

March 2011



GENERAL MARKET COMMENTARY: There was some bumpiness (especially May/June) in 2010, but overall world stock markets did much better than I expected. However, my main concern for 2011 is the same as it was for 2010 - when and how will the huge global government debt situation have a negative impact on economies and markets? For that reason I continue to recommend proceeding cautiously - and expect a bumpy 2011.

FEDERAL BUDGET COMMENTARY: Finance Minister Jim Flaherty delivered the most recent budget on March 22, 2011. 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 a) there could be significant changes to some of the legislation before it is passed into law, or b) the budget/government will be defeated, sending us into an election.

- **NEW** - Children's Arts Tax Credit (similar to the Children's Fitness Tax Credit)
- **NEW** - Family Caregiver Tax Credit - for caregivers of dependants with a mental or physical infirmity.
- **IMPROVED** - RESP Flexibility: ability to transfer between individual RESPs of siblings (similar to family RESPs).
- **IMPROVED** - Increase to GIS: top-up benefit of \$600/yr for single seniors and \$840 for couples.
- **IMPROVED** - Education Credits: inclusion of some additional exam/ancillary fees, as well as reduction of qualifying time for study abroad.

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. **Remember, the budget has to be passed into law BEFORE any of these items are applicable!**

2010 INCOME TAX RETURN: The deadline for filing your 2010 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 prioritizing 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 ten 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,



R. Derek Dutka, B.Ed., CFP
Senior Financial Planner *“Taking people beyond success . . . into significance!”*

PS: As usual, a few quotes!

Do we smile because we are happy, or are we happy because we smile? William James

It is better to light a candle than to curse the darkness. Eleanor Roosevelt

Courage is the finest of human qualities because it guarantees all the others. Winston Churchill

And Jesus answering said unto them, Render to Caesar the things that are Caesar's, and to God the things that are God's. And they marveled at him. Mark 12:17

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