



InTouch

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QUARTER 2 – 2021

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Our customized services include:

- Retirement Income Planning
- Investment Management
- Asset Planning
- Wealth Protection
- Risk Management
- Tax Planning
- Tax Preparation & Filing

BASIC

Financial Services Inc.

We're back at it again with another issue of In Touch. We hope this issue provides you with valuable information, which will allow you to make strong financial decisions.

What's New

The first quarter has been busy as Goodfellows Financial and Basic Financial continue our partnership under one banner. Bill, Graeme, Mumin and the team thank you for your continuous loyalty and trust during this period of transition.

We brought on our first Co-op student in March and many of you have spoken with him when visiting the office. Adam, a high school student, is very interested in learning about Financial Planning, Investments, Taxes and Insurance. We are showing him the ropes and training the next generation of advisor.

A few new clients have joined the team this quarter, and we would like to thank all of you out there for providing referrals and introductions to your family, friends and co-workers. We love what we do and appreciate the amazing support from all of you.

The RRSP contribution season came as quickly as it went, and tax

season is in full swing — Graeme and team are working diligently to ensure returns are filed before the April 30th deadline. We are painstakingly ensuring all planning/tax strategies are incorporated for your benefit:

1. Potentially help reduce your Lifetime Tax Bill — we take a snapshot of today and ask “can we implement strategies/plans today which could help reduce your life-time tax bill? If we can, those strategies/plans will be communicated to you. You might often hear us refer to “Tax Bracket Management,” these would be one of those strategies.

2. Potentially avoid the loss of government benefits in retirement — Old Age Security (OAS), the Guaranteed Income Supplement (GIS) and other government programs are changing regularly, and it's our job to understand the nitty gritty of these programs and help translate them into strategies which may benefit you.

3. Identify any income splitting / sharing opportunities — Our in-depth process allows us to identify and optimize “customized” income splitting opportunities to make sure you keep the maximum amount of retirement income you deserve.



4. **Ensure your investments are properly allocated for tax minimization** - A simple strategy is to continually top-up or contribute to your Tax-Free Savings Account (TFSA) each year and ensure any growth will stay in your hands tax free.

Every one of your situations is unique, so we take a customized, hands-on and proactive approach to planning.

Market & Economic Update

Most major markets saw modest low single digit growth in the first quarter of the year. Coming off another strong year for stocks in 2020, the first quarter reminded us there is still more room to grow. Bond yields unexpectedly bounced around in the first quarter of 2021 which pushed bond prices down and did not help fixed income investors. Both the Bank of Canada and US Federal Reserve have issued guidance around maintaining current level of policy rates – translated – we will see low interest rates for at least a few more years.

If you are in the market for a mortgage, it's never been better. According to ratehub.ca, for the first time in modern history, you can select a 5-year Variable Rate or 5-year Fixed Rate for less than 2%! A quick online scan shows 1.69% for a 5-year Fixed Rate and 1.40% for a 5-year Variable Rate mortgage. Some feel these low interest rates will continue adding fuel to Canada's red-hot housing market and homeowners will look to tap some equity for projects around the house.

Ontario Budget 2021

The 2021 Ontario budget was tabled on March 24th which includes \$186.1 billion in spending and an overall deficit (how much more are we spending than collecting) of \$33.1 billion. The government projects it will take until 2029 to balance the books (spend as much as it collects).

Highlights of the budget:

- \$2.3 billion over the next year on Covid testing
- \$69.8 billion on overall healthcare funding
- Ontario families can expect another \$400 per child in Grade 12 or younger, or \$500 per child or youth with special needs who's under the age of 21

- Small businesses may qualify for a grant between \$10,000 - \$20,000 hit hard by the pandemic
- Temporary tax credit for people paying for job training or higher education expenses
- \$2.8 billion to bring broadband internet across the province

We will continue to monitor the markets and broad economy throughout the year and report back. If there is a need to adjust, we will reach out to you directly.

As always, please feel free to contact us if you have any questions, comments or would like to book some time to speak. We offer both face-to-face or electronic meetings via Zoom. If you feel the information above may be helpful to a family member or friend, feel free to share or visit our website www.basic360.ca

– Sincerely, your team!

If you don't wish to receive this newsletter, let us know and we will respect that by removing you from any future newsletters.

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Articles of Interest



Staycation: Where to Go in Canada in 2021

By Vivian Vassos

A staycation in Canada is all about experiencing our wide open spaces — one of the most important travel trends to come — and our great outdoors. And, while we can't quite travel yet, we fully advocate dreaming now and travelling later to those places in our true north.

The best part? Some of these experiences across Canada will not only keep your wanderlust thriving, they will also have you adding them to your bucket list. And they definitely all rank as trips of a lifetime, right here in our own backyard.

From spectacular views to road tripping in sports cars to seriously surrounding yourself in nature — so good for the mind, body and soul — here's a short list of sky's-the-limit where we want to go next in Canada.

British Columbia

Drive The Sea-to-Sky Highway connecting Vancouver and Whistler is one of the most gorgeous stretches of road in North America. Go all out on the drive by booking [Scenic Rush's Sea-to-Sky Exotic Driving Experience](#), which puts you behind the wheel of four luxury supercars. The three-hour journey costs \$695, with an extra \$75 to add a passenger or co-driver. Scenic Rush reopens for business in April 2021.

Alberta

Chase ice bubbles A trip to the awe-inspiring frozen wilderness of David Thompson Country, Alberta will spark your imagination. Try a different kind of hunt: search for ice bubbles on Abraham Lake (created from water-dwelling bacteria expelling methane gas). If you don't want to go it alone, Pursuit Adventures leads guests on half- or full-day tours, [Journey to the magical ice falls and ice bubbles](#), beginning with a guided snowshoe or winter hike through fragrant pine forest, toward a scenic viewpoint overlooking the Cline River Canyon. Head into the canyon itself, stroll alongside the frozen creek and marvel at surrounding ice falls. Picnic lunch, hiking poles and ice cleats are included.



Saskatchewan

Stargaze On a clear night, the sky above Prince Albert National Park glows with a [clearly defined Milky Way and an infinite number of stars](#). When conditions are right, the haunting Aurora Borealis comes out to dance; meteor showers add to the chaos in August, October and December. Bring your telescope to the park and set up camp under the sprawling sky for a display you'll never forget.





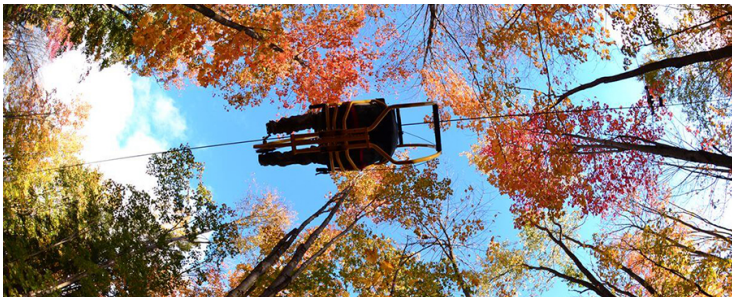
Manitoba

Northern lights Churchill, Man., is one of the best places in Canada to see the northern lights. Frontier North's Northern Lights and Winter Nights Enthusiast tour immerses visitors in the north with a multi-day adventure. By day, you'll snowshoe, dogsled and dine on the frozen banks of the Churchill River; at night, travel to new and extraordinary locales to watch the northern lights sparkle to life. The trip costs \$5,399 and takes place on select dates in 2021 and 2022.



Quebec

Escape to nature Whether sleeping in a treehouse, retreating to a sustainably built pod or camping in style in an airstream, Au Diable Vert ("The Green Devil") beckons with an immersive holiday in the Green Mountains of Quebec. At the Mountain Station, pick up an augmented reality headset that enables you to see the real night sky overlaid with the names of stars and planets. Or climb aboard a VéloVolant, attached to the trees with a cable so you can pedal along the treetops. Rates vary. The experience is open now through 2021.



New Brunswick

Walk on the ocean floor Hopewell Rocks, situated along the Bay of Fundy, is home to the world's highest tides. Here, visitors can seize the once-in-a-lifetime opportunity to walk on the ocean floor among flowerpot-like sea formations. The walk takes a minimum of two hours. The park opens mid-May through mid-October.



Nova Scotia

Sunset spectacle Two hours before sunset at the Skyline Trailhead, north of Chéticamp, locals and visitors in Nova Scotia can set off on a guided tour in the picturesque boreal forest, leading to a jaw-dropping sight as the sun sets on the Gulf of St. Lawrence. Along the way, you might see bald eagles, whales and moose, as your guide gives you the scoop on the area's biodiversity.

Prince Edward Island

All things Anne Those who have read the beloved classic Anne of Green Gables know the story lauds the magical setting of Prince Edward Island. Whether you're familiar with the book or not, give it a(nother) read and then plan your trip to its real-life setting, where you can browse the Green Gables Heritage Place, embark on an Anne of Green Gables-themed itinerary and visit author Lucy Maud Montgomery's birthplace.



Newfoundland and Labrador

Picnics Sometimes it's the simplest experiences that create the most powerful memories. An hour's drive from St. John's in Ferryland, the Ferryland Lighthouse overlooks the edge of the continent where whales breach and waves crash. Here, you can order a sumptuous spread from Ferryland Lighthouse Picnics, including blanket and picnic basket, to settle along the coastline and watch nature's spectacle. The experience is available during the summer months only.



Yukon

Epic wilderness hike Enter the vibrant world of Kluane National Park on a multi-day hiking excursion led by [Terre Boreale](#). The Kluane Colours adventure encompasses camping beside the Yukon's largest lake, exploring the boreal forest, viewing glaciers and mountains and spotting wildlife such as caribou and marmots. The trip costs \$2,490 per person and runs in August 2021.



Northwest Territories

Ultimate aurora-watching The Northwest Territories is the best place in the world to see the northern lights, and [Blachford Lake Lodge](#) is the perfect spot to see the lights in style. Here, you can stay cosy inside the hilltop lodge or in one of the surrounding cabins, soaking in the hot tub, lounging on the deck or venturing onto the frozen lake while the auroras shoot across the sky. With a coveted position directly underneath the Aurora Oval with no light pollution, the lodge offers middle-of-the-night wake-up service to ensure you catch the lights at their best. Aurora season runs between mid-August and mid-October, with bookings now available for the 2021 and 2022 season. Packages start at \$1,500 for a two-night stay.



Ontario

For adventure ideas in Ontario, see:
[Bring the Niagara Icewine Festival Home With a Tasting Bar and Innovative Cocktails](#)
[Canadian Staycation: Sailing the Rideau Waterway](#)
[Wellness Staycations: Taking to Canadian Waters](#)

A Note on Safe Travel in Canada

It's important that anyone considering travel within Canada is aware of local restrictions and safety guidelines.



Chess and Retirement Planning

The decumulation game requires a dynamic strategy
By Doug Carroll

Did you catch *The Queen's Gambit* on Netflix recently? It's a fictional account of a 1960s prodigy who disrupts the world of chess. Apart from drawing millions of viewers, it's led to a bonanza in chessboard sales — or, in our family's case, it prompted us to (literally) dust off grandma's old set.



It also got me thinking about income choices in retirement. As in chess, a lot of moving parts affect retirement — some we can control and some we must contend with. Both domains require strategy, forethought and flexibility.

Decumulation with tax in mind

One of the most important conversations you'll have with your clients is about switching modes from building retirement savings to drawing from them. Or, as we have come to know it, moving from accumulation to decumulation.

For current purposes, we'll step past the threshold issue of starting Canada Pension Plan and old age security payments. We'll also steer clear of the complexities of downsizing a home, selling rental real estate and possibly winding up a business.

That leaves us with three common private savings sources to draw from: an RRSP/RRIF (including locked-in versions), a TFSA and non-registered investments. Respectively, the draw from each of these sources is taxable, non-taxable and partially taxable.

Usually the desire is to maintain a certain lifestyle while minimizing income tax. That could be over a client's lifetime or include expected tax at death. Either way, the question that arises is how best to draw down these savings sources to achieve the goal?

Planning through the permutations

Effective decumulation is often framed as a search for the optimal order for depleting each savings source before moving on to the next. That's the way financial planning software algorithms may solve for targets such as maximizing net wealth at life expectancy. In this case, with three savings sources, the software would provide a rank order among six permutations.

But we shouldn't expect the output to be a set-it-and-forget-it prescription. That would require knowing not only our present but also all future developments.

Consider again the game of chess.

White chooses among 20 opening moves, as does Black to follow, leading to 400 possible board layouts

when White considers move number two. By round three, there are 197,281 layout possibilities, and over 119 million two moves later.

Amazing as that is as an example of exponential expansion, it pales in comparison to our years in retirement. Life has far more variables, and more actions that may be taken with each. These include the option to draw from multiple sources from time to time to tactically exploit tax opportunities, rather than fully liquidating each source in succession.

Vision, revision and annual reviews

Chess and financial planning share the need to anticipate, act, observe and adapt. That's what chessmasters do, always looking forward a few moves and then continually adapting as each turn comes around.

Similarly, as life unfolds in retirement, we will adjust according to changing conditions, with these changes falling under three main headings: personal circumstances; available wealth, as a whole and across savings sources; and the world we live in, in particular any new or modified tax rules.

The most recent data and developments can be fed back into the planning software to obtain an updated starting point.

The critical point to emphasize here is that the process is dynamic, anchored by annual reviews. At each turn, client and advisor plot the best advised course at that point in time, with the full knowledge and intention that they'll repeat the process from year to year.