

# Mercier

Wealth Management Group



## It's that time of year again!

2022! Another year older, another year of insanely cold and hot temperatures here in Edmonton and another year of the dreaded COVID-19 virus. It's frustrating that we have to keep talking about this for another year, isn't it? As we enter the third year of the pandemic, it's easy to feel like we're starting over again; it's as though we're back to Square One. To quote a phrase currently going around on social media, the year 2022 should maybe be pronounced "2020, too." Things are however a little different this time around, and we certainly know a great deal more about a great many things.

As citizens, we know how to live with the virus, and how to keep ourselves as safe as possible from it. We have vaccines and other ways of mitigating the effects of the pandemic. We've learnt to adapt to a lot of newness.

As investors, we know how to handle sharp, COVID-related downturns. Of course, we don't know exactly how long volatility will last, but we have strategies for dealing with it. We know that, in the short term, Omicron will probably continue to impact the markets. But we also know that volatility is an inevitable part of investing. We know that, on its own, the coronavirus doesn't make good investments bad. On its own, it doesn't change what kind of long-term return you need, or how much risk you can afford – and we've specifically constructed your portfolio with those requirements in mind. Most of all, we know that holding to our long-term strategy works. The plan that helped weather 2020 will likewise help us in 2022. My team and I will therefore continue keeping an eye on the markets, using the strategies we've worked so hard to assemble.

If you've been watching the markets, you know they have fluctuated greatly this year, we have Omicron to thank for the massive fluctuations towards the end of the year. A sharp drop, an equally sharp recovery, and then a plateau of watchful waiting. (The Dow dropped over 1,782 points between November 24 and December 1, then climbed 1,697 points over the next six days.<sup>1</sup>)

One thing's for sure, we do strongly encourage everyone to get vaccinated and to get booster shots when eligible! Furthermore, vaccines do still seem to offer significant protection against severe illness and hospitalization.<sup>2</sup>

That being said, the show must go on. We also strongly encourage you to contribute to your RRSPs and TFSAs! RRSPs and TFSAs are both great financial planning and wealth building tools. And actually, in some cases January 1st does bring us back to square one. For TFSAs you get another \$6,000 of contribution room.<sup>3</sup> For RRSPs, we have until March 1, 2022, to contribute for the 2021 tax year, however, to save time and stress, we hope it can be done before then!<sup>4</sup>

Generally speaking, you can contribute to your RRSP until December 31st of the year you turn 71 years of age and when you have available RRSP deduction room – this includes your spouse or common-law partner's

RRSP.4 You are able contribute up to 18% of your earned income in the previous year to a maximum of \$27,830 plus any contribution unused contribution room.4

TFSA's are not deductible for income tax purposes. The contribution limit for 2022 is \$6000 plus any amounts you may have withdrawn in the past or not contributed yet.5 The beauty of these is that there is no deadline to do contributions unlike RRSPs!

To find your contribution limits for both your RRSP and TFSA, visit the CRA website below:

<https://www.canada.ca/en/revenue-agency/services/e-services/e-services-individuals/account-individuals.html>

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