



GENERAL MARKET COMMENTARY: There is much more stability in the economy than was evident only one year ago. Even so, the markets spent much of the first six weeks of 2010 in the red. However, the last three weeks have been quite positive and many equity indexes are slightly higher than their December 31, 2009 close! Although I believe equity markets will be positive for 2010, I do expect the year to be a lot 'bumpier' than 2009 and the end result will be much more moderate equity returns (high single digits) compared to the 20%+ returns for many of the equity markets in 2009.

FEDERAL BUDGET COMMENTARY: Finance Minister Jim Flaherty delivered the most recent budget on March 4, 2010. I have attached a summary of the key measures as they relate to personal financial planning. Also please remember that at this stage the budget is a proposal and there could be significant changes to some of the legislation before it is passed into law.

- **NEW** - Universal child care benefits for single parents
- **REVISED** - Medical expense tax credit: 2010 proposal will exclude expenses incurred for purely cosmetic purposes.
- **IMPROVED** - If you have a dependent that qualifies for an RDSP (Registered Disability Savings Plan) you will be able to make an election to make a tax-free transfer (on death) from your RRSP to an RDSP.
- **CHANGED** - Treatment of employee stock options. See attachment for details.
- **IMPROVED** - US Social Security Benefits: The 2010 budget proposes to reinstate the 50% inclusion rate for Canadian residents used prior to 1996 (currently 85% inclusion rate).
- **EXTENDED** - The budget extends credits available from flow-through share investments from March 31, 2010 to March 31, 2011.

Obviously, this newsletter does not comment on every budget initiative. Should you have any questions about the federal budget or if you would like to discuss other financial planning issues and opportunities, please call or email me.

2009 INCOME TAX RETURN: The deadline for filing your 2009 income tax return is April 30. If you are expecting a refund, file as early as possible. However, your tax preparation will go much smoother (for yourself or your tax-professional) if you take the time to organize your affairs and ensure that you have all the required information and tax slips **BEFORE** you start! If you have only a bank account and RRSPs or RRIFs, you likely have all the tax slips you need to prepare your return. However, if you have any non-registered investments (stocks, bonds, mutual funds, limited partnerships, etc.), they legally have until March 31 to mail out their information, so make sure you have yours before you file. Here are a few of the most common items that people overlook:

-charitable donations (spouses can combine their receipts to get a larger tax credit)

-pension income splitting: this can be a huge benefit for pensioners with different incomes (but it is NOT done automatically, you must decide how much to transfer each year)

-interest paid on investment loans is tax-deductible

-if you've sold a stock/mutual fund (outside of your RRSP/RRIF/TFSA) you will have a capital gain or loss to report (there is no tax slip, you must calculate it). Capital gains/losses are also generated by a systematic withdrawal from your non-registered mutual funds. If you own mutual funds, the year-end statement usually summarizes gains/losses for you.

-T3 or T5 slips report income from non-registered investments (dividends, interest, capital gains, other income) that may have been automatically reinvested.

PLANNING: Studies continue to point out that having a financial plan AND following it is the primary determinant in reaching your financial and life goals. Making an RRSP contribution is not a plan! It's merely taking a step in a certain direction. Setting specific goals and prioritising them is the first and most important step (in my opinion). Once you know where it is in life that you want to go, it is a lot easier to make decisions (not just investment decisions). The way you live your life on a daily basis will reflect whether you have goals, or you are living out someone else's goals!

I challenge you to take five minutes and write down 10 things you'd like to accomplish in the next 12 months. This should cover a range of areas (personal, career, health, money, etc.). Studies show that simply taking the time to visualize, and, the extra step of writing down the goals will get your subconscious mind so focused that you are virtually 'guaranteed' to accomplish at least 7 or 8 of the 10 goals . . . even if you never look at the list again! If you'd like some accountability, simply email or fax me your list. I'll diarize it and check in with you in 12 months!

With warmest regards,



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PS: As usual, a few quotes!

I have come to realize that people are about as happy as they make up their mind to be. Abraham Lincoln

Do not let what you cannot do interfere with what you can do. John Wooden

Character, in the long run, is the decisive factor in the life of an individual and of nations alike. Theodore Roosevelt

For where your treasure is, there your heart will be also. Matthew 6:21

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