

RAWLING REPORT

WINTER 2004 • BROUGHT TO YOU BY



RAWLING FINANCIAL INC.

HELPING CLIENTS MAKE WISE DECISIONS REGARDING THEIR WEALTH

“Wealthiest Candlestick Maker”

You sometimes get financial advice from unusual sources. I guess not that unusual since a Wealthy Barber wrote a financial planning book. I was recently reminded of the power outage last August and Bill Smith the candlestick maker came to mind. With tax time around the corner, this might be an opportune moment for people to appreciate the candles and the advice of their maker. Bill might get wax on his hands, but he has many enlightening tips on what to do on financial affairs. He appreciates the positive feedback on his advice.

While the candles are being dipped, Bill passes on a few tips...

Interest

He suggests that you get your non-deductible interest paid off quickly. You can pay that off with after-tax income. Your first step is to look at what you currently owe and see which debt is charging you the highest interest rate. Pay that one off first. Your credit card debt can often be at the highest rate, so watch out there. They sometimes have a low introductory rate but that may go up after the introductory period. A mortgage is often one of the biggest debts people take on. Look at ways to pay it down faster. Check your financial institution's policy regarding doubling up on payments, yearly anniversary payments and lump sum payments, at the term renewal. After your house is paid off, and you borrow to invest, that could

make your interest paid tax-deductible. See your tax advisor.

RRSP

You can put 18% of your income to a maximum of \$14,500 for the 2003 tax year into an RRSP. You have until March 1st, 2004 to make your payment. In the 2004 tax year, your RRSP contribution goes to \$15,500. If you make your payments monthly, remember to increase your payments in March '04 to \$1,291.66 per month, so you have the right amount deposited 12 months hence.

RESP

It hasn't been easy lately to get a 20% return on your money. These registered education plans for your children allow you to get a 20% grant from the government in the year it is made. The grant gets added in shortly after your contribution is made. You can contribute \$2000 per year, per child. Any chance to soften the future cost of rising tuition is a good thing.

Continued on back...



Christmas '03 Rawling Family Farm, Erin, Ontario

*“Have a happy & successful 2004!”
from Hugh, Dorli, Ali & Maddie*

...continued from front

Investments

Have your equities outside your RRSP and Life Insurance so you can take advantage of the lower tax rates of capital gains and dividend income. Tax sheltered plans like RRSPs and Life Insurance are well suited for investments that generate "ordinary" income that is taxed at the highest rates. As an example, I'll use a person earning \$100,000 income in the 2003 tax year. Their combined Federal and Ontario provincial marginal tax rate on "ordinary" income would be 43.4%, on "dividend" income it is 27.5% and "capital gain" income is taxed at 21.7%.

Delegate

Bill says to focus on your strengths and delegate your weaknesses. It looks like an expense. Yes, but you'll be happier and have more free time. Who couldn't use more of that. Make a list of all the things you do and then think, who could do that for me? If you don't like smelling the exhaust of you lawn mower, there is someone who makes a living doing that and will do a better job. To make this a financial tip, if you take some of the free time to work at your strengths, you could find yourself making more than the expense?

Money Management Tool

I was always so busy dipping candles; I didn't have the time to get money moved from my savings to cover the cheques I had written. The big banks have accounts set up in a traditional model, which is confusing and difficult to juggle. I would get charged high rates of interest whenever I was overdrawn. People would take weeks to cash the cheques I had written, and the money I had moved to cover these cheques wouldn't earn any interest sitting in my chequing account. In Australia, banks have an account that is an all-in-one savings, chequing, and line of credit. This trend is starting in Canada and you can shop around to find this service. One that has started is called Manulife One. Your own bank may already be offering this.

Bill, being a candlestick maker, said he has given us some ideas that he thinks all folks should consider. He tries to make his advice simple and he hasn't given every rule or features, only some highlights. He said to get more insight you should call Hugh Rawling at Rawling Financial. He likes Hugh's approach of offering choice with his "Planning Trail" or "Single Purpose Trail." Gee... that made my day.

L A S VEGAS GOLF TRIP NOV. 2003



Mark Clement lines up his putt on a green at Wolf Creek Golf Club in Mesquite, Nevada. It was very high up and it felt like the ground was moving. If it moves the right way, the putt will go in...

We had good weather, golf was fun with a bunch of great guys! Golf at Wolf Creek in Mesquite, Nevada & Coral Canyon, Utah were excellent.

If you plan to travel to Vegas, I found a super deal at *Mandalay Bay Hotel* where we got a \$99 US/night rate. Other hotels of this standard were well over \$200. This rate had to be asked for and was "non-refundable or changeable." If you want to research hotels to stay in Vegas (or anywhere else) I found www.tripadvisor.com to be a useful web site for candid reviews from guests. Just pick the city you want and the site has a listing of hotels ranked by their popularity.

Bob Difruscia, owner of *McGinnis Landing*, had told me about "Mon Ami Gabi" at the *Paris Hotel*. Get the outside table over-looking the fountains of the *Bellagio Hotel*. The food, wine and view was enjoyed by our group.

Announcing our CONTEST WINNER

Mr. Robert McCracken

Rob owns a successful London business called Middlesex Supply and Maintenance. Providing service to the petroleum industry. He loves golf and is a active member of the Oaks Golf Club. Rob has always wanted to see the Augusta National Golf Club during the Masters week and now he will this April. *Congratulations Rob!*



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