

The Money Lady New\$



Are you looking for money
in all the wrong places?
Call Angela today and let her
lead you directly to the money
you need for your financing!

"I'm the Money Lady. I'll find your money!"

January 2005

Angela Wong-Liao
Mortgage Consultant

Money Lady Market News FAQ's*

"The Prime rate is on the rise, while the fixed term mortgage rate is on a downward trend."

The Money Lady's service focus is to find the best suitable mortgage financing for each client's different needs and expectations.

The Money Lady has access to over 40 lenders, so she can find you the best products and the best interest rates in the market.

The Money Lady's 28 years banking experience enables her to assess her client's needs and structure the mortgage deal to achieve her client's needs and expectations.

Q. What do you think about the Prime rate trend in 2005?

R. With reference to predictions from some economists, the prime rate may increase to 5% by the end of 2005, therefore, the best variable rate product may be at 4.25% (Prime minus .75%) by the end of 2005.

Q. What do you think about the Fixed Term rate trend in 2005?

R. Fixed term rate is very much driven by the Bond market, it is currently on a downward trend since October, 2004, the 5 yrs posted rate has reduced from the height of 6.45% in mid October to 6.30%, and the best discounted 5 yrs fixed term rate has been reduced from 5.20% to 4.95%. In view that the Bond Market fluctuates daily, it is very difficult for the economists to give prediction for 2005, however, when I based on the fixed term interest rate trend in the past 5 yrs, the lowest best 5 yrs discounted rate was 4.40% and the highest best 5 yrs discounted rate was at 6.10%, in my opinion, I suggest that the best discounted 5 yrs fixed term rate may be between 4.50% to 5.50% in 2005.

Q. What is the difference between Variable Rate and Fixed Term Rate?

R. I compare Variable Rate products to Mutual Funds and Fixed Term rate products to Guaranteed Investment Certificates.

Variable Rate products fluctuates with the Prime Rate, and therefore no guaranteed of interest rates, however, it is a lot more flexible than the Fixed Term Rate products. Most of the Variable Rate products have conversion options, which means that you can convert from Variable Rate products to Fixed Term Rate products at no cost. Variable Rate products have lower penalty cost should you want to break the mortgage contract, (normally between 2 to 3 months interest penalty versus interest differential & break up fees of Fixed Term products). You can potentially save more interest costs with Variable Rate products versus Fixed Term Rate products. You can potentially save more interest costs with Variable Rate products versus Fixed Term Rate products because most of the Financial Institutions offers big discount from the Prime rate, ie: The best rate discount for Variable Rate products is at Prime minus .75% (currently at 3.50%).

Fixed Term Rate products offers Peace of Mind for some clients because it guarantees your interest rate for a fixed period of time, and you can budget your monthly expenses with a guaranteed mortgage payment amount within this fixed period of time.

Q. Should I go Variable Rate or Fixed Term Rate?

R. The decision of whether go Variable Rate or Fixed Term Rate is entirely up to the individual's needs and expectations. As a prudent & experienced Mortgage Consultant, I can only provide my clients with information and some insights, the final decision is still remaining with the clients.

Q. What is the Zero Down Mortgage Program?

R. The Zero Down Mortgage Program is a special program offers to clients who does not have down payment, but they would like to buy their first home. *Please note: There are certain conditions that apply, please visit my website www.moneylady.ca should you want to know more about this program.*

Q. What is the New Immigrant Program?

R. The New Immigrant Program is a special program offered to new immigrants who do not have any established job or credit history in Canada. *Please note: There are certain conditions that apply, please visit my website www.moneylady.ca should you want to know more about this program.*

Q. What is the Self Employed Program?

R. The Self-Employed Program is a special program offered to self employed clients who have filed their income taxes, but they do not showed sufficient net income to qualify for the mortgage. *Please note: There are certain conditions that apply, please visit my website www.moneylady.ca should you want to know more about this program.*

Q. What is the Cash Back Program?

R. The Cash Back is a special program that is offered by most of the major Financial Institutions. The Bank is giving you a certain percentage of the mortgage amount, ie: 4% cash back on a 5 yrs fixed term closed mortgage, but you have to take the posted rate of 6.30% versus a discounted rate of 4.95%. I do not recommend the Cash Back option unless it is necessary for the clients due to a cash flow issue

www.moneylady.ca

416-529-2888

* FAQ - Frequently asked Questions

The Power Networking Group

The Power Networking Group was founded and established by Angela, the Money Lady on February 14, 2002.

The Mission Statement of this group is to assist business professionals to promote their businesses at a minimum cost with maximum results.

The Power Networking Group is Angela's passion, Angela volunteers close to 20 hours of her time to organize monthly networking luncheon meetings.

The Power Networking Group luncheon meetings is held on the last Thursday of each month between 11.30 to 1.45pm at the Town & Country Buffet Restaurant, 3120 Dixie Road, Dixie and Dundas, Mississauga. The cost is only \$18 cash per person, which includes a buffet lunch, an opportunity to present your 30 second infomercial about your businesses, and free information and display tables.

We have networkers coming from all over the GTA & most of its surrounding cities as far as Niagara-On-The-Lake. We have businesses ranging from small independent businesses to medium and large businesses, ie : Co-operators, Scotiabank, Nesbitt Burns, etc.

If you are interested in attending our monthly meeting, please contact Angela, The Money Lady at 416-529-2888 or contact her at angela@moneylady.ca



Income Tax Tips

by Jeremy Mason- CGA

For the Employed Individual

1. File on time

Avoid 5% late filing (or 10%, if you've filed late within last two years) on a taxes owing by filing on time. Re-file at a later date if necessary.

2. Maximize RRSP contributions

Maximize RRSP contributions for the 2004 calendar year until March 1, 2005. Know your maximum contribution limit to avoid a 1% per month penalty on excess balances over \$2,000. Consider investing in labour-sponsored funds and receive an additional 30% of the amount invested as a tax credit.

3. Employment Expenses

If you buy supplies that are used in your job, their cost may be tax deductible to you. In addition, if you regularly work at remote locations or in the railway or trucking industries, or as an artist, there are additional tax deductions available to you.

4. Carrying Costs

If you have borrowed any amount for investing outside of an RRSP, its related interest expense is tax deductible. If necessary, interest expenses can be claimed retroactively by filing amended tax returns.

5. Investment Losses

Investment losses can be carried back 3 years and ahead indefinitely to be applied against capital gains. Ensure you report investment losses in the year when incurred, as Canada Revenue Agency can disallow the application of the loss against future capital gains if it was not reported in the year it was incurred.



For the Self-Employed Individual

1. Income Splitting with Family Members

Consider paying your spouse or family members fair market value for services rendered.

2. Purchase Fixed Assets at End of Calendar Year

Purchasing fixed assets before the end of the year will allow you to claim depreciation for ½ the year, rather than just the period from date of purchase.

3. Defer Depreciation of Assets

For income tax purposes, do not claim depreciation in a year where a loss is incurred. Defer claiming depreciation in years of lower income until years of higher income, thereby providing greater tax savings.

4. Tax Deductible Interest

Use company funds to repay debt for which interest is not tax deductible, then borrow to finance business operation as needed, thereby making non-deductible interest tax deductible.

5. Car lease - Purchase vs. Lease

Consider limits for each in determining tax efficiency. Generally, maximum deductible monthly lease costs are \$800, versus maximum cost of vehicle purchased that can be depreciated is \$30,000 before applicable taxes. In addition to depreciation, when a vehicle is financed, the maximum interest cost that is deductible is \$300 per month.

Jeremy Mason is a Certified General Accountant, and former Revenue Canada business auditor, currently in public practice, specializing in personal and corporate taxation. He can be reached by telephone at 905-451-2008 or by email at jmasoncga@ca.inter.net

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