

FROM GORD'S DESK

WHEN HEADLINES WORRY YOU: Focus on core values and investment principles.

As your trusted advisors, one of the most important roles we have is to guide you through the daily noise of overwhelming news headlines and expert commentaries. The financial media is full of “experts” offering advice on current market and economic events.

“What if the U.S. defaults on its debt?”

“How will high inflation impact my investments?”

“Shouldn't we be getting out of the stock market?”

“Which sectors/stocks will over/underperform this quarter?”

It goes on and on...some of these messages can make us anxious about our future, while others promise a quick and easy path to wealth. It is enough to test one's investment discipline. When this happens, it is important to focus on two very important things: core beliefs and investment principles.

CORE VALUES

When you next visit our offices, you will see some wonderful new artwork and a plaque proudly displaying our Core Values. With the recent expansion of our team, we believe it is more important than ever to reaffirm and update our Core Values. Over the past 12 months, we worked together as a team, and with the assistance of a great Business Coach to develop and articulate our core beliefs. They are our fundamental beliefs and highest priorities that guide us in all our actions and decisions. It is our pleasure to share them with you.

INVESTMENT PRINCIPLES

I would like to focus on one core value when looking at our investment principles.

We are Straightforward

We protect, guide, and inspire clients with language that they can understand.

This comes down to a few very important facts:

- We are long-term, goal-focused, plan-driven investors who own diversified portfolios. We do not react to current events, no matter how distressing they may be.
- Your portfolio is built on your goals and objectives not by speculating on the market or the economy.
- We believe our clients are knowledgeable. (Yes, we do administer massive booster shots of our belief system no fewer than three times a year: in our newsletters and annual meetings.)
- We understand that uncertainty is unavoidable but for the best shot at the benefits the market can offer, we will stay the course, and remain invested in our core strategies.
- We have earned your trust.

We welcome all questions and will address any client's concerns in a straightforward manner. The interesting thing is we really don't get that many. Those booster shots must be working!

One question that I have surprisingly not heard yet is “Can artificial intelligence (AI) help pick stocks?” From Siri and Alexa to ChatGPT, AI is also making noise in the headlines as of late. So, I am going to be pre-emptive and answer this question before it's asked.

[Please read this excellent article excerpt from the Financial Times titled Why the Wisdom of the Market Crowd Beats AI. By David Booth, Chairman and Founder of DFA.](#)

Ley Hall Wealth Management Core Values

At Ley Hall Wealth Management we have 4 distinct Core Values that guide us in creating, executing and managing wealth solutions that fit our client's life for life.

We are Responsive

We come to each conversation and relationship with an open mind rather than the right answer. By listening we understand the needs and objectives of our clients, their families and our team.

We Do the Right Thing

We act in a way that is ethical and legal and put the needs of our clients, their families, the team and our community above our individual needs. We also create opportunities for our team to contribute both to our client's success and to their own.

We are Straightforward

We protect, guide and inspire clients with language that they can understand.

We are Forward Thinking

We bring genius as we base our investment and wealth planning advice both on an evidence and science-based methodology by partnering with experts in all of those fields.

2023 CHARITABLE GIVING FOCUS

You may recall that at this time last year, I started my epic ride/race from Banff, Alberta to New Mexico, USA, and the Mexican Border. Our team made the great decision to make my bucket list event into a fundraiser that supported charities chosen by our clients. Your response was tremendous! We matched the donations of 21 charities based on the daily distance and meters I climbed over the 21 days on the bike. In the end, donations exceeded \$8,000. Thank you.

The team agreed this philanthropic exercise allowed us to further connect with our clients and in that spirit are hoping to do something similar this year.

This year the Ley Hall Wealth Management Team has chosen to address the very important issue of homelessness/affordable housing and the environment. We are proud to share that we have chosen to support Habitat for Humanity. The 'Building Hope for Families' Campaign is in the process of raising \$400,000 to build 7 Units in Baltimore at Hwy 45 and Community Centre Rd. There will be a townhouse configuration with (4) 2-bedroom units and (3) 3-bedroom units. This project will be the first 'Net Zero' build for Habitat; meaning each home will produce as much energy as it consumes.

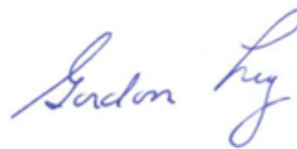
How can clients support?

Ley Hall Wealth Management has donated to the campaign and in return for our financial support, we have been invited to participate in a 'build' day. Donating through sweat equity is a unique component

of Habitat for Humanity and we would like to invite all our clients to don hardhats and join us for these scheduled events in the coming months. Volunteer assistance means that we can help reduce build time as well as costs. We are planning on scheduling three build-day times over the next nine months. This is an opportunity for our Team, and Clients, to come together and have fun while helping to change the lives of seven hard-working and deserving families in our community.

Stay tuned for specific dates. We are hoping to be able to participate in raising the walls and finishing the interior. Also in the works is a 'Women's Day Build.' Please reach out to anyone on the team should you have any questions and/or wish to put your name on our list.

P.S. If you think you're too old for this sort of thing, the idea came from a 90-year-old client who expressed interest in the build day and was an early supporter of this project.





FROM JEREMY'S DESK

Estate Planning Considerations and the Role of the Executor

We work with clients on their estate plans throughout the course of their lives and often work in partnership with their executors. I sometimes hear stories from families and individuals on the wide range of outcomes from estate settlement and they are remarkable. I often wonder if something could have been done ahead of time to mitigate the stress and the many issues that arise. I can clearly remember one experience whereby a client's wealth was entirely tied up in registered accounts such as RRIFs and LIFs. These accounts had named beneficiaries, so they bypassed the estate, but the executor had a real challenge at hand in settling the tax bill with the Canada Revenue Agency (CRA). The lessons I've learned during my career are to create a will with the assistance of a lawyer, engage in financial planning, and review your plans on a regular basis.

So, what happens when a Canadian resident dies?

In Canada, unlike the United States, the estate tax is not imposed when a Canadian resident dies. Instead, a Canadian resident is deemed to dispose of other assets at fair market value prior to death. This may result in tax liabilities on the deceased terminal tax return.

Certain assets that may be deemed to have been disposed of or otherwise included as income on death include the following:

- Registered accounts such as RRSPs, RRIF's, LIRA, LIFs and LRIF's
- Non-registered investment accounts
- Real estate including principal residence rental property vacation property and farm property
- Shares of public and private corporations
- Personal use property which includes listed personal property

As an executor, you may be responsible for the tax filings of the deceased, which may come in the form of a terminal return (final), a rights and things return, and the final estate tax return. When acting as an executor, it is important to obtain the clearance certificate from CRA, prior to asset dispersion. The clearance certificate permits the executor to distribute the assets of the estate to the beneficiaries with the risk of being personally liable for any unpaid amounts.

There are however several initiatives to consider ahead of time which can either save taxes and/or reduce liabilities.

1. **Consider making an RRSP contribution.** When an individual dies they may have unused RRSP contribution room at the time of death. Contributions to a deceased individual's RRSP account are not permitted however contributions to the deceased spouse/common-law partners' RRSP are allowed. The contribution can be made by the deceased executor in the year of death or within the first 60 days after the year of death.

2. **Donations.** When an individual provides a charitable gift in the will, their estate is entitled to a donation tax credit. If the estate qualifies, the donation tax credit may be used to reduce or completely offset the tax liability from the deemed disposition of capital property. In the year prior to death, a charitable tax credit can be claimed for donations up to 100% of the taxpayer's net income.

3. **Be aware that RRSP beneficiaries can face tax liability.** Upon death, the fair market value of an RRSP or RRIF is included in the deceased estate as taxable income, unless a qualified rollover to surviving spouse/partner or to a financially dependent infirmed child or grandchild is available. The liability to pay the taxes generally falls on the deceased's estate or legal representative. Many people don't realize, however, that the CRA can go after the beneficiary named on the RRSP or RRIF. Nothing in the income tax act requires the CRA to go after the deceased estate first for the tax. While the CRA has a practice of only going after the beneficiary if the estate is insolvent, it has no legal requirement to do that. RRSP/RRIF beneficiaries should get professional tax advice before making a payment to the executor of an estate.

[A CIBC poll](#) showed that one in ten respondents did not have a will because they thought it would be too costly. Many people attempt "do-it-yourself" estate planning for this same reason. Family, succession, and income tax laws are very complex and vary from province to province. To make matters more complicated, the laws frequently change. Failing to understand and plan for applicable laws can have unintended consequences. You should always obtain legal, tax and financial advice when preparing your estate plan and documents. The cost of getting proper advice for your estate plan is most likely less than the cost of unnecessary taxes or fees if you make mistakes.

We are here to help and guide you through any estate planning needs.



Rebound Child & Youth Services Northumberland:

Thank You Ley Hall Wealth Management for your generosity!

This is Ley Hall Wealth Management's second year in a row donating the proceeds from Miracle Day to Rebound Child and Youth Services Northumberland. We are proud to have gifted almost \$5000 over the last two years and even prouder to have this opportunity to give back to the community. CIBC Miracle Day™ is a proud tradition that has helped to improve the lives of millions of children since it began in 1984. Every year, on the first Wednesday in December, our CIBC Capital Markets team and CIBC Wood Gundy Investment Advisors donate their fees and commissions to help kids in need. Since we joined CIBC, our team has donated over \$250,000 to local charities for children and since its inception, CIBC Miracle Day has raised over \$266 million for children's charities globally.

FROM THE ADMINISTRATIVE TEAMS DESK:



REMINDER: Annual Administration Fee

The Registered Account Annual Administration Fee, covering the period from September 1, 2022, to August 31, 2023, will be processed on **Friday, September 8th, 2023**, and will be reflected in your account on Monday, September 11th, 2023.

If you would like to pay this fee from your bank account, please contact our office at (905) 372-5330 or 1-877-217-9323 and Lynn, Jaclyn, or Ashley will be happy to assist.

RESP Withdrawal Reminders!

High school graduation day has come and gone, and your son or daughter or grandchildren are taking the next step in their educational pursuits by starting college or university. When you're ready to begin making withdrawals from your RESP, there are a couple of requirements that we can help guide you with.

Below are a few requirements and regulations for RESP withdrawals:

- The beneficiary (your child or grandchild) must be enrolled either **full-time or part-time** at a Canadian or foreign post-secondary institution (this includes online courses).
- The beneficiary may withdraw up to **\$5,000**, for the first **13 consecutive weeks** of full-time studies (\$2,500 for part-time studies).
- After the 13-week wait period, grant and income portion of the plan of \$24,676 or less may be withdrawn without receipts or approval from CRA.
- A RESP withdrawal form prepared by our office must be signed by the subscriber (parent or grandparent) and beneficiary (child).
- The application for RESP withdrawals must also provide a **proof of enrolment letter** from the college/university that includes the school letterhead, student name and whether they are in full-time or part-time studies. This letter has to be dated within a 6-month period in order for it to be accepted.

Please feel free to reach out to our office if this is your first time withdrawing from your RESP and let us know if you have any questions. Our main office line is **(905) 372-5330**.

REMINDER: Office Hours for the Summer



As summer arrives, please remember there may be times that we will be short staffed, and things may take a little bit longer than our normal turn-around time.

Please note that **the office will close at 4 o'clock on Fridays** but as always, we will make ourselves available to meet your needs.



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Gordon Ley and Jeremy Hall are Investment Advisor with CIBC Wood Gundy in Cobourg, Ontario. Their clients may own securities mentioned in this column. The views of Gordon Ley and Jeremy Hall do not necessarily reflect those of CIBC World Markets Inc.

Clients are advised to seek advice regarding their particular circumstances from their personal tax and legal advisors.

If you are currently a CIBC Wood Gundy client, please contact your Investment Advisor.

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