

# YourWealth



Views and opinions  
for the clients and friends of

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Welcome to those clients  
who joined us this quarter  
and thank you to those who  
recommended our services.



## Full Circle

Hopefully you are aware by now of our branch's recent move to 17 King Street East, in the heart of Oshawa. Debbie, Mark and I personally invite you to come by and see us in our new "home." There is free client parking in the lot adjacent to our building on the east side. On the ground floor is the Avanti restaurant and we are on the third floor, serviced by an elevator reached through our entrance off of the parking lot. We look forward to seeing you.

So why did I entitle this article "Full Circle"? Well the irony is that this move sends me back home again. You see, I started my investment career in Oshawa in September 1973 at this very same address! I was hired as a rookie investment advisor with Midland Doherty. Actually we were all just plain old "brokers" back then. My timing? It could not have been worse as the investment industry was about to experience the worst downturn since the Great Depression. Somehow I survived and went on to accept an offer to manage the Oshawa office of Crang and Ostiguy which was literally across the street. Through mergers we became Greenshields, then Richardson Greenshields and finally RBC

Dominion Securities in 1996. The previous year I had decided to drop the manager's role in order to concentrate on what I enjoyed most: helping clients reach their investment goals.

My luckiest breaks? That's easy. Firstly I hired Debbie 25 years ago. Secondly, son Mark decided to come on board 4 years ago. Together we are one of Durham region's most experienced investment teams, striving to provide the very best level of service to all of our clients.

My motivation to keep working? That's easy too. The answer is you. Over 35 years clients have become friends. You have told me about your weddings, your children, your grandchildren, new homes, new jobs, retirements. All of your stories are meaningful to me. Memories bring smiles. We strive to earn your trust and we are truly appreciative of your loyalty and your referrals. Thank you.

So now I go "home" wondering where 35 years have gone. What does the future hold? I don't know but whatever happens we'll go through it together.

Luke

## Investment Conditions

Given the recent extreme volatility in the markets any accurate description of current investment conditions would require a daily re-write. Obviously this is not possible in a newsletter but we invite you to contact us as often as required during these unprecedented times.

Perhaps we can provide some background. The increasingly gloomy mood that gripped that equity markets throughout September was replaced by one of fear and sheer panic in October. Suddenly what had appeared to be a vicious, but contained correction in the US housing sector morphed into a crisis that threatened the entire global credit market. While investors had focused on the negative consequences of plunging stock markets the freezing of the global credit market was damaging the underlying economy. The failure of the investment bank Lehman Brothers was the catalyst that caused financial firms to head for cover. It was suddenly almost impossible for companies or banks to borrow funds even overnight – anyone with capital was terrified that they would wake up the next morning to discover that they had loaned their money to the next failed financial institution. Against this backdrop the world's central banks and governments

started announcing rescue packages in an attempt to stabilize the financial markets and get credit flowing once again. So far well over two trillion dollars has been pledged globally, with the ultimate cost to taxpayers still unknown.



It is essential that investors understand that the crisis in the credit markets was far more important to the collapse in the equity and commodity markets than weakening economic fundamentals. Leveraged investors, who for years had

been able to borrow billions of dollars had their loans called by their banks as the credit crisis worsened. Unable to raise the necessary cash from their investors, these funds were forced to liquidate their equity positions into a falling market. This forced selling

pushed stocks even lower, leading to margin calls for other funds and thus feeding the cycle.

Looking towards the future equity markets are likely to remain extremely volatile for the near term. While an easing of the credit crisis may provide short-term relief to equity markets there are difficult economic times ahead. Early this year we warned of an upcoming recession and our fears appear about to be realized. Until economic conditions improve and real estate values stabilize we are unlikely to see a return to a sustained equity market recovery. As we plan for the road ahead it is imperative that we continue to focus on the credit

markets as guide posts for our investment path. For years to come a proper analysis of the flow of money and the motivations of the fund managers making decisions will determine financial success.

## A Seminar Invitation: Where do we go from here?

In the face of unprecedented investment turmoil we feel that it is important to communicate with you and address your concerns. In the very near future you should be receiving an invitation to an evening seminar. Please join us for a valuable discussion on:

- Today's volatile market conditions
- How current markets may affect your investment portfolio

-Where the markets are heading and where future opportunities may lie

In order to accommodate as many people as possible we will be hosting the seminar twice, once on [Tuesday November 4th](#) and then a week later on [Tuesday November 11th](#).

On both nights refreshments will be served at 6:30 p.m. with our presentation to begin at 7:15 p.m. We have

reserved space at the [Oshawa Golf & Curling Club](#), located at 160 Alexandra Street in Oshawa. As seating is limited we ask that you please RSVP to Debbie to reserve seats for your preferred seminar date. Please feel free to extend this invitation to friends or family who you feel would benefit from the evening. Guests are also asked to RSVP to Debbie to reserve their seats.

## Client Corner

### The Canadian Cancer Society: Bob Simpson & Peter Vanderheul

All of our lives have been touched by cancer, whether through a loved one, a dear friend or a personal illness. The Canadian Cancer Society exists to eradicate cancer and to help improve the quality of life of people living with it. We here on the Luukkonen team are proud to have several clients involved in the fight against cancer. With apologies to other cancer volunteers, both past and present, space limitations allow us to highlight just two dedicated individuals: Bob Simpson, the current president of the Durham Unit of the Canadian Cancer Society and Peter Vanderheul, a long-time volunteer driver with the Scugog Unit of the Durham Unit.

As President of the Durham Unit, Bob oversees the management of seven local offices across the Durham region and the myriad of fundraising and other programs that the Society runs throughout the year. The death of a family member from cancer drew Bob to the Cancer Society and after his retirement from GM four years ago he felt that volunteering with the organization was an opportunity for him to give something back to the community. Bob started out as a volunteer driver, taking passengers to Oshawa or Toronto for cancer treatment. The more time he spent volunteering the more Bob realized that he wanted to make a larger commitment to

the organization. He quickly joined the Unit's Board of Directors then became vice-president and then moved into his current role as the president of the unit. Now finishing up his second year as president, Bob speaks enthusiastically about the commitment of the volunteers at the Durham Unit: "This summer saw one of our most successful Relay for Life events, where thanks to the efforts of our volunteers we were able to raise over \$700,000 to help us in our fight against cancer." Bob notes that fundraising is particularly important for the Canadian Cancer Society as it does not receive any government funding; all programs are financed through donations.

One of the important services that those donations finance is the Durham Unit's transportation program. This program, through the support of volunteer drivers, provides free transportation to and from cancer treatment hospitals for patients in the Durham region. Because patients receiving chemotherapy or radiation treatments are advised not to drive themselves to appointments it can often be difficult for them to get to the hospital.

Peter Vanderheul has been a volunteer driver for the transportation program for close to 15 years. He became involved in the Cancer Society when a

family friend asked him for a ride to the hospital. Since then Peter has logged over 70,000 km on trips with his passengers. While Peter takes people for treatment to both Oshawa and Toronto his trips are primarily to hospitals in Toronto. Peter says that "being retired, time is not a problem for me and I like Toronto driving. I know that many people are uncomfortable driving into Toronto regularly so I feel that this is how I can be most helpful." Peter sees the transportation program as an opportunity for him to make a difference in someone's life and to make that positive difference at a very difficult time for the individual. Peter feels that with all the difficulties, both physical and emotional, that people undergoing cancer treatment must endure, relieving them of the worry of getting to the hospital is a small but significant way to uncomplicate their lives.

All told, over 1,500 individuals volunteer their time every year with the Durham unit, taking part in a variety of programs, from community outreach to patient transportation to the various fundraising programs like the Relay for Life, Cops for Cancer or Daffodil Days. People interested in volunteering should contact the Durham unit at 904-430-5770 or search for the unit on the Canadian Cancer Society website, [www.cancer.ca](http://www.cancer.ca).

## Community Calendar

### The National Do No Call List

Instead of highlighting a local event, in this edition we thought that we would discuss the newly created National Do Not Call List. The list was created to reduce the number of unwanted telemarketing calls that Canadians receive. As of September 30 you can register your home and mobile telephone numbers on the National DNCL and this will prevent most telemarketers from calling you on those

numbers. A registration on the National DNCL is valid for a period of 3 years, starting 31 days after you register. This 31 day grace period allows telemarketers time to remove your number from their lists. After 3 years you must re-register in order to keep your numbers on the National DNCL.

There are a few organizations that are exempt from the National DNCL. Companies that have an existing relationship with you, registered

charities, political parties, pollsters and newspapers soliciting subscriptions are all able to ignore a National DNCL registration. If however you receive a call from one such organization you can request that the organization not call you again in the future.

You can register your telephone numbers online at [www.LNNTEDNCL.gc.ca](http://www.LNNTEDNCL.gc.ca) or by calling the toll-free numbers 1-866-580-DNCL (1-866-580-3625) or 1-888-DNCL-TTY (1-888-362-5889).



# The Tax Free Savings Account

RBC Dominion Securities will begin offering the new Tax-Free Savings Account starting in 2009. Below we highlight some of the common questions that people have regarding these accounts.

**What is a TFSA?** A Tax-Free Savings Account (TFSA) is a new registered account introduced by the Federal Government in the 2008 Budget. Investment income and capital gains in the account will grow tax-free. The TFSA will be available starting January 2009.

**What can a TFSA be used for?** TFSA can be used to save for a variety of short-term and long-term goals. Short-term goals, like saving for a car and long-term goals, like saving for a home or retirement.

**How is a TFSA different from an RRSP?**

Five key differences are: 1) Withdrawals from a TFSA are tax-free and do not result in lost contribution room. 2) Contributions to a TFSA are not tax deductible. 3) With a TFSA you don't need earned income to accumulate contribution room. 4) There is no requirement to convert the TFSA to an income payment option (i.e. RRIF) at any age. 5) You can give money to your spouse to open a TFSA without being



subject to the Canada Revenue Agency's (CRA) attribution rules.

**How much am I allowed to contribute per year?** You can contribute up to \$5,000 each year. With inflation, your contribution limit will increase in \$500 increments (subject to government guidelines).

**Do I have to have a particular income level to take advantage of a TFSA?** There is no minimum or maximum income level. Every eligible person will accumulate contribution room each year starting in 2009.

**If I am unable to contribute in a given year, will I be able to use my unused contribution room in a future year?** Your unused contribution room can be carried forward indefinitely. There is no limit on how much contribution room you can accumulate. Also, TFSA

contributions are in addition to any RSP contribution room you may have.

**If I am earning no income, can I still make contributions to my TFSA?** Yes. If you are eligible, you will accumulate contribution room each year – even if you have earned no income.

**Are withdrawals subject to income tax?** No. Withdrawals can be made tax-free and will not increase your income for the year. Since withdrawals will not be taxed and will not be considered taxable income, there will be no impact to your income-tested benefits from the Federal Government, such as Old Age Security (OAS) and Guaranteed Income Supplement (GIS) or credits such as the Age Credit.

**If I withdraw money from my TFSA, can I re-contribute this withdrawn amount later on in the tax year?** Withdrawals you make in the current calendar year will be added to your unused contribution room. Amounts can't be re-contributed until the following calendar year or later.

**Can I open a joint TFSA account?** No. Similar to registered retirement accounts, such as RSPs, government rules only permit individual accounts.



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