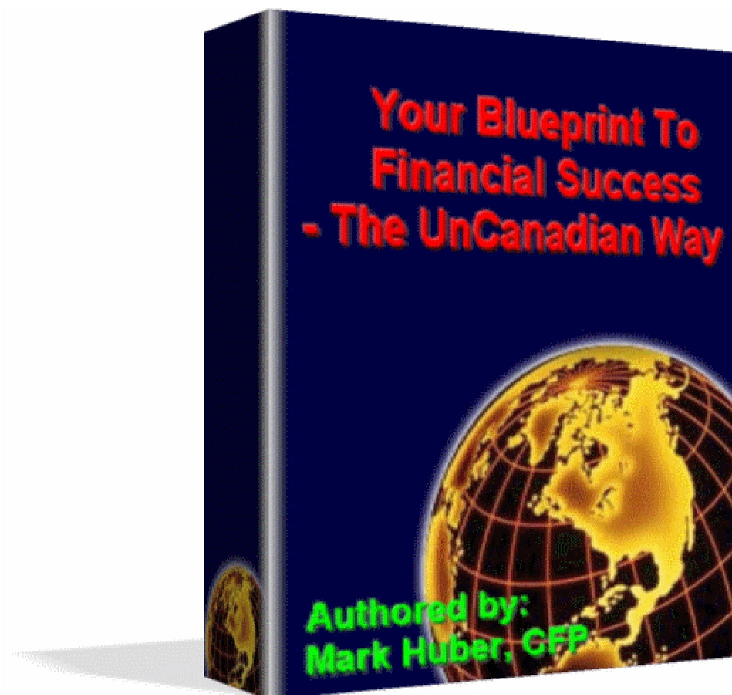


Authored By:

Mark Huber, CFP

SetForLife Financial Services
http://HowToBeSetForLife.com
Copyright Mark Huber 2009. All Rights Reserved.

Copyright Notice

This is a FREE report. It is yours alone. You may share it or give it away. You may however, NOT resell it.

Copyright © 2008 by Mark Huber. All Rights Reserved.

Unauthorized duplication or distribution of this material in any form is strictly prohibited.

The author, publisher, and distributor of this product assume no responsibility for the use or misuse of this product, or for any injury, damage and/or financial loss sustained to persons or property as a result of using this report. While every effort has been made to ensure reliability of the information within, the liability, negligence or otherwise, or from any use, misuse or abuse of the operation of any methods, strategies, instructions or ideas contained in the material herein is the sole responsibility of the reader.

The reader is encouraged to seek competent legal, tax and accounting advice before engaging in any activity that may or not be suggested by this material.

Legal Notices and Disclaimer

This report is designed to provide information about **"Your Blueprint To Financial Success – The UnCanadian Way"**.

It is not an exhaustive work on the subject and it is provided with the understanding that the publisher and author will not do your work for you. Your success is based on following the concepts and putting the principles into action. You are urged to read all available materials on the subject, learn as much as possible about the topic and tailor the information to your individual needs.

The purpose of this book is to educate and entertain.

The author and publisher shall have neither liability, nor responsibility, to any person or entity with respect to any loss or damage caused, or alleged to have been caused, directly or indirectly, by the information contained in this book.

THE FOLLOWING TERMS AND CONDITIONS APPLY:

While all attempts have been made to verify information provided, neither I, nor any ancillary party, assumes any responsibility for errors, omissions, or contradictory interpretation of the subject matter herein.

Any perceived slights of specific people or organizations are unintentional.

To the fullest extent permitted by applicable laws, in no event shall **"Your Blueprint To Financial Success – The UnCanadian Way"** agents or suppliers be liable for damages of any kind or character, including without limitation any compensatory, incidental, direct, indirect, special, punitive, or consequential damages, loss of use, loss of data, loss of income or profit, loss or damage to property, claims of third parties, or other losses of any kind or character, even if **"Your Blueprint To Financial Success – The UnCanadian Way"** has been advised of the possibility of such damages or losses, arising out of or in connection with the use of the **"Your Blueprint To Financial Success – The UnCanadian Way"**, links contained or any web site to which it is linked.

Be responsible! Always do your own Due Diligence.

Copyright Mark Huber 2009. All Rights Reserved.

Table Of Contents

What's Your Why?.......... 7

Budgeting.......... 8

What Does Money Represent To You?.......... 9

Are You Renting Your Lifestyle?.......... 10

Leverage!.......... 16

How To Become A Millionaire.......... 18

Why You Should Care.......... 24

How Your Money Makes Money For You.......... 27

When 8% Equals 13%.......... 29

Fear, Greed & Investing.......... 36

It's Your Life – What Are You Going to Do About It?.......... 38

About The Author.......... 41

Copyright Mark Huber 2009. All Rights Reserved.

Your Blueprint To Financial Success – The UnCanadian Way

Over the next few pages I am going to attempt to cram 22 years of my experience as a financial planner into your consciousness.

My aim is to inform, involve and inspire you!

I am going to share with you the information that 95% of Canadians do not know – and may never know…

Or, know but are simply not doing anything about it because they are paralyzed by fear.

They are either paralyzed by the fear of loss – or by the fear of success! (can you imagine that?)

Why is it that some people become independently wealthy while others struggle just to pay the rent and put food on the table? What is it that the wealthy know that the other social classes do not?

In Canada, we are so very fortunate that we live in a land of unlimited opportunity!

The only limitations we have are those which we impose on ourselves. What and how we think dictates how we act, how we live our life, make money and create wealth – or not!

Remember, you are where you are because of your conditioning, beliefs, thoughts and actions.

It is our conditioning, beliefs, thoughts and actions that give us the results we have. If we don't like those results and wish to change them – then our beliefs and actions must change!

Years ago when I first began my career, it only seemed logical to me that anyone who is aware of their ability to work and create wealth would aggressively exercise that ability to acquire their own financial independence.

However, I found this not to be the case over and over again…

I couldn't figure out why.

Then, one day a thought hit me with the force of a freight train.

Copyright Mark Huber 2009. All Rights Reserved.

Generally speaking Canadians really don't know or understand how money works, or how it is created – and were in fact fearful in doing other than what they had been told to do – either by their banker or by their parents.

Most Canadians are still clinging on to and following the prescribed "wisdom" of what their parents had taught them.

In fact, much of this "wisdom" has been handed down from generation to generation…

The most common and often repeated lament that I have heard over the years is: "Oh, I just wish that we had known about this kind of stuff years ago. Our parents didn't tell us (they probably didn't know) and they didn't teach this to us in school!"

Note: I am gratified to see and experience that attitudes are changing! Schools are now beginning to include financial information to their students. In fact, I recently participated in a "Career Day" event and spoke to 240 Grade 12 students. You can see what I said and get your copy of my speaker notes here at: http://www.howtobesetforlife.com/Reports/AsA12thGrader.html

We all want progress - but we don't like change!

Even though some Canadians sincerely wish to create wealth and were open to new thoughts, ideas and strategies they simply have no knowledge whatsoever of the secrets the wealthy use to create their wealth; who to trust to teach them or where in fact to find these instructors.

Once I came to fully understand this, I began to utilize the Internet and all other resources at my disposal to more effectively share these secrets with my clients.

And now, I am sharing these secrets with you.

In fact, why don't you "sign up" begin receiving our FREE 20 part emailed mini course - **"Cash Flow Secrets of the Rich"**. (You can "unsubscribe" at any time). Just go here to get going: http://HowToBeSetForLife.com

Today, you will learn the wisdom and the powerful secrets of the rich. I trust that what will happen to you next will be profound and that the information you will soon learn will begin changing your life and creating real wealth for yourself and your family.

Copyright Mark Huber 2009. All Rights Reserved.

You must begin by knowing your "why"!

<u>What's Your Why?</u>

The wealthy know their "Why".

The first key to creating wealth is to determine your "why."

Ask yourself, "Why do I want to be wealthy? What will financial wealth accomplish for me? What kind of pain will it eliminate in my life? What will wealth empower me to do? What are my wants, needs and desires?" (Because of "slick advertising" most people get their needs and desires confused).

Answer yourself honestly – and write those answers down! Simply saying "I want money" is not enough to create unlimited wealth. Your own personal and very specific "why" is the only thing that will drive you to achieve your personal desires.

As simple as it sounds, a well-defined "why" from the bottom of your heart is absolutely critical to wealth-building.

Anyone can tell you how to create wealth, but only you can determine the true reason you will.

It will be based upon your own personal "why."

What about that vacation to Vegas you took last year? Remember, how easy it was to save for it?

Why? Because you had something to look forward to.

And remember what a great time you had?

Saving (and by extension budgeting) become ridiculously easy when we are emotionally engaged with our "why".

It becomes fun and exciting to plot how we are going to achieve what it is that we want. Because we definitely know why we want it!

This then is where is all begins!

Copyright Mark Huber 2009. All Rights Reserved.

Budgeting

Successful budgeting is really a mathematical equation:

[WEALTH] = [WHAT YOU EARN] - [WHAT YOU SPEND]

This is the one fundamental law that governs your money – and your success in life!

If you master this, you have mastered the entire game:

To gain wealth, you must spend less than you earn!

That's all it takes!

But first you must know where you stand – financially that is…

It's really that simple – but doing the exercise, though not difficult does not usually get done on an ongoing and disciplined basis because, well, for most (the ones that haven't discovered their "why") doing the exercise is not emotionally exciting or stimulating.

But let me say this, the individuals who commit to reviewing their "budget" – a.k.a. their "Income & Expense" statement on a fairly regular basis do it so that they know and understand where the money is coming in from and where it is going out to. These individuals are ultimately determining that they will be the ones who will be financially successful vs. those that don't do this exercise.

It all starts here…

One way to help you get going is to do what I call the "envelope budget". Keep all of your receipts from all your purchases and at the end of the day toss them into envelopes you have marked as: Starbucks, eating out, movies, vehicle gas & maintenance, room and board, groceries, etc. At the end of the week tally the various envelopes and begin again for the next week. Within a couple of months you will have a fairly clear picture of where your money is going…

So, if you see you are spending more than you are pulling in you can see the areas that you can cut back on and begin to turn your financial ship around!

Where Does It Go? – 1 page "fact finder"
http://HowToBeSetForLife.com/WhereDoesItGo.pdf
(Just "right click" and "save as" to your "desktop")

Copyright Mark Huber 2009. All Rights Reserved.

The greater the gap you can create between earning and spending, the faster you will accumulate wealth for yourself.

There are only two things you can do to gain more wealth: spend less and earn more. By making more money or by having your money make money for you!

What Does Money Represent To You?

Money represents many things to many people:

Money is time. It's the time you spend to earn it and the sacrifices you make to get more: such as the time you spend in school to get a better education so as to get a better job; the weekend work you do to get ahead, and all the other things you miss out on.

Money is power. It enables you say yes or no to opportunities or demands. It lets you opt in or opt out of positive or negative situations. Having money lets you retire at 55; not having it keeps you working indefinitely.

Money is security. Money "in the bank" can and does give you peace of mind.

With money – you either work for it – or it works for you!

The poor and middle class work for money...

The rich have money work for them... The rich buy or create assets that work for them so they don't have to.

With money – you either work for it – or it works for you!

Which scenario would you rather have?

Additionally, the wealthy are moving ahead of the middle class.

This isn't news any more and in fact the gap between the classes is becoming more and more pronounced each and every year that passes.

Why?

The discrepancy in wages is not it.

It is because of the "type" of debt that they are carrying!

Copyright Mark Huber 2009. All Rights Reserved.

Are You Renting Your Lifestyle?

The middle class is falling behind because of the fact that they are loading up on debt to sustain a lifestyle that we call: "Keeping up with the Joneses".

Heard of it? Are you guilty of it?

The middle class chooses to get into debt to create the type of lifestyle for themselves that they see marketed to us all through magazines and radio - but especially – television!

We see the images of beautiful men and women offering glimpses into their worlds that are usually vastly different than ours.

The marketing is seductive…

The ads proclaim that if we have this thing or that thing we also will have happier and sexier lives.

Of course we all want to be happy… and to be seen by our peers as being successful.

The marketing is seductive and it is working…

We are programmed into consuming to be happy.

It is all about buying!

And what are we buying – well, stuff!

Stuff is sneaky.

Stuff can give you a false sense of time, power, and security.

Stuff might make you feel powerful, like when you buy a really fancy TV or brand new furniture.

But if you buy it on credit, or wipe out your savings, it actually weakens you.

Stuff can steal your power.

If you have debt or no savings, what happens when a true emergency happens?

You are powerless.

Copyright Mark Huber 2009. All Rights Reserved.

However, we often stay in debt because we're not sure how to get out...or even if we really want to.

We live in debt only because we choose to do so. We even pick the amount with which we are comfortable with.

Credit cards offer the convenience of “a better life” but at a very steep price!

The average amount of charge card debt Canadians carry is $9,000 on each of the 22 million credit cards that regularly carry a balance. At an average interest rate of 18%, these cardholders pay almost 9 billion dollars per year in interest.

Let’s plug in those numbers here:

$9,000 “unpaid balance” owing

18% charge card interest rate

3% minimum payments – based on “unpaid balance” owing

How long until you have paid off the $9,000?

The minimum that you must pay is $270 a month.

So it will take you 265 months or 22 years!

For a total of **$8,798.90** in interest costs!

Essentially, almost as much as the $9,000 amount you were “paying off” on a minimum payment basis!

If on the other hand, you paid a flat amount of $270 each and every month how long will it take you to pay off the $9,000?

47 months or 3.9 years to get rid of your debt

For a total of **$3,570.49** in interest!

An interest cost saving of **$5,228.41!**

Calculate the “True Cost” of Your Debt with The “Cost Of Borrowing” Calculator
http://www.creditcanada.com/debtCalc.asp

Copyright Mark Huber 2009. All Rights Reserved.

Being aware and disciplined are what you need to make credit "work for you".

If you ask any credit counsellor why Canadians ultimately run into financial trouble they'll tell you that it is our inability to control credit card debt.

Now, ask yourself this: Are you just "renting" a lifestyle" through the improper use of credit?

The interest charges that you are paying - are they taking you closer to your goals or farther away from them?

Own your life instead of wasting all your energy and money renting a lifestyle.

Get your copy of my FREE Ebook, **"How To Get Out Of Debt Fast - The UnCanadian Way"** here at: http://HowToBeSetForLife.com/resources

The sad fact is that most people have a comfort zone of acceptable debt. When the amount rises above some arbitrary figure, they cut back temporarily buying stuff, only to resume normal spending later.

As a result, some people have been carrying around thousands of dollars of credit card debt for years — paying hundreds and thousands of dollars in interest each year — because it never occurs to them to pay it off, put away the plastic and start using cash.

The debt we have been talking about here is "bad debt".

This is debt that is not creating wealth for ourselves; it also carry's the highest interest AND it is non tax deductible debt!

Whether your current charge card or personal lines of credit debt load is $1,000 or $10,000, you must bring it down to zero.

A life with less stuff can be liberating — the money you save is just a bonus!

Now, to be fair, not every one in the "middle class" is trying to "Keep up with the Joneses"…

The others in the "middle class" are those who are having difficulty getting by because of how they are currently dealing with their mortgage.

Copyright Mark Huber 2009. All Rights Reserved.

Not only is a mortgage like a giant "Hoover" vacuum sucking up close to 40% of their monthly income – these individuals are also acting on the "conventional wisdom" handed down to them by their parents and grandparents and bankers. "Pay off your mortgage as quickly as possible"…

And so they are tossing even more money into the giant, sucking "Hoover" to get rid of their mortgage as soon as possible.

I believe that this strategy is not only wrong – it's killing any opportunity that they may have of ever truly financially succeeding in life.

To read more on this get your copy of my Ebook:
"How To Get Rid Of Your Mortgage AND Create Wealth - The UnCanadian Way" here at: http://HowToGetRidOfYourMortgage.com

Now, though mortgages do not carry the high interest charges associated with charge cards - this type of debt is also non tax deductible!

There is another line to "Keeping up with the Joneses"…it goes like this…

"Just when you thought you were catching up with the Joneses – the Joneses went and re mortgaged".

Now why do I mention this?

It's because of the type of debt that the wealthy use!

It is "good debt"!

This is debt that isn't used to buy stuff: it's used to purchase income producing assets…

"The Joneses" use the equity in their home to create loans to facilitate the purchase of a rental property or a business or investments – assets that produce either revenue, income or appreciate in value!

Because there is a "realistic expectation of profit" from these types of investments purchased with "borrowed money" the Canadian government allows the associated interest costs on these loans taken out for these purposes to be tax deductible!

It is because of this type of debt (good debt) that the rich use not only to support their lifestyle but to grow their prospects for prosperity for themselves, their family and for future generations!

Copyright Mark Huber 2009. All Rights Reserved.

Do you see it now?

“Bad debt” vs. “good debt”.

Which type of debt to you currently have and is it moving you in the direction you want to go?

I am reminded of a phrase I've heard that describes the difference between good debt and bad debt...

”Good debt” feeds you – “bad debt” bleeds you.

Now as all millionaires know it's easier to borrow $1 million than it is to earn it on the job or save it.

And when you borrow those funds to buy assets that both pay for themselves and appreciate, you've discovered the secret method of true wealth creation.

This phrase captures the real reason that separates the wealthy from the middle class!

Pay cash for depreciating assets – borrow for appreciating assets!

Now, just for fun, calculate how many years it will take you to earn $1 million at your current salary.

Divide 1,000,000 by your current salary.

$1 Million
____________ = Years to earn $1,000,000
Current salary

Example: If you earn $55,000 a year it will take you 18.18 years!

$1 Million
____________ = 18.18 years

$55,000

Copyright Mark Huber 2009. All Rights Reserved.

Here's another way to look at this.

Let's assume that you began your working career at age 20 and retire at age 65. Let's also assume that your beginning salary is $30,000 indexed to inflation of 2% so that nearing retirement you are pulling in somewhere in the neighbourhood of $70,000. Do you realize that you will have earned just over $2,230,000 in your life time?!

That's allot of money! Now the next question is, how much of that will you have saved?

Conventional wisdom says that you should save 10% of all you make. So you should have saved $223,000 over the course of your working career. Now let me ask you this. Are you on track?

How many people do you know are saving 10% of what they make? Probably none.

Why?

Well, one of many reasons is because of "bad debt". Servicing all their debt obligations leaves them with little or no money left for savings and/or investing for their futures. Sound familiar?

Remember earlier where we said that there are only 2 ways that wealth is created:

People at work (you work for it) and money at work (it works for you)

We have just dramatically illustrated "people at work". We all realize that there are only a certain number of hours that we can physically work – say, 40 hours a week. That's the amount of time we work and that's the amount of time our employer pays us for.

No wonder it's so difficult for many to get ahead. We cannot (or refuse to) physically work more. Any additional money most Canadians have after bills and the mortgage is paid for may or may not make it into some type of savings or investment program. No wonder it's difficult for many Canadians to get ahead.

The one thing that separates the wealthy from those who wish to be wealthy is the use of: Leverage

Copyright Mark Huber 2009. All Rights Reserved.

Leverage!

The wealthy truly understand, harness and use the great and awesome power of this concept.

Leverage means: "Doing ever more with ever less".

Or another way of saying this is to: "do the work once and get paid for it again and again".

Remember, what you lack in skill you can always make up for in utilizing LEVERAGE!

A rental property?

A revenue generating business?

An income producing bond?

A dividend paying stock?

Income paying investment (mutual) funds?

Because you need only buy the investment once - and it will continue to pay you income for as long as you hold the investment!

If it weren't for this little truth I would have nothing of true and unique value to share with you.

All you have to do is master the art of leverage. And that's what I'm here for...

To share with you the ideas and strategies to help you increase your potential for financial and personal success. To introduce you to the ideas and strategies that will free you up from the tyranny of living "pay check to pay check" like the majority of Canadians do!

The Power Of Leverage - Maximum Success in Minimum Time…

The concept of leverage is all about achieving "ever more with ever less".

Getting better results with less and less effort – time after time.

Leverage is THE key to ANY success – and by extension personal success.

Copyright Mark Huber 2009. All Rights Reserved.

Other examples of leverage are authors and recording artists. They produce a book or a recording once and get paid royalty checks for ever. What a concept. What a great notion to aspire to.

The wealthy understand and use 5 areas of leverage and you will want to begin using them too.

1. Leverage through money. This notion most people understand but far too few actually implement. Take an investment property for example. You leverage other people's money once and receive rental income and capital appreciation for as long as you hold the property. Income investments such as income and dividend paying securities and mutual funds also fit the bill here.

2. Leverage through systems. McDonalds is the classic case for running and managing systems. The term SYSTEM stands for "Save Yourself Time Energy and Money". Any system that you have for doing a task in your business – if it is known only by you – is counter productive…Write it down, photograph it, record it, make a video of it – and then you have documented a basic system that anyone can understand and follow. Systems are key to successful leverage in business.

3. Leverage through people. Train your people once and have them work for you long-term. Too many business owners try to do it all themselves to save money. Their time should be spent on other things – not the repetitious and the mundane – pay someone to relieve yourself of these burdens. You are far better off to pay someone to do a $10 an hour task so that you and your time is freed up to be able to charge yourself out at $100 an hour!

4. Leverage through customers. This is the one to really focus on if you are in business or contemplating getting into business. Do the work once (get a customer/client). And get paid over and over again (keep them as a client for life and get the financial benefits of their repeat business). If you have the business set up correctly and treat your customers with care and respect you will have them coming back again and again…

Leverage is crucial to your long-term success in business and your wealth creation plans.

So constantly ask yourself – "Am I being paid once for this activity – or forever".

The answers to that question should immediately and dramatically change things around for you!

For example, I wrote this only once.

Copyright Mark Huber 2009. All Rights Reserved.

However, you and others like you have already read it - and others will be reading it…

How To Become A Millionaire (by age 65)

Saving money is a very good thing...

If you really want to become a millionaire this is how much you need to save each month to reach $1 million by age 65. (Assuming you are earning 8% annually).

Age 25
You've saved: $0
To reach $1 million, what you need to save per month: $286

Age 35
You've saved: $0
To reach $1 million, what you need to save per month: $671

Age 45
You've saved: $0
To reach $1 million, what you need to save per month: $1,698

Age 55
You've saved: $0
To reach $1 million, what you need to save per month: $5,466

So becoming a millionaire in your lifetime is easy. You just need time and discipline to save towards that goal!

As you can see from the numbers above – time can be a great friend of yours as you work and save towards your goal of accumulating $1 million – or time can be an enemy to your accumulation process.

Below is a chart that illustrates a young person at age 25 saving $286 a month - $3,500 a year - towards $1 million…

Copyright Mark Huber 2009. All Rights Reserved.

Your Age	Year	$3,500/yr Savings	Annual Returns	The Canadian Way
25	2007			$3,500.00
26	2008	$ 3,500.00	6.2	$7,217.00
27	2009	$ 3,500.00	22.8	$12,362.48
28	2010	$ 3,500.00	7.4	$16,777.30
29	2011	$ 3,500.00	4.7	$21,065.83
30	2012	$ 3,500.00	9.8	$26,630.28
31	2013	$ 3,500.00	14	$33,858.52
32	2014	$ 3,500.00	-2.4	$36,545.92
33	2015	$ 3,500.00	15.1	$45,564.35
34	2016	$ 3,500.00	5.6	$51,615.96
35	2017	$ 3,500.00	20.7	$65,800.46
36	2018	$ 3,500.00	-2.6	$67,589.65
37	2019	$ 3,500.00	14.9	$81,160.51
38	2020	$ 3,500.00	16	$97,646.19
39	2021	$ 3,500.00	10.8	$111,691.97
40	2022	$ 3,500.00	3.4	$118,989.50
41	2023	$ 3,500.00	7.2	$131,056.75
42	2024	$ 3,500.00	9.9	$147,531.36
43	2025	$ 3,500.00	-0.5	$150,293.71
44	2026	$ 3,500.00	-5.2	$145,978.43
45	2027	$ 3,500.00	12.3	$167,433.78
46	2028	$ 3,500.00	9	$186,002.82
47	2029	$ 3,500.00	10.3	$208,661.11
48	2030	$ 3,500.00	7.4	$227,602.03
49	2031	$ 3,500.00	4.7	$241,799.33
50	2032	$ 3,500.00	9.8	$268,995.66
51	2033	$ 3,500.00	6.2	$289,173.39
52	2034	$ 3,500.00	22.8	$358,604.93
53	2035	$ 3,500.00	7.4	$388,641.69
54	2036	$ 3,500.00	4.7	$410,407.85
55	2037	$ 3,500.00	9.8	$454,127.82
56	2038	$ 3,500.00	14	$521,205.72
57	2039	$ 3,500.00	-2.4	$512,196.78
58	2040	$ 3,500.00	15.1	$593,038.49
59	2041	$ 3,500.00	5.6	$629,748.65
60	2042	$ 3,500.00	20.7	$763,606.62
61	2043	$ 3,500.00	-2.6	$747,252.85
62	2044	$ 3,500.00	14.9	$862,093.52
63	2045	$ 3,500.00	16	$1,003,528.49
64	2046	$ 3,500.00	10.8	$1,115,409.56
65	2047	$ 3,500.00	3.4	$1,156,833.49
				-
		$ 140,000.00	8.93%	$ 1,156,833.49

Copyright Mark Huber 2009. All Rights Reserved.

***Disclaimer:** Data Compiled from Morningstar Canada. The rate of return or mathematical table shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual fund or asset allocation service or returns on investment in the mutual fund or from the use of the asset allocation service. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

In fact, in 40 years of saving (assuming 8.93% growth) they will in fact have $1.156 million!

Bottom line: It has taken a total of 40 years to save ("out of pocket") a total of $140,000 that will have created a total of $1.156 million!

Not bad? Right?

Some people work their whole lives to save a million dollars!

They believe in saving money! "A dollar saved is a dollar earned," they say.

Yet is that really the best way to create wealth?

I remember starting out in my career feeling a real sense of accomplishment when I was able to convey the importance of a disciplined saving habit to clients. The feeling was even stronger when they began to begin to regularly contribute into their non registered and/or RRSP accounts.

I sincerely thought that I was really helping them to achieve their goals! And I was…but in a very limited way. Especially when it came to RRSPs.

See the problem and my solution to the problem here with this report:

"The UnCanadian Way To Deal With Your RRSPs"
http://HowToBeSetForLife.com/resources

Now, I certainly didn't hurt my clients by giving them this well intentioned advice.

In fact, if it were not for this advice to this day would not have the amount of investment assets which they do have.

However, I began to wonder early on.

Is this the very BEST advice that I can give?

Is there another way?

As you can see, saving money is a very good thing...but I firmly believe that saving alone is not the smartest thing to do.

Copyright Mark Huber 2009. All Rights Reserved.

Remember: Work Smart – Not Hard!

Now let's look at leverage: At the concept of money at work (where it works for you).

How do the wealthy do it?

The wealthy use their money to "create" more money than one could save in their entire lives!

How?

By using other people's money (OPM)!

Why?

Because just saving money alone does not give you the 2 other benefits that "borrowing to invest" or leverage does.

Saving alone does not give you more money working immediately for you

Or

By giving yourself tax deducible interest for tax relief along the way. (Remember, that reducing taxes is just like giving yourself a raise).

Oh, and saving money alone, well…it takes so long!

A combination of creating the tax relief with your savings AND investing is the key to your success.

Now by doing these together see how far you can get.

If this same 25 year old were to go out and borrow $50,000 as a loan and have the repayment of that loan as an "interest only" payment. Assuming a 7% interest cost they would have a monthly "savings" commitment of $286 or $3,500 a year.

Copyright Mark Huber 2009. All Rights Reserved.

Your Age	Year	Annual Returns	The UnCanadian Way	$3,500/yr 7% Deductible Interest Cost
			"Borrow To Invest"	
25	2007		$50,000.00	
26	2008	6.2	$53,100.00	$ 3,500.00
27	2009	22.8	$65,206.80	$ 3,500.00
28	2010	7.4	$70,032.10	$ 3,500.00
29	2011	4.7	$73,323.61	$ 3,500.00
30	2012	9.8	$80,509.33	$ 3,500.00
31	2013	14	$91,780.63	$ 3,500.00
32	2014	-2.4	$89,577.90	$ 3,500.00
33	2015	15.1	$103,104.16	$ 3,500.00
34	2016	5.6	$108,877.99	$ 3,500.00
35	2017	20.7	$131,415.74	$ 3,500.00
36	2018	-2.6	$127,998.93	$ 3,500.00
37	2019	14.9	$147,070.77	$ 3,500.00
38	2020	16	$170,602.09	$ 3,500.00
39	2021	10.8	$189,027.12	$ 3,500.00
40	2022	3.4	$195,454.04	$ 3,500.00
41	2023	7.2	$209,526.73	$ 3,500.00
42	2024	9.9	$230,269.87	$ 3,500.00
43	2025	-0.5	$229,118.52	$ 3,500.00
44	2026	-5.2	$217,204.36	$ 3,500.00
45	2027	12.3	$243,920.50	$ 3,500.00
46	2028	9	$265,873.34	$ 3,500.00
47	2029	10.3	$293,258.30	$ 3,500.00
48	2030	7.4	$314,959.41	$ 3,500.00
49	2031	4.7	$329,762.50	$ 3,500.00
50	2032	9.8	$362,079.23	$ 3,500.00
51	2033	6.2	$384,528.14	$ 3,500.00
52	2034	22.8	$472,200.56	$ 3,500.00
53	2035	7.4	$507,143.40	$ 3,500.00
54	2036	4.7	$530,979.14	$ 3,500.00
55	2037	9.8	$583,015.09	$ 3,500.00
56	2038	14	$664,637.21	$ 3,500.00
57	2039	-2.4	$648,685.91	$ 3,500.00
58	2040	15.1	$746,637.49	$ 3,500.00
59	2041	5.6	$788,449.19	$ 3,500.00
60	2042	20.7	$951,658.17	$ 3,500.00
61	2043	-2.6	$926,915.06	$ 3,500.00
62	2044	14.9	$1,065,025.40	$ 3,500.00
63	2045	16	$1,235,429.46	$ 3,500.00
64	2046	10.8	$1,368,855.84	$ 3,500.00
65	2047	3.4	$1,415,396.94	$ 3,500.00

Copyright Mark Huber 2009. All Rights Reserved.

	8.93%	$1,365,396.94	$140,000.00
		$50K Loan Paid	Ttl. Deductible Interest Cost
		-	

***Disclaimer:** Data Compiled from Morningstar Canada. The rate of return or mathematical table shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual fund or asset allocation service or returns on investment in the mutual fund or from the use of the asset allocation service. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

At the end of 40 years this individual would have a portfolio worth $1.365 million!

This individual would have $208,563.45 MORE than the traditional "saver" route.

Oh, and there's more good news!

Because the loan was for investment purposes (unlike a Canadian's home mortgage interest) the interest carrying costs are fully tax deductible to you each and every year. (Just the same way as if you had put money into an RRSP – you get the same deduction value).

In fact, over the 40 year life of the loan (assuming a constant carrying cost of 7%) the total annual tax deductible interest costs for you would be $140,000!

And it gets even better…

If you are in the 40% marginal tax bracket you would have realized tax refund checks totalling $56,000!

So, in fact, your actual net "out of pocket" borrowing costs really are only $84,000. On which you have created a portfolio totalling of $1.365 million!

And this is even AFTER the $50,000 loan has been repaid from the portfolio.

Bottom line: It has taken a total of 40 years to save ("out of pocket") a total of $84,000 that will have created a total of $1.365 million!

Summary: The "saver" coughed up a total of $140,000 of their own money; gave themselves no tax relief to get $1 million…

The "borrower" actually had to cough up only $84,000 of their own money because they gave themselves tax relief to the tune of $56,000 and because there was more money working immediately for 40 years was rewarded with $208,563.45 MORE to show for their time and trouble…

Or look at it this way.

You can pay $140,000 for $1.156 million!

Copyright Mark Huber 2009. All Rights Reserved.

Or

You can pay $84,000 for $1.365 million!

Which looks like the better deal? Which is the smarter way to go?

Now what are YOU going to do about it?

Why You Should Care

You may not know this but Government plans such as CPP and OAS are only designed to provide up to approximately 25% of your retirement financial needs!

Most private pension plans average a pay out of between 30% and 60% of an employee's previous employment income. However, this pay out may not be adequate for a 25-35-year retirement horizon.

We also know that only 35% of Canadians are covered by Registered Pension Plans with their employers and employers are increasingly turning to Defined Contribution Plans, Deferred Profit Sharing Plans, and Group RRSPs, instead of Defined Benefit Plans because it's cheaper for them.

Cheaper for them – but worse for you!

Why?

The big difference between private/public Registered Pension Plans and Defined Contribution Plans is that the “risk” lies with you!

You have to make the investment decisions and asset allocation calls in a Defined Contribution Plan. Whereas professional money managers assume all the “risk” in making those calls on your behalf with Registered Pension Plans.

Now, a “rule of thumb” to maintain your current lifestyle into retirement is that you will need to make up (from all sources) approximately 75% of your pre retirement full-time income.

So it is clear that to “top up” any “shortfall” of retirement income must come from the savings and investments that you have been making.

So then the question becomes:

Copyright Mark Huber 2009. All Rights Reserved.

"What do I invest in?"

Not only that – but "I don't have the time, interest or expertise to figure it all out…"

"I think that I will just buy GICs through my financial institution. They are a "no brainer" investment and I won't have to worry about things."

"That's what my parents have always done so it's good enough for me".

"Furthermore, I don't want to lose money and I want my money to be safe…"

If you were to practice the forgoing here are some numbers to keep in mind…

Various Assets & Index Returns - 21 Years

	Yr. Ends December	Real Estate	Hypothetical Investment	GICs	Hypothetical Investment	Inflation	Hypothetical Investment
			$ 400,000.00		**$ 400,000.00**		**$ 400,000.00**
	1984	7	$ 428,000.00	10.5	$ 442,000.00	4	$ 416,000.00
	1985	8.7	$ 465,236.00	8.8	$ 480,896.00	4	$ 432,640.00
	1986	9.2	$ 508,037.71	8.4	$ 521,291.26	4.5	$ 452,108.80
	1987	11.1	$ 564,429.90	7.9	$ 562,473.27	4.2	$ 471,097.37
5yrs.	**1988**	8.8	$ 614,099.73	9.2	$ 614,220.82	4.1	$ 490,412.36
	1989	13.2	$ 695,160.89	10.8	$ 680,556.66	5.3	$ 516,404.22
	1990	4	$ 722,967.33	11.3	$ 757,459.57	5	$ 542,224.43
	1991	-0.5	$ 719,352.49	8	$ 818,056.33	4.2	$ 564,997.85
	1992	-3	$ 697,771.92	5.7	$ 864,685.54	1.7	$ 574,602.82
10yrs.	**1993**	-7.7	$ 644,043.48	4.6	$ 904,461.08	1.9	$ 585,520.27
	1994	1.8	$ 655,636.26	5.7	$ 956,015.36	-0.1	$ 584,934.75
	1995	5	$ 688,418.08	6.1	$ 1,014,332.30	2.1	$ 597,218.38
	1996	3.9	$ 715,266.38	3.5	$ 1,049,833.93	2	$ 609,162.75
	1997	16.1	$ 830,424.27	2.8	$ 1,079,229.28	0.9	$ 614,645.21
15yrs.	**1998**	-2.4	$ 810,494.09	3.6	$ 1,118,081.53	1.2	$ 622,020.96
	1999	2.2	$ 828,324.96	3.8	$ 1,160,568.63	2.2	$ 635,705.42
	2000	9.4	$ 906,187.50	4.7	$ 1,215,115.35	3.2	$ 656,047.99
	2001	7.5	$ 974,151.56	2.7	$ 1,247,923.47	0.7	$ 660,640.33
	2002	4.4	$ 1,017,014.23	1.6	$ 1,267,890.24	4.3	$ 689,047.86
20yrs.	**2003**	5.5	$ 1,072,950.02	1.7	$ 1,289,444.38	1.6	$ 700,072.63
	2004	6.4	$ 1,141,618.82	1.2	$ 1,304,917.71	2.4	$ 716,874.37
	2005	11.6	**$ 1,274,046.60**	1.5	**$ 1,324,491.48**	2	**$ 731,211.86**
Total**	-	**5.60%**	-	**5.64%**	-	**2.80%**	-

Copyright Mark Huber 2009. All Rights Reserved.

*Average Annualized Compound Returns for All Indexes

Data Compiled from Morningstar Canada

***Disclaimer:** Data Compiled from Morningstar Canada. The rate of return or mathematical table shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual fund or asset allocation service or returns on investment in the mutual fund or from the use of the asset allocation service. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

If you went out and invested $400,000 in GICs that renewed at prevailing interest rates over 21 years your savings would have grown to $1.3 million.

However, this is not the end of the story.

The reason that we save and invest is to increase the likelihood of preserving and/or enhancing our lifestyle. The "silent killer" to all of this of course is INFLATION!

Remember, what things cost you 10, 15 or 20 years ago? Well, do you think that they are going to be cheaper in the years to come? I think not! So you need investments that actually benefit from inflation and where your purchasing power is not eroded.

Look at the inflation numbers in the chart above and see that something that cost $400,000 21 years ago now costs over $700,000!

Have the GICs that you invested in given you any protection from inflation!

No!

However, this type of savings is practiced every day by most Canadians…

I call this type of strategy: "The Canadian Way" and I see it as "going broke safely".

Yes, there is a place for these types of securities.

GICs, term deposits, Canada Savings Bonds, etc. are savings instruments. Their purpose is for short term uses such as saving for a car, a down payment for a home, savings for vacations, etc.

They should not be considered as the exclusive method or strategy for saving and accumulating to fund long term needs such as retirement?

Copyright Mark Huber 2009. All Rights Reserved.

It’s insane and it will ultimately cost you big time!

How Your Money Makes Money For You

There are really only 3 ways that your money makes money for you:

1. Interest Income – Income that comes from “debt securities”. GICs, term deposits, Canada Savings Bonds, corporate bonds, Government bonds, etc.

2. Dividend Income – Income that comes from “dividend paying” equity (ownership) securities – Dividends are “after tax” corporate profits

3. Capital Gains Income – Income that is derived from selling a capital asset for more than the purchase price – A stock, rental property, etc.

Furthermore, each form of income it taxed at a different rate: Interest is fully taxed while dividends and capital gains are taxed preferentially!

Thus, it’s not how much you make but how much you get to keep after tax that is significant!

For investing purposes there are only 3 main asset classes are: cash (or cash equivalents), stocks, and bonds.

Successful investing is the methodology of mixing these 3 separate asset classes in such a way as to create a much more constant form of investment return…this is known as “asset allocation”.

Asset allocation makes up 91.5% of a portfolio’s return!

Market timing about 1.8%.

Security selection about 4.6%

The benefits of proper asset allocation are: reduced volatility and more consistent returns.

Proper asset allocation with periodic "re balancing" - over time - is what really creates - and preserves wealth!

Now you may be asking, "What's the big deal. If I am in for the long haul won't it all work out for me?" Well, yes it may however, don't overlook the magic and power of compounding...

Copyright Mark Huber 2009. All Rights Reserved.

Albert Einstein likened compounding to "The 8th Wonder Of The World". And he was – well, a genius so he should know!

The charts that appear in this section can be viewed in a video that I prepared called: **When 8% Equals 13% - The Importance Of Asset Allocation**

You can view the video at: http://howtobesetforlife.com/resources

I often get asked "what's the market going to be doing"? I always ask in return: "What market are you referring to"? There are many markets…

Are you referring to: The Canadian dollar market? The real estate market? The bond market? The stock market?

Well, if you are asking about the stock market it is going through it's cycles just like every other market. However, the popular media has made such a big thing out of "the market" that we feel that we need to know the answer to "Where's the market gong? Well, it is moving in fits and starts – just as it always has – just as it always will.

See The Andex Chart that "overlays" Canadian stocks, bonds, GICs, real estate and inflation from 1950. http://www.andexcharts.com/c_ewall.htm

Don't you think that this makes for an interesting overview of the various markets and how they each were impacted by various global events along the way?

Which asset class did the best in terms of delivering wealth? Which ones did the poorest? Can you see?

Now rather than "betting" on one asset class to the exclusion of the others why don't you combine some or all to make the ride smoother. Granted the peaks will not be as high but conversely the drops will not be as low either.

So now the real question becomes: How's your asset allocation model?

Don't even know that that means? If you don't know what asset allocation means they you probably don't have one!

An asset allocation model means that you have a guide as to the various asset classes your portfolio holds and have an understanding as too why you hold them and the core percentages of which you hold them.

There are 3 distinct asset classes that are "non correlated" to each other. They are: cash, bonds, and stocks. That's it!

Copyright Mark Huber 2009. All Rights Reserved.

"Non correlation" means that when one asset class goes down you have others that are neutral or going up to compensate. My analogy to this is a "teeter totter". We all have used them as children…I'll bet you never thought of them in relation to investing. Well, now you should…

You can see this in action as follows:

When 8% Equals 13%!!!

When it comes to creating wealth – rates or return ARE important. And time IN the market – NOT trying to time the market IS important. However, this is not the only story.

It is "consistency of returns" (i.e. compounding) – that is far to often overlooked - at an investor's peril! Taking on "more risk" even with a longer time horizon does NOT necessarily carry the same reward as taking less "risk".

Various Assets & Index Returns - 21 Years

	Yr. Ends December	Precious Metals (Gold)	Hypothetical Investment	Natural Resources (Oil & Gas)	Hypothetical Investment
			$ 400,000.00		$ 400,000.00
	1984	-20.3	$ 318,800.00	-9	$ 364,000.00
	1985	27	$ 404,876.00	13.3	$ 412,412.00
	1986	30.5	$ 528,363.18	-5.1	$ 391,378.99
	1987	23.9	$ 654,641.98	15.3	$ 451,259.97
5yrs.	**1988**	-24.6	$ 493,600.05	-4.4	$ 431,404.53
	1989	9.5	$ 540,492.06	21.8	$ 525,450.72
	1990	-7.9	$ 497,793.19	-11.8	$ 463,447.54
	1991	-6.5	$ 465,436.63	1.8	$ 471,789.59
	1992	2.8	$ 478,468.85	30.8	$ 617,100.79
10yrs.	**1993**	82.5	$ 873,205.66	64.2	$1,013,279.49
	1994	1.4	$ 885,430.54	-12.1	$ 890,672.68
	1995	10.2	$ 975,744.45	8.5	$ 966,379.85
	1996	39.1	$ 1,357,260.53	37.8	$1,331,671.44
	1997	-40.3	$ 810,284.54	-13.4	$1,153,227.46
15yrs.	**1998**	-14	$ 696,844.70	-31.9	$ 785,347.90
	1999	-5.6	$ 657,821.40	19.5	$ 938,490.74
	2000	-8.6	$ 601,248.76	19.6	$1,122,434.93
	2001	34.7	$ 809,882.08	4.9	$1,177,434.24
	2002	93.9	$ 1,570,361.35	16.3	$1,369,356.02

Copyright Mark Huber 2009. All Rights Reserved.

20yrs.	**2003**	46.9	$ 2,306,860.82	33.5	$1,828,090.29
	2004	-15.8	$ 1,942,376.81	22.3	$2,235,754.43
	2005	22.8	**$ 2,385,238.73**	44.7	**$3,235,136.65**
Total**	_	**13%**	_	**12.8%**	_

***Disclaimer:** Data Compiled from Morningstar Canada. The rate of return or mathematical table shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual fund or asset allocation service or returns on investment in the mutual fund or from the use of the asset allocation service. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

For instance look at the "Precious Metals Index" and the "Oil & Gas Index". Even though both of these indexes have the same 21 year average annualized compound rate of return of 13% - the "Oil & Gas Index" has rewarded the investor with $850,000 MORE! Why?

Because of a much more constant return. The highs and the lows are not as extreme as the "Precious Metals Index". This illustrates how compounding works. If in any given year you lose less than another investor – there is just that much more of your invested money available to be in position for gain potential for the next year…Make sense?

Various Assets & Index Returns - 21 Years

	Yr. Ends December	TSX	Hypothetical Investment	Dow Jones	Hypothetical Investment	Balanced Fund	Hypothetical Investment
			$ 400,000.00		**$ 400,000.00**		**$ 400,000.00**
	1984	-2.4	$ 390,400.00	1.7	$ 406,800.00	6.2	$ 424,800.00
	1985	25.1	$ 488,390.40	35.8	$ 552,434.40	22.8	$ 521,654.40
	1986	9	$ 532,345.54	21	$ 668,445.62	7.4	$ 560,256.83
	1987	5.9	$ 563,753.92	4.7	$ 699,862.57	4.7	$ 586,588.90
5yrs.	**1988**	11.1	$ 626,330.61	9.8	$ 768,449.10	9.8	$ 644,074.61
	1989	21.4	$ 760,365.36	14	$ 876,031.97	14	$ 734,245.05
	1990	-14.8	$ 647,831.29	-2.4	$ 855,007.21	-2.4	$ 716,623.17
	1991	12	$ 725,571.04	15.1	$ 984,113.29	15.1	$ 824,833.27
	1992	-1.4	$ 715,413.04	5.6	$ 1,039,223.64	5.6	$ 871,023.93
10yrs.	**1993**	32.5	$ 947,922.28	20.7	$ 1,254,342.93	20.7	$ 1,051,325.89
	1994	-0.2	$ 946,026.44	8.2	$ 1,357,199.05	-2.6	$ 1,023,991.42
	1995	14.5	$ 1,083,200.27	29.8	$ 1,761,644.37	14.9	$ 1,176,566.14
	1996	28.3	$ 1,389,745.95	26.4	$ 2,226,718.49	16	$ 1,364,816.72
	1997	15	$ 1,598,207.84	28	$ 2,850,199.66	10.8	$ 1,512,216.92
15yrs.	**1998**	-1.6	$ 1,572,636.52	24.3	$ 3,542,798.18	3.4	$ 1,563,632.30
	1999	31.7	$ 2,071,162.29	18.1	$ 4,184,044.65	7.2	$ 1,676,213.82
	2000	7.4	$ 2,224,428.30	-2.5	$ 4,079,443.53	9.9	$ 1,842,158.99
	2001	-12.6	$ 1,944,150.34	-1.4	$ 4,022,331.32	-0.5	$ 1,832,948.20
	2002	-12.4	$ 1,703,075.70	-17.4	$ 3,322,445.67	-5.2	$ 1,737,634.89

Copyright Mark Huber 2009. All Rights Reserved.

20yrs.	**2003**	26.7	$ 2,157,796.91	2.5	$ 3,405,506.81	12.3	$ 1,951,363.98
	2004	14.5	$ 2,470,677.46	-3.9	$ 3,272,692.05	9	$ 2,126,986.74
	2005	24.1	**$ 3,066,110.73**	-3.7	**$ 3,151,602.44**	10.3	**$ 2,346,066.38**
Total**	-	**11%**	-	**10.65%**		**8.60%**	-

***Disclaimer:** Data Compiled from Morningstar Canada. The rate of return or mathematical table shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual fund or asset allocation service or returns on investment in the mutual fund or from the use of the asset allocation service. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

Now look at the "TSX" (Toronto Stock Exchange Index) and the "Precious Metals Index". This same point is again illustrated here.

However, in this case, over 21 years the TSX has an 11% average annualized compound rate of return versus the "Precious Metals Index" of 13% - yet the difference is a staggering $680,000 MORE! The TSX index is the winner of the "battle of the indexes" even though it averaged 2% LESS per year than the "Precious Metals Index".

Let's look at a "balanced fund" example. Your $400,000 initial investment would be worth $2.3 million dollars after 21 years – pretty much the same value as the "Precious Metals index"!

In this case – 8.6% compound annualized return for the balanced fund gives the same investment return as the "Precious Metals index" which had a 13% average annualized compound return!

That's a 4.4% returns difference each and every year – yet the value stands the same.

Do you see what I am trying to get at?

Rule #1 – Don't lose money!
Rule #2 – Don't forget Rule #1!

Remember, if in any given year you lose less - you don't have to make up as much just to "get back in the game"…

Many people feel that real estate presents the best "long term" investment out there. I wonder if you agree with that statement now. Frankly, I think that the reason for that thinking comes from the fact that because individuals are paying off mortgages for 25 years it keeps them IN one market and single asset class for a long time.

Copyright Mark Huber 2009. All Rights Reserved.

Various Assets & Index Returns - 21 Years

	Yr. Ends December	Real Estate	Hypothetical Investment	GICs	Hypothetical Investment	Inflation	Hypothetical Investment
			$ 400,000.00		$ 400,000.00		$ 400,000.00
	1984	7	$ 428,000.00	10.5	$ 442,000.00	4	$ 416,000.00
	1985	8.7	$ 465,236.00	8.8	$ 480,896.00	4	$ 432,640.00
	1986	9.2	$ 508,037.71	8.4	$ 521,291.26	4.5	$ 452,108.80
	1987	11.1	$ 564,429.90	7.9	$ 562,473.27	4.2	$ 471,097.37
5yrs.	**1988**	8.8	$ 614,099.73	9.2	$ 614,220.82	4.1	$ 490,412.36
	1989	13.2	$ 695,160.89	10.8	$ 680,556.66	5.3	$ 516,404.22
	1990	4	$ 722,967.33	11.3	$ 757,459.57	5	$ 542,224.43
	1991	-0.5	$ 719,352.49	8	$ 818,056.33	4.2	$ 564,997.85
	1992	-3	$ 697,771.92	5.7	$ 864,685.54	1.7	$ 574,602.82
10yrs.	**1993**	-7.7	$ 644,043.48	4.6	$ 904,461.08	1.9	$ 585,520.27
	1994	1.8	$ 655,636.26	5.7	$ 956,015.36	-0.1	$ 584,934.75
	1995	5	$ 688,418.08	6.1	$ 1,014,332.30	2.1	$ 597,218.38
	1996	3.9	$ 715,266.38	3.5	$ 1,049,833.93	2	$ 609,162.75
	1997	16.1	$ 830,424.27	2.8	$ 1,079,229.28	0.9	$ 614,645.21
15yrs.	**1998**	-2.4	$ 810,494.09	3.6	$ 1,118,081.53	1.2	$ 622,020.96
	1999	2.2	$ 828,324.96	3.8	$ 1,160,568.63	2.2	$ 635,705.42
	2000	9.4	$ 906,187.50	4.7	$ 1,215,115.35	3.2	$ 656,047.99
	2001	7.5	$ 974,151.56	2.7	$ 1,247,923.47	0.7	$ 660,640.33
	2002	4.4	$ 1,017,014.23	1.6	$ 1,267,890.24	4.3	$ 689,047.86
20yrs.	**2003**	5.5	$ 1,072,950.02	1.7	$ 1,289,444.38	1.6	$ 700,072.63
	2004	6.4	$ 1,141,618.82	1.2	$ 1,304,917.71	2.4	$ 716,874.37
	2005	11.6	**$ 1,274,046.60**	1.5	**$ 1,324,491.48**	2	**$ 731,211.86**
Total**	-	**5.60%**	-	**5.64%**	-	**2.80%**	-

***Disclaimer:** Data Compiled from Morningstar Canada. The rate of return or mathematical table shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual fund or asset allocation service or returns on investment in the mutual fund or from the use of the asset allocation service. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

Even if you are in a poor performing asset class – (see GICs) – if you are in ANY market for a long time – even a poor one – you've got to end up making money!

Bear in mind that one should not use "short term" investments (GICs, term deposits) EXCLUSIVELY to fund long term needs i.e. retirement. I think that you will agree that the numbers illustrate this in a very compelling fashion.

Because when you factor inflation into the mix you are not ahead of the game in any meaningful way. In fact, you are "going broke safely"! The inflation index

Copyright Mark Huber 2009. All Rights Reserved.

shows that it would take over $700,000 to purchase the equivalent of $400,000 of assets in 1984 dollars.

This then bears out the "truism" that you should never put "all your eggs in one basket".

However, if you do – make sure that you keep your eyes on that basket…

Now, can you see the importance of creating balance and harmony in your investment world and portfolio?

Hopefully, you can now see from our illustrations that you need not take on more risk to still grow your wealth in a prudent fashion.

Now watch the video that illustrates this important concept even more – in retirement.

Watch Professor Moshe Milevsky from York University as he explains the issues in retirement and illustrates how NOT to fall into the common "retirement traps".

http://howtobesetforlife.com/MilevskyVideo.html (Use your Internet Explorer "browser" – will not work with Firefox)

OK. Here's another look at what we have been saying:

Below you will see 5 different funds representing different sectors or "markets".

Each fund is specific in what it holds and is allowed to hold and must remain true to that mandate.

The first is a Canadian Bond fund.

The second is a Dividend fund made up of Canadian preferred dividend paying securities and common stocks that may pay out dividends.

The third is an income fund comprising of income trusts (income is generated from businesses, real estate, and oil and gas)

The fourth is a Canadian real estate fund made up of income and capital appreciation from Canadian companies running malls, strip malls, commercial towers and properties.

The fifth is a Canadian oil & gas fund.

Copyright Mark Huber 2009. All Rights Reserved.

See the returns that each have given in any year and compare it to the others. See how these non correlated assets classes work independently of each other?

Depending on the year and what is happening in Canada and abroad both politically and economically and against a backdrop of either stable or rising or falling interest rates - each sector in the economy (represented by the corresponding fund) is either positively or negatively impacted.

Each fund is shown with it's corresponding 12 month simple returns ending November.

If you had all your money in some of these "sector" funds the ride could definitely be a wild and woolly one!

However, the "bottom line" is illustrated on the black line below. This line illustrates the aggregated return on an annual basis that the investor would realize by having included these 5 different asset classes into the portfolio. The "lows" are less so while the "highs" are more muted – this makes it much easier for compounding to take place…

"Simple" – 12 Month Returns Chart

me	Fund Type	% Ret YrEnd Nov07	% Ret YrEnd Nov06	% Ret YrEnd Nov05	% Ret YrEnd Nov04	% Ret YrEnd Nov03	% Ret YrEnd Nov02	% Ret YrEnd Nov01	% Ret YrEnd Nov00
Canadian Bond	Fixed Inc	0.3	4.0	5.5	6.3	5.9	5.9	9.1	7.6
Canadian Dividend	Equity	4.0	16.6	19.8	23.7	16.1	2.7	6.1	16.9
Focus+ Diversified Income	Equity	8.3	-0.1	20.1	28.7	26.5	19.4		
Focus+ Real Estate	Equity	-1.6	30.7	14.9	19.6	23.2	4.4	13.7	21.6
Focus+ Resource	Equity	17.8	60.1	27.2	35.8	30.5	26.8	17.3	-3.4
Core & Explore2	CustomP	5.9	19.4	16.8	20.5	16.4	7.8		

***Disclaimer:** Data Compiled from Morningstar Canada. The rate of return or mathematical table shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual fund or asset allocation service or returns on investment in the mutual fund or from the use of the asset allocation service. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

Now, with the "Smoothed Out" – Annualized Returns Chart below the "standard deviation" numbers on the far right column below illustrate the "volatility" factor associated with each asset class. You can see that bonds have a low volatility and resources are extremely high.

In keeping with this fact, the bond fund comes in with a 4.4% average annualized compound return for 5 years while on the other hand, resources come in at 33.6% annualized compound return for 5 years.

Copyright Mark Huber 2009. All Rights Reserved.

By including these 2 together as well as the dividend, diversified income and real estate sectors will have reduced the "volatility" factor (to something slightly higher than a "balanced fund") and still given you a very handsome 15.7% average annualized compound return for 5 years.

See how the non correlated assets classes work to reduce the overall portfolio "volatility and enhance returns?

"Smoothed Out" – Annualized Returns Chart

me	Fund Type	Equity Style	Mstar Rating	YTD Ret	1 Yr Ret	2 Yr Ret	3 Yr Ret	4 Yr Ret	5 Yr Ret	7 Yr Ret	10 Yr Ret	3 Yr Std Dev
Canadian Bond	Fixed Inc		★★★	1.4	0.3	2.1	3.2	4.0	4.4	5.3	4.5	3.2
Canadian Dividend	Equity		★★★★	3.2	4.0	10.1	13.3	15.8	15.8	12.4	10.2	10.2
Focus+ Diversified Income	Equity			5.8	8.3	4.1	9.2	13.8	16.2			12.4
Focus+ Real Estate	Equity			-4.3	-1.6	13.4	13.9	15.3	16.8	14.5	8.3	8.6
Focus+ Resource	Equity		★★★★★	11.1	17.8	37.3	33.9	34.3	33.6	30.1		20.8
Core & Explore2	CustomP			4.0	5.9	12.5	13.9	15.5	15.7			8.4

***Disclaimer:** Data Compiled from Morningstar Canada. The rate of return or mathematical table shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual fund or asset allocation service or returns on investment in the mutual fund or from the use of the asset allocation service. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

The "weighting" of the various asset classes is illustrated below and shows the growth of that investment over time…

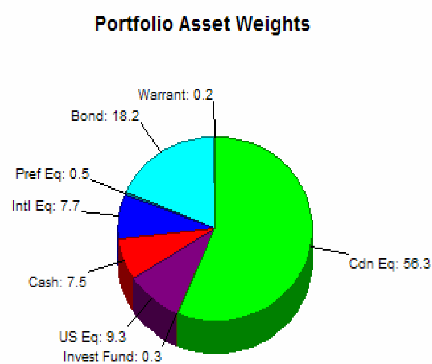
However, see the initial percentages of the various sectors have changed over the years?

It is often prudent to review and "rebalance" every so often so as not to get "over weighted" in one asset class as time goes by. This disciplined approach forces you to lock in gains and redistribute them to other asset classes.

Portfolio - Asset Allocation "Breakdown"

Allocation

	Jun01	Jun01 ($)	Nov07	Nov07 ($)
Canadian Bond	30%	30,000	18%	41,786
Canadian Dividend	40%	40,000	37%	85,517
Focus+ Diversified Income	10%	10,000	12%	26,739
Focus+ Real Estate	10%	10,000	10%	23,851
Focus+ Resource	10%	10,000	22%	50,627
		100,000		228,521



Copyright Mark Huber 2009. All Rights Reserved.

***Disclaimer:** Data Compiled from Morningstar Canada. The rate of return or mathematical table shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual fund or asset allocation service or returns on investment in the mutual fund or from the use of the asset allocation service. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

Fear, Greed & Investing

There is a field known as Behavioural Finance which studies how emotions influence investors and their investment decisions.

Gains & Losses

Experts have found that people fear losses far more than they desire gains! Essentially, most people are much more distressed by losses than they are happy with equivalent gains. In fact, $1 lost is twice as worse as the pleasure of a $1 gain. This is probably the #1 reason why Canadians put most of their money into GICs…

Additionally, this is one of the reasons why some investors will avoid selling a poorly performing stock even when they feel it will continue going down. They don't want to face the pain involved with a loss.

Fear of Regret

The fear of loss goes hand in hand with the fear of regret. Investors don't want to go through the pain of having made an error of judgment. Some investors feel embarrassed having to report a loss to the CCRA and their accountants.

Acting irrationally like this will allow investors to continue to keep a losing investment.
In order to reduce the fear of regret, many investors will simply follow the crowd by investing in popular stocks, rationalizing that if they lose, they will not be the only one to have made a bad decision.

Recent Trends

Experts have also found that investors put too much weight on recent experiences and trends to determine the future. For example, when the stock market is performing well, most people expect it to keep performing well in the near future and vice-versa.

The same thing happens with mutual funds. Last years best performers always have new investors flocking to them thinking that just because they did well last year, they'll do it again. Unfortunately, this rarely turns out to be the case.

Copyright Mark Huber 2009. All Rights Reserved.

I see this one happen continually!

Investors left to their own devices will repeat this pattern again and again…until they are so frustrated by being constantly disappointed that they then begin to believe that the whole financial industry is "rigged" and take all their money and stick it into GICs…

Too Much Confidence
Another trait that humans possess which may have an adverse reaction to their investment decision is the tendency to gamble. Most people will not remember their failures as they remember their gains, leading to over confidence in their abilities.

This is why people addicted to gambling have a hard time quitting. They remember their success more than their failures, so they keep on gambling and taking high risks. People who are over confident in their ability to pick stocks may fall into the habit of day trading, which has an 80% failure rate!

Moral of the Story
It's important to realize what type of emotional traits you have that can hinder your investment decisions. Realize that stock markets for example have always had an upward trend and that short-term influences are not going to make or break you as long as you invest for the long-term.

Don't Let Fear of Losing Money Keep You from Investing
Risk can and should be managed as we do other things in life

For instance, we manage the risk of getting hurt in a car wreck by putting on seat belts. We manage the risk of our house burning down with fire insurance. But somehow we throw out such common sense when investing!

Remember, we cannot control the movements of the markets – we can only control our reactions to these events!

It's Your Life – What Are You Going to Do About It?

"It's not what happens to you - it's what you do about it"

Copyright Mark Huber 2009. All Rights Reserved.

6 Tips For Your Financial Success

1. Don't spend more than you earn. You need to be saving for more than retirement. How about the deposit on a house? Or a new car? There's also the very important "emergency fund". It makes all the difference in the world to know you have some money set aside to help you through without resorting to debt.

2. "Bad debt" is your enemy. If you don't have the money, don't buy it with "plastic". The cost for that convenience it to high!

3. Time is your friend (for now). No matter what your age it's often hard to think about retirement. That's a lifetime away! But right now, you have a unique chance — one that is weakening a tiny bit every year — to take advantage of a miracle. It's called the "Miracle of Compound Interest". But to get maximum benefit from this financial miracle, you need to start saving or "borrowing to invest" as soon as possible. Like now!

But the longer you leave it, the more you will have to put away later to reach the same financial target. A LOT more. And that's much harder to do when you've got the mortgage, the kids and other 'grown-up' expenses. So start now!

4. "Good debt" is your friend. Borrow for investment purposes and enjoy this type of debt – the tax deductible kind.

5. Don't wait until you find your true love to grow up financially. Many people subconsciously wait until getting married before getting serious about personal finance. By then it's often too late!

6. Educate yourself about personal finance. Build your knowledge base so you can make better decisions about your financial life. Consider these tips the building blocks to your financial future. Begin by checking out the resources page here at: http://HowToBeSetForLife.com/resources

If you have read this far – I congratulate you!

We sincerely hope that you will have found this book to be of value to you and wish you well now and in your future endeavours.

Furthermore, we trust that the ideas presented – when acted upon - will make your trip towards your financial success a rich and rewarding one.

Copyright Mark Huber 2009. All Rights Reserved.

What's your dream? Grab hold of it! It's yours…You're worth it…Go for it!

Enjoy the ride and Best of Success!

Cheers!

Mark Huber, CFP

"It's Your Life! Plan For It! Then Live Like You Mean It!"

Mark Huber, CFP is also author of - "The UnCanadian Way" series of reports, Ebooks, audios and videos…

Check out the full library of resources here at:

http://HowToBeSetForLife.com/resources

All we ask in return of you, to be able to access all this valuable information, is that you comment on our site - let us know what you think…

http://HowToBeSetForLife.com/resources

They say that "sharing is caring" – so share us with those who you care about and would like to see become successful!

Tell A Friend!

Invite your friends to drop by and see us by clicking below:
http://HowToBeSetForLife.com/with/TellAFriend.html

Copyright Mark Huber 2009. All Rights Reserved.

Who Is Mark Huber?

Mark Huber, CFP

Mark Huber is a practicing certified financial planner (CFP) with over 22 years of experience in the industry.

The focus of Mark's financial planning advisory practice is to British Columbian (BC) Canada residents.

Mark's boutique planning practice works with a select group of clients who are all share a passionate vision for creating true wealth and living their dream lives.

Mark has made innovative cash flow and creative mortgage reduction strategies core disciplines in his successful practice and also the core wealth creation process for his clients.

Many of these programs and strategies are detailed in various audios, videos, reports and Ebooks which he has authored and generously made available to Canadians - everywhere...

You can get more information at:

http://HowToBeSetForLife.com
and
http://HowToGetRidOfYourMortgage.com

Contact Information:

Mark Huber, CFP
SetForLife Financial Services
Richmond Tel: 604-207-9970
Richmond Fax: 604-207-9971
Burnaby Tel: 604-439-3341
Burnaby Fax: 604-439-1900

Copyright Mark Huber 2009. All Rights Reserved.

PS: You can always...

Call me:
604-207-9970

Click me:
mailto:mhuber@howtobesetforlife.com?subject=Mark_Lets_Chat

Listen To My Radio Show:
http://www.blogtalkradio.com/theuncanadianway/

Follow me:
http://Twitter.com/TheUnCanadian

Visit me:
http://HowToBeSetForLife.com
http://HowToGetRidOfYourMortgage.com

Copyright 2009 SetForLife Financial Services. All rights reserved world wide.

Neither Mark Huber, SetForLife Financial Services assume any liability whatsoever for the use of or inability to use any or all of the information contained in Mark's Web Sites, Blogs, emails, ebooks, Podcasts, audios, teleconference calls, reports, broadcasts and newsletters.

The information expressed and contained in Mark Huber's Web Sites, Blogs, emails, ebooks, Podcasts, audios, teleconference calls, reports, broadcasts and newsletters are solely the opinion of the author based on his personal observations and 22 years of experience in the financial services industry.

As with anything involving investments and investing strategies, you agree to always consult with your professional adviser before making any investment decisions.

Use this information at your own risk. Be responsible! Always do your own due diligence.

You have free "Giveaway Rights" to this report. You may freely print and/or electronically transmit this report. It may be used as a free download on your Website or blog. You must not charge for this report and you must keep the report intact – as is.

- End Report -

Copyright Mark Huber 2009. All Rights Reserved.