



Important Topic: Beneficiaries

One of our Wealth Checklist items centers on Beneficiaries. It is important that one check to ensure that the desired beneficiaries are correctly set up, wherever needed.

How important?

Below is a cautionary tale that we read about in a recent Wall Street Journal article:

<https://www.wsj.com/personal-finance/inherited-retirement-savings-beneficiary-breakup-divorce-849e3ff2>

In brief, Jeffrey Rolison named his then-girlfriend, Margaret Sjostedt, on a handwritten form, as the sole beneficiary of his retirement account in 1987 and never updated this designation.

They broke up in the 1980's and upon his death in 2015, his brothers discovered her claim to the now \$1 million account and have been challenging it in court. They argue that Rolison couldn't have intended for Sjostedt to inherit the money and that P&G failed to properly inform him of his beneficiary designation.

Despite these claims, courts have ruled in favour of Sjostedt, upholding the original beneficiary form. This case highlights the importance of regularly updating beneficiary designations on retirement accounts, as they often override wills and other estate plans.

First and foremost, one wants to be sure that one's assets are transferred to the intended parties. This is not assured without clear documents and/or a Will, and regular review.

Here are some important points for beneficiary designations:

- If one of your beneficiaries has passed, their portion will not go to their children/their estate, but rather be divided among the remaining beneficiaries (unless this is addressed in a Will).
- As time passes the intended parties may change.
- As time passes the division of assets may not reflect your wishes. Leaving 5% of an Estate may be viewed differently if the Estate grows from \$1mm to \$10mm.
- There are tax advantages (tax free roll over) in naming spouses as beneficiaries of registered accounts (RRSP, RRIF, TFSA).
- Assets that are paid directly to beneficiaries avoid probate fees.
- There are beneficiary designations that people forget about, such as pensions and insurance policies.
- One simple solution is to name one's Estate as the beneficiary (the exception being registered accounts to one's spouse). This then allows one to address all assets in one's Will and address all the "what if" scenarios (i.e., what if A is no longer living).
- The drawback is that the assets will likely face the probate tax, which is 1.5% in Ontario.

Either way, it is important to check your many beneficiary designations and ensure they remain aligned with your wishes.

We check all beneficiaries on all accounts here and review them with you.

We recommend that you make a list of all other designations and review them with us.



Market Update: June – An uneven month and a Bank of Canada rate cut.

Markets in June were uneven. The better returns were found in Emerging market equities, US equities and Canadian Bonds. On the other end, the worst returns were in preferred shares and small companies.

Bond prices rose due to the interest rate cut. In short, lower rates make existing bonds more attractive and their prices go up. This was anticipated and is expected to continue with future rate cuts. This potential gain in the price of existing bonds is one reason we prefer them to a GIC, which has no such upside.

When investing, the question is always one of potential return compared to potential downside. Typically, one always looks (should always look) for investments where the upside outweighs the downside. Let's consider a few variations.

1. An expensive price, with tremendous potential growth: Companies (like Nvidia) may offer a 150% increase over the coming year but could also experience a 50% decline. High Risk. High Reward.
2. An expensive price (well loved), with average potential growth: Companies may offer a 15% increase over the coming year but could also experience a 10% decline. Average Risk. Average (attractive) Reward.
3. An inexpensive price, with high growth: Companies may offer a 50% increase over the coming year (low starting point) but could produce a 0% return. Average risk. High Reward.
4. An inexpensive price, with average growth: Companies (like utilities) may offer a 7% increase over the coming year but could produce a 4% return (dividend). Average-Low Risk. Average-Low Return.



One can learn about oneself by determining which of these hold the most appeal.

Our view is that portfolios are built with pieces of all four types, appreciating that the upsides occur more often than the downsides, compounding returns produces wealth, and diversification lowers volatility.

However, prudence results in a limit to #1, core holdings of #2 and #4, and a desire to find as much of #3 as one can (within limits).

Interestingly, our managers are finding a fair number of opportunities in category 3 at this point in the market, and this adds to our optimism.

Earnings continue to grow, consumers defying expectations continue to spend,

wages are strong, jobs are available, and there are several trends, such as technology and health care, that are changing the world at a rapid pace.

We remain optimistic about the rest of 2024 and are positive and optimistic about the medium, and long term, and our ability to meet our client's objectives. At the end of the day this last point is all that truly matters.

Have a great month and let us know if there is anything we can do for you,

Sincerely,

- Meir & Adam

Index	Quarter	Year to date
Bonds FTSE Canada Universe Bond Index - CAD	0.90%	-0.40%
Canadian Equity - S&P/TSX 60 Index - CAD	-1.40%	4.80%
US Equity – S&P 500 - USD	4.00%	14.80%
International – MSCI EAFE Index - USD	-0.20%	5.80%
Emerging Markets - MSCI Emerging Markets Index - CAD	5.20%	9.90%
Real Estate - Dow Jones® Global Real Estate Index - USD	-2.10%	-3.50%
S&P/TSX Preferred Share Index - CAD	3.40%	12.90%



Meir J. Rotenberg, MBA, CFA®

Senior Investment Advisor
TD Wealth Private Investment Advice
T: 416 512 6689
meir.rotenberg@td.com

Adam D. Shona, B.Comm, CIM®

Investment Advisor
T: 416 512 7645
adam.shona@td.com

Nelson Gordon

Client Relationship Associate
T: 416 512 6813
nelson.gordon@td.com

Jon Bentley

Client Service Associate
T: 416 308 7064
jon.william.bentley@td.com

TD Wealth Private Investment Advice

5140 Yonge Street, Suite 1600
North York, Ontario M2N 6L7
Fax: 416 512 6224
Cell: 416 602 1614
Toll: 800 382 4964



The information contained herein has been provided by Meir Rotenberg, Senior Investment Advisor and is for information purposes only. The information has been drawn from sources believed to be reliable. The information does not provide financial, legal, tax or investment advice. Particular investment, tax, or trading strategies should be evaluated relative to each individual's objectives and risk tolerance.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the fund facts and prospectus, which contain detailed investment information, before investing. Mutual funds are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer and are not guaranteed or insured. Their values change frequently. There can be no assurances that a money market fund will be able to maintain its net asset value per unit at a constant amount or that the full amount of your investment will be returned to you. Past performance may not be repeated.

Index returns are shown for comparative purposes only. Indexes are unmanaged and their returns do not include any sales charges or fees as such costs would lower performance. It is not possible to invest directly in an index.

Certain statements in this document may contain forward-looking statements ("FLS") that are predictive in nature and may include words such as "expects", "anticipates", "intends", "believes", "estimates" and similar forward-looking expressions or negative versions thereof. FLS are based on current expectations and projections about future general economic, political and relevant market factors, such as interest and foreign exchange rates, equity and capital markets, the general business environment, assuming no changes to tax or other laws or government regulation or catastrophic events. Expectations and projections about future events are inherently subject to risks and uncertainties, which may be unforeseeable. Such expectations and projections may be incorrect in the future. FLS are not guarantees of future performance. Actual events could differ materially from those expressed or implied in any FLS. A number of important factors including those factors set out above can contribute to these digressions. You should avoid placing any reliance on FLS.

TD Wealth Private Investment Advice is a division of TD Waterhouse Canada Inc., a subsidiary of The Toronto-Dominion Bank.

®The TD logo and other TD trademarks are the property of The Toronto-Dominion Bank or its subsidiaries.