



Dear Real Estate Enthusiast,

This Edition:

A New Tax Free Investment Opportunity

Safe Investments for Troubled Times

TAX SAVINGS UPDATE

Do the current economic problems and on-going government shenanigans have you using some well-known four-letter-words? If so, then we have a new four-letter-word that might make to feel a little bit better: TFSA – Tax Free Savings Account.

As the name suggests, this government-generated program (set to start in 2009) provides participants with the opportunity to shelter some investment returns from tax. For anyone of at least 18 years, up to \$5000/year can be contributed to a designated plan. The investment returns earned by the contribution is sheltered from tax during growth, and no tax is paid on either principle or return when withdrawn.

Each year, contribution room is created and can be carried forward indefinitely. When a withdrawal is made, contribution room is increased by the principle amount of the withdrawal. Although no tax deduction is created by making a contribution, withdrawals (as they are non-taxable) will not have an effect on the receipt of or tax of government benefits like OAS or GIS

National financial firms, including Olympia Trust, are preparing for the launch of TFSA's with new account plans and paperwork. It is being anticipated that, over time, the use of these new accounts by investors, and, as such, their importance to financial institutions, will grow to rival the ubiquity of RRSP planning. Moreover, as TFSA's will be transferable from institution to institution, financial advisors will be increasingly interested in managing these investments as they are subsequently combined into larger, more significant portfolios.

From a financial planning perspective, TFSA's will have useful application. First, because of their flexibility, liquidity and ability to receive tax-free income, these accounts will be appropriate for an emergency reserve. Second, for similar reasons, a TFSA would be an appropriate way to save for a short and medium term capital expenses or "big ticket item": such a vehicles, holidays, down payment for a house, weddings, etc. (Unfortunately, accounts are not available for corporate entities).

TFSA's will also find some application for retirement savings: especially where investors are at their limit for RRSP's, or where RRSP savings do not make sense given the individual's taxable income. Similarly, TFSA's may be an ideal strategy when RESP savings have produced maximum grants, or when the contributor and beneficiary are looking for more flexibility of resources (perhaps as a result of the expected educational experience).

With these applications, the choice of investment for the TFSA is very important: short-term, conservative, liquid and income generating will be typical for many plans. Over time, as small investment plans develop into sophisticated portfolios, a greater range of investment choices will be considered.

For more information on how you can best use a TFSA in your financial plan, please contact us at info@globalrealestateinvest.com.

WHERE CAN INVESTORS FIND SECURITY?

...highlights of an interview with Canadian Horizon's President, Allan Baumann...

Q: Allan, what makes your Mortgage Investment Corporation attractive to investors in these troubled economic times?

A: Investors are typically looking to avoid the volatility of the stock markets and enjoy the security associated with real estate – especially within Alberta and British Columbia, where the economy is relatively strong.

Q: Is this economic environment providing more or less opportunities for Canadian Horizons?

A: We have seen a significant increase in both the quantity and quality of opportunities.

Q: What are your return expectations for the First and Blended MIC investments for 2009?

A: We expect returns for each of the mortgage pools to perform at least as well as they have been (8.5% -9%, and 9.5% plus, respectively); but these returns may be higher if credit continues to tighten.

Q: What should investors know about your Canadian Horizons MIC investments relative to their financial planning for 2009?

A: Investors should know that we have a low minimum dollar entry point which makes our MIC's very useful for RRSP contributions and top-ups.

Q: How has your relationship with Global Real Estate Investments influenced your business development?

A: Our relationship with Global Real Estate Investments has been very positive. We are delighted to have passed your analysis, and greatly appreciate the considerable financial participation of your many clients.

If you do not wish to receive future newsletters from us please let us know.