

# It's your money

**By Paul Rockel**

By now, almost all Canadians have their refund or assessment from Revenue Canada for their 1991 income tax return and in the box on the top of the right hand side it indicates how much they can contribute to an RRSP this year.

If you are not unemployed or otherwise a victim of the current recession, what are you going to do?

Some will say, I won't contribute this year, things are too uncertain, others will contribute less. The daily papers, radio and TV only report the bad news and there has been a real bad news overload in the last few months. It is understandable that there is a lot of uncertainty in people's minds.

One reason among many to contribute to an RRSP is that it gives a tax break. There are three main combined Federal and Provincial tax rates. The marginal rates of tax (this is the amount of tax for each dollar that you earn above the following amounts) are: at taxable income up to \$29,590, 25.6% between \$29,591 and \$59,180, about 41% and above \$59,181, approximately 47% to 50%.

Therefore for each dollar that you contribute to your RRSP your tax saving ranges from 26 cents to 50 cents.

Do you know that you can get this saving every pay check, rather than wait until you file your tax

return? Talk to a financial planner about this.

Another compelling reason to contribute is to get the effect of the most time possible for your savings to compound and grow. The new RRSP rules allow you to carry forward your annual RRSP contribution for up to seven years, however it is not such a good idea. You lose those years when savings could be growing and it can add up to a whole pile of money at retirement.

If you are 35 years old and invest \$2,000 per year at 12% in your RRSP (many mutual funds have done that or better over the long term), at age 65 you will have \$482,665. But if you delay starting those contributions for 7 years, with the same rate of return, at age 65 you will have only \$209,206.

Less than half the amount! We live in a do-it-yourself age. And ... for some things it is very important to do-it-yourself. Maybe a professional can drive a nail faster and straighter, but once it is driven even by you or me it should hold just as well, no matter who had the hammer.

But, in the field of finances and RRSP's it isn't that simple. True we may think that we know a great deal about how to invest our savings, but can we know as much as the professional, who spends all of his working days looking and analyzing the best ways to invest, and seeks the advice and counselling of

other full-time advisors?

We doubt it!

Placing our RRSP savings into the hands of professional managers just might mean that we will have a much better rate of return, and retirement benefit, than if we try to do it ourselves. This writer believes that the "professional management" that is found in many mutual funds have proven over the past many years to be the "best" way to invest your monies, whether they be RRSP savings or "just plain" sav-

ings. It appears that most of the rest of the world agrees that mutual funds have proven to be the best, because the banks, insurance companies, trust companies, stock brokers and even some credit unions have jumped on the "mutual fund bandwagon", whereas, not too many years ago, they mostly "ignored" the mutual fund concept (and even ridiculed it).

Maybe it is time for you to consider professional management of your RRSP.

For a free long term comparison between an mutual fund RRSP and an RRSP investment earning 10% contact Peter C. Masson, 10 Fagan Drive, Georgetown, Ont. or phone 877-7216.

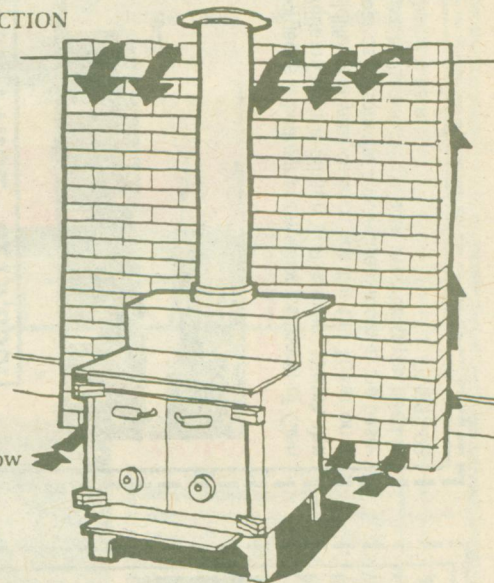
Paul J. Rockel is the author of the book "Why I Invest in Mutual Funds", a director of the Investment Funds Institute of Canada, and Chairman of Regal Capital Planners Ltd, a 25 year old financial planning company with offices from coast to coast in Canada.

## Enjoy a wood stove safely!

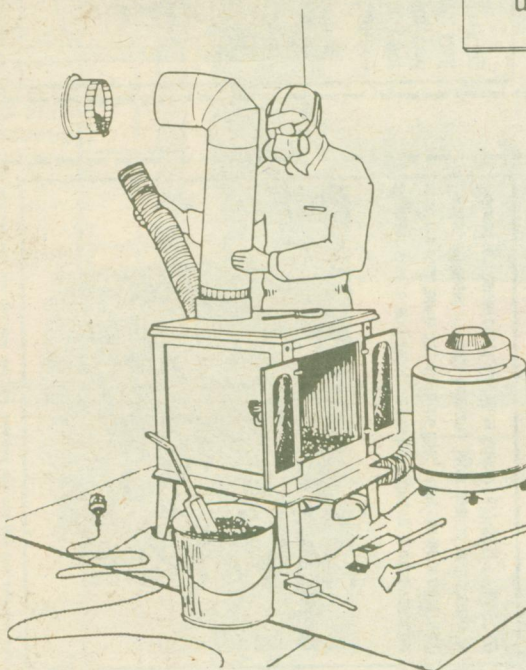
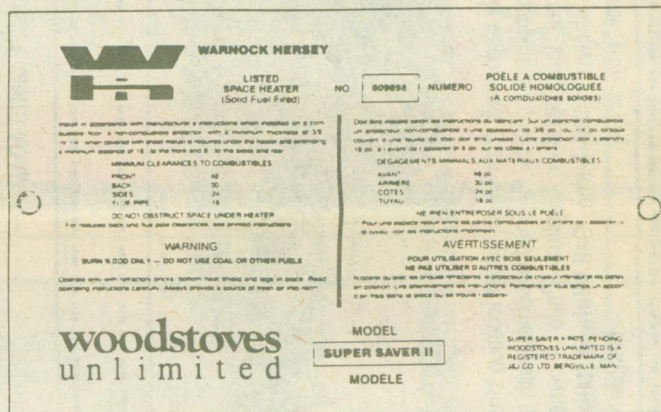
A **Building Permit** is required by law when installing a wood burning appliance.

A Building Department Official will **inspect** for proper installation.

MASONRY WALL PROTECTION



Use only **Approved** and **Tested** wood burning appliances which are **properly labelled** as such.



Have your chimney cleaned and inspected at least once a year by a **competent** and **reputable** chimney sweep.

For more information on woodstove safety call the Halton Hills Fire Department at 877-1133, Fire Prevention Division.

For more information on woodstove installation call your Municipal Building Inspector at 873-2600



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