

The Year 2014 in Review

The biggest story of the year for the world was (and continues to be) OIL! Oil started 2014 at \$94.00 US per barrel. It ended the year at \$53.00 US per barrel, representing a whopping decline of 45%.

I believe the three main reasons for the major drop in the price of oil are: 1) Saudi Arabia refusing to cut back production, 2) Russia trying to sell as much oil as possible to get hard currency (meaning that the sanctions are working), and 3) the US is now producing 90% more oil than they were 10 years ago. There has been overproduction with no increase in demand. A glut of oil = a price drop.

For 85-90% of the world this is a tremendous boost. It is comparable to a huge tax break for people and corporations, because we all use oil. In Alberta, we are less enthusiastic than most because we will see cutbacks in oilfield activity if the price stays low for a long period of time.

The Alberta government does not like low oil prices because of the dramatic effect on its revenues. For every \$1 drop in the price of oil, the province sees a decline in tax revenues of \$215 million.

The loonie also made headlines in 2014. There was a 12.5% decline in the loonie over the course of the year. This is a wonderful thing for most Canadians. Our goods become cheaper, which helps exports. We are still a nation of exports such as natural resources. A low dollar is great for Canada.

A falling dollar means better investment returns (see our third quarter update), as US holdings must be reported in Canadian dollars. This gives a lift to foreign investment returns.

It has been another good year in terms of returns. Balanced portfolios were up about 10% long-term targets of 6% by a wide margin.

	Market	Dec 31 2013	Dec 31 2014	YTD
Canada	TSX	13621	14632	7.50%
U.S.	DOW	16577	17823	7.50%
U.S.	S&P 500	1848	2051	11.00%
U.K.	FTSE	6749	6566	-2.70%
France	CAC	4296	9808	-0.50%
Germany	DAX	9552	4273	2.60%
Japan	NIKKEI	16291	17451	7.10%
Canadian \$		\$98.42	\$86.20	-12.50%
Oil (US\$)		94.00	53.80	-45.00%

** Source: CNN Money

“There are only 2 tragedies in life: one is not getting what one wants, and the other is getting it.” ~Oscar Wilde

Did You Know?

You can call Manulife Financial toll free at 1-800-959- 8281 to get your current year's contribution room for your RRSP. You need to know your SIN, date of birth and the income amount reported on line 150 of your 2013 income tax return. Your contribution limit is important to keep track of to ensure you do not over-contribute. You could attract interest and penalty payments by overcontributing.

The Tax Free Savings Account (TFSA) contribution limit for 2015 is \$5,500. The total TFSA contribution room is now \$36,500 for those who were 18 or older in 2009.

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“The richest man is not he who has the most, but he who needs the least.”
~Author unknown

Dollar Cost Averaging At Work

Dollar cost averaging is an investment strategy and one of the most basic components of contributing to retirement plans. For those who are unsure about the best time to invest, dollar-cost averaging can help alleviate some of the risks associated with making a single lump sum investment at any one time.

With dollar cost averaging, a fixed dollar amount is invested into a particular investment at regular intervals. You can benefit as your money purchases more units when prices are low and fewer units when prices are high. Over time, this can result in a lower average price and higher capital appreciation.

Dollar cost averaging has the potential to earn you higher rates of return while minimizing risk of market timing. Contributing monthly also produces more growth than contributing an equivalent amount in a lump sum at the end of the year. For example, contributing \$12,000 at the end of the year for 25 years results in an RRSP worth \$658,374 at a rate of return of 6.0%. However, contributing \$1,000.00 monthly results in an RRSP that is worth \$676,289 - \$17,915 more than contributing an annual lump sum.

One of the best ways to ensure that you contribute to your RRSP on a regular basis is to make monthly contributions using a pre-authorized chequing plan (PAC). If you are not already using a PAC, contact our office and we would be happy to help you set this up and take advantage of dollar cost averaging.

Good News Announcement

Certified Financial Planners are members of an international community of over 150,000 financial planning professionals committed to upholding the profession's most rigorous global standards and to putting clients' interests first.

We at Maude Financial are extremely pleased to announce that Bridget Maude recently achieved the CFP designation after years of study including coursework and assignments, multiple examinations, and three years of work experience. **We congratulate her on this tremendous accomplishment and look forward to sharing her expertise with our clients.** If you would like to schedule an appointment to talk with Bridget regarding your financial future, please call our office at 1-877-352-8111.

Demographics of the CFP Professionals:

Male – 68%	Age: <40 years old – 20%
Female – 32%	40-50 years old – 51%
	>50 years old – 49%

Certified Financial Planners in Alberta represent only
14% of all Canadian CFPs.

Did you know that households that receive financial advice have 2.73 times more financial assets than households that invest on their own?
-Advisor Focus-Fall/Winter 2014



Securities

Are you interested in receiving our Quarterly Newsletter by e-mail? Send your request to maudefin@incentre.net. Please ensure that your full name is clearly marked on the e-mail.

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