December 2020

# Money Wise Magazine

## December 2020 Market Watch

… And looking to the year ahead

## To plan, or not to plan?

Even after a year as unplanned-for as this, why you should always still make a plan

## We can help manage financial stress

A quarter of Canadians are stressed about money. We get it.

## How to claim your work-from-home expenses

CRA has a new program, but that not might be the best route for you

TRINITY
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Quadrus Investment Services Ltd.

# Coping with COVID's Financial Impact

## Can Canadian wallets withstand the second wave of COVID-19?

**Nearly one in three (30%)** Canadians are concerned they will never recover financially from the pandemic

**The Sandwich Generation (45-54)** are the most concerned about their financial future (36%)

**Only 54%**

say their financial position is strong enough to withstand a second wave

**Two in five (41%)**

feel in a worse financial place today than at the start of the pandemic


**Half of younger Canadians (<35)**

have already borrowed money to make up for shortfalls

**More than half (52%)**

of Canadians expect to spend less on gifts this holiday season

## Peace of mind comes with planning

Canadians working with a professional financial planner say they're much more confident in their financial health than those who do not work with a financial planner

| Strong enough place to not be concerned about financial health: | With Planner | Without Planner |
|---|---|---|
| At beginning of pandemic | 77% | 57% |
| Throughout pandemic | 74% | 57% |
| Due to second wave | 68% | 50% |
| After pandemic | 70% | 64% |

# In this issue...

Merry December from our home to yours! It may not be as merry as other years, but I sincerely hope that you have had at least one great thing happen this year so you don't have to look back on it as a total loss!

**With cases on the rise again, we are limiting visits to the office** as we did in the spring. Please call before dropping by, and considering meeting via Zoom or a phone call.

We have implemented a lot of changes at the office over the past few months; Quadrus has finally enable e-signatures for new account openings (most account types, anyway!) and we have upgraded several of the software applications we use in the office to be able to better serve you, from anywhere! Rick touches on these upgrades in his company update on page 6.

Besides the new tech we have on hand, in this edition Rick explores some of the commentary that speculates on market activity for 2021, following a surprisingly uneventful autumn. It just goes to show, as Patricia explains in her article, that things don't always go according to plan. That doesn't mean we shouldn't create a plan though! As they say… a dream without a plan is just a wish.

You may be wishing for a better financial situation, like 75% of Canadians, if not more! Lorna took a look at the survey by Financial Planning for Canadians which explores the top financial stressors. In good news, those with a financial planner are less stressed than those without. Perhaps, at least in part, because our job is to help create the plan to make your wishes happen.

Finally, as many of us made the switch to working from home during the pandemic, CRA has announced a new program to allow WFH employees to claim a flat rate deduction. Traci discusses whether you should take this deduction, or perhaps look at a traditional expense claim on your 2020 return, in her article.

These may have been the longest 10 (or was it 22…) months of our lives, but I am forever grateful to be here at the end of it with family & friends, and still able to help you, our clients, even from home. Happy Holidays to all!

***Natalie LeBlanc***
*Marketing Assistant*

# Market Watch

As we head into the closing stretch of the year, it is looking fairly certain that 2020 will end up being an overall decent year for globally diversified investors. This is perhaps not what one would have expected back in March and April when investments were plummeting in value during the initial surge of the pandemic and the global economic lockdown.

The Toronto stock market, as of time of writing*, is up only 2% for the year but the broad US stock market, as measured by the S&P 500, is up over 12%. The tech-heavy NASDAQ market is up a whopping 36%, reflecting the tremendous gains experienced by a handful of large technology stocks like Amazon that saw their business dramatically increase as a result of the shutdown and stay at home restrictions. Overseas, things are a bit more mixed, with the broad European market down 5%, and the Brexit-embroiled UK market down 15%, and Asia, led by China, has performed better with gains hovering around 10% in most cases.

Although returns broadly based (Canada and Europe being the exceptions) have been fairly solid so far this year, they have been massively concentrated in a handful of stocks worldwide. Whether it's the work-from-home group (Zoom, Docusign); on-line shopping benefactors (Amazon and Canada's Shopify); or the live-more-digitally theme (Peloton, Roku), companies that enabled the world to function in a more digital way thrived during the worst economic shock since the Great Depression. And it wasn't just technology companies that benefitted from this winner-take-most environment. Large box stores like Wal-Mart, Costco and Home Depot saw sales soar as these "essential service" businesses thrived while workplace power lunch outings became brown bagged meals from home, and vacations turned into deck and garden repairs. COVID saw the divide between Main Street and Wall Street grow even wider; something that may eventually begin to be addressed once the dust settles from the pandemic.

Looking forward to 2021, and the hope of more economic, political, and societal normalcy, the extreme volatility that characterized 2020 will hopefully be lessened. Markets had been setting up for a potential "blue wave" scenario whereby the Democrats would have had control of all three levels of government. The fear was that an unchecked Democrat-led government, potentially influenced by the more radical left-wing elements of the party, may have been able to enact sweeping regulatory reforms, corporate tax increases and broad-based environmental reforms. Instead, it appears that there is a divided government, with Republicans holding on to the Senate. This "checks-and-balances" scenario has historically been the best backdrop for financial markets, and Biden's pick of very widely respected former Fed chief Janet Yellen as Treasury secretary has instilled further confidence that a Biden-led government is necessarily be bad for stocks. In fact, the US stock market** had its best U.S. election week since 1932, gaining more than 1% daily for four consecutive days.

With the outcome of the US presidential race now determined, and the hope that a strong "second wave" of stimulus will come from the federal government very early in the new year, we can look with cautious optimism towards 2021.

Taking lessons from the year that was, we can once again be reminded that it's very difficult to try and time the market. Looking back, the best course of action to take in response to the pandemic was to simply do nothing and stick to one's long-term investment strategy and ride out the storm. Cashing out during what was, admittedly, a very trying time back in the Spring would have meant you likely missed a large part of what was the fastest market recovery in history. Similarly, placing bets ahead of the election proved not to be productive, nor will speculation on the timing of vaccine deployment. Financial markets are incredibly complex systems, and while in the short term they indeed make knee-jerk reactions to current events, particularly unexpected ones, for the most part they can take a longer-term viewpoint and look through current crises to take the view that things won't always be bad forever.

One thing is fairly certain as we head into 2021: it won't look much like 2020, and it's likely that diversified portfolios will do better than in 2020 when market leadership was incredibly concentrated. The promising vaccine announcements from Pfizer and Moderna prompted a selloff of U.S. technology and other growth stocks that had soared in recent months. Some investors are now shifting their focus from high-flying technology stocks that benefitted from the shift in norms related to the pandemic toward more traditional firms that may currently be undervalued, such as industrials and financial services.

The best-performing stocks and sectors can change drastically over short periods of time, making it difficult to predict the winners and losers. We have worked together to protect your portfolio and mitigate risk by broadly diversifying your investments – ensuring that all your eggs aren't in one basket. Proper diversification helps in achieving more consistent returns over time and reducing overall investment risk, giving you a smoother ride and helping you stay committed to the journey of reaching your financial goals.

***Rick Irwin, CFP, CLU***
*Financial Planner,*
*Investment Representative*

**December 3rd 2020*
*** As measured by the S&P 500*

# Company Update

I hope you and your family are keeping well and staying safe. This has certainly been a year for the history books! The Coronavirus lockdown marked the beginning of the longest March break ever.

Things look very different this year as we begin the holiday season. The number of COVID-19 cases continues to increase around the world and many regions have heightened restrictions while others have entered lockdowns once again. Despite this, there are reasons for hope based on significant progress toward a COVID-19 vaccine. While we are still in the tunnel, it's nice to finally see that there is a light at the end of it as we move into 2021.

To say 2020 has been a challenge is an understatement, but it has also presented unique opportunities and it was encouraging to see investment managers capitalize on that. All of us have had to adapt in various ways and it has been encouraging to see society's resilience in the face of the first truly global crisis in modern times. 2020 will be remembered both as a year where all of society was challenged in a way that has not been seen for decades, and as a year of pivotal changes. Many of the things we have had to adopt due to the pandemic will become part of our new routines even when we eventually return to a more normal way of life. In some cases, perhaps we don't need to rush back to doing things exactly the way we did them before. The COVID-19 lockdown effectively forced the world to press the "pause" button and, in the process, we all had to adapt and innovate. Gradually we will get to press the resume button. It's what we have learned in between that matters most.

Here at Trinity we have taken the opportunity to make new investments in technology to have a more integrated client experience, such as the pending launch of a new client portal, with a secure client inbox, where we can more conveniently share documents and view files in a secure environment. (We will even have an app soon!) We have upgraded our communications system to enable text chat to be captured by our client relationship management system as a new way we will be able to communicate going forward, as well as video messaging. Like so many other businesses large and small, we will keep being on the lookout for other ways that technology can enable us to be more efficient and productive while proving a rich client relationship experience, in the form you choose.

I wish you and your family all the best over the Holiday season, and warm wishes for a happy, healthy (and more normal!) 2021.

***Rick Irwin, CFP, CLU***
*Financial Planner,*
*Investment Representative*

# How to claim Work-from-Home Expenses

Were you one of the nearly 5 million Canadians who was required to work from home this year due to Covid-19? If so, the Federal government announced on November 30th a new “no questions asked” $400 tax deduction to cover additional costs incurred for employees working from home in 2020.

No receipts are required for this deduction and you will not need your employer to provide a T2200 Form – known as a “Declaration of Conditions of Employment.”

In the pre-pandemic world, salaried employees who work more than 50% from home, or commissioned employees, have been able to deduct part of the costs related to home electricity, heating, rent, office supplies or maintenance. If you have always been provided with a T2200 Form, then I think it would be beneficial to continue as before. If you are new to the “home office” concept because of Covid, but think your job structure might now change to include time working from home, it may be beneficial to calculate whether you should use the new $400 flat rate tax deduction. Simply, do a bit of homework to calculate your actual monthly expenses that go into your home (these include mortgage interest, internet, power, etc) and see if it is worthwhile to take advantage of the full deduction. You would only include the portion of those expenses that goes toward your office space (i.e. if your office takes up 10% of your home, then use 10% of your power bill). Please note: The full deduction approach may be subject to audit whereas the $400 flat rate deduction is not.

Additional information about the flat rate deduction is expected from CRA in January 2021… so stay tuned!

Finally, I would like to take this opportunity to wish each and every one of you a happy, safe, and wonderful holiday season.

***Traci-Lyn Kerr, DFA***
*Income Tax Specialist,*
*Nova & Beyond Bookkeeping*

# To Plan, or Not to Plan...

I'm an organizer, detailer, arranger, coordinator at heart. My children, at times, (lovingly?) refer to me as "assertively helpful". I love new projects; a challenging scenario; figuring out a more efficient way to do something. It is likely why I love to do what I do -- I'm a Professional Financial ***Planner*** for Pete's sake!

I don't plan which stocks or bonds to buy, when to sell, or determine what countries or currencies present the best opportunities, that's what Portfolio Managers are for.

What I do, however, is find the best people in the business to do that for you. I help you create a plan: for your children's education; for managing your debt; for your retirement; for your estate. For it isn't having the money that's the goal, it's what the money can do for you, and your family.

# there is no question

We have some great new software available to help clarify your plans, if we haven't discussed this yet, let me know you're interested, and I'll be in touch to start the process.

Some things, however, don't go exactly as planned. Some things are beyond our control.

The current pandemic has taught each of us that in some way. We've all had to adapt to a constantly changing landscape of limitations and restrictions. Christmas 2020 will look quite different for a lot of us.

I've always shopped through the year (I am a planner after all!) but this year I was even more mindful of getting things done early. Most years in the fall, we visit our kids and grandkids in Alberta, celebrating an early Christmas with them before we head home. We knew this was unlikely to happen this year and so the logistics of how to get parcels halfway across the country added an increased need for planning. Not sending parcels to my grandkids wasn't an option, finding the best way to send them was.

I love the Christmas morning chaos with the littles and the groggy early morning excitement (enhanced by a special Christmas morning coffee) as big eyes light up at the sight of another successful Santa visit. Our youngest son and his son were planning on spending Christmas with us in NS for the first time ever. With the new restrictions in PEI, that plan has recently changed too. This year, we'll almost certainly be watching the Christmas morning magic through a phone or tablet, grateful at least that our technology allows us this solace.

So, our plans have changed, but like all good plans, we have other scenarios we can choose from. Like the financial planning you and I do together, we start the process from where we are now, and adapt and adjust our plans as things evolve.

A very Merry Christmas from our house to yours. May whatever you have planned be possible on some scale and bring you the comfort and joy of the season's true meaning.

***Patricia Bell, PFP***
*Financial Planner,*
*Investment Representative*

# We can help Manage

The topic of money is stressful for lots of us, it keeps us up at night, causes tensions in our relationships and can affect all aspects of our day to day lives.

I am sure none of us need reminding that we are also dealing with the extra stress around our health with the current COVID crisis. The impact this is having on all aspects of our lives, financially, socially, plus our mental health and well-being is huge.

Financial Planners of Canada (FP Canada) benchmarked the population's feelings around finances and, much like 2014 and 2018, the Financial Stress Survey shows money is the number one cause of stress for Canadians in 2020. The survey highlighted that the top three concerns we have are paying bills, saving enough for retirement, and managing debt levels. The negative impact of these concerns and worries, beyond our wallet, is that the stresses can affect our health physically, our relationships, and productivity at work and family life.

There is hope, however: the survey shines a positive light on the work financial planners do with their clients in order to help alleviate some of this stress and anxiety. It showed that clients with a financial planner were significantly less likely to consider money as their main cause of stress compared to those without a planner.

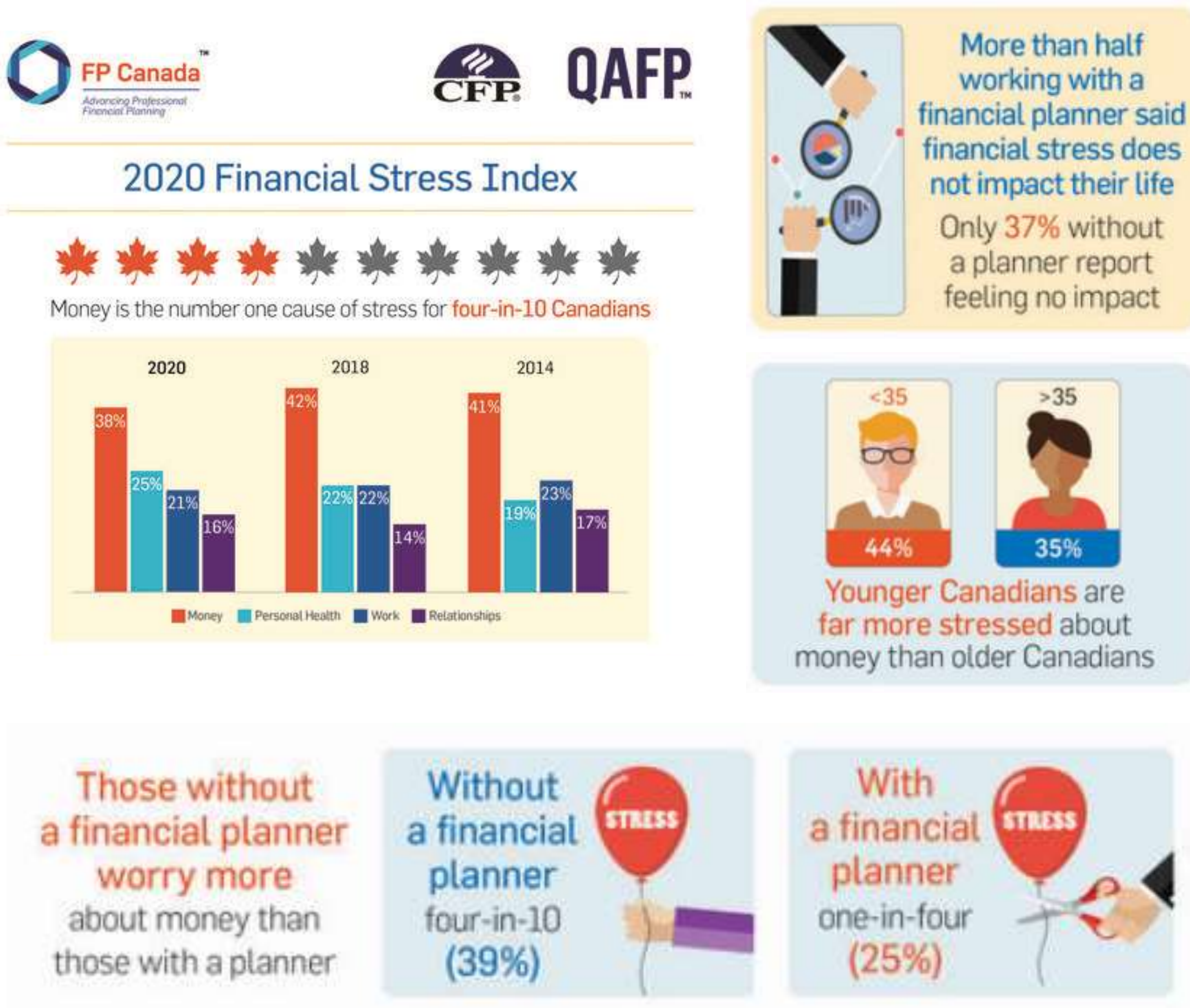
It is certainly our goal as financial planners to help alleviate some of the stresses that your finances can have on you day-to-day; and we sincerely hope that you aren't as worried about saving for retirement as you may have been before stepping through our doors. Should you have friends or family in a bad situation, or who are just worried about saving, we are happy to help.

One of the aspects of my role that I enjoy the most is working with clients to build a retirement plan, so it is concerning to see this was the second highest worry Canadians have. We know that we are working hard and saving regularly in an effort to have a prosperous, or at least comfortable, retirement. Sometimes, however, life gets in the way. We can also factor in a pause in our savings strategy if our income and expenses are under pressure by a certain situation and working with a financial planner can help you see how these interruptions in our plan (like COVID!) will impact your bottom line. It might not be as bad as you think.

In order to end on a positive note, if you are feeling like many Canadians and you are worried about your financial situation, then I encourage you to contact us so we can help to put a plan in place in order to reduce this worry and anxiety.

***Lorna Maughan, CFP***
*Financial Planner,*
*Investment Representative*

# Financial Stress




An online survey of 1,510 Canadians was completed between May 21-23, 2020, using Leger's online panel. The margin of error for this study was +/-2.5%, 19 times out of 20.

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