

TD Wealth Private Banking Newsletter

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To our clients

We all know successful relationships are key in life and, in this newsletter, we're focusing on that theme. For instance, did you know research has shown investors who have worked with an advisor for 15 years or longer typically more than doubled their wealth?¹ When you consider many of us often focus on investments in our financial plan to the detriment of having a dedicated tax strategy, that data makes perfect sense.

Having a close relationship with a private banker is another consideration. Private bankers are often at the centre of a group of specialists in the areas of taxation, insurance and estate planning. While a private banker can help with an investment opportunity, they can also enable a team to ensure your financial plan has a holistic approach.

Expertise, knowledge and the drive to see you succeed — that's the foundation for a great relationship.

¹ The Investment Funds Institute of Canada (IFIC), Financial Advice in Canada, November 2022, https://www.ific.ca/en/policy_topics/value-of-advice/

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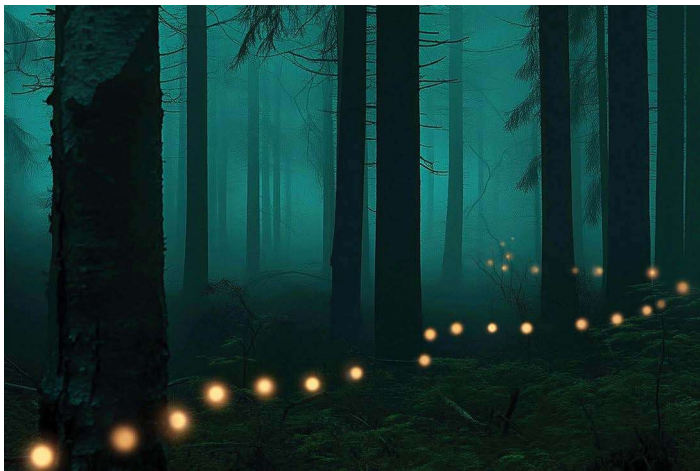
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Navigating complex credit challenges

Business finances may be complex but owners can still leverage funds to help achieve goals.

BY MONEYTALK

Business owners who need financing can sometimes face challenges: Their true potential can be obscured by the many assets they hold under various legal entities. Procuring a loan could prove complicated because their creditworthiness is not evident — at first.

It's in situations like these that private bankers often shine. They can help clients take advantage of unique opportunities.

According to Belinda Princi, a Senior Private Banker with TD Wealth who works exclusively with business owners in Ottawa, “business owners don’t fit into conventional silos.”

She shared a couple of scenarios she has encountered where a private banker was able to find funding solutions that were more timely and effective than traditional off-the-shelf alternatives.

Building a future

A growing developer is building her way to success: She’s constructing her first condominium plaza and she hopes it’s the first of many. She just needs the additional funds to do it. The problem? Getting a conventional loan could be difficult because her complex business holdings are held under different entities.

Time sensitive opportunity

A business owner with 15+ holding companies, but little cash on hand, wants to ensure she could

procure funds immediately if she finds an enticing opportunity. While she figures she could ultimately get a loan if she went the traditional route, she knows there could be delays and is concerned this path would not provide sufficient funds to meet her needs.

Acquiring the dream home

A family owns a principal residence, a winter cottage and a summer cottage in different locations. Each home is mortgaged and listed under a different name. When the family discovers an opportunity to buy a prestigious home in Vancouver, they are keen to pursue it. However, the timeline is tight and if they wait for regular mortgage financing on each of their existing homes, the opportunity could be lost.

The power of a strategic credit solution

In many cases, a line of credit could solve these challenges. When a business owner has assets spread out among various

companies, a private banker can employ their total value for a line of credit. “Saving tax is paramount in situations like these. If people were to cash out their investments to fund their next project, they may have a large capital gains bill to pay,” says Princi. “Whatever the situation is, we want to ensure the deal gets done efficiently and is structured properly for tax purposes to avoid future issues or hassles.”

“
Business owners don’t fit
into conventional silos.”

— Belinda Princi, Senior Private Banker, TD Wealth

What an advisor relationship can do for your finances

Can investment advice help you find financial clarity? Here are some ideas on how working with an advisor can help.

BY MONEYTALK

You can find lots of financial information online, but if you want to push your portfolio to the next level, you may need the help of a professional — someone who can help look after your investments as well as the many other money-related aspects of your life.

To learn more about the role of an advisor, we spoke with Nicole Ewing, Principal, Wealth Planning Office, TD Wealth.

When should I reach out to an advisor?

Ewing says many people first contact an advisor during a significant milestone, like a marriage, new job or retirement — times when you need to better understand the options available to you.

And while a common misconception is that advisors focus solely on investments, they can also help their clients with a variety of things, including retirement planning, cashflow budgeting, goal setting and tax planning. Having access to this wealth of expertise is one of the reasons people who work with an advisor tend to be more successful long-term: A recent study found that investors who have had an advisor for 15 years or longer grew their savings by 2.3 times more than those who hadn't sought advice.¹

What might investors overlook when managing their money?

People often fail to consider the tax implications of their investment decisions, says Ewing. Whether it's the type



of account you're using, your choice of investment, the prospect of dividends or the accumulation of capital gains, she says there's always a tax element to think about.

Certain types of investment income, for example, can have an impact on your Old Age Security (OAS) entitlements and other income tested benefits. Although your tax outlook may be relatively straightforward now, the older you get, the more complex it can become — particularly as you near retirement and begin to draw down your investments. Two people in very

similar circumstances may need completely different advice due to differing priorities, she says.

What else can advisors bring to the table?

As Ewing points out, when you work with an advisor, you're also working with their entire network. "If an advisor isn't personally equipped to handle a particular issue, their team can help navigate," Ewing says. Advisors also

have access to advanced tools and technology that can help them understand how significant economic events, like an interest rate drop, might impact a client's planning decisions. Advisors can also help their clients discuss difficult subjects with loved ones, like the need for a prenuptial agreement or long-term care. Having an advisor there to help ask some delicate questions can normalize uncomfortable situations.

Ewing emphasizes that delegating your money issues to someone with expertise in wealth planning won't mean you're cut out of the decision making. It just helps take some of the pressure off, knowing there's someone else looking out for you.

Investors who worked with
an advisor for 15+ years
accumulated **2.3 times more**
wealth than those who did not.

SOURCE: IFIC, "Financial Advice in Canada," November 2022

¹ The Investment Funds Institute of Canada (IFIC), Financial Advice in Canada, November 2022, https://www.ific.ca/en/policy_topics/value-of-advice/

Feeling financially sandwiched between generations?

You don't have to sacrifice your retirement when caring for family, but it takes planning.

BY MONEYTALK

Registered Retirement Savings Plans (RRSPs) can be valuable when saving for retirement. But if you're part of the so-called Sandwich Generation, you may have other responsibilities to factor in — like helping elderly parents, adult children and sometimes even grandchildren. “I call that last group the club sandwich generation, because they've got an added layer of pressure there,” says Georgia Swan, Tax and Estate Planner, Wealth Advisory Services, TD Wealth.

So, how do you ensure your RRSP is sufficiently funded?

Consider your overall plan

According to Swan, the first step is to consider your RRSP as one element of a larger financial plan. That means factoring in things like ongoing RRSP tax deductions, tax-deferred growth and your expected income during retirement when assessing both your own financial needs, as well as those of the family members you're helping. Ultimately, all of this should be considered as you decide how much to contribute to your RRSP each year.

Budget for RRSP contributions

“While the deadline to contribute to the previous year's RRSP happens in the early part of the year, you're better off trying to budget those contributions regularly throughout the year,” says Swan. She also encourages considering participation in any employer matching programs that may be available to you.

Talk openly with family

Finally, Swan says that whenever there are expectations of ongoing support, budgeting should become a family affair. “It can't be a situation where people are just coming with their hand out,” she says. Instead, families should be having regular, open discussions about what that support looks like, both now and in the future. And in many cases, the result of these conversations may be that those providing the support have a greater say in how their money is being spent — particularly in the case of adult children.

“These really have to be family conversations, with everybody at the table and everyone's expectations being thought about, because more and more, not only am I seeing clients who are asking ‘How do we give to our children more effectively?’, but I'm even seeing people drafting wills where they are actually providing for their parents, just in case they predecease them,” she says. “That is so different from generations past.”

Ultimately, Swan says it's important to work closely with an advisor as you make these critical decisions, both to protect your own future, as well as the future of those you care about.

IN THE KNOW

Can I claim a cottage as a principal residence?

Yes. The principal residence exemption allows you to reduce or eliminate capital gains tax when you dispose of property considered to be your home. Many types of residences can meet the definition of a principal residence. “People should assess which property is best to designate when filing your taxes for a specific year,” says Nicole Ewing, Principal, Wealth Planning Office, TD Wealth.

When deciding whether to claim a second property as your principal residence, she recommends you calculate the average gain for each property over the years of ownership. That would be the fair market value minus what you paid when you purchased the property and other allowable costs, divided by the number of years of ownership. The property with the greater average gain is the one you may wish to recognize as your primary residence for tax purposes. Understanding the tax rules and how they may apply to your situation can be complex. Speak to your advisor for more information.



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As a TD Wealth Private Banking client, you may also be eligible to increase your *Interac e-Transfer*® limit to \$10,000 CAD per day (up to \$20,000 CAD per 7-day period and up to \$50,000 CAD per 30-day period) for added flexibility. As a possible alternative to setting up wire payments that requires you to reach out to your Private Banking support, you can use

TD EasyWeb or the TD Mobile App to send money directly to any person or business that has an email address or mobile number and a banking account at a Canadian financial institution participating in the *Interac e-Transfer*® network. It's a convenient and secure method of sending money that you can manage from your own computer or mobile device.

To increase your *Interac e-Transfer*® limit, contact the Private Banking Premium Support team by calling the number on the back of your TD access card, or by selecting "TD Canada Trust" in the Contact Us section of the TD Mobile app.



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