

## Decision time on Registered Retirement Income Funds

People who are turning 71 must make an important decision about how to convert their Registered Retirement Savings Plan (RRSP) into a source of income. The choice they make is crucial because the result will likely be their primary source of income during retirement.

Traditionally, investors have had two options: either withdraw all their money in cash, or convert their RRSP into a life or fixed term annuity. Withdrawing was less attractive because most people would be taxed heavily. So, the majority of people chose annuities. "Life" plans that guaranteed them a regular income for the rest of their life. Some annuities also offered guarantees for a fixed period so that if the investor died, payments would continue to be made to his/her estate.

However, most annuities don't protect against inflation. The buying power of people who convert their RRSPs into annuities shrinks each year.

Since 1986, the situation regarding retirement income options has improved dramatically with Registered Retirement Income Funds (RRIFs) emerging as one of the best vehicles to handle investors' retirement income needs.

A RRIF is a contract that provides periodic payments to the investor from the starting date until the investor reaches age 90. For many years, RRIFs were unpopular because their rules were inflexible. Then, after the federal government loosened the rules, many people began converting their RRSPs into RRIFs instead of annuities.

Under the new rules, investors can own more than one RRIF. As well, there is no limit on the amount investors may receive from their RRIF each year. However, they must withdraw a minimum amount calculated by their current age subtracted from age 90 (see below). Another RRIF advantage is that investors can begin receiving payments from the RRIF immediately after purchasing it rather than being obliged to wait until the next calendar year. Also, a RRIF continues to allow investors to accumulate funds tax-free until they are withdrawn.

Here is how RRIF payments work. Each payment investors receive is a fraction of the value of the investor's capital at the start of the year. This fraction is equal to one divided by the difference between your age and 90. So, if you have a plan valued at \$300,000 and you are 70 years old, the payment you will receive is 1/20th of the fund or \$15,000. This is the minimum annual payment in that year. It can be higher if you wish, but withdrawing too much money too soon can deplete your funds and the excess is subject to a withholding tax.

While a disadvantage of a RRIF is that investors must exhaust all the funds' money by the time they turn 90, the advantages a RRIF can make is far more attractive than an annuity.

Consider two of them. First, a RRIF offers a wide and varied range of investment choices. Unlike an annuity, which is based on fixed income returns, a RRIF can be invested in growth or balanced investments, such as mutual funds.

Second, a RRIF with growth producing investments will surpass annuities in generating income and compensating for inflation. Suppose at 60 you bought a \$100,000 annuity invested at 12 per cent over 30 years. You would receive \$12,414 each year until you reached 90 and your cumulative total would be \$372,000.

On the other hand, if you had bought a RRIF with the same principal investment of \$100,000, also invested at 12 per cent, you would receive \$3,333 in the first year. Since less money is withdrawn in the early years of the RRIF, more money is left to compound and grow tax-free in the following years. By the 10th year, you would receive \$9,610. By the 20th year, \$32,057 and by the 30th year, over \$135,000. Over 30 years, you would receive a total of \$963,000, 2.6 times as much as the annuity.

Now, let's assume that inflation remains at five per cent during the next 30 years. That means the final \$12,414 annual annuity payment would actually be worth only \$2,870 in 1989 dollars. By comparison, the RRIF's final payment of approximately \$135,000 would be worth \$31,200 in con-



**IT'S YOUR MONEY**  
Paul J. Rockel

tant dollars.

With this in mind, think what would have happened if you had

invested your RRIF in a mutual fund that has the potential of yielding an average of 15 per cent a year. During 30 years, you would receive a return of \$1.8 million.

Talk to an investment specialist to discover how an RRIF can be tailored to fit your retirement income needs.

For a free long term comparison between an equity

mutual fund RRIF and an RRIF investment earning 10 per cent contact Peter C. Masson, 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 President of Regal Capital Planners Limited, a 24-year-old financial planning company with offices from coast to coast in Canada.

### AN INVITATION TO COMMENT ON THE ENVIRONMENTAL ASSESSMENT FOR THE PROPOSED ACTON QUARRY LANDFILL THE ENVIRONMENTAL ASSESSMENT ACT SUBSECTION 7(1) NOTICE OF COMPLETION OF REVIEW

An environmental assessment has been submitted by Reclamation Systems Inc. for the proposed construction and operation of a landfill in the Acton Quarry. The proposal is a landfill to receive non-hazardous solid waste and includes a plan to construct and operate a sewage treatment facility at the site which will discharge treated leachate into Black Creek. The Acton Quarry is owned and operated by United Aggregates Ltd. and is located on Part Lots 22 and 23, Concession III and Part Lots 21, 22, 23 and 24, Concession IV, Town of Halton Hills in The Regional Municipality of Halton.

Before a decision is made on the acceptance of this environmental assessment, you have the right to submit comments on the proposed undertaking, the environmental assessment and the review documents. You also have the right, subject to the discretion of the Minister, to require a hearing.

#### HOW DO YOU GET THE INFORMATION YOU NEED?

You may inspect the documents during normal business hours at the following Ontario Environment Ministry offices:

Environmental Assessment Branch  
5th Floor, 250 Davisville Avenue  
Toronto, Ontario M4S 1H2  
(416) 440-3450

Halton-Peel District Office  
Suite 401, 1235 Trafalgar Road  
Oakville, Ontario L6H 3P1  
(416) 844-5747

Copies are also available at the clerks' offices of The Regional Municipality of Halton and The Corporation of the Town of Halton Hills.

Please submit your written comments and/or requests for a hearing so they are received no later than January 17, 1992.

Send them to:  
Proposed Acton Quarry Landfill  
Environmental Assessment  
Ruth Grier  
Minister of the Environment  
15th Floor  
135 St. Clair Avenue West  
Toronto, Ontario  
M4V 1P5

All submissions received by me will be forwarded to the Joint Board for their consideration at the hearing mentioned below. Comments on the undertaking, the Environmental Assessment, and the Review may also be submitted directly to the Joint Board at the hearing.

#### PUBLIC HEARING TO BE HELD

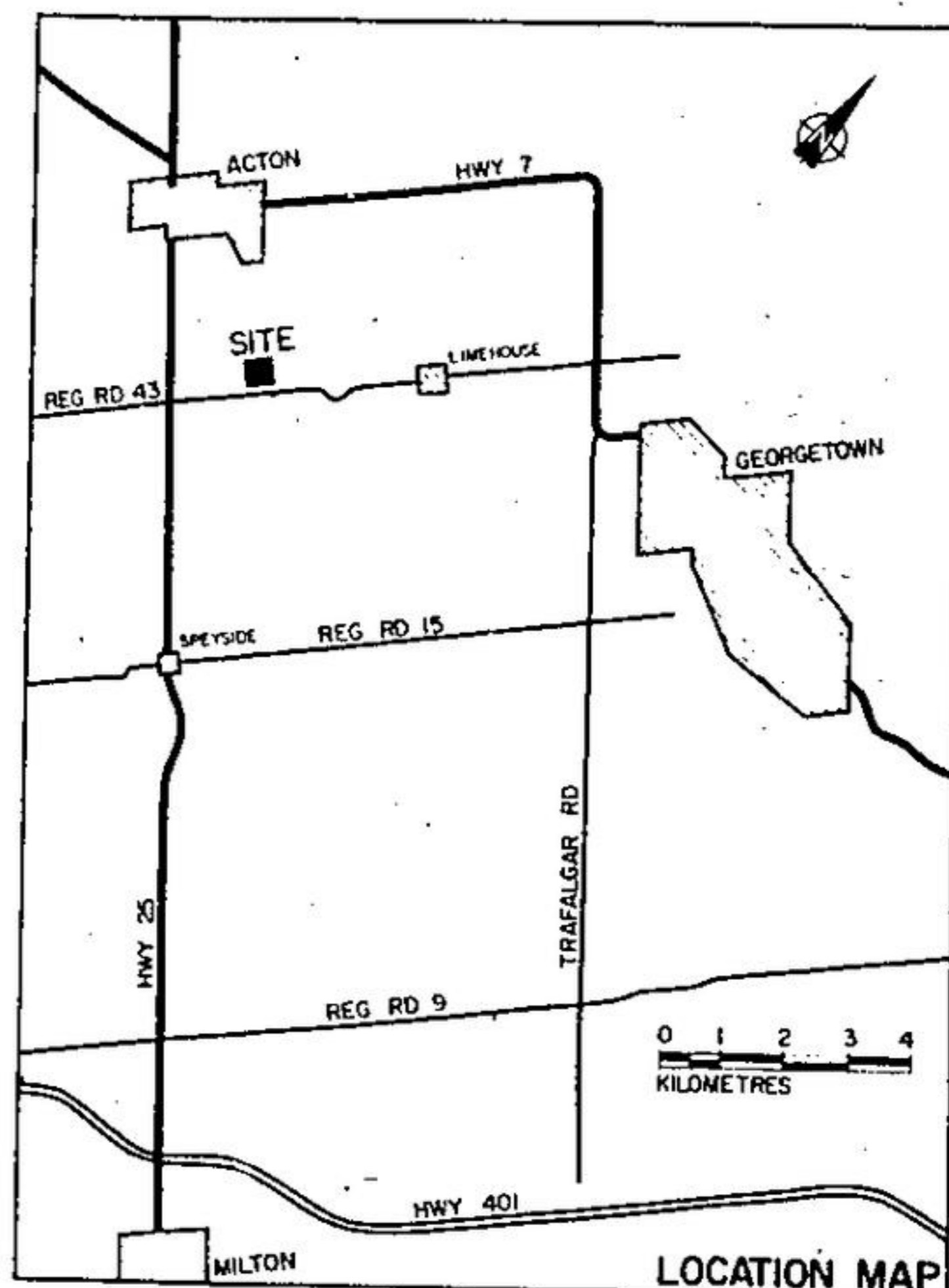
The undertaking will require approvals under several statutes if it is to proceed and the Proponent has requested a hearing under the Consolidated Hearings Act. The Joint Board will issue a Notice giving the Hearing's date, time and location. Anyone who wishes to make submissions to the Joint Board should note the Board's requirements when the Board issues its notice. Any person requiring more information on the hearing should contact:

Mr. James Curren  
Hearings Registrar  
Office of Consolidated Hearings  
2300 Yonge Street, 12th Floor  
Toronto, Ontario  
M4P 1E4



Environment  
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Ruth Grier, Minister



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### YOUTH APPRECIATION WEEK PROCLAMATION

WHEREAS, the vast majority of the youth are concerned, knowledgeable and responsible citizens, and

WHEREAS, the accomplishments and achievements of these young citizens deserve the recognition and praise of their elders, and

WHEREAS, Optimist International has since 1954, developed and promoted a program entitled Youth Appreciation Week, and

WHEREAS, the citizens of Halton Hills, Ontario have indicated a desire to join with the Optimists in expressing appreciation and approval of the contributions of the youth, I, Russell Miller, Mayor of Halton Hills, therefore proclaim the week of November 25th-November 29th as YOUTH APPRECIATION WEEK in Halton Hills, Ontario. By this action, let it be known that we have faith in the ability of today's youth as they assume responsible roles in the future of mankind.

