

**HARBOURFRONT**  
WEALTH MANAGEMENT

**GILMAN | DETERS**  
PRIVATE WEALTH

# DARING to DISRUPT

Bespoke advice that transcends the mainstream approach to wealth management

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

WINTER 2026



**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**  
Administrative Associate


**Melanie Oldale**  
Receptionist

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

 [reception@nicoledeterswealth.com](mailto:reception@nicoledeterswealth.com)

 [gilmandetersprivatewealth.com](http://gilmandetersprivatewealth.com)

 Nicole M. Deters

 Gilman Deters Private Wealth

## Looking Back; Looking Forward

For Canadian baseball fans, the autumn offered both unity and nostalgia. Three decades after Joe Carter's iconic home run, many hoped for a repeat of that 1993 magic, but we'll have to wait a little longer. Still, it's worth reflecting on how much the world has changed since then. In some ways, it's a "Back to the Future" moment: what if we could travel back 30 years and shape what was to come?

For many, it's hard to imagine life without a smartphone or internet access. Yet in 1993, the digital age was just beginning. The "World Wide Web" was unknown to most, with only 3 percent of the population ever online. Devices like the PalmPilot and software such as Windows 95 (without an internet browser!) were years away from release.<sup>1</sup> Just months later, in 1994, a young entrepreneur, Jeff Bezos, left his stable job to start Cadabra, an online bookstore run from his garage—a venture that would eventually become Amazon. Could anyone have imagined its trajectory then? In hindsight, it may seem obvious. At the time? Not at all.

The economic backdrop of that era carries echoes of today. In 1993, U.S. economic growth was steady and inflation relatively contained. Canada, however, faced steeper challenges: unemployment rose above 10 percent, and the Bank of Canada cut rates to stimulate activity. *The Wall Street Journal* derisively called our dollar the "northern peso," and branded Canada an "honorary member of the Third World."<sup>2</sup>

Fast-forward to today, and despite another strong year for equity markets in 2025, familiar challenges persist: lagging productivity, ongoing trade tensions and sluggish growth. While markets have advanced—in part, driven by a bifurcated "K-shaped" economy in which higher-income households supported overall activity—questions remain about what lies ahead. Yet history reminds us that progress is rarely linear. Markets and economies move in cycles, shaped by volatility and surprises; meaningful progress is often measured over decades, not years.

History also shows how unexpected shifts can be transformational. Canada's remarkable fiscal turnaround that began in 1995 bears repeating: Under Prime Minister Jean Chrétien, debt shrank from 68 percent of GDP in 1995/96 to 29 percent by 2008/09, with 11 straight years of budget surpluses. Our fiscal standing in the G7 climbed from second worst to first, ushering in what was known as a "payoff decade" of investment, job creation and growth.<sup>2</sup>

Notably, after Carter's home run in 1993, the S&P/TSX Composite Index opened at 4,155.7—a time marked by considerable economic uncertainty. In 2025, it surpassed 30,000. While few would have had the foresight to join Bezos in his garage, an investor who placed \$200,000 in the market back then would see it grow to over \$1.4 million today, without reinvested dividends. It's a reminder that broad opportunities often exist alongside bold ideas.

Indeed, we don't need a time machine to make sound choices. As in the past, future success is likely to favour those who recognize the opportunities, stay disciplined and continue to participate. While no one can predict what the next 30 years will bring, the only way to miss out on the progress is to stay on the sidelines. Here's to a new year ahead filled with resilience, participation, prosperity—and the next 33 years to come!

1. <https://fastcompany.com/3053055/1995-the-year-everything-changed>; 2. <https://financialpost.com/uncategorized/lessons-from-canadas-basket-case-moment>

## You Asked: Questions About Lesser-Known RRSP Opportunities

Overall Registered Retirement Savings Plan (RRSP) participation has fallen since the start of the millennium, from 29.1 percent of taxpayers to 21.7 percent in 2022. The good news? Higher-income earners remain engaged: In 2023, 66 percent of taxpayers earning \$200,000 to \$500,000 contributed, often fully maximizing contribution room.

Many people understand the basics of RRSPs, but here are three questions that highlight some lesser-known RRSP opportunities:

### 1. Can I hold the RRSP and the RRIF at the same time?

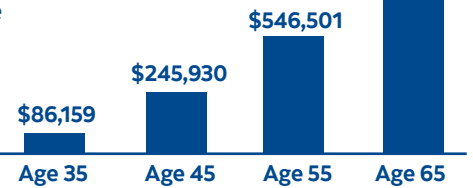
Yes. Investors typically convert funds to a Registered Retirement Income Fund (RRIF) on a tax-deferred basis once the RRSP needs to be wound down at age 71. However, there may be situations in which holding both makes sense. For example, if you want to generate pension income to take advantage of the federal pension income tax credit, you might open a small RRIF at age 65, while continuing to hold your RRSP until the end of the year in which you turn 71 to capture ongoing tax deductions.

### 2. What is the “forgotten” RRSP contribution at age 71?

In the year you turn 71, you must collapse your RRSP by December 31, after which no further contributions are allowed. Since contribution room is based on the previous year’s earned income, working during the year may create additional room. Contributions made before year-end will create a temporary overcontribution, which may be offset by potential tax savings. For example, a \$20,000 overcontribution made in December will incur a 1 percent per month penalty, or \$200, but in January, it is no longer considered an overcontribution. At a 40 percent marginal tax rate, it could potentially

### RRSP Perspectives to Share With Younger Folks: Can You Retire With More Than \$1 Million in the RRSP?

**Consider the benefits of starting early:** At age 25, Chris begins annual RRSP contributions of \$5,000.\* Here’s how Chris’ RRSP grows at a 5.5 percent annual rate of return.



\*Assumes RRSP contributions increase by 2.5% annually, in line with average inflation.

provide \$8,000 in tax savings. **Don't forget:** A lifetime \$2,000 overcontribution is permitted without penalty.

### 3. I plan to work past age 71. Should I consider a spousal RRSP?

If you have a spouse/common-law partner, a spousal RRSP allows you to contribute on behalf of your spouse while receiving a tax deduction based on your own RRSP limit. The spouse is the annuitant, so withdrawals are taxed as their income. This provides income-splitting opportunities if your spouse is in a lower tax bracket. If your spouse is younger and you work past 71, you can contribute until the end of the year they turn 71, allowing you to continue receiving tax deductions.

### 2026 Reminders: Tax-Advantaged Accounts

**RRSP Deadline** — The deadline for RRSP contributions for the 2025 tax year is Monday, March 2, 2026.

**2026 TFSA Dollar Limit** — \$7,000, making the eligible lifetime contribution room \$109,000.

## Wealth Perspectives: Canadians Have Never Been Wealthier

Recent statistics show that Canadians are wealthier than ever, with average household net worth reaching \$1.047 million in Q2 2025. Since 2019, average household net worth has grown by over 30 percent, with Millennials (\$634,435) and Gen X (\$1.33 million) seeing increases of over 10 percent since the start of 2024.<sup>1</sup>

Despite this, many of us don't feel wealthy. Wealth can be a slippery benchmark—it often feels like it's never quite enough. Rising living costs strain many, while constant connectivity makes some feel like they're falling behind the Joneses. Yet, it's worth remembering: being a millionaire puts you in the top 1.6 percent of global wealth holders.<sup>2</sup>

With that in mind, here are some perspectives on wealth creation:

**Building wealth has less to do with income and more to do with savings.** Wealth is simply the accumulated difference between what you earn and what you spend. You don't need a high income to build wealth, but without a high savings rate, your chances are slim.

**Wealth is relative to your needs.** People require vastly different amounts to get by each month. A dollar saved means something very different depending on one's location, lifestyle and priorities.

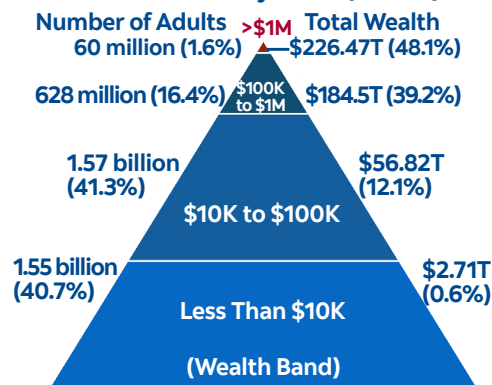
**Time is a great ally.** Starting early can make a meaningful difference. Consider two investors earning an annual return of five percent. A 25-year-old who invests \$500 per month for 20 years (\$120,000 total) and then stops contributions could see their savings grow to roughly

\$550,000 by age 65. A 45-year-old would need to invest \$1,350 per month—\$324,000 total, or 2.7 times more—to achieve a similar outcome by 65.

One of the lessons we've learned from our time in the industry is that the principles of successful wealth creation are timeless. Wealth comes from choices, not chances: choosing to save



### The Global Wealth Pyramid (in USD)<sup>2</sup>



wisely and pay yourself first, living within your means and having a plan focused on quality, diversification and discipline—with the patience to let it work for you over the long run.

1. <https://www150.statcan.gc.ca/t1/tbl1/en/tvaction?pid=3610066001>; 2. In USD. <https://www.ubs.com/global/en/wealthmanagement/insights/global-wealth-report.html>

# Financial Resolutions: Safeguard Your Estate Planning Documents

As a new year begins, many focus on financial resolutions like saving more or reducing debt. This year, why not consider making estate planning a priority, starting by safeguarding your estate planning documents?

A recent *Globe & Mail* article highlighted an often-overlooked estate planning risk: the lost will. In *Finsant Estate (2024)*,<sup>1</sup> a will prepared in 2001 named the deceased's grand-niece as the sole beneficiary. When it could not be located, the beneficiary sought court enforcement, while the estate's administrator claimed the deceased had died without a will.

In most provinces, the original will is required to administer an estate; copies, even if notarized, are usually insufficient. If a will is known to exist but is lost, "clear and convincing evidence" is required to validate it. Otherwise, it may be presumed deliberately destroyed. In this case, the court declared the estate "intestate," meaning it was treated as if no will existed, and assets were distributed according to provincial law. This underscores the importance of safely storing estate planning documents—and ensuring trusted individuals know where to find them. A will only serves its purpose if it can be located after death.

## How Documents Get Lost

Years can pass between drafting a will and needing it. Home moves, relocation to another province/country or changes in legal counsel can result in misplacement or accidental destruction.

## Pitfalls With Common Storage Locations

Here are common storage locations, each with its own considerations:

**Lawyer's Office** — Professional file retention generally ensures

safekeeping, but access may be complicated if the lawyer retires or changes practice.

**Safety Deposit Box** — While secure and protected against loss or damage, access often requires probate, which in turn typically requires the original will—creating a potential catch-22.

**Home Safe** — Convenient access for an executor, but vulnerable to fire, flood, theft or misplacement during moves.

## Why the Power of Attorney Deserves Special Attention

A power of attorney (POA)\* takes effect while you are alive, often in an emergency. Timely access is often critical—delays can cause confusion, legal hurdles or unnecessary expenses. Because POAs can grant authority over finances, healthcare or other personal matters, consider whether your attorney(s) can quickly locate them during a sudden illness, hospitalization or while you are abroad. If access is limited to a home safe or a lawyer's office, establish contingencies.

## For 2026: Resolve to Regularly Review & Communicate

Regularly reviewing estate plans is important, but equally critical is communicating where they are stored. Taking steps today to organize documents can prevent complications when they are needed most.

1. <https://www.theglobeandmail.com/investing/personal-finance/taxes/article-will-testament-inheritance-family-estate-planning/>; \*Generally, there are two types: for property and personal care (the names/terms vary by province/territory, such as mandate, personal directive or living will for POA for personal care).



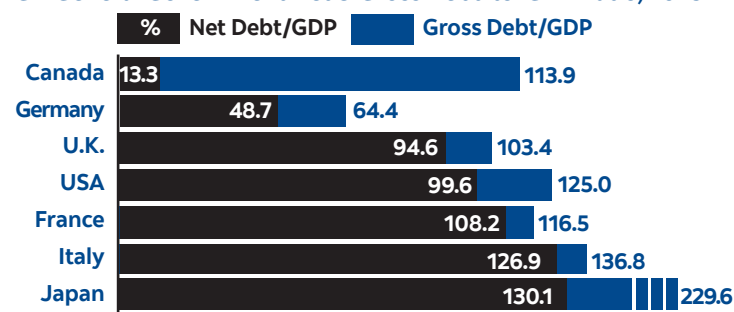
# In Brief: Highlights From the 2025 Federal Budget

Delivered in November instead of the spring, this year's federal budget, described as "generational," projects a \$78.3 billion deficit in 2025-26, falling to \$57.9 billion by 2028-29, and adding \$322 billion of debt over the period. The increase comes from \$450 billion in new spending, directed toward infrastructure, competitiveness and defense. Public debt charges are expected to rise by \$22.7 billion. By 2030, Canada will spend an estimated \$1.46 billion per week on interest payments.<sup>1</sup>

No changes were made to federal personal or corporate tax rates. The budget confirms the middle-class tax cut, reducing the lowest personal income tax rate from 15 percent to 14.5 percent in 2025, and 14 percent thereafter. Here are notable proposed personal income tax measures:

- **Top-Up Tax Credit.** This effectively maintains the 15 percent rate for non-refundable tax credits claimed on amounts in excess of the first tax bracket threshold to prevent taxpayers from facing higher tax liability under the lower bracket rate for 2025 to 2030 tax years.
- **Personal Support Worker (PSW) Tax Credit.** Introduces a temporary five-year refundable tax credit for eligible PSWs working in approved facilities equal to 5 percent of eligible earnings, up to \$1,100 annually (excluding workers in BC, NWT, NFLD due to existing agreements).
- **Trusts & 21-Year Rule.** Broadens anti-avoidance provisions for certain transactions involving trusts that aim to sidestep the 21-year deemed disposition rules.
- **Bare Trust Reporting Deferral.** Defers bare trust reporting requirements to taxation years ending after December 30, 2026.
- **Canadian Entrepreneurs' Incentive: Cancelled.** Confirms that this

## G7: General Government Net & Gross Debt-to-GDP Ratio, 2025



The budget highlighted Canada as having the lowest net-debt-to-GDP ratio in the G7. Gross debt tells a different story. Net debt subtracts government assets like cash reserves, foreign exchange funds and the Canada/Quebec Pension Plans, with assets over \$700 billion, though assets belong to contributors, not the government.

- incentive, announced as part of Budget 2024, will not proceed.
- **Luxury Tax Changes.** Eliminates the luxury tax on aircraft and boats after November 4, 2025, but retains the tax on automobiles.
- **Underused Housing Tax: Repealed.** Effective calendar year 2025.
- **Registered Plans: Small Business Investments.** Starting in 2027, extends certain investments in specified small businesses to RDSPs; investments in shares of eligible corporations and interests in small business investment limited partnerships/investment trusts will no longer be qualified investments for registered plans.

For more information, please see: <https://budget.canada.ca/>

1. <https://financialpost.com/news/good-bad-and-ugly-canada-budget-2025>  
Please note: At the time of writing, these measures have not been enacted into law.



# The K-Shaped Economy: Where Are Markets Headed in 2026?

Welcome to the K-shaped economy, defined by a bifurcation in economic sentiment and outcomes. The letter “K” captures the divergence: the upward-sloping arm represents higher-income households, supported by rising income and wealth, while the downward-sloping arm reflects low- and middle-income households facing stagnant wages, rising living costs and heavy debt burdens. In this two-speed economy, consumer segments and the businesses (or business lines) serving them are growing at different rates.

In the U.S., where consumer spending makes up over two-thirds of GDP, this bifurcation has implications. Higher-income households now drive much of the activity: in Q2 2025, the top 10 percent accounted for nearly half of all consumer spending. Economic resilience has grown more concentrated among the wealthy, who have benefited most from asset price gains. As a result, softer labour-market data in 2025 drew less concern, as the weakness was felt mainly by lower-income households, who had a limited impact on aggregate consumption.

Canada's picture is more nuanced. Household spending remained resilient in 2025 but was challenged by heightened trade uncertainty, slower population growth and a cooling labour market. While U.S. tariffs have weighed on exports and jobs in affected industries, substantial new spending announced in the Federal Budget is expected to offset some of these pressures.

## What Lies Ahead for Economies and the Markets?

Looking to 2026, questions remain about the trajectory of economies and markets. In 2025, artificial intelligence (AI) was a key catalyst for market optimism. Debate persists around whether massive capital investments will deliver meaningful productivity gains, though some suggest expectations are already partly reflected in equity valuations. If consumer spending endures and investments begin to show real returns, markets are likely to continue discounting labour-market weakness, looking past the lower arm of the K.

At the same time, monetary stimulus from interest rate cuts in both Canada and the U.S., combined with tariff renegotiations and potential U.S. tax refunds, could help stabilize labour markets and support more exposed sectors. However, some argue that this same stimulus has further widened wealth inequality.

As equity markets reached new highs in 2025, many investors have asked: Are stock prices running ahead of fundamentals, or is there still room to grow?

Market performance is influenced by many forces—government policies, geopolitical events, economic growth, inflation, interest rates and even the headlines. But over the long run, corporate earnings remain a significant driver. Here, the story has been strong. U.S.

corporate margins have risen, with the average S&P 500 net income margin now above 10 percent this decade, roughly double that of the 1990s. Canada has followed a similar trajectory, though aggregate corporate profits have been more sensitive to commodity prices.

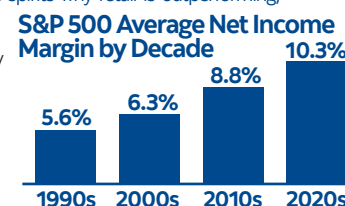
Several tailwinds suggest that growth can continue: technological innovation, productivity improvements and resilient consumer demand all support sustained profitability. Still, history offers caution. In the 1970s, despite a decade of solid earnings growth (9.9%, chart), persistently high inflation and global energy shocks kept equity markets subdued. Even so, today's strength in earnings remains a key foundation of market performance that shouldn't be overlooked.

As an advisor, I continue to navigate the evolving landscape. The K-shaped economy reinforces the value of time-tested principles—diversification, a focus on quality and disciplined risk management—as key to successful long-term wealth management in an increasingly uneven economic environment.

## S&P 500: Key Drivers of Stock Market Performance

Decade	Dividends	Earnings Growth	P/E Change	Annual Returns
1970s	3.5%	9.9%	-7.5%	5.9%
1980s	5.2%	4.4%	7.7%	17.3%
1990s	3.2%	7.4%	7.2%	17.8%
2000s	1.2%	0.8%	-3.2%	-1.2%
2010s	2.0%	10.6%	1.0%	13.6%
2020s	1.5%	9.0%	3.9%	14.4%

Legendary investor John Bogle once suggested the key drivers of equity returns are dividend yield, earnings growth and speculative return or changes in valuations (the price/earnings (P/E) change). Source: “Don't Count on It,” J. Bogle; <https://awealthofcommonsense.com/2025/10/animal-spirits-why-retail-is-outperforming/>



Source: <https://awealthofcommonsense.com/2025/09/why-is-the-stock-market-up-so-much-in-the-2020s/>



GILMAN | DETERS  
PRIVATE WEALTH

With the Compliments of...

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

**Gilman Deters Private Wealth**  
**Harbourfront Wealth Management**  
**Courtenay Office**  
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

Please note that comments included in this publication are not intended to be a definitive analysis of tax law. The comments contained herein are general in nature and professional advice regarding an individual's particular tax position should be obtained in respect of any person's specific circumstances. This newsletter has been prepared in collaboration with J. Hirasawa & Associates and may not reflect the views of Harbourfront Wealth Management. This information transmitted is intended to provide general guidance on matters of interest for the personal use of the reader who accepts full responsibility for its use and is not to be considered a definitive analysis of the law and factual situation of any particular individual or entity. As such, it should not be used as a substitute for consultation with a professional accounting, tax, legal or other professional advisor. Laws and regulations are continually changing, and their application and impact can vary widely based on the specific facts involved and will vary based on the particular situation of an individual or entity. Prior to making any decision or taking any action, you should consult with a professional advisor. The information is provided with the understanding that Harbourfront Wealth Management is not herein engaged in rendering legal, accounting, tax or other professional advice. While we have made every attempt to ensure the information contained in this document is reliable, Harbourfront Wealth Management is not responsible for any errors or omissions, or for the results obtained from the use of this information. All information is provided "as is," with no guarantee of completeness, accuracy, timeliness or as to the outcome to be obtained from the use of this information, and is without warranty of any kind, express or implied. The opinions expressed herein do not necessarily reflect those of Harbourfront Wealth Management Inc. The particulars contained herein were obtained from sources we believe to be reliable but are not guaranteed by us and may be incomplete. The opinions expressed are not to be construed as a solicitation or offer to buy or sell any securities mentioned herein. Harbourfront or any of its connected or related parties may act as financial advisor or fiscal agent for certain companies mentioned herein and may receive remuneration for its services. Harbourfront Wealth Management Inc. ("Harbourfront") has relationships with related and/or connected issuers, which may include the securities or funds discussed in this commentary and are disclosed in our Statement of Policies Regarding Related and Connected Issuers. This policy is included in your new client package, on our website, or can be obtained from your investment advisor on request.