KEEPING TRACK, D12

RATES & RETURN

May 18, 2001

MORTGAGES

Variable	4.99-6.38%
1-year	5.80-6.80%
3-year	6.30-7.50%
5-year	6.45-7.95%

TERM DEPOSITS

30-day	2.95-4.05%
90-day	2.95-3.95%

GICs

1-year	3.20-4.55%
3-year	3.70-5.25%
5-year	4.30-5.80%

ANNUITIES FOR LIFE

$50,000 buys (per month):

Age	65	69
Male	$370-$392	$407-$439
Female	$332-$354	$362-$390
Joint	$302-$315	$326-$340

MUTUAL FUNDS (at April 30/01)

Past performance*

Bond funds:

1-year.	6.40%
3-year	3.40%
5-year	6.40%
10-year	7.90%

Mortgage funds:

1-year	7.20%
3-year	4.70%
5-year	5.30%
10-year	6.80%

Balanced funds:

1-year	-1.20%
3-year	3.40%
5-year	8.00%
10-year	9.20%

Equity funds:

1-year	-1.50%
3-year	2.00%
5-year	9.70%
10-year	10.40%

International equity funds:

1-year	-12.50%
3-year	4.40%
5-year	7.80%
10-year	10.00%

*Returns are an average of past returns

Playing for time

MONEY makeover THE VANCOUVER SUN

It's a hassle, but you can get U.S. tax money back

Does Uncle Sam owe you money?

If you've recently won the jackpot in Las Vegas or are counting your coins from a slot-machine bonanza in Reno, you are probably smiling at the current U.S. exchange rate but lamenting the 30-per-cent tax withheld by the casino on your winnings.

If you keep good records, you may be able to reclaim some of the money withheld for the Internal Revenue Service, says Doug Lindsay, principal of Nanaimo's AmeriTax Consulting.

One of the least-publicized 1995 revisions to the Canada-U.S. Tax Convention allows Canadians to offset U.S. gambling winnings with U.S. gambling losses, just as Americans have been doing for years.

To determine if you are eligible for a refund, you must first calculate your total U.S. gambling winnings from all "taxable" games, not just wins that were subject to the 30-per-cent withholding.

The IRS currently lists slots, keno, bingo, racing, lotteries and table games (e.g. poker) as "taxable" wagering. All other wagering payouts are not considered taxable to non-residents of the U.S.

Next, tally your losses. Do not include expenses for travel, lodging or meals unless you treat your gambling as a business. Nor should you include losses related to non-taxable games.

The IRS says any claim for losses must be supported, on audit, by adequate documentation. Lindsay says statements provided by a casino or hotel, or similar third-party documents like bank records or wagering tickets, will suffice.

The IRS also requires that individuals keep an accurate diary of U.S. gaming activities.

The diary should note the date of play, the location of the casino,

See **IF YOU** D10

of financial security for middle-aged refugees from the former Soviet Union

As refugees from war and famine in the former Soviet Union, Eugene and Karina Konart are doing well.

They're alive, they have a roof over their heads, and their two sons are in post-secondary education instead of spending up to six hours a day in food lines while waiting to be drafted into the military.

As new Canadians in their 50s, however, the Konarts have a lot of catching up to do before they will enjoy the same financial security as their neighbours, and they have less time to do it in.

"We're older, but our goals are like those of Canadians in their 20s," Eugene says.

Karina laughs: "We should have come earlier, but in those days you couldn't get out from behind the Iron Curtain."

Today Karina, 51, an English teacher in her native Georgia, runs a licensed day-care centre for up to seven pre-schoolers at their rented home in central North Vancouver. The business grosses about $40,000 a year.

Eugene, 52, a mechanical and electrical engineer, recently struck out on his own as a food broker, exporting North American meat and meat products to places such as western Russia and China. His income is about $35,000 but has the potential to grow.

The couple sought a free *Vancouver Sun* Money Makeover, courtesy of the Chartered Accountants of B.C., to figure out where they will stand when they reach normal retirement age.

"It takes up to 45 years for people born in Canada to build their retirement savings," they wrote. "How can we plan our financial security in less than 15 years?"

The challenge seemed so daunting that the Konarts had trouble articulating their goals to chartered accountant Marian Snowball and financial planner Blair MacLean, both of West Vancouver's BC Partners in Planning.

The Western retirement ideal — long days pursuing hobbies or lounging on Hawaiian beaches — struck the Konarts as unrealistic and faintly ridiculous. They figured their best hope was to minimize their taxes and save enough so that they could afford to stop working at 65 and do some travelling.

When they sat down for their makeover, however, it became clear that retirement at 65 is not a high priority.

Karina loves caring for children and wants to continue as long as she is able. Unless his health fails, Eugene won't surrender a successful business at an arbitrary age, although he might employ others to ease the load.

What they really want, they revealed, is to own their own home on the North Shore where they have lived since 1993. That's when a total stranger, Catherine Howard, an English-literature major working behind the bar at the Jolly Roger restaurant in Long Beach, Calif., befriended them through a group called Letters for Peace and paved their way to Canada as self-sponsored immigrants.

The couple say a *Vancouver Sun* story at the time about Howard's good deed provided them with new friends and a job for Karina with North Shore Family Services while she attended night school to earn her diploma in early-childhood education.

The Konarts' current home was recently sold and although the new landlord has indicated the day-care business can continue, they recognize that could change at any time. Home ownership would secure the day-care operation and protect them from rising rents as they grow older.

Given that their first objective is to save for a downpayment, MacLean says their savings of less than $20,000 should be shifted from aggressive mutual funds to low-risk funds or guaranteed investment certificates.

Eugene believed he needed high investment returns because he had only a few years to grow his money — he didn't have time to get rich slowly. Unfortunately, higher returns mean higher risk in the short term, and last year's market downturn wiped out 40 per cent of his savings.

"You have to invest conservatively because you simply can't afford to lose money," MacLean explained.

The Konarts will meet later with Snowball and MacLean to chart a strategy for home ownership, but it is clear the couple will have to save hard. They currently pay $1,500 monthly in rent, plus utilities. They are also supporting sons Dennis, 23, and Dmitri, 20, through college and sending money to Georgia to help three surviving parents.

Karina has been contributing $100 monthly to a registered retirement savings plan, money that could be "borrowed" under the RRSP Home Buyers' Plan. However, tax-assisted saving for retirement is not a priority for the Konarts because of their low incomes.

They receive only a 25-per-cent tax deduction for RRSP contributions and it is likely they will pay tax at a similar rate when they withdraw the money in retirement.

Although their savings will grow faster inside an RRSP than they would outside because the earnings are tax-deferred, the downside of RRSP saving for low-income earners is that each dollar of extra retirement income will reduce their entitlement to Ottawa's Guaranteed Income Supplement by 50 cents.

As latecomers to Canada, the Konarts can anticipate a combined monthly income of only about $1,300 in government benefits at 65, including $183 each in GIS.

Like other Canadians, they will qualify for 1/40th of standard Old Age Security for each year of residency prior to 65. In their case, that's $237 per month each.

Their Canada Pension Plan will also be reduced because they earn less than the average industrial wage and they will have contributed for only half of their working lives.

Based on their current incomes, Eu-

See **MOTIVATED** D10

WHERE THE MONEY GOES

Vacation	$3,000
Personal	$6,000
Parental support	$3,600
Medical expenses	$600
Canada Pension Plan (self-employed)	
Eugene	$2,645
Karina	$1,092
Business expenses	
Auto expenses	$3,500
Rent and hydro	$21,600
Food and supplies	$18,000
RRSP contributions	
Eugene	$1,800
Karina	$1,800
Student loan	$365
Life insurance premiums (assuming $200,000 each)	
Eugene	$600
Karina	$400
TOTAL	$65,002

MARKET VALUE

What: Three-bedroom condominium, one year old.

Where: #601—1111 Marinaside Cres., Vancouver west side (downtown).

Features & amenities: Waterfront view property, concrete high rise, balcony, fireplace, eight appliances, three bathrooms, underground parking, 1,900 square feet finished area. Building amenities include concierge service, indoor pool and gymnasium.

PRICE HISTORY:

Purchased: June 2000 — $635,000 plus GST.

Assessed value: 2001 — $577,000.

Listed: Feb. 24, 2001 — $699,000.

Sold: May 7 [closing June 13] — $660,000.

Listing agent: Jenny Mak, Re/Max Real Estate Services.

Selling agent: Ren Ming Lee, Royal Pacific Realty.

(This information may not necessarily reflect other property values in the area.)

Source: Real Estate Board of Greater Vancouver; Multiple Listing Service.