

Wickham Investment Counsel Inc.

Quarterly Review

Mar 2024

REGISTERED PLANS FOR INVESTMENT STRATEGIES

Once you have identified short, medium and long term savings objectives, you need to prioritize which tax preferred registered vehicle will work best in your financial plans. While each situation may be different based on individual circumstances and income, “free money” is always appreciated. A list of Federal government registered plan opportunities follows below.

Registered Retirement Saving Plan (RRSP)

For 2024, tax-deductible RRSP contributions can be up to 18% of the prior year (2023) earned income, up to a maximum contribution of \$31,560. Taxes are deferred on any income and growth while funds are held in the plan, and tax is only paid when funds are withdrawn or from its successor, the Registered Retirement Income Fund (RRIF) or through a registered annuity.

Tax-Free Savings Account (TFSA)

Contributions are not tax-deductible, but no tax is payable on income and growth or on withdrawals. TFSA contribution room carries forward indefinitely. If you have been a resident of Canada since 2009 and 18 that year, you could contribute \$95,000 in 2024 as long as you have never contributed to a TFSA.

Registered Education Savings Plan (RESP)

If the goal is to save for a child’s post-secondary education, an individual can contribute up to \$50,000 per child. Canada Education Savings Grants (CESG) equal to 20% of total annual contributions receive up to a maximum grant of \$500 per year per child who is under 18 years of age, with a lifetime limit of \$7,200 per child. Tax is deferred on investment income earned within an RESP. When RESP earnings and CESGs are paid out for future education, they are included in the beneficiary’s income (and typically little or no tax is paid).

Registered Disability Savings Plan (RDSP)

These are designed to help build long-term savings for people with disabilities. Individuals may contribute up to \$200,000 on behalf of a beneficiary who qualifies for the disability tax credit. There is no tax on income and growth in the plan. Also, Canada Disability Savings Grants (CDSGs) with a lifetime maximum of \$70,000 per beneficiary, and Canada Disability Savings Bonds (CDSBs) with a lifetime maximum of \$20,000 per beneficiary may be received up until the end of the year that the beneficiary turns 49, and depending on family income.

Tax-Free First Home Savings Account (FHSA)

Added to the line up in 2023 the FHSA combines the benefits of both the RRSP and the TFSA, as contributions are tax deductible, and income earned in an FHSA is not taxable in the plan nor taxable when withdrawn when used to buy a first home within 15 years. Annual contributions can be up to \$8,000 up to a maximum limit of \$40,000. If no house is purchased, the funds can be moved into an RRSP.

With the Federal Government providing monetary incentives up to \$90,000 in grants and bonds, the RDSP is attractive. For children, contributing \$2,500 per beneficiary per year can attract the 20% CESG RESP match and up to \$7,200 for each beneficiary. Tax deductions for RRSP's and FHSA's contributions and tax-free growth within the plan are powerful wealth accumulation vehicles. Finally, although contributions to a TFSA are not deductible, it is a flexible strong investment vehicle with long term estate planning benefits. At Wickham, we manage portfolios in all these vehicles which are held by our custodians at NBIN and Fidelity.

	Dec 31, 2017	Dec 31, 2018	Dec 31, 2019	Dec 31, 2020	Dec 31, 2021	Dec 31, 2022	Dec 31, 2023	Mar 31, 2024	% Change Dec-Dec
Stock Market Indices									
S&P/TSX Comp.	16,209	14,323	17,063	17,433	21,223	19,385	20,958	22,167	5.77%
Dow Jones Ind.	24,719	23,328	28,538	30,607	36,338	33,147	37,690	39,807	5.62%
S&P 500	2,674	2,507	3,231	3,756	4,766	3,840	4,770	5,254	10.15%
Nasdaq Comp.	6,903	6,635	8,973	12,888	15,645	10,466	15,011	16,380	9.12%
Commodities									
Gold - US\$	1,309	1,281	1,523	1,895	1,829	1,826	2,072	2,238	8.01%
Crude Oil WTI - US\$	60.42	45.41	61.06	48.52	75.21	80.26	71.65	83.17	16.08%
Natural Gas - US\$	2.95	2.94	2.19	2.54	3.73	4.68	2.44	1.76	-27.87%
Currencies									
€ in Cdn \$	1.50	1.56	1.46	1.56	1.44	1.45	1.46	1.46	0.00%
£ in Cdn \$	1.69	1.74	1.72	1.74	1.71	1.63	1.68	1.71	1.79%
US\$ in Cdn \$	1.26	1.37	1.30	1.27	1.26	1.36	1.32	1.35	2.27%
Interest Rates									
Cdn Prime rate	3.20	3.95	3.95	2.45	2.45	6.45	7.20	7.20	0.00%
US Prime rate	4.50	5.50	4.75	3.25	3.25	7.50	8.50	8.50	0.00%
Cdn 10 Yr bond	2.04	1.95	1.64	0.70	1.45	3.30	3.11	3.44	10.61%
US 10 Yr bond	2.40	2.69	1.92	0.93	1.52	3.88	3.79	4.20	10.82%

Source: The Globe & Mail