

## Money Matters

# RRSP a good choice for most Canadians

If you have a job, you should have an RRSP.

That may sound like a bold statement, but I believe an RRSP is a good choice for most Canadians. We'll discuss alternatives in a future column.

I was amazed to read recently that only 20% of taxpayers contribute to an RRSP.

Why? Maybe some people don't realize that there are significant tax savings. Let's look at the effect in the three tax brackets. At the lowest tax rate of 26%, a \$2,000 RRSP contribution will result in a \$520 tax refund so that your net cost is \$1,480. In the next bracket, 40% of your net cost is \$1,200. At the highest rate your net cost is approximately \$1,060. (the highest bracket ranges from 45% to 48%).

People have said to me "well if I save the tax now I'll just have to pay it when I take the money out at retirement." Absolutely true! What these folks fail to understand is that this money compounds TAX FREE inside of the RRSP until they start to take an income from it at retirement. The money will not come out all at once, but monthly as a replacement for a pay cheque and the tax bracket will likely be lower. There are frequent articles in magazines and newspapers with tables and charts that illustrate the advantage of tax free compounding in an RRSP.

Unfortunately today, many retired seniors are living at or near the poverty line. Over 50% of retirees must have some form of government assistance to survive. Pension experts question

whether the Canada Pension Plan will be able to provide for the "baby boomers" who will start to retire in 20 years or so. Obviously the government thinks so too, or they wouldn't make RRSP tax deductions available.

The years of retirement should be the best years. Younger people should do everything possible to see that this objective comes true. This includes saving now in order to maintain the income needed in retirement.

Other people say to me that they can't save money period, let alone for an RRSP. I usually find out that they seem to be able to pay for everything else, but when it comes to paying themselves, their name is at the bottom of the list. I say "Pay Yourself First." This means setting up a monthly pre-authorized cheque from your bank into the RRSP savings vehicle that you choose. You'll be surprised just how painless it is.

Recently, I pointed out that most Canadians' financial assets, house, car, pension, and life insurance, have been acquired by systematic monthly payments.

This is the strongest argument that I know of to recommend saving for the time that you will need "Money at Work" because you are no longer "Person at Work."

There are some workers who can't contribute to an RRSP, those employees with pension plans where the combined employer and employee contribution is \$3,500 per year or more. Revenue Canada says that they are not permitted to contribute to an RRSP this year.

Next year the rules change. The limits increase to \$11,500 or



### IT'S YOUR MONEY

Paul J. Rocket

18% of eligible income. Those with employer sponsored pension plans will be subject to a "Pension Adjustment". Those with excellent plans at work may not be able to contribute as much, or maybe not at all. Those with meagre plans may be able to contribute more.

Notice that 18% limit. This means that those with lower incomes may not be able to contribute as much to their RRSP. There is another catch that Revenue Canada has laid on us. That is that your RRSP limit in any year will be based on your previous years income. This may be good or bad. A real plus however, is that starting in 1991 you can carry forward unused RRSP contributions for up to seven years.

If you haven't saved enough to make your maximum contribution this year, now is the time to

make sure that you can do it next year.

For free information on RRSP savings plans, contact Peter C. Masson M.B.A., Regal Capital Planners Ltd., 10 Fagan Drive,

Georgetown, Ontario or phone 877-7216.

Paul J. Rocket is the author of the best seller "Why I Invest in Mutual Funds" and President of Regal Capital Planners Ltd.



Hey Love... why don't you phone tonight & reserve our movie for Friday & at the same time order a Pizza & we get the movie FREE!

877-6767 877-2254



### Town of Halton Hills

1 Halton Hills Drive - P.O. Box 128  
HALTON HILLS (Georgetown), Ontario L7G 5G2  
873-2600

### CHRISTMAS & NEW YEAR'S REFUSE COLLECTION SCHEDULE

Refuse normally picked up on Christmas Day, Tuesday, December 25, 1990 will be picked up on **MONDAY, DECEMBER 24, 1990**. Refuse normally collected on Boxing Day, Wednesday, December 26, 1990 will be collected on **THURSDAY, DECEMBER 27, 1990**. Thursday's normal route will remain the same.

Refuse normally picked up on New Year's Day, Tuesday, January 1, 1991 will be collected on **MONDAY, DECEMBER 31, 1990**.

Best Wishes To All!!!!  
Town of Halton Hills  
Engineering/Public Works

Ad. No. 1337



A new spirit of giving

A national program to encourage giving and volunteering



Hoping you have a safe and magical Christmas!

IN JUST A FEW WEEKS the magical season of Christmas will be with us. It is the season when souls review the past several months of their living and make an effort to put aside trivial differences between themselves and others. It is also the time to share with others less fortunate. People soften, and like magic they show the peace, love and compassion that has always been in their hearts, even if they didn't know it was there. Christmas makes possible the most incredible gift you can give...yourself.

From the staff at

**BLUE DRAGON**

MOUNTAINVIEW PLAZA  
10 MOUNTAINVIEW RD. S.  
GEORGETOWN, ONT.  
(416) 873-6879



The Staff of

## Beaumont Music

WISH YOU A  
SAFE AND JOYOUS  
HOLIDAY SEASON!



130D GUELPH STREET  
GEORGETOWN

877-4919

### COUNTRY LANE

# HOLIDAY SPECIALS!

RENT  
**10 MOVIES**  
**\$7.99**  
FOR  
AND KEEP THEM  
3 DAYS

ISN'T IT TIME  
**YOU**  
JOINED  
COUNTRY  
LANE

PURCHASE OUR  
HOLIDAY PASS  
CARD

10 Nintendo  
Games  
10 Movies  
Reg. \$62.90 Value  
Can be used  
in any order  
or quantity  
**\$29.99**

**NINTENDO**  
MACHINE & 10 GAMES  
FOR 7 DAYS  
**\$49.99**

RENT  
THE GAMES  
WHEN YOU  
LIKE!

OVER 7000 MOVIES  
TO CHOOSE FROM  
AT **\$1.00** FOR  
**3 DAYS**

That's An Amazing 33 1/3 Day

**NINTENDO**  
TRADE SPECIAL

TRADE ONE GAME  
FOR \$10.00 AND GET  
THE SECOND TRADE  
FOR HALF PRICE!

We Reserve The Right To Limit Quantities  
Due To Overloading At The Ovens

### PIZZA SPECIAL

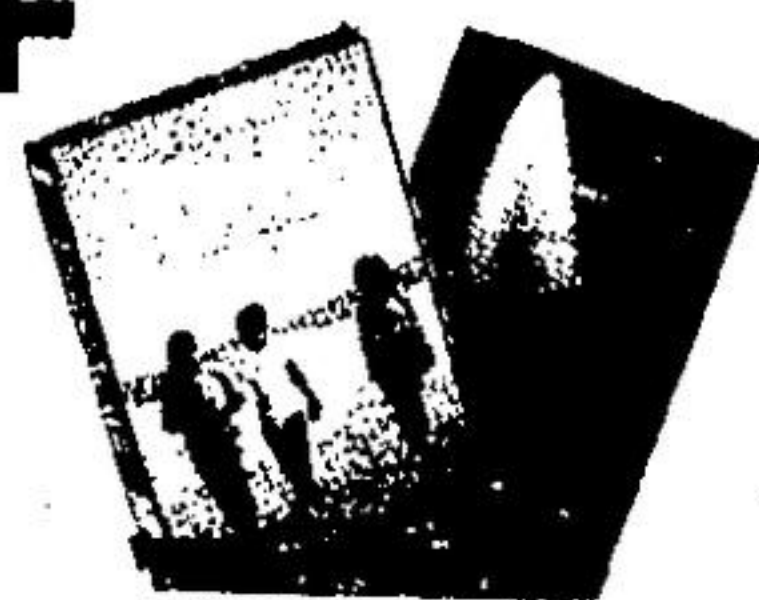
PURCHASE OUR 17"  
LARGE PIZZA  
COUNTRY SPECIAL

2 VIDEO RENTALS  
OF YOUR CHOICE

One 2 mL. BOTTLE  
OF POP

INCLUDES  
DOUBLE CHEESE,  
PEPPERONI, BACON,  
GROUND BEEF  
& ONIONS

**\$15.00**



**FREE**



**FREE**

You may order your pizza for later when you are in picking up your movies, and you get your movie credit then; or just call us up and we will help select your movies over the phone.

## COUNTRY LANE

10th Line & River Road (Across from Georgetown Golf)

877-2254

877-6767