

# You'll be 'penniless' but wealthier, federal government promises

BY CHRIS TRABER  
ctraber@yrmg.com

Our federal government wants you to be penniless.

And that, bureaucrats say, will make your life a bit easier and all of us a tad wealthier.

Penny for your thoughts on this seemingly contrary strategy? Not for long.

The Royal Canadian Mint stopped making new pennies in May and, as of Monday, stopped distributing them. The move is expected to save Canadian taxpayers about \$11 million a year, the government said.

The most diminutive of currency will be rounded up and melted down for its alloys by the mint, which estimates six billion pennies will be recovered.

Some 35 billion pennies have been produced since the mint opened in 1908.

Part of its demise is the fact it was costing 1.6 cents to produce each penny.

The extinction of the Canadian cent, first struck in 1858 by the Royal Mint of Great Britain, doesn't seem to have many mourners in York.

## FEW MOURNERS IN REGION

Among numismatists dealing in coins, paper currency and medals, the end of the penny doesn't add to its cachet as a collectable item.

Concord Coins and Stamps Trading manager Joe Ten suggested there's just far too many in circulation. Even hanging on to them won't mean much for future generations, add-

ing the most valuable Canadian penny in his display is from 1931 and it can be had for \$3.

Precious Metal House president David Ceresne, whose Thornhill enterprise deals in bullion and minted global currency, isn't high on collecting pennies. It's a numbers game, he said, adding pennies dated 2013 may gain a degree of value based on how many are taken out of circulation. Realistically, the cent coin's value is in its 94 per cent steel, 1.5 per cent nickel and 4.5 per cent copper plating composition. The alloys, based on current market rates, could make each worth about 4.8 cents before smelting costs.

The cent's exit also won't impact the economic balance, experts said.

York University finance professor Moshe Milevsky offered unscientific analysis, estimating the loose, active pennies held by 30 million Canadians might total \$2.7 million. Not much to get excited about, he mused. The estimated \$300 million in circulated pennies doesn't make a huge difference to the \$1.7 trillion Canadian economy, investment firm MacDougall, MacDougall & MacTier reported.

From now on, retailers won't worry about fractional costs on debit, cheque, credit or charge card purchases. On cash transactions, they will round up or down to the nearest nickel, based on federal finance guidelines being adopted by York Region's nine municipalities. After-tax transactions ending in 1, 2, 6 or 7 should be rounded down, according to voluntary government guidelines for retailers. Those that end in 3, 4, 8 or 9 can be rounded up. Rounding only takes place after taxes have been added.

Some businesses will continue to accept pennies until July 1. In the interim, you are encouraged to roll pennies and cash them at

your financial institution.

Jim Alexander, the owner of seven Tim Hortons franchises in York Region, has been preparing for the penny's exodus and said the transition is "going smoothly".

His shops have not altered pricing. Rather, his point of sale vendor has provided software that will automatically round cash purchases to the nearest nickel.

With taxes, it's almost impossible to round off each food, beverage or merchandise item to the nearest five cents, he said. Accordingly, his cashiers will adopt the finance department's rounding off guidelines.

Mr. Alexander is confident the mint's decision will streamline business. In the past, managers bought boxes of pennies from the bank to make change and they had to be rolled and deposited regularly.

This simplifies things, he said, predicting you'll be amazed how fast pennies will cease to be in circulation. Within a month, he figures 90 per cent will be retired.

## BETTER FOR BUSINESS

The Retail Council of Canada, representing 45,000 vendors, said most members are ready for penny-free business.

Shoppers Drug Mart has adopted the government-recommended practice, communications vice-president Tammy Smitham said. The chain will still accept pennies, but it will not include pennies in your change, she said.

"If you want my two cents worth, it really makes no difference to me," Richmond Hill's Ted Sanders said in pun. "Each evening I've got a pocket full of change. I guess I'll just have more nickels, dimes and quarters. I've got a coffee can of pennies. I'll probably donate them to charity."



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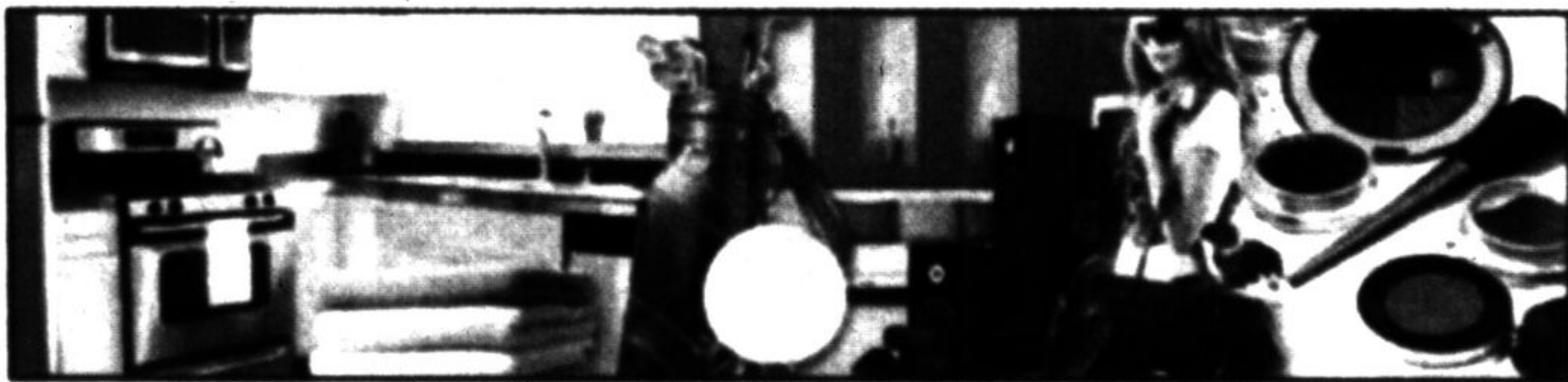
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