



THE BOTTOM LINE

the latest trends, ideas, and news from the financial industry

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“The advantage of a bad memory is that one enjoys several times the same good things for the first time...”
- Friedrich Nietzsche (1844 - 1900)

Update

In 2009 Governments around the world took dramatic measures to tackle the worst economic crisis in decades as unemployment shot up and consumer spending all but disappeared. The American Congress passed a massive \$787 billion stimulus package in January and the Bank of England implemented a program of “quantitative easing” that pumped £200 billion (\$330 billion) of new money into Britain’s economy.

While the economy remained stable, but in critical condition, stock markets the world over responded favorably to the influx of cash and low interest rates to finish the year up, on average, about 20%. Things were so good in fact, that after passing government “stress tests” to see how they would cope in future downturns, many banks, including Bank of America, Citigroup and Wells Fargo, began to repay the bail-out money they had received at the height of the crisis.

So as the 2000’s faded into memory, it was interesting to look back on the decade that started with so much promise and, really, probably disappointed most people in the end. The tech wreck, 911, George Bush, hurricanes, earthquakes, tsunamis, Vladimir Putin, Al Qaeda, Iraq, greed, sub-prime mortgage crisis and the subsequent failure of the world financial system, Afghanistan, global warming, swine flu, avian flu, SARS, wars and, arguably, globalization all negatively contributed to how the 2000’s will be perceived in the course of time.

There were many positives, although they tended to take a back seat to the more “newsworthy” mayhem that prevailed. The growth of the internet, Google, iTunes, You Tube, mapping the human genome, CERN, Mars landing, the vaccine for cervical cancer and GPS all helped make the world a bit better place to be.

As we faced a new year and a new decade, many of us were worried about a nascent economic recovery, inflation, deflation, stagflation,

re-inflation, depression and the impact they may have on our savings and more importantly, our retirement.

As it happens things have gone rather well. The stock markets are up modestly in the first quarter, the American banking system seems to have found some sort of a foothold, depending on exactly who you believe, Ford is holding its own (probably taking a few sales from Toyota), the US just announced a health care reform bill; the first major legislation in the health care in the US system in forty years, and here on the west coast, of course, we had the benefit (pre, during and post) of, what will go down in history, as a very, very successful winter Olympic Games, regardless of what the British press said. Nothing like 300,000 people dropping by for a few days to inject a few bucks into the local economy!

Anecdotally, what this means is that most investors are now back to positive return territory - not to be confused back to peak value, which is yet to come - but positive just the same. The exception will be anyone who sold out of the market at or near the bottom, although happily very few of our clients did so.

GIC INTEREST RATES 2010 (%) **

	JAN	FEB	MAR
1 YR	1.50	1.50	1.50
3 YR	2.50	2.50	2.65
5 YR	3.30	3.25	3.40

ANNUALIZED RATES OF RETURN TO FEBRUARY 28, 2010 (%) ***

CDN\$	1 YR	3 YR	5 YR
TSX	47.8	-0.9	6.5
S&P 500	27.3	-8.9	-2.7
TSX DEX	7.8	5.5	5.4
*EAFE	29.4	-10.8	-0.6

* Europe, Australia, & Far East Index

** Source: GICInvest.net

*** Morningstar

What's to come? That, of course, is an intriguing question and one which can elicit many diametrically opposed views. If we look back we can see some similarities between now to what was going in the 70's (and I don't mean the bad disco music either!). A war that was being funded by printing money, the dramatic end to a period of notable prosperity, rising energy prices, increasing unemployment, restless, underemployed young people, political unrest in the middle east, a very cool Soviet Union (Russia) and most notably, a very high personal savings rate. What did the 70's give by way of a stock market move? Essentially we saw a trading range. The 70s started with the Dow at around 800 and the decade finished at around 800. That is not say it didn't go up and down, it did, it just never went much over 1000 or much below 700.

We feel there are some noteworthy similarities now, in 2010 to what was going on then, although suffice to say that the speed information travels today can significantly truncate cycles. Our mantra? Rebalance periodically to ensure that you are never too far away from your desired allocation and that means taking some gains off the table when they are available!

Call us if you would like further insight.

Wealth Protection Seminar

We held our annual Client Seminar in late January to another full house. This year we invited three of Vancouver's leading Wealth Protection practitioners to share insights from their areas of expertise. Feedback was excellent. Educational highlights from the evening included:

- 1) The importance of creating and maintaining a will
- 2) The ins and outs of living benefits
- 3) Recent innovations in the area of charitable giving

We wish to thank all of you who came and we encourage the rest of you to contact us if you have any questions or would like a copy of our presentation. As before, we would also be interested in hearing from you if there are other topics you wish to see us present in the future.

Around the Office...

We are thrilled to introduce the latest addition to your roadmapforsuccess.ca team, Jenna Francom. Jenna recently moved to the coast from Calgary in an effort to properly distance herself from those dreaded Flames. Jenna will be providing administrative and client relationship support to all members of the team.

If you like our service, please let others know. The greatest measure of our success is the referrals we receive from our clients.

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Estate Checklist

Around the same time we hosted our Wealth Protection seminar, we came across a timely article written by Tim Cestnick in the Globe and Mail. It provides a checklist for individuals dealing with financial issues when someone passes away. Having helped many people through this process, we felt this was a good summary so have summarized his checklist below:

1. Funeral arrangements - look after this first, enlist the help of friends and family.
2. Locate the will - if you can't find it, check with any lawyers your loved ones could have dealt with.
3. Identify the assets - compile a list, speak with your loved one's accountant and financial advisors.
4. Identify the insurance policies - have your loved one's insurance advisor complete an "insurance audit" to ensure you don't miss any.
5. Review bank accounts - determine whether these are jointly held.
6. Apply for Government benefits - if the deceased had contributed to Canada Pension Plan, there may be an opportunity to apply for three different benefits, namely the death benefit, a survivor's pension and a children's benefit paid to a surviving child.
7. Assess Registered Plans - assess ability to transfer tax-free to surviving spouse.
8. Cash and debt management - review mortgage insurance policies (if any). Encourage surviving spouse to understand where they are at financially.
9. Visit advisors - encourage loved ones to revise their own wills/powers of attorney, etc.
10. Don't rush yourself - Don't make any big financial decisions immediately after the death of a very close loved one.

As always, if you need assistance with any aspect of your estate planning we encourage you to contact us.