



UPPER CANADA CAPITAL
PRIVATE WEALTH MANAGEMENT

March 2025 Team Newsletter

2024 Tax Documents from Manulife Wealth

From the desk of Monika Kucinskaite, M.Comm
Financial Advisor Associate | Manulife Wealth Inc.

Tax slips will be available for download by the end of March from two different platforms. This is due to Manulife Wealth's transition to Fidelity Clearing Canada (FCC) for back-office services as of April 1, 2024. This means you will need two sets of documents: pre-conversion and post-conversion.

The up-to-date delivery schedule is available on <https://manulifewealth.ca/taxdocuments> for your reference.

Your slips will be available on:

- [Manulife Wealth Online Access](#) for the period January 1 – March 31, 2024.
- [Manulife Wealth Investor Portal](#) for the period April 1, 2024 – December 31, 2024.

Each platform will contain different tax documents, so please check both and save these sets of documents for your accountants.

If you wish to stop receiving paper tax slips or want to update your address, please contact our team.

Why the Canadian Dollar is Falling: The Impact of U.S. Tariffs and Economic Uncertainty

From the desk of Ryan Chan, CFP
Financial Advisor Associate | Manulife Wealth Inc.

The Canadian dollar (CAD) has been under significant pressure recently, experiencing a notable decline in value due to a multitude of different factors. Among the most influential reasons is the persistent risk of trade tariffs from the United States. With increasing economic uncertainty and potential shifts in trade relationships, it's important to understand why the CAD is falling and how much further it could continue to drop if tariffs are implemented.

Manulife Wealth Inc.
2848 Bloor Street West, Etobicoke, ON, M8X 1A9
T: 416-628-5761 • F: 416-225-8650 • TF: 1-866-275-5878
Visit our website: UpperCanadaCapital.com





UPPER CANADA CAPITAL
PRIVATE WEALTH MANAGEMENT

The Tariff Threat and Economic Uncertainty in Canada

Earlier this year, the President of the United States announced a proposal to introduce 25% tariffs on all imports from Canada. This move was originally supposed to take effect in January 2025, has raised concerns for Canadian businesses and markets. Given that Canada exports about 75% of its goods to the U.S., this trade relationship is critical to the health of the Canadian economy.

So far, the United States has proceeded with 25% tariffs on all imports from Canada as of March 4th, 2025, but has since exempted products covered by the U.S.-Mexico-Canada Agreement (USMCA). With discussions currently being held between governments, tariffs may be revised upwards or downwards in the near term.

These announcements have spooked investors and caused a decline in the CAD, as fears of escalating tariffs could severely damage Canada's export-driven economy. The tariffs would likely lead to reduced trade volumes, slower economic growth, and potentially higher costs for Canadian consumers and businesses. The uncertainty surrounding the situation is one of the main drivers behind the current drop in the Canadian dollar.

Interest Rate Differentials Between Canada and the United States

Another factor contributing to the Canadian dollar's fall is the widening interest rate differential between the Bank of Canada and the U.S. Federal Reserve. The Bank of Canada has been lowering its key interest rate to stimulate the domestic economy, while the U.S. Federal Reserve has maintained higher rates to combat inflation. This disparity makes U.S. assets more attractive to global investors, as they can earn higher returns, which in turn boosts demand for the U.S. dollar (USD) and weakens the Canadian dollar (CAD).

As of March 12th, 2025, The Bank of Canada has cut their key interest rate from their high of 5% last year to 2.75% while the Federal Bank in the United States have only lowered their key interest rate from 5.5% to 4.5%. The combination of low interest rates in Canada and higher rates in the U.S. has made the Canadian dollar less appealing to investors, driving it further downward.

Commodity Prices and Economic Performance

Canada's economy is heavily reliant on commodities like oil, natural gas, and metals, with energy exports being a significant contributor to the country's GDP. While oil prices have not been the primary driver of the CAD's current weakness, fluctuations in global commodity prices continue to play a role in the strength of the

Manulife Wealth Inc.

2848 Bloor Street West, Etobicoke, ON, M8X 1A9

T: 416-628-5761 • F: 416-225-8650 • TF: 1-866-275-5878

Visit our website: UpperCanadaCapital.com





UPPER CANADA CAPITAL

PRIVATE WEALTH MANAGEMENT

currency. A downturn in oil prices, or other commodity exports, could add further pressure to the CAD in the coming months.

Additionally, Canada's overall economic performance will be impacted by the ongoing trade tensions. If tariffs are enacted, Canadian businesses could face increased costs and reduced demand for exports, which would stunt economic growth. The Bank of Canada has already stated that a prolonged trade conflict could permanently shrink Canada's GDP, leading to weaker growth prospects.

How Far Could the Canadian Dollar Fall?

The big question on many investors' minds is just how far the Canadian dollar could fall if tariffs are implemented. While predicting exact currency movements is difficult, there are several key factors to consider.

- 1. Historical Context:** Over the last twenty-five years, the CAD has traded within an approximate range of 0.62 to 1.10 CAD to USD, with the exchange rate fluctuating based on global economic conditions, commodity prices, and trade dynamics. If tariffs are implemented and trade relations with the U.S. deteriorate, the CAD could fall further, potentially approaching or surpassing the lower end of this range.
- 2. Impact of Tariffs:** A 25% tariff on Canadian goods would likely trigger a sharp decline in trade volumes, hurting Canada's export-driven economy. The uncertainty surrounding the economic impact of tariffs could cause investors to pull back, pushing the CAD lower. In the worst-case scenario, we could see the Canadian dollar approach or fall below to 60 cents and possible even lower. While this would be a significant and sustained decline, it's not entirely out of the realm of possibility if the economic fallout is severe.
- 3. Bank of Canada Interventions:** If the Canadian dollar continues to weaken rapidly, the Bank of Canada could intervene to stabilize the currency. Central banks typically don't allow their currencies to fall too far, as it can cause inflation and disrupt economic stability. However, Bank of Canada interventions can only do so much in the face of large-scale external shocks like trade wars.
- 4. Investor Sentiment:** The Canadian dollar is often considered a "commodity currency" due to Canada's reliance on energy exports. If global risk sentiment shifts, or if commodity prices plummet, this could exacerbate the decline of the CAD. On the other hand, if the tariffs are lifted or global trade relations improve, the Canadian dollar could see a rebound.

Manulife Wealth Inc.

2848 Bloor Street West, Etobicoke, ON, M8X 1A9

T: 416-628-5761 • F: 416-225-8650 • TF: 1-866-275-5878

Visit our website: UpperCanadaCapital.com



Upper Canada Capital is a trade name used to carry on business related to life insurance and stocks, bonds and mutual funds. Investment dealer dealing representatives ("Investment Advisor") registered with Manulife Wealth Inc. offer stocks, bonds and mutual funds. Financial plans are offered through Manulife Wealth Inc. Insurance products & services are offered through Upper Canada Capital Inc.



UPPER CANADA CAPITAL
PRIVATE WEALTH MANAGEMENT

What's Next for the Canadian Dollar?

Looking ahead, the outlook for the Canadian dollar remains uncertain. If tariffs are imposed, the Canadian economy is likely to face significant challenges. With trade disruptions, rising costs, and potentially slower economic growth, the CAD could face further depreciation.

However, much depends on how the U.S. and Canadian governments respond to the situation. Negotiations between the two countries and policy changes could potentially mitigate the effects of the tariffs, helping to stabilize the Canadian dollar. Still, it's important to recognize that the strength of the Canadian dollar (CAD) is tied to broader economic forces, and the potential for further declines remains, especially if tariffs are fully implemented and the global economy continues to face challenges.

In conclusion, the Canadian dollar is facing serious headwinds due to the prospect of U.S. tariffs, interest rate differentials, and economic uncertainty. While predicting the exact future of the Canadian dollar (CAD) is difficult, the currency could potentially fall significantly further if the trade war escalates and tariffs are implemented. Investors and businesses will need to closely monitor developments in U.S.-Canada trade relations and the global economy to gauge the Canadian dollar's (CAD) future trajectory.

Sources:

* <https://www.bankofcanada.ca/core-functions/monetary-policy/key-interest-rate/>

* <https://www.bankofcanada.ca/2025/02/summary-governing-council-deliberations-fixed-announcement-date-january-29-2025/>

* YCharts on 3/13/2025

Capital Gains Inclusion Rate: A Shifting Landscape

From the desk of Jamie Baker, CIM, CFP, PFP
Financial Advisor Associate | Manulife Wealth Inc.

The 2024 federal budget saw the federal government introduce measures to increase the capital gains inclusion rate from 50% to 66.67%. While the broad strokes of this initiative have been well publicized, details surrounding its implementation have been far less concrete. For example, as of March 2025 the increase remains a proposed measure, as it has not been ratified by parliament. However, in keeping with

Manulife Wealth Inc.

2848 Bloor Street West, Etobicoke, ON, M8X 1A9

T: 416-628-5761 • F: 416-225-8650 • TF: 1-866-275-5878

Visit our website: UpperCanadaCapital.com



Manulife Wealth

Upper Canada Capital is a trade name used to carry on business related to life insurance and stocks, bonds and mutual funds. Investment dealer dealing representatives ("Investment Advisor") registered with Manulife Wealth Inc. offer stocks, bonds and mutual funds. Financial plans are offered through Manulife Wealth Inc. Insurance products & services are offered through Upper Canada Capital Inc.



UPPER CANADA CAPITAL

PRIVATE WEALTH MANAGEMENT

their policy of administering proposed legislation, CRA has been operating as though the measure was already law, and treating taxpayers accordingly.

On January 31st, 2025 Minister of Finance Dominic LeBlanc issued a press release announcing that the proposed changes to the capital gains inclusion rate would be delayed until January 1st, 2026. Given the likelihood of a spring election, and the fact that both Conservative party leader Pierre Poilievre and Liberal party leader Mark Carney have been vocal opponents of this measure, it now seems likely that an inclusion rate increase will not be implemented for the foreseeable future.

This press release also announced the government's intention to maintain the principal residence exemption in its current form, as well as clarifying that the sale of a secondary property would be fully eligible for the reduced 50% inclusion up to the \$250,000 personal threshold. LeBlanc also introduced several measures designed to aid Canadian small businesses. One initiative, dubbed the Canadian Entrepreneurs Incentive would reduce the inclusion rate down to 33.33% on a lifetime maximum of \$2 million in eligible capital gains. The lifetime capital gains exemption was also increased to \$1.25 million, which combined with the Canadian Entrepreneurs Incentive, allows for favorable tax treatment of eligible capital gains up to \$6.25 million.

Sources:

- * <https://www.canada.ca/en/department-finance/news/2025/01/government-of-canada-announces-deferral-in-implementation-of-change-to-capital-gains-inclusion-rate.html>
- * <https://kurtismycfo.com/proposed-changes-to-capital-gains-taxation/>
- * <https://www.manulifeim.com/retail/ca/en/viewpoints/investor-education/changes-to-the-capital-gains-tax-what-could-they-mean-for-you->
- * <https://kurtismycfo.com/december-2024-team-newsletter/>

Ontario Physicians Eligible to Join HOOPP in 2025

From the desk of:

Frank Valicek, CFP, CIM

Senior Financial Advisor | Manulife Wealth Inc.

President & Life Insurance Advisor | Upper Canada Capital Inc.

Stephen Choi, BBA (Hons), BA (Hons)

Financial Advisor Associate | Manulife Wealth Inc.

Manulife Wealth Inc.

2848 Bloor Street West, Etobicoke, ON, M8X 1A9

T: 416-628-5761 • F: 416-225-8650 • TF: 1-866-275-5878

Visit our website: UpperCanadaCapital.com



Upper Canada Capital is a trade name used to carry on business related to life insurance and stocks, bonds and mutual funds. Investment dealer dealing representatives ("Investment Advisor") registered with Manulife Wealth Inc. offer stocks, bonds and mutual funds. Financial plans are offered through Manulife Wealth Inc. Insurance products & services are offered through Upper Canada Capital Inc.



UPPER CANADA CAPITAL
PRIVATE WEALTH MANAGEMENT

What is HOOPP?

The Healthcare of Ontario Pension Plan (HOOPP) is one of the largest and most respected pension plans in Canada. As a not-for-profit private trust fund, HOOPP exclusively manages and provides DB pensions for over 460,000 Ontario healthcare workers. As of March 12, 2025, the pension boasts over \$112 Billion in net assets and a funded ratio of 115%. This means for every dollar owed in pensions, HOOPP has \$1.15 in assets.

HOOPP aims to provide a secure and predictable monthly retirement income for life. This defined benefit (DB) pension is calculated based on your earnings, years of contributions, and retirement age. Because your pension amount is predetermined by a formula, you'll receive a reliable income stream, eliminating the risks of outliving your savings or poor investment returns on this portion of your retirement plan. HOOPP offers both individual and corporate tax advantages, along with potential benefits like inflation protection, survivor benefits, and disability coverage.

Ontario physicians will be eligible to join HOOPP in 2025

In a plan to support the recruitment and retention of key healthcare professionals across the province, HOOPP is expanding its defined benefit pension plan to eligible physicians in Ontario. Effective January 2025, physicians incorporated under a Medicine Professional Corporation (MPC) will have the option to enroll their MPC as a HOOPP employer. This would allow the physician and their employees working under the MPC to obtain the defined benefit pension.

Incorporated physicians would have to meet all of the following eligibility criteria:

- Operating under a Medicine Professional Corporation (MPC).
- Must be practicing in Ontario
- Must draw employment earnings from their MPC in the form of a salary.
- MPC must be – or will become – a member of the Ontario Hospital Association (OHA).

Cost to participate

The pension plan uses a shared contribution model where both you and your employer contribute. Your only cost is your own contribution, as there are no administrative fees.

Manulife Wealth Inc.
2848 Bloor Street West, Etobicoke, ON, M8X 1A9
T: 416-628-5761 • F: 416-225-8650 • TF: 1-866-275-5878
Visit our website: UpperCanadaCapital.com





UPPER CANADA CAPITAL

PRIVATE WEALTH MANAGEMENT

Your contribution is calculated based on your earnings and the plan's rates. Currently, you contribute 6.9% of your earnings up to the Yearly Maximum Pensionable Earnings (YMPE), and 9.2% of any earnings above that threshold. Your employer (MPC) contributes 126% of your contribution amount.

Both your and your employer's contributions offer significant tax benefits. Your contributions are tax-deductible, reducing your taxable income, and your employer's contributions are deductible for them. For eligible physicians operating under an MPC looking to participate in HOOPP, this means that you would act as a member and employer. In this way, you would need to make member contributions on top of your employer contributions.

How to increase your HOOPP pension

With years of contributions serving as a critical factor in the calculation of your monthly pension under HOOPP, what is the draw for retiring physicians who have just become eligible to join? Eligible physicians can purchase pre-membership periods of past service if they received employment earnings from their MPC during that period. Payment can usually be made with cash or by transferring funds from a registered account such as an RRSP or LIRA. The cost is calculated based on factors like your age, earnings, and current years of service within the plan. You have the option to buy back all or a portion of your eligible service.

A note for incorporated physicians

HOOPP was designed in 1960 as a multi-employer pension plan to provide pensions for hospital workers such as salaried nurses, lab technicians, and administrative staff, who contribute via their varying incomes to one single pool. It was NEVER designed for physicians, especially incorporated physicians.

Is HOOPP attractive? Yes. So, what's the problem?

Incorporated physicians have multiple needs:

1. Accumulations Needs
2. Tax Efficiency Needs
3. Flexibility and Control
4. Estate Needs (Intergenerational Wealth)

There is no argument that HOOPP does an excellent job of addressing the Accumulation Needs of physicians in preparation for retirement.

Manulife Wealth Inc.

2848 Bloor Street West, Etobicoke, ON, M8X 1A9

T: 416-628-5761 • F: 416-225-8650 • TF: 1-866-275-5878

Visit our website: UpperCanadaCapital.com



Upper Canada Capital is a trade name used to carry on business related to life insurance and stocks, bonds and mutual funds. Investment dealer dealing representatives ("Investment Advisor") registered with Manulife Wealth Inc. offer stocks, bonds and mutual funds. Financial plans are offered through Manulife Wealth Inc. Insurance products & services are offered through Upper Canada Capital Inc.



UPPER CANADA CAPITAL

PRIVATE WEALTH MANAGEMENT

By entering the plan you'll have loss of control over surplus assets whereby there are no intergenerational wealth transfers of pension surplus to family members (i.e. your children) beyond the guarantee period. You have no control over individual surplus management for new opportunities, emergency or medical needs. By surplus, we mean any money not needed to fund the stream of promised benefits. Unpaid surplus amounts after the guarantee period is credited back to the plan – not you, not your heirs. The surplus, which you helped to fund, becomes what's known as an "actuarial gain" for the benefit of other HOOPP plan members. Put another way, funds contributed to the plan are no longer yours – they belong to the HOOPP pension in exchange for their income stream obligations to you.

Conclusion

Whether or not to join the HOOPP pension plan is a significant personal financial decision. The plan offers valuable benefits, including defined benefit payments in retirement, inflation protection, and survivor benefits. However, it also requires regular contributions, and the specific value will depend on individual circumstances such as career length, salary progression, and retirement goals. Physicians may also face large upfront costs in purchasing pre-membership years of service as both the employer and member. It's crucial to carefully weigh the costs and benefits, considering your own financial situation and risk tolerance. Perform your due diligence to make an educated decision.

Sources:

* <https://view.ceros.com/hoopp/physiciansguide/p/1>

* <https://hoopp.com/news-and-insights/newsroom/newsroom-details/ontario-physicians-will-be-eligible-to-join-hoopp-in-2025>

NOTICE: This message is only to be read by the addressee and is not for public distribution. The sender is not responsible for distribution of this message beyond the addressee intended. All information in this message is confidential to the addressee and should be treated as such.

Upper Canada Capital is a trade name used to carry on business related to life insurance and stocks, bonds and mutual funds. Investment dealer dealing representatives ("Investment Advisor") registered with Manulife Wealth Inc. offer stocks, bonds and mutual funds. Insurance products and services are sold through Upper Canada Capital Inc. Please confirm with your Advisor which company you are dealing with for each of your products and services.

Manulife Wealth Inc.

2848 Bloor Street West, Etobicoke, ON, M8X 1A9

T: 416-628-5761 • F: 416-225-8650 • TF: 1-866-275-5878

Visit our website: UpperCanadaCapital.com



Upper Canada Capital is a trade name used to carry on business related to life insurance and stocks, bonds and mutual funds. Investment dealer dealing representatives ("Investment Advisor") registered with Manulife Wealth Inc. offer stocks, bonds and mutual funds. Financial plans are offered through Manulife Wealth Inc. Insurance products & services are offered through Upper Canada Capital Inc.



UPPER CANADA CAPITAL

PRIVATE WEALTH MANAGEMENT

This is not an official publication of Manulife Wealth Inc. The views, opinions and recommendations contained in this publication are those solely of the author and this publication does not express the views, opinions or recommendations of Manulife Wealth. This publication is not an offer to sell, or a solicitation of an offer to buy, any securities. This publication is not meant to provide legal, accounting, account or other advice. As each situation is different, you should seek advice based on your specific circumstances. Please call to arrange for an appointment. Manulife Wealth makes no representation or warranty, express or implied, as to the accuracy, completeness or correctness of the information contained in this publication.

The Advisor and Manulife Wealth Inc. ("Manulife Wealth") do not make any representation that the information in any linked site is accurate and will not accept any responsibility or liability for any inaccuracies in the information not maintained by them, such as linked sites. Any opinion or advice expressed in a linked site should not be construed as the opinion or advice of the advisor or Manulife Wealth. The information in this communication is subject to change without notice.

The information in this material may contain projections or other forward looking statements regarding future events, targets, management discipline, or other expectations, and is only current as of the date indicated. The information in this document, including statements concerning financial market trends, are based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons. Manulife Wealth disclaims any responsibility to update such information.

Manulife, Manulife & Stylized M Design, Stylized M Design and Manulife Wealth are trademarks of The Manufacturers Life Insurance Company and are used by it, and by its affiliates, under license. show less

Manulife Wealth Inc.
2848 Bloor Street West, Etobicoke, ON, M8X 1A9
T: 416-628-5761 • F: 416-225-8650 • TF: 1-866-275-5878
Visit our website: UpperCanadaCapital.com



Manulife Wealth

Upper Canada Capital is a trade name used to carry on business related to life insurance and stocks, bonds and mutual funds. Investment dealer dealing representatives ("Investment Advisor") registered with Manulife Wealth Inc. offer stocks, bonds and mutual funds. Financial plans are offered through Manulife Wealth Inc. Insurance products & services are offered through Upper Canada Capital Inc.