

Outlook on Lifestyle

"Own and Loan" — A new concept in building your financial future

(NC) — It's absolutely amazing! People in the financial world continue to come up with new ideas to help you and I try to increase our potential wealth. Problem is, 90% to 99% of us don't know about these ideas (because we never look for them) or else we don't understand, or want to understand anything financial, other than saving in a bank, trust company or credit union. (our "Security Blanket" type of savings, and investing).

A mutual fund group has come up with a simple and exciting plan whereby all of us, who decide to save \$100 a month or more, could probably end up with thousands of more dollars than just a simple savings program, even in that mutual fund.

It's called an "Own and Loan" program. The group who have initiated the idea is the United Group of Funds (7 different mutual funds) and the man who thought of the idea is George Gray, President of United Investment Services.

It is simple? I believe it is, and the concept behind it is simple. If you save \$100 per month, they will, through a national trust company, arrange to have you borrow an equal amount, at bank prime rate plus 1.5%.

So, even though you only invest \$100, you actually will have \$200 put to work for you that first month, and the second month you invest \$100, another \$100 will be loaned to you, etc. etc. etc., every month. You can start and stop the program any time you wish, as well as cash it in any time you so wish.

True, after the first month, you now owe interest on that first \$100. If the interest rate charged on the loan were 12% per year, that means it would be \$1.00 you owe, so next month \$100 (your next investment) would come out of your bank account, plus \$1.00 of interest, totalling \$101.00 payment for that month. The next month the interest

In effect, what you have is an escalating saving (and interest payment) program, just as many of us have an escalating income, because we earn more and more each year (to keep pace with inflation).

What does all this mean in dollars and cents, to you and I, as those \$100-per month savers (plus \$100 per month "borrowers"). Let's work it out mathematically, at 15% average return per year (despite the fact that United Accumulative Fund has averaged over 19% per year over the past 10 years, as reported monthly in both of Canada's financial newspapers).

A calculator will tell you that investing \$100 monthly at 15% compounded, over a 20-year period, would grow to \$151,595 (\$24,000 of your money invested). Therefore, \$200 monthly would grow to \$303,190. Pretty good, for you just having invested \$24,000, plus some interest. (Interest costs at the end of the first year would have been \$78).

However, the total interest costs over the 20 year period (assuming 1% per month — 12% per year) would amount to \$28,912. However, because the monies were borrowed to invest, they become tax deductible. In 1987, (in Ontario) if you have a taxable income of \$18,000, you are paying income tax (federal and provincial combined) at the rate of 35% on all dollars over that \$18,000. If we take 35% of \$28,912, it comes to \$10,119. Deduct that from the \$28,912, and we find the true cost of interest

would be \$18,793. (If you were in the 50% tax bracket, the true cost would only be \$14,456).

Add the \$18,793 true interest cost to the actual \$24,000 you invested, and it totals \$42,793 you have actually invested at the rate of \$100 monthly (plus \$100 borrowed monthly).

Your net worth is \$303,190, we now repay the loan of \$24,000, and what we have left is over \$279,000. That's over one-quarter of a million dollars, and all we invested was \$100 per month, plus interest on \$100 monthly accumulating.

If we use the actual past-performance record of the fund over the past 10 years (19.5% average per year), the results are even more astounding. After paying off the \$24,000 loan, you would have over \$562,000. That's over one-half million dollars, and all you invested was \$42,793, starting with \$100 monthly and borrowing \$100 monthly.

What if you would have saved \$200 monthly for 20 years in a bank account at 10%. You would be worth \$153,130, despite the fact you invested a total of \$48,000.

I'd rather invest in an "own and loan" program whereby my true cost would be under \$43,000, and my value either \$279,000 (mathematical calculation of 15%) or \$562,000 (based on the actual rate at 19%).

For a FREE chart on what 22 mutual funds have done over the past 10 years, ask for "\$10,000 table" and write: Paul J. Rockel, Regal Financial Centre, 153 Union St. E., Waterloo, Ontario N2J 1C4. Paul J. Rockel is author of the book "Why I Invest in Mutual Funds" and President of Regal Capital Planners Ltd.

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CREDIT VALLEY CONSERVATION AUTHORITY

IRWIN/METCALFE VALLEY RAVINES PRELIMINARY SLOPE STABILITY AND ENGINEERING DESIGN STUDY NOTICE OF COMPLETION OF STUDY REPORT AND PUBLIC MEETINGS

As required under the terms and conditions of the "Association of Conservation Authorities of Ontario, Class Environmental Assessment for Water Management Structures", dated March, 1987, Ontario Regulation 293, the Credit Valley Conservation Authority hereby notifies all interested parties that the Preliminary Design Study Report for the Irwin, Metcalfe, Eden and Dawson Ravine Slope Stability Project has been completed. Subject to comments received as a result of this notice, the Credit Valley Conservation Authority in co-operation with the Municipality of the Town of Halton Hills will proceed with final design/construction of the above mentioned project.

The Preliminary Design Report is available for inspection during business hours (9:00 a.m. to 4:30 p.m., Monday to Friday) at the Credit Valley Conservation Authority office located at:

1255 DERRY ROAD WEST
Meadowdale, Ontario
L0J 1K0
Phone: 1-416-451-1615

Interested individuals and parties have 30 calendar days from the date that this Notice was made public, within which to comment or express concerns with respect to the proposal. Comments or concerns must be made in writing and must be received by the Conservation Authority by 4:30 p.m. March 25, 1988.


In addition two (2) public meetings have been scheduled for presentation to interested individuals and parties. These are as follows:

March 2, 1988 7:00 p.m. to 9:00 p.m.	Irwin Crescent, Eden Place and Dawson Crescent Residents Only
March 9, 1988 7:00 p.m. to 9:00 p.m.	Metcalfe Court Residents Only

Both meetings will be held in the Council Chambers, Town of Halton Hills, (Georgetown) Ontario, located on Trafalgar Road, Georgetown, Ontario.

Any comments or concerns regarding the proposed Slope Stabilization Work or this Notice may be directed to:


Mr. J.S. Gourley, P. Eng. Manager, Water Resources Credit Valley Conservation Authority L0J 1K0 1-416-451-1615	Mr. R. John Lackey, P. Eng. Project Engineer Triton Engineering Services Limited 51 Townline Orangeville, Ontario L9W 1V1 1-519-941-0330
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Saturday 9:30 a.m.-6:00 p.m.

