

RRSP's — consult before you contribute

by Neel Roberts

It's that time of year again as Canadians coast to coast make the last minute dash to stash their cash for a tax smash. Yup, that's what we in the great white north uniquely call "RRSP Season" and you have until Monday March 2nd, 2009 to make the 2008 deduction deadline. No worries if you miss it, as you can always use it the next year and so forth, but what I have found is most people just contribute to get the deduction before researching the deal. Nothing wrong with that from the tax point of view; as there are a variety of investment vehicles, from simple cash accounts to complex stock ventures. As long as the seller, the guy taking your money, confirms they are "RRSP eligible" (make sure you get this in writing!) however you choose to allocate the funds is up to you.

However if there's one thing the financial meltdown has taught us, we learn awful fast how sustainable our decisions are, so if you were still standing strong today — good for you! Let me let you in on a little secret. First of all, it's no hush-hush bad news is splattered all over press like there's no tomorrow, but what you probably hear little of is how well some have done in spite of this. 2008 was my best year ever and my associates/friends, who are both investors and/or business owners, had the same results. Coincidence? Maybe to some, but I want to challenge you to examine the facts before buying, so you too can participate in healthy returns whether times are good or bad.

Last year I met a fascinating gentleman named Derek Foster (www.stopworking.ca) who is known as "Canada's Retiree" because he started with \$50 at 20 years old at \$200/month and at 34, he officially retired. In his book, *The Lazy Investor*, the trick to accumulating lasting wealth is to consistently reinvest your profits and not deviate from your plan. "The reason most people don't succeed is because their preparation is flawed from the beginning so it can't possibly work when you blow your roll consistently," he explained to me. Lesley Scorgie (www.richbythirty.com) author of *Rich by Thirty* agrees. "The markets will always go up and down but you have total control of your participation, so that's the critical starting point" she describes. In other words, you can't change the nature of the market, but can make a consistent, contribution commitment today which will grow no matter what.

Similarly my self-employed friends invest the same way in their business plan. First, they get the best of the best when it comes to equipment, tools, etc. and second they are always looking for ways to delight their customers. Manny and Wendy Noualy of Vulcan, AB. have owned AFAB Mechanical (www.afabmechanical.com) since 2004 and they never ceased to be swamped from day one. "Our problem is not selling our product but keeping up with the never ending demand," exclaimed Wendy.

My other friend Nancy Ball (www.nancyball.com) has been a realtor in Calgary for over seven years and while

most of the realtors had a bad year in 2008, business has never been better for her. Why? She believes in delivering the best in professionalism for her clients and is bombarded with referrals. "I can't stand bad service no matter what, it's downright embarrassing for both the provider and recipient," she commented. So regardless of the competition, market or other factors, there are those who succeed because they create a plan and stick with it no matter what — and that's the key!

So can you join this winning group? Absolutely yes, because all of them agree that anyone can do it if they're committed, so let me give you a few tips. First of all, if you don't have time to learn the markets, find a financial planner who will work for you rather than try to sell you something. It's well worth the fee you pay them if they're good. Make sure they've been in the game at least 10 years full time and it's not a part-time side deal. Your money is much too important to let an amateur handle and if you're now committed you need committed people. If you can't find one, contact me and I'll see if I can help. Second, get your tax information straight. CRA provides you with a *Notice of Assessment* each year which tells you how much you can contribute with payback requirements for Homebuyer and Life Long Learning plans. If you don't have it, you can call them at 1-800-959-8281 and they will mail it. Third, check out the RRSP rules at www.cra-arc.gc.ca/rrsp or by calling 1-800-267-3100.

RRSP buying is usually the beginning of tax planning and with the complex tax rules it pays to have a good tax consultant or accountant working for you, especially if you're self-employed or have intricate returns. Evelyn

Jacks (www.knowledgebureau.com) publishes her annual book *Essential Tax Facts for 2009* which you can get at any book store or her website and it gives great details on what to look for tax wise. My friends and family consistently tell me the fees they invested in tax planning services don't compare to the returns they get in savings and Liberty Tax estimates at least 100,000 people annually switch to using a professional for this reason. As a matter of fact, Robert Kiyosaki (www.richdad.com), author of bestseller *Rich Dad-Poor Dad* repeatedly emphasizes that the rich never scale back on their tax strategies budget because it's the best investment they consistently make!

Since 1998, Neel Roberts has been President of PTC Canada (www.ptccanada.com) and specializes in helping late filers get caught up and those who have tax problems with Revenue Canada. He can be reached directly at 1-866-485-2683, Neel_Roberts@ptccanada.com and welcomes your comments!



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Word limit is restricted to 250 words. Send your essay to info@calgarychristian.com along with your name, phone number and address.

Make sure "Steve Bell Contest" is in subject line. Limit one entry per person. Sponsor employees and their immediate families are not eligible to enter. Winners will be contacted by phone and names will be published in March issue of CLN. Hurry, contest closes February 15, 2009.

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