

FACES

M A G A Z I N E

HOW TAX-EFFICIENT IS YOUR PORTFOLIO?

Outside of registered accounts such as an RRSP or TFSA, tax efficiency plays an instrumental role in building wealth. Tax efficiency is a key consideration in maximizing your investment returns after taxes. Capital gains and dividends receive preferential tax treatment relative to income derived from interest. Building an effective diversified investment portfolio with tax efficiency in mind is a key way to build wealth and accelerate growth over time.

Tax efficiency in your investment portfolio

As Portfolio Managers and Financial Advisors, we understand that achieving tax efficiency within your investment portfolio is an important strategy for clients. When a client's investment plan includes long-term goals, we work with the client to minimize the amount of taxes they will pay on their investments which has an immense impact on their investment portfolio over time. This is why it is important to build a properly constructed portfolio to accelerate growth over time.

Reducing Taxes with Smart Investing

There are many factors to consider when making investment choices, including the potential return, asset class, level of risk, and portfolio diversification. As your Portfolio Manager, we never overlook the one factor that is important to consider which is the amount of tax you will have to pay. Our investment strategies help you reduce taxes, stay ahead of inflation and move closer to achieving your financial goals. The first step toward tax efficiency is to consider all of your assets in the financial planning process. This includes registered and non-registered savings (including RRSPs, TFSAs, employer pension plans, real estate, life insurance, and business assets) and your partner's assets and savings. We take a holistic approach to look ahead to determine the taxes you may have to pay in retirement and take steps now that may help reduce those taxes.

A key strategy is to hold and defer. What this means is to hold a well-diversified equity portfolio, and hold it for the long term to defer capital gains and tax. Some of the benefits for hold and defer include:

- Increase in tax-deferred compounding
- Return of capital
- Lower tax rates in the future
- Less tendency to buy high and sell low

We value the opportunity to discuss the benefits of working with us and to learn about how we make your investment portfolio tax-efficient. Consider joining us for a discovery meeting and a second opinion. A meet and greet with a Financial Advisor should be enjoyable and that is what we guarantee!

Written by Michael and Adam Prittie



Michael Prittie, CFP, CPCA, CIM, FCSI, CIWM
Portfolio Manager

Adam Prittie, CIM, BCOM
Associate Portfolio Manager



Please contact us to set up a meeting to learn more. We make a great cup of coffee and we will cover your parking. There is no obligation!

613-728-0101

aprittie@mandevillepc.com or
mprittie@mandevillepc.com

www.prittieprivatewealth.com

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