



# Wealth Insights

TD Wealth Private Investment Advice

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## Keep Time On Your Side

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It's been a seemingly endless flurry of geopolitical and economic disruptions: war in the Middle East, a Venezuela intervention, tariff disputes, the Ukraine/Russia conflict, soaring inflation and a global pandemic — all within five years. As the saying goes, "history is just one (darned) thing after another."

With summer vacation season upon us, many are taking a well-deserved break from work, business or the relentless flow of headlines. But what about your funds?

One of the more notable statistics to recently cross my desk is the growing pool of capital sitting on the sidelines. In the U.S., highly liquid, low-risk cash-equivalent holdings have doubled in less than five years, rising from \$4 trillion during the pandemic to roughly \$8 trillion today, even as equity markets have advanced.<sup>1</sup>

Some have parked funds on the sidelines, perhaps waiting for more attractive entry points, whether due to extended market gains, lingering macroeconomic uncertainty or geopolitical risk. Yet, as my opening reminds us, disruptive events are often more common than we tend to recognize. Meaningful disruptions occur roughly every two years, on average. Taken to the extreme, investors could wait forever for the "right" time to invest, as there will always be reasons for caution.

Another important consideration is preserving hard-earned capital. While cash on the sidelines may appear protective, it is vulnerable to the insidious effects of inflation. Over time, it quietly erodes purchasing power, often without immediate notice. In recent years, those effects have become much harder to ignore. Consider the impact of inflation over 30 years: if you held \$1 million entirely in cash since 1996, its purchasing power today would be equivalent to roughly \$528,600 in 1996 dollars. This is based on the average annual rate of inflation of 2.15 percent over that period, which seems rather modest when compared to the inflation experienced more recently. It is a sobering figure, given that retirement planning horizons today often extend 30 years or longer.

In this industry, we are constantly searching for the best investment opportunities for clients, measured by factors such as rate of return, upside potential, tax efficiency, risk management and more. Yet, it is easy to forget that **time** is one of the most valuable assets any of us possesses — and the factor that makes most other investment attributes meaningful. I often point out to younger investors just beginning their financial journeys that there can be a remarkable difference in wealth accumulation between two investors starting at age 25 and age 45, even if the 45-year-old enjoys better rates of return or contributes more.<sup>2</sup>

Inaction can be one of the greatest obstacles to wealth creation. Yet paradoxically, it is also one of the easiest obstacles to overcome. Even the best investment opportunities are worthless unless we actually make use of them and allow time to amplify their benefits. Continue to keep your assets as productive as possible. Through thoughtful investing, we can share meaningfully in all the growth that lies ahead. Keep time on your side.

1. www.apolloacademy.com/understanding-demand-for-treasuries-and-why-the-yield-curve-is-steepening/; 2. At a 5.5% annual return, investing \$5,000/year at age 25 would yield -\$720,000 by age 65; at age 45, you'd need almost \$20,000/year for a similar result.

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### To My Clients:

The spring was yet another reminder to expect the unexpected, a familiar theme in investing, but one we are encountering more frequently amid persistent geopolitical disruption. Change happens quickly; blink, and the narrative shifts.

The summer offers an opportunity to reset and embrace slower moments with friends and family. I remain focused on managing your wealth so you can prioritize what matters most.

Enjoy the summer and, as always, please call if you require support.

McNiven  
Wealth Management

## Wealth Insights

### ■ Be Aware of the Implications

# Inheritance & the Family Home: Separate Property May Become Shared

Keeping an inheritance separate may be challenging when it comes to the family home.

With the summer housing market in full swing, despite muted sales growth and stagnant national prices, it's worth understanding how inherited or gifted funds are treated when used to purchase a home.

Inheritances are generally treated as excluded ('exempt') property under provincial family law. This means they are not automatically subject to division upon separation. However, this protection is conditional and can be lost in certain circumstances, including:

- i) Commingling** — how money is handled, such as when inherited funds are deposited into a joint account or mixed with shared savings.
- ii) Use in shared assets** — how funds are used, such as when they are applied toward jointly owned property or shared investments.
- iii) Loss of traceability** — where the recipient cannot clearly demonstrate where inherited funds went.

Once funds are mixed or can no longer be traced back to the original inheritance, they may be treated as shared ("family") property for the purposes of division.

### The Family Home: A Special Case

One often misunderstood area of family law involves the family home, which is treated differently than other assets. In most provinces, the family home is subject to specific rules that can override the usual treatment of excluded property. Generally, both spouses may have rights in relation to it, regardless of legal title. This applies not only at the time of purchase, but throughout ownership. Using inherited funds toward a family home, including for mortgage payments, may result in those funds becoming part of the property's divisible value.

For unmarried (common-law) relationships, the rules differ significantly by province. Unlike married spouses, in many provinces (such as Ontario), there is no automatic property division regime (notably, provinces like British Columbia extend automatic property

division rights to qualifying common-law couples). Yet, this doesn't mean inherited funds are fully protected. Claims may still arise depending on the contributions of each partner or the circumstances of the relationship, so being unmarried doesn't automatically protect an inheritance.



This issue is equally relevant when parents gift funds to a child for a home purchase. If the child is in a relationship that later breaks down, gifted funds (or the property purchased with them) may be subject to division or legal claims, depending on how the gift is documented, how funds were used and applicable provincial law.

Because of these risks, proactive planning can help avoid unintended family law consequences. Potential planning strategies may include entering into contractual agreements, such as cohabitation agreements (for unmarried, common-law partners), marriage contracts or post-nuptial agreements. While protection may be supported by careful tracing and ownership arrangements, depending on the province of residence, these are less certain in the context of a family home. Contractual agreements can provide greater clarity by defining in advance how inherited funds and property will be treated in the event of separation or death.\*

Inheritances and gifts are often intended to benefit a specific individual. However, relationship circumstances and financial choices can affect how those assets are treated in the future, and this is often misunderstood when it comes to the family home. Before using inherited funds, it's important to understand how easily separate property can become shared — and to plan accordingly.

\*This article is for general information only and is not intended to be a definitive analysis of law. Individuals should consult legal and tax professionals to understand the implications of any strategy based on their specific circumstances and province of residence.

## The Million Dollar Milestone: Not What It Used To Be

With the average Canadian household net worth now at \$1.08 million, there are more millionaires than ever before. But as recent reporting suggests, many do not feel rich.<sup>1</sup>

The disconnect between wealth on paper and felt affluence continues to widen. Some argue this reflects the combined effects of asset-price inflation, lifestyle creep and shifting sentiment. Higher consumption norms, from larger homes to frequent travel and continual technology upgrades, now absorb a greater share of cash flow, while social media increasingly normalizes higher levels of consumption and lifestyle expectations.

Indeed, rising home prices and stock market gains, with Boomers among the greatest beneficiaries, have helped push household net worth higher on paper. However, inflation continues to put pressure on day-to-day cash flow. In March, the price of a cucumber made

### Canadian Household Net Worth By Age, End of 2025

*Net worth takes total assets, such as investments, real estate, life insurance and non-financial assets and subtracts liabilities, such as mortgages and debt.*

Age	Average Net Worth	1-Year Change
Under 35	\$455,453	+5.7%
35 to 44	\$779,747	+3.4%
45 to 54	\$1,289,483	+5.3%
55 to 64	\$1,597,113	+7.5%
65+	\$1,269,283	+3.8%

Stats Canada T: 36-10-0660-01, Q4 2025.

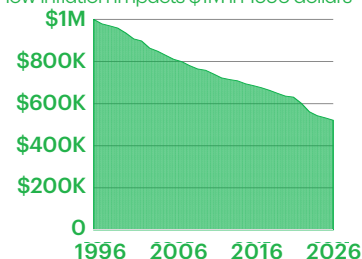
the headlines, rising by 28 percent year over year.<sup>2</sup> Food affordability remains a growing challenge in an increasingly bifurcated economy. And, relief doesn't appear to be coming quickly, as higher oil prices due to the Iran conflict are expected to continue filtering through the supply chain.

Over time, inflation gradually diminishes purchasing power. Consider its impact over 30 years: if you held \$1 million in cash since 1996, its buying power would have fallen to about \$528,600 (in 1996 dollars, chart). This is one reason why,

as advisors, we continue to emphasize the importance of long-term investing. While inflation steadily erodes the value of cash over time, participation in equity markets has historically been one of the most effective ways to preserve purchasing power and build real wealth. In today's environment, that distinction may matter more than ever.

### A 30-Year View: A Million Dollars Buys Half of What It Used To...

*How inflation impacts \$1M in 1996 dollars*



1. <https://www.washingtonpost.com/business/2026/04/13/more-american-millionaires-than-ever/>; 2. <https://www.cbc.ca/news/canada/vegetable-prices-canada-9.7173027>

■ **Helping the Next Generation Achieve Home Ownership**

# In the Lifecycle of Intergenerational Support: The FHSA Opportunity

For many high-net-worth (HNW) families, intergenerational support evolves alongside key life milestones.

Planning often begins with education savings, starting with a Registered Education Savings Plan (RESP). As children reach adulthood, families turn to the next milestone: the first home. Gifting to a child so they can contribute to a First Home Savings Account (FHSA) may be a natural step in intergenerational support.

Despite the current slowdown, rising home prices have made financial support increasingly meaningful. According to the Canada Mortgage and Housing Corporation, in 2025, 35 percent of first-time home buyers received gifts averaging \$74,570.<sup>1</sup>

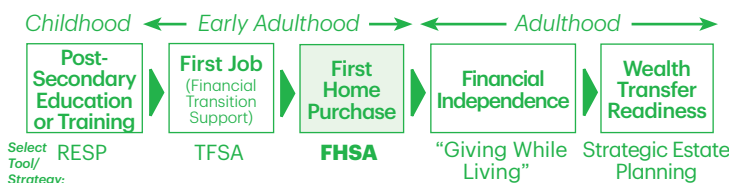
While a gift for a down payment is straightforward, it may not be the most tax-efficient approach. The FHSA offers a tax-smart alternative. Eligible Canadian residents aged 18 and over (or 19, based on age of majority) can contribute up to \$8,000 per year, to a lifetime maximum of \$40,000, with the opportunity for compounded growth over time. Contributions are tax-deductible, similar to a Registered Retirement Savings Plan (RRSP), and qualifying withdrawals are tax free, similar to a Tax-Free Savings Account (TFSA). The FHSA can generally remain open for 15 years (or the year following a qualifying withdrawal). If opened at age 18, it could remain open until around age 33, broadly aligning with the first-time homebuyer age range.

**Why the FHSA may be an attractive planning option:**

**Opportunity for compounded growth** — The FHSA provides meaningful tax-free growth potential. For example, if contributions are maximized from the outset, at an annual return of five percent, it could grow to \$75,606 after 15 years (chart). This can then be withdrawn completely tax free for a qualifying first home purchase, in addition to the tax deductions received on contributions.

**Creating a substantial down payment** — Couples who are both first-time home buyers may each hold an FHSA and can also access

**Illustrative: A Lifecycle of Intergenerational Support**



the Home Buyers' Plan (HBP) through their RRSP. The HBP allows withdrawals of up to \$60,000, subject to available funds and repayment rules. Together, these tools could provide a significant down payment — using the example above, over \$270,000.

**Carrying forward the tax deduction** —

The tax deduction does not need to be claimed in the year contributions are made. It can be carried forward and used in future years, even after the account is closed, allowing for more efficient tax planning as income increases.

**Flexibility if plans change** —

While the FHSA is designed to support the purchase of a first home, it remains flexible. If a qualifying purchase is not made within 15 years, the balance can be transferred to an RRSP or RRIF without affecting RRSP contribution room. Non-qualifying withdrawals are subject to withholding tax and are considered taxable income.

To learn more about how the FHSA can provide support, please call. [1. cmhc.ca/2025MCS](http://1.cmhc.ca/2025MCS); [www.forbes.com/advisor/ca/mortgages/gifted-down-payment/](http://www.forbes.com/advisor/ca/mortgages/gifted-down-payment/)

**Example: FHSA Potential Growth at 5% Annual Return**

Year	Contribution	End of Year
1	\$8,000	\$8,400
2	\$8,000	\$17,220
3	\$8,000	\$26,481
4	\$8,000	\$36,205
5	\$8,000	\$46,415
...10	—	\$59,239
...15	—	\$75,606

## Adverse Global Shocks: What History Reminds Us

Markets have had quite the ride this year, and we're only halfway through. It's worth repeating: while it may feel tempting to exit the markets during volatile periods, doing so can come at a cost. Some of the best-performing days often follow the worst, and exiting after a decline may mean missing these gains. Over three decades, major shocks have led to average U.S. equity drawdowns of roughly six to seven percent, with markets typically bottoming within three weeks, then recovering over the following month.<sup>1</sup> We saw this in April: after the S&P 500 declined by almost 10 percent by late March, it took just 11 trading sessions to fully recover its losses. Markets often don't wait for adverse events to be resolved as they are forward looking.

Disruptive events also occur more frequently than we may recognize. On average, a major disruption occurs every couple of years. Given this frequency, waiting for clarity before investing can result in more time on the sidelines than in the markets.

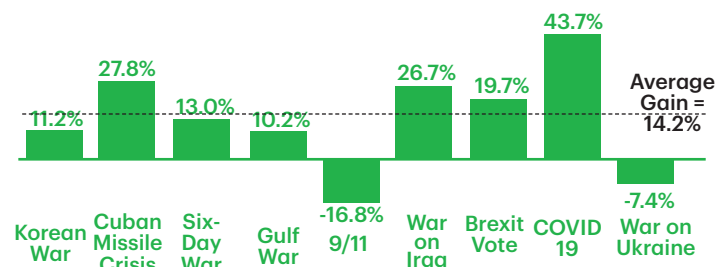
One deliberate action investors can take is to remain committed to a well-constructed investment plan. Portfolios built with diversification across sectors, geographies and asset classes, with a focus on quality, are intended to provide resilience and reduce the likelihood of being forced into reactive decisions. Equally important is the discipline to remember that, despite short-term declines in portfolio

values, these periods pass and recoveries follow. In the year after some of the most significant events, the S&P 500 posted an average gain of 14.2 percent (chart).

Time and again, we're reminded that you can't keep the markets down for too long. Even the darkest nights eventually give way to dawn, and patience remains one of an investor's great allies.



**S&P 500 One-Year Forward Returns After Major Geopolitical Events<sup>2</sup>**



1. [www.rbcwealthmanagement.com/en-ca/insights/then-and-now-market-reactions-to-military-conflicts-and-what-they-mean-today](http://www.rbcwealthmanagement.com/en-ca/insights/then-and-now-market-reactions-to-military-conflicts-and-what-they-mean-today); 2. "Ignoring the Noise is Impossible," March 20, 2026, A Wealth of Common Sense.

## ■ Balancing Perspectives on the Impact of Artificial Intelligence

# AI & the Efficiency Paradox (We've Been Here Before)

Is artificial intelligence (AI) coming for your job? According to *The Economist*, one in three people believe AI is set to cause widespread job losses, while seven out of 10 believe it will make it harder for people to find work.

Beyond the geopolitical turmoil dominating headlines, the "AI job-apocalypse" has become a common narrative. It doesn't help that the unemployment rate has been creeping upward, and that many recent college and university graduates are struggling to find work.

Of course, there's no doubt that AI improves productivity. A recent paper from Stanford University examined how large language model tools (generative AI systems known as LLMs) are significantly improving productivity across a range of knowledge-based tasks. The results are striking. In every common work task that was studied, generative AI reduced completion time by at least half, and in most cases by around 70 to 75 percent (chart below). The study also found that LLM adoption among U.S. workers rose significantly from 30.1 percent as of December 2024 to 38.3 percent as of December 2025.<sup>1</sup>

Given the proven capabilities and rapid advancement of AI, it will undoubtedly eliminate some tasks and compress certain roles. There is evidence that this may already be happening.<sup>2</sup> However, the notion that AI will imminently create permanent, widespread unemployment might be exaggerated.

### How Many Minutes Does AI Save? Select Work Tasks<sup>1</sup>

Task	Time With AI	Time Without	% Change
Operations Analysis	31	98	-68%
Systems Analysis	31	87	-64%
Programming	33	129	-74%
Technology Design	39	142	-73%
Equipment Maintenance	34	124	-73%
Personnel Management	32	103	-69%

Historically, productivity gains have often expanded economic activity rather than contracted it, creating new industries, new demand and ultimately new forms of employment. A related dynamic is seen in the Jevons Paradox: efficiency gains lower costs, which tends to increase overall consumption rather than reduce it.

William Jevons observed this phenomenon in the 19th century when efficiency improvements led to greater overall coal consumption, not less.

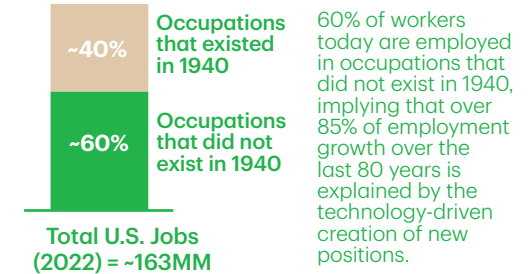
We've been here before. In 1951, when IBM introduced its electronic calculator, it was promoted as capable of replacing 150 engineers. Yet, 75 years later, engineers remain indispensable. Every major platform shift arrives with the familiar promise and worry: more output, fewer people, instant transformation. In recent decades, similar fears surrounded radiologists, telemarketers and travel agents. In practice, technology augmented these professions rather than eliminating them outright.

Then there are the jobs that do not yet exist. One study suggests that technology has facilitated the creation of new occupations that now employ 60 percent of workers today (above).

Indeed, the labour market will evolve, as it always has when transformative technologies emerge. But worries of widespread and permanent unemployment may ultimately prove to be a short-sighted view of the world ahead.

1. [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=5136877](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5136877); 2. <https://fortune.com/2026/04/06/ai-tech-displacement-effect-gen-z-16000-jobs-per-month/>; 3. <https://www.gspublishing.com/content/research/en/reports/2023/03/27/d64e052b-0f6e-45d7-967b-d7be35fadb16.html>

### U.S. Employment in 2022: Innovation Leads to the Creation of New Occupations<sup>3</sup>



## With the Compliments of:

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