

THE LOST COTTAGE

The cottage was a wonderful place - the lake front, the trails through the woods, the loon's song, and crackling fires in the fall. As kids, we practically grew up there. Every year we stayed there from early spring to late fall; it was like a second home. Dad wasn't interested in finance and was certainly very private about anything money-related. He never could have imagined the distress it caused us all years later when we were forced to sell our favourite place.

Dad died in 1990, leaving everything to Mom. Mom's closest brother helped her do the final tax return. All of Dad's assets were rolled to Mom at Dad's original cost. The house in the city was the principal residence and there were no capital gains to pay. However, it was when Mom died that it hit us. Dad's \$100,000 capital gains exemption was never used and in 1994 when the \$100,000 capital gains exemption was discontinued, Mom's was used with the stocks she had. The cottage had increased from the original \$16,000 in 1971 to \$250,000 last year. That meant a capital gain of \$234,000, whereof \$175,500 was now taxable and the stock had risen to \$153,000 from \$43,000.

There wasn't much liquidity in the estate, and Mom had bequeathed the city house to my sister. Since there was no deduction to be made against the capital gain on the cottage, the tax had to be paid. To raise the cash to pay that tax, we chose to sell the cottage. Our own kids, who had enjoyed the summers at their grandparents' cottage as long as they can remember, just couldn't believe that we had sold the summer home to strangers!

This scenario was relayed to me recently. It is, unfortunately, fairly common and could happen with ski chalets or any other "second property". Many parents want to pass on such property to their children, and would like to protect it from forced liquidation to pay the capital gains tax. There are two ways to do this. The first one is to save enough cash to cover future taxes payable and pay tax on the interest earned during this accumulation. The second is to take out a life insurance policy in an amount that will adequately cover the future tax. Since the value of assets are more likely to rise than to fall, a policy that will grow in value will probably be the best choice. In some cases, children are paying the premiums for these policies as they will ultimately be the ones to benefit. In fact, some children pay life insurance premiums on their parents instead of doing personal RSP's. This may sound morbid but in some cases, the numbers speak for themselves.

If you, your parents, friends, or colleagues, are likely to be faced with a situation such as this, we encourage you to attend our seminar where we'll further our discussion on more invaluable estate planning techniques.

DATE: Thursday October 23, 1997

TIME: 7:00 p.m.

WHERE: Sleepy Hollow Golf & Country Club, Stouffville, Ontario - 10th line, West Side, between Bloomington & Stouffville Sideroad

R.S.V.P.: (905) 642-4540

Copies of "You Can't Take It With You" written by Sandra E. Foster will be available at the seminar free of charge, however, if you'd like a copy in advance, please call and arrange to come in a pick one up.



Carol Clements

Down-to-earth financial management.

MONEY CONCEPTS
The Money Management People

905-642-4540

6132 Main St., Stouffville

Affiliated with Money Concepts Group Capital Corp.



Signy Lawson
MBA

LIQUIDATION WORLD

Drop In
And Check Out Our
Tricks & Treats
For Halloween

.49 - \$4.99

WE WILL SCARE YOU WITH OUR SAVINGS

\$16,000,000 BANKRUPTCY
LIQUIDATOR FOR BANKS, INSURANCE COMPANIES & OTHERS

BELOW WHOLESALE

Wide selection of sofas, loveseats, chairs, recliners & more. Mattress & boxsprings too! Selection may vary



\$5,000,000 INVENTORY

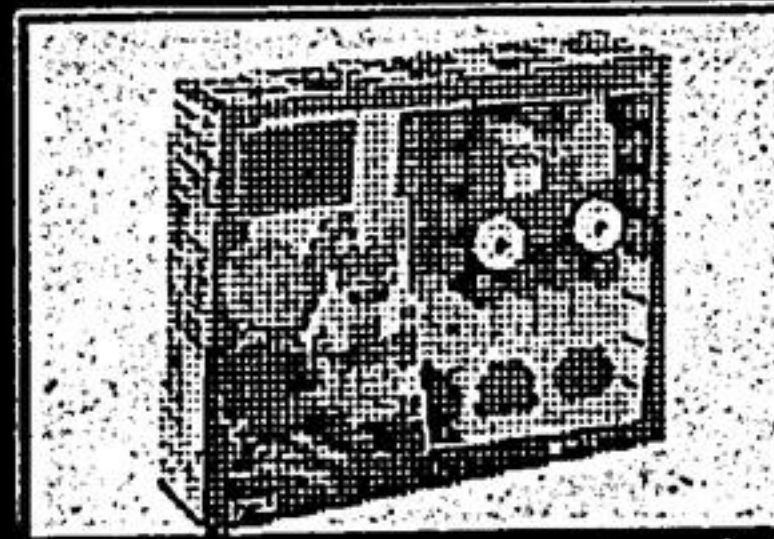
Several major paint manufacturers made too much stock. With these savings you can paint the town any color. Latex oils & accessories. Tinting Available



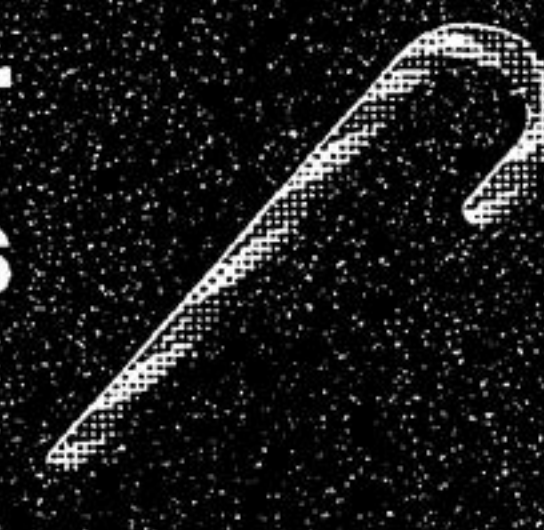
CANCELLED ORDER

\$1,000,000 children's large building blocks.

SAVE 40-50%
off reg. retail.
Over 30 styles & sizes to choose from.



Beat The Rush
Start Your
Christmas
Shopping
Today



3 STYLES OF
EXERCISE
MACHINES

\$89⁹⁹ TO
\$129⁹⁹

FOR THE KIDS

TABLE & WOODEN
PLAYHOUSE CHAIR KITCHEN
SET SET SET

\$99⁹⁹ \$19⁹⁹ \$24⁹⁹

LADIES BLACK
PUMPS

\$9⁹⁹

EXTRA LARGE
HOCKEY BAGS

\$28⁹⁹

8 PC. GLASS DESSERT SERVING SET
7 PC. SPICE JAR SET
8 PC. SALAD SERVING SET

\$19⁹⁹ \$9⁹⁹ \$24⁹⁹
ALL WITH WROUGHT IRON RACK INCLUDED

FANTASTIC
SELECTION OF
BEAUTIFUL PICTURE
FRAMES AND PHOTO
ALBUMS

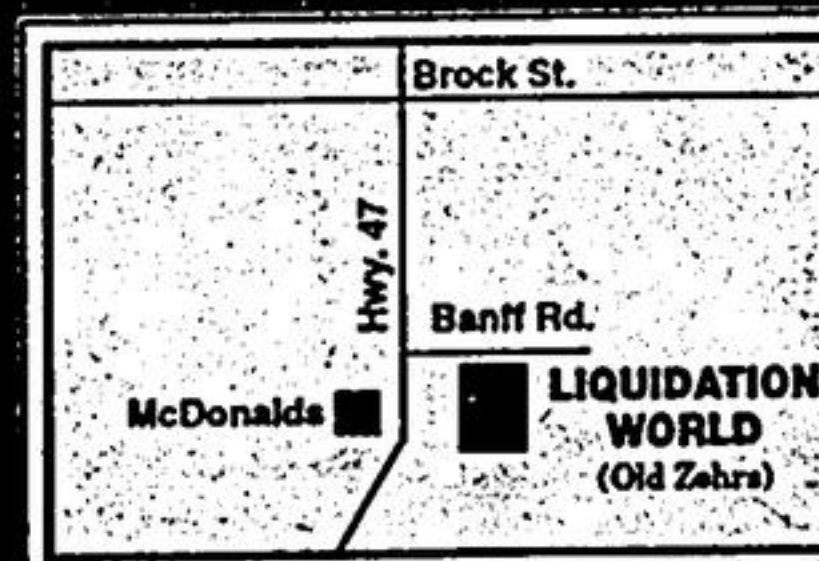
\$1⁹⁹ - \$29⁹⁹

LIQUIDATION WORLD

(Old Zehrs) 4 Banff Rd.
(& Hwy. 47)

852-0677

Now 57 locations across North America



DUE TO THE NATURE OF OUR BUSINESS, WE ARE UNABLE TO ADVERTISE NAME BRANDS.

WE PAY CASH FOR DISTRESS INVENTORY
1-888-LIQUID8 (1-888-254-0843)

OPEN TO THE PUBLIC
MON. - FRI.

10 a.m. - 9 p.m.

SAT. 9 a.m. - 5:30 p.m.

SUN. 11 a.m. - 5 p.m.