

1. **RSP facts for 2009 and 2010**
2. **Alternatives to critical illness insurance**
3. **Miscellaneous tid bits**

1. **RRSP deadline and max deduction for 2009 & 2010**

The deadline for RSP contributions for the taxation year 2009 is March 1. Maximum contribution is \$21,000 or 18% of earned income. You can get your RSP limit for 2009 from your Notice of Assessment you would have received from Revenue Canada for the taxation year 2008. They don't put you in jail if you over contribute but anything over \$2,000 is charged a 1% per month penalty on the excess. The RSP limit for the 2010 tax year is \$22,000.

2. **Hard to believe but insurance is the cheapest alternative**

Most people believe they have other assets they can utilize if they are diagnosed with a catastrophic illness. Well there is a cost to every financial decision we make and here are some alternatives utilizing other assets to cover the cost of a \$100,000 illness for a 45 year old female non-smoker with a 40 % tax rate:

1. Savings: Must save \$305 per month, earning 3% after tax, for 20 years.
2. RSP: Must withdraw \$166,000 from her RSP, thus reducing its growth potential by \$443,000 over 20 years.
3. Loan: A payment of \$657 per month for 20 years costs \$157,000.
4. Critical illness Insurance: \$94.23 per month for 20 years for a total cost of \$22,615. Seems far and away the cheapest alternative! Call me for your personal analysis.

3. **Stuff you need to know**

It was reported in numerous sources in January that teens spend more time online (texting, internet, iPod, etc.) than they do sleeping. Parents with teenagers knew this already!

Trillium Gift of Life announced that 2009 was the Year of Donations with over 700 Ontarians receiving transplants. That's more than the previous 10 year total. 700 hundred people are living a much better life! Have you signed your organ donor card and let your family know your wishes? You need to do both!

Cheers,

Earle

PS If you get more email than you can ever read & I'm adding to the glut, drop me a note and I'll remove you from my mailing list.

J. Earle McCormick

Financial Strategist

(519) 725-4505

[earle@jearlemccormick.com](mailto:earle@jearlemccormick.com) [www.jearlemccormick.com](http://www.jearlemccormick.com)