

# planning for SUCCESS

Fall & Winter 2008

a newsletter for the clients and friends of Dupuis Langen Financial Management



DUPUIS LANGEN  
FINANCIAL MANAGEMENT

## Thank you for your referrals

Business is great and growing. If you know of anyone who would like to receive our newsletter or who would appreciate a second opinion on their financial plan, please let us know!

## Words of Wisdom

Good things happen the harder you work. Great things happen the smarter you work.

## Market Commentary

In view of the recent volatility in financial markets, and being bombarded thoroughly by the media with doom and gloom of the never-ending financial crisis, we want to reassure our clients that we are following developments very closely, and continue to recommend balanced portfolios to our clients.

Despite a conservative approach, and erring on the side of caution, we met with a number of mutual fund representatives over the past month, and we reviewed our list of fund managers. The result is that we remain confident that our clients are invested in solid mutual funds with stable companies and managers.

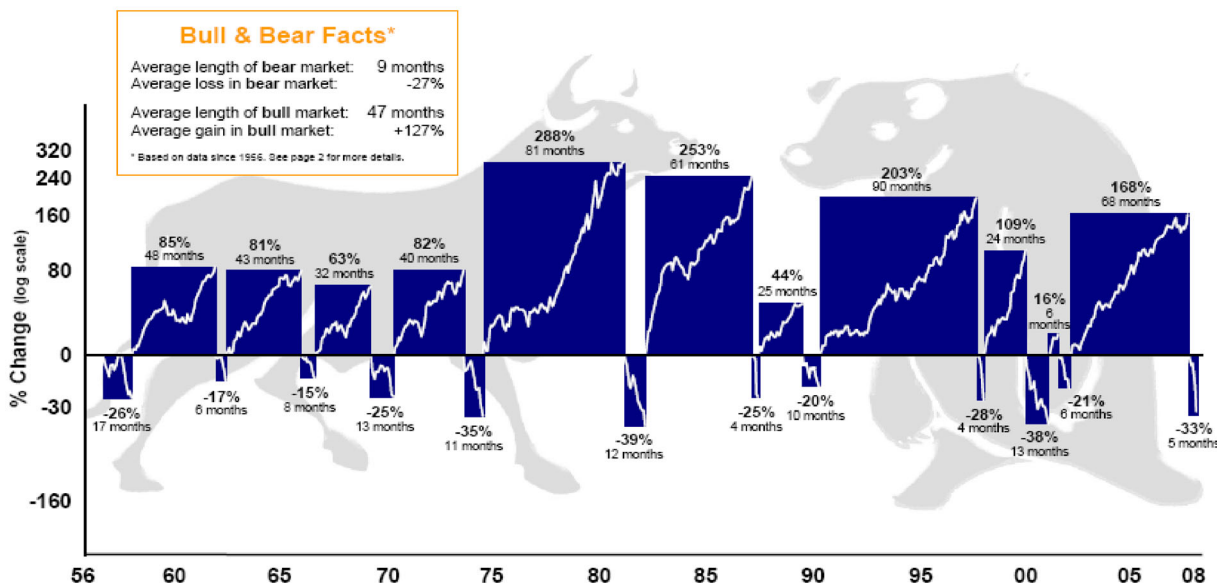
Yes you will be affected to some degree by the volatility of the market but not to the same extent as more aggressive investments, and they will rebound. As disturbing as current events may be, this is not a new situation nor a completely unexpected one. History is full of market panic, crashes and recoveries.

We have said it before and we have to say it again... market declines create excellent investment opportunities. This is an opportunity to buy in at bargain prices especially when funds often rebound in a relatively short period of time. Dollar cost averaging into a low market is an excellent way to add to your investment portfolio.

**We invest for the long-term, we monitor your portfolios, and we regularly review the funds we offer.**

Take a look at the following chart of Market Cycles for past performances on the S&P500 and the S&PTX Composite Index from the 1960s to present. The average length of Bear Market is 9 months, and we are currently into the 5th month of the current Market.

## Bull & Bear Markets S&P/TSX Composite Index to October 2008



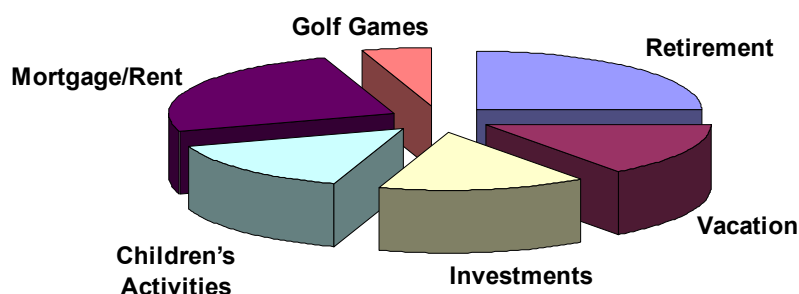
Source: Mackenzie Financial (Datastream: month-end data points as at October 31, 2008; total return)

# There's never a good time to get a critical illness..... .....But there is a bad time

It's called the "retirement risk zone"... and for good reason. The five to 10 year period just before and after you retire is a critical time in determining how your financial retirement will look. That's because a market downturn in these years will have more negative impact on your overall portfolio than at any other time.

And it's not just a market downturn that's critical. If you suffer a critical illness during your key earning years and have to use your capital to pay for recovery expenses, you will affect your portfolio as much – or more – than a market downturn would.

Chances are you will recover from a critical illness. Getting sick is not something most of us think much about. The excellent health you enjoy today could be interrupted by a critical illness tomorrow. Suddenly, what was once the last thing on your mind becomes the only thing – recovery? Treating and coping with illness can mean significant and often unexpected costs.



**When diagnosed with a Critical Illness, what piece of the pie are you going to give up to cover expenses for you and your family.**

## Staggering Health Statistics

Half of Canadian men and one-third of women, during their lifetime, will be diagnosed with one of these three illnesses: Cancer, a heart attack or a stroke.

There has been a 1 % increase in the incidence of cancer every year for the last 35 years. Every year there are 145,000 people diagnosed with cancer.

Every year there are more than 70,000 heart attacks. Consider that 50% of men and 30% of women age 40 **and under** will develop coronary heart disease. Annually, 50,000 strokes occur among Canadians.

Many will survive a critical illness due to advanced medical technology - 75% diagnosed with cancer live longer than 5 years. Of all women 11% will develop breast cancer, yet of those only 3.8% will die from it, among men 11% have a chance of developing prostate cancer, yet of those only 3.5% will die.

The risks are very high that your financial security and lifestyle could and would be in serious jeopardy during recovery. Are you prepared for this possibility?

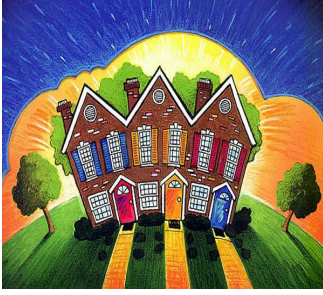
### Critical Illness does not discriminate - Men & Women of all ages feel its impact

Occupation	Age at Claim time	Reason for Claim	Benefit Paid
Transportation	44	Coronary bypass surgery	\$100,000
Educator	63	Cancer	\$250,000
Service	52	Stroke	\$50,000
Business	30	Heart Attack	\$200,000
Business	35	Multiple sclerosis	\$100,000
Engineer	47	Cancer	\$500,000
Retail	46	Cancer	\$150,000
Homemaker	35	Cancer	\$100,000
Nurse	29	Kidney failure	\$25,000
Finance	58	Heart Attack	\$100,000
			\$6,250
Self-Employed	56	Coronary angioplasty	Early Intervention Benefit

**There is a solution,** Critical Illness Insurance. It is designed to pay out with a cash benefit to use any way you want.

You don't need to dig into your retirement savings and investments to cover expenses. You can use the money to pay your rent or mortgage, cover your regular household bills or subsidize your income to pay for additional medical costs not covered by private or government health plans.

**The choice is yours.**



# Buyer Beware: Mortgage Insurance

If you have a mortgage on your home, chances are you also have mortgage insurance to pay off your debt if you become ill or die before the mortgage is paid off. But **buyer beware** because not all mortgage insurance is created equal and too often the reality falls short of the expectation.

	Individual Insurance Policy	Bank Distributed Plans
<b>Type of Coverage</b>	Level coverage - only decreases if you say so	Decreasing
<b>Amount of Coverage</b>	Your choice	Coverage matches mortgage at issue, but decreases as debt is paid off, but premiums stay the same
<b>Term</b>	10 or 20 year terms, guaranteed to age 80 with option of converting to permanent insurance	Coverage cancels when mortgage is paid up - can be cancelled if mortgage is moved or re-written.
<b>Beneficiary</b>	Anyone you choose	Your Bank
<b>How benefit is used</b>	Your beneficiary decides how to use the funds AND the proceeds bypass probate and are tax free	Paid directly to the bank
<b>Premium payments</b>	Payable monthly, quarterly or annually	Added to your mortgage payment
<b>Premium discounts</b>	Premium is affected by gender, age & smoking status	Premiums are the same for all clients of same age
<b>Portability</b>	Your insurance stays with you no matter where you live or where you get financing	Your insurance can be cancelled if you move or even if you refinance
<b>Coverage Guaranteed</b>	Yes, only you can cancel or make changes to your policy	The lender can change or cancel the policy at any time

Please take a few minutes to answer this short Mortgage Insurance Quiz.

Q1. Has a doctor **EVER** taken your blood pressure reading? Yes No

Q2. Have you **EVER** had a pap test, mammogram or prostate exam Yes No

If you just answered YES to either of these questions, you may not be eligible to collect on a lender's insurance policy.

**IF** the answer to Question 1 is YES but you answered NO to the question on our mortgage insurance that asked "have you **EVER** been tested for high blood pressure, you may have lied on your application and your policy will not pay out - even if your blood pressure has always been normal.

**IF** you answered Yes to Question 2 but said NO to the question on your mortgage insurance that asked "have you **EVER** been tested for cancer", then your policy may be void at time of claim because you did not answer truthfully on your application - even if no sign of cancer was ever found!

These are just a couple of examples of how you could be declined for mortgage insurance benefits at time of claim!

Visit our website at [www.dupuislangen.com](http://www.dupuislangen.com) to learn the difference between **individual** and **lender's** mortgage insurance. And take a few minutes to watch the video produced by **CBC Marketplace** that reports on a number of Canadian bank customers who never even had a chance of collecting on the mortgage insurance they purchased.

**Speak to a Dupuis Langen Advisor to make sure you're protected.**



## OUR TEAM KEEPS GROWING TO MEET YOUR NEEDS

This year has been an exciting time for Dupuis Langen as we welcomed a number of new people. In May, we enticed Jennifer Nim to join our team as an Employee Benefits Administrator. We also recruited Angelina Amato, a graduate of BCIT's Financial Planning program, with over 15 years in the financial industry. Vanessa Leech and Graham Savrey, an experienced pair of Financial Planners who work primarily with families and young professionals, joined us in September. And lastly, we welcome Phyllis Keenie back as our Office Administrator.

Added to our existing team, this is the most dynamic group of professionals the Company has ever had and our future is bright because of them.

## Our services

- Life Insurance
- Critical Illness Insurance
- Long Term Care Plans
- Disability Plans
- Mortgage Insurance (Personal)
- Personal Financial Planning
- Estate Planning
- Charitable Giving Plans
- Retirement Planning
- Key Person Insurance
- Business Succession Plans
- Buy-Sell Funding Solutions
- Business Overhead Insurance
- Executive Compensation Plans
- Executive Pension Plans
- Group Life & Health Plans
- Individual Pension Plans (IPPS)
- Private Health Services Plans (PHSPs)
- Group RSP's
- Annuities
- Education Savings Plans
- Guaranteed Income Funds
- Guaranteed Investment Accounts (GICs and GIAs)
- Mutual Funds
- Nursing Home Income Plans
- Registered Retirement Savings Plans
- Retirement Income Plans
- Tax Free Savings Plans



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# RESPs News Update

## Contribution Time Extended

Contribution periods increased from 21 years up to 31 years of age. An RESP can now remain open for 35 years. This provides additional flexibility for saving for your children's education and will also benefit students who may wish to finance post-secondary education beyond age 25 - whether they stay in school longer or choose to return to University after working.

Remember the government contributes an additional 20% of your annual contribution up to \$2,500 a year to your children's RESP.

## Special Rules for Children Aged 15 to 17

All children in Canada (up to the end of the calendar year in which they turn 17) are eligible to receive money from the federal government for their education after high school, as long as a Registered Education Savings Plan (RESP) has been opened for them.

If your child is between the ages of 15 and 17, special rules apply to his or her RESP.

In order to continue receiving the Canada Education Savings Grant after age 15, certain contributions must have been made to the RESP (and not withdrawn) by December 31 of the calendar year in which your child turns 15.

They are:

- Total contributions of at least \$2,000, or
- Contributions of at least \$100 a year or more in any 4 previous years.

Let's say your child turns 15 on July 2008. That means by December 31, 2008 you must have either contributed at least \$2,000 in total to your child's RESPs, or you must have put in at least \$100 annually in any of 4 previous years (they do not have to be consecutive years).



## Investments Guaranteed at Maturity

Your children's RESPs can now be guaranteed! Utilizing MacKenzie Financial's Destination Funds. You can invest in your children's RESPs and not worry about the market volatility.

This family of mutual funds is designed to help you meet your financial goals by a specific date. These target date funds offer the same growth potential as mutual funds, but with a profit lock-in feature, so you never lose the gains you have made. And providing you hold to the target end date, your initial investment is guaranteed.

**Now is a good time to call for further information on RESPs**

## Tax Free Savings Accounts

Canadians need to save for many different purposes over their lifetimes. Reducing taxes on savings can help. The Government has introduced a new Tax-Free Savings Account (TFSA). It is the single most important personal savings vehicle since the introduction of the RRSP.

Starting in 2009 anyone aged 18 & older can save up to \$5,000 every year in a TFSA. Those who cannot contribute \$5,000 in a given year will be able to carry forward their unused contribution room to future years.

Investment income, including capital gains, earned in a TFSA will not be taxed, even when withdrawn.

Because investments earned in a TFSA will not be taxed, a person contributing \$200 a month to a TFSA for 20 years at 5.5% rate of return will enjoy additional savings of \$11,045 compared to saving in an unregistered account.

**Call Dupuis Langen Financial to speak with an Advisor to set up your new TFSA.**

TFSA Versus Unregistered Savings

