

QUARTERLY REPORT

FEBRUARY 2009

INSIDE THIS ISSUE:

**DAVID'S
MARKET
COMMENTARY** 1

**SAVE TAX
WITH TFSA'S** 1

**FEDERAL
BUDGET HIGH-
LIGHTS** 1

**TAX RETURNS
RRSP CONTRI-
BUTIONS &
LOANS** 2

**QUARTERLY-
QUIZ** 2

DAVID'S MARKET COMMENTARY

2008 was a very bad year for the stock markets around the world, with most of the drop occurring from mid-September to mid-November. For the past two months, however, the markets have not moved very much. There has been a lot of volatility day to day with no real up or down trend developing.

In December we saw extreme volatility; stock markets up 8% or 9% in one day followed by an equal drop the next day. Even during the day we saw big swings on an hour by hour basis.

Over the Christmas holidays, a good helping of turkey and spending time with family helped investors to calm down considerably. Since then the markets have returned to a more "normal" pattern. The markets stopped dropping 2½ months ago. It is my opinion that we are at or very close to the bottom now. It is just a matter of time until they start going up again. And they will go up! I have absolutely no doubt about that. So...hang in there. And if you can do it, now is the time to invest more (this is the first part of "Buy Low, Sell High"). Your patience and courage will be well rewarded in the coming years!

TAX-FREE SAVINGS ACCOUNTS (TFSA'S)



Tax-Free Savings Accounts are now available. Despite the name, they do not have to be traditional savings accounts. You can choose any of the same investment choices as your RRSP. Any capital gains and other investment income earned within the TFSA will not be taxed. You may contribute up to \$5,000 per year and carry forward any unused contributions indefinitely.

Check out the Government of Canada TFSA on-line calculator to see how you may benefit:

<http://www.tfsa.gc.ca/cal-eng.html>

FEDERAL BUDGET HIGHLIGHTS

- First Time Home Buyers Credit: Income tax credit on \$5,000 for first time home buyers, generating a tax savings of \$750
- Home Buyers Plan: Withdrawal limit has been increased from \$20,000 to \$25,000
- Home Renovation Tax Credit: Homeowners may claim a 15% tax credit for goods and services from \$1,000 to \$10,000

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QUARTERLY QUIZ!

Who is the world's richest person?

- A) Bill Gates
- B) Warren Buffett
- C) Queen Elizabeth

The first five correct responses will win a copy of *The Future for Investors* by Jeremy Siegel.

Please email or call in your answer to:

Nancy Smith

Marketing Assistant

nsmith@mckanata.com

613 599-5477



**A SERVICE FOR OUR CLIENTS:
PROFESSIONAL TAX FILING**

As a valued client you may take advantage of my professional tax return services. Feel free to call my office to arrange the details.

The personal income tax filing deadline is **April 30, 2009**.

RRSP CONTRIBUTIONS & DEADLINE

Borrowing for your RRSP can be a powerful wealth creation tool. By contributing early and often to your RRSP, you are benefiting from the power of compounding and any tax refunds and deductions. As rates and options vary, each client should be considered on an individual basis. Please call if you are considering an RRSP loan this season.

The RRSP contribution deadline is **March 2, 2009**.



Mutual Funds are not guaranteed, their values change frequently and past performance may not be repeated. Mutual Fund securities are not covered by the Canada Deposit Insurance Corporation (CDIC) or any other government deposit insurer. Please read the fund prospectus carefully and seek professional advice before investing. Commissions, trailing commissions, management fees and expenses may be associated with mutual fund investments. There can be no assurances that the full amount of your investment in the fund will be returned to you.