mortgage value	$57,161	$277,258	$534,150	+834%
Monthly payment (25 yr.)	$711	$1,493	$3,016	+324%
Payment-to-income ratio	17.6%	25.0%	33.6%	+91%
Lifetime interest cost	$156,034	$170,704	$370,665	+138%

*National benchmark, April 2025: https://wowa.ca/reports/canada-housing-market. **StatCan Table 11-10-0190-01, 2022 figure (after tax) with 2.56% annual wage growth in 2023-25. ***Avg. major banks' five-year fixed rate, April 28, 2025. Historical data source: "2012 vs. 1984: Yes, Young Adults Do Have It Harder Today," R. Carrick. Globe & Mail, 8 May 2012, B12.

Summer Job? Help Younger Family Members File a Tax Return

Is there a teenager in your family—perhaps a child, grandchild, niece or nephew—working part-time during the summer or after school? Helping them file a tax return can be a simple but powerful way to start building future wealth by unlocking potential tax advantages.

Many teens choose not to file a tax return if taxable income is below the basic personal amount—$16,129 in 2025 (federally). What's often overlooked is that even modest earnings can generate valuable Registered Retirement Savings Plan (RRSP) contribution room.

Take Saya, for example. At age 14, she begins work as a lifeguard and earns $5,000 each summer. Her aunt helps her file a tax return, allowing her to accumulate RRSP contribution room at a rate of 18 percent of earned income. For Saya, this means $900 in RRSP room for each summer of work. Even if she doesn't contribute to her RRSP, the unused RRSP room carries forward indefinitely. By age 22, after graduating from university, Saya has accumulated $8,100 in unused RRSP room. When she starts a full-time job, assuming a 30 percent marginal tax rate,* she contributes the full $8,100 to her RRSP, saving $2,430 in taxes ($8,100 x 30%). At an average annual return of 6 percent, this contribution alone could grow to nearly $75,000 by the age of 60. Not a bad start for someone just beginning their career!

There may be other benefits:

- **Lifelong Financial Habits** — Supporting kids in filing their taxes at an early age can help instill lifelong financial skills and good wealth management habits.
- **Income Splitting** — If you own a business, paying younger family members for reasonable services rendered can transfer funds to those in lower tax brackets.
- **Future Access to RRSP Funds** — RRSP contributions may be accessed later as an interest-free loan, including up to $60,000 under the Home Buyers' Plan for an eligible first-home purchase, or up to $20,000 through the Lifelong Learning Plan for eligible education or training. With rising housing and education costs, every bit helps.

*Illustrative. Tax rates vary depending on income and the province of residence.

Less Can Be More: Simple Ways to Simplify Your Finances

Former ***Wall Street Journal*** personal finance columnist Jonathan Clements has long advocated planning for a financial life that extends past age 90. But when, at 61, he was given a one-year prognosis, his priorities shifted to preparing his family for life without him. One of his biggest tasks? Simplifying his finances. "*I thought (they) were simple, yet since my diagnosis, I've spent endless hours trying to simplify them further.*" His takeaway: "*Death is hard work*."[1]

When life becomes difficult, financial simplicity can offer relief. Here are some ways that, when it comes to money, less can mean more:

Consolidate Financial Accounts — Where possible, consolidating bank, investment and other financial accounts can improve asset allocation and tax efficiency, reduce paperwork and prevent forgotten "orphan" accounts over time. It also eases administration for loved ones should something happen to you.

Reduce Your Digital Footprint — The average person holds around 100 digital accounts.[2] (They quickly add up when factoring in email, social media, financial, entertainment, retail and other services!) More accounts mean greater exposure to data breaches. Protect yourself by limiting the information scammers can access. Close unused or inactive accounts to limit the risk of identity theft or fraud.

Automate Transfers — Set it and forget it: setting up automatic transfers to investment accounts can help you stay on track toward achieving long-term goals with minimal effort.

Cut Subscription Fat — Cancel unused streaming services, apps or memberships to free up cash flow.

Streamline Credit Cards — Fewer cards can reduce missed payments and fees, encourage more intentional spending and simplify overall management. Assigning specific cards to different purposes—such as online purchases or recurring bills—can also help with tracking or fraud resolution if a card needs to be cancelled.

Minimize Debt Accounts — Consolidating loans or prioritizing high-interest debt may be financially prudent to lower interest costs.

Teach Younger Folks to Avoid Lifestyle Creep — Focusing on needs over wants can reduce overconsumption and financial stress. Fewer possessions also mean less maintenance and more financial freedom.

1. https://www.wsj.com/personal-finance/jonathan-clements-personal-finance-cancer-e30d1396; 2. https://www.cnn.com/2024/02/26/tech/digital-legacy-planning-personal-technology/index.html

Navigating Choppy Waters: The Value of Discipline

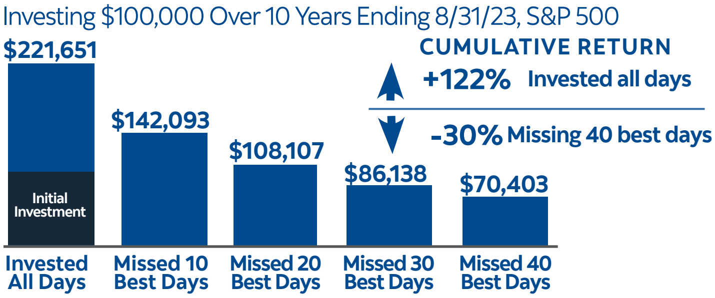
After April's sharp decline and May's quick rebound, it's worth repeating: reacting emotionally to short-term headlines can hamper long-term success. In challenging markets, discipline is key. Core to our role as advisors is remaining objective and unemotional, building portfolios on research and fundamentals with the understanding that market or economic setbacks are a normal part of investing.

The dilemma, of course, is that human nature often compels us to want to take immediate action when faced with adversity. This instinctive response—rooted in our evolutionary drive for survival—can lead to decisions that hinder longer-term investing success.

While exiting the markets during tough times may feel right, the opportunity cost—when markets reverse their course, often unexpectedly—can significantly impact future wealth. Avoiding the worst days is ideal but nearly impossible to predict. Many of the strongest market days also tend to follow the weakest. Missing just a handful of the best days can reduce long-term returns. Ironically, sometimes the best "action" is to do nothing.

The Investment Impact of Missing the Best Market Days[1]

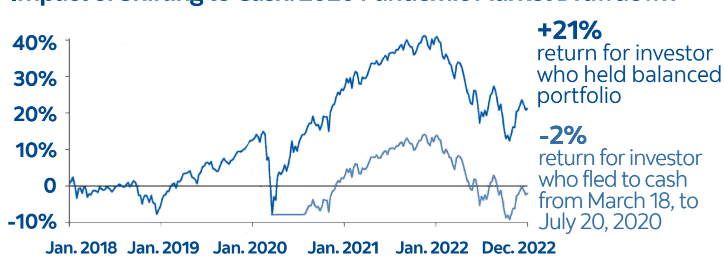
Investing $100,000 Over 10 Years Ending 8/31/23, S&P 500



Source: Morningstar. Returns based on S&P 500 Index, for the 10-year period ending 08/31/23.

This dynamic isn't limited to the longer term. During the 2020 pandemic, when the U.S. stock market fell 34 percent in just 22 days, an investor who moved entirely to cash at the bottom in March and remained on the sidelines until July would have seen a 2 percent decline (from 2018 to 2022). In contrast, a disciplined investor holding the same balanced portfolio throughout that period would have seen a 21 percent gain.

Impact of Shifting to Cash: 2020 Pandemic Market Drawdown[2]



Balanced 60/40 portfolio: Stocks are represented by the MSCI All Country World Index; bonds are represented by the Bloomberg Global Aggregate Bond Index (USD Hedged).

A well-constructed wealth plan serves as a critical roadmap, but professional guidance can help navigate uncertainty and stay on course. One study suggests behavioural coaching alone may provide an average annualized return of 3.4 percent.[1] Don't underestimate the role of discipline and support in making informed decisions, managing risk and maintaining focus on longer-term wealth goals.

1. https://russellinvestments.com/-/media/files/au/support/voa/voa_report_2023.pdf; 2. https://investor.vanguard.com/investor-resources-education/article/four-timeless-principles-for-investing-success

More on the Golden Age: Nine Ways Life Has Dramatically Improved

With everything going on, it's easy to get consumed by the prevailing negativity. We all may benefit from a reminder: we are living through one of the most prosperous times in history. A longer-term perspective reveals a balanced story—one of progress, resilience and improvement.

Here are nine ways life is better:

1. Poverty is at historic lows. Just 200 years ago, 85 percent of the world's population lived in extreme poverty. In 1990, that figure was still around 36 percent. Today, it is less than 9 percent, and 75 percent of the world lives in middle-income countries.[1]

2. Life expectancy continues to grow. In 1800, many wouldn't live past the age of 40. By 1900, the average Canadian life expectancy was just 50 years. Today, it has increased to over 82 years—bringing new meaning to the word "retirement."[2]

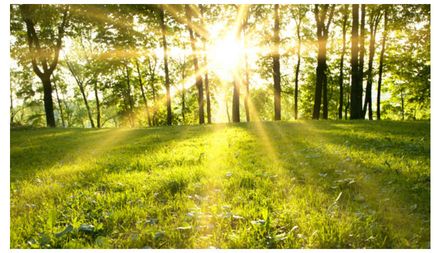
3. We enjoy modern conveniences. In 1870, the share of homes with electricity was zero. Today, over 99 percent of Canadian homes have access to electricity and running water. In 1954, only 20 percent of Canadian households had a TV; today, over 90 percent do. Globally, over 70 percent of people own a smartphone.[3]

4. Deaths from disease have significantly declined. In 1900, more than 37 percent of deaths were caused by infectious diseases; today, that figure is around 1.6 percent.[4]

5. Efficiency has improved. Innovations like the washing machine, dishwasher and microwave are often taken for granted, but they've saved hours of labour. In 1920, doing laundry could take 11.5 hours per week.[5] Today, we can order food, book a ride/taxi, track our health or pay a bill—all via our smartphones.

6. The cost of necessities has fallen. In 1961, Canadians spent over 56 percent of their income on food, shelter and clothing. Today, that has fallen to just over one-third.[6]

7. We are more wealthy. As household income has increased, baby boomers have become the wealthiest generation in history. Decades of economic growth, combined with appreciating real estate and equity markets, have helped build substantial wealth.[7] Canada's household wealth is at an all-time high and every generation has seen growth in the past year.[8]



8. We are better educated. In 1920, the global literacy rate was about 12 percent; today, it's over 87 percent. Canada ranks among the highest globally in post-secondary educational attainment.[9]

9. "Luxuries" are more accessible. Consider that in 1950, airline travel was largely out of reach for many; long-distance travel often meant trains or steamships. A flight from New York to London could take up to 15 hours and cost the equivalent of over $8,500 today.[10]

A longer-term view reminds us of our progress: Income and quality of life are up; disease and mortality have fallen. Necessities and luxuries are more affordable. Despite current economic challenges, Canada provides a high quality of life, thanks to healthcare, education, safety and personal freedoms. We benefit from clean air and water, political stability, low crime and an inclusive society.

The same may be said for investing: Investors continue to benefit from the long-term growth of the financial markets. Despite recessions, wars, pandemics, bear markets and many other economic disruptions, the S&P/TSX Composite has returned 2,174 percent over the past 50 years—an annualized return of 6.4 percent, or 9.9 percent with dividends reinvested.[11] Progress is rarely linear—but it continues! Continue looking forward.

1. https://www.worldbank.org/en/publication/poverty-prosperity-and-planet; "Factfulness," H. Rosling, Flatiron Books, April 2018; 2. https://www.statista.com/statistics/1041135/life-expectancy-canada-all-time/; 3. https://www150.statcan.gc.ca/n1/pub/11-402-x/2007/40000/ceb40000_001-eng.htm; (2023) https://www.statista.com/topics/840/smartphones/; 4. https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1310014101; 5. https://www.bls.gov/charts/american-time-use/activity-by-hldh.htm; 6. https://www.fraserinstitute.org/sites/default/files/canadian-consumer-tax-index-2024.pdf; 7. https://money.com/wealthiest-generation-baby-boomers/; https://macleans.ca/society/the-jackpot-generation/; 8. https://financialpost.com/wealth/canadian-households-worth-more-million-2024; 9. https://www.weforum.org/stories/2022/09/reading-writing-global-literacy-rate-changed/; https://gpseducation.oecd.org/CountryProfile?primaryCountry=CAN&treshold=10&topic=EO; 10. $6,400 in 2012 dollars. https://www.cnn.com/travel/article/golden-age-of-air-travel-downsides/index.html; 11. S&P/TSX Composite 3/31/1975 to 4/8/2025.

HARBOURFRONT
WEALTH MANAGEMENT

GILMAN | DETERS
PRIVATE WEALTH

With the Compliments of...

Nicole M. Deters
Senior Investment Advisor
ndeters@harbourfrontwealth.com

Gilman Deters Private Wealth
Harbourfront Wealth Management
100 – 1978 Cliffe Avenue
Courtenay, BC V9N 2L1
Phone: 250.338.0726
Toll Free: 1.877.338.6066

reception@nicoledeterswealth.com
gilmandetersprivatewealth.com
Nicole M. Deters
Gilman Deters Private Wealth