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## At every life stage, we're here for you

**MARJORIE MINET**
Vice-President
Wealth Management Advisory Services

**In an ideal world, the whole household would play a role in managing a family's finances—from budgeting to financial, tax and estate planning and investment management—parents and kids alike!**

Getting the whole family involved helps everyone understand the basics of financial management and apply them in their daily lives. That way, the kids will be prepared for their future financial independence while both parents can look after the management of the family's assets, which is certainly reassuring in the long term.

Wealth management also involves planning for retirement, which should meet the needs of both spouses. That's why it is so important to agree on your future plans and goals. Whether or not you've planned for your retirement, it's not too late to get your spouse involved too, so you can both rally around the same plan and understand all its ramifications. If you need guidance, don't hesitate to contact your advisor. They'll be happy to support you.

I encourage you to read the article by Paule Rouleau, our expert in best practices, which goes over the steps involved in retirement planning for women.

If you're an entrepreneur and you don't want to sell your business, you'll definitely want to read the article by tax specialist France Leclerc, who goes over ways you can optimize your income and minimize your tax burden now and down the road.

Also, check out the article by notary and tax expert Patricia Besner for withdrawal strategies that are meant to maximize your retirement income.

Finally, don't miss the section by our stock market specialist Michel Doucet, who gives an overview of the economic and financial outlook for 2021.

**Enjoy reading!**

## An overview of withdrawal strategies for retirement

**PATRICIA BESNER**
Notary and Tax Expert, F.Pl.
Director, Financial, Tax and Estate Planning

**If you want to have more money in your pocket when you retire, it's important to plan your withdrawal strategy so you can minimize your tax burden. Let's look at some of the strategies you can use to increase your available income when you retire or enhance the value of your estate.**

For example, you could prioritize drawing on your savings in non-registered accounts to take advantage of a longer period of tax-free accumulation in a registered account (TFSA, RRSP or RRIF).

Since withdrawals from an RRSP or RRIF are fully taxable, it's generally recommended that you withdraw these funds last, while also keeping in mind the required minimum withdrawals after age 71.

If there is a significant difference between spouses' personal tax rates, income splitting should be considered. Depending on the situation, it may also be advantageous to:

- ☑ Maximize the RRSP of the spouse with the lower retirement income by setting up a spousal RRSP to reduce taxes upon retirement.
- ☑ Take out a spousal loan to better distribute investment income from non-registered savings accounts (subject to certain conditions).

Shareholders in management companies should prioritize business investments that generate returns in the form of capital gains. This type of income will allow the shareholder to withdraw funds from their company in the form of tax-free dividends from the capital dividend account (CDA). This tax account includes the non-taxable portion of capital gains (50%) made in the company.

The advantages of the different withdrawal strategies may vary depending on your individual situation. For more information, talk to your investment advisor.

# The importance of retirement planning for women

**PAULE ROULEAU**
Vice-President
Business Practice Development

**Recent studies reveal that women face a different reality than men when they retire. According to research, 25% of Canadian women have less in retirement savings than their male spouses. This means women enter retirement with fewer financial resources at their disposal. Because of their longer life expectancy, women also have to spread their retirement savings over a longer period. Finally, more women aged 55 or over say they have no financial plan compared to men of the same age.**

Given these findings, it's not surprising that more women than men say they are worried about meeting their future financial needs.

## An empowered approach to achieving your dreams

Much more than a financial process, retirement planning is a tool that can help you achieve your life goals and ensure that you'll be able to take care of yourself and your family, today and in the future. Women display an interest in developing a financial plan that reflects their personal values. And because they base their financial choices on their life decisions —for example, investing in a child's education or saving up to care for an elderly parent—women already feel more engaged.

Are you ready to take an empowered and confident approach to retirement planning? Here are some tips to help you get there.

### 1. Understand your values about money

One of the keys to your financial success is understanding the relationship between your values and the role money plays in your everyday life. Did you ever take a step back to think about this? For example, you can ask yourself what's most important to you when it comes to money. Do you look for security, freedom or peace of mind? Is your priority personal development or contributing to the happiness of those around you?

### 2. Identify what your dreams are

To turn your dreams into reality, you first need to identify what your dreams are and put them in writing. You'll probably discover that your dreams are greatly influenced by the values you hold most dear.

### 3. Set objectives

Set specific, tangible and realistic objectives that will help you achieve your dreams. Make sure your objectives are aligned with your values, which are your intrinsic sources of motivation. If there's no value behind your goal, you're unlikely to achieve it. A good tip is to share your objectives with a loved one, since this will increase your engagement and you'll feel supported in your approach.

### 4. Create your retirement plan

Proper retirement planning with the help of your investment advisor is a critical step toward achieving your life goals. Your advisor can help you create your ideal retirement plan by evaluating how much you need to save, how long you need to save, and what savings strategies you should use. Your investment advisor is also your ideal business partner—someone who will encourage you to stick to your goals and build good financial habits so you can focus on enjoying your retirement.

Considering that 90% of women experience a period in their lives when they alone are responsible for making all the decisions regarding their finances, retirement planning is a must. By taking the empowered approach to retirement planning, you can take control of your future and build the retirement of your dreams.

*Source: IPC Private Wealth, Women and Wealth – The changing face of wealth in Canada and its implications for financial advisors, 2017

# Retirement planning: another key challenge for entrepreneurs

**FRANCE LECLERC**
Tax Specialist, F.Pl.
Senior Advisor
Financial Tax and Estate Planning

**As an entrepreneur, you have to make critical decisions during your working years in order to adequately prepare for your retirement. By starting to plan early, you'll be able to pick out the sources of income that are most likely to optimize your retirement payout—and live the retirement of your dreams!**

There are a number of factors to keep in mind that can influence how you spend your retirement. Here are some of them.

## The corporate structure of your business

The corporate structure of your business is fundamental because it determines which tax-saving strategies and benefits you can access (Old Age Security pension, Refundable Tax Credit for Medical Expenses, Tax Credit for Home-Support Services for Seniors, etc.).

## How you pay yourself

Whether you pay yourself by salary or dividends also influences your ability to grow your sources of income in retirement.

If you decide to pay yourself a **salary**, you can maximize your contributions to your Quebec Pension Plan (QPP), Registered Retirement Savings Plan (RRSP) or Individual Pension Plan (IPP). Splitting your pension income with your spouse may also be a favourable strategy.

If you choose to pay yourself in **dividends**, you won't have access to the aforementioned opportunities, which will limit your flexibility with your retirement payout. However, depending on the corporate structure of the business, paying dividends to a spouse may be an advantageous strategy for shareholders aged 65 and older.

## Other sources of retirement income

Depending on your company's investment strategy, you may be able to add more sources of retirement income such as eligible dividends or capital gains.

## Choosing the right savings vehicle

The choice of savings vehicle can also make a big difference. For example, if you are an entrepreneur with a conservative investor profile, it may be wise to withdraw funds from the business and invest in a Tax-Free Savings Account (TFSA) or contribute to an RRSP, where your investment income can grow tax-free. In order to maximize your retirement income, you need to find the ideal combination of income sources and savings vehicles that aligns with your needs and goals.

### Other factors that influence payout

**For a well-planned and effective withdrawal strategy, there are several additional factors to keep in mind:**

- Basic Personal Amount (BPA) of $15,728 (Quebec) and $13,808 (federal)
- No tax on ordinary dividend of $18,666 if it is the only taxable income
- Quebec Pension Plan (QPP) amount increases by 8.4% per year between age 65 and 70 (42% higher over 5 years)
- Old Age Security (OAS) pension reimbursement equal to 15% of the difference between net income and the minimum $79,845 threshold (12.53% for Quebec citizens taking the federal tax abatement into account)
- OAS pension amount increases by 7.2% per year between age 65 and 70 (36% higher over 5 years)
- RRIF withdrawal from age 72
- Splitting pension income with spouse
- Splitting QPP benefits with spouse

*The information in this section applies to the 2021 tax year.

### Your investment advisor can help you plan for the retirement of your dreams!

For entrepreneurs, preparing for retirement involves making critical decisions both early on and throughout retirement. From planning to enjoying your retirement, your investment advisor is always there to help you choose the best strategies for growing your assets.

# Encouraging signs for the economy in 2021

**MICHEL DOUCET**
Vice-President and Portfolio Manager
Full-Service Brokerage

**Despite a first-quarter slowdown in some countries, a positive picture of the economy is emerging for 2021. Like last spring, health measures meant to slow the new wave of COVID-19 infections will temporarily delay the recovery. However, thanks to support from governments and central banks and large cash savings accumulated by households, economic activity should pick up with the easing of health measures.**

The global economy is entering a new expansion cycle. Desjardins Group anticipates global economic growth of 5.5% this year, with 6.1% growth in the emerging economies and 4% growth in the advanced economies (3.5% in Canada). Initially, this growth cycle will be uneven and its trajectory will differ from country to country. This is nothing new. After all, before you can run, you first have to learn to crawl and walk.

Like a beacon on the horizon, Wall Street is enthusiastic about the prospect of corporate profit growth. This optimism is based on the assumption of expansionary fiscal and monetary policy and a self-sustaining business cycle. Wall Street may have gotten it right since March 23 of last year, but how can we be sure they aren't being too optimistic now? Experience with past cycles proves that the financial markets are not immune to volatility and erratic market movements. The GameStop saga is a good example of this. Since 1980, the S&P 500 (the leading US stock market benchmark) has recorded an average inter-year decline of 14.3%. However, it also closed the year with growth 31 times.

In 2021, the business cycle will be influenced by the COVID-19 pandemic and vaccination programs (production capacity, pace of distribution and mass vaccination, social acceptability of vaccines and effectiveness against new variants). Fiscal and monetary policy, inflation (which could briefly top 2% in the spring), interest rates, corporate profits and consumer confidence will also need to be closely monitored. With consumer spending accounting for two-thirds of North American GDP, households remain key economic players.

Overall, the economic backdrop favours a continuation of the investment cycle. In asset classes, equities offer better return potential than cash, fixed income or alternative investments. Among developed countries, the United States will continue to lead in economic performance, followed by Canada and Europe. The sector allocation favours communication services, financials and healthcare. Value investing, which took a back seat to growth strategies in 2020, will continue catching up. Structurally, however, growth investing will maintain its edge.

Bond investments will need to be managed carefully if the economy and inflation move toward their long-term potential. Depending on the portfolio, underweighting these investments is recommended.

In alternative investments, gold, silver, infrastructure and hedge strategies may help optimize risk-adjusted returns.

In terms of expectations for 2021, we anticipate returns of approximately 4% on a balanced portfolio that is adequately diversified, benchmarked and rebalanced on a regular basis.

The arrival of spring is a great time to set up a virtual meeting with your investment advisor and discuss the issues that are important to you.

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