

# Wealth Themes

## Debt Isn't Always A Four Letter Word

Carrying some level of debt is a reality for many Canadians. And, while debt management may be a concern for some, others strive to pay off credit balances and use debt to build wealth. This month, we explore the issue of debt; both on a personal level and as an investment.

### Strategies to Manage Household Debt and Accumulate Wealth

In the current low interest rate environment, Canadians have embraced credit at unprecedented levels; while also increasing their financial assets. As a result, debt can be categorized as 'good' or 'bad,' based on whether it enhances net wealth or threatens your financial situation.

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### Addressing Debt in Your Estate Plan

In certain circumstances, issuing and/or carrying debt is a strategic choice in the development of an estate plan, including the use of prescribed rate and shareholder loans as strategies for asset protection.

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### Leveraged Investment Strategies and Interest Deductibility

When considering a traditional leveraged investment strategy in which funds are borrowed to purchase investments, it's critical to understand all potential risks involved.

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### Managing Credit Risk Within a Fixed Income Portfolio

While debt securities are generally viewed as the conservative allocation within a portfolio, fixed income investments are not without risk. In addition to the risks associated with interest rate changes, inflation and liquidity, it's crucial that investors also consider credit risk.

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Please don't hesitate to contact the office if you have any questions about these articles, or would like to discuss your portfolio.

#### Featured Publications

- [Strategies to Manage Household Debt and Accumulate Wealth](#)
- [Addressing Debt in Your Estate Plan](#)
- [Leveraged Investment Strategies and Interest Deductibility](#)
- [Managing Credit Risk Within a Fixed Income Portfolio](#)



Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by the terms of the loan remains the same even if the value of the securities purchased declines. For additional information, please review the IIROC *Borrowing to Invest Investor Bulletin* : [http://www.iiroc.ca/investors/Documents/borrowingtoinvest\\_en\\_final.pdf](http://www.iiroc.ca/investors/Documents/borrowingtoinvest_en_final.pdf)

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