

INVESTED INTEREST



FundEX
INVESTMENTS INC.

Mutual Funds provided through FundEX Investments Inc.

Rick Sutherland, CLU, CFP, FDS, R.F.P.

Fall 2008



Office News

We want to thank those who visited our office this past summer. For those who came to the office, **you may have felt like you were in a war zone.** Wellington Street was torn up for sewer and water replacement. Construction workers and equipment were everywhere. Gaping holes in the street resembled bomb craters. City officials tell us it will be late October or early November before they are finished, so please be aware that a visit to our office this fall may be accompanied with some traffic challenges. The city has made Wellington Street a one way going east. The best access to us is from Island Park. Drive east, then turn in to our parking lot and park your car at the rear of the building.

Thank you for your understanding

person other than a family member will have to be hired to provide the necessary care while recovering. Self-employed persons may need to hire someone to keep the business going during recovery. The critical illness benefit can be used to pay for all of these and other expenses. There is no restriction on how the money is used or spent. You can even take a vacation if that's what you want.

Critical illness insurance should be seriously considered. Recent statistics revealed that heart attacks strike 70,000 Canadians each year, strokes hit 50,000 Canadians each year and about 2,865 Canadians are diagnosed with cancer every week.

Heart attack, stroke and cancer are the three main covered illnesses, but many policies cover more illnesses. You can opt for these three illnesses alone or choose a policy to cover more than 20 illnesses. If you would like more information on CI please contact our office.

Do You Need Critical Illness Insurance?

Critical Illness (CI) insurance was invented by heart surgeon

Dr. Marius Barnard, a South African cardiac surgeon, who was a member of a team headed by his brother Christian Barnard. You may remember Christian Barnard performed the world's first human to human heart transplant. Marius Barnard witnessed his patients suffer financially after he had treated their illness. This prompted him to work with and ultimately convince insurance companies to introduce a new type of insurance, which would cover critical illness. In October 1983 the first critical illness insurance policy was launched. This type of policy was first offered to Canadians in 1996 and has since become one of the most popular types of insurance product.



Critical illness insurance is a living benefit that pays you a tax-free lump sum after the diagnosis of a covered condition. The waiting period is usually 30 days, but with some policies, it can be shorter.

Many individuals believe they and their families are well protected with life and disability insurance, however this is not the case. Critical illness insurance fills a protection gap left between life and disability insurance.

Government and group insurance plans do not cover many expenses that can cause financial hardship during recovery. There may be a reduced or permanent loss of income. Maybe a care

A Mortgage Concept

Today many **homeowners are delving into a new type of mortgage.** This mortgage combines your mortgage loan with your chequing and savings account. Each deposit from your pay cheque goes directly on your mortgage principle thereby reducing your outstanding debt the moment your income is deposited into your account.

Throughout the month you will draw from your account to support your living expenses. But, since interest is calculated on a daily basis, every day that there is even one dollar extra in your account you will pay less interest.

It could take years off your mortgage. As long as discipline is exercised you will see debt reductions each month that have the potential to be greater than traditional term mortgages and save you thousands in interest cost.



Purchasing a home brings with it financial anxiety. However, perhaps the mortgage chosen can help ease the stress. For more information or clarification feel free to contact our office

Auto Insurance Secrets

I want to relate a **personal experience related to auto insurance**. In 2005 my wife had a slight fender bender. After exchanging information the other driver suggested he was going to get a “whole new car” out of this. Not exactly, but he said he would get the insurance company to give him a complete new paint job. My wife’s car had a minimal scratch that was buffed out in seconds and his damage was about the same.

Knowing very little about auto insurance and due to the fact that the other driver was adamant that he would make a claim we informed our insurance company about the incident. Our advisor said we did the right thing and notified the insurance company of a pending claim. We never heard anything further but saw our premiums increase for the next three renewal years. We assumed that the other driver had made a claim and our insurance company had made a payment.

As our premiums seemed to be escalating we decided to shop around this year only to discover the “paid claim” identified on our policy was a black eye on our record. No competing insurance company could come close to our premiums.



I could not believe the other driver had actually made a claim so began to make enquiries. I wanted to have details about the claim and how much was actually paid to the other driver in 2005. Our insurance company was not much help but then we stumbled upon Autoplus reports. By signing an authorization Autoplus sent a complete record of all insurance claims made by my wife. The report came to us by mail within two weeks and went back to the mid 1980’s. To our amazement there was never a paid claim, not one.

We confronted our insurance company and after much prodding they disclosed that the accident fault had been assessed 50/50. Since there was never a paid claim we demanded this entry be removed from our record. We also asked for a refund. They had been erroneously collecting additional premiums for the past three years. After almost four months her record was cleared and we received a cheque for more than \$750. That refund represented a return of the extra premium collected in 2006, 2007 and 2008.

I did not take this personal. We were caught up in a “systems” problem. We needed human intervention to have the problem resolved. As long as the paid claim was on our record we would continue to pay extra premiums and it would be difficult to obtain a competitive quote.

If you have a questionable claim on your policy you can go through the same process. Ask your insurance company for proof that they paid a claim. If they cannot, or will not supply this information, you can contact CGI Insurance Business Services and request your Consumer Autoplus Report. It will show if there was a paid claim. You can then confirm if the extra premium you are paying is justified.

Take Control of Your Debt and Save More



Canadians have been spending more and saving less during the past two decades. A Statistics Canada study showed that 47% of all households were spending more than their pre-tax income. The spending deficit was a result of borrowing. When much too much income goes towards debt payments, little is left for saving. Here’s a way to regain control.

Itemize a list of all debts owing, when they are due, and the interest rates associated to each. Decide on a reasonable amount you could afford to put toward your total debt each month. Allocate more money toward the debts with higher interest rates and work to pay them off first while paying only what is necessary on the other ones.

Next, set yourself spending limits. Give yourself a weekly allowance and do not use credit cards. Take the money in cash and when it’s gone you’re done for the week. This approach will wear you off the credit treadmill.

It is crucial to understand how you got into debt. Start tracking your spending. Keep a written log of all purchases. Track every dollar that comes out of your wallet. Eventually you will realize where you must exercise more restraint.

You may want to consider a consolidation loan. This involves lumping a number of smaller debts into one single large debt with one monthly payment. The loan will also make it easier to keep track of your payments and it may be possible to obtain lower interest rates than you currently pay on your credit cards.

Finally, once you have your debts under control, divert some of that newfound cash flow toward yourself. Start saving a monthly amount automatically from your bank account. Following these simple steps will put you on your way to a more financially secure future.

Keep In Touch

We welcome your suggestions, ideas, comments and questions by email at rick@invested-interest.ca.

You can also contact us at: 1276 Wellington Street, Ottawa, Ontario K1Y 3A7.

Phone us at 613-798-2421 or fax us at 613-798-2427

Don't forget to check our website for interesting articles, new links and updates at www.invested-interest.ca

-The foregoing is for general information purposes only and is the opinion of the writer. This information is not intended to provide specific personalized advice including, without limitation, investment, financial, legal, accounting or tax advice. However, please call Rick Sutherland to discuss your particular circumstances.

-Commissions, service and management fees/expenses may be associated with mutual fund investments. Please read the simplified prospectus before investing. Mutual Funds are not guaranteed and are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer. There can be no assurances that the fund will maintain its net asset value per security or that the full amount invested will be returned to you. Fund values change frequently and past performance may not be repeated.