TD Wealth

Wealth Insights

TD Wealth Private Investment Advice

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The 70s Are the New 50s

Welcome to the new longevity. We aren't just living longer; we are also extending the years in which we remain healthy, active and productive. A recent study found that a 70-year-old in 2022 had roughly the same cognitive ability as a 53-year-old in 2000.[1]

This shift is already having economic implications. Just a decade ago, many observers warned that retiring baby boomers would become a significant drag on economic growth as they left the workforce. Yet the opposite has occurred. Those aged 50 and older, now part of the so-called "longevity economy," accounted for just 24 percent of the global population in 2020 but contributed 34 percent of global GDP.[2] In the U.S., households headed by someone aged 50 or older now account for more than half of all consumer spending.[3]

And the demographic shift is only beginning. Canadian life expectancy is now around 82 years, while those reaching age 65 can expect to live to approximately 86.[4] Canada's centenarian population has more than tripled since 2000 and is projected to increase nearly tenfold over the next 50 years.[5]

These trends challenge some long-standing assumptions about retirement. If healthier lives extend into our 70s and beyond, the traditional progression from working years to retirement may become less defined. Indeed, the average working life has already increased from 34 to 38 years since 2000.[6] Some continue working out of necessity, while others choose to remain professionally active, pursue new ventures or transition gradually into retirement.

At the same time, longevity has become an expanding field of innovation and investment. Consider the $101 million global competition to find ways to extend *healthspan*: the number of years spent in good health.[7] Billions are being invested in research, technologies and therapies aimed at adding quality years, not simply more years, to life.

For wealth planning, the implications are significant. At age 60 or 65, a wealth plan may need to contemplate another 30 or even 40 years. The question, then, shifts from simply "*Do I have enough?*" to "*How do I optimize what I have to support a longer, healthier life?*"

As advisors, our role is to help clients adapt their wealth plans as healthspans extend. This may involve considerations around retirement income, appropriate growth potential, registered account optimization, strategic decumulation and the timing of wealth transfers, while accounting for additional years of spending, inflation and potential health care costs.

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To Our Clients:

Escalating trade tensions toward the end of the summer are a reminder that these volatile exchanges are likely to persist. We are here to separate the signal from the noise. While certain sectors will be hit harder than others, TD economists estimate that current tariff changes will subtract less than 0.6 percentage points from GDP.[8] We continue to look ahead.

Thank you for your ongoing trust. Here's to the many bounties of the fall.

— Cardone Wealth Management Group

Perhaps the biggest change is one of perspective. Retirement planning has traditionally focused on accumulating enough to reach retirement, then making those assets last. Our new longevity calls for a broader approach: creating a plan flexible enough to accommodate a longer and healthier life.

The good news? With a longer horizon comes greater possibilities.

1. www.imf.org/-/media/files/publications/weo/2025/april/english/ch2.pdf; 2. www.brookings.edu/articles/the-age-of-the-longevity-economy/; 3. www.aarp.org/money/personal-finance/longevity-economy-report-2026/; 4. StatCan, T: 13-10-0114-01; 5. www.cbc.ca/news/canada/british-columbia/canada-centenarians-fastest-growing-1.7246790; 6. www.goldmansachs.com/insights/articles/aging-population-not-a-risk-to-the-global-economy-after-all; 7. www.wsj.com/health/wellness/billionaires-longevity-health-04dd205c; 8. "Round Two," TD Market Insights, Wealth Investment Office, 8.25.26.

■ A Shift From Saving to Withdrawing

Back to School: Your RESP Withdrawal Questions Answered

With kids back in school, it is also the season for questions about Registered Education Savings Plan (RESP) withdrawals.

This may sound familiar: when children were young, you opened a RESP and began setting aside funds for their future education. Over the years, those contributions, together with government grants and investment growth, have helped build a meaningful source of education funding. Now, the focus shifts from saving to withdrawing. Perhaps you're asking: How can we withdraw them in the most effective way? Here are answers to some withdrawal questions:

1. What is taxable? It's important to distinguish between two types of RESP withdrawals for educational purposes. ***The educational assistance payment (EAP)*** consists of any income earned or grants accumulated in the plan and is taxable in the hands of the beneficiary attending a qualifying program. ***The post-secondary education (PSE) payment*** represents funds that the subscriber contributed and is not subject to tax. When you withdraw from the RESP, you need to specify the type of withdrawal you wish to make. Please call the office if you need help identifying each component.

2. How can RESP withdrawals be structured tax-efficiently? Students often don't have significant income, so it generally makes sense to prioritize EAPs when a beneficiary has a lower marginal tax rate. If they have meaningful income, perhaps from part-time employment, and expect lower income in future school years, it may make sense to defer a portion of the EAP. If the RESP is large, consider spreading EAPs over several years to reduce the potential tax liability in any one year since a student may be able to use non-refundable tax credits, including the basic personal amount and tuition tax credit, to offset some or all of the tax otherwise payable on EAP income. For 2026, the federal basic personal amount is $16,452.[1] Assuming average undergraduate tuition fees of $7,734,[2] a student with no other income could potentially receive $24,186 in EAPs without incurring federal income tax.*

The Cost of Education: How Canada Compares Globally

Average Canadian undergraduate tuition has risen to $7,360, up 653% since 1984! Keep in mind that it's still more affordable than international student tuition for the top universities globally:

Ranking	Tuition Cost (C$)	Ranking	Tuition Cost (C$)
1. Harvard, USA	$81,977	4. Cambridge, UK	$50,589
2. MIT,* USA	$88,873	5. Oxford, UK	$60,007
3. Stanford, USA	$93,600	13. Tokyo, Japan	$6,036

*Massachusetts Institute of Technology. Based on 2025 data, www.cwur.org; 2025/26 full-year undergraduate tuition (B.A.), international student. Exchange rate as at 8/16/25. Notably, Harvard and MIT recently expanded their financial aid programs to provide free undergraduate tuition to students whose families earn $200,000 or less per year, subject to family circumstances.

3. Should market conditions affect withdrawal timing? In volatile times, it may be prudent to wait for investment values to rebound. Yet tax and other considerations should also guide the timing. The basic personal amount must be used in the current tax year, while unused tuition credits can be carried forward. If the student has income, a larger EAP may result in a higher marginal tax rate. There may be risks to delaying withdrawals if the student does not complete their studies.

4. What happens if the beneficiary doesn't attend post-secondary school? While original contributions (PSEs) can be withdrawn without tax consequences, unused government grants may need to be repaid and accumulated investment income may be taxable to the subscriber and subject to additional tax. There may be an opportunity to transfer eligible funds to a sibling's RESP or transfer accumulated income to a subscriber's Registered Retirement Savings Plan (RRSP), subject to available contribution room, to a lifetime maximum of $50,000. Remember also that the RESP can stay open for up to 36 years in the event a beneficiary changes their mind.

1. Canada Revenue Agency; 2. StatCan Table: 37-10-0003-01; *Note that withdrawal limits may apply, particularly early in the program.

In Brief: Tax Planning Before Year-End

Despite rising living costs, the share of income spent on necessities has declined. In 1976, households spent about 43 percent on shelter, food and clothing. Today, this has fallen to around 35 percent. What has risen is the share paid in taxes. In 2025, the average family paid 43.1 percent in taxes.[1] Put differently, if taxes were paid upfront, the first 157 days' earnings would go entirely to the government!

This is why tax planning continues to be an important part of wealth planning. As we approach the final months of the year, here are a handful of actions, in brief, that may help improve your tax position:

■ **Split income.** This may include electing to split eligible pension income with a spouse or paying reasonable salaries to family members for services provided to your self-employed business.

■ **Contribute to your RRSP.** You still have 60 days after the calendar year end to make contributions for the 2026 tax year, but the earlier you contribute, the greater opportunity for tax-deferred growth.

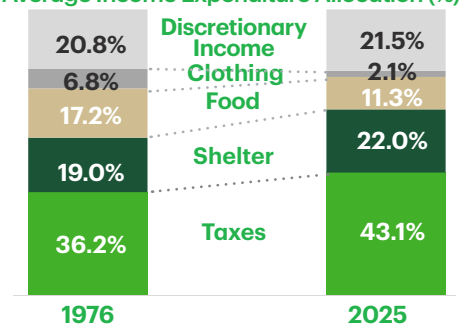
■ **Consider tax-loss harvesting.** Realize capital losses to offset capital gains (for more details, please see page 3).

■ **Give charitably.** Gifting publicly-traded securities to a registered charity may offer tax benefits, including potentially eliminating the capital gains tax liability on appreciated securities.

■ **Plan for the pension income tax credit.** If you're age 65 or older and don't have eligible pension income, consider opening a small Registered Retirement Income Fund (RRIF) or purchasing an annuity.

How Our Tax Liability Has Grown Since 1976

Average Income Expenditure Allocation (%)[1]



■ **Withdraw from the Tax-Free Savings Account (TFSA) before year-end.** If you plan to withdraw, consider doing so before year-end. Contribution room resets at the start of the calendar year, so withdrawals made after December 31, 2026, won't restore related contribution room until January 1, 2028.

■ **Make RESP contributions.** While it won't save tax, you may potentially benefit from the Canada Education Savings Grant (CESG) for 2026.

1. www.fraserinstitute.org/commentary/canadian-families-must-work-nearly-half-year-pay-taxes

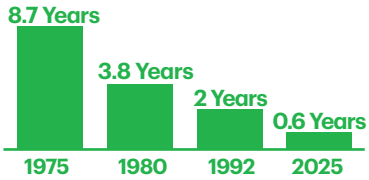
■ Equity Market Perspectives

How the Investing Landscape Has Changed Over Recent Decades

The investing landscape has changed dramatically over recent decades. Here are four ways:

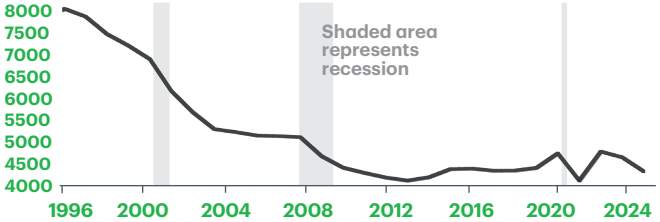
1. Average holding periods have fallen — The average equity holding period has fallen from over 8 years in the 1970s to just months today.[1] Automated exchanges have enabled high-frequency trading, while retail investors have become more active due to greater accessibility via online trading platforms.

Average Holding Period in Years[1]



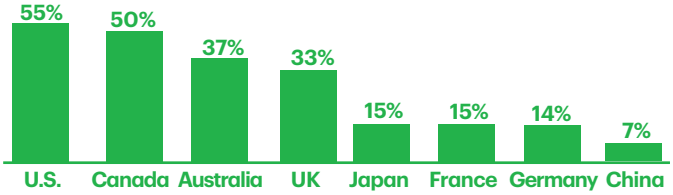
2. Public markets have shrunk — The number of publicly listed companies has declined by roughly 50 percent since the mid-1990s, largely in favour of private markets.[2]

Number of U.S. Publicly-Traded Companies, 1996 to 2025



3. Equity market participation has grown — Lower barriers to entry have democratized participation. In 1983, only 13 percent of adults reported owning equities.[3] Today, Canada has the second-highest participation rate globally, at roughly 50 percent of households.[4]

Share of Households With Stock Market Exposure, 2024[4]



4. Equities represent a greater share of wealth — Canadian household wealth has seen new highs, driven by investment assets. As the saying goes, "*a rising tide lifts all boats*."

Equity & Investment Funds Share of Total Household Assets[5]

Taken together, these shifts raise important questions: how should markets behave in an environment defined by faster information flow, lower barriers to entry, broader participation, yet fewer public companies? Do these changes imply a structural shift in market behaviour? Are valuations a reflection of these forces in action? It is plausible that structural changes may be reshaping market behaviour, contributing to sharper but shorter bursts of volatility and more rapid narrative reversals.

1. Source: LSE Refinitiv Workspace as at 03/14/25. Based on TOTMKUS Index; holding period = 1/turnover ratio; 2. data.worldbank.org/indicator/CM.MKT.LDOM.NO?locations=US; 3. www.cbc.ca/news/business/survey-says-almost-half-of-canadian-adults-own-stocks-1.208778; 4. www.visualcapitalist.com/ranked-top-countries-by-stock-market-ownership/; 5. CANSIM Table 378-0121; www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610058001

Tax-Loss Harvesting: Turning Losses Into Tax Opportunities

Following strong market periods, some consider realizing gains to rebalance portfolios. Since capital gains may be subject to tax, a common way to reduce a resulting tax liability is to make use of capital losses. As a reminder, here's a primer on tax-loss harvesting.

Putting Capital Losses to Work

In general, when you sell an investment in a non-registered account, you must calculate the resulting capital gain or loss. This is generally the difference between the proceeds from the sale and the investment's adjusted cost base, less applicable transaction costs. For tax purposes, only a prescribed portion of the capital gain is included in taxable income (the "inclusion rate"), while the corresponding portion of capital losses is generally deductible against taxable capital gains. Currently, 50 percent of a capital gain is taxable and 50 percent of a capital loss is considered allowable. If allowable capital losses exceed taxable capital gains in a particular year, the remaining net capital loss generally cannot be used to offset other forms of income. However, it may be carried back to the last three taxation years to reduce taxable capital gains previously reported, potentially generating a tax refund, or carried forward indefinitely.

Avoiding the Superficial-Loss Trap

When claiming a capital loss, be aware of the superficial loss rules. In general, this may deny a capital loss if, during the period beginning 30 calendar days before and ending 30 days after the disposition, you or an affiliated person acquires the same or an identical property and continues to own it (or has a right to acquire it). An affiliated person may include a spouse/common-law partner, certain corporations controlled by you/spouse/partner and certain trusts or partnerships in which you or an affiliated person has a majority interest. The rules can also apply when securities in a loss position are transferred from a non-registered account to a registered account, such as a Registered Retirement Savings Plan (RRSP) or Tax-Free Savings Account (TFSA).

Putting the Rules to Work: Transfer a Loss to Your Spouse

In some circumstances, the superficial-loss rules may be used to transfer an unrealized capital loss to a spouse/partner. Generally, the loss owner sells the investment and the spouse purchases the same investment during the superficial-loss period and continues to hold it past the end of the period. As the spouse is an affiliated person, the capital loss is deemed superficial and denied to the loss owner. The denied loss is generally added to the adjusted cost base of the investment held by the spouse,[1] who can subsequently sell it and realize the loss. Because the timing, attribution and superficial-loss rules are complex, professional tax advice is recommended.

As we enter the final quarter of the year, it may be an opportune time to review your non-registered investments for unrealized losses that could be used to offset realized capital gains. As settlement timing can affect whether a loss can be claimed in the current taxation year, consider a review well before the end of December.

1. www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/personal-income/line-12700-capital-gains/capital-losses-deductions.html

■ Fixed Income Perspectives

What Are Rising Interest Rates Telling Us?

Over recent months, bond yields have risen to levels not seen in decades. In the spring, the 30-year U.S. Treasury yield reached its highest point since before the Great Financial Crisis of 2008.[1] Japanese long-term bond yields have hit their highest levels this century. Canadian government bond yields have also climbed to multi-year highs.

What has prompted these moves? One factor is growing concern over rising government debt levels. To finance persistent deficits, governments must issue more bonds.* In the U.S., elevated defence spending has added to fiscal pressures, with U.S. national debt now surpassing a record $40 trillion.[2] In Japan, general government gross debt reached 249 percent of GDP in 2025.[3] Others point to persistent inflation, partly driven by elevated oil prices amid the ongoing Middle East conflict.

Together, these factors contributed to a global bond market sell-off in the spring, pushing yields higher. Since a bond's face value at maturity is fixed at issuance, higher inflation reduces the real value of future payments, making existing bonds less attractive. Elevated fiscal risk can also increase the premium investors demand for holding long-duration government debt. As bonds trade in secondary markets, falling prices translate into higher yields. When governments issue new bonds, they must offer higher returns, pushing yields up across the curve.

Are rising rates a cause for concern? Higher long-term yields have historically weighed on equities through higher discount rates, though that relationship has been less consistent in recent years. So far, equity markets have largely shrugged off bond market repricing. One interpretation is that this reflects a gradual normalization of yields rather than a purely restrictive signal. For several years, the yield curve was inverted, meaning short-term rates were higher than long-term rates. More typically, long-term yields should be higher to compensate investors for a longer holding period. It's also worth noting that the 30-year U.S. Treasury yield averaged around 6.2 percent over the past 50 years. In August, it stood around 5.2 percent, still below its long-term average.

However, because bond markets anchor borrowing costs, higher yields are feeding through into consumer lending rates. In the U.S., the 30-year fixed mortgage rate, a key barometer of housing finance, surpassed 6.65 percent in August. In Canada, the 5-year government bond yield, which anchors pricing for five-year fixed-rate mortgages, has risen above 3.3 percent, its highest level since July 2024. This increase is likely to weigh further on already weakening housing activity. Complicating matters, persistent inflation has reinforced expectations that central banks need to keep interest rates higher for longer, or potentially tighten further. This contrasts with the start of the year, when inflation appeared to be moderating and markets had priced in rate cuts. It also comes after a prolonged period of substantial fiscal and monetary stimulus, which eroded purchasing power and widened disparities between asset owners and wage earners. Higher rates also increase debt servicing costs, compounding fiscal pressures over time.

U.S. 30-Year Treasury Yield, January 2007 to May 2026[1]

What should investors do? For those seeking more resilient exposure in a higher-rate environment, there may be considerations within a diversified portfolio. These include real assets, businesses with pricing power and companies with stable cash flows less sensitive to inflation. By contrast, market segments reliant on low discount rates, such as high-growth equities, long-duration assets and highly leveraged business models, tend to be more exposed when yields remain elevated. For now, however, higher bond yields may not necessarily offer a clear signal about the broader economic or market outlook.

1. https://fred.stlouisfed.org/series/DGS30; 2. https://fiscaldata.treasury.gov/datasets/debt-to-the-penny/; 3. https://tradingeconomics.com/japan/government-debt-to-gdp
*Recently, the U.S. Treasury announced it will at least double the size of its long-term buybacks to support liquidity in the Treasury market; https://home.treasury.gov/news/press-releases/

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