

Money Management with Steve Dafoe

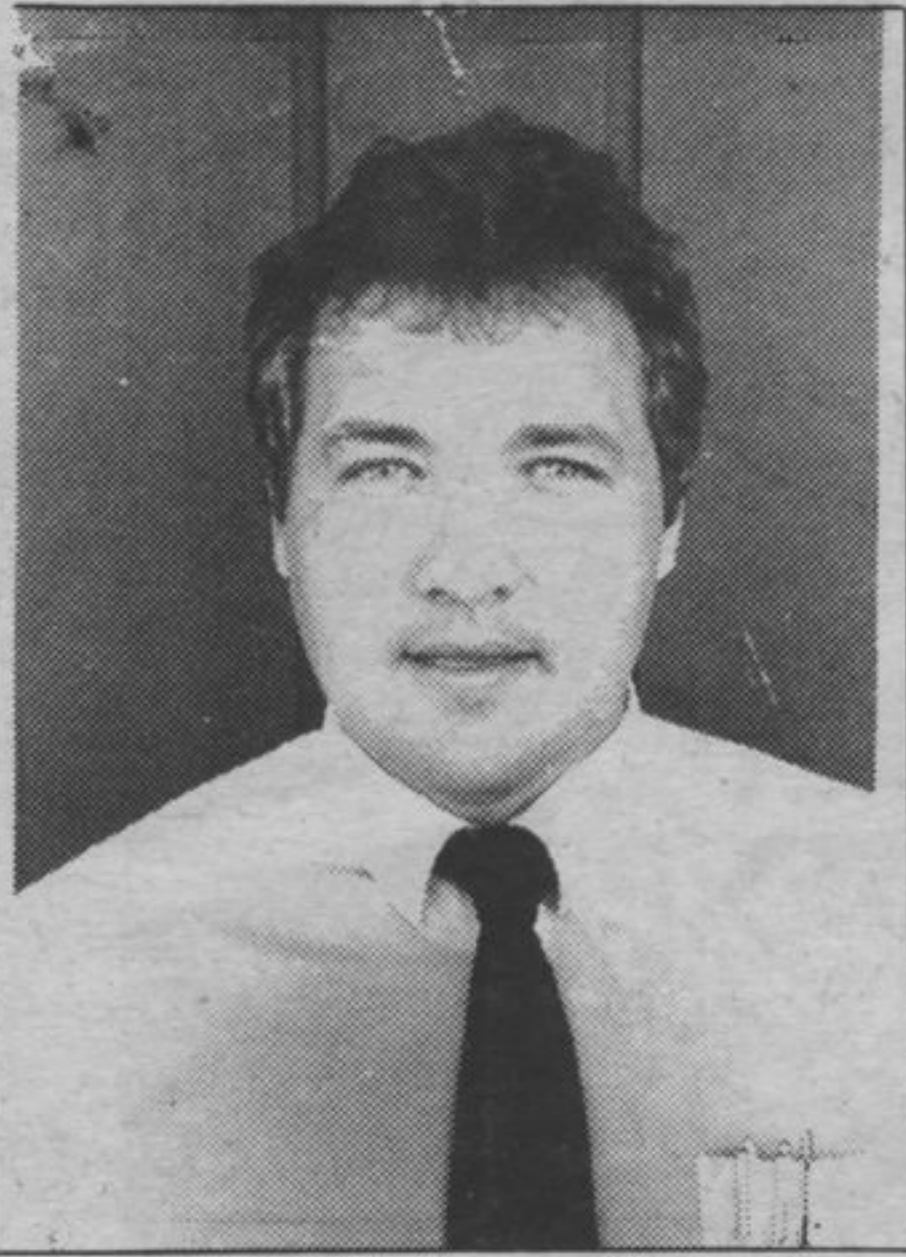
Steve Dafoe is a financial planner with Mutual Life and Mutual Investco of Canada.

He is qualified by degrees in finance, economics and political science. Dafoe was appointed to service the Terrace Bay-Schreiber communities.

He believes the information provided in these articles is an integral part of money management and he hopes that it will provide what he believes is an important service to people in our area.

If you have any questions or would like to write concerning these articles, please contact the News at 825-3747 or write to the News, P.O. Box 579, Terrace Bay, POT 2WO.

Steve Dafoe



Insure your child now

A change to the Income Tax Act in 1982 may help you in your insurance program. You can now buy a life insurance policy on a child and later assign the ownership to the child with no tax consequences.

Prior to the change, if a life insurance policy was transferred to a child, the transfer would trigger tax if the policy had a taxable gain.

If the policy had been in force for some years, then the transfer could be expensive. The legislation has been amended to permit the transfer of a life insurance policy (not an annuity) from the policy holder to the policyholder's child, for no consideration.

The transfer can be made on a tax free basis. This means the policy will be transferred at the cost basis of the owner and taxation will only arise when the new owner disposes of the policy.

The transfer will be permitted where a child of the policyholder or a child of the spouse, is the person whose life is insured in the policy.

There is, however, one tax warning which should be noted. If you transfer property to a minor, then any income from the property will be attributed to you while the child is a minor.

As a consequence, if a life insurance policy were assigned to a minor and surrendered while the child was a minor, then any gain in the policy would be attributed to the assignor.

However, if the child had attained age 18 at the time of the surrender, then any gain in the policy would be reported to the child.

It would appear the revised legislation presents insurance planning opportunities.

You could purchase a life insurance policy on your child at a young age and transfer the ownership when the child is mature. The policy could then remain in force and the child would have the advantage of the low premiums associated with purchasing the insurance at a young age.

Alternatively, the policy could be cashed in with the proceeds used for education for other worthwhile purposes and the taxable gain would be reported to the child.

The child would be responsible for the tax, likely at a lower rate than if it had been reported to you.

"I too have flown hundreds of miles over our forests, and have worked in them; I couldn't agree more..."

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none and no one.

Only a year and-a-half ago, K-C put a scare into the minds of residents in five interdependent communities; Terrace Bay, Longlac, Geraldton, Nakina, and Aroland. Today, the Terrace Bay mill is running fine thanks to the strong leadership of Jack Lavallet.

But the company had to make changes in the woodlands operations to cut costs. Those effects have been felt in varying degrees from high to low by Nakina, Aroland, Longlac, and Geraldton.

The people in these towns cut and deliver the wood the mill consumes.

Past-reeve Ollie Chapman was

quoted on the front page article of your Nov. 4 issue as saying what she saw of cut-over areas on a recent helicopter ride as "makes you sick".

I too have flown hundreds of miles over our forests, and have worked in them; I couldn't agree more.

K-C laid off hundreds of workers in the woodlands, sawmill, and mill operations over the last 18 months- high costs.

Nakina was the home of K-C's Exton operations. They are shut down because the biggest portion of K-C's management limits are too far from "home"- wood deliv-

cry from there costs too much.

It can take 10 years before the effects of intensive economic diversification will be felt in a community after initiatives are started.

The day is gone where dependence on one industry can be justified.

It is up to the community's leaders to effect change for the future. Today it may all be hard to understand, but tomorrow it will be too late.

Doug Brydges
development commissioner
Geraldton.

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Perth's DRYCLEANING SERVICES

Specials Promotions For
FOR Nov. 23th to Dec. 5th

Plain Dresses	5.79
Comforters	5.79
Sleeping Bags	6.59
Sweaters & Blankets	3.19

NEW AGENT In Terrace Bay Lower level in the Post Office SEWING NOOK 825-9555

Travel Rest Trailer Park Schreiber 824-2617

NOTICE REMINDER

Members of Royal Canadian Legion Terrace Bay Branch 223 who have not yet paid their 1987 dues are strongly urged to do so before December 1987. If these dues are not paid, you will have to re-apply for membership.

Terrace Bay Bakery

We now have cake decorating. Place your orders for Christmas. Deadline is December 15, 87.

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