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### *Did you know.....*

....the 2006 budget allows parents to claim a non-refundable tax credit in respect of up to \$500 in eligible fees for the enrollment of a child under 16 in an eligible program of physical activity. The measure will apply to the 2007 and subsequent taxation years. The credit will be calculated by multiplying the eligible amount by the lowest marginal income tax rate for the taxation year and can be claimed by either parent.

*For more information please go to <http://www.cra-arc.gc.ca/fitness/>*

### *Real Estate at its Best*

It's no secret as to what has been happening with the local real estate market over the last couple of years. Strong economic conditions have been a catalyst for a population increase of over 10% in Alberta over the past five years, the highest of any province in Canada for that time period.

This substantial increase, coupled with factors such as labour shortages and rising fuel costs, have pushed the price of residential and commercial real estate in Edmonton and many other parts of Alberta to unprecedented levels. According to the Edmonton Real Estate Board, the average residential housing price increased by 63% from 2004 to 2006.

Many local investors are looking to participate in the real estate markets beyond their exposure through their primary residence. Many opportunities for real estate investment exist, but their appropriateness is very dependent on the personal preferences and economic situation of each investor. A few options are:

- Rental properties – While these have the appeal of producing a regular income stream, they do often have the added responsibilities of property maintenance, not to mention those of finding and managing suitable tenants.
- Real Estate Investment Trusts (REITs) – REITs provide arms-length access to a professionally managed real estate company (or a portfolio of them), and often provide an income stream and some opportunity for capital growth. This expertise does not come for free, but liquidity is greatly enhanced.
- Raw land – Large plots of land in high-growth areas are usually not accessible by most individual investors due to their high cost and concentration of risk in a single area. Rather, these opportunities are more often made available to investors by larger investment firms through smaller lot sizes or limited partnership units. This strategy can provide a lower cost entry point relative to developed properties, but also tends to come with an unknown exit timeframe and lack of liquidity.

While real estate can provide legitimate diversification for an investment portfolio, as well as the feeling of a more “tangible” asset class than stocks or bonds, remember to proceed with caution. As with any investment, nothing is guaranteed, and past results are not necessarily indicative of future performance.

### *Taxes Made Easy*

In January we hosted our sixth annual Tax and Estate Planning Seminar for the accounting and legal professionals we work with, featuring tax expert Jamie Golombek CA, CPA, CFP, CLU, TEP, Vice-President Tax and Estate Planning Services of AIM Trimark. Jamie writes a weekly column called “The Tax Expert” in the *National Post*, is a monthly columnist for Advocis’ *Forum* magazine (trade journal for financial advisors) and is often quoted in the national media as an expert on taxation.

This year’s seminar included such updates as the new pension income splitting rules, future of capital gains tax in Canada, owner-manager remuneration strategies in light of the new eligible dividend rules, recent tax & estate cases and RRSP creditor protection.

*If you are interested in participating or would like more information on these events please contact Julie Boucher at [j.boucher@jvfinancialgroup.com](mailto:j.boucher@jvfinancialgroup.com).*

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## *Top Six Life Insurance Faux Pas*

Life insurance can be an integral part of a financial plan, but as with any major purchase, it's important to know all the facts so that you can make wise decisions. Of course, the starting point is to carefully analyze your personal and financial situation, to be sure that there is actually a need for insurance. Once you've identified that there is a potential gap in your financial plan that could be filled by life insurance, you can start shopping for the product that will best fit your needs and values. We've boiled down some common life insurance misunderstandings to a manageable list of six, to help you in your search. Avoid these and you can rest assured that your family will receive the protection they need.

**Not having enough coverage** – Without a doubt, the most common insurance mistake made is underestimating one's needs. Many people forget that in addition to paying off outstanding debts, they may well need to provide an ongoing source of income to dependents. To get a rough idea of how much capital would be required to generate the needed cash-flow, divide the amount of annual on going income you would like to provide to your survivors by 3%. Even final expenses such as a funeral can easily exceed \$15,000. On top of this, there are likely to be legal, accounting, or tax expenses associated with settling your estate.

**Buying the wrong "kind" of life insurance for a given application** – Try to match the time period that the coverage will be needed for with the correct type of insurance. For example, 10 year term insurance is suitable for covering loans or income protection needs for young children who will one day grow up and be independent. However, if the insurance is for estate planning purposes, and must be in force the day you die no matter how long you live, some form of permanent life insurance such as whole life, universal life, or "term to 100" is a much better way to go.

**Buying your mortgage or loan insurance from a bank** – It is a reasonable requirement of a financial institution that borrowers have adequate coverage to pay off their outstanding debts if they should happen to pass away. Obtaining this required coverage is often as simple as checking off a box on an application form and paying a monthly fee to obtain insurance through the bank. However, easy as this is, it's important to understand that this coverage is "group insurance", meaning that all customers of the bank are really part of the same huge insurance policy. The rates are likely quite a bit higher than you would be able to obtain on your own elsewhere. In addition to this, the bank owns and controls the policy, and these proceeds can only be used to pay off the outstanding debt, regardless of the preferences of you or your survivors.

**Naming your estate as beneficiary** – Since a life insurance policy offers you the ability to directly name a beneficiary, insurance proceeds do not need to pass through your estate. This avoids both probate fees (a minor issue in Alberta) and legal fees, both of which are often charged as a percentage of the assets that flow through the estate. Naming your estate will also nullify the creditor protected status of insurance proceeds that would otherwise have flowed directly to a "Family Class Beneficiary", which includes your spouse, parents, children, or grandchildren.

**Failing to utilize a life insurance trust** – A life insurance trust is a special form of trust laid out in your will. As with any testamentary trust, its earnings are taxed as a separate "person", with its own set of marginal tax brackets. A testamentary trust is a great income splitting opportunity in itself, but coupled with a life insurance trust you can effectively "double" the tax saving benefit in those instances where the beneficiary is already in a fairly high tax bracket.

**Lifestyle impact on insurance premiums** – Insurance pricing is ultimately dependent on the risk that the insurance company will actually have to pay out on a policy. A shorter life expectancy means there is a greater risk to the insurance company that they will have to write a large cheque in the relatively short-term, and premiums accordingly become more expensive to offset this risk. Important considerations include family history, current state of health (existing medical conditions, obesity, etc.), lifestyle and smoking status. Making healthy choices in life can have many obvious benefits, but can actually equate to more cash in your jeans when it comes to insurance premiums. Even someone who has smoked for years becomes a non-smoker in the eyes of the insurance company once they have quit for a full twelve months, and this can result in a reduction in premiums of up to 50%.

*Please contact our Insurance Consultant, Donna Wraith,  
for more information at [d.wraith@jvfinancialgroup.com](mailto:d.wraith@jvfinancialgroup.com)*

### *Client Satisfaction Survey*

JV FINANCIAL GROUP is committed to excellence. We are continuously looking for ways to provide you with superior service. It would be greatly appreciated if you would fill out this year's client satisfaction survey enclosed with your statement. All of your comments and feedback are highly valued and will assist us in meeting your needs and maintaining our high standards.

*If you would prefer an electronic version of this form please email  
Julie Boucher at [j.boucher@jvfinancialgroup.com](mailto:j.boucher@jvfinancialgroup.com)*

THE JOINT VENTURE is provided as a service by JV Financial Group for the general information of its readers. While our information is obtained from a variety of sources we consider to be reliable, we cannot guarantee accuracy. Readers are advised to consult their professional advisors prior to acting on this information.

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



## CLIENT SATISFACTION SURVEY

Name (optional) \_\_\_\_\_ My primary advisor is \_\_\_\_\_

*As part of our ongoing efforts to improve our services, we would sincerely appreciate you taking a few minutes to complete this survey.*

1. I am confident that my advisor has a full understanding of my financial planning needs.  
 Strongly Agree     Agree     Neutral     Disagree     Strongly Disagree
2. I am satisfied with the way my advisor addresses my concerns.  
 Strongly Agree     Agree     Neutral     Disagree     Strongly Disagree
3. I am confident in dealing with other team members of JV Financial Group.  
 Strongly Agree     Agree     Neutral     Disagree     Strongly Disagree
4. My calls and questions are answered and directed in a timely and professional manner.  
 Strongly Agree     Agree     Neutral     Disagree     Strongly Disagree
5. My insurance needs, including life, disability and critical illness insurance have been sufficiently addressed.  
 Strongly Agree     Agree     Neutral     Disagree     Strongly Disagree
6. I would prefer to receive the newsletter by e-mail.  
 Yes     No
7. How successful have we been in meeting your expectations?  
 Very Successful     Successful     Neutral     Unsuccessful     Very Unsuccessful
8. I would prefer to receive further surveys by:  
 Mail     E-mail
9. I would like further information about or assistance with:  
 Investment Planning     Insurance     Estate Planning     Education Planning  
 Retirement Planning     Tax Planning     Other \_\_\_\_\_



What additional services would you like to see us providing, either directly or through our referral network?

What are the top 3 qualities an ideal advisor and/or financial planning company should have?

Our practice grows exclusively through referrals. What would help you to feel more comfortable in recommending us to family, friends and colleagues?

*Thank you for your comments and for entrusting us with your family's financial future.  
Please return this survey by mail or by fax to (780) 463-0449.  
Thank you!*