



What's New?

KBH Renovates Website

We recently updated our website. Check it out at www.kouriberezanheinrichs.com.

Office Hours

Effective September 1st, we will be returning to normal office hours. We were closed Fridays over the summer, but are now open again Monday through Friday from 8:00 am to 4:30 pm.



Office Address

In case you have been away over the summer, Kouri Berezan Heinrichs is pleased to share with you the good news that we have moved. As of June 1st, we have been operating out of our new office location at:

**4825 - 89 Street
Edmonton, AB T6E 5L3**

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Common Sense Investments & Planning

When dealing with investments and planning for retirement, the following are a few common sense guidelines to keep in mind:

- 1. The closer you get to retirement, the more liquid and secure your investments portfolio should become.** You are not trying to get rich; you are trying to retire comfortably. Having most of your portfolio in stocks or mutual funds does not provide you with security.
- 2. Buy quality investments—not speculative ones.** Good companies exist in good times and in bad. If something sounds too good to be true, it likely is.
- 3. Realistically look at what your lifestyle will cost when you retire.** Remember, you don't need to keep saving for retirement once you retire. While you need to consider inflation, increases in the inflation rate will likely also increase interest rates and your income too.
- 4. Before you retire, ask yourself, "What are you going to do?"** Retirement is not a holiday—it is the rest of your life. You need to know how you will spend your time.

On a final note, we'd like to point out that Kouri Berezan Heinrichs is not an



investment advisory firm. However, we are advisors and have an excellent understanding of your personal financial situation. We may not deal with specific investments, but we can provide sound advice in establishing your overall investment philosophy and strategy. Please contact us directly to discuss your situation in more detail.

KBH Retirement Planner

As a useful and fun starting point to evaluate your retirement plans, try our online retirement planner at www.kouriberezanheinrichs.com/newsinfo/tools.html.

This tool gives you a basic idea of how much you need to set aside monthly to save for retirement. Once you have some numbers, give us a call. We can review the results together.

Pension Income Splitting Between Spouses

Starting with 2007 income tax returns, Canadian residents will generally be able to allocate up to one-half of their income that qualifies for the existing pension income tax credit to their resident spouse (or common-law partner) for income tax purposes.

The amount allocated is deducted in determining the net income of the person who received the pension income and is included in computing the net income of the spouse or common-law partner. Pension splitting affects the calculation of income and tax payable for both persons, so they must both agree to the allocation in their tax returns for the year in question.

Who is Eligible?

A pension recipient (pensioner) and his

or her spouse or common-law partner can elect to split the pensioner's "eligible pension income" received in the year, if they are married or in a common-law partnership with each other in the year and they both reside in Canada on December 31.

How do I Elect to Split Pension Income?

The pensioner and spouse or common-law partner have to make a joint election in a prescribed form with their income tax returns for the year on or before their filing due date. The new Form T1032, Joint Election to Split Pension Income, will be available by January 2008.

For more information, contact Kouri Berezan Heinrichs.

Letter from the Editor: Thoughts on the Housing Market & Consumer Spending

Recently, there has been a lot of discussion about interest rates and housing prices. Will they go up? Will they go down? Will they stay the same? And even more important to the economy, will there be an increase in the number of foreclosures and called loans? While we don't have a crystal ball, here are a few thoughts on the issue.

There is no doubt that **obtaining credit in the past few years has been very easy** – certainly easier than historical trends would dictate is normal. Obtaining a mortgage to buy a new house with the smallest down payment possible and then obtaining a second mortgage to fund whatever down payment was required has become far too common place in today's world of consumerism. Worse yet is the third mortgage to furnish the house with all the latest and greatest toys and gadgets.

Our favourite advertising catch phrase of late is "unlock the equity in your home". That's simply another way of saying "borrow more". Common sense historically dictated that people needed to save and work hard to try and build the equity on their homes. However, with the recent real estate boom in Alberta, "equity" has simply appeared from nowhere and consumers have been encouraged to borrow against this.

Bear in mind that this equity that has appeared from nowhere may end up there. If the asset in question is a business or investment asset that you wish to gamble on, then borrowing against it is fine. If the asset



is your home, we believe you should be a little more risk adverse.

Interest rates are simply a reflection of how lenders perceive risk. Unfortunately, they are also affected by government activity. At the moment the government is trying to calm the market by manipulating interest rates. This will have a short-term affect and if everyone in the economy (especially the excessive borrowers and less-than-prudent lenders) takes the latest warnings seriously, there may be a long-term positive outcome to the recent credit crisis.

If they don't, the market will overreact and we could see a rise in foreclosures. **The only way to protect yourself is to control your own borrowing.** In our experience, no one without a mortgage has ever been foreclosed on. It's important to save first and spend second. It will take us longer to have something, but we've always believed that we can live without a Rolls Royce; we likely couldn't live with ourselves if we owned a Rolls Royce and someone took it away from us.

Oktoberfest Open Haus

Kouri Berezan Heinrichs is hosting an Oktoberfest Open Haus. Mark your calendars, and make plans to check out our new office. Join us for an evening of live Bavarian music, beer, sausages, apple strudel and much more!

Oktoberfest Open House
Wednesday, October 17, 2007
4 pm – 7 pm

Kouri Berezan Heinrichs
4825 – 89 Street
Edmonton, Alberta

A formal invitation will follow shortly. We look forward to seeing you there!



What We Do

Kouri Berezan Heinrichs offers professional expertise, creative advice, and a complete range of services designed to meet the financial needs of owner-managed businesses.

Tax

Corporate Tax
Personal Tax
Corporate Reorganization
Tax and Estate Planning

Assurance

Audit
Accounting
Financial Reporting
Web Trust

Financial Advisory Services

Mergers and Acquisitions
Business Valuations
Financial Projections
Litigation Support

Management Advisory Services

Performance Measurement
Business and Financial
Planning
Financial Negotiations
Consulting

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