

# The Di Rocco Keenan Wealth Advisory Group



History of the capital gains inclusion rates...

Who can forget the 80's – a decade of NEON, NAFTA and one of our favourite 80s tunes... **Never going to give you up**. Brian Mulroney became Prime Minister in 1984 and by 1988, the capital gains inclusion rate was increased from 50% to two-thirds. By the time the 90s hit, we were in the middle of the Gulf War, inflation was high, and the harmonized sales tax was introduced. Mulroney decided to **PUMP up the JAM** and increase the inclusion rate to 75%, where it stayed for 10 years. Boy bands were all the rage in the early 2000s and just like NSYNC's big hit implied, Jean Chrétien said **Bye Bye Bye** to the 75% inclusion rate and knocked it down to 50% where it stayed for more than 2 decades. Here we are in 2024 and one could argue that Taylor Swift and her Swifties got it right – it's going to be a **Cruel Summer**, where according to this year's federal budget, the inclusion rate will be increased back up to two-thirds starting on June 25<sup>th</sup>, 2024.

Here are a few planning strategies we have been discussing with clients:

1. Our corporate clients are impacted the most given the inclusion rate increase happens at \$1 and up. Many of our successful business owners and self-practitioner clients have built up sizable positions within their corporate structures and in some cases have no intention to spend the money and full intention to pass it on to the next generation. Permanent insurance provides an excellent tax-sheltered growth opportunity and creates immediate estate liquidity. With the increase in the capital gains inclusion rate, we are recommending exploring permanent insurance as an option or revisiting your existing policy to ensure it is maximized.
2. Don't panic but be proactive. Remember, personally you can still claim up to \$250,000 in realized gains annually at the 50% inclusion rate. The initial response from clients with significant gain positions was to realize a portion of gains before June 25<sup>th</sup> to lock in the 50% rate. Upon further discussion with our team and their Accountant, they have decided against realizing gains – choosing to delay a big cheque to the government. Each client has unique circumstances and it's important to review your situation with your Accountant before making drastic changes to your portfolio.
3. Thinking of gifting to your adult children? The increase in the inclusion rate has sparked conversation about gifting prior to the inclusion rate increase. Perhaps you are thinking about gifting but not necessarily ready and/or don't want to rush your decision. We can help put a strategy in place to avoid triggering gains over \$250,000.

Lianne and Jamie



MAY 2024

## Estate Planning – How to Protect your Estate and Leave a Meaningful Legacy:

Join us on **Wednesday, June 5<sup>th</sup> 2024 at 5:30 pm for this IN-PERSON event!**

The Di Rocco Keenan Team is excited to host this informative event at our BMO branch in Forest Hill Village! It will feature David Tremblett, Trust & Estate Consultant, Dante Rossi, Director of Tax Planning and Elizabeth Creates, Director of Estate and Family Enterprise Planning. Don't miss this opportunity to gain valuable insights from our subject matter experts and to learn what to consider when planning your Estate. We would love to see you there. If you are interested or know someone that can benefit from this seminar, please **RSVP** as soon as possible to [joti.shah@nbpcd.com](mailto:joti.shah@nbpcd.com).

Seating is limited.

## Introducing the Exclusive BMO Premium Banking Plan Offer for BMO Nesbitt Burns Clients:

Get personalized support and no-fee banking! As a BMO Nesbitt Burns client you can benefit from access to a comprehensive banking plan, free banking, and personalized support. The BMO Premium Banking Plan will provide you with access to a wide range of everyday banking products and a choice of premium credit cards. As a client you'll also receive a superior banking experience with the Private Wealth Banking Client Service Team — a dedicated banking team who can advise you on your day-to-day personal banking needs and provide customized support. Access to the offer is exclusively available to BMO Nesbitt Burns clients. For more information, please reach out to us.

## INDUSTRY TRENDS



### “Cruel Summer” for Art Connoisseurs

Even the niche, high-end art market is being impacted by rising interest rates. The major auction houses are expecting \$1.2B in sales this month, which is still down almost 18% from last year. Sellers want more for their art and buyers want to pay less. In addition to the macro fears of persistent inflation and a slowing economy, collectors are pausing their spending on these luxury items and sellers are holding off on listing their collections. I guess I will hold off on selling my paint-by-numbers masterpieces...

Source: [Fine art sales are down as collectors pull back \(cnbc.com\)](https://www.cnn.com/2024/05/24/finance/art-sales/index.html)

