



January 1997

From D'Costa's Files

## Canada Pension Plan – The Basic Facts

The CPP was established in 1966 to provide all members of the labour force in Canada and their families with retirement income, death and disability benefits. The plan covers all employees and self-employed persons between the ages of 18 and 70 with employment earnings. The plan is financed by compulsory contributions from workers and their employers and interest on accumulated plan reserves.

Workers contribute a percentage of their earnings between a basic exemption (\$3,500 in 1996) and the maximum pensionable earnings (\$35,400 in 1996), which corresponds approximately to the average

wage. Employers pay an equal amount. The combined employer-employee contribution is 5.6 per cent this year or a maximum of \$893 each. Self-employed individuals contribute at the combined rate. Following is a schedule of contribution rates, shared equally between employees and employers:

Year	Rate %	Year	Rate %
1993	5.00	2003	7.35
1994	5.20	2004	7.60
1995	5.40	2005	7.85
1996	5.60	2006	8.10
1997	5.85	2007	8.50
1998	6.10	2008	8.70
1999	6.35	2009	8.90
2000	6.60	2010	9.10
2001	6.85	2011	9.30
2002	7.10	2012	9.50

Currently, about 10 million Canadians contribute towards CPP and more than 3.5 million receive CPP benefits.

Canada's population is aging. The percentage of persons over age 65 will double over the next 35 years - from 12 per cent today to 23 per cent by the year 2030. By then, there will only be three working Canadians to support each person receiving CPP benefits, compared to five today.

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### *New Rules for RRSP's ....*

#### *How do they impact your retirement plans?*

Proposed changes to RRSPs were announced in the Federal Budget of March 1996. Although the proposed changes is to limit or reduce the overall sheltering in RRSPs, there are enhancements designed to help those individuals who are having difficulties making RRSP contributions. Most financial institutions, are proceeding on the basis that these changes will become legislation in the near future. The planned changes impact:

**Carry Forward of Unused Deduction Room:** previously unused RRSP deduction room could be carried forward for up to 7 years. In a move to assist younger Canadians struggling with other financial obligations, any unused deduction room that has accumulated since 1991 can be carried forward indefinitely.

**Maximum Contribution Limits:** in the continuing saga of changing RRSP contribution limits, the maximum limit for tax years 1996 to 2003 is now set at \$13,500. The limit is scheduled to rise to \$14,500 for 2004, \$15,500 for 2005, and be indexed thereafter.

**Age Limits for Converting RRSPs to Income:** previously, you had until the end of the year in which you turned 71 to convert your RRSP, DPSP or RPP to an income paying vehicle such as a RRIF, LIF, LRIF or an annuity. Anyone turning 69 or 70 in 1996 must convert their plan to income by December 31, 1997 and all others must convert by the end of the year they turn age 69.

**Deductibility of Self-Directed RRSP Administration Fees:** after March 5, 1996, administration and investment counseling fees on self-directed RRSPs and RRIFs paid outside of the plan will no longer be tax deductible.

Regardless of the planned changes, an RRSP is still one of the smartest investments you can make. The immediate tax deduction combined with the benefit of tax-sheltered investment growth within the plan provides a powerful tool to help you achieve your financial goals.

# NO REASON TO LOOSE YOUR SMILE

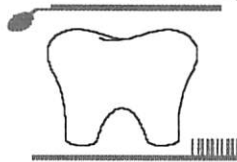
Dr. Dennis Marangos

There are many reasons that you, your family member or your friends might have gaps between teeth. Genetics may cause you to get a larger upper and lower jaw from one parent and teeth to small to fill them from another. Trauma, small chips or lost fillings may result in visible spaces. Gum disease can cause teeth to drift apart and leave unsightly spaces. Whatever the cause, spaces or diastemas can spell trouble for an otherwise healthy smile. Not only do they dull your smile, but they can also cause speech problems, trap food and bacteria, interfere with normal chewing or put unnecessary added stress on nearby teeth. Teeth on either side of the gap can become loose or crooked as they move in to fill the space.

Fortunately gaps are no longer something you need to live with. A careful assessment of the cause of spaces along with your treatment wishes for your smile will help us determine what technique might be used to eliminate your spaces. Traditional methods such as crowns or bridges might help to span the gaps. But modern dentistry also has a number of cosmetic techniques that can close gaps and repair the look and function of your smile. In some cases where the gaps are very wide, orthodontic treatment using state-of-art invisible braces

can bring neighbouring teeth together. We may also recommend veneers or bonding to build up adjacent tooth surfaces and reduce the space in between.

Bonding involves layering a special tooth-coloured plastic on the surface of teeth. The bonding material can be contoured and shaped to look like the missing part of a chipped tooth or fill in the gap between teeth. It's fast and painless. Veneers are extremely thin and strong shells made of acrylic or porcelain that can be attached to



the front surfaces of teeth to fill in extra space.

Depending upon the size of the gap or chip, we can recommend a treatment that's right for you. The best part is that no matter what procedure works best for you, the results are both natural-looking and defy detection.

There's no reason you should stare at empty space every time you look at your smile. Come into the office and talk to us about closing the gap. We'd be happy to discuss these and other options to more beautiful smile.

*Dr. Dennis Marangos is a Breakfast Club colleague of mine. If you have any questions on dental care contact Dr. Marangos at (416) 465-9343. His office is located at 704 Coxwell Avenue, Toronto.*

*This newsletter is compiled by Francis D'Costa. While utmost precaution has been taken to ensure accuracy of the information in "From D'Costa's Files", the publisher does not assume liability for financial decisions based on it.*

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Expenditures will continue to rise steadily as a share of the economy as long as the proportion of retired Canadians receiving CPP benefits keeps increasing. This is why governments are taking fundamental look at the CPP to ensure that it can continue to play a key role in providing income security to Canadians in retirement

The CPP is financed essentially on a pay-as-you-go basis. In a pay-as-you-go system, contributions by today's workers finance the benefits of today's recipients. Other than a small fund

intended to equal about two years of benefits, total contributions equal total pay-outs. The security of the plan benefits, therefore relies on the continuing ability of each working generation to pay for the pensions of preceding generations.

Today, the CPP reserve fund stands at about \$40 billion. This equates to about two years worth of benefits.

Economic growth has slowed considerably since the architects of the CPP designed its structure in the mid-1960s. As a result, projections of continuing strong wage growth have not materialized, calling into question the sustainability of pay-as-you-go financing.

If pay-as-you-go is left in place, the chief actuary, in the last report, indicated that future generations of Canadians will be paying 14.2 per cent of contributory benefits for their CPP benefits.



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**Shirley Samis (416) 425-6173**  
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 978 Kennedy Road, Scarborough,  
 Ontario M1P 2K4

## Introducing ... *The Achievers Club*

### **Physiotherapist**

A physiotherapist is a university trained independent health professional, whose aim is to optimize an individual's function and mobility. Physiotherapists are involved in all aspects of health care, from paediatrics to geriatrics; undergraduate training is usually followed by extensive postgraduate education and specialization into a specific area, such as orthopaedics and sport injury.

#### ***What can an Orthopaedic Physiotherapist do to you?***

Orthopaedic physiotherapists specialize in the treatment and rehabilitation of all musculoskeletal problems and pain complaints. A

physiotherapist will perform thorough assessment of a patient's complaint; treatment may include education, specific exercise, soft tissue stretching, and massage. Physiotherapists frequently use mobilization and manipulation for the joints of the spine and extremities.

#### ***How do you see a Physiotherapist?***

Physiotherapists work often in independent practice, or in a hospital clinic. You can refer yourself directly to a physiotherapist without a doctor's referral at a clinic. Ensure that any physiotherapy you receive is carried out by a registered physiotherapist to ensure quality of treatment.

#### ***Who pays for treatment?***

A limited number of physiotherapy practices are covered under OHIP; the majority of practices are private, non OHIP clinics; costs for treatment can be covered through extended health care plans, DVA insurance, motor vehicle accident insurance, or direct payment.

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***Physiotherapist David Evans, R.P.T., M.C.P.A. is also my colleague at the Achievers Breakfast Club and my client. You may contact him at East Toronto Physiotherapy (416) 691-3943***

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### ***WHY INVEST IN AN RRSP?***

*In the face of significant government cutbacks, there are no guarantees today that the same level of pension monies will be available when we reach retirement age. The future of Old Age Security and the Canada Pension Plan is debatable, and at the best, they are designed to provide only a base income.*

*More than ever before, it is important for Canadians to take charge of their own finances now to ensure a financially worry-free future. Statistics Canada reports that last year approximately 5.7 million people contributed \$23 billion to RRSPs, up 8 per cent from the \$20.9 billion contributed in 1994. Contributors realise that in order to live the lifestyle that they like to enjoy in their retirement years, they must have substantial RRSP savings.*

*Fortunately, the immediate tax deduction and tax-sheltered investment growth provided by RRSP investments makes saving with RRSPs very attractive.*

*Depending on your income level and the province in which you reside, your tax savings per \$1,000 of RRSP contributions are approximately:*

- \$270 for taxable income up to \$29,590
- \$410 for taxable income from \$29,591 to \$59,180
- \$500 for taxable income over \$59,180

### ***NEED CASH FOR RRSP CONTRIBUTION?***

If you are one of the many who would like to make an RRSP contribution this year but just don't have cash available, make use of **RRSP Loan Program**.

An RRSP Loan provides you with an effective way to take advantage of tax benefits of RRSPs.

Features of **Loan Program** include:

- Automatic approval
- No collateral security required
- Loan amounts of \$1,000 - \$13,500
- Fixed interest rate at PRIME
- Loan repayments over period of 12 months
- Lump sum payments can be made at any time
- Year round availability
- A simple, quick application process

For more details call Francis D'Costa  
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