ay, make a contribution today!
There's no question that Registered Retirement Savings ns are a good idea. As we live ger and as fewer among us count on company pensions, sonal saving has to fill the s. Author, investment expert Toronto Star columnist don Pape calls RRSPs the imate wealth builder," using phrase as the title of a book. But even though they've been und for almost 60 years, there plenty of misconceptions ut RRSPs.

Myth 1: RRSPs are tax-free: tributions give you a tax nd of up to 40 per cent, depending on your tax bracket. But ny people forget that you ay the tax when you draw n the money.

f you dip into your RRSP erally a bad idea) before you 71, here's what happens:

f you withdraw $5,000 or less, 'll pay a 10 per cent withding tax, so you get $4,500 in d;

f you withdraw more than 00 but less than $15,000, the withheld is 20 per cent;

f you withdraw more than 000, the tax is 30 per cent.

And more tax may be payable ause the money counts as me in the year you withdraw

n the year you turn 71, your SP must be converted into a istered Retirement Income d (RRIF) because the government wants its money back, ing minimum annual withval limits starting at 7.38 per in the first year and rising to er cent a year at age 94 and ond. That too, is considered me for tax purposes.

Myth 2: Most Canadians e an RRSP: About 60 per cent s have opened an RRSP, but rding to Canada Revenue ncy, some 94 per cent of the lable room is unused. Highcome earners tend to conute most because they have e money to shelter and more o pay.

arleton University business

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SPs are) the ultimate lth builder."

for both, they opt for the house.

Myth 3: Always max out the contribution: If you have a lot of debt at high rates of interest, it is a better idea to pay that off. Credit cards carry annual rates of 19.99 per cent, while you may earn four or five per cent inside your RRSP.

Or pay down your mortgage. At these low rates, a little reduces a lot of principal, cutting interest costs over time.

Myth 4: An RRSP loan is a good idea: For many people, probably not. If you were disciplined throughout the year and made regular payments, you shouldn't need to borrow money. If you weren't disciplined, are you likely to repay the loan with your refund?

Try a payroll deduction instead. It's easy and painless. Money you don't see is money you don't miss.

Myth 5: Always aim for the Feb. 28 deadline: That's not a good idea, though it's better than nothing at all. Most people don't have the full amount lying around, and those who contribute at the deadline also miss an entire year of tax-free growth.

Myth 6: An RRSP is a pension: An RRSP is just a pile of money (hopefully a big one). That's where the stress comes in for many people. You have to manage it. A defined benefit pension plan gives you a monthly payment for life. You don't have to worry about it. An RRSP must be invested in something to create the monthly payment.

Myth 7: RRSPs are better than TFSAs: For young people who are saving for a home, a Tax Free Savings Account may be better. It's easier to get at the money and the amount inside grows tax-free. For low-income earners, a TFSA may also be better, because the income in a TFSA isn't counted for tax purposes and so doesn't affect such things as the means-tested Guaranteed Income Supplement (GIS). For seniors, a TFSA may also be a better place to shelter money.

In the end, an RRSP is a terrific way to save and can play a key role in your retirement planning. But as with all things to do with personal finance, one size doesn't fit all. Sometimes other things come first.

News services

your information to: New Ventures, c/o The Record, 160 King St. E., Kitchener, N2G 4E5. Or send by fax to 519-894-3829. Or write by email to business@therecord.com

HANNAH YOON, SPECIAL TO THE RECORD

Chris Steingart operates his business, QT Web Designs, from his Kitchener home.

A job well done brings referrals

➤ **Job** continued from D1

QT specializes in website design, hosting websites, and branding of print and web content.

Steingart got into the business by taking online courses and going to seminars and workshops. He uses the WordPress custom theme development platform to create unique websites while also giving clients the ability to make changes on their own websites.

Steingart prefers a sole proprietorship. "I made a decision early on that I didn't want to be hiring and firing people," he says. But he also recognized he couldn't do everything, so he has a network of independent contractors with different skill sets he can call on.

Running his business out of a downstairs home office reduces his bricks-and-mortar costs, so he can charge customers a bit less than what bigger companies charge. He gives discounts to charities and non-profits.

"I feel strongly that groups with limited means should be able to improve their design presence and marketing reach," Steingart says. "It may not be all the bells and whistles, but I can give them something solid that they can build on."

He also provides clients with a library of video tutorials on how to maintain their own websites and make changes.

The one challenge of running a home-based business is "staying on task," especially now that Steingart has a family that includes a two-year-old son, Rowan, and a newborn daughter, Maya, who is only a month old. "I could work 24/7 because I enjoy doing what I do, but with two kids, I have to set a schedule and stick to it," he says.

Steingart says he has a lot of nonprofit clients because he understands their needs. "I speak their language and I understand the challenges they face, whether it be donor acquisition, conveying their mandate, or connecting with their target audience and developing a following."

Clients for Echosims have included home and commercial building developers, small and medium-sized businesses, and organizations such as the Accelerator Centre and the Grand River Hospital Foundation.

Horst says that when Echosims started, about four years ago, people told him not to start a website design business because there were too many companies doing website design. But he and his business partner discovered there was a need for better, high-value websites. "There was a big need to build more comprehensive websites that had more information on them," he says.

Neither Horst nor Steingart worry too much about competition. Their work comes from word-of-mouth referrals. They have both found that what really counts is quality and delivering on what was promised. "If you do good work, you will get referrals," Horst says.

Both entrepreneurs refer work to other companies when they have more than they can do on their own. Other companies, in turn, refer work to them.

Good business is also built on good principles, they add.

"Whether I am working with a nonprofit or not, my faith informs what I do as a business owner.

"That means I behave ethically, I don't steal designs, I deliver or even over-deliver on what I promise and I go the extra mile," Steingart says.

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