No limits on annual withdrawl when money is in RRIFs

Currently, there is no shortage of information available to individuals regarding the process of saving for retirement.

In contrast, they often lack sufficient knowledge of the details relating to the other side of the retirement equation – specifically, the most efficient ways to draw on their accumulated pool of registered savings.

Various options available

The options available to individuals looking to effectively fund their retirement through their own RRSP savings include: establishing and drawing from one or more Registered Retirement Income Funds, purchasing the income stream provided through one or more annuities or relying on a combination of these two options.

Depending on an individual, any of these alternatives may be the right choice. Accordingly, it is important to examine the relative merits and limitations of each of these options.

RRIFS share many of the same features as RRSPs, however, RRIFs are designed to work in reverse – you take taxable income withdrawals from them. The hallmark of a RRIF is the flexibility and control which it offers for investment, tax, estate and income planning purposes.

RRIF income can be custom tailored to meet specific needs and there is no limit on annual income withdrawals as long as they are equal to or greater than the minimum stipulated by Revenue Canada.

Eligible investments which can be held in a RRIF include qualifying equities, mutual funds or fixed-income securities.

However, it is strongly cautioned that securities are carefully chosen in order to provide both for returns that are sufficient to live on and to assure that capital will not be depleted at a rate which causes an individual to outlive their money.

The inherent drawback of RRIFs relates to the issue of guarantee.

Because a RRIF functions as a shell for holding eligible investments, it is subject to the same risks as RRSP investing.

Specifically, potential returns can be negatively affected by low interest rates, economic factors, general market conditions, bad investment choices, poor income planning, lump sum withdrawals and other management decisions which can have a major impact on income and capital.

A RRIF is a beneficial RRSP maturity option for those individuals willing to assume some degree of risk in return for the continued tax-free growth of funds within in the plan.

Another popular RRSP maturity option is an annuity.

Annuities are purchased through a front-end payment in order to provide a guaranteed income stream for life or over a fixed term.

Annuity income is determined by life expectancy, age, gender, health, amount invested and interest rates at the time of purchase.

The drawback associated with annuities relates to aspect of locked-in income amounts.

Annuities purchased during a low interest rate period lock individuals into a lower income level than if they buy an annuity when rates are high. The risk is that the purchasing power of locked-in income may not keep pace with rising inflation.

Annuities should be considered if an individual wishes to guarantee a set amount of retirement income, if there is a history of long life expectancy in their family or if they do not have dependents or heirs.

Depending on particular circumstances an individual may want to balance their retirement income plan with a combination of RRIFs and annuities. Bear in mind that funds from a RRIF can always be transferred to an annuity at a later date.

This article was submitted by Mark Kostandoff, from Midland Walwyn.

Three cardinal rules for proper retirement planning:
• make saving for retirement your second career
• tax planning should be a major consideration of a retirement plan
• review your personal situation and financial needs at least twice a year.
For financial planning & investment expertise contact
RAJ KHANNA at 416-403-1695 or 905-513-6633
T.W. AUSTIN INVESTMENT INC.

Is Your RRSP Measuring Up?
Size up the Midland Walwyn Self-Directed RRSP for instance. For a very competitive annual fee, our clients receive:
• Professional financial advice
• Access to a wide range of RRSP eligible investments
• Top-ranked Canadian and U.S. research
• A detailed quarterly account statement
• Complete flexibility and control over your account
If your present RRSP fails to measure up, perhaps it's time to call Mark Kostandoff, Financial Advisor to set up a complimentary portfolio consultation. 1 800 644-4480
Serving Markham, Stouffville and Uxbridge
Sponsored in part by Fidelity Investments
MIDLAND WALWYN BLUE CHIP THINKING® CIPF www.midwal.ca
If you're not getting Blue Chip Thinking, just what kind of thinking are you getting?

Do You Have a Variable Rate Mortgage?
And are you tired of paying prime?
Variable rate guaranteed for 5 years to always be ½% below prime
Prime MINUS MORTGAGE
Let's compare...

Royal Bank	6.5%
Bank of Nova Scotia	6.5%
Bank of Montreal	6.5%
Canada Trust	6.5%
TD	6.5%
National Bank	6.5%
Sun Life Trust	6.0%

Local (416) 408-6628 Toll Free 1-888-746-8825
Mon. - Fri. 9:00am - 9:00pm Sat. 10:00am - 4:00pm
Sun Life Trust
*Rates subject to change without notice.

GARTH TURNER'S RRSP GUIDE
1998 RRSP GUIDE
RRSP STRATEGIES WITH GARTH TURNER
Exceptional advice for unsettled times
Garth Turner is a best selling author, nationally syndicated columnist, financial editor of BBS television.
T. W. AUSTIN Investments Inc.
Financial Seminar
FEBRUARY 19, 1998 at 7:00 P.M.
SHERATON PARKWAY HOTEL, 600 HIGHWAY 7 EAST & LESLIE, RICHMOND HILL
ADMISSION FREE (Reservations required)
REFRESHMENTS PROVIDED
for more information or to reserve, call (905) 513-6633, extension 236
OFFICES: MARKHAM - OTTAWA - ST. CATHARINES
T.W. Austin Investments Inc.
90-C Centurian Drive, Suite 215 Markham, Ontario L3R 8C5
(905) 513-6633 • 1-800-665-3746 • Fax: (905) 513-7272
Sponsored by Mackenzie, TRIMARK MUTUAL FUNDS, O'DONNELL GROUP OF FUNDS, AIC, STONE & CO. LTD.

TD EVERGREEN WEALTH MANAGEMENT
Invites you to attend a FREE Financial & Investment Round Table
Date: Tuesday, February 17, 1998 at 7:00 p.m.
Location: FREDERICK HORSMAN VARLEY ART GALLERY, 216 Main St., Unionville
Featuring: Richard Box, Investment Advisor TD Evergreen
Kevin Nash, Vice President, Fidelity Investments
Robert Davidson, Chartered Accountant
Colin Still, Law Partner Still, Thomson, McCalmont
Topics: • Investing in GIF's and RIF's
• How to Benefit from the Low Interest Rates
• How to Maximize your RRSP contributions
• International Investment Opportunities 20% Plus
RSVP SEATING IS LIMITED
416-487-1509 or 416-487-4708
Sponsored in part by Fidelity Investments
WISE ADVICE ON THE MANAGEMENT OF WEALTH
Trademark of The Toronto-Dominion Bank. TD Securities Inc. (TDSI) a subsidiary is a licensed user. TDSI Member CIPF.