

NEWS & VIEWS

Autumn 2010

Global stock markets surged in September, ending the third quarter of 2010 on a high note. The Canadian market (TSX) recorded a gain of 10.3% in this time (3 months). This is exactly why investors need to stay invested. If you listened to all the doom and gloom at the beginning of July, you would have thought being invested in the stock market was the wrong place to be.

Another recent shining light for investors has been the meteoric rise in gold. There are many reasons for this rise, and many market watchers think that gold has further to go up before the luster fades. We tend to think that as long as the US dollar remains weak, gold will be considered a safer place to invest than the US dollar. Also, there is more of an appetite for gold when the economies around the world are sputtering along - and the



world economies are definitely sputtering. Our anecdotal evidence gathered from recent trips to US cities, tells the story of boarded up businesses in small town USA and the immense amount of real estate on the US market. Be extremely careful if you are thinking of investing in US real estate. The tax issues are horrific for the average investor. Recently we were at a conference where a Chartered Accountant, who specializes in US tax, told us at the end of his presentation that he had 3 words for investors thinking of buying real estate in the USA.....

“Don’t Do It”!

Please, speak to us before embarking on any such plan and we can steer you toward the professional accounting advice required for your personal situation.

CPP rules ARE changing and will impact anyone turning 60 in 2011 and thereafter. Please talk to us about these changes if this will impact you. The biggest impact will be on people between the age of 60 and 65 who decide to receive CPP benefits and continue to work.

Over the past few years we have encountered several situations where Long Term Care insurance would have made a huge difference for the family of a person who was seriously ill and required constant care. We have attached some articles from one of the insurance carriers we deal with – Sun Life. We can easily provide you with a quote so that you

can analyze the cost/benefit of this insurance and also determine whether you qualify. One of the toughest things we do is tell people that they do not qualify for insurance.

Remember, insurance is like a bank loan, you have an easy time of getting it when you **do not** need it.

One of the articles attached illustrates well how a large portfolio can be quickly depleted through the cost of long term care.

Great buying opportunity!

How many times did you hear that phrase when the stock markets around the world were collapsing two years ago? Let's look back and see if it really was a "great buying opportunity".

Here are examples of some company stock prices at their low price and now.

	<u>Low</u>	<u>Now</u>
CP Rail	\$25	\$63
CIBC	\$38	\$88
Ford	\$1.50	\$14

It is hard to believe but the highs before the big drop were generally higher than

now. This means that if you kept your money invested through the crash, you have participated in this huge rise from the bottom. We are proud to say that more than 97% of our clients remained invested. (With no regrets today)!

Freedom 55?

What do you do about generating income in retirement when interest rates are at all time lows?

GIC rates just don't cut it anymore.

1980's retirees had high interest returns with no risk. Imagine the comfort of a 5 year GIC paying 12%!

1990's retirees still had pension plan guarantees and relatively high interest rates on GIC's – how about 5 years @ 9%!

2000's retirees saw interest rates dropping, while stock and housing markets were rising. Many took too a big risk in these markets and have now seen their wealth shrink due to the housing and stock market collapse.

The reward for staying "no risk" is now a 5 year GIC paying 2.5%!! **WOW!!**

Today's retirees face low interest rates, higher investment risk and longevity (living longer than at any time in history). Because of this, retirees must create a large, tax efficient, sustainable nest egg.

The good news is that tax efficient, conservative income options are available to fill this need. We are here to help you choose the best option for you.

On the lighter side.....

I don't know the key to success, but the key to failure is trying to please everybody.

Bill Cosby

A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty.

Winston Churchill

As always, we look forward to assisting you in any way we can!

Dave Appleton, CFP
Michele Jolley, CFP
Christian de Marino
403-262-6055