



Important Topic:

Life Insurance – An Attractive Rate of Return

Life insurance plays two important roles. While most of us only think about the first, it is important, and profitable, to consider both.

The first role, which most people appreciate, is that life insurance can help to provide for loved ones if the insured passes away.

This role can be described as meeting a “need”.

As soon as one has responsibilities, whether to a spouse, child, or business partner, it is prudent to secure a life insurance policy to provide very timely funds in case of tragedy.

There can also be need to meet tax obligations. If one owns illiquid assets (real estate) which will trigger a large amount of capital gains tax upon death, life insurance helps to meet this obligation without forcing an untimely sale of the asset.

The second role as an attractive investment. Life insurance policies can offer attractive long-term tax-free returns.

This role can be described as a “want”.

Current Canadian tax laws permit insurance companies to grow your savings (premiums paid) tax free, and then pass it on to beneficiaries tax free (even avoiding probate tax). While there are many things that we can do at TD Wealth Private Investment Advice to improve one’s tax efficiency, our only ability to help you grow funds tax free is in your TFSA (of limited size) and through the use of life insurance.

Many policies offer investors an after-tax return of over 5%. If one is in a high tax bracket, one would need to earn over 10% in interest to net 5%.

In our opinion this is a sufficiently attractive return to be worthy of a portion of one’s assets.

Lastly, just in case one’s needs change over time, there are ways one can access a large portion of the funds in the policy to provide cash flows in retirement.

In summary, a permanent insurance policy can not only help to care for your family, meet your obligations or leave a legacy, it can also be an attractive investment.

For many, the experience of buying life insurance is confusing and complicated and the final decision unsatisfying as one is left wondering if they bought the right policy. Let us help. We can work together with you and Estate Specialists at TD to show you how Life Insurance can be an important part of a long-term tax-efficient investment plan.



November Market Insights: A Mixed Month with Promising Trends

November brought a mix of results for local markets, with most showing upward movement.

Market and business leaders appear cautiously optimistic about the U.S. election results, though opinions vary. Some view the outcome with enthusiasm, while others remain reserved. At this stage, the only certainty is uncertainty—what the future holds remains to be seen.

One of the key drivers behind recent robust returns is the rare combination of rising earnings and increasing valuations. Historically, these two factors often move in opposite directions. However, when they align, they create notable market outcomes. When both decline, as seen in 2001 and 2008, the result can be a devastating super-bear market with losses exceeding 50%. Conversely, when they rise together, we experience “Goldilocks rallies” characterized by moderate growth and stability, as seen in 1995 and 2016. So far, the market seems to be enjoying the best of both worlds.

How Long Can This Bull Market Last?

The median bull market typically lasts about 30 months and produces a 90% gain. By that measure, we might be in the “seventh inning” of this cycle. While valuations are slightly elevated, history shows they can remain so for extended periods.

Part of the market’s recent strength stems from the Federal Reserve’s tentative success in managing the economic challenges of the pandemic. The excess demand for labor has been resolved without significant economic damage, setting this cycle up as a rare policy success—if the Fed can maintain its position.

Positive Market Indicators

Several factors continue to bolster optimism:

Historically, when the Federal Reserve cuts rates while stocks are at record highs, markets often continue to rise.

While tariffs remain a challenge for exposed industries, their future under new leadership will be closely monitored.

Reshoring efforts are gaining momentum, bringing jobs and stability back to North America.

Artificial Intelligence (AI) is boosting profit margins and driving innovation across industries.

Earnings growth is broadening, with more stocks surpassing expectations.

The yield curve has dis-inverted, reducing concerns about a near-term downturn or recession.

Outlook: Cautious Optimism

We believe the economy will continue to advance, albeit at a slightly slower pace. A recession appears unlikely in the near future. Earnings are growing, consumers are spending, wages remain strong, jobs are available, and transformative trends in technology and healthcare are driving growth.

In the short term, we remain cautiously optimistic. For the medium and long term, we are decidedly positive. Most importantly, we are confident that by working together, we can meet your financial objectives. At the end of the day, this is what truly matters.

Thank you for your continued trust. We look forward to navigating the road ahead with you.

Index	Month	Year to date
Bonds FTSE Canada Universe Bond Index - CAD	1.70%	4.80%
Canadian Equity - S&P/TSX 60 Index - CAD	6.60%	24.90%
US Equity – S&P 500 - USD	5.90%	26.90%
International – MSCI EAFE Index - USD	- 0.30%	6.70%
Emerging Markets - MSCI Emerging Markets Index - CAD	- 1.80%	14.30%
Real Estate - Dow Jones® Global Real Estate Index - USD	3.10%	9.40%
S&P/TSX Preferred Share Index - CAD	1.80%	20.30%

Have a great month and let us know if there is anything we can do for you,
Meir & Adam & Nelson & Jon





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