THE GREEN REPORT

SPRING/SUMMER 2023

GREEN PRIVATE WEALTH

HARBOURFRONT WEALTH MANAGEMENT

A semi-annual publication for our clientele that provides the latest information relating to Green Private Wealth, our community and today's markets and trends.

Bring on Spring!

Share the Green Matching Campaign supports Mothers With a Heart for Ethiopia

Share the Green

Christmas Donations to Those in Need

A big thank you to our clients! During our annual Christmas Share the Green initiative, we asked for your input on the charity you would most like to make the donation to. ...continued on page 3.

Inside this Issue

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The Market
Paul's Perspective

Ups and downs, the yoyo continues …
In 2022, after a very difficult year of investing, stock markets were moving upward near the end until December finished poorly. The so called "Santa Claus rally" didn't appear and stocks and bonds had a miserable year in 2022. One of the main reasons for the poor year was the action of the Central Banks increasing interest rates and tightening money conditions. More recently, the February 1st meeting and subsequent press conference of the US Central Bank (Fed) can be captured in these key quotes:

"We have taken forceful actions over past year."

"We have covered a lot of ground, full effects yet to be felt."

"We have more work to do."

"We continue to anticipate ongoing increases will be appropriate to get to sufficiently restrictive stance."

"We will likely have to maintain restrictive stance for some time."

"Economy slowed significantly last year."

"Consumer spending appears to be subdued."

"Housing activity continues to weaken."

Clearly, the Fed is signaling continued restrictive monetary policy. But, the stock markets have been climbing over the past four weeks. What are investors to do in this up and down market? Most importantly, what are we doing at Green Private Wealth with our clients' investment portfolios?

Two rules in investing …
Rule number one: don't lose money. Rule number two: don't forget rule number one. Warren Buffet knows a few things about investing and his famous rules still ring true today. We are trying our best to limit the risk or downside to your portfolios when the markets are more volatile than normal. We are currently experiencing quite a bit of volatility both downward and upward and this makes for a difficult investing

climate. Obviously, we want to make our clients money but we are very mindful of the downside risk. There are many fundamental and technical factors we look at on a daily basis to get a feel for the direction of the stock market. This allows us to manage risk much better than buying stocks and holding them through all types of market conditions.

The chart below is one of the technical tools we use. We are focused on the buyers and sellers in the broad stock market and looking to find the trend of growth (buyers) or decline (sellers). Recently, we have seen a positive signal, with the

market breaking through a trend line, which has moved us back into the stock market. We are not invested in the risky/aggressive areas but have exposure to stocks. What we will be paying attention to is if this trend reverses and falls back under the trend line. This will help us move back into safe cash-like investments to protect your portfolios.

Next steps …

Over the past year, we have been moving in and out of the stock market (with a portion of your portfolio) trying to capture returns when stocks are moving up. This is happening currently and we will be looking to take profit from the gains and move back to safe investments. We are not looking to be greedy by trying to capture larger gains in this difficult market. We are happy to make some money while the Central Banks are in tightening mode. As the saying goes, don't fight the Fed!

Congratulations David!

David Harris Ranked as a Top 50 Advisor

"I am honored to be recognized by Wealth Professional Magazine Canada as one of Canada's top 50 wealth advisors. Our focus is to make a meaningful impact in the lives of our clients. We do this by first understanding their goals and needs and second, by providing the right financial solutions coupled with ongoing advice."

Share the Green

Christmas Donations to Those in Need

…continued from page 1

From our Woodstock office, donations were made to: #1 Operation Sharing; #2 Salvation Army; and #3 The United Way. From our Burlington office, donations were made to: #1 Food for Life; #2 Lady Bird Animal Sanctuary; and #3 Halton Women's Place (shelter).

Photo page 1: Woodstock Office - Shawn Shapton, executive director of Operation Sharing receiving a cheque from Brad Winlaw.

Photo left: Burlington Office - Laura at Food for Life receiving a cheque from Kris Dureau.

Tax Season is Here

Filing Date: End of April.

T3 Slips: T3 slips can come as late as mid-April and you do not want to file your return without all slips being reported. Please be mindful that if the T3 is mailed on March 31st, it will only get to you in the first two weeks of April.

Tax Slip Mailing Deadlines:

Registered Accounts: T4RSP, T4RIF and RRSP contribution slips have a mailing deadline of March 1st.

Non-Registered Accounts: T5, Investment Income Summary, and T5008 have a mailing deadline of March 1st. T3 and T5013 slips have a mailing deadline of March 31st.

Are GICs for You? Let's Dig In.

David Harris

CFP®, CIM® | Portfolio Manager, Director Private Client Group

Interest rates and GICs

The rate hikes undertaken by the Bank of Canada last year increased the bank rate from 0.25% in early 2022 to 4.50% with the last increase in January 2023. They have signaled for a pause in rate increases while they assess the impact on the economy, inflation and the job market. The main goal of these rate hikes is to reduce inflation in the economy. The easy monetary policy of the past few years coupled with the war in Ukraine, has pushed the cost of everything from food to building materials higher. Raising interest rates is the main tool that Central Banks have for cooling inflation.

Stocks Do Well After They Go Into A Bear Market

S&P 500 Index Performance After Going Into A Bear Market (1950 - Current)

Date Bear Market Starts	Trading Days To Enter Bear Market	S&P 500 Index Returns: 3 Months	6 Months	12 Months
10/21/1957	305	5.2%	9.3%	31.0%
5/28/1962	115	7.3%	11.2%	26.1%
8/29/1966	139	7.9%	17.6%	24.6%
1/29/1970	288	-4.9%	-8.9%	10.7%
11/27/1973	221	0.7%	-9.2%	-28.1%
2/22/1982	310	3.0%	1.3%	32.1%
10/19/1987	38	10.9%	14.7%	22.9%
3/12/2001	242	6.3%	-7.4%	-1.2%
7/9/2008	188	-20.0%	-27.2%	-29.1%
3/12/2020	16	21.0%	34.6%	59.0%
Average		3.8%	3.6%	14.8%
Median		5.8%	5.3%	23.8%
Higher		8	6	7
Count		10	10	10
% Higher		80.0%	60.0%	70.0%

Source: LPL Research, FactSet 05/20/22

All indexes are unmanaged and cannot be invested into directly. Past performance is no guarantee of future

Performance back to 1950 incorporates the performance of predecessor index, the S&P 90.

Impact on borrowers

The impact of this rapid increase has had a major impact on borrowers. For example, a couple with a variable rate mortgage of around $700,000 has seen monthly payments surge by $2,000 per month in the past year. This type of increase will reduce discretionary income and possibly put some borrowers at risk of defaulting on their mortgages. While there are some alarming headlines out there, according to the CMHC and Equifax, the credit quality of borrowers has increased in the past four years and widespread defaults are not anticipated.

Impact on savers

With higher central bank rates come higher rates for GICs and savings accounts. Currently Ratehub.ca lists one-year GICs offering 5% or more while GICs for longer terms are at lower rates. Why is this? Well, it is widely expected that at some point the central banks will lower rates to stimulate the economy once inflation is under control. Banks are not willing to offer these high rates for long.

Should you consider a GIC?

It is tempting to look at these rates and consider investing in a GIC, particularly when recent stock and bond market returns have not been great. In fact, when you combine US. stock and bond market returns on an annual basis, 2022 was the worst year going back to 1929. There are a number of factors to consider, including if the investment is in a taxable account or not and what is the probability of the equity and bond markets repeating their poor performance this year? Looking at the chart below, you can see that overwhelmingly, markets tend to rebound strongly after a bear market. The rebound often begins before the economic conditions improve and the news makes you feel better about investing.

A 5% GIC might look attractive but that return could net you a after-tax return of 3% or less and if inflation is running at 3%, you get no real return on your money. Worse, your funds could be locked up when the equity markets rebound as they have within 12 months of almost every bear market.

Tax-Free First Home Savings Account

In the 2022 budget, the government introduced the Tax-Free First Home Savings Account (FHSA). This new registered plan will give first-time home buyers the ability to save $40,000 on a tax-free basis. Contributions are tax-deductible like a Registered Retirement Savings Plan (RRSP) and withdrawals to purchase a first home – including from investment income – would be non-taxable. The FHSA will give you an $8,000 annual contribution limit in addition to a $40,000 lifetime contribution limit. Unused contributions can be carried forward after the FHSA is opened. You will be eligible to contribute to a FHSA in 2023 and we expect it to be ready for clients of Green Private Wealth towards the end of 2023.

Tax Changes Canadians Need to Know in 2023

Gary Armstrong
CPA, CGA, CLU® | Strategic Tax Specialist

A new year always brings fresh perspectives and resolutions we like to implement for the coming year. For tax professionals, the new year brings about changes to tax laws and reporting that we convey to our clients for the upcoming tax year. As tax season is quickly approaching, we wanted to take this opportunity to highlight for you some of the many tax changes that may affect you and/or your business.

New in 2023

First Home Savings Accounts (FHSA): The new registered tax-free FHSA plan gives prospective first-time homebuyers the ability to save $40,000 on a tax-free basis towards the purchase of a first home in Canada. The contributions to an FHSA will be tax deductible, like a RRSP and the withdrawals will, like a TFSA, be non-taxable.

Multi-generational home renovation tax credit: This new credit, is equal to 15% of eligible expenses (up to $50,000) incurred for a qualifying renovation that creates a secondary dwelling to permit an eligible person (such as a senior or a person with a disability) to live with a relative.

Anti-flipping rules: New anti-flipping rules for residential real estate come into force and are designed to "reduce speculative demand in the marketplace and help to cool excessive price growth." The principal residence exemption will not be available on the sale of your home if you've owned it for less than 12 months (with certain exceptions) and the gain will be 100% taxable as business income.

Underused housing tax (UHT): The new UHT tax filing is an annual 1% tax on the ownership of vacant or underused housing in Canada. The tax usually applies to non-resident, non-Canadian owners. Most Canadian owners of a residential property are excluded and therefore have no tax liability or reporting obligations. These new rules impact private corporations, partnerships and trusts that own residential property. The annual UHR return must be filed by April 30th even if taxes are owed or not. There are significant penalties for failure to file. The minimum penalty for individuals is $5,000 and corporations $10,000.

Air quality improvement tax credit: If you were self-employed or a member of a partnership in 2022, you may be eligible to claim a refundable tax credit equal to 25% of your total ventilation expenses to improve ventilation or air quality at your place of business.

Tax benefits

Inflation adjustment factor: A lot of the income tax and benefit amounts are indexed to inflation. In late 2022, the announced increase to the inflation indexed rates would be 6.3% for 2023. These increases affect non-refundable tax credits and certain benefits, like HST and child tax benefits.

Basic personal amount (BPA): The BPA is increased to $15,000, meaning an individual can earn this amount before paying any federal income tax. The increased amount is gradually reduced to $13,521 for taxpayers earning over $165,430.

Tax increases

CPP and EI contributions: The scheduled CPP contribution rate for 2023 is increased to 5.95%. The maximum contribution is $3,754.45 in 2023, based on the new yearly maximum pensionable earnings of $66,600 (with a $3,500 basic exemption). Employment insurance premiums are also rising, with a contribution rate for employees of 1.63% up to a maximum contribution of $1,002.45 based on 2023 maximum insurable earnings of $61,500.

Cost of fuel: The federal carbon tax is increasing to 14 cents per litre of gas beginning April 1, 2023. The Parliamentary Budget Officer estimates after rebates, the tax increase will cost the average household between $402 and $847. In addition, the federal government is imposing a second carbon tax through fuel regulations on July 1, 2023 that will increase the price of gas by up to 13 cents per litre by 2030.

Liquor escalator tax: Liquor taxes will increase by 6.3% on April 1, 2023. Taxes already account for about half of the price of beer, 65% of the price of wine and more than three quarters of the price of spirits.

6 Recession Tips ... It's Never Too Late to Plan

Kris Dureau
CFP® CHS | Senior Investment Advisor

Depending on who you ask and the definition they use, a recession has occurred or is about to occur. The traditional definition is two consecutive quarters of economic decline measured in Gross Domestic Product. A more complex definition is a slowing of economic activity and an increasing unemployment rate.

Financial and lifestyle preparations for a recession should be undertaken now to lessen the effects should it occur. And if it does not, then you will be even better prepared for any economic shock that could unexpectedly occur.

What You Need to Do

In preparation for the arrival of a recession:

1. Examine your monthly budget
You cannot save money that you have already spent. Almost everyone has regular, recurring expenses that are not necessities. Subscriptions to multiple streaming services are one example. Find lower cost alternatives like a home, family movie night using a streaming service versus a $100 trip for four to the local cinema. Delaying many small and large purchases can free your budget and your mind from stress.

2. Contribute to your emergency fund
Once you have identified unneeded expenditures in your regular spending, remove them from temptation by placing them into your emergency fund. Having three to six months of income set aside is the recommendation and is almost impossible to achieve until a thorough examination of your budget occurs. Consider a TSFA. A Tax-Free Savings Account (TFSA) containing liquid and low-risk investments provides tax exempt earnings and withdrawals.

3. Maintain your scheduled savings contributions
Whether a recession occurs or not, continue adding to your retirement savings in RRSPs and TFSAs and education savings in RESPs. Skipping a few monthly contributions and the compounding of interest on them could free up a few thousand dollars but cost you tens of thousands of dollars at retirement. The 20% grant (up to $500 annually) on RESP contributions and the $2,000 contribution to generate the maximum grant could grow into a year of tuition. Treat savings like one of your bills that you pay first. Your mortgage, insurance and utilities must be paid. Paying your savings first helps reinforce your budgeting efforts.

4. Reassess your investments
During a recession, like any other period, some types of

investments can withstand the challenges better than others. Should a recession occur, each family will be affected uniquely and their situation could affect the suitability of some investments. A frank conversation with your financial professional is an excellent step to preserve assets and investment income.

5. Eliminate, reduce and avoid debt
Paying high interest rates is never a great idea, so it is best to pay them down as quickly as possible. Interest rates are rising on the actions of central banks around the world and those high interest rates will rise even higher. Taking on new debt that will increase your monthly expenditures for both capital repayment and interest charges is not advisable.

6. Update your skills and resume
Should your employment be affected personally, it would be better to be prepared than react when feeling the pressure of replacing your existing income. Revisit and update your resume with accurate dates and roles. List your newly acquired skills and capabilities and if applicable, don't forget your online profile(s). You can also consider investing in yourself by taking internal and external courses to bolster your skill set.

The bottom line

Whether a recession arrives in Canada should not determine if you prepare, or not. It has arrived in the U.S. using the "two quarters of economic decline" definition. None of the six steps above require a recession or even the threat of recession, to become valuable. Each of them is prudent regardless of the overall economic and employment climate. So get ready for a rainy day and that way, you will be able to enjoy the sunshine, too.

Kiwanis Winter Gala

Green Private Wealth was proud to be the title sponsor of the **Kiwanis Winter Gala** that took place on November 19th, 2022 – a fabulous formal evening! All ticket purchase proceeds supported the local Kiwanis Club of Ingersoll's programs and projects.

Harbourfront Holiday Meals Campaign

The **Harbourfront Gives Foundation** provided a remarkable 151,000 meals to families in Canada during the 2022 holiday season through **Food Banks Canada**.

Share the Green

Mothers with a ♥ for Ethiopia

Mothers With a Heart for Ethiopia is incredibly grateful for the generous donation of $20,000 from **Share The Green Foundation**. Green Private Wealth offered a donation of up to $20,000 as a matching campaign and Mothers With a Heart for Ethiopia donors stepped right up to the challenge donating just over $23,000! The over $43,000 raised will be used to support two projects: prolapsed uterus surgeries and Tesfa's Shelter will both receive life-changing funds.

If you are interested in learning more about Mothers with a Heart for Ethiopia and the seven projects they fund, please visit **motherswithaheartforethiopia.com**.

Share the Green

K2K Productions

K2K Productions is thankful to have received **Share the Green's** $10,000 donation in November 2022. This generous donation helped establish a matching grant to inspire others to give and help create a new program for students. This fundraising campaign far exceeded what K2K thought was possible! $59,400 was raised by the end of year and K2K is excited to share that VISTO Performing Arts Camp will launch Summer 2023. This camp will invite over

300 students ages 8-15 years of age to engage in singing, dancing and acting, while exploring their skills and faith through small groups.

Mediterranean Lemon Rice

Chef's Corner

with Chef Rob Bartley

Makes enough for 5–6 people

The perfect flavourful accompaniment to any meal and would be great as a fresh, stand-alone lunch option.

INGREDIENTS:

- 3 cups basmati rice – you can use jasmine if you prefer (do not wash or rinse)
- 1 oz olive oil
- 5 cups of water (approx.)
- ½ white onion, minced
- 2 gloves of garlic, minced
- 3 lemons, zested then juiced (keep zest and juice separated for later)
- 1 cup chopped fresh Italian parsley
- ½ cup chopped fresh dill
- 1 bunch green onions, chopped
- 1 cup canned chickpeas, drained and rinsed
- 6 cups fresh baby spinach, roughly chopped
- 1 English cucumber, diced
- Salt and pepper to taste

METHOD:

1. Heat oven to 320 F.
2. In a large saucepan with tight fitting lid, heat up on stove over medium low heat.
3. Add the olive oil into pan and then add the dried basmati rice. Stir with a wooden spoon to lightly toast the rice (like you do for risotto). Toast for 2 minutes.
4. Add the onions and garlic and toast for another 2 minutes – do not allow the garlic to brown.
5. Add the water and a good pinch of salt.
6. Increase temperature to medium high, add the lid to the pot and bring to a quick boil. Transfer the pot with lid into a 320 F oven for 15 minutes.
7. Remove pot from oven, remove lid and lightly fluff the rice with a fork. Should be fluffy and somewhat dry.
8. Allow rice to cool.
9. Transfer rice into a large mixing bowl and add the lemon zest, juice (to taste) parsley, dill, green onions, chick peas, cucumber and chopped spinach. Mix well and season with salt and pepper.
10. Re-heat rice in microwave when ready to eat.