Market Update

November 2025

Important Topic: RRSP to RRIF Conversions

We wanted to take a moment to explain the process of converting your Registered Retirement Savings Plan (RRSP) to a Registered Retirement Income Fund (RRIF) and how withdrawals from a RRIF work.

First, the conversion process. When you turn 71, you are required to convert your RRSP into a RRIF. This is a straightforward process, and essentially, your RRSP is simply transferred into a RRIF account.

This conversion marks the change from the RRSP, which is designed for accumulating savings for retirement, and the RRIF, which is meant to provide a steady stream of income during retirement.

Next, withdrawals. In your 72nd year you are required to start making minimum annual withdrawals. The amount you need to withdraw each year is determined by the balance on December 31 of the previous year times a percentage factor set by the government, which increases with age.

It's important to note that while there is a minimum withdrawal requirement, there is no maximum limit—so you can withdraw more if needed, but keep in mind that these withdrawals are considered taxable income.

A LIRA (Locked-In Retirement Account) must also be converted to a LIF (Locked-In Income Fund) for retirement income. Unlike RRIFs, LIFs have both minimum and maximum annual withdrawal limits. The reason for this is that LIRAs are sourced from company pension funds and as such are intended to provide income through retirement.

Converting Early

While one must convert at 71, there are reasons to consider converting early:

1. Drawing down one's Retirement fund can smooth out taxable income.

   When one passes, they can pass the entire balance to their spouse on a tax-free basis. If one passes and they are not married, the entire retirement fund is treated as income in that one year. A larger balance can result in the highest tax bracket requiring half of the balance.

   Additionally, one may pay less tax over time if one arranges for a leveled withdrawal schedule that avoids the volatility of very low and very high tax brackets.

2. Pension credits after 65

   RRIF withdrawals qualify for the $2,000 federal pension income credit starting at 65 years of age. RRSP withdrawals do not qualify.

If one does not have a separate pension (CPP Canadian Pension Plan & OAS Old Age Security do not count), this is a way to qualify for the tax credit.

One can move $2,000 per year from an RRSP to a RRIF and then withdraw it (if one does not wish to convert the entire fund early).

3. Income splitting at 65

   Only RRIF (and certain pensions) income can be split with a spouse once you are 65. Splitting can lower your overall tax bill.

   RRSP withdrawals do not qualify for splitting.

4. Control of Beneficiary

   Note that a Power of Attorney cannot set or change beneficiaries. Therefore, if you are unable to name your beneficiaries at conversion at 71, the retirement account will flow to your Estate.

   If you are of healthy mind, one solution would be to open (even unfunded) a RRIF account where you establish your set beneficiaries.

5. Spousal age advantage

   RRIF withdrawals can be based on your age or your spouse's. If your spouse was to pass before you reach conversion at 71 you would lose the choice.

   One solution would be to open (even unfunded) a RRIF account where you establish which age you will use for withdrawal percentages.

We are here to take you through these issues and answer any questions you may have. Rest assured that this is on our Wealth Review Checklist and will be discussed with you.

Market Update: November 2025 – Atypical November

While November has historically been one of the best months for market returns, this November was rather mixed. After six months of broad-based gains, producing very attractive year-to-date returns, we are prepared to describe November as "acceptable".

Earnings, always a focus, are excellent. The blended earnings growth rate for the third quarter S&P 500 Earning Per Share currently stands at 13.4%. This is well above the attractive 7.9% expected at the end of the quarter.

The blended revenue growth rate is 8.4%, also better than expected.

Importantly, note that companies increased revenue by 8.4% but earnings by 13.4%. In other words, the companies in the S&P500 are becoming more efficient, more productive, and therefore more profitable.

This bodes well for the future.

While we do not know what will happen or when, we continue to believe that the economy will push forward. As long as earnings continue to grow, consumers continue to spend, and wages remain strong, we do not expect markets to fall any further than usual and believe the odds remain in favour of attractive gains.

We remain cautious about the short term (anything can happen) and positive and optimistic about the medium, and long term. To be clear, this is based on over 100 years of data and the continued success of capitalism in allocating scare resources best. We build multifaceted portfolios designed to succeed in as many possible futures and to weather the unexpectable.

Most importantly, we are confident that working together we can meet your, our client's, objectives. At the end of the day this is all that truly matters.

Index	Month	Year to date
Bonds FTSE Canada Universe Bond Index - CAD	0.10%	3.80%
Canadian Equity - S&P/TSX 60 Index - CAD	3.50%	27.30%
US Equity – S&P 500 - CAD	0.00%	15.80%
International – MSCI EAFE Index - USD	0.70%	28.10%
Global Small Companies - CAD	1.20%	15.60%
Emerging Markets - MSCI Emerging Markets Index - CAD	- 1.90%	27.30%
Real Estate - Dow Jones® Global Real Estate Index - USD	3.00%	11.10%
S&P/TSX Preferred Share Index - CAD	- 0.10%	14.10%

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

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