

# What Our Clients Are Saying...

For over 25 years Gary has been our financial advisor and friend. He and the staff of Financial Services Group have given us excellent service and advice. This guidance in financial, estate planning, income tax, and life insurance matters has enabled us to enjoy a worry-free retirement and a lifestyle that would not have been possible without this help and encouragement. We particularly appreciate his investment philosophy that respects our wishes and future plans.

“has enabled us to enjoy a worry-free retirement and a lifestyle that would not have been possible without this help and encouragement”

Going far beyond the call of duty, Gary has maintained a close relationship with us, even remembering anniversaries and birthdays. We are so thankful that a friend recommended Gary and the Financial (*Friendly*) Services Group to us.

Deny & Earl Kindley  
Viking, Alberta

To the staff of Financial Services Group,

Too often we are negligent about acknowledging the people who play such an important role in our lives ---- the people who help and guide us through the maze of financial options; the people who ensure our legal documents are current and in good order; the people who help us formulate and activate a sound, realistic financial plan; the people who educate us about tax planning; the people who pilot us through the death of a loved one; the people who assist us in estate planning; the people who, after doing all that, monitor our Net Worth Statements and Tax Returns to insure everything is going as planned.

“I am in good hands with Financial Services Group”

I want you to know that when I count my blessings, Financial Services Group is among them. I continue to be amazed that there is still a company that consistently delivers on their promise of caring and service. Over the years I have certainly been the beneficiary of your caring and professionalism and I thank you most sincerely. I hope you can appreciate the piece of mind that your efforts have brought to me. I always say “I am in good hands with Financial Services Group.”

Sincerely,  
Sylvia Horning  
Edmonton, Alberta

# Information At Your Fingertips

## Contact Information

Office Phone (780) 986-7412 \Toll-free 1-888-988-7671  
Fax (780) 986-9694

Sue Hanson, ext. 22  
Susan Jones, ext. 25  
Cara Kemila, ext. 27  
Gary Kwasnecha, ext. 23  
Myrna Kwasnecha, ext. 24  
Laurie Rechner, ext. 28  
Kim Szewczyk, ext. 21

## Website

www.financialservicesgroup.net

## Email Address

sueh@financialservicesgroup.net  
susanj@financialservicesgroup.net  
carak@financialservicesgroup.net  
garyk@financialservicesgroup.net  
myrnak@financialservicesgroup.net  
laurier@financialservicesgroup.net  
kims@financialservicesgroup.net

## Office Hours

Monday through Thursday, 8:30 am to 4:30 pm

Financial Services Group supports a healthy family lifestyle. This Holiday Season we will be taking the opportunity to enjoy time with our families between December 24<sup>th</sup>, 2008 and January 4<sup>th</sup>, 2009. Regular business hours will resume on January 5<sup>th</sup>, 2009. We thank you for your continued business and appreciate your ongoing support.

## Important Dates

RRSP Contribution Deadline for 2008 Tax Year  
T4RIF/T4RSP slips  
T5 slips  
T3 slips

March 1, 2009  
Mailed on or before February 28<sup>th</sup>, 2009  
Mailed after February 28<sup>th</sup>  
Prepared within first 90 days of fiscal year and then mailed no later than March 31<sup>st</sup>, 2009

## RRSP Information

RRSP limits for 2008 Tax Year  
RRSP limits for 2009 Tax Year

\$20,000\*  
\$21,000\*

\* 2008 RRSP Limit is available on your 2007 Income Tax Assessment

1.888.988.7671 + www.financialservicesgroup.net

# Debt Reduction

As part of your financial plan debt reduction is the very best investment. People with little debt or a plan to pay off debt over a short term are simply ahead of folks who live on credit as part of their plan or those who do not even have a plan! People with little or “no debt” can take advantage of buying opportunities that arise from time to time. They also have less sleepless nights, less stress and a real sense of financial freedom. Good debt is important. An example of good debt is a home mortgage. Poor debt is a line of credit used for consumer goods. The poorest debt is an unpaid credit card balance.

Good debt may also be “tax deductible.” An example of this is debt used to invest. The interest paid on qualifying investments is deducted on an annual basis from taxable income. Leveraged debt is the most dangerous debt. Many advisors will promote the huge “upside,” however there is also downside potential that can take the sizzle out of investing.

When asked about “the best investment” the FSG response is:

- 1) Debt reduction, especially non-deductible
- 2) RRSP's, as you receive a “tax deduction” and “tax-free accumulation”
- 3) Universal Life as a “tax shelter,” “tax sheltered growth”, and on death, the investment portion is converted to a “a tax-free death benefit”
- 4) Tax-free savings account, available January 1<sup>st</sup>, 2009, appears to be an exciting opportunity account for non-registered money as accumulation is not taxed.

# Today's Banking: Complicated and Expensive



The traditional approach to money management means that each month, millions of people across Canada go through financial hoops to meet all their expenses, pay their bills, cover borrowing costs and hopefully try to put something away into savings accounts and investments.

## Does your month look something like this?

Traditional banking has you manage daily finances by depositing your income into chequing and savings accounts while borrowing through mortgages, lines of credit, loans and credit cards. Unfortunately, you usually receive little or no interest on the money you deposit and pay higher interest on the money you borrow.

# Manulife One: Simple and Sensible

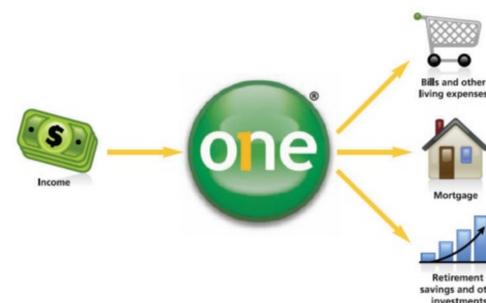
With a non-traditional flexible account like Manulife One, things are different. You have an all-in-one borrowing and chequing account with a borrowing limit based on the value of your home.

All of your debt, or as much as possible, is consolidated into this account at one low rate. Your income and savings are also deposited into the Manulife One account. Deposits immediately lower your consolidated debt balance and you pay interest on the lowered amount until you withdraw money from your account.

**Live out of your account.** Pay living expenses via cheque, debit card, Internet or telephone banking. Make investment deposits through cheques or pre-authorized withdrawals. Your account consolidates your debts so there are no multiple loan payments; no “tight” times in the month. You can take out every dollar you put into the account if you ever need it (up to your borrowing limit).

**Interest is calculated daily.** At the end of each month, you are charged the accumulated interest for the month. You only pay interest on what you owe on any given day.

That's it. Manulife One saves you thousands by putting your money to work...for you. Can it get any simpler? Banking, the way it *should* be. For a referral to a Manulife Bank Representative, please call Kim at the FSG office.



# A SOUND FINANCIAL PLAN

W I N T E R 2 0 0 8

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# FINANCIAL SERVICES GROUP



Gary & Myrna Kwasnecha

# A Note From Gary:

Recent market turbulence and the economic forecast of a global recession bring both uncertainty and market anxiety. Now more than ever, you as an investor need to review and “solidify” your Financial and Estate Plan. Points to consider when you review your plan:

- Your risk tolerance - is it as high as you thought? Prior to the market volatility you might have felt your portfolio was well balanced. Now, you may find yourself a more conservative investor. This means adjusting your long term investment approach toward less risk.
- You may find you have a greater tolerance for risk and want to take advantage of investment price bargains compared with a year ago. You may consider using this as an opportunity to buy “low” into the market.
- You may decide to accept that markets rise and fall - in the past 100 years there have been 30 such compressions - and simply sit back and stay the course.
- Look at the cost of the investments you have. What are the *Management Expense Ratios*? The Financial Services Group RRSP is a product alternative that offers market based funds at up to 1% lower *investment management fees* than retail mutual funds. Each penny saved from the cost of investing ends up in your pocket.

*Creating wealth is never about timing the market; it is about time in the market*

Personal preference is essential. Conservative investors who experience sleepless nights when the equity market swings should limit their holdings in equities.

At Financial Services Group we feel it is most important to have your Financial Plan in place. Your plan dictates the asset mix and products that best suit your objectives now and in retirement. In an ever-changing market, it is important to review your asset mix on a regular basis. Whatever the mix may be, reassessing where you are and where you want to be is an ongoing process and should be reviewed.

“Assisting people to accumulate and protect their wealth since 1977”



L-R: Joan Kwasnecha, Laurie Rechner and Susan Jones

## Tax-free growth for your savings!

**3.50%**  
This rate is in effect from January 2 to March 31, 2009 for Tax-Free Advantage Account

Prior to 2009, most Canadians held their savings in RRSPs. This allowed them to claim a tax deduction for their contributions and then defer tax on withdrawals until retirement. The newest savings vehicle available to Canadians is called a Tax-Free Savings Account (TFSA). Whether you are saving for the short term (0-5 years) or for the longer term (6 years and beyond) a TFSA can be a valuable addition to your financial plan. When used to its full advantage, a TFSA can be a powerful tool to save money in a tax free environment.



Earn a high rate of interest and keep it for yourself! Manulife Bank's Tax-Free Advantage Account is a perfect way to save. You will earn a great rate of interest on every dollar in the account. Access your savings at any time for any purpose, without incurring fees or taxes. Tax-Free GICs are also available for terms of 1 to 5 years.

Which GIC Product Is For You?  
"The Strawberries are not in the Cornflakes"  
by Susan Jones

Marketing is a wonderful thing. Companies spend large amounts of money and go to great lengths to advertise their products. For example, the Kellogg's Cornflakes box featured cornflakes in a dish with juicy strawberries. When our boys were little, their excitement for the strawberry cornflakes was deflated once they were in the bowl. "These cornflakes are not like the ones on the box..." Pictures of juicy strawberries sell cereal. Now that they are young men, they go to the produce department to buy fresh, juicy strawberries.

We often see great rates for different kinds of GIC products. Nine times out of ten, the end return is less than anticipated.

Accelerator GIC's, Step Rate GIC's, Escalating GIC's, etc. are all examples of GIC products that advertise great returns, but are not necessarily what they seem. It is very important to read the small print.

"Remember, the strawberries are not in the cornflakes, they are in the produce department."

## Staggered GIC Maturity Model

Take the guesswork out of your fixed-income portfolio

When building the fixed-income component of your portfolio, one of the most difficult decisions is selecting the term length. Instead of trying to guess where interest rates are heading, why not reduce your risk and level out your guaranteed returns by laddering your guaranteed interest investments?

EXAMPLE: \$100,000 5-YEAR LADDERED ACCOUNT

\$20,000	1 Yr. - 3.80%	Renews at maturity to a 5-year term
\$20,000	2 Yr. - 4.00%	Renews at maturity to a 5-year term
\$20,000	3 Yr. - 4.325%	Renews at maturity to a 5-year term
\$20,000	4 Yr. - 4.46%	Renews at maturity to a 5-year term
\$20,000	5 Yr. - 4.60%	Renews at maturity to a 5-year term

\*rates effective December 1, 2008, subject to change

The \$100,000 investment is divided equally into 1-5 year terms. At maturity, each investment is reinvested for a 5-year term.

### THIS STRATEGY CONFERS ANUMBER OF BENEFITS:

- Reduced risk - diversify your maturity dates and reduce the impact of interest rate fluctuations
- Flexibility - take advantage of long-term interest rates
- Disciplined approach - a structured approach eliminates "chasing interest rates" or "waiting out low interest rates"
- Liquidity - access a portion of your money each year (20%)

The Staggered Maturity Model is a concept that FSG has been using for more than 30 years and even in a low interest rate environment will increase your portfolio's return.

# It's not the Product, it's the plan...

## Putting it all together...

Rule of thumb at retirement, most clients require approximately 60 to 70 percent of their current working income. Illustrated below is a sample of what a retired couple's Projected Monthly Income Summary might look like. This example highlights possible income sources that may be available during retirement. When reviewing your retirement income needs, keep in mind factors that may impact your retirement goals:

- Future Value of today's Dollars (cost of inflation)
- Longevity / Health
- Interest Rate Risk
- Market Risk
- Inflation during Retirement
- Income Tax Rates

If your income sources do not meet your retirement goals your options are;

- Spend Less
- Save More
- Increase your rate of return on investments
- Delay Retirement

## Projected Monthly Income Summary

Mr. Client@ Age (Nov. 12/1954) Mrs. Client@ Age (Jun. 23/1955)	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82
Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
RSP/RRIF Income (indexed @ 3%) Mr. Client Mrs. Client	\$0 \$400	\$0 \$412	\$0 \$424	\$0 \$437	\$0 \$450	\$0 \$464	\$0 \$478	\$0 \$492	\$0 \$507	\$0 \$522	\$0 \$538	\$0 \$554	\$0 \$570	\$0 \$587	\$0 \$605	\$0 \$623	\$0 \$640	\$0 \$658	\$0 \$676	\$0 \$694	\$0 \$712	\$0 \$730	\$0 \$748
CPP Income (indexed @ 1%) Mr. Client Mrs. Client	\$634 \$0	\$640 \$640	\$647 \$646	\$653 \$653	\$660 \$659	\$666 \$666	\$673 \$673	\$680 \$680	\$687 \$687	\$693 \$693	\$700 \$700	\$707 \$707	\$714 \$714	\$722 \$722	\$729 \$729	\$736 \$736	\$743 \$743	\$751 \$751	\$758 \$758	\$766 \$766	\$774 \$774	\$781 \$781	\$789 \$789
OAS Income (indexed @ 1%) Mr. Client Mrs. Client	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$541 \$541	\$546 \$546	\$552 \$552	\$557 \$557	\$563 \$563	\$569 \$569	\$574 \$574	\$580 \$580	\$586 \$586	\$592 \$592	\$598 \$598	\$604 \$604	\$610 \$610	\$616 \$616	\$622 \$622	\$628 \$628	\$634 \$634	\$641 \$641	\$647 \$647
Pension Income (indexed @ 1%) Mr. Client Mrs. Client	\$5,532 \$0	\$5,587 \$0	\$5,643 \$0	\$5,700 \$0	\$5,757 \$0	\$5,814 \$0	\$5,872 \$0	\$5,931 \$0	\$5,990 \$0	\$6,050 \$0	\$6,111 \$0	\$6,172 \$0	\$6,234 \$0	\$6,296 \$0	\$6,359 \$0	\$6,422 \$0	\$6,487 \$0	\$6,552 \$0	\$6,617 \$0	\$6,683 \$0	\$6,750 \$0	\$6,818 \$0	\$6,886 \$0
Non-registered investments Mr. Client Mrs. Client	\$300 \$300																						
Estimated Monthly Income	\$7,166	\$7,880	\$7,961	\$8,043	\$8,126	\$8,210	\$8,294	\$8,378	\$8,462	\$8,546	\$8,630	\$8,714	\$8,798	\$8,882	\$8,966	\$9,050	\$9,134	\$9,218	\$9,302	\$9,386	\$9,470	\$9,554	\$9,638
Estimated Monthly Tax (25%)	\$1,792	\$1,970	\$1,990	\$2,011	\$2,031	\$2,088	\$2,347	\$2,372	\$2,396	\$2,421	\$2,447	\$2,472	\$2,498	\$2,525	\$2,551	\$2,578	\$2,605	\$2,632	\$2,659	\$2,686	\$2,713	\$2,740	\$2,767
Estimated Monthly Net Income	\$5,375	\$5,910	\$5,971	\$6,032	\$6,094	\$6,563	\$7,041	\$7,115	\$7,189	\$7,263	\$7,340	\$7,416	\$7,494	\$7,574	\$7,654	\$7,735	\$7,816	\$7,900	\$7,984	\$8,068	\$8,152	\$8,236	\$8,320
Monthly Income Goal (indexed @ 3%)	\$5,217	\$5,374	\$5,535	\$5,701	\$5,872	\$6,048	\$6,229	\$6,416	\$6,609	\$6,807	\$7,011	\$7,222	\$7,438	\$7,661	\$7,891	\$8,129	\$8,376	\$8,622	\$8,868	\$9,114	\$9,360	\$9,606	\$9,852
Income Surplus/Income Shortfall	\$158	\$536	\$436	\$331	\$223	\$515	\$812	\$699	\$580	\$456	\$328	\$195	\$56	(\$88)	(\$237)	\$1,639	\$1,357	\$937	\$813	\$683	\$548	\$407	\$262

\*These projections are for illustration only and are subject to change and not guaranteed: E. & O.E.

RRSP Income: Mr. Client: No deposits to RRSPs; RRSP Income-Mrs. Client: No additional deposits to RRSPs. Income starts in Mrs. Client's 59<sup>th</sup> year, indexed at 3% per year. RRSPs are depleted in Mrs. Client's 75<sup>th</sup> year. Illustrations are based on 4% annual compound rate of return.

CPP Income: Income taken at age 60 and are indexed by 1%/year.

OAS Income: Income is indexed at 1%/year.

Pension Income: Income is based on Joint Life Option, indexed at 1%/year.

Non-Registered Income: Interest only income from non-registered investments are invested at 4%, interest only payments-capital is not reduced.

Monthly Income Goal: \$5,217/month net (today's value=\$4,500). In 2028 income goal is reduced by 25%.

The above illustration does not include any real estate that may be available for additional income sources.



Sue Hanson

## Financial Services Group Retirement Savings Plan

RSP contributions can be made online

### Advantages of the Financial Services Group Exclusive Registered Retirement Savings Plan

The FSG Group RRSP plan offers our clients many benefits that may not be available to you through an individual savings or investment account such as:

- LOWER INVESTMENT MANAGEMENT FEES - Take advantage of the competitive investment management fees (IMF's) offered by our group plan. Lower IMF's leave more savings in your account and growing for you.
- CONSOLIDATED SAVINGS - You can transfer accounts held at other institutions to your group program, allowing you to enjoy the above benefits for all your retirement savings.
- LEADING FUND MANAGERS - Through your group plan, you have access to some of the world's leading fund managers and their funds. Many of these funds are unavailable to individual investors.
- EASY-TO-READ STATEMENTS - Manulife's member statements provide updates on your savings and include times and reminders to help you build an effective retirement savings plan.
- SECURE WEBSITE AND TELEPHONE ACCOUNT ACCESS - Manage your account and investments using the service option you prefer. Access your account via the secure member website and/or the Customer Service Center. You can even add to your RRSP by making your contributions online!
- TAX-DEFERRED GROWTH - Your registered savings grow in a tax-sheltered environment until you withdraw from the plan to purchase your retirement income.
- A CONVENIENT WAY TO SAVE - Regular monthly contributions make it easier to commit to consistent saving. Even small monthly contributions can grow very nicely over the long term. You can also take advantage of "Dollar Cost Averaging".

### Need a PIN Code?

- Step 1: Call toll-free 1-888-727-7766
- Step 2: Select Option #1
- Step 3: Enter your 9 digit Customer Number (this is your member number assigned specifically to you when you were enrolled (refer to your welcome letter or your most recent statement))
- Step 4: Press # key
- Step 5: Enter the last 3 digits of SIN #
- Step 6: Enter your year of birth (four digits)
- Step 7: Enter the numeric portion of your postal code (ie: T9E 7L1)
- Step 8: Enter your new four digit code
- Step 9: Confirm your four digit code

You are now ready to access your account on the secure website: [www.manulife.ca/gro](http://www.manulife.ca/gro)

### Are you waiting for your tax receipts in the mail?

Now you can print your own receipts!

- Step 1: Go to [www.manulife.ca/GRO](http://www.manulife.ca/GRO)
- Step 2: On the left-hand side of the page Select "Plan Members Login"
- Step 3: Enter your customer number (this is Your member number assigned specifically to you when you were enrolled)
- Step 4: Enter your PIN Number (this number can be obtained through by calling Customer Service at 1-888-727-7766)
- Step 5: On the left-hand side of the page, select "My Account" then, "Duplicate Tax Receipts/Slips"
- Step 6: Select the period which you require the tax slip
- Step 7: Print Receipt
- Step 8: Once complete, log out

You're Done!

## For Account Information:

phone: 1-888-727-7766  
[www.manulife.ca/GRO](http://www.manulife.ca/GRO)