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Dear Client,

In the Economic Statement of November 27, the Honourable James M. Flaherty Minister of Finance presented the federal government's 2008 Economic and Fiscal Statement. That statement included proposed changes to the calculation of the 2008 required minimum withdrawal for registered retirement income funds (RRIF).

The government decided on this change as many RRIF's were funded by marketable securities and to achieve the minimum withdrawal amounts many RRIF holders were being forced to sell shares creating non-deductible losses.

The main proposed changes are as follows:

- The minimum amount that must be withdrawn from RRIF's will be reduced by 25% for 2008. For example, if the 2008 minimum amount would have been \$10,000 the reduced minimum amount will be \$7,500.
- Individuals who have already withdrawn more than the reduced 2008 minimum amount based on the existing law, will be permitted to re-contribute to their RRIF's an amount up to the 25% proposed reduction. The re-contribution will be deductible for the 2008 taxation year.

This proposal is expected to be law within this week along with the Budget proposed on January 27, 2009. The proposed change provides for a period of 30 days after the law is passed to make your eligible re-contribution.

We suggest that you speak to your RRIF provider if you want to consider re-contribution to your plan to reduce the amount of RRIF income that would otherwise be taxed for the 2008 tax year.

Should you want to discuss this further, please speak to any one of your contacts at our office.

Yours truly

Sievert & Sawrantschuk LLP