Finance for Life™

Achieving Financial Success™

Finance for Life. Wealth for Living.™

Canfin Financial Group, Client Services Dept.

680 Rexdale Blvd., Suite 26,
Toronto, ON M9W 0B5
For immediate service, contact your Canfin Advisor or,
Tel. 1-877-4-CANFIN
Fax. 905-829-0052
email: clientservices@canfin.com
web: www.canfin.com

Secrets of the Wealthy

MILLION DOLLAR INVESTMENT PRINCIPLES™

Wealth is created by following basic, yet important financial principles. Aristotle said, "Money is a guarantee that we may have what we want in the future". You may want to send your children to college or university, care for your parents in their retirement, or live in a better neighbourhood. You may want to travel, take up the piano, or purchase season tickets to the symphony. These are not selfish desires. Before we can feel strongly about financial planning, we must visualize what money can accomplish.

Creating wealth is based on a formula

Money invested over time at a good rate of return creates and further increases wealth. Time is your greatest ally because it allows your investment to compound. Money creates money. The longer the period invested, the greater potential wealth.

Lump Sum Investment

If a person aged 25 makes a one-time investment of $2,500 in a mutual fund, earning an average rate of return of 10% over a 40-year period, she will have $113,148 at age 65. If she waits to invest the same $2,500 at age 45, she will have only $16,819. You can see the importance of investing early.

Annual Investment

If the same 25-year old invested $2,500 every year, earning the same average rate of return of 10%, she would have $1,217,129 by age 65. Starting late, at age 45, would yield $157,506. The 20-year head start would allow her to achieve millionaire status by the age of retirement.

What can the late starter do now to catch up?

The only options are to increase either the amount invested or the rate of return. The individual cannot control the future rate of return, so the best and safest course is to increase the amount invested. To achieve millionaire status at age 65, the 45-year old will need to invest $15,873 at 10%, over each of the remaining 20 years.

Get time on your side

Many middle-aged people procrastinate for years after

Continued on page 2...

Continued from page 1...

acknowledging the need to save for retirement. They continue to spend their money buying a bigger house, better cars, and educating their children. If you have fallen behind, maximize your RRSP by taking advantage of unused RRSP contribution room. Regardless of your age, maximize your potential to become financially independent. Develop a plan and take action today.

The rule of 72

The rule of 72 tells us that the number of years it takes to double your money is equal to 72 divided by the average annual rate of return. For example, if your rate of return is 12%, it would take 6 years to double your money (72/12=6).

Note: The rate of return was used to illustrate the effects of compound growth, and in no way is intended to reflect future gains or values of returns on investments in mutual funds or segregated funds. For simplicity, it was assumed that the money was compounded without taxation. Investments were made at the beginning of each year.

The Benefits of LIVING IN A RETIREMENT COMMUNITY

During the next thirty years, the percentage of Canadians aged 65 or older will increase dramatically.

Retirement communities are a very popular option among North Americans, and particularly Canadians, over the age of 50. They offer the communal advantages of a village, while many provide convenient shopping, transportation, entertainment, and medical/dental/optical care. Many are located in resort-style settings with extensive recreation and fitness facilities. Others are in major cities where retired professionals can continue to have the downtown lifestyle they enjoyed while working.

It is important to visit communities and retirement residences well in advance of needing one. Take a tour with other members of your family. Ask for references from current residents. Find out what the by-laws are and be sure to inquire about additional fees for maintenance such as snow removal, landscaping, and garbage collection. How many automobiles will you be able to park? Can you have pets? Before selecting a community, consider what the travel time will be to visit friends and family, especially when you are unable to drive in later years.

You might want to move to a retirement community even before you fully retire, in order to enjoy recreational facilities or a smaller, lower-maintenance residence. Find out how the community adapts to your changing requirements, especially in terms of meals, housekeeping, security, and on-call medical assistance. Should a residence be unable to accommodate future needs, you might be faced with the prospect of moving late in life and at great expense.

A retirement community can be of great benefit in providing two of the most necessary components of a healthy, happy retirement: exercise and nutrition. Elders living in isolation often lose the incentive to cook for themselves or exercise regularly. With the companionship and stimulating atmosphere of a retirement village, many find their health actually improves.

There are many options to choose from before making a final decision to move into a retirement community. Be sure to take into account your current and future personal needs, interests, and your budget.