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Financial planning guide from Chinese fortune cookies

By PAUL J. ROCKEL
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Recently, my wife and I enjoyed dinner at a local restaurant. We enjoyed our food, ate with chopsticks, drank Chinese tea, and at the end of the meal were served a couple of fortune cookies. Often the messages on the small bits of paper inside the cookie are ancient Chinese proverbs.

One read, "Value time over money. Only time cannot be replaced."

How true! Especially when it comes to planning for your financial future.

My wife's read, "You will have gold pieces by the bushel."

Well, we have waited a couple of weeks and the bushel of gold pieces hasn't arrived yet! We don't buy lottery tickets ... maybe that is our problem.

Or maybe the two proverbs bear a common message. If you are a young person and use the time to your advantage, then you can have "gold pieces by the bushel."

Many people in their late teens and twenties that I speak with don't ever think about future retirement or retirement income, don't think they will ever have a major illness, and never think about the fact that sooner or later they will die.

Therefore, in their youth often have no long term savings program. Many say 10 or 20 years from now is soon enough to think about retirement. There are many other things to spend money on now. They don't plan to fail, they just fail to plan.

There are only two ways to

earn money. One is "person at work" the other is "money at work." When you get older and are not "person at work" you'll be in big trouble unless you have "money at work."

There are three things that affect the ability to have "money at work." These are, amount of money, time, and rate of return. The most important is time!

Here are interesting examples of the effect of time on your savings. If you are 18 years old and are able to save \$2,000 per year until the age of 25, then stop and don't save any more. At an annual rate of return of 15 per cent (some mutual funds have exceeded that return over the long term) you would have a value of \$7,353,828 at age 65.

Let's say a young person doesn't start to save until age 25 and then saves \$2,000 per year until age 65. At the same rate of return the value at 65 would be \$3,558,252.

The first young person saved a total of \$16,000 and the second young person saved a total of \$80,000. But, at age 65 the first person would have more than twice the value, \$7,353,282 compared to \$3,558,252.

Time and the "magic of compounding" is by far the most important part of the wealth accumulation process.

Sounds great! But, how do you do it?

PAY YOURSELF FIRST!

It's not what you earn that counts, but what you keep for yourself. In my, many years in the investment industry I have run across many people who gave the appearance of wealth, and in



IT'S YOUR MONEY

Paul J. Rockel

reality had next to nothing. They were earning big incomes, but were spending it as fast as they could earn it. They were making regular payments on things like cars, stereos, TV's, and vacations. Although they "owned" these things, they were actually decreasing in value as they were paying for them.

Guess who were the happiest? You're right. The savers. They could see their financial lot improving. In most cases members of the family were much happier. The spenders were often dissatisfied, always wanting more things, but never seeing themselves as out of debt. The things that they loved to have would lose value and have to be replaced.

DO YOU PAY YOURSELF FIRST?

There is an easy, almost painless way to do it. The savers will save through a PAC. That stands for Pre-Authorized Cheque. Many of us use PAC's to make monthly payments on our homes. The bank or trust company, once authorized, sends the prescribed amount to the mortgage holder every month. We should do the same with our "pay yourself first" savings, and invest those regular payments.

You can invest as little as \$30.00 per month in a mutual fund through a PAC.

Then, maybe, "You will have gold pieces by the bushel."

For an example comparing how a monthly PAC in a mutual fund and a 10 per cent investment has grown over the years, contact Peter C. Masson, Regal Capital

Group, 10 Fagan Drive, Georgetown, Ont., or phone 877-7216.

Paul J. Rockel is the author of the best seller "Why I Invest in Mutual Funds" and Chairman of Regal Capital Planners Limited, a 24-year-old financial planning company with offices from coast to coast in Canada.

Students can benefit from savings plan

"About 6,000 college and university students can expect to receive cheques this scholarship season, totalling \$12,000,000.00, announces James P. Renahan, president and chief executive officer of the non-profit Canadian Scholarship Trust (CST) Foundation.

"With our basic scholarships averaging \$2,200," adds Renahan, "the real cost of higher education is substantially reduced for these students."

"Besides being the oldest and largest RESP, what makes CST better," says Tom O'Shaughnessy, treasurer for CST Foundation, "is that it is the only non-profit Foundation that owns and controls the distribution and administration of its Plan. As a result, surplus generated by the Foundation is donated to students in the form of higher scholarships."

To date, the Foundation has

returned more than \$212,000,000 to parents and children to assist in the college and university education of over 36,000 students.

To receive scholarships, students must be enrolled in the CST Plan. Deposits can be made on a monthly, annual or lump-sum basis. Monthly plans start as low as \$9.75 per month. Once the CST savings are completed, and the agreement matures, the investor receives the principal in time to assist with the student's first year of post-secondary studies.

Students become eligible for a scholarship on entry to each of the second, third and fourth year levels of university, post-secondary technical and community colleges.

For further information, contact: Wanda Wegman, Supervisor, Corporate Affairs, Tel: (416) 445-7377, FAX: (416) 445-1708.

Prices effective thru Saturday October 5, 1991

We reserve the right to limit quantities to normal family requirements. Coupon items limited to two.



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Sealtest Cottage Cheese

500 g CONTAINER

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PRODUCT OF SWAZILAND, GOLDLAND LABEL

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REGULAR OR SKINLESS & BONELESS

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WITH THIS COUPON
WHITE ONLY LARGE PACKAGE OF 24 ROLLS
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LIMIT: 1 package per coupon. LIMIT: 2 coupons per customer. Offer valid Sept. 30 - Oct. 5, 1991. (Feature price without coupon 4.99) S.C. #623

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