

NEWS & VIEWS

Summer 2009

Important News

Canada Pension Plan might be changing!!!!

*This will affect anyone
planning to retire after
2010 (next year!!)*

Note: Maximum monthly
pension in 2009 is \$908.75

The proposed changes.

Early CPP payments

If you begin to take your
pension at age 60, your
payments will be cut by
36%, compared to the
current 30%.

Late CPP payments

If you begin to receive CPP
payments after age 65 but
before age 71, your CPP
benefit will increase by
8.4%. This is up from the
current 6%. Therefore if you
wait until age 70 to take your
CPP, the benefit payments
will be 42% higher than the
annual maximum, compared
to the current increase of
30%. Based on 2009
maximum CPP of \$908.75,
the increased amount would
be \$1,290.43 per month.



Working while collecting CPP

Currently in order to be able
to collect benefits between
age 60 and 65 you have to
stop working for 2 months.
Once you start working
again, you do not have to
contribute to CPP. Your
employer, including you if
you are self-employed, does
not have to make
contributions. This has been
a big attraction when hiring a
plus 60 worker. The
downside is, you are not
able to increase your future
CPP benefits because you
are not contributing to CPP.
The proposed changes
would take away the need to
stop working for 2 months,
and you and your employer
will be required to continue
contributing to CPP (if you
are under age 65). The

benefit to you is you will be
able to increase your future
CPP payments.

Parliament will vote on these
changes very soon

Be wary of the person who
urges an action in which
they themselves incur no
risk. —

Seneca

Market update

Since March, the top 30
companies in the USA (the
Dow Jones Industrial
Average) have risen 34%.
One of the main reasons is
disarmingly simple: Financial
markets once again are
awash in government cash.

Commodities have been on
a huge rise - Silver is up
59% from December lows;
copper is up 90%; corn,
45%; and crude oil, 113%.
Ukraine's stock market is up
125%, Vietnam's 116%,
Indonesia's 76% and India's
87% from winter lows.

Patient investors have seen
many of the losses
experienced in the latter part

of 2008 reversed or generally improving.

No rebound is straight up - in fact you should prepare yourself over the next few months for a reverse of some of the gains. We believe that we are in the later stages of this recession and the stock market generally leads the economy out of recession. Recently we attended presentations by Dr. Sherry Cooper and Patricia Croft (chief economists with BMO and RBC) who gave their opinion on the state of the economy. Both believe that the economy is coming out of the woods, but that there are still some issues facing the banks and the economy in general. Things still to worry about are housing prices, unemployment, and the debt level of consumers. These things need to show signs of improvement for the recession to be declared over. Confidence is coming back to the stock market and those who have invested in this downturn in the past 3 months have been rewarded in a big way.

A person's fears are lighter when the danger is at hand.

— Seneca

Eighty percent of success is showing up. —

Woody Allen

Ideas for the Tax Free Savings Account

For younger adults, the account is especially advantageous. It makes more sense for individuals early in their careers to open a TFSA rather than an RRSP if they are making less than \$40,000 a year. If you are only in the 20% tax bracket now and in a 40% bracket later on, then, mathematically, you would be better off with the TFSA. Once you enter a higher tax bracket, you could withdraw the entire amount accumulated in the TFSA and roll it into an RRSP for a hefty tax deduction.

Another TFSA strategy involves education planning. Individuals saving for education should make contributions to the Registered Education Savings Plan in order to maximize the available Canada Education Savings Grants. For contributions above \$2,500, we recommend the TFSA as the most flexible education saving vehicle.

Estate planning opportunities include the fact that the entire TFSA amount is tax-free upon death. In addition, if left to a spouse or partner, there is a tax-free rollover.

It can also be an excellent rainy day emergency vehicle if put in a high interest savings account.

Upcoming Events and News

We have joined the Ranchman's Club!! The Ranchman's Club was founded in 1891 and has a rich history in Calgary. It has the charm and grace of Victorian architecture and a central location on 13 Ave SW just outside the downtown core but still close enough for downtown workers. And very importantly two levels of indoor, heated **free** parking to provide easy access. We will be holding seminars and events there beginning in July. We look forward to seeing you at one or more of our seminars and events.

Please fill in the attached email address request and seminar time and idea sheet to assist us in keeping you up to date on what we are doing.

Bull-markets are born on pessimism, grow on skepticism, mature on optimism and die on euphoria. —

Sir John Templeton

Thank you and we hope you have a wonderful summer. All the Best!

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