

Sound Advice

Rod's Quarterly Commentary:

Crisis Or Opportunity?

I am sure that by now you will have read, listened to, or watched countless news media reports that have described the current economic situation as a time of "crisis" – the auto making crisis, the oil price crisis – you get the idea. My overall sense when reading the popular press is that times of great change are usually represented negatively. My grandmother often said to me as a little boy, "It is an ill wind that blows no good." It was her way of saying that when bad things happen, there can also be some positive results. Digging a little deeper, I suggest to you there are 10 reasons to be positive about the current environment.

Consider the following items and how they may represent an opportunity to you.

Multi decade low interest rates. If you have any debt repayment, you now have an opportunity to do it at all time low interest rates. If you would like suggestions about how to get a low rate on your mortgage or loans, please contact me. I have several suggestions.

Bargain prices on all sorts of securities. If you are adding money to your investment portfolio, you now have a chance to purchase at prices perhaps never to be seen again, especially if you are adding to your RSP or the new tax-free savings account (TFSA).

The positive impact of lower oil prices. The cost of automobile, truck, rail and air transportation, as well as heating costs has just plummeted. That sounds like a good deal to me.

House prices have stopped rising, or may have receded in some Canadian markets, resulting in more affordable housing. The combination of low interest rates and more affordable home prices will be a positive for our economy.

Diversifying. Our diversified portfolios have produced much better results than the narrow emphasis of the TSX. The addition of non-Canadian investments has produced better overall results for our clients. *(Continued on page 2)*



Rod Tyler, CFP, RFP, CLU

Rod Tyler

Crisis Or Opportunity? *Continued*

Rebuilding public infrastructure. The crisis has finally spurred governments to rebuild and repair some of our critical public transportation, health, communication, education and other essential services. Watch for multiple announcements here and in the United States. Result: the payoff will be measured in decades of increased productivity.

Enormous cash reserves. The panic selling of the last three months has created an unprecedented return to the idea of savings. The amount of money held in low or no-interest rate investments will inevitably return to investments that produce wealth – stocks, corporate bonds, commercial real estate, etc. This will result in higher prices for undervalued securities.

A coordinated global response by countries and central banks. There will be a move to better lending practices. The most obvious result of the credit crisis is that questionable lending practices have had a dramatic makeover. The result will be a stronger worldwide financial structure.

A reality check on spending and savings. There has already been a move on the part of consumers to spend less and save more. This will eventually produce a healthier economic environment. The “I want it all and I want it now” attitude will be pushed to the sidelines.

The pruning of weak players. Every economic expansion encourages excesses, including poorly run businesses. The most obvious candidates are the North American auto manufacturers. They are not alone, and in the years ahead, stronger companies will replace these poorly run businesses through mergers, forced sales and other mechanisms. Many of the best run businesses will strengthen themselves. These same businesses are well represented in our client portfolios.

My most important message to you is not to waste the opportunity that this time of change presents to us. It is at times like this that great things can be accomplished. Call me and let's determine how you can benefit.

Tax-Free Savings Accounts and How They Can Benefit You

The time has finally arrived for us to be able to offer you an opportunity to establish your own tax-free savings account (TFSA). Announced in the 2008 Federal Budget, TFSAs are now available. Our advice is to establish this new savings vehicle and then contribute to it as your individual circumstance permits. Here is a short list of the highlights of the TFSA program.

How the TFSA Works

- Starting in 2009, Canadians aged 18 and older can save up to \$5,000 every year in a TFSA.
- Contributions to a TFSA will not be deductible for income tax purposes but investment income, including capital gains, earned in a TFSA will not be taxed, even when withdrawn.
- Unused TFSA contribution room can be carried forward to future years.
- You can withdraw funds from the TFSA at any time for any purpose.
- The amount withdrawn can be put back in the TFSA at a later date without reducing your contribution room.
- Neither income earned in a TFSA nor withdrawals will affect your eligibility for federal income-tested benefits and credits.
- Contributions to a spouse's TFSA will be allowed and TFSA assets can be transferred to a spouse upon death.

We encourage all our clients to consider establishing this type of account for themselves by contacting our office at 525-5250 or 1-877-225-5250. We will be happy to assist you.

Little Known Fact

RRSPs were first offered over 50 years ago in 1957. The maximum contribution was \$1500. The new maximum is now \$21,000. There are now billions of dollars of savings in RRSPs and RRIFs.

Team Member Profile



Cheryl Bauer Hyde, FCUIC, CFP

How would you describe your role on the team?

In a football analogy (and I am a Rider fan), I would be considered to be a special teams player. I work from my home in Emma Lake, SK, my winter home in Mesa, Arizona, or come into the office to develop financial plans and solutions for our clients. Due to the miracles of today's technology, whether in the office or away, I'm easily reached through phone and/or email.

What is your favourite part of your job?

Meeting with clients to talk about their financial and life concerns and needs, and then working through their individual situation to come up with solutions and alternatives. Often this process takes some worry or stress out of their lives so they can focus on what's really important; family, friends and their personal health and well being.

What activities do you enjoy in your spare time?

I like to watch the cooking channel on television or research recipes on the internet and then adapt them to suit my husband, son, and other family and friends. I love to read just about anything, travel, visit, walk, and watch the birds and other animals (deer, rabbits, squirrels) that frequent our feeders and yard.

Do you have a favourite recipe, joke or other item you'd like to share with our clients?

Mrs. Tremblay's Scones

Mrs. Tremblay was a baker at the Prince Albert Co-op cafeteria for a number of years in the 1970s and 1980s. One summer I worked in the cafeteria on Thursday evenings and Saturdays, and grew to admire this lady's (already in her 70s) work ethic, and wonderful somewhat quiet and gentle personality. The Butter Tarts, Lemon Pies and Scones that she made were legendary.

Mrs. Tremblay's Scones



Rub together - 4 cups flour, 6 tsp baking powder, 1 tsp salt, 1 cup lard

Add - 2 eggs (slightly beaten), 1 cup milk, 1 cup raisins

Roll out and cut into desired shape. Brush with egg and milk. Sprinkle with sugar.

Bake at 375 degrees for about 20 minutes.

(I have used 2 cups white and 2 cups whole wheat flour; margarine instead of lard, and dried cranberries instead of raisins. They still taste delicious but never quite as good as I remember those that Mrs. Tremblay made.)



The CFP Designation

How does financial planning work?

Financial planning is a process that determines how you can best meet your life goals through the proper management of your financial affairs.

Key to effective financial planning is the ability to take into account all relevant aspects of your financial situation, and to identify and analyze the interrelationships among sometimes conflicting objectives. It is this unique integration of knowledge and skills across a broad range of topics that distinguishes professional financial planning from other related financial advice.



What do the letters “CFP” mean?

The letters “CFP” stand for Certified Financial Planner. The CFP marks identify individuals who are dedicated to the highest level of professionalism in providing financial planning advice. The CFP credential assures that the planner adheres to internationally recognized professional standards of competence and ethical practice as set in Canada by the not-for-profit Financial Planners Standards Council (FPSC). CFP standards include requirements in education, examination, experience and ethics – commonly known as the 4Es of professionalism.

It's important to work with a CFP professional, such as Rod, Mea or Cheryl, because most provinces do not regulate the use of the term “financial planner.” CFP certification is your assurance that we have completed a rigorous course of study approved by FPSC, passed the only independently developed national comprehensive examination (the CFP® Examination) for financial

planning, and are committed to ongoing professional development and adherence to the professional CFP® Code of Ethics and CFP® Financial Planning Practice Standards developed and enforced by FPSC.

CFP professionals follow a professional code of ethics and practice standards described in detail in the brochure entitled: “What assurance do I have that financial planning works for me?”

The CFP® Code of Ethics requires each CFP professional to adhere to ethical and behavioural principles that ensure the client's best interests are always placed first.

The CFP® Financial Planning Practice Standards describe what should happen during the financial planning process, providing guidance on how the CFP® Code of Ethics is practically applied in every financial planning situation each step of the way.

If you have any questions, talk to any of us or go the Financial Planners Standards Council (FPSC) website - www.fpsccanada.org



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At Tyler & Associates we accept new clients on a referral basis. If you know a colleague, friend, or family member who could benefit from our advice, please call us.