



## **Portfolio Strategy**

Inflation continues to be the primary concern driving financial markets. In the US, August's consumer price index (CPI) level (reported in September) eased from the previous month but still came in slightly higher than expected. This led to increased expectations of central banks further hiking rates, which in turn caused equity markets in Canada and the US to reverse their early month gains and lose more ground. In Canada the S&P/TSX fell 4.3% during the month while in the US the S&P 500 dropped 4.9% (in local currency).

An important question investors are asking is, how much of the inflation threat and potential economic growth slowdown is already embedded in stock prices? It would seem quite a bit after a very difficult stretch for the market. While inflation remains a large concern, there are early signs it may be peaking in North America. In Canada, the latest CPI figure came in below expectations, though still notably high. Central banks in Canada and the US have aggressively hiked rates thus far in 2022 from historical lows during the pandemic and markets are adjusting to these higher levels.

In our portfolios we continue to position our equity allocation defensively and have further reduced our weighting in the asset class. During September, we sold our positions in Church & Dwight, Raytheon Technologies, Coca Cola and Proctor & Gamble as they had not performed as expected. Given the uncertainty and based on our data, we have decided to keep the proceeds on the sidelines in cash and cash equivalent securities. On an asset allocation basis, we are overweight cash (and cash equivalents), underweight fixed income and now notably underweight equity.

## **The Importance of Estate Planning**

You have devoted yourself to providing for your family and saving for a comfortable retirement, but have you also planned for what would happen if you were no longer around to take care of things or if you became incapacitated? While there are several legitimate reasons for avoiding the issue – ranging from “I don't have time” to “it's a difficult topic to think about” – estate planning is too important to ignore.

Please see the attached article for more information on the importance of estate planning and let us know how we can assist with any facet of your estate plan.

As always if you have any questions, please do not hesitate to contact us.

## **Hassan Fox Wealth Management**

[www.hassanfox.com](http://www.hassanfox.com) | toll-free: 1-800-567-2626 | fax: 416-590-7601

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# Importance of Estate Planning

September 2022

You have devoted yourself to providing for your family and saving for a comfortable retirement, but have you also planned for what would happen if you were no longer around to take care of things or if you became incapacitated? While there are a number of legitimate reasons for avoiding the issue – ranging from “I don’t have time” to “it’s a difficult topic to think about” – estate planning is too important to ignore.

Regardless of your age, estate size or the complexity of your situation, you need to be able to answer some basic questions with certainty:

- Would your spouse be financially secure and could your family maintain its standard of living if you were to die?
- Where practical, have you organized your affairs to minimize the impact of income taxes and other estate costs?
- Will your estate be distributed as you intend? That is, are the instructions in your Will consistent with the way you have organized your affairs and registered your assets?
- If you were to become mentally and/or physically incapacitated, do you have Powers of Attorney (a Mandate in Quebec) to protect your finances and manage your personal care?

If you answered “no” to any of these questions, you owe it to yourself and to the members of your family to prepare for the possibility that you may not always be around to take care of them. Your BMO financial professional can guide you through the estate planning process.

## Getting started

Knowing where to start is often the hardest part of estate planning. To help you get organized, your BMO financial professional can introduce you to a Wealth Planning Consultant who will meet with you to obtain important information about your family, your finances, and your objectives. With this information, an estate analysis will be created for the purposes of estate, tax, and insurance planning.

## Your personal estate analysis

How much of your estate will be available to your beneficiaries? How much will be lost to income taxes and other estate costs? If you’re married or living common-law,

and/or if you have children, will the income needs of the survivor or survivors – you or your spouse or common-law partner and/or your children – be met?

Your estate analysis will provide important insight as to what would happen if you or your spouse or common-law partner were to die, such as:

- Your net worth at death;
- Assets to be distributed and estate shortfalls with respect to taxes and expenses;
- Probate, legal and executor (in Quebec, “liquidator”) costs that may be incurred before the estate is distributed;
- An estimate of the Canadian income tax payable when the final tax return is filed; and
- Future assets and income of the surviving spouse, needs of dependent children or other dependent family members.

This comprehensive assessment of key estate planning issues will help determine whether your current estate plan requires further thought and, possibly, a discussion with other estate planning professionals (e.g., insurance advisor, estate lawyer).

## Implementing your plan

Your BMO financial professional is familiar with your financial situation and, based on the results of your estate analysis, will be able to help you identify if there is a need for additional estate planning services. If appropriate, your BMO financial professional may refer you to an Estate and Insurance Advisor (in Quebec, a Financial Security Advisor) to explore life insurance as part of your estate planning strategy or to determine if another estate specialist (e.g., an estate lawyer) is required.

## Organize your information for your executor and attorney

Ensure that your attorney under a Power of Attorney for Property and your executor know where to locate your Will, marriage certificate, life insurance policy(ies) and safety deposit box. Along with your estate analysis, your BMO financial professional will provide you with a tool that your executor will find invaluable – the *Estate Information Organizer* – which documents information such as:

- Your current sources of income;
- Assets and liabilities;
- Your employer, and employee programs in which you participate;
- Your personal and professional contacts;
  - club memberships;
  - credit cards; and
- The names of, and contact information for your financial advisors.

When complete, the *Estate Information Organizer* will assist your executor in the efficient administration of your estate by ensuring that nothing is overlooked. Your Power of Attorney (Mandatory in Quebec) will also find the *Estate Information Organizer* useful if you become incapacitated.

## Seek advice

Your estate plan forms a key component of your overall wealth management strategy. It's important to seek professional guidance in order to structure your estate documents and to provide all the necessary information in order for your executor to administer your estate according to your final wishes. Talk to your BMO financial professional and your estate solicitor, they can help you develop an estate plan that preserves the value of your assets, and allows for the best outcome for the transfer of these assets to your beneficiaries.

**For more information, please speak with your BMO financial professional.**



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