

Hello Clients and Friends,

We've been busy here at [AR Jaffer Professional Corporation](#).

We are finally settled into our new office, located at **5484 Tomken Road, Unit 19, Mississauga, Ontario** - and just in time for tax season!

In this issue of our newsletter, we'd like to provide you with some financial tips and tricks. Please read on to learn more.

If you have any questions or comments, do not hesitate to contact us.

Yours truly,



**Ali Raza Jaffer, CGA, MBA, BComm**  
President, AR Jaffer Professional Corporation  
Certified General Accountant

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## Budgeting 101

The 1<sup>st</sup> quarter of every calendar year is a good opportunity for individuals to plan their goals for the months ahead.

Here are some tips that will help you plan your finances more effectively:

- Plan 12 months in advance and review your finances monthly to ensure unnecessary expenses are eliminated.
- Save approximately 10% of your earnings. Aim to spend 90% of your income allowing you to save for retirement and rainy days.
- If you have credit card debt, consolidate your debt into a low interest line of credit and pay down the highest interest debt first.
- Many retailers and phone companies are doing price matching. Conduct price shopping before signing up for long term contracts.
- Use coupons - no matter how little they are. The amounts add up.
- Use the Internet to leverage high discount websites such as Groupon, living social and Red Flag Deals.
- Contribute to your RRSPs.
- Look out for - and avoid - high bank fees.
- Ensure you keep some funds available for emergencies.
- Use loyalty programs to earn free points that are redeemable for rewards.

And most importantly, **live within your means!!!**

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## RRSP vs. TFSA vs. Mortgage lump sums

Where should you put your savings?

It's a common question. People are unsure if they should invest in a RRSP, TFSA or reduce their mortgage.

There are a number of factors that can help you determine which route to take, such as:

- Income today versus income in the short term future
- Interest rates
- Type of investment vehicle

The main difference between RRSPs and TFSAs is that RRSPs allow for a deduction of your contribution amount from income while the investment grows on a tax deferred basis.

A TFSA allows you to grow your investment without paying taxes on the growth.

RRSPs have an annual limit of up to a maximum of \$22,970 whereas TFSAs have a limit of \$5,000 per year.

With low interest rates, many Canadians are taking advantage of putting lump sums on their mortgage liabilities to reduce the interest in the future, when rates will be higher.

Generally, we look at each client's situation to determine the optimal structure to reduce their tax liabilities. Please [call our office](#) if you have specific question pertaining to your tax situation.

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## Recommended Reading

Here are some books that we have enjoyed and we hope you will, too!

- The Wealthy Barber Returns by David Chilton <http://www.wealthybarber.com>
- The Alchemist by Paulo Coelho [http://en.wikipedia.org/wiki/The\\_Alchemist\\_\(novel\)](http://en.wikipedia.org/wiki/The_Alchemist_(novel))
- The Secret by Rhonda Byrne <http://thesecret.tv/thesecretbook>

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