

Newsletter

Spring 2026

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Welcome



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Tax season reminders: Planning for instalment payments

Most individuals pay a significant amount of their income tax through source deductions, which are amounts withheld from their income. Employers deduct and remit income tax on a taxpayer's behalf throughout the year with each paycheque. However, many newly retired or self-employed individuals are surprised to learn that they must make quarterly instalment payments, since retirement or self-employed income is often received without tax withheld at source.

If your net tax owing is more than \$3,000 (\$1,800 for Quebec) in the current year and in either of the two preceding years, you generally must make instalment payments by March 15, June 15, September 15 and December 15 (with exceptions for farmers and fishers).

Planning ahead is important

Planning ensures you have sufficient cash flow to meet each quarterly payment and avoid interest or penalties. Interest on late or insufficient instalments compounds daily (for Q2 2026, the prescribed rate is 7 percent federally), and penalties may apply if total instalment interest exceeds \$1,000.

If your income varies from year to year, planning allows you to adjust instalments to avoid overpaying, which is effectively giving the government an interest-free loan. For example, a large one-time capital gain, such as from selling a vacation home, might cause government-suggested instalments (based on your most recent assessed tax return) to exceed what your expected income would warrant in the following year.

Three practical tips

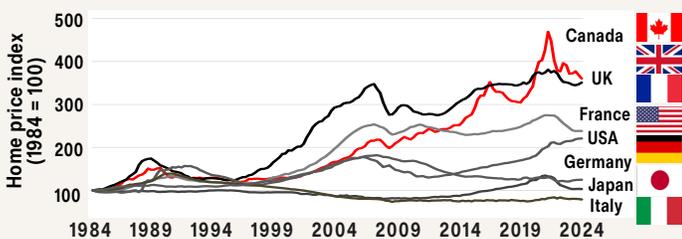
Here are three practical tips to consider if you are managing instalment payments:

- 1. Overpay when needed.** If you've forgotten an instalment payment, you can reduce or eliminate accrued interest by overpaying subsequent instalments or making payments early. Early instalment payments earn instalment credit interest, which is not refundable but can offset interest charged on late instalments in the same year.
- 2. Choose your calculation method.** Instalments may be based on government-calculated amounts, your prior-year tax return or your current-year income estimates. Selecting the appropriate method is particularly important if your income fluctuates, ensuring you pay enough without overpaying (providing a tax-free loan).
- 3. Adjust withholdings, if possible.** Instalments can sometimes be reduced or eliminated by having tax withheld at source, or by increasing the amount withheld from OAS, CPP/QPP benefits, EI or employer-sponsored pension income. Requests must be made through Service Canada or Retraite Québec (QC). Note: tax cannot be withheld from certain types of income, including self-employment, investment and rental income or capital gains.

Spring perspectives: A brief look at the housing market

Spring marks the start of the home-buying season. While price growth has slowed, and even reversed in some markets, Canadian home prices have risen faster than those in any other G7 country (Group of Seven advanced economies), nearly quadrupling over 40 years. As a result, many view Canadian real estate as one of the best-performing long-term asset classes.

Home prices, G7 countries, 1984 to start of 2025 (Inflation adjusted)



<https://www.dallasfed.org/research/international/houseprice>

While housing has delivered attractive returns, an interesting comparison emerges since the start of the millennium: Despite a more volatile return path, the S&P/TSX Composite has generated higher annualized total returns than many real estate markets. The chart (top) shows performance through the start of 2025, as real estate prices moderated in major markets, in part due to higher interest rates.

Without a doubt, various factors make a direct comparison between real estate and stocks difficult. Investing in real estate comes with various challenges, including limited liquidity, significant capital outlay (partially offset through leverage, such as a mortgage), transaction costs (commissions, legal fees and land transfer tax) and ongoing maintenance (property taxes and repairs). Stock market participation is generally more accessible in terms of initial capital, transaction costs and liquidity, while offering greater diversification. Yet, the stock market can be more volatile, making downturns difficult for many investors. Different tax treatments and risk profiles further complicate direct comparisons.

S&P/TSX Composite vs. select housing markets 1999 to 2025, hypothetical \$300,000 investment

Market	End value	Annualized return
1. S&P/TSX Composite	\$2,385,049	8.3%
2. Vancouver	\$1,673,943	6.8%
3. Toronto	\$1,547,687	6.5%
4. Montreal	\$1,504,716	6.4%
5. Halifax	\$1,420,609	6.2%
6. Ottawa/Gatineau	\$1,304,786	5.8%
7. Calgary	\$1,092,897	5.1%

Sources: 1. S&P/TSX Composite Total Return Index (dividends reinvested); 2. to 7. Teranet-National Bank House Price Index, <https://housepriceindex.ca/>; 02/99 to 02/25, based on Bloomberg/RBC Wealth Management analysis.

The recent moderation in housing markets serves as a reminder that even long-standing trends can shift. Yet, Canadians have been fortunate that both real estate and equities have offered substantial wealth-building opportunities over recent decades.

Be aware: FHSA contribution room may be incorrect

If you've helped a young family member open a First Home Savings Account (FHSA), be aware that the Canada Revenue Agency (CRA) may have inaccurate contribution data. The consequence? The one percent per month penalty on excess contributions, which quickly adds up. A recent Globe & Mail article highlighted the issue: "Schedule 15—FHSA Contributions, Transfers and Activities" must be attached to a tax return whenever a contribution or withdrawal is made.* This form was introduced in 2023 and some tax software did not automatically include it, leading certain 2023 contributions to be misclassified as 2024 overcontributions. To fix this, it is advised to contact the CRA and amend the 2023 return using Schedule 15.

* "How we fixed a \$1,000 FHSA tax penalty," B. Leung, Globe & Mail, 01/30/26, B11.

How has purchasing power changed? Reflecting on 30 years of inflation

Canada has recently earned the title of "food inflation capital" of the G7, after food prices rose 6.2 percent in 2025 alone. In response, Prime Minister Carney recently introduced the Canada Groceries and Essentials Benefit (CGEB) rebate (an expansion of the existing GST/HST rebate) targeted at low-income earners.

Many of us have noticed how quickly grocery bills have risen in recent years. It's hard to believe a kilogram of chicken once cost \$3.75 and a carton of eggs just \$1.60...but that was 1995. While the Consumer Price Index (CPI), the federal government's official measure of inflation, shows average prices have risen roughly 88 percent over three decades, your grocery bills probably tell a very different story (chart).

Inflation becomes especially troubling when incomes fail to keep up. For a growing portion of the population, this is the reality. When expenses, especially those like education and housing, become harder to afford, the impact is not just financial; it can influence confidence in economic opportunity and heighten social divides.

While household affordability has come under increasing pressure, long-term investment performance tells a different story. Throughout the same period, investors have seen the S&P/TSX Composite Index rise more than 573 percent, even before accounting for reinvested dividends. That growth has outpaced the price increases across every category on the chart, including average home prices during a prolonged housing boom.

Of course, this growth did not come without volatility, including four bear markets spanning a combined 40 months, two of which saw

Changes in (nominal) prices of select items: 1995 & 2025

	1995	2025	Change
Ground beef (1 kg) ¹	\$3.80	\$15.54	+309%
Chicken (1 kg, breast) ¹	\$3.75	\$15.19	+305%
Eggs (1 dozen) ¹	\$1.64	\$4.74	+189%
Coffee, roasted (300g) ¹	\$3.86	\$8.25	+114%
Oranges (1 kg) ¹	\$2.30	\$4.46	+94%
Unleaded gas (reg, c/L) ²	52.4	137.0	+161%
Consumer price index ³	88.01	165.4	+88%
University tuition (undergrad) ⁴	\$2,384	\$7,734	+224%
Cdn. family income (median) ⁵	\$41,343	\$130,120	+215%
CMHC median home price ⁶	\$170,000	\$740,000	+335%
S&P/TSX Composite index ⁷	4,661.18	31,382.80	+573%

1. Statistics Canada, Table: 18-10-0002-01 (November 1995 data); Table: 18-10-0245-02 (November 2025 data)

2. Table: 18-10-0001-01, November 1995 & 2025

3. <https://www.bankofcanada.ca/rates/price-indexes/cpi/>

4. <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3710004501>

5. [https://open.canada.ca/data/en/dataset/cf5a0c30-8893-11e0-b0f5-6cfo49291510; Stat Can T-110019101 for 2025, \\$121,000 \(2023\), with 3.6% \(2024\) & 3.8% \(2025\) wage growth assumptions](https://open.canada.ca/data/en/dataset/cf5a0c30-8893-11e0-b0f5-6cfo49291510;StatCanT-110019101for2025,$121,000(2023),with3.6%(2024)&3.8%(2025)wagegrowthassumptions)

6. CMHC New Build Median Price; <https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research>

7. At close 11/30/95 and 11/28/25

declines of more than 45 percent. Still, for those who stayed the course, equities have proven to be one of the most effective tools for building wealth and offsetting inflation over the long run. If history is any guide, that's encouraging news for long-term investors looking ahead to the next 30 years.

Worried about beneficiaries? Protect insurance proceeds with a trust

Did you know that a life insurance trust can help ensure your wealth supports your beneficiaries the way you intend?

Today, many high-net-worth investors are planning beyond simply passing on wealth; they want to protect it for future generations. The old “shirtsleeves to shirtsleeves in three generations” adage captures the risk: The first generation builds wealth through hard work, the second generation inherits and enjoys it and the third generation often loses it, returning to “shirtsleeves.”

While tools like testamentary trusts have long been used for intergenerational planning, fewer people realize that trusts can also help safeguard life insurance proceeds.

Why naming a beneficiary may not be enough

When you purchase a life insurance policy, choosing a beneficiary is one of the more important decisions you need to make. But in some cases, you may not want the intended beneficiary to receive the proceeds directly. In these instances, a life insurance trust can be named as the policy’s beneficiary instead of the individual. The insurance proceeds are then paid to a trustee, appointed in your will or in a separate trust agreement, who manages and distributes the funds according to your instructions.

A life insurance trust allows for the same benefits as naming an individual beneficiary, including privacy, speed of access to funds upon death, and avoidance of probate (in provinces where applicable). Yet, it also offers added control and protection, making it a compelling estate planning tool for some.

When a life insurance trust makes sense

Here are some reasons why it may make sense:

- **Enhanced control** — If a beneficiary needs guidance or support because they aren’t ready or able to responsibly manage a large sum of money, a trust can allow you to set the timing and manner of distributions, ensuring funds are used as you intend.
- **Creditor protection** — Assets held in the trust may offer some protection from creditors of both the estate and the beneficiary.
- **Support for children** — Minor children are generally not legally entitled to directly receive life insurance proceeds. Without a trust, insurance proceeds could be paid to a public trustee, and court approval may be required to make payments to the minor, or be held until they reach the age of majority. Often, when a beneficiary receives a large, lump-sum payout immediately, such as upon reaching the age of majority, they aren’t ready to handle a significant amount. A trust can help ensure funds are managed until the child is ready, avoiding court involvement and protecting against misuse.
- **Protecting disabled beneficiary benefits** — A trust containing special terms may provide ongoing financial support to beneficiaries receiving provincial disability benefits without jeopardizing their eligibility for income- or asset-tested assistance programs.

A life insurance trust is a risk management tool that can help protect a legacy and position your wealth to benefit those you care about in the way you intend. To learn more, please call the office and we can help connect you with specialists who can assist.



70 is the new 50! The longevity shift & planning to live to 100

Canadians are living longer than ever. Today, our average life expectancy is 82, and those who have reached 65 can now expect to live to over 86.¹ Our “centenarian population,” or those who reach the esteemed age of 100, has more than tripled since 2000. This is the fastest-growing age group, projected to increase nearly tenfold in the next 50 years.²

We’re not just living longer, we’re living healthier, more active lives. A recent report by Goldman Sachs found that a 70-year-old in 2022 had the same cognitive ability as a 53-year-old in 2000, highlighting remarkable improvements in health and vitality.³ Accordingly, longevity has become a thriving field of innovation and investment. From Dr. Nir Barzilai’s work on healthspan to Bryan Johnson’s highly publicized biohacking experiments, billions are being invested in research, technologies, therapies and products aimed at adding quality years, not just more years, to life.

As lifespans increase, the financial question shifts from “Do I have enough?” to “How do I optimize what I have for 30 or 40 years of income, tax efficiency and financial security for loved ones?”

A good start? An investment plan

Having an investment plan puts you ahead of most Canadians. Nearly 60 percent of working Canadians believe they’ll never be able to retire, according to a recent Globe & Mail article.⁴ Anxiety and financial instability are real concerns, but a long-term plan helps mitigate both. Here are some additional considerations for longevity planning:

- **Personal longevity literacy** — Understanding your longevity risk is a good place to start. Family history, lifestyle and medical advances influence longevity, and how long your plan should last.
- **Extending the financial horizon** — Your plan should account for additional years of spending, balancing today’s needs (such as helping children, supporting education or making charitable gifts) with tomorrow’s, while factoring in inflation and rising

costs. It may also mean working longer, by necessity or by choice. The average working life has risen from 34 to 38 years since 2000.⁵

- **Health care inflation** — Health and long-term care costs continue to outpace inflation, putting pressure on savings if care is needed for extended periods. Some high-net-worth retirees choose to insure against this risk.
- **Strategic decumulation** — This is where strategy meets sustainability: structuring withdrawals that optimize for taxes, longevity and flexibility over time.

The tactics may also change as plans adapt to longer lifespans, such as:

- **Delaying government benefits** — For instance, deferring CPP/OAS to age 70 provides a higher guaranteed lifetime income, which can serve as valuable “insurance” if you expect to live past 90.
- **Using the Tax-Free Savings Account (TFSA) as a longevity backstop** — Tax-free growth and withdrawals make the TFSA a powerful vehicle for later-stage income and estate flexibility.
- **Maintaining a growth tilt in retirement** — A longer retirement horizon may justify keeping a higher equity exposure to support growth and hedge inflation, while diversifying across asset types to better manage longevity risk. The appropriate mix depends on individual risk tolerance, liquidity needs and financial goals.

Of course, every plan depends on individual circumstances. However, thoughtful guidance and careful planning can make a difference. As lifespans continue to increase, retirement planning is no longer just about reaching a target age; it’s about building flexibility for a life that may continue to extend. Strategies should adapt over time to maintain financial security, improve tax efficiency and address the challenges of greater longevity.

The encouraging news? We’ve got plenty of chapters left to write.

1 Statistics Canada, Table: 13-10-0114-01

2 <https://www.cbc.ca/news/canada/british-columbia/canada-centenarians-fastest-growing-1.7246790>

3 <https://www.goldmansachs.com/insights/articles/aging-population-not-a-risk-to-the-global-economy-after-all>

4 “Our Retirement Dreams Are Slipping Away,” Globe & Mail, Meera Raman, June 17, 2025

5 <https://www.goldmansachs.com/insights/articles/aging-population-not-a-risk-to-the-global-economy-after-all>

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