

What Isn't the Financial Industry Telling Investors About RRSPs? Questions to ask before investing

Edmonton, AB - The financial industry has done an exceptional job educating the public about RRSPs and saving for retirement. But should everyone buy an RRSP? And what questions should investors ask before investing their money?

Question #1: Do you have an emergency account?

There are a number of situations whereby an investor should consider non-registered savings as opposed to this popular shelter. It's true that RRSPs have become much more flexible in recent years. The Canadian Government allows investors to use their funds to purchase their home for the first time and even for their education. But what about unexpected surprises and expenses? An RRSP is fully taxed when withdrawn and should never be thought of as an emergency account. Investors are wise to consider a non-sheltered account before allocating their entire savings within a tax shelter such as an RRSP.

Question #2: What's my income this year?

In addition to the tax-deferred growth that an RRSP offers, investors also benefit from the tax deduction produced by this shelter, which is based on the contributor's marginal tax bracket. However, if this is an extremely low income-earning year, investors may wish to defer their contribution until a later, higher income-earning period. Contribution room is not lost and may be carried forward.

Question #3: Should I pay off my mortgage or invest in an RRSP?

This is one of the most common questions posed to a financial advisor. Why not consider both? While many Canadians rate paying off their mortgage as their top financial priority, this strategy long-term, may force them into an "asset-rich, cash-poor" retirement. Investors might consider an annual strategy of investing in an RRSP account, then, utilizing the tax refund generated from this investment to pay their mortgage.

Other questions investors should ask include, whether they should take out an RRSP loan or save monthly instead. Investors should also consider their gender and marital status when deciding to invest in RRSPs; as divorce rates are hovering around the 50 percent mark, there's a good chance that a single mother living on her own, for example, might need to dip into her tax shelter. It's essential that investors consult their tax or financial advisor to determine what factors are involved in designing a portfolio and planning for a retirement that suits their unique situation.

Kelley Keehn, lecturer, personal coach and author of *The Prosperity Factor & The Woman's Guide to Money*, uncovers the "inner games" we play surrounding wealth. As a financial professional for over a decade, she's witnessed the problems individuals have with money and has developed a fun, practical guide to making changes to our money mindsets at a fundamental level. Kelley is also the co-author of *Mutual Fundamentals II*, which will be released in March 2006. *The Woman's Guide to Money* will be released nationally by Insomniac Press and available in all bookstores in early April 2006.

For more information or an interview, please contact:
Crystal Dallner
Publicist
The Prosperity Factor
(780) 406-8045
Email: publicity@theprosperityfactor.com
www.theprosperityfactor.com