January 2012

MAUDE FINANCIAL INC.

Quarterly Update

Tax-Free Savings Account Reminder!

It is a New Year! This means that your contribution room for your TFSA has increased by another $5000. The total contribution room to date is $20,000. Use this tax planning tool to your advantage!

Year in Review 2011

The year had a great start with world markets rising until about mid-May. Then came a convergence of Arab unrest in the Middle East, Japanese slow down from the nuclear disaster at Fukushima and the re-emergence of the Sovereign debt crisis in Europe.

The Euro debt crisis starred Greece with Italy, Spain, Portugal and Ireland in supporting roles. The Euro debt crisis created a downward trend until markets bottomed in September. The remarkable thing was that corporate earnings which ultimately drive markets were great, showing some of the best earnings in recent years. This showed a complete disconnect between fundamentals and market reactions.

Investors came to their senses in October. Realizing that markets were undervalued investors started to buy. October was one of the best months in 20 years. However, as you will see by the numbers below, the overall market performance this year was down. The best performing market was the United States.

Volatility seems to be the new watchword and money managers use it to buy bargains when those opportunities present themselves. This year, our equity portfolios ended up down 6-9% (outperforming the TSX), while balanced portfolios saw returns of anywhere from 0% to 3%.

Not a stellar year overall but outperforming the markets. We saw the price of gold spike to over $1900 US per ounce then fall almost $400 late in the year. Interest rates remain low and the outlook does not indicate there will be much change.

All the best in 2012!

	Market	Dec 31, 2010	Dec 31, 2011	Year to date
Canada	TSX	13443	11955	-11.03%
U.S.	DOW	11557	12212	5.60%
U.S.	S&P 500	1258	1258	0.00%
U.K.	FTSE	5900	5572	-5.60%
France	CAC	3805	3160	-17.00%
Germany	DAX	6914	5898	-14.70%
Japan	NIKKEI	10229	8455	-17.40%
Canadian $		$100.30 US	$98.07 US	-2.20%
Oil (US$)		91	99.66	9.50%

*** Source: CNN Money*

Did you know…

The proper definition of "good debt" is debt: (1) taken on to buy an appreciating asset; (2) where servicing doesn't squeeze out savings; and (3) that will be retired before you are.

**Source: "The Wealthy Barber Returns" by David Chilton*

In Addition...

Using forced-savings techniques is the single biggest key to achieving one's financial goals.
Save first. Spend the rest. Good.
Spend first. Save the rest. Bad.
It really is that straightforward.

**Source: "The Wealthy Barber Returns" by David Chilton*

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Annual Client Review

An annual financial review is important. RRSP season is busy so call soon to book your appointment.

Principles of Financial Success

I am a financial planner. It is my passion. It is what I think about, talk about, read about and gather information about. I am also a parent and grandparent. As I see it, part of being a parent is to protect our children from harm. For most parents our goals for our children are simple:

- Happy and content in their relationships
- Physical and mental health
- Spend time engaged in activities/work that you love
- Live without financial stress

The above goals are interdependent.
In my experience many of our young people struggle with the last goal. Since these goals are interdependent, living with financial stress will undoubtedly affect relationships, health and work. Recognizing this I would like to review a few basic principles that will ensure financial success. These principles apply to everyone, not just our children.

1. Credit Cards: have a zero balance meaning pay it off monthly. If you can't pay off your balance monthly, you have a credit problem. To manage this problem you need to do two things; stop using it and pay off the balance.
2. Pay off your mortgage as quickly as you can.
3. Save 15% of your income for retirement through automatic debit. (pay yourself first)
4. Save separately for vehicles, vacations, big ticket items, and emergencies.
5. Live Below Your Means

Although these steps require self-control and restraint, the benefits will flow into all aspects of life; relationships, health and work. As a parent and a financial planner I share this knowledge. It is offered with the best of intentions.

Reminder – Keep Your Tax Receipts!

Tax slips for your investments will be mailed out in the New Year. It is important that you keep them for your tax return. There are **3 types of slips** to watch for. The first are **RRSP slips**, they report the amount contributed over the past calendar year. **T3 tax slips** are received for dividends, capital gains and interest that arise from non-registered investments. **T5 tax slips** are received for interest earned from bank accounts and term deposits.

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.

Simplicity is the ultimate sophistication.
- Leonardo da Vinci