WINTER ISSUE
1998

From D'Costa's Files

Reducing the sting of death and taxes

Benjamin Franklin, who once complained about the certainty of death and taxes, would be horrified at the concept of estate planning, which addresses both being dead and being taxed.

Despite the inevitability of both, half of all adult Canadians are Will-less. The biggest mistakes people make in estate planning, include not preparing a will, failing to appoint a power of attorney, and not telling others what they own.

So, if you are in that half of the population that needs a little guidance when it comes to estate planning, the following steps will help ensure that your affairs are in order when you die:

• Figure out what you own, and what assets would be created on your death.
Get an accordion file and put in it a current list of your assets, your titled

documents, contracts, life insurance policies and investments, including RRSPs. And keep it current. Every time you acquire an asset, review how you are going to own it, the tax ramifications and where it fits in your estate planning.

• Make a will
Keep it simple, avoid hard feelings and squabbles, and give flexibility to executors and beneficiaries so they can settle the estate and avoid taxes.

• Decide your beneficiaries
Do not stop at leaving everything to your spouse. You could die in a common disaster, so you need at least one alternative.

• Use a lawyer
Their experience can help your beneficiaries. Inform your executor and family of the location and intention of your will. This eliminates potential conflict after your death.

• Appoint a trustee/executor
Your executor could be your spouse, trust company, a lawyer or an accountant.

• Review your will regularly
A good time for review is when you are doing your taxes, or whenever family circumstances change - a divorce, death or the acquisition of property.

Retirement age is going down

Canadians are retiring earlier than ever before and June is the most popular month to pack it in.

The number of retirees under the age of 60 in the 1990s is double that of two decades ago, according to Statistics Canada.

The most popular age to retire is now between 60-64, compared to 65 to 69 two decades ago and the median retirement age has fallen from nearly 65 to 62.

The most dramatic drop in retirement age has been among public sector workers in government, education, health and social services where it fell almost five years from 65 in the late 1970s to just under 60 in the early 1990s.

Why I Cannot Buy Insurance Now

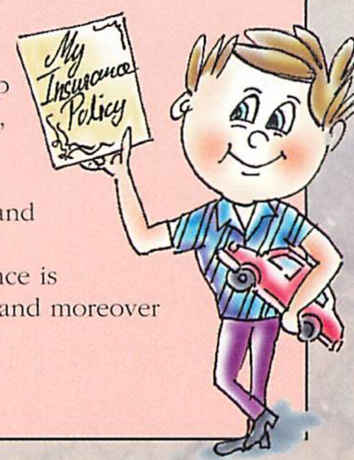
Age 18 - 25 I am young. There is plenty of time. I will wait until I start making a little more money, then I will buy insurance.

Age 26 - 45 I have got a growing family on my hands and it takes all that I earn to keep them going. As soon as they are a little older, and my expenses will reduce, then I will buy insurance.

Age 46 - 55 I have two children in college. It is expensive. I cannot afford to buy a cent's worth of insurance. I will have to wait until they are out of college and on their own. Then I will afford to pay the insurance premiums.

Age 56 - 65 I know I should buy insurance, especially since my company group insurance is expiring. It is not easy for someone my age to afford insurance premiums and moreover I do not know whether I will qualify for one.

Age 66 I wish I had purchased insurance earlier when I was young.



medical condition that affects your insurance rating and then lose your job.

Plans offered by lenders can be a bargain if you are a smoker because everyone in an age group pays the same rate. Otherwise, it may pay to consult a life insurance agent for quotes on your term policy.

But how do you equate the level cost of the lender's plan to the rising cost of term insurance that reflects your age at each renewal? Get a quote on a 20-year level term policy. Even if your is mortgage amortized over 25 years, odds are you will pay it off in less time.

If the rates are the same, individual term insurance is a better buy.

First, you get more coverage. Coverage on personal policy stays constant while lenders' plans only insure the outstanding loan balance, which falls over time.

Second, with an individual policy, your insurance remains intact if you change lenders, move homes or increase the size of your loan. With lenders' plans, you must reapply for insurance. The new rates may reflect your higher age

Third, lenders' plans pay off the mortgage - period. An individual plan pays your beneficiaries who can then use the cash as they want.

This article appeared in the Financial Post.

Look out for Francis D'Costa's book - " Better Advantage Mortgage Insurance" - 11 reasons for buying individual insurance.

Save your pennies, you are going to live longer

First the good news. New projections by Statistics Canada indicate you are more likely to live longer than previously thought - and you more likely to make into your 80s or 90s.

Now, the bad news. Increased longevity is costly. You will need more retirement savings and society will face mounting bills in caring for a much larger aged population.

Money Matters

Financial Planning Career Anyone?

Financial Planning has undeniably become The hot job market of the 1990s. The recent deregulation of the financial services industry has led to a rapid increase in the number of players offering a wide variety of products to the general public. Virtually every bank, trust company and even credit union provides investment vehicles in one form or another. On the other side of the coin, the investors (at every level) have become increasingly aware of investment basics and their level of sophistication continues to expand.

Congratulations! Here's your replacement husband as per your life insurance policy. Didn't you read the fine print.

To properly serve the needs of ever-growing investment planning market, financial institutions have been aggressively seeking well-trained customer service staff. Entry into this explosive job-market does pose some barriers to would-be financial planners, however, as several minimum educational requirements have been imposed by the watch-dogs of the industry. With security, mutual funds and the insurance sales each having their own separate testing and licensing requirements, a new-comer to the field may feel intimidated.

If you are actively considering entry to this career or if you are an established firm seeking quality financial planning staff contact Richmond School of Commerce at 416 486-6461.

The Richmond School of Commerce, a 19 year veteran in Metro Toronto business education community, provides in-class instructor-lead training for individuals who are serious about entry into financial planning field. A fast paced 24 week full-time diploma program fully prepares each participant for all licensing exams, plus a superb introduction to sales technique, interpersonal skills, portfolio management and industry success factors. Preparation for the Canadian Securities Exam is also available separately on a 7 week full-time basis or on a 12 week part-time basis, for those who wish to specializes in securities sales. The school is fully registered with Ministry of Education and Training, and offers extensive job assistance for its graduates.

Mortgage Insurance Pointers

It pays to shop around because insurance premiums and terms vary

Mortgage insurance is an easy sale. Why run the risk of dying and leaving the family with a huge loan and reduced income?

Financial institutions make the purchase easy by offering group coverage from life insurers. You just complete a simple form at the time you arrange your mortgage. The premiums are tacked on to your normal mortgage payment.

But a bit of thought may help you save money or get a better deal.

First, do you really need another insurance plan? You probably already have insurance on your own, through your work or an association. Check the cost of boosting that to insure your new liability.

If it's a employer sponsored plan, consider how secure your job is. In the worst case, you could suffer

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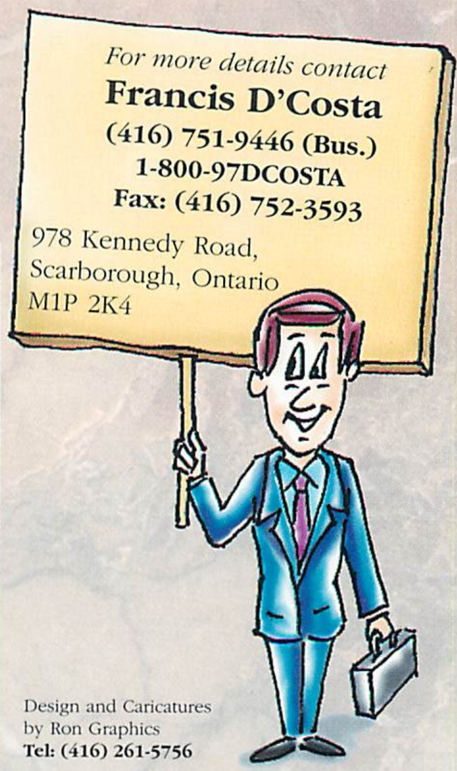

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