

Time is on the side of young investors

If you're fresh out of university or college and in your first job, you're in a great position to ensure that you remain financially independent in retirement.

Most financial planners will tell you that you've got time on your side, and you can make it pay off in a big way through a registered retirement savings plan.

Benefits of investing

There are two big benefits to RSPs. They reduce the amount of income tax you pay today, and allow the earnings produced to accumulate tax-free until withdrawn, preferably when you're retired and in a lower tax bracket. By starting early, the process of saving for your retirement can be virtually painless.

Since you have many income-producing years ahead of you, you can make the most of the power of compound growth. This is simply the process by which money, when continuously re-invested, makes more money.

Let's say you contribute \$360 at the end of the year into an RSP that earns a compound growth rate of eight per cent. For the price of a cup of coffee a day, you'll have accumulated more than \$100,000 at the end of 40 years.

Chances are, you'll be able to contribute much more over your lifetime.

After you file your tax return

for the previous year, you'll receive a notice of assessment from Revenue Canada that

• Review your RSP portfolio and make sure your investments provide a reasonable rate of return. If they're not, consider some changes.

your RSP, you should do so. Consider holding interest-earning investments in your RSP to shelter the income earned. Hold dividend-paying investments outside your RSP because of the favorable tax treatment given to dividends and capital gains.

This article was submitted by the Royal Bank Financial Group.

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With so many options available — GICs, mutual funds, stocks, bonds and so on — you can create a balanced portfolio that provides a healthy return and is safe and stable.

• If you have used up all your deduction limit and can invest outside

reports your current RSP contribution limit. This way, you'll know how much you can put in each year.

You can make life easier by breaking your contributions down into smaller amounts.

Automatic contribution plans

Many financial institutions have automatic monthly contribution plans that deduct a set amount from your savings or checking account and place it directly into your RSP.

Some RSP tips for investors:



Investment Insight

Q: Last year I contributed \$5000 to a Working Ventures Fund and received \$2000 in Federal and Provincial tax credits over and above my regular RRSP tax savings of \$2500. (Total: \$4500). I have been told that the last budget capped these venture funds. Can you confirm this please?

A: When you say "Working Ventures Fund" you are describing a brand name labour sponsored fund. In fact, there are over 15 labour funds in Ontario offering generous tax credits to investors. If you invest \$3500 in an RRSP, not only will you get your regular RSP tax deduction but you will also be granted \$1050 in additional tax credits. (last year the credits were 40% on a \$5000 investment, this year they are 30% on a \$3500 investment) Finally, Working Ventures Canadian Fund has temporarily halted sales, but there are many other very good labour funds available to you, including the Vengrowth Fund, C.I. Covington and Canadian Medical Discoveries to name a few.

You can fax your questions to *Investment Insight* at 294-8880 or call Dan Galszechy or John Niekraszewicz of Fortune Financial Corp. Markham, 294-1200.

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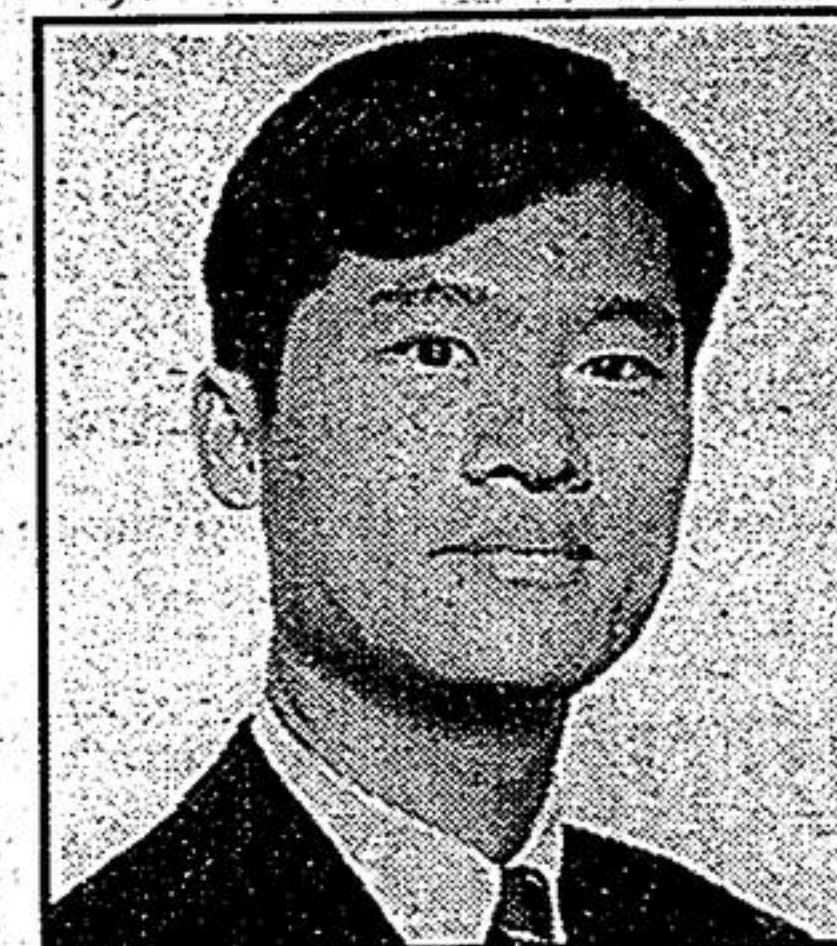
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INCOME TAX SAVINGS PER \$3,500 CONTRIBUTED TO RRSP

Taxable Income ⁽¹⁾	Investment	RRSP ⁽²⁾ Tax Savings	LSIF ⁽³⁾ Tax Credits	Total Tax Savings	After Tax Cost of Investment
\$ 29,591	\$ 3,500	\$ 1,447	\$ 1,050	\$ 2,497	\$ 1,003
\$ 50,934	\$ 3,500	\$ 1,549	\$ 1,050	\$ 2,599	\$ 901
\$ 66,104	\$ 3,500	\$ 1,852	\$ 1,050	\$ 2,902	\$ 598

(1) Taxable income means gross income less income tax deductions allowed by law in various provinces. (2) RRSP tax savings means tax savings attributable to an RRSP eligible investment, assuming the marginal rate applies to the full amount of the deduction (based upon 1996 tax rates). RRSP tax savings are available on any RRSP eligible investment and tax is payable on all amounts withdrawn from RRSPs. (3) LSIF tax credits include 15% federal and 15% Ontario tax credits.

For information, please call:

(416) 362-2930, ext. 246
1-800-407-0287, ext. 246

Important information about Triax Growth Fund Inc. is contained in its prospectus. Obtain a copy from a dealer duly qualified and licensed to distribute these securities and read it carefully before investing. Share value and investment return will fluctuate.