

Debt Reduction

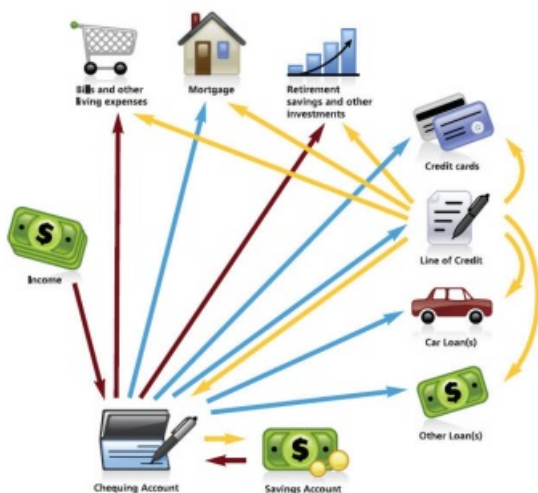
As part of your financial plan debt reduction is the very best investment. People with little debt or a plan to pay off debt over a short term are simply ahead of folks who live on credit as part of their plan or those who do not even have a plan! People with little or "no debt" can take advantage of buying opportunities that arise from time to time. They also have less sleepless nights, less stress and a real sense of financial freedom. Good debt is important. An example of good debt is a home mortgage. Poor debt is a line of credit used for consumer goods. The poorest debt is an unpaid credit card balance.

Good debt may also be "tax deductible." An example of this is debt used to invest. The interest paid on qualifying investments is deducted on an annual basis from taxable income. Leveraged debt is the most dangerous debt. Many advisors will promote the huge "upside," however there is also downside potential that can take the sizzle out of investing.

When asked about "the best investment" the FSG response is:

- 1) Debt reduction, especially non-deductible
- 2) RRSP's, as you receive a "tax deduction" and "tax-free accumulation"
- 3) Universal Life as a "tax shelter," "tax sheltered growth", and on death, the investment portion is converted to a "a tax-free death benefit"
- 4) Tax-free savings account, available January 1st, 2009, appears to be an exciting opportunity account for non-registered money as accumulation is not taxed.

Today's Banking: Complicated and Expensive



The traditional approach to money management means that each month, millions of people across Canada go through financial hoops to meet all their expenses, pay their bills, cover borrowing costs and hopefully try to put something away into savings accounts and investments.

Does your month look something like this?

Traditional banking has you manage daily finances by depositing your income into chequing and savings accounts while borrowing through mortgages, lines of credit, loans and credit cards. Unfortunately, you usually receive little or no interest on the money you deposit and pay higher interest on the money you borrow.

Manulife One: Simple and Sensible

With a non-traditional flexible account like Manulife One, things are different. You have an all-in-one borrowing and chequing account with a borrowing limit based on the value of your home.

All of your debt, or as much as possible, is consolidated into this account at one low rate. Your income and savings are also deposited into the Manulife One account. Deposits immediately lower your consolidated debt balance and you pay interest on the lowered amount until you withdraw money from your account.

Live out of your account. Pay living expenses via cheque, debit card, Internet or telephone banking. Make investment deposits through cheques or pre-authorized withdrawals. Your account consolidates your debts so there are no multiple loan payments; no "tight" times in the month. You can take out every dollar you put into the account if you ever need it (up to your borrowing limit).

Interest is calculated daily. At the end of each month, you are charged the accumulated interest for the month. You only pay interest on what you owe on any given day.

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That's it. Manulife One saves you thousands by putting your money to work...for you. Can it get any simpler? Banking, the way it *should* be. For a referral to a Manulife Bank Representative, please call Kim at the FSG office.