

# Money Matters

## Consolidate RSP investments into one account

By BRIAN SLESSOR

With the February deadline for RSP contributions approaching, it's a good time to consolidate all your RSP investments into one account.

By now you may have accounts at several financial institutions, each containing one year's contributions, plus earnings. Many investors have ended up with a grab-bag of RSPs because they wanted to diversify or because they tried to get the best return on each year's contribution. So one year they brought GICs; the

next, a bond fund; the third, an equity mutual fund.

That is, however, not the best way to diversify. Because the amount in each account is small, you limit your flexibility. Additionally, you may not have a wide variety of investment alternatives at many financial institutions. If you combine all your RSP accounts into a single self-directed RSP at a brokerage firm, you increase both the amount available for promising investments and the speed with which you can shift your money.

**Brian Slessor**  
Dollars and Sense



You also expand your investment choices to include individual stocks and bonds, as well as the widest array of "managed" investment products, mutual funds for example.

During the bull market, for instance, you could have quickly moved 50%, 75% or even 100% of your money into stocks if you'd had a self-directed RSP. You could have invested in equity mutual funds, individual stocks or a combination of both. During the recent downturn, on the other hand, it would have been possible to move into bonds, coupons, bond and money market funds and other defensive, income-producing investments.

A self-directed RSP offers other benefits. You get the advice and assistance of an Investment Executive, who alerts you to emerging opportunities and is always ready to discuss your investment strategy. And you reduce your bookkeeping chores, since you'll get one monthly statement instead of three or four.

Another reason many RSP holders had multiple plans was that until recently, legislation prohibited withdrawals from RSPs. This meant that if investors needed some of their RSP funds, they had to collapse the entire plan, with resulting tax consequences. Recent legislation allows withdrawals from RSPs so this is no longer a factor.

The mechanics of moving an RSP from one institution (custodian) to another are fairly straightforward. In order to effect a transfer, you direct your new custodian to request your RSP assets from your present custodian. You don't personally get the money, so you don't have to worry about missed deadlines, tax penalties, etc. Plus, you are permitted an unlimited number of transfers each year.

The problem with transfers is that financial institutions often act very slowly to relinquish assets. Delays of several weeks can occur. However, when you transfer your RSPs to a full-service brokerage firm, your Investment Executive will ride herd on the previous custodian for you, speeding the release of your assets.

Brian Slessor is an Investment Executive with ScotiaMcLeod. Questions should be directed to Brian who can be reached at (416) 863-2825 (outside Toronto call collect).

## Finance Minister gets a break

Now that Christmas has come and gone, it is time to make another list - of things to do, or not do, in the New Year. Eat less, drink less, stop smoking, exercise more.

For my part, I resolve to stop criticizing Michael Wilson. Only for a while, mind you. Say two months. If I were to stop altogether, I would not be doing my job.

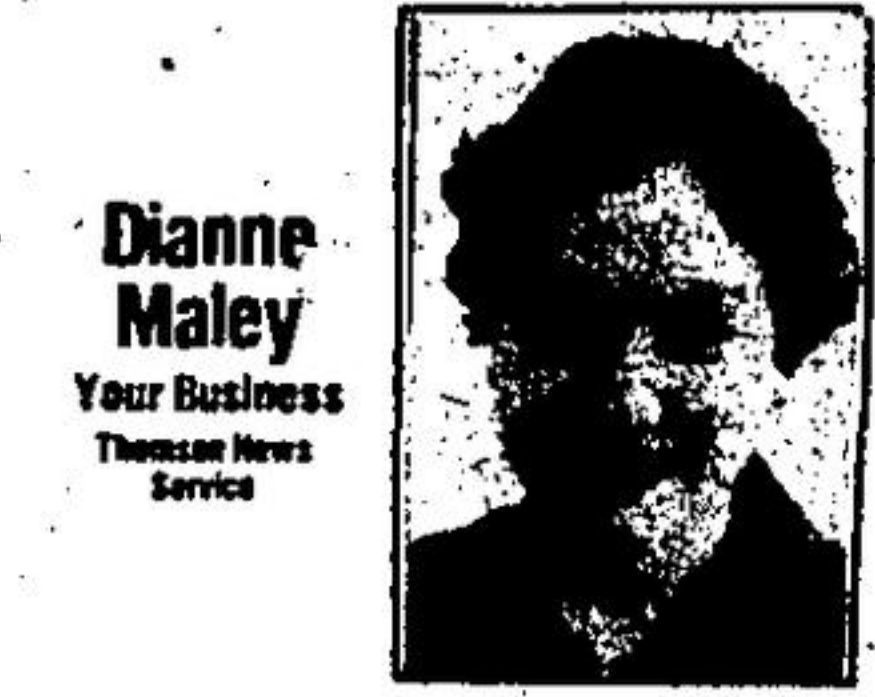
But fairness requires that even finance ministers get a break. After all, Mr. Wilson is a hard-working man who firmly believes he is doing the right thing for Canada. That is not why I have decided to go easy on him. I am not impressed by a person's commitment. After all, one can be deeply committed and still be dead wrong.

The way I figure it, Mr. Wilson probably knows more about high finance than I do. After all, he is the finance minister. He can afford to hire good help.

DOES HE KNOW?

But wait a minute. Mr. Wilson did not know the economy had slipped into recession. How can we trust him with the nation's finances?

Besides, his view of how money should be managed is costing more people their jobs, their homes and their peace of mind. The scars will last. The damage



**Dianne Maley**  
Your Business  
Thames News Service

is permanent. There are alternative views. If he is wrong, as he well may be, these people will have suffered in vain.

Still, I will give the finance minister the benefit of the doubt for two months, starting Jan. 1 (I hope the rumors that he plans to resign soon are not true.) Mr. Wilson, in his travels, has talked to some of the brightest financial minds in the world. If his views were narrow at first, they must have broadened since.

Longer term, it is hard to find fault with his attempt to contain the burgeoning budget deficit. The deficit must be reduced, then eliminated. Only then can we begin chipping away at the \$400 billion or so of national debt. Of course, by the time the deficit disappears, if it ever does, the national debt will be much higher

than it is now. That will make the task all the more difficult.

It is the seeming hopelessness of the situation that has made Mr. Wilson so stubborn. Perhaps he has resolved to leave a better Canada for his grandchildren. But what about us? Can a government responsibly raise taxes or cut spending in a recession? Are we in for another 10 lost years?

HIS MISTAKES

Before I make good my resolution, I will list what I think were Mr. Wilson's mistakes. Some may be traced to his boss, Prime Minister Brian Mulroney.

1. Allowing the \$500,000 capital gains tax exemption (quickly cut to \$100,000) to be used by real estate speculators.
2. Allowing the money supply to mushroom in 1989 and 1990.
3. Not keeping a close enough eye on reckless lenders.
4. Using interest rates, rather than taxes, to try to curb real estate speculation.
5. Exempting things such as food from the GST.
6. Using interest rates to prop up the Canadian dollar without explaining why a strong dollar is desirable.
7. Borrowing too much money from foreign investors.

Not another word along these lines for two months. Happy New Year, Mr. Wilson.

## Precious metals investments

Putting money aside to invest for your future takes on a new shine when you put part of your savings into gold.

If you think buying gold is something only millionaires to, you'll be pleased to discover that average investors get involved and experience the rewards of investing in precious metals.

Throughout history, gold and other precious metals have assumed great importance. Since the empires of ancient times, gold and silver have been prized both for their beauty and practical metallic properties. Precious metals became the ultimate gift and a universally-accepted standard of exchange. This centuries-old tradition has given precious metals a lasting value among all cultures that endures even as empires have come and gone.

As a result, gold has always been an attractive long-term investment. Its price fluctuates daily on the international market but gold tends to retain its purchasing power over the long term. That makes gold attractive as a hedge against inflation.

Investors are drawn to it to balance the volatility of other financial instruments in times of economic uncertainty.

Many investment managers suggest that a certain percentage of your holdings should be in gold or other precious metals. All investments involve an element of risk; therefore, a diversified portfolio is a fundamental strategy for investors.

You can buy gold in several forms, from the 400-ounce gold bar to the smaller, popular investment coins.

It's important to distinguish clearly between investment coins

and numismatic coins. Numismatic coins are collector coins, usually limited editions, often produced in alloyed precious metals and featuring special themes and designs. Numismatic coins sell for a premium over their face value that reflects their art and rarity value. Whether they appreciate in value depends partly on the popularity of the design and the rarity.

Bullion or investment coins are purchased for their pure precious metal content. Their retail price is determined by the price of the metal on the international markets, plus a premium for manufacturing and commission charges.

Coins or small bars are the most liquid form of precious metal investment, as they can be readily bought and sold.

Mints from many countries of the world produce competitive investment coins. Maple Leaf gold coins from the Royal Canadian Mint in Ottawa are the most popular, with an estimated 45 percent share of the international gold coin market. In 1989, the Canadian Mint sold 1.12 million ounces of Gold Maple Leafs. Purity is part of the reason for their popularity. The Canadian Mint does its own refining of gold and has an international reputation for the purity and quality of its coins. The Gold Maple Leaf is 99.99 percent pure gold - there is no purer gold bullion investment coin.

Despite the myths that surround gold, the price of investment coins, is not out of reach. The Gold Maple Leaf, available in one-tenth, one-quarter, one-half and one-ounce sizes, is currently selling for only a low premium over the international

gold price quoted daily in the media. At those prices, it's accessible for most investors. Parents and grandparents who want to introduce their children to saving and money management choose it as a Christmas or birthday present. It's a gift for that special person who has everything, or can be a corporate incentive item.

Gold has traditionally had the most allure, but silver and platinum also present opportunities to own and invest in precious metals. Silver coins are currently in great demand in the U.S. Investors here particularly like the Canadian Mint's Silver Maple Leaf because it is the first and only silver coin manufactured in "four-nines silver" - 99.99 percent pure.

One reason for silver's popularity is its relative affordability. The retail price varies with the price of silver but an average price is about \$10 for a one-ounce coin.

With any savings and investment portfolio, you too can participate in the precious metals market. Investment coins are available from major banks and financial institutions.



THE CORPORATION OF THE  
**Town of Halton Hills**  
1 Halton Hills Drive - P.O. Box 128  
HALTON HILLS (Georgetown), Ontario L7G 5G2  
873-2600

**CHRISTMAS TREE COLLECTION**

The Public Works Section of the Town of Halton Hills is scheduling in the Urban areas, ONE pick up exclusively for Christmas Trees.

They will NOT be collected with your regular refuse. Please place at the roadside on Monday, January 7, 1991, at 7:00 A.M.

Thank you  
Halton Hills Engineering/Public Works  
R.C. Austin, P. Eng.  
Town Engineer

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**COURTESY NOTICE OF A PUBLIC MEETING**  
**WARD 3/GUELPH ST./DURHAM ST.**

General Committee for the Town of Halton Hills will conduct a Public Meeting to examine and discuss a proposed amendment to the Halton Hills Official Plan and Georgetown Zoning By-law 57-91 to permit a chiropractic clinic with commercial/office uses.

The property is located on Guelph Street at Durham Street in Georgetown. The property has a municipal address of 80 Guelph Street, Town of Halton Hills (Georgetown).

Further information is available in the Planning Department.

ALL INTERESTED CITIZENS ARE WELCOME.

TIME: 7:00 p.m.  
DATE: Monday, January 7, 1991  
LOCATION: Council Chamber  
Halton Hills Civic Centre  
1 Halton Hills Drive  
Halton Hills (Georgetown)  
D09/SWEENEY  
(Formerly D14/O10/90)

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