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Duane Francis, CFP, CSA, CIM, FCSI
Investment Advisor
Life Insurance Advisor

Berkshire Securities Inc.
Berkshire Insurance Services Inc.
610 – 1565 Carling Avenue
Ottawa, ON K1Z 8R1
Telephone: (613) 728-0101 Ext. 228
Toll-Free: 1-888-870-4443

Summer Fizzle!

As summer slowly begins to fade into fall and the pool parties and barbecues dwindle, we can all take solace in one fact.....hockey season and winter are just around the corner. I know, I know you think that I'm crazy for getting excited about winter but I'm sure you'll agree with me that this is the time of year when we get serious about our future plans and we shake off the summer party haze. I hope that your summer was as good as mine was and after a volatile summer in the stock markets, I am looking forward to what the new 'season' has in store for us.

Janet has already started to pester some of you regarding reviewing your current financial situation and updating where we are today in your portfolios, but if you have not received a call you will be soon so be forewarned.

As we move into the fall months I will be having meetings with most of you either by phone or in person to discuss your portfolios and possibly do some rebalancing and discussing new ideas to ensure your financial plans are 'rock solid'.

Again, from our team to yours we thank you for not keeping our team here a secret!! We are always available to help family and friends create and preserve wealth and most importantly, provide peace of mind.

Take care and I look forward to talking with you soon.

Yours very truly,

Duane



FOCUS ON INVESTING

New RRIF rules let you build a bigger nest egg

The 2007 federal budget introduced new rules that have resulted in important, positive changes for Registered Retirement Savings Plans (RRSPs) and Registered Retirement Income Funds (RRIF).

The changes extend the RRSP maturity deadline by two years. That means an extra two years during which to make tax-deductible contributions and benefit from tax-deferred compound growth.

The new rules are effective for 2007. Here's an explanation of the changes and how they may affect you this year.

More years to save

You now have until the end of the year in which you turn 71 to convert your RRSP to a RRIF or to an annuity. Provided you have contribution room, you can continue

to make tax-deductible contributions until the end of the year in which you turn 71.

Similarly, contributions to a spousal RRSP can continue until the end of the year your spouse turns 71 — again, provided you have contribution room available.

For RRIF-holders

If you are under 70 and have already converted your RRSP to a RRIF, you can convert it back to an RRSP. You can then continue making contributions until the end of the year you turn 71.

If you are 70 or 71 and choose not to convert your RRIF back to an RRSP, the minimum withdrawal requirement is waived for 2007 and 2008.

With professional advice, you can determine your best course of action under the new rules. ■

How mutual funds are built for multi-level diversification

Diversification — holding a range of investments representing different asset classes — is a proven way to reduce risk and smooth out your portfolio returns. And one of the easiest ways to diversify is through mutual funds. With just one fund, you can own many different investments.

When chosen wisely, mutual funds can enhance your portfolio performance by providing diversification on three distinct levels. Here's a look at all three.

1. Diversification by asset class

Mutual funds are distinguished by the types of assets they hold. Generally, they can be divided into three broad categories: equity funds (investing in stocks); fixed-income funds (investing in debt securities like bonds and mortgages); and money market funds (investing in short-term, secure cash equivalents like Treasury bills).

By holding mutual funds that focus on different asset classes, your portfolio is effectively protected against a downturn in any one asset class. For example, if the stock market stumbles, your fixed-income funds may perform strongly, lessening the effect on your portfolio.

2. Diversification within asset classes

Within each asset class, you can diversify further by holding more than one mutual



fund. Funds that invest in the same types of assets may have very divergent performance, depending on the manager and the fund's objectives.

Within the equity portion of your portfolio, for example, you might hold a fund that focuses on large, blue-chip Canadian companies; one that concentrates on small, U.S. value companies; and a fund that seeks out high-growth opportunities in emerging markets.

Within the fixed-income portion, you might have a fund that focuses on short-term corporate bonds, one that concentrates

on longer maturities issued by governments, and an international bond fund to add geographic diversification into the mix.

Within the cash portion of your portfolio, for example, you might have secure holdings, such as Guaranteed Investment Certificates, which have a guaranteed rate of interest; or money market funds, which are low risk, and invest in various liquid, short-term instruments such as government securities and certificates of deposits.

3. Diversification within each fund

And finally, each fund itself diversifies by holding a number of different investments — usually many more than you could purchase on your own for your portfolio. The number of holdings depends on the fund's mandate and the manager's style. A large global equity fund might own several hundred stocks, while a focused Canadian equity fund might hold just two dozen.

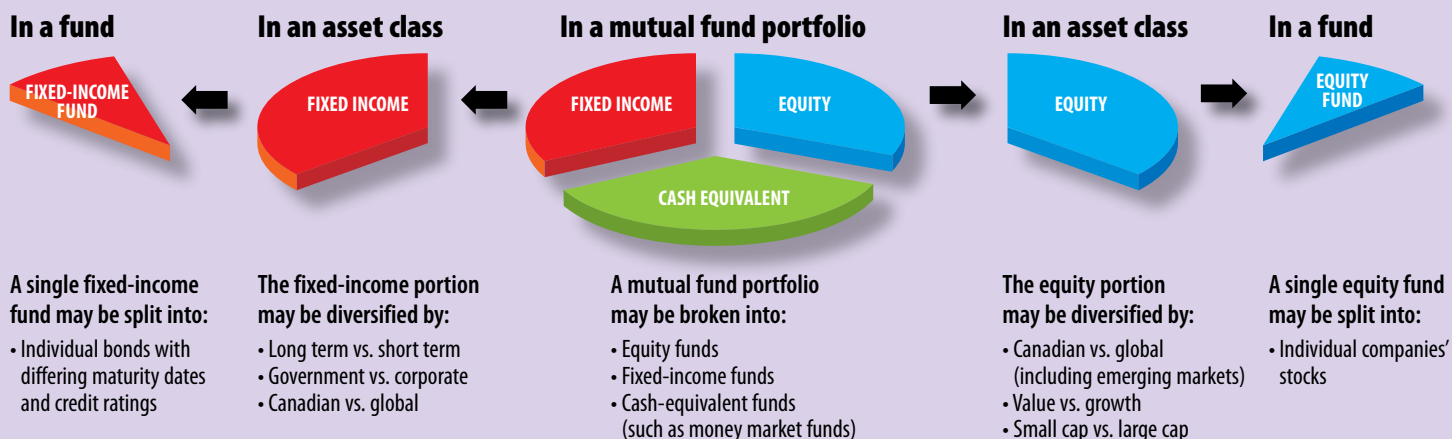
Mutual funds can meet a variety of needs

If you're like many Canadians, your mutual funds may make up most or even all of your personal investment pie. Mutual funds are especially useful in areas such as sector investing, which requires special expertise, or in global investing, where individual access is often difficult and expensive.

Regardless of how you use mutual funds, the key to successful diversification is to make sure that your assets are working together in a complementary fashion with minimal overlap. With professional guidance, you can harness the multi-level diversification power of mutual funds for your portfolio. ■

The diversified mutual fund portfolio

A MUTUAL FUND portfolio can be diversified in more ways than may be apparent at first.



ESTATE PLANNING

Three questions to ask if you're an executor



In a recent national survey, more than half of respondents were unaware of the time, effort, and legal responsibility involved in acting as an executor. If a relative or friend has asked you to take on this important role, think carefully before you accept:

- Would you have the time and knowledge needed to settle the estate? Your duties would include locating the will, notifying the beneficiaries, settling the bills of the deceased, filing tax

returns, and distributing estate assets.

• Do you live near your friend or relative? If not, you might be required to post a performance bond.

• Do you get along with the person's family? The executor's biggest challenge is often settling squabbles over property. ■



The MONEY file

TIPS AND TACTICS TO HELP YOU GET AHEAD

ESTATE PLANNING

Take your power of attorney on your travels

Many Canadians understand the importance of powers of attorney. A power of attorney appoints someone to make financial or medical and personal-care decisions for you in the event that you're not able to. But you might need more than one if you spend a significant amount of time outside your home province, or if you own property in another jurisdiction. Provincial legislation varies as to whether out-of-province powers of attorney are acceptable. So do state laws in the U.S. To be certain, have your powers of attorney reviewed by a lawyer in the province or state where you spend a lot of time or own property. ■

TAX PLANNING

Invest the Universal Child Care Benefit for your kids

If you have a child under age six, make sure that you are getting the Universal Child Care Benefit (UCCB), worth \$100 per child per month. Unlike the Canada Child Tax Benefit, which isn't taxable, this federal payment is taxable in the hands of the lower-income spouse. However, recent changes to the law mean that you can invest the UCCB money in your child's name so that all the earnings are taxed in your child's hands. In 2007, everyone can earn up to \$8,929 tax-free, so your child is not likely to owe tax on the earnings. For information on eligibility and how to apply for the UCCB, go to www.universalchildcare.ca. ■



EYEOPENER

graphic evidence of how investing works

How correlation affects your portfolio

CORRELATION IS THE degree to which two variables move together. This could be two markets, two asset classes, two stocks, a stock and an index — essentially, any pair for which you want to see a relationship.

The correlation score or "coefficient" ranges from +1.00 (always move the same amount in the same direction) and -1.00 (move the same amount but in opposite directions). A correlation of 0.00 means that the two move independently of one another — their relationship is perfectly random. Choosing investments that tend not to move in the same direction at the same time helps reduce portfolio volatility.

The matrix below shows the correlation of several major global equity indices for the 12 months to March 2007. ■

	S&P Global 1200	S&P 500	S&P Europe 350	S&P/TSX 60	S&P Asia 50	S&P Latin America 40
S&P Global 1200	1.00	0.97	0.95	0.77	0.77	0.81
S&P 500		1.00	0.88	0.69	0.72	0.75
S&P Europe 350			1.00	0.73	0.69	0.78
S&P/TSX 60				1.00	0.63	0.70
S&P Asia 50					1.00	0.64
S&P Latin America 40						1.00

At 0.63, the S&P/TSX 60 Index and the S&P Asia 50 Index are positively correlated, but not to a large degree. Movements in one are likely to be reflected in the other, but only moderately.

Source: Standard & Poor's *Global Index Review*, March 2007

3 ways to maintain a healthy metabolism

As people age, their metabolism often slows, which can lead to weight gain and other health problems. Studies show that regular exercise can help to counterbalance age-related metabolic decline in both men and women. Getting proper sleep and managing stress are also important, since sleep deprivation and chronic stress can cause hormonal imbalances that slow metabolism.

Here are three strategies to help you stay active and maintain a healthy metabolism.

1. Keep moving. Exercise is essential for maintaining an efficient metabolism. Physical activity sets off a complicated set of chemical reactions that helps cells grow and reproduce, and increases energy. A 2002 Duke University study found that regular exercise helps the body to metabolize carbohydrates more efficiently. Aerobic exercise also helps to ward off obesity and hold heart disease at bay.

The activity doesn't have to be prolonged or strenuous. A study of 72,000 women published in *The New England Journal of Medicine* in 1999 found that three hours of brisk walking a week reduced heart attacks by up to 40%. Biking, walking, swimming, and even gardening help our bodies to build muscle and keep our hearts pumping.

If you're just beginning an exercise regimen, build up slowly. Vary your form of exercise to ward off boredom and enhance different muscle groups. Consult your personal physician to make sure the activities you're planning are safe for you.

2. Eat small, healthy meals. What you eat — and how often — affect how well your body burns calories and uses nutrients. Eating five or six small meals a day keeps the body's metabolism working at a good clip and blood sugar levels at an even keel, banishing headaches, hunger, and mood swings.

Eat healthy by following the newly updated *Canada's Food Guide*, with its emphasis on whole grains, fruits and vegetables, and small servings of protein. The Guide also recommends increasing fibre intake and reducing intake of fats and salt.

Drinking green tea and six to eight glasses of water a day will increase your metabolic rate, aid digestion, and keep your kidneys in working order.

3. Get enough sleep. Sleep and stress affect hormones that have a direct impact on metabolism. A study in the medical journal *The Lancet* found that sleep deprivation can slow glucose metabolism by up to 40%. Getting less than eight hours of sleep a night or feeling stressed can raise blood cortisol levels, increasing hunger and affecting testosterone, a hormone needed to repair and replace muscle tissue. This hinders the body's ability to burn fat.

By relieving stress, aerobic exercise allows for better sleep. Relaxation techniques, such as deep breathing and gentle exercises like yoga, also reduce stress and promote sleep.

Taking care of your metabolism through exercise, diet, sleep, and stress release will give you a fitter body, more energy, and a healthy outlook. ■

RESPs are more attractive than ever

A REGISTERED EDUCATION Savings Plan (RESP) is an effective way to save for your child's education. And changes introduced in the most recent federal budget have made RESPs even more powerful. Here's a summary of the changes.

Lifetime maximum increased. The budget increases the maximum lifetime contribution limit to \$50,000 per child from \$42,000.

Annual contribution limit eliminated. The budget eliminates the \$4,000 annual contribution limit — you can contribute as much as you want in any one year, up to the lifetime maximum.

Amount qualifying for the CESG increased. The Canada Education Savings Grant (CESG) tops up your annual RESP contributions by 20%, to a maximum grant of \$7,200. The budget increases the amount that qualifies for the top-up to \$2,500 from \$2,000. As a result, the maximum CESG increases to \$500 a year from \$400. Note, however, that the lifetime CESG receivable stays at \$7,200.

If you have a large lump sum available, consider putting it in your child's RESP. While the changes eliminate the annual limit, the CESG is available on only the first \$2,500 contributed. However, the long-term benefits of compound growth could outweigh the cost of foregoing \$6,700 in CESG.

With professional guidance, you can determine the most effective way to set aside the funds that your child needs for post-secondary education. ■

Commissions, trailing commissions, management fees and expenses may all be associated with mutual fund investments. Please read the prospectus carefully before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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