CIBC PRIVATE WEALTH
WOOD GUNDY

# WEALTH INSIGHTS

PERSONAL NEWSLETTER FROM THE O'NEILL TEAM

Third Quarter 2026

To Our Clients:

Canada–U.S. trade tensions escalated at the end of the summer, a reminder that the political noise is likely to continue. While the headlines are attention-grabbing, the actual effects on the Canadian economy may be muted. This reinforces the importance of continuing to separate the signal from the noise and adjust as risks and opportunities evolve. For now, underlying structural forces continue to support demand in energy, commodities and infrastructure, as well as for financially strong, globally diversified businesses. Please reach out if you have concerns. As we head into fall, there is good reason to continue looking forward.

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## Inflation & the Long Game

When Canada was dubbed the food inflation capital of the G7 this year, it was a sobering reminder of how grocery costs have escalated over recent years[1]. In the spring, the price of a cucumber made the headlines after rising 28 per cent year over year[2].

For a brief moment, there were signs of moderation. To start 2026, markets had largely built in the prospect of rate cuts. Fast forward to today and elevated energy prices, driven by the ongoing conflict in the Middle East, continue to put upward pressure on inflation. Higher fuel costs ripple across supply chains, eventually feeding through to grocery bills and other everyday expenses.

### Inflation Runs Deeper

Indeed, we have shifted from a decades-long era characterized by disinflation, a by-product of low-cost global labour, integrated supply chains and falling capital costs. This backdrop gave policymakers greater latitude to respond during periods of economic weakness. Alongside increasing protectionism, tariffs and global conflict, we have quickly moved in the opposite direction.

For central bankers, this changing backdrop complicates the path forward. U.S. Fed Chair Kevin Warsh has inherited a markedly different environment than his recent predecessors. For now, the 2 per cent target remains the Fed's official goal, alongside its commitment that it "will deliver ongoing price stability."[3] The extent to which these inflationary pressures prove temporary or structural continues to be debated.

The problem, of course, is inflation's insidious effect over time. Rising prices quietly erode purchasing power year after year. Consider the impact over the last 30 years. Over that period, inflation averaged 2.16 per cent annually, modest by recent standards. Yet prices rose almost 90 per cent cumulatively, meaning $1 million held in cash since 1996 would have the purchasing power today of only about $526,600 in 1996 dollars.[4]

Put another way, how much would you need to match the buying power of $100 today? At 4 per cent inflation, you would need about $219 in 20 years, or more than double, to match the purchasing power of $100 today. While that rate may seem aggressive, some expenses have risen at a similar or greater pace over longer periods. The price of ground beef, for example, has increased by an average of 5.2 per cent annually over the past 30 years (see page 3). The implications are significant, particularly for those on fixed incomes, given that retirement planning horizons today can extend 30 years or longer.

The good news is that investing has historically provided a strong defence against inflation. Over the same 30-year period, the S&P/TSX Composite Index rose more than 591 per cent, before reinvested dividends.[5] This growth came despite four bear markets spanning a combined 40 months, including two declines exceeding 45 per cent. It is a reminder of the value of maintaining a disciplined investment program and the opportunity it provides to grow wealth and preserve purchasing power over time. Perhaps good food for thought for investors focused on the long game.

1. G7 = Group of Seven, or seven of the advanced industrial democracies. https://nationalpost.com/life/food/why-food-prices-are-still-rising-and-whats-in-store-for-the-rest-of-the-year
2. https://www.cbc.ca/news/canada/vegetable-prices-canada-9.7173027
3. https://www.federalreserve.gov/newsevents/pressreleases/monetary20260729a.htm
4. Based on June figures. https://www.bankofcanada.ca/rates/related/inflation-calculator/
5. S&P/TSX Composite Index, at close, 5,044.07 at 6/28/96 and 34,857 at 6/30/26.

# The Season of Giving: A Return on Generosity

When discussing returns, we often think in financial terms: the growth of an investment, income generated or wealth accumulated over time. But some returns are harder to measure. What is the value of greater happiness, a stronger sense of purpose or even better health?

An expanding body of research suggests these may be among the unexpected returns associated with acts of generosity. Studies have linked charitable giving and volunteering time with greater life satisfaction, lower blood pressure and even longer life. A recent study of more than 2,600 older adults found that volunteering for as little as one hour per week was associated with slower biological aging.[1] In another, participants given money to spend on others reported greater happiness than those instructed to spend it on themselves.[2] Research increasingly suggests that helping others may benefit not only those on the receiving end, but also those doing the giving.

Interestingly, this comes at a time when fewer Canadians are participating in either activity. Between 2018 and 2023, the share of Canadians making charitable donations fell from 68 per cent to 54 per cent, while volunteering declined from 79 per cent to 73 per cent.[3]

These findings may provide a timely opportunity for reflection as we enter the final months of the year — a season when many Canadians choose to give back. Even modest generosity can yield a lasting impact. For those with greater means, thoughtful planning can extend that impact even further. Integrating philanthropy into your wealth plan offers a strategic opportunity to align your assets with your values, amplify your community impact and integrate giving with broader tax and estate planning. Here are some ways:

**Cash Donations**
Donating cash to a registered Canadian charity may entitle you to a donation tax credit. The credit may be claimed by either spouse, and donations can be carried forward for up to five years, providing flexibility in how the credit is used.

**Donating Appreciated Securities**
Gifting publicly traded securities with accrued capital gains to a registered charity may offer a dual benefit: a tax receipt for the fair market value and an elimination (or reduction, if the Alternative Minimum Tax (AMT) applies) of the associated capital gains tax. To qualify for the 2026 tax year, donations must be received by December 31, so advance planning is key.

**Life Insurance**
This may be a tax-efficient way to support a charity. You can name a charity as the policy beneficiary, allowing it to receive the death benefit tax free. A charity may own a policy on your life, with donations used to fund the premiums. These donations may qualify for tax credits, while the charity ultimately receives policy proceeds. In some cases, donated securities may be used to help fund the strategy, providing additional tax benefits.

**Donor-Advised Funds (DAFs) through the CIBC Giving Back Program***
A DAF is generally a charitable giving account established through a registered charity or public foundation. It allows the donor to make a contribution today, generally qualifying for a tax receipt in the year made, while recommending how and when funds are granted in the future.
*https://www.woodgundy.cibc.com/en/about-us/charitable-giving.html

**Private Foundations & Major Gifts**
For high-net-worth investors with a substantial pool of charitable capital, establishing your own charitable foundation can provide considerably more control and flexibility than simply making donations directly to charities, but also brings administrative, governance and compliance responsibilities. For major gifts, we have access to specialists to assist, so please reach out.

**Get More Information**
Thoughtful planning can help maximize the impact of your giving while also taking advantage of available tax and estate planning opportunities. If you're considering a giving strategy, we are happy to help you explore the options.


1. https://www.sciencedirect.com/science/article/abs/pii/S0277953624009559
2. https://pubmed.ncbi.nlm.nih.gov/18356530/
3. https://www150.statcan.gc.ca/n1/daily-quotidien/250623/dq250623b-eng.htm


# Offsetting Capital Gains With Tax-Loss Harvesting

As the end of the year quickly approaches, some investors may consider realizing gains or losses by selling securities to rebalance their portfolios. As capital gains are subject to tax in non-registered accounts, one of the more common ways to offset this tax is to use available capital losses. As a reminder, it's important to speak to your tax advisor about your specific situation. Here's a short primer on tax-loss harvesting.

**An Opportunity From a Tax Perspective**
Using losses to offset capital gains may be an opportunity from a tax perspective. In general, when you sell an investment in a non-registered account, you must calculate the resulting capital gain or loss. This is generally the difference between the proceeds from the sale and the investment's adjusted cost base, less applicable transaction costs. For tax purposes, only a prescribed portion of capital gains is included in taxable income (the "inclusion rate"), while the corresponding portion of capital losses is generally deductible against taxable capital gains. Currently, 50 per cent of a capital gain is taxable and 50 per cent of a capital loss is considered allowable. If allowable capital losses exceed taxable capital gains in a particular year, the remaining net capital loss generally cannot be used to offset other forms of income. However, it may be carried back to the last three taxation years to reduce taxable capital gains previously reported,

**Be Aware: The Superficial Loss Rules**
When claiming a capital loss, be aware of the superficial loss rules. In general, this may deny a capital loss if, during the period beginning 30 calendar days before and ending 30 days after the disposition, you or an affiliated person acquires the same or an identical property and continues to own it (or has a right to acquire it). An affiliated person may include a spouse/common-law partner, certain corporations controlled by you, a spouse or partner, and certain trusts or partnerships in which you or an affiliated person has a majority interest. The rules can also apply when securities in a loss position are transferred from a non-registered account to a registered account, such as a Registered Retirement Savings Plan (RRSP) or Tax-Free Savings Account (TFSA).

**The Takeaway**
Tax-loss harvesting can be a useful consideration as part of year-end tax planning. Consider reviewing your non-registered investments for unrealized losses that could be used to offset realized capital gains.

As settlement dates can determine the taxation year in which a securities transaction is reported, consider a review well before the end of December.

1. www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/personal-income/line-12700-capital-gains/capital-losses-deductions.htm

# Back-to-School: Helping Fund the Next Generation's Education

How has the cost of living changed over recent decades? As the table illustrates, the increases have been substantial across a range of expenses. Given these increases, it's not surprising that many families wish to help younger generations. With kids back in school, it is a time when we receive many questions about education funding. There are various ways parents, grandparents or other family members can help fund an education, each with different considerations.

**Registered Education Savings Plan (RESP)**
The most common tool, an RESP offers tax-deferred investment growth, Canada Education Savings Grants (CESGs) of up to $7,200 per beneficiary and accumulated investment earnings ultimately taxed in the beneficiary's hands. Family members can contribute to an existing RESP or generally establish a separate RESP for the beneficiary. However, contributions are subject to the $50,000 lifetime contribution limit per beneficiary. Caution is also warranted if a grandparent who is the RESP subscriber retires abroad and becomes a non-resident of Canada, as there may be tax implications depending on the country of residence.

**Formal Trust**
For those seeking greater flexibility, a formal trust may be another option. Unlike RESPs, there are no contribution limits. However, there are no tax deferral or CESG benefits, and trusts involve setup and ongoing administration costs. Depending on how the trust is structured and funded, income or capital gains may be taxable to the trust, beneficiary or contributor. Attribution and other tax rules may apply, so professional advice is important. Once funds are paid to the beneficiary, they can generally be used for any purpose, not just education.

**Life Insurance**
Participating whole life insurance may be considered as part of a longer-term strategy to help fund a grandchild's future education. The policy can accumulate cash value on a tax-advantaged basis that may later be accessed for education or other needs (subject to potential tax implications), while also providing longer-term insurance and estate planning benefits depending on how the policy is structured.

Helping to fund the next generation's education can provide meaningful support while creating a lasting legacy. The appropriate strategy will depend on individual circumstances, objectives and the desired level of flexibility and control. Please reach out if you would like to discuss these or other options.

## Do You Have a Student in the Family?

If you have a student attending post-secondary school, keeping good records is important to take full advantage of tax benefits. Here are two tips:

**Tuition Tax Credit**
This federal non-refundable credit is generally calculated at 14 per cent of eligible tuition fees, with certain provincial or territorial credits available. After applying the tuition credit to their own taxes, any unused current-year tuition amount can be transferred to one of the following: a spouse/partner, parent or grandparent to a maximum of $5,000 less the amount used by the student. Unused amounts can also be carried forward for use by the student in a future year.

**Moving Expenses**
Certain moving costs may be deductible. For example, if a student moves at least 40 km closer to a new work location for summer employment, eligible moving expenses may be deducted against income earned at the new location. Different rules apply to moves to attend post-secondary school full-time, with deductions generally limited to certain taxable scholarships, fellowships, bursaries or research grants.

**Generation Squeeze: 30 Years of Inflation**

| | 1996 | 2026 | CHANGE |
|---|---|---|---|
| Ground Beef (1kg)[1] | $3.63 | $16.61 | +358% |
| Chicken (1kg, breast)[1] | $3.98 | $14.63 | +268% |
| Eggs (1 dozen)[1] | $1.69 | $4.88 | +189% |
| Coffee, Roasted (340g)[1] | $3.91 | $9.35 | +139% |
| Oranges (1kg)[1] | $1.90 | $4.73 | +149% |
| Unleaded Gas (Reg, c/L)[2] | 56.6 | 137.0 | +142% |
| Consumer Price Index[3] | 89.0 | 169.0 | +90% |
| University Tuition[4] | $2384 | $7734 | +224% |
| Cdn. Family Income (Median)[5] | $86,900 | $134,023 | +54% |
| CMHC Median Home Price[6] | $155,000 | $740,000 | +377% |
| S&P/TSX Composite Index[7] | 5,044.07 | 34,857 | +591% |

2. StatCan T-18-10-0002-01 (June 1996 data); T-18-10-0245-01 (June 2026 data);
3. StatCan T-18-10-0001-01 (June 1996 & 2026 data, Toronto);
4. https://www.bankofcanada.ca/rates/price-indexes/cpi/;
5. StatCan T-37-10-0045-01 (2025/2026 figures);
6. StatCan T-1110019101; for 2026 data, $125,600 (2024), with 3.8% (2025) & 2.8% (2026) wage growth assumptions;
7. CMHC New Build Median Price June; https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research;
8. At close 6/28/96 and 6/30/26.

# Changes to Your Statements: A Clearer View of Investment Costs

Starting in 2027, Canadian investors will see more information about investment costs on their annual reports. The changes are part of enhanced Total Cost Reporting (TCR), the latest phase in a series of regulatory reforms intended to give investors a clearer picture of the costs associated with their investments. Importantly, these changes do not introduce new fees. Rather, they provide greater visibility into certain existing costs, including some that have historically been embedded within investment funds and therefore less visible on account statements.

Transparency has long been an important part of our client relationships. For more than a decade, regulatory reforms have continued to improve fee transparency across the investment industry, and we support initiatives that help investors make more informed financial decisions. While the enhanced reporting provides more information about the costs of the investments you hold, we believe it is also important to consider the broader value of professional advice.

This extends well beyond investment selection. We provide guidance across many aspects of wealth management, from financial and retirement planning to tax-efficient strategies, navigating market ups and downs, portfolio oversight and estate planning. As your circumstances, markets and priorities evolve, our role is to provide perspective and support in helping you achieve your financial goals.

**What Will Change?**

Beginning with annual reports delivered in 2027, investors will receive additional information reflecting certain costs associated with investments held during 2026. The enhanced reporting generally applies to investment funds, including mutual funds, exchange-traded funds (ETFs) and scholarship plans, with similar requirements for segregated funds.

These include:

- **Embedded fund expenses** paid indirectly by investors, including management fees, operating expenses and trading costs;
- **Direct investment fund charges**, which may include transaction charges such as switching, redemption or short-term trading fees; and
- **The fund expense ratio (FER)** for each applicable investment fund class or series.

The FER provides a standardized measure of a fund's ongoing expenses as a percentage of its assets. It incorporates the management expense ratio (MER), which includes management fees and operating expenses, as well as the trading expense ratio (TER), which reflects costs associated with buying and selling securities within the fund.

**Putting These Changes in Context**

By making certain embedded costs more visible, TCR is intended to provide investors with a more complete picture of the costs associated with their investments. Greater transparency should support more informed conversations about investment costs and, more broadly, the value of professional wealth management.

If you have any questions when you receive your statements, we would be pleased to walk you through them and help put the new reporting information into context.

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