

Much has transpired regarding the rapidly evolving situation related to Canada's response to the novel coronavirus (COVID-19) since our last update on March 16th.

Most recently, both the Ontario and Quebec governments have released the list of essential workplaces that are exempt from the provincial orders to close non-essential businesses. Financial planning and investment firms are considered essential workplaces, therefore Penny-Reid Financial remains open for business.

We will continue to be attentive to your needs, however, will not be having face-to-face meetings until further notice. Although phone lines will be monitored, there could be a delay in responding due to our reduced office hours. Therefore, it would be preferable to reach us by e-mail. We can also arrange for phone meetings, should you prefer to do so, and any forms and/or documentation can be sent electronically as needed.

Some developments this week

- The U.S. Senate and White House came to an agreement on a US\$2 trillion stimulus package, while Canada passed emergency legislation to provide \$82 billion in support to Canadians weathering the ramifications of COVID-19. It's believed this will simply be the first leg of fiscal support from the Canadian government.
- Both the Canadian and U.S. markets were incredibly volatile, recovering from a large dip on March 23 with a powerful three-day relief rally that saw the Dow Jones Industrial Average return to a bull market and Canadian stocks on the edge of doing the same.
- The World Health Organization stated that the U.S. could become the new epicenter of the COVID-19 outbreak, as Italy showed signs of stabilizing and Spain's deaths continued to surge. It was estimated that by midweek, approximately 20% of the world population was subject to lockdown measures.

Tax payment and filing deadlines

The government announced extensions of the deadlines for filing personal and trust tax returns and paying balances owing.

You now have until June 1, 2020 to file your personal 2019 T1 Income Tax and Benefit Return, which is one month later than the usual April 30th deadline. Self-employed taxpayers (and their spouses or partners) still have until June 15, 2020 to file.

You now have until August 31, 2020 to pay any balance owing for your 2019 tax return, which is four months later than the usual April 30th deadline. You may have to pay interest on any balance owing after August 31st for your 2019 tax return.

BULLS AND BEARS

Where did the Bull and Bear market get their names?

The origins are unclear, but one explanation is on how each animal attacks.

The Bull attacks by bringing their horns upwards. Markets on the rise is a Bull market.

The Bear attacks by swiping their paws downward. Markets that are receding is a Bear market.



If you expect to receive income-tested benefits, such as the Goods and Services Tax credit (GSTC) or the Canada Child Benefit (CCB), it is recommended that you still file your tax return by April 30 to help ensure your benefits can be properly calculated in time for 2020-21 program payments that begin in July 2020.

If you are expecting a tax refund, it's also a good idea to file your tax return as soon as possible since the CRA will continue to process refunds throughout tax season.



RRIF Minimum

The government announced that for 2020, it is reducing required minimum withdrawals from RRIFs by 25% “in recognition of volatile market conditions and their impact on many seniors’ retirement savings.” This will provide needed flexibility to seniors that are concerned that they may be required to liquidate more of their RRIF assets than they need to meet the current legislated minimum withdrawal requirements.

What does this mean for my investments?

We are living through circumstances that most people have never experienced. You would be unique indeed if you were not feeling the tiniest bit unsure about the world or your investments given recent events. Yet there are two vital points to keep in mind:

1) This is an event-driven decline, and while the recovery may prove to be a slow and gradual one, the COVID-19 pandemic will one day end. As far away as that may feel, it will run its course. In the meantime, the difficult part is avoiding the emotional decisions that can tempt investors to make ill-advised changes.

2) We did not build your portfolio to last *until* the next event. We built it for the long term. This does not come with the expectation that your investments would never experience declines; rather, your portfolio is built to withstand them so that it can carry you through to the next recovery and future gains.

Please keep these two foundational points in mind as you turn on the news or look at the day’s market action, which can admittedly add to your feelings of fear and uncertainty.

With that in mind, you may still have specific questions about your portfolio and investment plan. If you do, we are always here to address them. Please do not hesitate to contact our team.

Your Penney-Reid Financial retirement and investment team

Kyle Reid, CFP
kyle@penneyreid.ca

Daniel Gosselin
dan@penneyreid.ca

François Poudrier
francois@penneyreid.ca