3% or lower than classic expected rates of return. When you have a five year rate on your mortgage it's guaranteed, but it's impossible to guarantee a five year rate on a risky investment that may return more than mortgage interest rates.

Five Reasons Why Most Don't Become Wealthy

Why is it that most people don't become wealthy? In Canada, with all the opportunities we have, why is it that few of us retire financially independent?

The first reason people don't become wealthy is it never occurs to them that it is possible. If it never occurs to them, they never take the necessary steps to make it a reality.

The second reason is that people never decide to do it. If you continue to do what you've always done, you will continue to get what you always got.

Procrastination is the third reason people don't become wealthy. They always seem to have a good reason not to begin doing what they know needs to be done to achieve financial security.

The fourth reason people retire poor is the inability to delay gratification. A great majority of people have an irresistible temptation to spend every single penny they make and as much as they can borrow or buy on credit.

A lack of time perspective is the fifth reason people retire poor. This is the amount of time that you take into consideration when planning and making the important decisions in you life. The young couple that begins putting $50 a month aside in as RRSP, they are willing to sacrifice in the short term to assure better results and outcomes in the long term.

McFarlan Rowlands Life Insurance & Investments offers financial services through all branches of McFarlan Rowlands Insurance Broker.

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380 York St.
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London (South)
C4-841 Wellington Rd.
519-680-1100

London (North)
1570 Hyde Park Rd.
519-471-7152

Aylmer
300 Talbot St. W.
519-765-2930

Delhi
450 James St.
519-582-1590

Dorchester
4172 Hamilton Rd.
519-268-7306

Embro
104 Commissioners St. E.
519-475-4116

Ingersoll
64 Charles St. W.
519-485-2260

Langton
27 Queen St.
519-875-4481

Norwich
6 Stover St. S.
519-863-3024

Strathroy
48 Front St. E.
519-245-1802

Thamesford
162 Dundas St.
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Which Kind of Life Insurance is Right for You ?

There are basically two types of life insurance, term and permanent.

Term Insurance is like renting an apartment. Most people have rented at some point in their lives. You pay your rent but you will never own the apartment. Depending on your situation, this can be the best or only option at the time. If you decide in the future to purchase something permanent and move into your own home, you don't take any equity with you.

Permanent Insurance is like owning a home. It is not just about meeting an immediate need but also about making a decision to invest for your future. It may be more expensive then renting but you build equity with every payment. If you put money in your house through upgrades, it helps to further increase the value.

Which is right for you? To answer the question, you need to ask yourself; what is the purpose of the life insurance and what can you afford?

If you need the coverage for a short time term insurance is the least expensive.

If you need insurance for the rest of your life and you want to get some money back, then permanent insurance is what you want.

If you have a need for permanent insurance, you can choose between Whole Life and Universal Life.
Both offer the opportunity for tax-advantaged growth within the plan. Determining your life insurance and savings goals will help you and your advisor select the best plan to help you achieve them.

We at McFarlan Rowlands Life Insurance & Investments Inc. have the expertise to customize a plan for you.

Insuring seniors

It's a well understood truth that the best deal of life insurance can be had when the client is young and in good health. Just because the cost of insurance for seniors is higher, the need for insurance may still make it a good deal.

It has become more common, even socially acceptable, to carry debt into retirement. In today's environment, there are a lot of people retiring with a mortgage or a long line of credit. Another problem is that the estates of

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baby boomers may face unexpectedly high tax bills. Some want to make sure beneficiaries aren't saddled with the debt, they want to make sure that the debt is paid off when they pass away.

Carrying debt to the grave and unexpected tax bills show the importance of life insurance in a senior's protection portfolio.

The New Ontario Estate Administration Tax Regime

New regulations to be implemented are widely expected to impose substantial new reporting requirements, including the filing of a complete inventory of the estate assets. The existing rules only require disclosure of the total values of personal property and real property in Ontario, but no further details are part of the public record.

The revised act gives audit and verification powers to the Minister of Finance for probate fees and makes it an offence to fail to provide the information required under the Act, or to give false or misleading information. The penalty for these offences is a minimum fine of $1,000, up to a maximum fine of twice the tax payable by the estate, or up to two years in prison, or both.

Because Estate Administration Tax is imposed upon the value of an estate when a probate application is filed, the need for probate and exposure to probate fees can be minimized by using any or a combination of several popular planning methods, such as:

· Setting up an inter-vivos trust into which assets are transferred during a person's lifetime and which pass outside the estate at death including for those 65 and over, an alter-ego or joint partner trust.

· Executing multiple wills, which removes certain assets from being subject to probate fees.

· Holding assets jointly with right of survivorship with the intended beneficiary, so the assets pass automatically to beneficiaries and not through a person's estate.

· Designating beneficiaries of RSP's, RIF's, TFSA's and insurance policies so that the assets pass directly to beneficiaries and not through a person's estate.

· Gifting assets to intended beneficiaries during the person's lifetime, which removes the assets from the person's estate.

Designating a beneficiary will result in probate fee savings, as well the beneficiary will usually receive the bequest at a much earlier date.

The administration of estates will become considerably more complex for many individuals. It is important that those who have done no estate planning do so at the earliest opportunity.

Thought of the Day

Asking the right questions can often have significant payoff. "The person who knows how will always have a job. But the person who knows why will be his boss."

Registered Retirement Savings Plan vs. Tax Free Savings Account

Many Canadian's are trying to determine where to put their savings in order to maximize the greatest tax and long term advantage. With the introduction of Tax Free Savings Accounts, there has been great debate over where to invest: RRSP or TFSA.

Although they are similar, there are some key differences.

	RRSP	TFSA
Primary Purpose	Mainly meets retirement needs	Meets savings needs throughout your life and retirement
Eligibility	Must have an income to accumulate contribution room	Minimum age is 18
Annual Contribution Limit	18% of earned income (subject to the annual contribution limit)	$5,500 per year
Unused Contribution Room	Carried forward from year to year	Carried forward from year to year
Tax Deductions	Money contributed to an RRSP is not counted as income, you receive a deduction that amounts to your marginal tax rate	None. TFSA contributions are made with after-tax dollars
Withdrawals	Withdrawals are taxed in the year of withdrawal, any amount you withdraw cannot be added to your contribution room in the following year	Withdrawals are tax-free and any amount you withdraw is added to your contribution room the next year
Maturity Date	Must be fully withdrawn or transferred to a RRIF or Annuity by December 31st of end of the year in which you turn 71	None

The most important factor in choosing whether to invest in an RRSP or TFSA is your income level now and in the future. If you feel that the marginal tax rate will be higher at the time of contribution than when withdrawals are being made, an RRSP will provide the greatest tax savings. If you expect your marginal tax rate and retirement income to be greater during retirement then your working life, then a TFSA would be a better retirement vehicle.

A Third Choice

If someone has a non-deductible, high interest rate debt, like credit card debt, then paying that down first is the best financial decision. They should delay contributing to an RRSP or TFSA.

For clients with no consumer debt but limited funds, the toss-up has been between TFSA's and RRSP's. However, mortgage debt is another place they can allocate cash.

That may seem imprudent since current mortgage rates can be

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