

**BUSINESS AND FINANCE**

**Increase foreign content in RRSP**

Every spring you tell yourself that you're going to make your RRSP contribution early.

Contributing early is important because it takes time to assess your financial position and adopt a year-long investment strategy.

The following are some important steps to get the most out of your RRSPs:

**Contribute early.** Make your contributions as early in the year as possible.

**Contribute the maximum.** To get the best possible tax break, take advantage of the magic of compound interest and contribute to your full limit.

**Know your limit.** For the 1997 tax year, you can invest up to 18 per cent of your earned income for 1996, to a maximum of \$13,500 (less any 1996 pension adjustment and less past service pension adjustments).

Remember, while you can carry forward any unused contributions to subsequent years, you can never replace lost growth opportunity.

**Invest monthly.** It may be easier to reach your annual RRSP maximum by making regular monthly contributions.

These can be automatically deducted from your bank account each month,

or made through payroll deduction to a company group RRSP. It's also a good idea to step up your monthly contribution as your income increases.

**Borrow to increase your contribution.** Although you'll pay interest on the amount borrowed, the compound growth of your money over the long term can far outweigh the interest cost. Plus, you can use your tax refund to pay off a substantial portion of the amount borrowed.

**Invest in a spousal RRSP.** This strategy is good for couples who expect one person's retirement income to be lower than the other's.

A spousal RRSP allows the partner with the higher income to contribute to an RRSP in the name of the lower-income partner. The contributor gets the immediate tax break, but the money in the RRSP will be taxed in the spouse's hands, usually at a lower rate, when it is withdrawn.

**Diversify.** A balanced portfolio holds a mix of investments protecting you against the day-to-day fluctuations in any one investment category.

**Increase foreign content.** Many international mutual funds spread their investments over a variety of countries, currencies and market sectors. Investing in other countries increases diversification and can reduce risks associated with volatility in individual markets. You're allowed to invest up to 20 per cent of your RRSP in foreign holdings.

*This article submitted by Tim Whelan of the Investor's Group.*

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- Why you must make up all prior years' contribution room now!
- The Best 1998 RRSP Investments!
- All RRSP rule changes for 1997 - 98!
- How to add \$100,000 to RRSP values!
- Why women need to invest more and obtain better returns!
- Why most single women and widows end up poor!

**COMPLIMENTARY SEMINAR**

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