

## Wise investors can have a house and money



### IT'S YOUR MONEY

Paul J. Rockel

Do you believe it's possible to pay for your house, end up with a pile of money, have an "extra" income, for the same "cost" as your neighbor (same value house) who ends up with only a house?

It certainly is possible, if you apply some of the basic financial rules to your life, rules which are really simple, but understood by few.

Let's take a mathematical example:

Two people each purchase a home for \$100,000, putting \$25,000 down, and taking a mortgage of \$75,000, at 11 per cent. One decides to take a 15-year amortization period, costing \$841.01 per month (principal and interest). We'll call him Mr. Normal. (After all, there are dozens of articles written that tell you how much you will save by paying for your house quickly, but they all ignore how much you will "lose" by not building what this writer calls a "2nd income".)

The other decides to take a 25-year amortization period, costing \$721.90 per month (principal and interest) and save \$119.11 per month in mutual funds where he averages 15 per cent per year (compounded monthly). His total payments amount to (\$721.90 plus \$119.11) \$841.01 per month, exactly the same as Mr. Normal's. We'll call him Mr. Saver.

Over the next 15 years, both will have "paid out" (\$841.01 times 180 months) \$151,381. Mr. Normal would have paid it all on his house, and it would now be paid for. Mr. Saver would have paid (\$721.90 times 180 months) \$129,942 on his house, and (\$119.11 times 180 months) \$21,440 would have been invested at 15 per cent.

But Mr. Saver still has 10 years of payments to make on his house, you say. It's going to cost him that much more!

You are right, there are still 10 years of payments left for Mr. Saver, but he decides he's not going to make one more payment from his wages. You see, the \$119.11 he saved and invested each month, averaging 15 per cent per year over those 15 years, would now have a value of \$80,621. Mr. Saver now decides to use that pool of money to provide him with a "2nd income", and starts a mutual fund withdrawal program of \$721.90 per month, having the proceeds sent directly to the mortgage holder every month to make his payment. He makes no payment whatsoever from his "1st income" (his wages).

(If it is a mutual fund withdrawal program, and you haven't used up your \$100,000 tax-free capital gains holiday, that income comes to you almost free of any tax liability.)

Mr. Saver's "pool of capital" is worth \$80,621. By taking a monthly withdrawal of \$721.90, he is taking a 10<sup>3</sup>/<sub>4</sub> per cent withdrawal, to pay that mortgage. If the \$80,621 continues earning 15 per cent, and he's only taking out 10<sup>3</sup>/<sub>4</sub> per cent, that \$80,000 will also grow by 4<sup>1</sup>/<sub>4</sub> per cent per year, growing in 10 years to over \$120,000.

Now that 25 years have elapsed, let's look at the results. Both Mr. Normal and Mr. Saver "paid out" in that first 15 years, exactly the same amount, namely \$151,381. Neither committed one penny more in wages to the program.

But Mr. Normal ends up with his house, free and clear. Mr. Saver ends up with his house (free and clear), plus \$120,000, and if he wants to keep a 10 per cent income coming from his pool of capital, it would be \$1,000 a month additional income.

Both "paid out the same" from their wages.

For a free illustration of the above, ask for "Can You Tell The Difference Between These Two Houses", contact Peter C. Masson, 10 Fagan Drive, Georgetown, L7G 4P3 or phone 877-7216.

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## They're pigging out

(TC)—It is 1947 and prominent citizens of Bradford, England, are planning a banquet at the Grand Hotel to celebrate the marriage of Princess Elizabeth to Philip Mountbatten. Food rationing is still in force, and while most Britons are biting the bullet, the banquet organizers are fattening up a black-market pig for the royal do. After all, 150 distinguished guests, including the lord mayor, can't be expected to dine on tinned salmon!

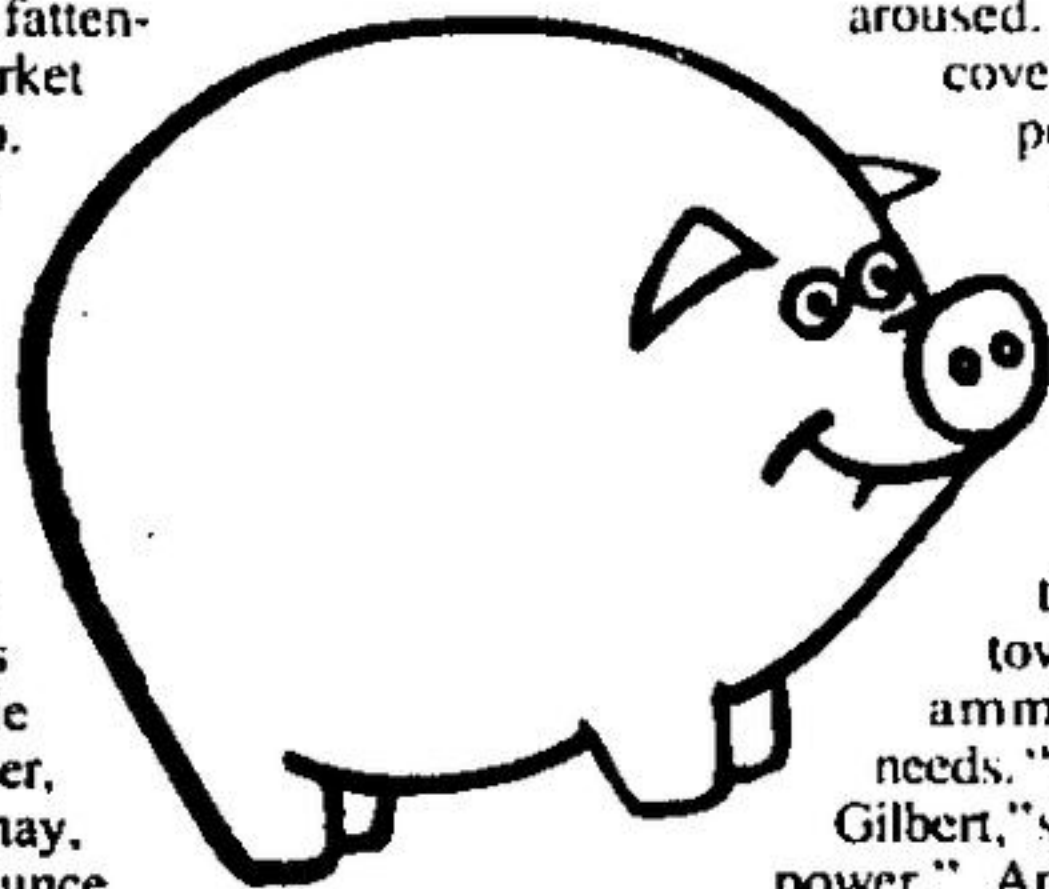
Enter Gilbert (Michael Palin), a chiropodist, and his wife Joyce (Maggie Smith), a pianoteacher, who, try as she may, can't gain them an ounce of weight on the social scale.

And let's not forget Joyce's doty old live-in mother (Liz Smith), who is constantly eating. "Have I had my tea, Joyce? You don't give me my proper

ration."

As Gilbert cycles around town clipping clients' toenails, he is not unaware of the black-market goings-on. The banquet organizers have very little time for Gilbert, and when he spots them at a local farm, his curiosity is aroused. He later discovers the unlicensed porker and, in a moment of weakness, tells his wife, Joyce, who has always wanted to take them to the top of the town, now has the ammunition she needs. "It's not just pork, Gilbert," she squeals. "It's power." And with that she sends him off to bring home the bacon.

For comedy at its British best, don't miss *A Private Function*, airing on *Saturday Night at the Movies Too*, November 4 at 10:10 p.m.



## Watch out for pedestrians this Halloween, HAC cautions

Halloween provides the increased potential for automobile accidents involving young pedestrians. Though many costumes are certain to resemble Batman and the Joker, the Hamilton Automobile Club offers some suggestions that should not be taken lightly.

The HAC maintains that the best advice for drivers out on Halloween night is to be aware of the unexpected. Headlights should be clean and turned on at the first sign of dusk. Drive carefully, limiting speed on residential streets to 25 km per hour. Be on the lookout for children darting out from between parked cars. A right turn on red is especially dangerous, as excited

pirates, wizards, and witches may run unexpectedly across the intersection.

Parents or older siblings are advised to accompany younger children on their trick-or-treat rounds. A parent can keep track of homes visited, guide the children across the street, and make certain they don't wander from the immediate neighborhood.

Because older children usually prefer to travel with friends, safety rules should be discussed before leaving home. Among the rules, HAC recommends that children should trick-or-treat in familiar neighborhoods only, agreeing with parents on the area visited and designated route. Pick well-lighted

streets, and stop only at those homes where the outside lights are on. Walk on the sidewalk and not on the street. If there are no sidewalks, walk facing traffic, far off the roadway surface.

Costumes should be light in color and fit correctly. Use retroreflective tape to outline and decorate a costume for greater visibility. Children should also be able to see clearly in all directions. Face make-up and a properly worn hat will not obstruct a child's vision.

"Halloween can be a fun time for everyone, children and motorists alike," says the Hamilton Automobile Club. "All it takes for a safe, fun-filled Halloween is adequate preparation and shared responsibility on the part of both motorist and pedestrian."

## Halton wants deposit on cans, bottles

Halton Region voted last week to join Ontario municipalities in petitioning the Ontario ministry of the environment to put a deposit on cans and bottles.

A Regional staff report at a council meeting last week asked councillors only to receive a letter from the Township of Front of Young near Mallorytown, Ontario. But Milton Coun. Bill Johnson asked other councillors to endorse that township's petition. The petition, sent to all municipalities in Ontario, contains a resolution to approve the can and bottle deposit.

"It works very well with beer bottles and it works very well with cans," Coun. Johnson said last week. Oakville Coun. Liz Behrens said if the cans are not returned to

the manufacturer, they will "inevitably still go to the landfill sites. It is with those deposits that we will see them taken out of the waste stream."

Coun. Johnson said bottles and cans are a "significant" problem. "They are a small component by weight but (not) by volume."

Coun. Johnson said discarded cans and bottles are found near lakes and on the roadsides. "Put a deposit on them. Give them some value," he said.

"If you had a deposit on these bottles and beverage cans, you wouldn't see half the rubbish."

Coun. Pat McLaughlin said if users don't bring their recyclables back to the store, people with plastic bags will pick the con-

tainers up and return them for money.

But Oakville Coun. Janet Mitchell found problems with putting a deposit on cans and bottles. "Certainly we don't want to reduce our population to a bunch of scavengers. And we don't want to hurt the Blue Box situation." She said the Blue Box program is successful with its inclusion of non-recyclable cans and bottles.

## Lionesses hold KMs for coins

The Georgetown Lionesses will hold a Kilometres of Coins for Kidney Dialysis Camps at the Miracle Mart plaza on Nov. 4 from 10 a.m. to 3 p.m.

Those who can't attend can watch for Lionesses bottles in local businesses.

## Rural house will be numbered for emergencies

Fire trucks, ambulances and police cars will find houses easier with a street number than with a rural route number.

The town will spend an estimated \$10,000 to advertise the house numbers and explain where they can be obtained and how they should be posted. Some councillors said delivery of the signs should be provided by the town. Opposing councillors said the signs and delivery should be paid for by the rural residents.

Emergency vehicles and lost visitors to rural homes in Halton Hills will soon be able to find their way.

The town will spend \$56,000 for reflective house number signs to be distributed next summer. The estimated 4,000 signs will have a green background and white reflective numbers.

Rural houses on private roads will not be affected by the new

rural signs.

Town administrator Dan Costea said the signs will meet emergency needs in the rural areas. An additional \$150 will be spent on emergency phone number stickers for telephones in rural homes.

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## fabric forum

Prepared as a consumer education service by the International Fabricare Institute

### Don't Get Hung up on Your Hang-ups!

Most draperies can be drycleaned and will come home clean and fresh. (Exceptions are fiberglass drapes with rubberized backing.) Your drycleaner may have a problem with drapes that have been wet by condensation or rain from an open window. Moisture can cause yellow or brown sizing streaks that can be difficult to remove.

Sometimes draperies come out of cleaning damaged because age and sunlight have degraded the fabric. The weakened areas shred when exposed to the

agitation of cleaning. The pattern of damage on the outside folds, where sun exposure was greatest, is your clue that sun tendering was the cause of the damage.

You can expect draperies to last three years, lined draperies for about five.



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