

How to find RRSP funds at home

DON ZANESKO
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The lament I hear most often in January and February is "Where can I find the cash for my RRSP this year?" Rather than commiserating, I generally counter with a few questions of my own. After chatting for a few minutes, we almost always manage to dig up a few extra dollars, and sometimes more than a few.

The first place I look for funds is the household budget. And the first question I ask is what would happen if \$10 were automatically deducted from your savings or chequing account each week and

deposited to an RRSP? After a bit of humming and hawing, most customers admit it probably wouldn't be noticed. They almost always have extra cash on deposit. But that's \$520 a year (\$10 times 52 weeks) and it's a great way to put some muscle into your RRSP savings program.

Then I ask if there is any way you can cut down on your spending. Again, with a little bit of prodding, almost everybody comes up with something. Maybe it's a new piece of furniture or a few evenings out at a restaurant. I have even had a few give up smoking. More often than not, this frees up another \$400 or \$500, sometimes more.

Now The Easy Part

These first two questions are the painful ones. The others are usually more to everyone's liking.

Next I focus on savings outside your RRSP. Have you been buying Canada Savings Bonds (CSBs) on the payroll savings plan? Do you have a small emergency fund around? Maybe you have a GIC or a term deposit. And what about the money in your savings account? Many accounts never drop below a few thousand dollars, even though they may be earning interest at only 4 or 5 per cent.

Most of my customers haven't thought about selling their GICs or CSBs and using the cash for an RRSP. But after dis-

cussing the tax advantages of an RRSP and explaining that they can cash in certain types of RRSPs practically on a moment's notice, we usually find at least another \$500, sometimes a lot more.

If this kind of flexibility doesn't convince you to switch your GIC or CSB funds into an RRSP, then showing how much tax you'll pay on your CSB and GIC interest should do the trick. After all, why not earn that interest tax-free inside an RRSP? Don't forget that, beginning in 1988, you can no longer earn up to \$1,000 of Canadian interest free of tax outside your RRSP.

Finally, I ask about windfalls — maybe an inheritance or the odd lottery win (even if it is only \$5 or \$10). Or perhaps an insurance refund or even your tax refund. Think back on the 'found money' that just dropped into your lap over the past year: money that you didn't expect to receive. Maybe it's only \$100, but maybe it's \$1,000 or even more.

Regular Saving is Best

The best, and least painful, way to make RRSP contributions is to budget for them. In fact, you might want to treat your RRSP like the electricity or telephone bill — you have no choice but to pay it every month. At the beginning of the year, decide how much you want to contribute to your RRSP and then arrange for a specific amount to be deducted from your savings account every month and deposited directly into your RRSP.

Bear in mind when you see these withdrawals on your account statement that it is these extra RRSP dollars that will let you do what you have always dreamed of when you finally retire. Don Zanesko is manager of the Markham branch of Standard Trust.



Photo: ROGER CARLSEN

OFFICIALLY OPENED: Markham Mayor Carole Bell was on hand recently for the official opening of Countrywide Uni-Mark Realty Inc. in Markham. Shown here (from left) is Paul Freer, vice-president and co-owner of Countrywide Uni-Mark Realty Inc.; Diane Woodcock, co-owner of the Markham franchise; Bill Croft, the firm's president; Mayor Bell, Bob Reynolds, broker, and Bo Jensen, also a co-owner of the local franchise. Mississauga-based Countrywide is currently expanding with offices scheduled to open in the Metro Toronto area.

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