



OCTOBER 2024



Market Watch

Last month, volatility in equity markets continued to increase, albeit to a lesser degree than earlier in August. US equity markets are up just under 2%, with the Canadian index up about 2.7%. The S&P500 continues to lead, hitting an all-time high in recent days. Bond markets have sustained a slight positive trend, while gold has continued to surge up over 4% in the last month.

Lots of recent news spurred some more excitement into the equity markets. The FED Reserve cut US rates by 0.5%, and eyes are now on the Bank of Canada in October. Typically, the cutting of rates signals the economy is weak and in need of relief, and a 0.5% cut is significant. However, many have spun this positively causing the recent rally in equities. We are heading into a busy fall with the US election almost 1 month away. Markets may be more reactionary than they have been in a while; there will be lots to monitor as we enter the final quarter of 2024.

- Brad Wilson CIM®

Saving for a House: RRSPs vs FHSA

As housing prices rise, so do the necessary downpayments. In response to this need the Canadian government introduced the First Home Savings account - a new tool for Canadians to save. However, this begs the question, what government program is the best for growing your home nest egg the Home Buyers Plan (a program available through your RRSP) or the new First Home Savings Account? Let's compare their key features:

RRSPs & The Home Buyers Plan

Having an RRSP allows you to not only save for retirement but also a home through the Home Buyers Plan (HBP).

Your RRSP contribution room is based on your income (check your latest Notice of Assessment or your myCRA account) and these contributions are tax deductible – therefore most workers have an RRSP to reduce their annual income tax burden. The RRSP contribution calendar is March to February and claimed in the spring (i.e. March 2024 to February 2025 contributions are claimed on 2024 tax returns in spring 2025).

So how does the RRSP help save for a home – the Home Buyers Plan. The HBP allows you to borrow up to \$60k per person from your RRSP to purchase a home (recently increased from \$35k). And unlike regular RRSP withdrawals, HBP withdrawals are tax-free.

But beware, the borrowed money must be recontributed to your RRSP within 15 years which may not be an issue if you make regular contributions over those years. However, if you cannot make the minimum payments, you must pay the tax on the amount not paid.

FHSA (First Home Savings Account)

FHSAs are specifically for people preparing to buy their first home or reenter the housing market after being out of it for 4+ years. That said, FHSAs have some similarities to RRSPs.

First, FHSA contributions are tax deductible. However, their contribution calendar is from January to December instead of March to February. Also, the contribution room is the same for everyone - \$8k per year, starting the year the account was opened, with a lifetime limit of \$40k.

Next, withdrawals. Unlike RRSPs, there is no cap on FHSA withdrawals. When it's time to buy, you can withdraw the entire account, tax-free. And recontributions ... there are none.

Of course, there isn't one solution that works for everyone but given the features of both accounts, the FHSA is quickly becoming a favourite for young investors looking towards buying their first home over the RRSP. That said, given the size of today's downpayments, it's about having the right mix of accounts rather than a one-account solution. For instance, TFSAs and non-registered accounts are also powerful options to consider for savings goals.

In conclusion, as with most financial planning goals the best strategy is to start by consulting your advisor who can develop a custom solution to fit your unique needs.

To explore the best home saving strategy for you contact KLT Wealth Management.

- Courtney Beach, QAFP

Is there a topic or question you want
mentioned in a future newsletter?
send us an email at
team@kltwealth.ca



HAPPY OCTOBERFEST



JOKE OF THE MONTH

Before I brew it, the
pretzels were gone.

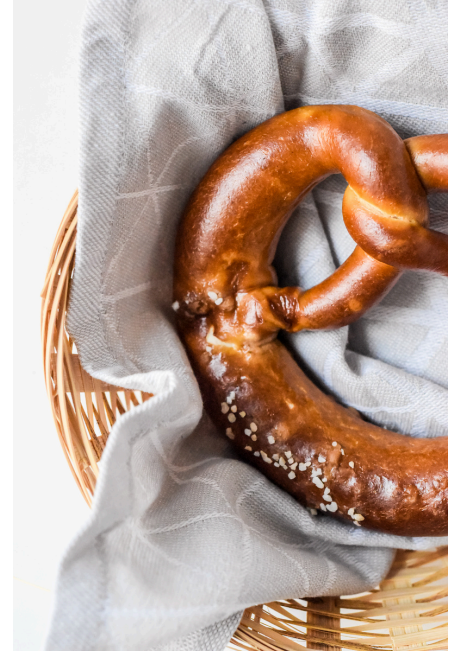


Monthly Recipe

Homemade Soft Pretzels

Ingredients:

- 1 $\frac{1}{4}$ cups warm water, or more as needed
- 4 teaspoons active dry yeast
- 1 teaspoon white sugar
- 5 cups all-purpose flour
- $\frac{1}{2}$ cup white sugar
- 1 $\frac{1}{2}$ teaspoons salt
- 1 tablespoon vegetable oil, or more as needed
- $\frac{1}{2}$ cup baking soda
- 4 cups hot water
- $\frac{1}{4}$ cup kosher salt, for topping



Directions:

- Pour 1 $\frac{1}{4}$ cups warm water into a medium bowl. Dissolve yeast and 1 teaspoon sugar in warm water; let stand until creamy, about 10 minutes.
- Mix flour, $\frac{1}{2}$ cup sugar, and salt together in a large bowl. Make a well in the center; add yeast mixture and oil. Mix well and form into a dough. If mixture is dry, add one or two more tablespoons of water.
- Knead dough until smooth, about 7 minutes. Lightly oil a large bowl, place dough in the bowl, and turn to coat with oil. Cover with plastic wrap and let rise in a warm place until doubled in size, about 1 hour.
- Preheat the oven to 450 degrees F (230 degrees C). Grease 2 baking sheets.
- Pour 4 cups hot water into a large bowl. Stir in baking soda until dissolved; set aside.
- Turn dough out onto a lightly floured surface and divide into 12 equal pieces. Roll each piece into a rope and twist into a pretzel shape.
- Once all of the dough is shaped, dip each pretzel into the baking soda-hot water solution and place on the prepared baking sheets. Sprinkle with kosher salt.
- Bake in preheated oven until browned, about 8 minutes

ENJOY!



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