The Di Rocco Keenan Wealth Advisory Group

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Staying Focused on Your Financial Goals Amid U.S. Tariffs: A Look Back and Ahead

In a world of constant financial changes, it's essential to stay focused on your long-term investment objectives. Recently, news about U.S. tariffs and their potential impacts on Canada has resurfaced, reminding us of similar concerns in 2018. While it's easy to get caught up in the noise, now is the perfect time to reflect on how we've navigated these challenges before — and how we can continue to stay focused on your financial future.

A Look Back: 2018 and Tariffs on Canada

In 2018, the U.S. imposed tariffs on a variety of Canadian goods, including steel, aluminum, and other products. At that time, many feared the tariffs would lead to a trade war that could severely impact Canada's economy. The resulting uncertainty of tariffs, along with the US and Trump's trade war on China, the US government shutdown, and concerns the Fed was raising interest rates too quickly, led to short-term volatility in the markets.

However, Canada proved resilient. After an eye dropping -10% decline in the Canadian and US markets in December 2018, the markets rallied to make relatively new highs shortly after in 2019. On December 24th, 2018, we couldn't have predicted that we were about to enter one of the strongest bull markets that we have seen since the 90's. We feel this is a great example of why we don't know what's going to happen short-term, and why it is important to not make any reactionary decisions.

Staying Focused on Your Investment Goals

In moments of uncertainty, it's easy to focus on the immediate impact of news headlines, but the best way to navigate market volatility is to stay focused on the long-term strategy. Here's why it matters:

- **Market Cycles:** Tariffs, like other economic events, often lead to short-term market fluctuations, but the fundamentals of good investing haven't changed. Markets have historically rebounded, and our long-term investors typically benefit from holding a diversified portfolio through turbulent times.
- **Resilience and Diversification:** Just as Canadian businesses adapted in 2018, we do as well by always evaluating our asset allocation and geographic and sector diversification. By keeping a diversified investment approach, we can better weather short-term disruptions while keeping a long-term perspective.

What You Can Do Now

As always, we are here to guide you through these challenges. Here are a few steps you can take to ensure you remain on track:

1. **Revisit Your Goals:** Let's take a moment to review your investment strategy and ensure it aligns with your long-term objectives. A solid plan will weather any storm.
2. **Stay Calm, Stay Informed:** It's important to stay informed, but not to make emotional decisions based on short-term headlines. Trust the strategy, and we'll be here to support you through every twist and turn.
3. **Regular Reviews:** Let's continue to check in regularly to review your portfolio's performance and make any necessary adjustments to keep you on track.

Though concerns about tariffs and trade tensions are nothing new, we've seen time and time again how resilient Canada and global markets can be. If you have any questions or would like to discuss how your portfolio is positioned in light of these developments, we're always here to help. Let's keep your financial journey on track, regardless of the headlines.

Lianne and Jamie

REMINDERS

It's RRSP Season!

March 3, 2025, is the deadline for contributing to your RRSP for the 2024 tax year. The RRSP contribution limit for the **2024 tax year** is 18% of earned income you reported on your tax return in the previous year, up to a maximum of $31,560.

Your 2024 Tax Documents

Tax season will be underway soon. To help make this busy time of year smoother for everyone, attached is the 2024 Tax Documents Overview and Schedule. It provides a brief overview of the various tax slips you may receive, along with their expected mailing and Gateway availability dates. Please reach out to us if you are unsure of your elected document delivery preferences or if you need assistance accessing your Gateway account.

INDUSTRY TRENDS

Some positive news…

Canadian Saving Rates are on the Rise!

BMO's 15th annual Retirement Survey shows Canadians are contributing more than ever to their RRSPs – a 14% increase over last year. We think this is something to cheer about.

To read the full survey, click here.

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