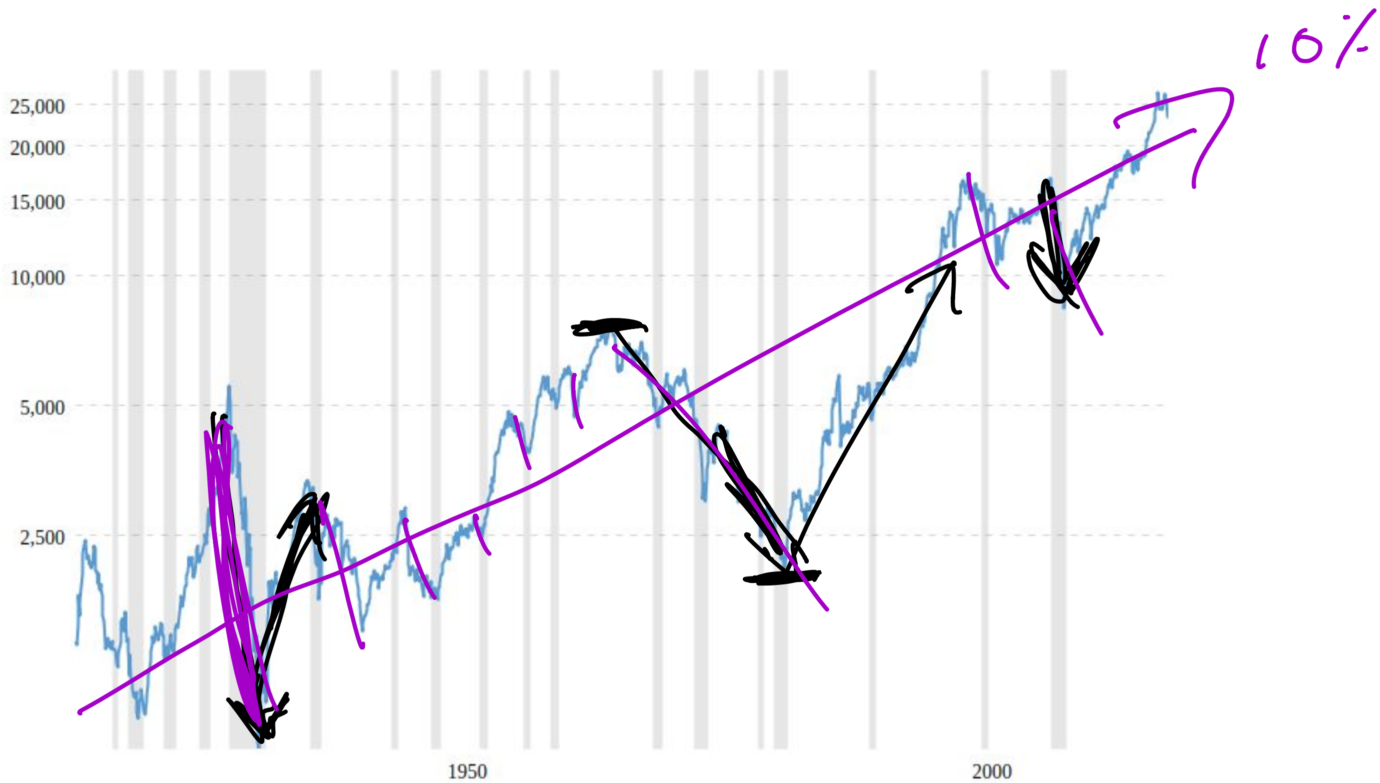
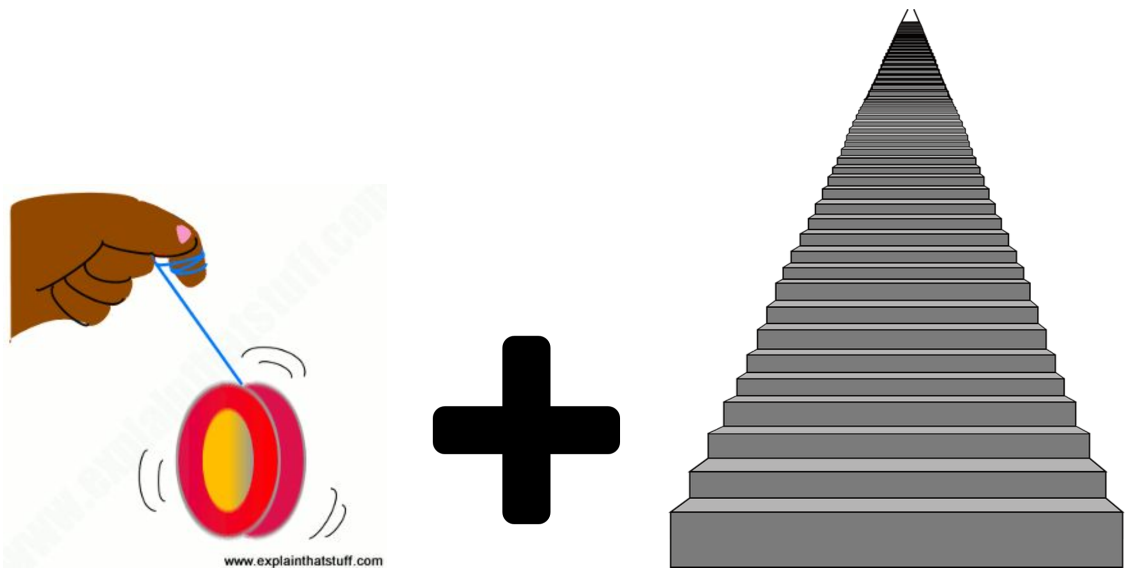
Mo' Monies





Types of investments:

- Canada Savings Bond
- Other types of bonds
- Junk Bonds

3%

GIC's

term 1,3,5 years

Guaranteed Investment Certificate.

6%

Stocks

Mutual funds

Front / back / deferred load

7 years

Index Fund

The Rule of 72

*Actually the rule of 69, but 72 has more divisors
**Actually the rule of ln(2) but we're just being picky now...

$$\frac{72}{\text{Rate of Return}} = \text{Time for Investment to Double}$$

Let's assume that you got $1,000 for Christmas. You're smart - so you decide to invest it.

0%

	3%	6%	12%
Year	1,000	1,000	1,000
6			2000
12		2000	4000
18			8000
24	2000	4000	16000
30			32000
36		8000	64000
42			128000
48	4000	16000	256000

RRSP’s

There are too many misconceptions about RRSP’s.
If you remember one thing it’s

“Max your RRSP contribution every year.”

What is an RRSP?

You take money today and put it ‘inside’ an RRSP. This is telling the government that this amount of money is intended for retirement.

The ‘inside’ can be whatever you want. Chequing account, bond, stock, fund, whatever…

The government then says, “Okay, if it’s for retirement, then we will not tax you on it.”

The means that you have to pay less tax that year.

If you were going to pay 30% income tax on your salary, but now you took that $1,000 out of the salary ‘pile’ and put it inside the RRSP ‘pile’ the government says sorry for taxing you on your retirement money - I’ll give that back to you.

You make $300 right away - 30%

Then you make money based on the ‘pile’ you put it in!

The downside: When you take money out of the RRSP ‘pile’ the government will say, “Oh, this is not for retirement anymore? We’ll tax you now.”

However, if you have waited for retirement you no longer have a salary, so your tax bracket is lower, plus you have 50 years of growth by not paying the tax up front. Future Value vs Present Value.

Last thing:

The beautiful formula:

Really - look it up

$$e^{i\pi}+1=0$$