

# Taking Stock with Steele

Your Monthly Newsletter

*The purpose of this newsletter is to share insights and expertise. Our goal is to ensure that our clients are well-informed of changes affecting local business decisions and our investment recommendations.*

*We believe Knowledge Pays and we want our knowledge to help pay for you.*

## FAMILY PLANNING KNOWING YOUR PROPERTY RIGHTS AS A COMMON-LAW PARTNER

### Common-Law Spouses Do Not Share the Same Rights as Married Spouses

Contrary to popular belief, common-law spouses are treated differently than married spouses, particularly with regards to the division of assets.

### How Common-Law and Married Spouses Are Treated the Same

The division of the following are treated the same and divided on a 50/50 basis:

- Government benefits (OAS, GIS) & Canada Pension Plan (CPP) Benefits
- Income/pensions and their relation to spousal support (though not in Quebec)
- Income taxes payable
- Custody of children and pets

### How Common-Law and Married Spouses Are Treated Differently

In all provinces and territories but Saskatchewan, Manitoba, BC, Nunavut and the NWT, division of capital assets is based on who owns the property in question. In the above-mentioned provinces, common-law couples who have lived together for at least two or three years have similar division of property rights as married couples.

### What Can Common-Law Partners Do to Protect Themselves and Each Other

- They can enter a cohabitation agreement at the onset of the relationship setting out rights and obligations during cohabitation and upon separation
- They can acquire or hold property in joint names
- They can claim "unjust enrichment" – however, high legal costs, the need to prove "property contribution" and often poor settlement amounts make this a last resort

## RIDING THE CURVE A CATALOGUE OF OUR MONTHLY FIXED INCOME FAVOURITES

### Aimia Preferred C (AIM.PR.C)

- Aimia operates a loyalty management company in Canada and internationally
- The shares reset at 4.20% + the 5-year GofC bond on March 31<sup>st</sup>, 2019
- At \$25, the issue has a yield-to-retraction (soft) of 6.25% and is rated Pfd-3

### Fairfax Financial Preferred I (FFH.PR.I)

- Fairfax provides property, casualty, life and re-insurance globally.
- The shares reset at 2.85% + the 5-year GofC bond on December 31<sup>st</sup>, 2015
- At \$22, the issue has a running yield of 5.68% and is rated Pfd-3

### Current Rates & Data

#### Govt of Canada

90 day	0.85%
1 year	0.93%
2 year	1.03%
5 year	1.75%
10 year	2.56%
30 year	3.11%

#### U.S. Treasury

90 day	0.02%
1 year	0.09%
2 year	0.38%
5 year	1.62%
10 year	2.86%
30 year	3.80%

#### Canada Prime Rate

3.00%

#### U.S. Prime Rate

3.25%

#### Exchange Rates

CAD/USD	0.914
USD/EUR	1.360
JPY/USD	104.4

## ECONOMIC TIDBITS THE FED STARTS TO TAPER & CANADIAN HOUSING CONTINUES TO ROLL

• As expected, the U.S. Federal Reserve stated that it would **begin to taper** bond purchases in its mid-December meeting. The Fed will **reduce its bond purchases by \$10 billion** per month starting in January 2014. The Fed also stated that it will maintain easy monetary policy and will act to increase its bond purchases if data worsened. Markets reacted favourably to this announcement.



• The Canadian housing market continues to perform well with **sales activity at normalized levels** and prices **near all-time high**. In line with seasonality, house prices weakened in the fall but have been stable since late summer. With low inflation pressuring the Bank of Canada to focus on lowering interest rates rather than raising them, the housing market is likely to benefit.



## LE JIT A "JUST-IN-TIME" RUNDOWN OF OUR CURRENT INVESTMENT THEME

### Stocks with Low Volatility and Long-Term Growth Look Good in an Expensive Bull Market

- Though the low volatility play, after two years of strong results, is mostly played out, there are some less conventional low volatility stocks that appear attractive
- These stocks are mostly in sectors tied to economic growth (e.g. Industrials, Materials, etc) which are not traditionally known to be low volatility sectors/stocks
- Stocks with **long track records** and high and improving **earnings stability**, no matter where the earnings are derived, usually offer lower volatility and higher returns than the broad market
- **Agrium Inc. (AGU)** and **Algoma Central Corp (ALC)** are two investment ideas related to this theme. Feel free to ask a member of our team for more information on these securities.

## JEANNINE'S TIP O' THE MONTH TAX TIPS FOR THE NEW YEAR

**Tax-Free Savings Account Contributions** – make your contribution of \$5,500 early in the year. Note that any withdrawals made in the previous year can be replaced.

**RRSP Contributions** – if you have yet to top up your 2013 contributions, the deadline is March 3<sup>rd</sup>, 2014. Consider making your 2014 contribution in January.

**RIF Withdrawals** – if you want to make any changes to your withdrawal amounts or withholding taxes in 2014, please contact us.

**This newsletter has been brought to you by Steele Wealth Management**

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