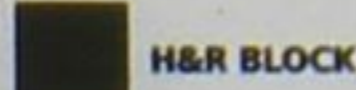


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A wealthy muffin eater, coffee drinker's guide to solvency

by Ivor Deficit
Financial Editor

According to a recent financial planning bestseller, *The Automatic Millionaire*, if we were to forego our morning coffee and muffin habit we would save \$5 a day. Small change, but it adds up to thousands of dollars over the course of our working lives.

This compellingly simple advice - give up your carb 'n' caffeine fix today, and you can look forward to a timeshare in the Bahamas at retirement instead of looking for the least dented cans of tuna at the local Price Chopper -- was just what I needed. I was desperate to find a route to financial security, and was convinced this book was it.

As I read, a lifetime of financial dissipation flashed before me -- the muffins, the croissants, the donuts, the coffee, the newspapers, the magazines, the gum -- year after year of nickel-and-diming my way to the poor house. Was financial redemption still possible?



The first thing I learned was that to finish wealthy you must start early. If I'd put \$10 of my weekly earnings as a student waitress in 1975 into an RRSP, today my portfolio would be worth half a million dollars, through the miracle of compounding. To catch up to where I needed to be financially in my 40s I realized I would need another kind of miracle. But I refused to be discouraged. I read on!

The next piece of advice was that you must pay yourself first -- put aside a small percentage of every

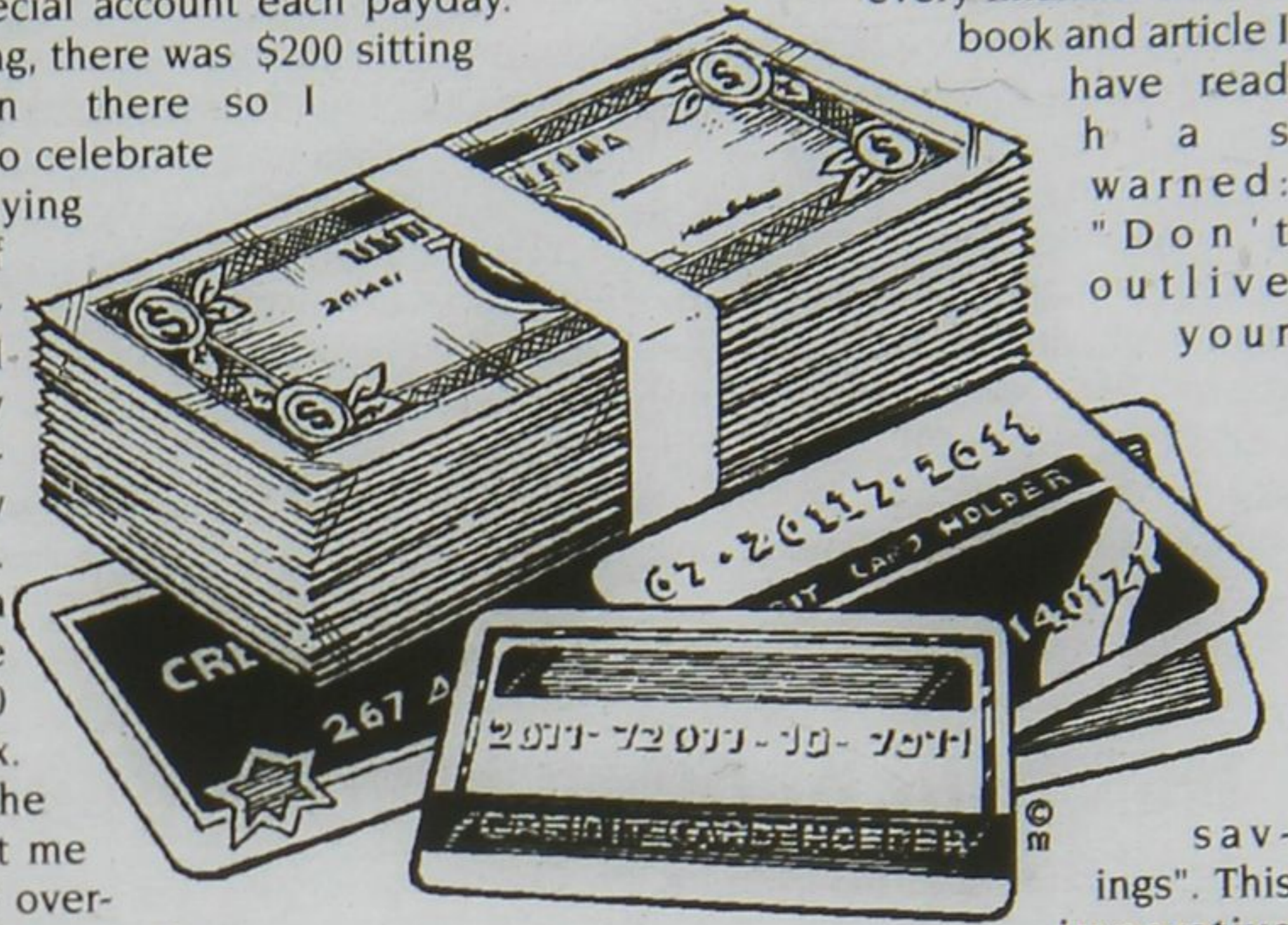
paycheque into a separate bank account. So I arranged with my bank to channel \$10 from my paycheque into a special account each payday. Before long, there was \$200 sitting around in there so I decided to celebrate by buying myself something I really needed -- a new birdbath. I wrote a cheque for \$200 plus tax. When the bank sent me a bill for overdraft charges I angrily closed the account. Since paying myself first hadn't quite worked out as planned, I proceeded to the next chapter.

I'd been avoiding this chapter as it dealt with credit cards -- the financial albatrosses around the necks of most middle class consumers. I learned if you incur a credit charge of \$1,500 at 18 percent interest and make only minimum payments, it will take you 30 years to pay off the debt. I considered the outstanding balances on my own cards, and did some quick calculations as to when the cards would be paid off. This was rather disconcerting. Even though longevity runs in my family I wasn't sure I was going to make it to 112.

The book also advised that you obtain your credit history. I visualized this repository of my credit card sins and excesses -- outstanding balances, missed payments, late payments, exceeded limits -- bloated, terrifying, like the picture of Dorian Gray, waiting to be revealed in all its horror. Knowing what awaited me if I contacted the credit bureau, I decided to skip to the next chapter, which dealt with retirement.

I learned that the only guarantee of financial survival in retirement is having an RRSP. But again, timing is everything. If at age 25 I had put \$3,000 a year into an RRSP with an annual return of 10 percent, at the age of 65 I would have had a nest egg of \$1.6 million. I quickly compared my situation and determined that given my contribution rate of \$100 a year at the current return rate of 1.5 percent, my retirement nest egg

would be considerably less. This meant I was running the risk of outliving my savings. Virtually every financial advice book and article I have read has warned: "Don't outlive your



savings". This imperative

may present moral or ethical conflicts for those with religious backgrounds, however there are a number of excellent websites to help impecunious pensioners come to terms with the situation. A particularly good one is www.Kevorkian.com. I've bookmarked it for future reference.

By the end of the book I had grown discouraged. There seemed to be no strategies available to ensure my financial future. I felt like the chronically overweight person who had tried every imaginable diet, hadn't lost a pound and was now desperate enough to try anything. Was there a financial equivalent to gastric by-pass surgery, I wondered.

I flipped the pages of *The Automatic Millionaire* a final time and closed the book. I noticed the price on the dust jacket -- \$29.95 -- as I shelved the book beside all the others -- *Money 101*, *Money 201*, *The Idiot's Guide to Getting Rich*, *The Idiot's Guide to Managing Money*, *The Wealthy Barber*, *The Wealthy Boomer*, *Smart Women Finish Rich*, and all the similar volumes that filled the bookcase.

Then the idea hit me! If I stopped buying personal finance advice books at \$30 each, I could save hundreds of dollars. And that's what I did. With the money I saved over the next six months I purchased hundreds of lottery tickets and eventually my financial ship came in. Last month I won a \$5 million Super 7 jackpot. So now if you'll excuse me, I'm off to Tim Horton's for a great cup of coffee and a Cranberry Sensation muffin.

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