Portfolio *Confidential*

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Do you have questions about your own investment portfolio? *I have recently set up The Rich Thinking® Financial Advice Hotline. This will be a win/win: you get a free 30-minute confidential Zoom chat offering an independent, unbiased perspective on your financial situation with no sales pitch! In exchange, I get to use the anonymized data that will come from these conversations to make my Rich Thinking research even better. Email me to book your Zoom discussion:* ***barbara@barbarastewart.ca***

I am newly self-employed with no medical coverage. What types of expenses are tax deductible? I recently bought two pairs of expensive (prescription) glasses, and I regularly see a registered massage therapist.

There is a medical tax credit available, and the items you mentioned would both be considered allowable medical expenses. The tax credit is income-tested, so the combined total of medical expenses will need to be $2,500, and then every dollar after that will result in a tax credit of 20%. Definitely save the receipts from these expenses plus any other medical expenses to see if you accumulate enough before the end of the year.

The Government of Canada's website has a section called "Eligible medical expenses you can claim on your tax return".

https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/lines-33099-33199-eligible-medical-expenses-you-claim-on-your-tax-return.html

I'm trying to consolidate my investment accounts as much as possible, mainly because I'm a "neat freak". I have an Ontario Locked-in Retirement Account (LIRA) that is relatively small—approximately $20,000. I am 62 and trying to figure out what my options are. I've spent way too much time googling this topic and wonder if you have any advice?

The Financial Services Regulatory Authority (FSRA) of Ontario offers two alternatives if you are over the age of 55:

1) You can apply to withdraw or transfer 50% of the market value of the LIRA once it has been converted into a Life Income Fund (LIF). There will be tax implications if you choose to withdraw the funds in cash, but if you choose to convert to a LIF, then you are eligible to transfer 50% of the funds either in cash or in kind to a Registered Retirement Savings Plan (RRSP). FSRA's Form 5.2 allows you to unlock the LIRA, convert it to a LIF, and, if desired, transfer 50% to an RRSP.

2) You can unlock 100% of the funds from a locked-in account if you are age 55 or older and the amount in the account is less than 40 per cent of something called the Year's Maximum Pensionable Earnings (YMPE). The YMPE is a dollar amount set each year for the Canada Pension Plan, and it also determines the amount a person is eligible to withdraw or transfer from a locked-in account in some provinces. A new YMPE is set every year to reflect rising wages, and the YMPE for 2023 is $66,600. Once again, there will be tax implications if you choose to withdraw the funds in cash, but if you choose to move the LIRA funds in cash or in kind to an RRSP, there are no tax implications. FSRA's form 5.0 allows you to unlock the LIRA and transfer 100% of the funds to an RRSP.

My husband and I are looking to move out of mutual funds to an Exchange-Traded Funds (ETF)-only strategy. Can you recommend someone in Western Canada who can help us with this transition?

Morgan Ulmer, CFP, is a financial planner based in Calgary with wealth management firm *Caring for*

Clients. Her suggestions:

"There is a reputable professional in Lethbridge named Robb Engen who works specifically in helping people move from mutual funds to ETFs. His business is called Boomer and Echo, and he offers a DIY Made Easy Investing course. https://boomerandecho.com/. I'd recommend getting in contact with him as a start.

Caring for Clients (my firm) doesn't have a core service offering that provides ETF model portfolios to do-it-yourself (DIY) investors. For our wealth management clients (with a minimum of $1 million), we manage their investment portfolios using a mix of ETFs, funds and GICs.

If you are going the DIY route, Canadian Couch Potato has been providing model index & ETF portfolios for years and is a good source. Another good resource is PWL Capital model portfolios (excellent firm)."

I am 72 years old and a bit nervous that my portfolio is 70% in equities. My discretionary money manager feels this is appropriate based on the fact that I am not going to need to make any withdrawals for at least ten years, and my overriding goal is to leave a solid estate to my three adult children. I still worry because I have always read that we should reduce equity weights as we get older. What do you think?

Age is just one number among many: it is a myth that one size fits all.

I cringe every time I hear sweeping statements about what investors should do based on their age. Have you heard the Rule of 100? Start with 100 and subtract your age, and that gives you your optimal stock asset allocation (the rest being in bonds and cash). A 30-year-old would have 70% in stocks, and an 80-year-old would have only 20%, and so on.

But this isn't even a good rule of thumb. Many younger investors are saving for a home purchase and need to maintain a lot of liquidity in their portfolio, or they might be highly risk-averse and prefer to own only short-term bonds. Many older investors have the majority of their portfolio invested in stocks because they want to grow their wealth for the next generation.

The time horizon for investing is indeed a factor that goes into an investment strategy. However, a specific investor may have multiple time horizons to consider: retirement, buying a vacation house, gifting money to a child or grandchild, etc. A proper investment policy includes many inputs, such as return requirements, risk tolerance, time horizon, liquidity needs, tax considerations, legal constraints and unique preferences.

As you are feeling nervous about your equity weighting, I recommend sitting down with your advisor and reviewing your overall investment objectives. From there, you will have a better understanding of why certain asset classes are in your portfolio. Don't focus on your age; focus on making investments that are an appropriate fit for your personal objectives.

I am a 32-year-old DIY investor in Toronto. I love getting advice from a variety of financial experts, but it is tough to tell which ones are "for real" and which ones are all about hype. What do you suggest?