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IF WE ONLY KNEW THEN WHAT WE KNOW NOW

2016 will be remembered as a watershed year, that stunned, humbled and amazed us. Mostly driven by surprising political outcomes, financial markets generally reacted positively to the unexpected as the unexpected became commonplace.

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2016—A YEAR TO REMEMBER

The year began with investors being initially afraid that China, after years of steady growth, was destined for a hard landing, that the U.S. Federal Reserve (Fed) interest rate increase in December 2015 could be the first hint of a recession, and that negative interest rates in Japan and Europe might negatively impact financial markets

However, as the year progressed it became clear that politics would be the number one newsmaker of the year. The first major political event was what would become known as “Brexit” – the United Kingdom’s referendum to determine if the country would vote to either exit or remain in the European Union. In the weeks leading up to the vote, many pondered what an EU without the UK would look like, but few truly believed it would happen. Despite what the pollsters had predicted, 52% voted to leave the EU.

In the aftermath, it became apparent that there are still many uncomfortable issues to be discussed in households across the UK including the anger felt by many young people who feel they are

> *“...IT BECAME CLEAR THAT POLITICS WOULD BE THE NEWSMAKER OF THE YEAR .“*

2016. A YEAR TO REMEMBER continued

saddled with the financial aftereffects of Brexit, and the real potential of the secession of Scotland which voted heavily to remain in the EU.

Arguably, the largest political story anywhere in the world was the shocking outcome of the 2016 U.S. presidential election where Donald Trump also defied polls to become the 45th US president, though he is one of only a small handful to lose the popular vote – which was won by his opponent, Hillary Clinton.

Following the U.S. election Italians also voted No, in a referendum on constitutional reform, forcing Prime Minister Matteo Renzi to quit, sparking fresh Eurozone concerns.

2016 was also a year tinged with sadness, as we said good bye to many celebrities and sports superstars including Muhammad Ali, Arnold Palmer, Prince, David Bowie, George Michael, Carrie Fisher, Gene Wilder, and Canada's own Gordie Howe, Alan Thicke, and Leonard Cohen.

CHICAGO CUBS SOAR ...AND SO DOES THE TSX!

Yet 2016 wasn't all doom and gloom – there were many moments of surprise and delight. The Chicago Cubs defied history by winning their first World Series title in 108 years. The giant panda was moved off the world's extinction list due to recent population growth. India opened the largest solar energy plant in the world and Canada equaled its best showing at a non-boycotted Summer Olympics, with 22 medals at the Rio Games.

Olympians weren't the only record setters as benchmark US stock indices, such as the S&P 500 and the Dow Jones Industrial Average, surged to record highs following the US election. The S&P/TSX Composite Index ended the year at 15,287.59 points, bringing gains for 2016 to 17.5 per cent, after an 10.5 per cent slump in 2015. That not only outpaced the 9.5 per cent advance for the S&P 500 but made Canadian stocks one of the best performing of 24 developed markets.

FINANCIAL MARKETS REACT TO OPTIMISM

Things changed in financial markets as well: the Fed raised its target rate by a 0.25% in December. The move was made amid increasing optimism about the U.S. economy, as the Fed also signaled that rates would rise at a faster pace than previously projected due to a strengthening labor market and inflation moving more rapidly toward targeted levels.

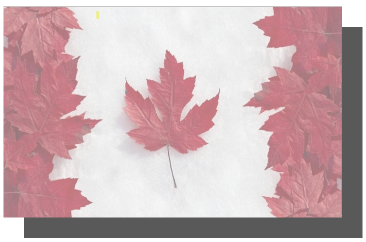
> "2016 WASN'T ALL DOOM AND GLOOM ..."

While 2016's political surprises will continue to bring both opportunity and volatility to financial markets, 2017 could add to this with upcoming elections in the Netherlands, France and Germany. 2017 has the potential to be an interesting and exciting year – and perhaps it will finally be a year that a Canadian team wins the Stanley Cup … only time will tell!

WELCOME 2017!

Canada celebrates a huge milestone in 2017 – it's time to break out the candles because this year we turn 150.

In honour of this occasion, Parks Canada will allow free admission to all national parks, national historic sites, and national marine conservation areas operated by Parks Canada. The federal government is spending half a billion dollars to commemorate the 150th anniversary of Confederation.



While Canada's sesquicentennial will be marked by celebrations and festivities throughout the year as of January 1st, Canadians must also be aware of some of the financial planning opportunities that await them.

Beginning January 1, 2017, a few things have changed that you need to be aware of such as:

CPP AND EI PREMIUMS

Calendar year 2017 brings with it lower EI premiums which will fall (for employees) to 1.63% (from 1.88%) of insurable earnings – its lowest level since 1980. The Canadian Taxpayers Federation indicated that this tax cut is worth up to $132 to employees.

Meanwhile the maximum pensionable earnings for the Canada Pension Plan for 2017 increases to $55,300, up from $54,900 in 2016. The employee and employer contribution rates for 2017 remain unchanged at 4.95% and the maximum employer and employee contribution to the CPP for 2017 are $2,564.10 (Quebec, $2,797.20) each.

RRSP

Contributing to a Registered Retirement Savings Plan (RRSP) – The maximum RRSP deduction limit for 2017 is $26,010, up from $25,370 in 2016. In order to contribute the maximum amount in 2017 your 2016 earnings must have exceeded $144,500. Note that beginning with the 1991 tax year, Canadians have been able to carry forward the unused portion of their RRSP contribution room to subsequent years.

Federal Tax Rate	2017	2016
Basic Personal Exemption	$11,635	
15.00%	Up to $45,916	Up to $45,282
20.50%	Over $45,916 and up to $91,831	Over $45,282 - $90,563
26.00%	Over $91,831 - 142,353	Over $90,563 - $140,388
29.00%	Over $142,353 - $202,800	Over $140,388 - $200,000
33.00%	Over $202,800	Over $200,000

TFSA

2017 TFSA Contribution Limit – The TFSA contribution limit continues to be frozen, at $5,500. Those who have never opened a TFSA before and were at least age 18 in 2009, now have cumulative TFSA contribution room of $52,000 as of January 1, 2017.

CCB AND OTHER TAX CREDITS

Canada Child Benefit (CCB) – 2017 is the first full year for the Canada Child Benefit (CCB), which replaced both the Universal Child Care Benefit and the Canada Child Tax Benefit. The CCB generally means higher benefits for most families with children. However, because CCB benefits are tied to household income it will mean lower child benefits in 2017 for high-income families.

2017 will also see the end of several popular tax credits: the Children's Art and Fitness tax credits (they were both halved in 2016 to $250 and $500 respectively), and the Federal textbook and education tax credits.

IMPORTANT DATES

January 20, 2017
U.S. Presidential Inauguration

March 1, 2017
Final RRSP Contributions

March 17, 2107
St. Patrick's Day