

A Twelve-Step Financial Program

Brad and Lisa looked back on the year that was and were disappointed they had not dealt with as many financial issues as they intended to.

Realizing they can't get everything done at once, they decided to focus on one item per month. They will use the following twelve-step list as a guide:

January - Everyone should have a rainy day fund. It is recommended that we have three to six months income set aside in case an emergency comes up. It could be a short period of unemployment, major home repairs, or perhaps a legal problem. Money market funds and Canada Savings Bonds are ideal plans as they are easily accessible and you can make monthly deposits to them.

February - You have until March 1, 2003 to make RRSP deposits that are deductible from 2002 income. If you don't have the cash to make a contribution, you can carry forward your contribution room for use in a future tax year before age 69. Why not consider an RRSP loan or monthly automatic deposits?

March - Review your life insurance needs. In light of recent investment returns, you probably have to reconsider the rates assumed to arrive at the capital needed to provide for your family's income needs.

April - The deadline for filing your 2002 income tax return is April 30, 2003 to avoid penalties and interest charges. Misplaced any of your tax documents? Contact CCRA for a personal income tax information summary.

May - Less than half of Canadians have a current will. Do you really want the government to decide what happens to your estate when you die? Have a lawyer prepare your will to make sure it is done properly.

June - Will you be traveling outside of Canada anytime this year? Be aware that provincial health plans cover only a small portion of out-of-country medical expenses. You could be on the hook for huge medical bills without travel insurance.

July - Make sure your vehicle is in top working order before you head out on vacation. Nothing can spoil a holiday faster than a big repair bill on the road.

August - Turning 69 in 2003? Your RRSPs must be converted to an income before the end of the year or you will be fully taxed on the whole amount.

September - Some 38% of women and 41% of men will develop cancer in their lifetime (Source - Canadian Cancer Society). Critical illness insurance pays you a tax-free lump sum thirty days after you are diagnosed with this or any other illness listed in your policy. The amount is not limited by income and you decide how to use it.

October - Want to upgrade your skills by going back to school? Consider taking advantage of the Lifelong Learning Plan. This plan allows you to withdraw up to \$10,000 per year from your RRSPs to a maximum of \$20,000 over four years as a tax-free loan. Funds must be paid back over ten years or they become taxable.

November - Where will the money come from for your day-to-day expenses if you become disabled and can't work for a few months or even longer? Maybe it's time to review your disability insurance plans.

December - Christmas giving can mean more than just another item to go into next year's garage sale. Why not contribute what you would have spent on a gift item to an RRSP for children and adult grandchildren instead?

Want help reaching your financial goals? Call today!



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