

The McCartney Report

January 2007

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The Last Word

"Change is the law of life. And those who look only to the past or present are certain to miss the future."
- John F. Kennedy

Happy New Year!!!

And what a year it was for the McCartney family. As most of you have heard, we received a wonderful Christmas present this year as my wife Sarah gave birth to our son Jack on December 21st. Everybody is happy and healthy.

Market Update

It was another good year in the stock market for the equity investor. Double digit returns across the globe was the norm, and for those willing to invest in markets that have a history of significant volatility, such as Emerging Markets or Precious Metals, their reward would have been that much greater.

December Month End & Year End World Indices Performance

| <u>World Index</u> | <u>MTD</u> | <u>YTD</u> |
|--------------------|------------|------------|
| S&P/TSX Comp. | 1.90% | 14.51% |
| Dow Jones | 1.93% | 16.29% |
| S&P 500 | 1.34% | 13.62% |
| Nasdaq | -0.70% | 9.52% |
| FTSE-100 (London) | 1.88% | 10.71% |
| CAC 40 (Paris) | 2.92% | 17.53% |
| DAX (Frankfurt) | 3.14% | 21.98% |
| Nikkei (Tokyo) | 5.85% | 6.92% |
| Hang Seng (H.K.) | 5.30% | 34.20% |

So, how does the coming year stack up? Consensus out there seems to point towards concern over the ongoing correction in the U.S. housing markets. Higher interest rates have flattened prices recently and the risk would be that a meltdown in prices could lead to a collapse in consumer spending and a resulting recession. On the positive side, the demand for housing is still high, unemployment is low, inflation is low, and as a result, interest rates should stay where they are or begin to fall.

So what if the experts are wrong? Variables such as inflation, interest rates, housing prices, unemployment, rates, etc., are historically very hard to predict.

If you can't predict them accurately, how can you be sure your savings are protected?

Very simply:

Ensure your portfolio is well diversified across:

- Asset Class
- Investment Style
- Market Capitalizations
- Geographic Regions

If it isn't, you may be taking on a lot more risk than you need to and be potentially putting your savings in jeopardy. Why would you want to do

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that for the sake of trying to predict the direction of economic variables?

I utilize strategies that will help ensure your long-term savings are preserved, with a risk level you are comfortable with. Call me if you'd like to chat about this further.

Critical Illness Insurance

Ask yourself these questions:

- Are you healthy?
- Are you successful and does your lifestyle reflect that success?
- Would your lifestyle be affected if you were to suffer a critical illness?
- If you get sick, how will your bills get paid?
- Would you like to receive up to \$2 million as a tax-free lump sum after diagnosis of a Critical Illness such as Heart Attack, Cancer, Stroke, or Multiple Sclerosis to name a few?

- **Would you like all of your money back if you do not get sick?**

Consider this: You've just been diagnosed with Cancer. Take a moment and allow that to sink in. Is it a possibility? Has it been in your family before?

Now consider this: You're going to survive and have a life expectancy similar to other people your own age; but there's a caveat. While you have

the illness, your ability to work is severely limited, and when you are able to go back to work, you are limited in your abilities.

What do you do? What could you have done to protect yourself and your family?

Critical Illness Insurance was originally developed based on the ideas of South African heart surgeon Marius Barnard. He was the brother of the heart transplant pioneer Christian Barnard. Marius felt there was an opportunity to help heart attack patients overcome the financial burden brought on by their illnesses. It was first introduced in Canada in 1993.

Critical Illness (CI) insurance can provide you with a tax-free lump sum if you are diagnosed with a covered medical condition, such as heart attack, stroke, or cancer, among others.

What could that Lump sum be used for? Here are a few examples.

- Financial Obligations
 - Mortgage
 - Loans & Debts
- Additional Expenses
 - In-House Nursing Care
 - Rehabilitation Therapy
 - Home Modifications
 - Alternative Treatment
- Travel Expenses
 - Travel within Canada for Medicare
 - Traveling Outside of Canada to Avoid Waiting for Care
- Supplement Income
 - Income Required to offset reduction

- Dependents
 - Caregiver
 - Education Fund
- Other Expenses
 - House Keeping
 - Home Maintenance
 - Psychiatric Therapy

"Sounds great, Jeff, but it really isn't a priority right now?"

Of course it isn't – you're probably not sick.

You need to act on this now because:

- ***Nobody plans to get sick.***
- ***You may not qualify tomorrow.***
- ***Prices are going up & benefits are changing.***

Please call me to discuss this further or to book an appointment and arrange a no-obligation consultation.

My number is 416-865-6392.

Remember, this is all part of my goal to help you enhance ***or in this case maintain your standard of living***, while preserving capital and minimizing risk through disciplined and comprehensive financial strategies.

I look forward to hearing from you.

-Jeff