

TAX & INVESTMENT

PAY YOURSELF FIRST: What Does That Mean?

If you are anything like us, the first time you heard the phrase "pay yourself first" followed by "even before you pay your creditors," you wouldn't have been able to wrap your head around it.

However, I began to understand what many authors such as David Bach (The Automatic Millionaire) and David Chilton (The Wealthy Barber) are saying. They aren't encouraging people to not pay their bills, but rather to pay themselves first and pay their bills with what is left over. Seems simple enough, right?

The underlying concept of "pay yourself first" is to take 10% of your pre-tax income and invest that for the long term. You can accomplish this through your RRSP's or numerous other investment vehicles. When you invest \$1,000 in your RRSP, you can use this amount as a deduction against your annual income.

Not only are you not paying tax on that \$1,000 investment, but the interest you earn on that money is also not incurring any tax gains.

Albert Einstein once said that "the power of time and compound interest should be the eighth wonder of the world." You may be asking what that has to do with you, and with good reason. Well, if we were to use the median age of a Stouffville resident (39 according to the 2001 Census), and assume that 10% of the median income (\$4,404) is invested per year into an RRSP, what would be the total value of your RRSP? In this case, you will invest \$114,504 out of pocket by the age of 65, but your RRSP balance would be equal to \$352,119!

We are confident that the key to wealth is not trying to do big things once in a while, but rather to focus on doing little things consistently. We have personally

seen that the people who simply start doing something are the people who reap the most rewards. A good friend of mine once told me "the smallest deed is bigger than the largest intention", and he couldn't have been more right!

Chris Karram is a Financial Consultant with SAFEBRIDGE Financial Group. Greg Holohan is an Investment Executive with ScotiaMcLeod. Chris and Greg specialize in unique investment, insurance and retirement strategies, and have provided financial solutions for many families in the Markham-Stouffville area. Chris can be reached at 416.466.5858 or chris@safebridgefinancial.com and Greg can be reached at 905.479.8238 or greg.holohan@scotiacleod.com. ScotiaMcLeod is a division of Scotia Capital Inc., member CIPF.

7%-10%*

- Monthly Income
- Rate Guaranteed For Life
- Capital Secured

Call today for more information:

Greg Holohan
Investment Executive

905-479-8238

675 Cochrane Dr. Suite 115, Markham ON, L3R 0B8

 ScotiaMcLeod

 SAFEBRIDGE
Financial Group
MORTGAGE • INSURANCE • INVESTMENTS

*Returns will differ depending on age, sex, tax bracket, health, smoking status and prevailing interest rates. When discussing Life Insurance Products, ScotiaMcLeod advisors are acting as Life Underwriters representing ScotiaMcLeod Financial Services (Ontario) Inc. ScotiaMcLeod Financial Services (Ontario) Inc. is an insurance subsidiary of Scotia Capital Inc., a member of the Scotiabank Group. For the purposes of the ad, insurance products will be sold through ScotiaMcLeod Financial Services (Ontario) Inc. and/or SAFEBRIDGE Financial Group. TM Trademark used under authorization and control of The Bank of Nova Scotia. ScotiaMcLeod is a division of Scotia Capital Inc., Member CIPF.

Tax Time

a special
Tax & Investment
page published
weekly in the
Stouffville Sun-
Tribune

Contact your
Sales Representative for
more details

640-2612

 Stouffville
Sun-Tribune

ready to
find money
where you
least expect it?

The Tradesperson's Tools Expenses credit is just one of the changes to the Canadian tax laws that you should know about.

We've been helping Canadians maximize their tax refunds for over 40 years. Please call or come by today.

reuniting Canadians
with their money™



H&R BLOCK

6188 Main St.
Stouffville, Ont.
905-642-2927

E-FILE TAX RETURNS

From ZERO to REFUND in 10 DAYS

Lynn Broughton
LDB Business Services
86 Ringwood Drive, Unit 25 - Stouffville

Call **905-640-1146**
or fax **905-640-1156**

CONFIDENTIAL - PROFESSIONAL - DEPENDABLE
Income Tax Service

Committed to reducing
the income taxes that you pay.



GIF Select
IncomePlus™

What's new, and
turning retirement
thinking on its head?

GIF Select featuring IncomePlus from Manulife Investments – the first investment solution of its kind in Canada! IncomePlus can provide you with:

- Predictable income guaranteed not to decrease no matter how investments perform*
- Sustainable income to last at least until the principal is completely repaid*
- Potentially increasing income with bonuses and the opportunity to lock in market gains

*Or until the contract reaches maturity or upon the death of the last surviving annuitant. Provided withdrawal thresholds are not exceeded.

ASK ME ABOUT INCOMEPLUS FROM MANULIFE INVESTMENTS.

For more information, please contact

Hugh W. Dodd, B.Comm., CFP
Investments & Insurance

Stouffville, Ontario
Phone: (905) 640-9034
Fax: (905) 640-9035
Toll Free: 1-800-299-2242
Email: hdodd@sympatico.ca

The Manufacturers Life Insurance Company is the sole issuer and guarantor of the Manulife GIF Select Contract. GIF Select, Manulife and the block design are registered service marks and trademarks of The Manufacturers Life Insurance Company and are used by it and its affiliates including Manulife Financial Corporation.

 Manulife Investments
With you every step of the way®