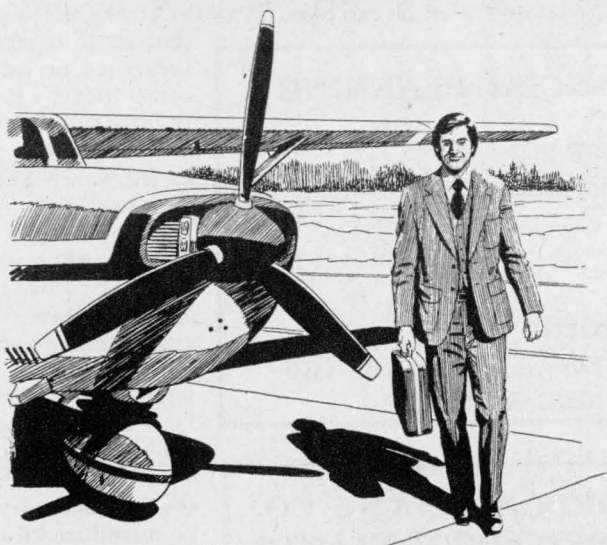


The Money Supplement



*Timely information
dealing with your
personal finances
to assist you
in sound money
management.*

Supplement to:

The Chieftain

Your Community Newspaper

Wednesday, February 14, 1990

Iroquois Shopping Plaza

652-4395

You gotta give'em your SIN — the law says

You've probably noticed for yourself, but the tax collector wants every last nickel that's coming out of your hide.

One more proof is the new requirement — by law — to provide your social insurance number (SIN) to anyone who prepares an information slip on your behalf. They in turn are required by law to get the number. If you refuse, you are liable to a fine of \$100.

Revenue Canada says, "Pro-

viding your SIN will improve the fairness of the taxation system by ensuring that everyone pays their fair share. Your co-operation helps (us) provide better and more timely service and process forms more quickly.

"Did your SIN appear on all the information slips you received this year? If not, now is the time to give it to the person who prepares them."

So now you know!

Income Tax Preparation

NELLY LEIGHTIZER

156 Davis Dr.,
Iroquois, Ont.

652-2498

JANIE STRADER
BOOKKEEPING SERVICE
63 HIGH STREET, MORRISBURG

OLD AGE SUPPLEMENTS
INCOME TAX RETURNS
RENTAL & BUSINESS STATEMENTS
SENIOR CITIZEN DISCOUNT

BOOK NOW AND SAVE \$\$\$
543-3436

BETWEEN 9 a. m. & 9 p.m.

Blakely, Craig, & Co.

Chartered Accountants

5th Street, Morrisburg, Ontario

P.O. Box 27

(613) 543-2981



ROYAL BANK

Retirement Savings Plan



Put your
money where
your future is...

INSTANT TAX RECEIPTS

For more information contact Terry 652-4861

Saving baby bonus can lead to tax gains

By GLENN AGRO, CA

It may seem like no big deal. But saving the monthly baby bonus cheque can add up to a nest egg of \$27,000 by the time your child is 18.

Just as important, it can also save you a tidy sum in income tax along the way — in spite of tax reform.

Although family allowance (baby bonus) payments have always been taxable, tax reform has tightened the screws a bit. Payments must now be included in the income of whichever parent earns the higher salary. No exceptions.

That means tax on the baby bonus (now \$32.28 a month) could easily swallow about a third — almost \$130 a year. On top of that, any interest the allowance itself earns is taxable too — to the tune of \$10 to \$12 a year. And growing.

But — and this is a significant but — that only happens if the baby bonus is put into the savings account of one or other of the parents. Put it directly into a savings account for the child, and the whole scene changes.

Presumably your child has no other income. Or a least not enough to attract tax. Therefore, tax savings all around.

So the child's account just keeps growing, and the interest keeps compounding safely

beyond the clutches of the tax man.

Keep it in child's name

Naturally, as the child's account increases (say to \$1,000 or more), then that money could be transferred to a higher interest investment like a Canada Savings Bond or a certificate of deposit. The same tax savings would still apply — as long as the investment is made specifically in the name of the child.

The only time the higher-income parent rule doesn't apply is in the case of a marriage break-up where the parents are permanently separated. In this case the parent who

receives the family allowance payments must show them as income whether his or her income is higher or not.

Another tax reform complication arises when it comes to claiming the credits for dependent children if the parents are separated; for example, where one parent is claiming the dependent children's tax credits while the other is being paid the family allowance.

In this instance, the parent claiming the tax credits (but not showing the baby bonus as income) must attach a letter to his or her personal tax return explaining why.

Glenn Agro is with BDO Ward Mallette.

Now you pay 15% on unpaid taxes

Revenue Canada's interest charge on outstanding income tax, penalties, insufficient installment payments and unpaid employee tax deductions has risen to 15 per cent, from 13 per cent.

That rate will also be paid by Revenue Canada on tax refunds still in the works. But there's no change in the 13 per cent rate to establish the taxable benefit on interest-free

and low-rate loans to employees.

The new rates were all scheduled to be reviewed again on Dec. 31. The rates are established by taking the average 90-day treasury bill rate during the first month of the previous quarter, rounding it up to the nearest percentage point and then adding two more points — all obviously to get you to pay faster.

Proceed at your own risk with spousal RRSP rollovers

Can you place \$6,000 a year of private pension income in your spousal registered retirement savings plan or can't you? The

answer is still a definite maybe. Ottawa has announced the intention to permit spousal rollovers of private pension income (not CPP, QPP or OAS receipts) and income from deferred profit-sharing plans in the years 1989 to 1994 inclusive.

Clearly, they would provide a useful income-splitting facility, especially since 1989 is the last year you can contribute pension income to your own RRSP.

The trouble is the necessary legislation is not yet in place. In fact, at this writing, it hadn't yet been introduced, and time's a-passing. There's no guarantee the necessary bill ever will be introduced for Parliament's OK and until the law is right there in the statutes and proclaimed in force, you could be disappointed.

Opinion varies as to what's going to happen. Will there be legislation in time to permit the rollovers before the end-of-February RRSP contribution deadline, or ever?

One school says the feds would lose all credibility if they actually went back on their word. Another says otherwise in these tax-hungry times for government.

Chances are things will all come out right in the end. But caution does seem to point to delaying your move until you know the law is in place.

PERSONAL FINANCIAL PLANNING

- Retirement RRSP & RRIF Planning
- Loan and Mortgage Amortization
- Net Worth • Budgeting
- Tax Return Preparation

David Whittle C.F.P.

189 Caldwell Drive, Iroquois, Ont. K0E 1K0
Telephone (613) 652-2396

**W
G**

W. GORDON WELLS & CO. CHARTERED ACCOUNTANTS

200 Sanders Street, P.O. Box 880
Kemptville, Ontario K0G 1J0
(613) 258-3493

111 King Street E., P.O. Box 2149
Prescott, Ontario K0E 1T0
(613) 925-3535

W

FARM AND BUSINESS

- tax planning • farms and business transfers • cash flow projections • manual and computerized book-keeping systems • preparation of financial statements • preparation of personal and corporate tax returns

INCOME TAX PREPARATION!

**Joan M. Ladouceur,
I.C.I.A.**

Accredited Accountant
340 Broadway Crescent
Iroquois, Ontario
PHONE 652-2234

"Safety is no accident,
so PLAYSAFE!"



The War Amps of Canada



A new effigy of Queen Elizabeth II is to appear on all Canadian coins starting this year, replacing the current version which has been used since 1963. The made-in-Canada design is by Hungarian-born Dora de Pedery-Hunt.

THE ORGANIZER

Income Tax Returns
Complete Bookkeeping Service
Manual or Computerized

Monika Simon

(613) 652-2094

RODGER BURNSIDE & ASSOCIATES LTD.



Income Tax Returns
Accounting and Bookkeeping
Financial and Tax Planning
Guaranteed Investments
and Mutual Funds



1738 Old Prescott Road
P.O. Box 130
Greely, Ont.
K0A 1Z0
Phone 821-2263

688 St. Lawrence St.
P.O. Box 728
Winchester, Ont.
K0C 2K0
Phone 774-2178

Thanks to you
it works...
FOR ALL OF US



ROLL BACK THE TAXES!

The time has come for all Canadians to stand together and
stop the crushing burden of taxation

It's time **NOW** to tell government - ALL GOVERNMENTS - that we can't
afford their high-flying expenses any more and that they all
MUST CUT EXPENSES.

- CUT BACK fat salaries, perks and pensions
(Each MP costs over 1/4 million a year!)
- CUT BACK extravagant building and renovation projects
- CUT BACK on inflated military staffing
(who needs 140 generals, admirals and their expensive
retinues?)
- CUT BACK on stockpiles and manufacturing of conventional and
chemical weapons
- CUT BACK escalating salaries and expensive perks to municipal,
regional, school and marketing board officials
- CUT BACK huge salaries and indexed pension benefits to government
mandarins here and abroad
- CUT BACK killer taxes on fuel, heating, homes and education
- ABOLISH killer taxes like the GST

You CAN do something about runaway taxation!

1. We insist that our Prime Minister provide leadership in these matters. Clip
this ad, write your name and address in the spaces below and mail
(NO STAMP REQUIRED) to:

Brian Mulroney, P.C., M.P.,
Prime Minister
Ottawa, Ontario
K1A 0A2

2. Talk to one neighbour, one friend about the tax mess, TODAY.
3. Call your MP, Town Councillor, School trustee, and TELL THEM
you are hurting. PLEASE, **DO IT NOW!**

Your name: _____
Your address: _____

This announcement is sponsored as a public service by:
EXEKOR CONSULTANTS LTD.,
Box 340, Iroquois, Ontario, K0E 1K0 Guy de Puyjalon, President

Net worth calculation helps you chart financial progress

Just as every business has a balance sheet, every individual, or at least every family, should have a net worth statement — a list of all assets and liabilities to show how much the household is worth.

There are several good practical reasons for knowing where you stand. First, you can make better use of your income and maintain better control of expenditures as you have a clear idea of what you own and what you owe.

Secondly, knowing what's left over after deducting current liabilities provides a strong incentive to save and as you see your net worth increase, you'll be encouraged

to help it grow more.

Knowledge of your net worth is also an essential component of all financial planning. How else can you judge what to set aside for buying a home, to pay for children's education, to establish your own business, to plan investments and to look ahead to retirement years?

A net worth statement is also needed for estate planning. Everyone needs a will and to know what's going to be left before deciding how the estate is to be broken up.

Furthermore, if you borrow cash or arrange a mortgage, you'll have to give the lender an accurate and up-to-date account of existing assets and

liabilities. How much you have will govern how much you can borrow.

Then in the future, you should plan to update your net worth statement annually. In the process, it's not absolutely essential to obtain reappraisals of valuable personal property each year. But it probably makes sense to have jewelry, art and antiques looked at by an expert every three years.

Your bank or trust company will probably have a folder to give you pointers on how to calculate net worth. Your local credit union also has an excellent little free guide, including a sample form, in the "Financial Fitness" series.

Dying intestate can have serious family consequences

Too many of us do it, but putting off preparing a will can have genuinely serious consequences for your family and other prospective beneficiaries.

Once you take the plunge, you'll wonder why you didn't get it done years ago because it's really quite simple. When yours is signed and put away for safekeeping, you'll have the real satisfaction of knowing you've done the right thing.

If in fact there is no will when you die, the surrogate court in your province will appoint an administrator for your estate. There is no guarantee it will be someone of whom you would have approved. The distribution of your estate is then entirely at the discretion of the administrator — according to the law but not necessarily according to your wishes because you left no legal record of what you wanted.

So it's certainly a good idea to act right away. You can buy forms from stationery stores and anyone other than beneficiaries can witness your signature. But unless the will is extremely simple — even then, really — it's best to ask your lawyer for help.

Before you meet the lawyer, assemble details of your assets, plus locations and numbers of all insurance policies in force as well as any outstanding support arrangements or any other financial commitments which will outlive you.

You should also give some thought to whom you wish to name as your executor — the person who makes sure your intentions are carried out after death. Finally, plan to review your will every three years from now on to make sure it reflects any change in circumstances which may have occurred.

HOME IS WHERE
THE HEART IS...

VON "Help is on the way."
737-9400



FASTAX

Do you find the 1989 Tax Returns very confusing?
Do you understand the Tax Credit System?
Do you understand and use RRSP's?
Do you pay too much Income Tax?

Come in for a FREE confidential Tax and FINANCIAL PLANNING analysis

CALL for an appointment TODAY.
258-4989

Hours: 9 a.m. - 5 p.m.
Monday - Friday

Jane Graham
200 Sanders St., Suite 201
Kemptville, Ontario
K0G 1J0

Fed up with the tax bite?

Call me today to find out how Investors can help you with your tax planning.



CALL JANE GRAHAM
at 258-4989

IG Investors Group
Building futures since 1940.

RRSP's give head start on retirement

Because the Canada Pension Plan and Old Age Security provide you with only the most basic income in retirement, you should take steps today to plan your financial future. To maintain a respectable standard of living during retirement, Registered Retirement Savings Plans (RRSP) or other types of retirement and investment income are now essential.

What is a RRSP?

RRSPs were introduced by the Canadian government to help Canadians supplement their retirement income. By putting money into an RRSP, you accumulate funds for retirement, lower your taxable income and tax shelter the earnings of your plan.

RRSP contributions in a calendar year must be claimed against income earned in that year. Contributions made within 60 days after the year end can, however, be claimed against income in the previous or current year.

Can you have more than one RRSP?

Yes. You can buy a different RRSP from different sources every year; but you must keep in mind your ability to manage these plans effectively and

the maximum amount you are allowed to contribute.

Many individuals take advantage of the spousal contribution option. Under this strategy, you make your contributions to an RRSP registered in your spouse's name. However, the combined total of your contributions to your own RRSP and to your spouse's must not exceed your own permissible maximum. To maintain the tax deduction advantage, however, the contribution must not be removed from your spouse's plan for at least three years. If your spouse's taxable income will be less than yours at retirement then this approach becomes a distinct advantage when planning your household's retirement income.

Are RRSPs protected from creditors?

In the event of bankruptcy, most RRSPs are collapsed and the funds distributed among creditors. The exception to this rule is an RRSP purchased from a life insurance company. Life insurance RRSPs offer this protection, provided the beneficiaries named in the policy are your spouse or dependant, rather than an estate.

When must I use the RRSP income?

By the end of the year in which you reach age 71 you must either cash in your RRSP or convert it into a Registered Retirement Income Fund (RRIF) or an annuity. These retirement income vehicles allow you to reduce the taxes of "cashing-in" your RRSP. (Of course, because your RRSP was completely tax sheltered, the income from the RRIF or annuity is taxable.)

A RRIF can provide you with income until age 90. It pays you an income, based on an allocation of the funds you accumulated in your

RRSPs. A life annuity guarantees you a monthly income as long as you live and may be set up to include a guaranteed payment period such as 15 or 20 years. Under the guaranteed annuity, if you die before the end of the guarantee period, annuity payments continue to your spouse, beneficiary or estate until the contract is fulfilled. An annuity to age 90, as the name suggests, makes payments until you turn 90. If you die before then, the payments go to your beneficiary or estate.

The earlier you start your RRSP, the more you'll put into it and the better off you'll be in retirement. By

the time you reach your late 30s you should try to make the maximum annual contribution.

Where can you purchase RRSPs?

A broad range of institutions offer RRSPs, including life insurance companies, trust companies, banks, credit unions and various investment companies.

If you have questions about RRSPs or would like additional information, contact the Life Underwriters Association of Canada, 41 Lesmill Road, Don Mills, Ontario, M3B 2T3, or your local life underwriters association.

Financial planning important

Who is the best person to help you manage your money and other assets? That's the question you must answer when selecting a financial planner from the wide range of professions and institutions which offer financial planning services. To answer the question, however, you need to understand what financial planning is.

What is a financial plan?

A financial plan is a strategy which guides you in covering the variety of financial situations you face both in the short- and long-term. To do this your financial plan should include the following elements:

1. Cash - This is money set aside in savings accounts or other investments which you can cash-in quickly if needed.

2. Protection - This includes life, health and disability insurance which protects you and your family from unforeseen circumstances.

3. Guaranteed Investments - These include RRSPs, GICs, treasury bills and Canada Savings Bonds which provide steady, reliable income.

4. Equity Investments - These include segregated funds, mutual funds and stocks which can provide income greater than current interest rates.

Where should you seek financial advice?

Many professions offer financial planning services, including accountants, life insurance agents, lawyers and investment fund agents. When selecting the person to serve you, choose one who has solid, professional training.

Life insurance agents, for example, receive post-licensing education through the Life Underwriters Association Training Course and the university-level Chartered Life Underwriter program. The Life Underwriters Association of Canada (LUAC) has

launched a Chartered Financial Consultants program which offers comprehensive financial planning instruction. Graduates of this program receive the designation CH.F.C.

The Chartered Financial Planner (CFP) designation is awarded by the Canadian Association of Financial Planning (CAFP). Accountants, lawyers and trust company officers have their own professional courses and designations.

When selecting a financial planner you should consult a trusted counselor who has gained your confidence through past dealings. If this person doesn't already provide comprehensive financial planning services, he or she can refer you to other professionals.

What should you know about financial planners?

Financial planners are professionals who are paid for their services. You should know how your planner is paid.

One group of financial planners charges consultation fees. Fees usually range from \$75 to \$100 per hour and are based on analyzing and making recommendations on your current financial situation. A detailed financial plan can cost \$500 to \$5,000. The fee may include ongoing consultation as well as the initial creation of your financial plan.

A second group of planners are paid solely through commissions earned on the sale of financial products. Finally, a third group are paid through a combination of commissions and consulting fees.

Before you engage a consultant, make sure the individual states how he or she is compensated. The two major professional associations - LUAC and CAFP - whose members are involved in financial planning, state clearly in their codes of ethics

that members must state upfront how they are compensated.

LUAC has taken that code one step further. The association has recommended to provincial regulators that financial planners, whatever their background, be required to provide you with a letter of engagement providing the following details:

1. The agency the planner represents.
2. The planner's qualifications.
3. The identity of the supplier of financial products recommended by the planner.
4. The planner's direct or indirect ownership or interest in any recommended products.
5. Whether the planner receives compensation other than from you with respect to the financial services provided.

Once the domain of the wealthy, financial planning is becoming more important and accessible to all Canadians. However, before sitting down to work on your personal financial plan, make sure you have the help of a financial adviser you can trust.

ALLAN BELL & ASSOCIATES

Business Consultants

Computerized bookkeeping, income tax preparation and planning, financial statements, business acquisitions

P.O. Box 681, Morrisburg, Ont., K0C 1X0
613-543-3468 or 613-543-3974

FIRST FOR YOUR RRSP

◆ First for a Great Return

Competitive and complete, Bank of Montreal's RRSP Program* offers you the potential to improve your return with Investment Certificates, Funds, even 2 Self-Directed plans. Get more from your RRSP.

◆ First for Personal RRSP Advice

Every branch has an RRSP Specialist to help you choose the investments that are right for your personal RRSP strategy.

◆ First for the RRSP Information YOU Need

Whether you're just starting out, thinking of a Self-Directed plan, or looking to enhance your present RRSP, one of our three RRSP Personal Planners is right for you. Pick one up at any branch.

◆ First for RRSP Loans

Competitive rates...and no payments for 4 months! We make it easy for you to take full advantage of our RRSP this year.

◆ First Again...with a Special Offer to our Customers

Save 50% or more** when you purchase one or more volumes from the Financial Times Personal Finance Library. Pick up your exclusive discount coupon at your branch.

◆ Win a Taste of Retirement!

You could win a luxury trip for two to Antigua with Air Canada Touram! Enter our "Win a Taste of Retirement" contest when you invest in a GIC or ask about an RRSP or RRIF.

* Bank of Montreal's RRSP Program is a complete range of RRSP's separately offered by Bank of Montreal and its affiliated companies - Bank of Montreal Investment Management Limited, Bank of Montreal Investor Services Limited, and Nesbitt Thomson Deacon Inc.

**off the regular individual book selling price. In Quebec, only "RRSP's 1990's" is available

*Registered trade mark of Bank of Montreal

Come in and talk to us first about your RRSP.

Iroquois Branch • 652-4848
Morrisburg Branch "ONLY"

Open Saturday's 9:30 a.m. - 1:00 p.m. • 543-3756



BDO WARD MALLETT

Chartered Accountants

Ward Mallett offers a full range of services in areas of:

- * Personal Tax Preparation
- * Auditing & Accounting
- * Taxation & Tax Planning
- * Computer

475 Main Street
Winchester, Ontario
K0C 2K0
Tel: (613) 774-2854
Fax: (613) 774-2586

Contact: Brian D. Mann
Jeffrey A. Jackson

212 Van Buren Street, Unit 7,
Kemptonville, Ontario
K0G 1J0
Tel: (613) 258-7460
Fax: (613) 258-7758

Contact: Herb St. John

Advertising helps plan your budget.

CANADIAN ADVERTISING FOUNDATION

It's Income Tax Time!!

Drop into our office and see our wide selection of:

Ledgers
Payroll Books
Calculators,
Adding Machine
Tape,
File Folders
and more!!

CHIEFTAIN
STATIONERY
& GIFT SHOP

Just off the
Plaza Square
IROQUOIS

TEL: 652-4395
FAX: 652-2508