

APRIL 1997

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ING... DOLLARS • TWENTY

Playing smart

**Don't be thrown to the sharks:
financial life preservers for the future**

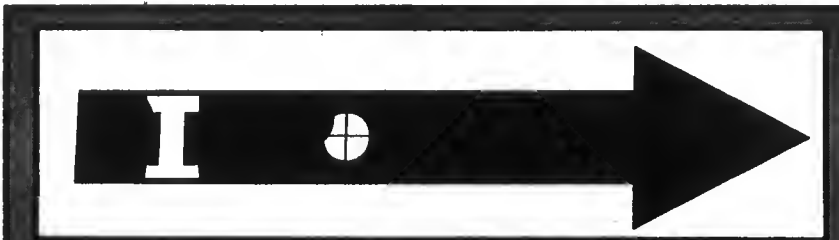
Sapping OSAP • Incoming taxes! • Young entrepreneurs



Editorial

From the desk of Swedko

Pamela Swedko



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Although the future is something that many of us dread, it is inevitable. So since we can't avoid it, we might as well prepare for it.

With RSP season behind us for another year and tax time quickly approaching we here in the newsroom thought it was a most opportune time to bring you the financial edition of *Pinpoint Magazine*.

In the following pages you will find tips on filling out those dismal tax forms, and how to attempt to save money. You will read about the stock market, life insurance as well as some inspirational stories of young entrepreneurs and who can help you become one.

We hope that this magazine will help clarify some things you already know as well as bring you up to date on the things you need to know to help you face the future and make it a profitable one.

Pamela Swedko
Editor-in-Chief

Check out Et Cetera Online for more Pinpoint articles

<http://etcetera.humber.on.ca/pinpoint.html>

HEY BUDDY!

Can you save a dollar?

by Cliff Boodoosingh

A Saturday afternoon trip to the local beer store is a ritual for many people.

Something a lot of us take for granted. We gotta have suds for the game or to load up before we hit the bars, right?

Well some people totally shun this custom- not because they don't like beer- but because they've made a conscious choice that saving this money is a more important goal.

Mike Davis, now 28, recalls that sacrifice he made six years earlier when he was studying chemical technology at Humber College.

"I saw the ad in the paper- 'start contributing now in mutual funds now and retire a millionaire'. The \$25 I usually spent for a two-four went right into an account and into a mutual fund every month," Davis said.

'...look after those nickels and dimes and the dollars will look after themselves.'

**Mike Davis,
-former Humber student**

It really does come down to priorities and difficult choices especially when you're in school, Ron Paplawski agrees. The investment representative at

the Canadian Imperial Bank of Commerce has seen and helped many young people wanting to invest in long term ventures such as guaranteed investment certificates and mutual funds.

His advice initially is quite simple. If you have a job, "pay yourself first." It's not rocket science, he says. Decide what is important to you- investments, a new car, bar hopping, whatever. Figure out what it costs, and subtract that money from your pay cheque. Ten per cent is generally a good rule of thumb.

Now the dreaded "b" word- budget.

Once you've paid yourself, figure out monthly expenses for the necessities: food, rent, clothes, and utilities. You subtract these items from what's left on your pay cheque.

Well, we've hit a snag there, you say. Then go back to the drawing board, crunch the numbers again, and make the necessary adjustments until they work. Still stuck? Maybe consider "a little moonlighting," Paplawski grins.

And what about us folks who haven't got a job, and no money left after we pay the bills and living expenses, you ask with your arms folded and your wallets empty.

Davis says do a little backtracking and it may surprise you to find out that you blew \$15 for a pizza here or a Beck CD there or partying during the week.

While he doesn't recommend macaroni and cheese every night, Davis says a lot of money he saved came from eating out less often and checking the super-markets for bargains.

"Brown bagging may be the way to go if you're spending money on lunches everyday. You know

what they say- look after those nickels and dimes and the dollars will look after themselves."

Davis also prefers automatic withdrawals from his bank account, claiming that "if I don't see it, I don't miss it."

And after salting away a decent nestegg already, Davis does make that Saturday trip occasionally to pick up a few pints.

After all he's earned it. ☺



CLIFF BOODOOSINGH

The feeling is

mutual

by Cindy Line

Doug and Sheryl Philip, both in their early twenties, got married in May of 1996. They presently live in an apartment building, paying low rent in order to save for their first house - which they plan to buy in five years. They recently bought a used car to get them through the next couple of years. In five to seven years they want to begin a family, ultimately resulting in two or three children.

But, they don't worry about money for their future...only how much they are investing monthly. They have been investing in mutual funds since they were both 18.

"We don't want to struggle," says Doug. "We want to be able to enjoy life."

Drina Tallo says the Philips are doing everything right. "Invest early, invest now," says the investment specialist from the Toronto Dominion Bank's mutual fund management unit. "Take a long-term diversified approach."

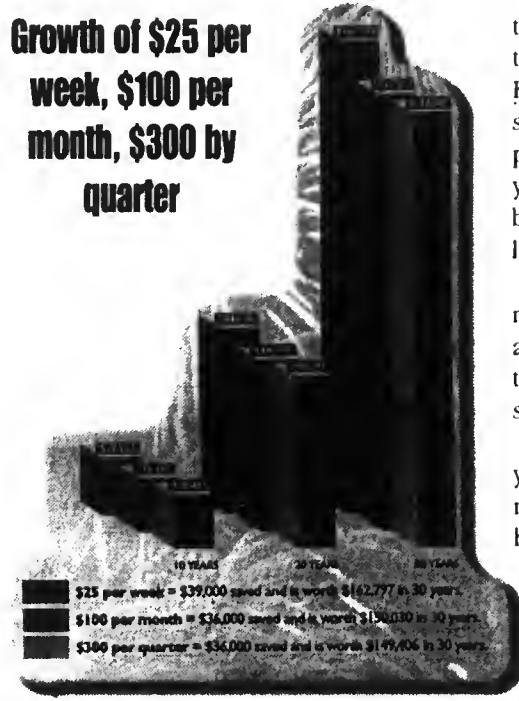
This means investing in a large variety of mutual funds in order to lower the risk factors of investing. If investments are spread out throughout different companies, the chances of losing money decreases.

For those who aren't exactly sure what a mutual fund is, think of it as a way for the little guy to do what the big guy has been able to do in the stock market for years. However, since the stock market takes more money and is riskier, the little guy can invest in virtually any type of investment around the world through mutual funds. You name it: stocks, bonds, cash, gold, real estate, commodities.

That is why \$219.4 billion were being pumped into the mutual fund market by 23 million Canadian unit holders as of January 31, 1997, according to the Investment Funds Institute of Canada.

For mutual funds to totally fail, all major businesses around the world would

Growth of \$25 per week, \$100 per month, \$300 by quarter



COURTESY OF TD BANK

have to go under, says Agnes Kazakos, president of the Ontario Association of Financial Planners. And, if all of the businesses failed, our dollar wouldn't be worth anything anyway.

Experts say individual funds have been known to fail when people do not match their investments with their expected goals. That is why it is important to determine your risk level before making an investment.

\$219.4 billion were pumped into the mutual fund market by 23 million Canadians as of January 1997

And risk is a very personal affair. The first question you must ask yourself before investing is: "What kind of risk can I afford to take?" says Kazakos.

People investing young for the long

term can afford to invest in mutual funds that are high risk like stocks, according to Kazakos. Putting your money towards small companies that have the most potential to grow over the many investing years you have left before retirement can be risky, but earn you more money in the long run.

There is a positive correlation between mutual fund risk factors and the turn-around on the money invested. You have to risk money in order to make money, says Kazakos.

In other words, If you invest when you're young for the long term there is more time to wait for the full cycle of highs and lows of mutual funds to even out. Therefore, you can afford some high risks, according to Tallo who suggests the "buy and hold" approach to long term mutual fund investing.

"If the market drops, don't get nervous about it - ride it out," says Tallo. "The nature of the market is to fluctuate."

But, if you invest young for the purpose of putting a down payment on a house in five years, you want to invest where tumaround on your money is pretty much guaranteed. Then you would invest in lower risk mutual funds like larger, well known companies, says Tallo.

Ron Forrest, 38, a construction worker from Richmond Hill, has been investing in mutual funds since 1990. He has seen his money grow and wants it to continue to grow throughout his working life. "I understand it's a long-term investment. It's too hard to time the market. I invest monthly so that I am investing in up and down markets and benefiting from an average cost per unit."

Contributing on a monthly basis towards mutual funds is known as compounding. Instead of investing one lump sum of money once a year, by contributing on a monthly basis, your money can work harder, says Forrest.

In order to get a mutual fund financial advisor to suit your needs, Forrest suggests you: "Shop around. You want to be able to trust your advisor. After all, your future is at stake."

Forrest's primary reason for investing in mutual funds is simple: "I don't want to have to rely on the Canada Pension Plan. I want financial independence upon retirement."

That is the same self-reliant philosophy many Canadians share, says Kazakos. "People want to maintain or increase their standard of living upon retiring." Canadians don't want to struggle financially when they're retired, after working their entire lives to build a family safety net. \$

Don't determine your life to death

by Sophia Thompson

Denise, a 40-year-old woman in the Metropolitan Toronto area was recently diagnosed with lung cancer. Despite this new found knowledge of her health condition, Denise continues to smoke. But Denise is not alone.

According to the Canadian Cancer Society, lung cancer, more than likely the result of smoking, has become an increasing epidemic among Canadian women. The increase in mortality rates has left health

experts to question why Canadians - who are among the world's best savers for old age -- continue to engage in lifestyles causing ill health.

Some health experts say this self destructive behavior has become the major killer in our society.

"We need to seek ways to bring about further lifestyle changes, says Claire Bailey, a Humber College graduate and practicing R.N. "Making people aware of how they should modify their behavior is not in itself, necessarily sufficient."

The Canadian National Forum on Health suggest the most important determinant of health is one's position in the income and social strata. The firmest data to date on health determinants also links health status to income.

Meaning, in our society the poor, lesser-educated, die earlier and live less healthier lives than the better educated, middle class or the well to do.

So, while the Ontario Minister of Health professes that "access to Medicare in this country has never been about response to personal preferences, but about need," the reality is, the health of Canadians is directly related to their income, regardless of how health is measured.

Recent statistics distributed by Health and Welfare Canada suggest a disproportionate number of health problems associated with poor personal health practices are more likely to be found among a population less economically well off.

For instance, one Canadian study found men in the top 20 per cent income level, live on average six years longer than those in the bottom 20 per cent and can expect to live 14 more years free of activity restrictions caused by ill health.

Women in the top 20 per cent, on the other hand can expect three more years of life than those in the bottom 20 per cent, with only eight years of activity restrictions.

Low-income status is also generally related to higher rates of substance abuse, according to Nancy Milo of the Canadian Public Health Association.

In a document concerning population health promotion, produced by the Health Commission on Public Policy, Milo says people with lesser incomes are forced to choose among fewer alternatives for coping.

"A greater share of them, (the poor) turn to what is at hand - alcohol, cigarettes, food - all economically accessible in an affluent society if substituted for other things and they turn most to the least costly, (cigarettes) or the most available, (excess calories)."

While the effects of smoking and drinking are well known, about 40 per cent of adult Canadians continue to smoke and 80 per cent of Canadians over the age of 14 drink alcohol occasionally, according to statistics Canada.

"In Canada ... (tobacco) is the leading cause of preventable death and disability, resulting in three

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It's payback time

by Karen Becker

Sid has been in post-secondary school since 1986. He's borrowed money through student loans every year since then, and not just an average loan, but the maximum amount that can be borrowed. With the maximum being about \$10,000, that would leave his total debts at a staggering amount of \$100,000.

All which begs the question: how did he get so much every time?

"I would time when I filled out the application properly, so I didn't have to lie," explains Sid, who prefers that his real name not be used. "I picked the timing to maximize what I could get. I'd apply when I didn't have any money or any saved. It was basically just filling in the right boxes with the right things."

Sid, who is working towards a PhD in mathematics at a southwestern Ontario university, explains how he would register for a full course load and then drop down once he got his money. He says that he would encourage anyone to do it this way. Paying it all back is not a problem, he says.

"I should be able to get a pretty decent job after all of this," he says. "I'm not worried."

Sid seems confident about what he has done. However, the contrast between what's happened with him and what the professionals say should be done is like night and day. Careful planning and organization is required. But where to begin?

"The best thing to do is get in contact with your lender," says Jane Wilcox, communications manager at the Canadian Imperial Bank of Commerce Finance Inc. in Toronto. "When you go in, make sure that you have all of your correspondence, especially your loan number."

From that point, a repayment plan can be worked out between the student and the lender by signing a consolidation agreement within six months of the completion of full-time studies. Repayment of Canada Student Loans (CSL) are expected to begin seven months after full-time studies have been completed; payments of loans under the Ontario Student Assistance Program (OSAP) start six months following graduation.

The most convenient and efficient way for students to repay their loans at the CIBC National Student Centre is through pre-authorized payment. This option allows for a pre-determined repayment amount to be deducted from a student's bank account every month. This amount is determined by the outstanding principal balance plus any accrued interest outstanding at the time of consolidation.

If students are unable to meet the repayment terms of their loan agreements, they may be eligible for interest relief of revision of terms. This allows for the terms of a loan to be revised if the student is not making enough money to pay what he owes.

Interest relief programs are offered by both the provincial and federal governments and let the student apply for relief after commencement of repayment. Under this program, the government will pay the interest owed for up to 18 months.

In addition, OSAP offers a loan forgiveness program that allows students to get out of paying a portion of their provincial loan.

"This is assessed according to whether or not the student has completed their program," says Margaret Antonides, manager of Financial Aids and Awards at Humber. "After a student signs the repayment documents with the bank, they are sent to the Ministry (of Education), then to the bank and the amount of forgiveness is then applied. We have many students who are concerned with this, and we advise that they contact their bank's student loans officer."

An example cited by literature provided by the Ministry of Education is that if a person has been in school for six terms, the loan forgiveness level is \$18,000. If the student owes \$19,000, he will be forgiven \$1,000. If he owes less than \$18,000, he won't be forgiven anything.

In Sid's case, he can't be forgiven anything because he has not completed his program within the specified number of periods of study, which is a requirement.

Students who may be moving to another province or country after they finish school can easily work out a repayment schedule.

"No matter where you go, keep

in touch with your financial institution," says Wilcox. "The last thing we want is someone to run and hide. The information can be sent to you wherever you are."

Running and hiding is a bad option to take. Both the federal and provincial government can take action against students, including legal action through the Department of Justice, usage of collections companies, or by withholding income tax refunds.

In Sid's case, Antonides says that students are only entitled to a maximum of 340 weeks, or ten years, of loan assistance before they are cut off, and that if what Sid has done has not been detected yet, he will eventually be found out, once he gets around to finally paying off his loan.

"I definitely advise that students do not do what he has," says Antonides.

At its most extreme, not being able to pay off student loans can lead to bankruptcy.

Antonides says she is shocked by how many students feel they have to declare bankruptcy. "There are more doing it then there should be," she says. "We definitely do not recom-

end taking this route because it can

be very dangerous. Students can find themselves in trouble for at least seven years, not be able to get any kind of credit, at banks or anywhere."

She explains some of the dilemmas students encounter with repaying their student loans can be prevented from the beginning.

"Bills should be paid all the way through. If you get a notice from the bank requiring you to pay a certain amount, you should pay it. Once you have a bad reputation with the bank, you're history," she says. "In terms of loans, students should only take as much as they need. I really warn students to be careful. Some of them go out of here with horrendous amounts of debt and that's hard to deal with when you're just starting a career."

As for Sid, he says he initially considered declaring personal bankruptcy once he was through school, but he's rethinking that now. He has a house almost paid for and two cars that he is worried about losing. However, he still stays that accumulating such a debt with the government has been worth it.

"It's worth it to get a degree," he says. "It's kind of sad that that's the way it works, but it does."

And it if doesn't? Well, there's always the tooth-fairy to believe in.

Any questions regarding loan forgiveness, or any matter pertaining to student loans can be answered by calling the Student Affairs office in Thunder Bay at (807) 343-7260. For two dollars a call, students can reach the OSAP hotline at 1-900-565-OSAP. Information can also be found at university and college financial aid offices. \$

'Sid initially considered declaring personal bankruptcy but he has a house almost paid for and two cars he's worried about losing.'

Loan Forgiveness Levels (the maximum amount of loan you are required to repay)	
Total Number of Terms:	Loan Forgiveness Levels:
1 term	not available
2 terms	\$6,000
3 terms	\$9,000
4 terms	\$12,000
5 terms	\$15,000
6 terms	\$18,000
7 terms	\$21,000
8 terms	\$24,000
For each additional term add \$3,000	

ONT. MINISTRY OF EDUCATION & TRAINING

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Health

times more deaths than those caused by car accidents, suicides, drug abuse and murder combined," according to Ontario's Minister of Health, David Dingwall.

In a meeting with the College of Physicians and Surgeons, Dingwall spoke of major concerns of the increasing rate of young Canadians who smoke.

"The majority of new smokers are 12- to 14-years-old and most of them will be hooked for life despite believing that they will be able to quit whenever they want. Kids starting to smoke today are the next generation of grim statistics."

Health status also increases with education, according to the Canadian National Forum on Health in a recent report on Health and Public Policy.

"Public education about the determinants of health and healthy behavior equips people with knowledge

and skills for daily living, enables them to participate in their community and increases opportunity for employment."

The amount of control people have over their working environment, therefore determines the health of our

'One Canadian study found men in the top 20 per cent income bracket level, live on average six years longer than those in the bottom 20 per cent and can expect to live 14 more years free of activity restrictions caused by ill health.'

population, since economic stability and healthy work environments are associated with good health.

"The pace and value of work, and the range of skills used, place physical and psychological demands on workers and are related to health outcomes," says Claire Bailey, a health care researcher.

Unemployment on the other hand, Bailey, is associated with poorer health.

The stresses and strains that accompany the loss of a job weighs heavily on someone's physical and mental health.

"The association between unemployment and premature mortality increases with the longer the longer period of employment, the higher the mortality rate."

Bailey adds, unemployment is specifically associated with suicide and cardiovascular disease.

Coincidentally, federal analysts have determined the more a man earns in the 10-20 years before retirement, the more likely he is to live. The study found that men in the top 20 per cent of income lived an average of 14 more years free of activity restrictions caused by ill health.



Will students like Diana DiBernardo (left) find work? "Not like we know them," says Dr. Tomorrow (right).

Jobs: wanted

Bleak. That's one word 24-year-old Diana DiBernardo, a respiratory therapy student, uses to describe her future.

"Honest to God, I don't see anything in the way of a job," she said. "It's so out of reach."

"I just feel lost. Totally lost."

DiBernardo is one of many young Canadians preparing to enter the workforce after graduation in May. However, despite having post-secondary education, she is one of many who fear a dismal job market.

Statistics Canada numbers showed February's unemployment rate stuck at 9.7 per cent. That same month, 22,000 young people lost their jobs and thousands more dropped out of the work force.

After a recent meeting with the Wall Street financial community, federal Finance Minister Paul Martin said there is a lack of entry-level jobs for young people. He also said youth unemployment is Canada's single biggest area of worry.

This isn't a surprising statement for anyone aged 18 to 30 looking for work.

Thirty years ago, when people were hired, they stayed there until they retired. Nowadays, people are faced with the threat of downsizing, layoffs and wage cutbacks - that's if they're lucky enough to find a job.

"When I got hired on, it was a job for life," explains Jesse Flis, Liberal M.P. for Parkdale-High Park. "It's different now. My daughter's 24 and having a hard time finding a full-time job."

He says he realizes it's not easy for the present generation's graduates to find employment, but says the latest government budget released in February may change this.

"People you thought were set for life, like nurses, are in here looking for jobs."

While Meertens says there is "a pretty good turnover with postings," a lot of the jobs are in telemarketing and sales representative positions.

"Some of the skilled trades are still having problems," she explains. "But times are changing. (We're told) now we're going to have three jobs in a lifetime."

This is one thing Rob Tiffen, Deputy Registrar at the University of Western Ontario, says students need to prepare for.

"Honest to God, I don't see anything in the way of a job...It's so out of reach. I just feel lost. Totally lost."
Diana DiBernardo

"With the increasing costs associated with post-secondary education, students want to make sure they have the skills to be employed," explains Tiffen.

He says this is just part of the reason students are shying away from the arts and humanities and moving toward areas like business and health sciences.

But what it ultimately comes down to is remaining competitive in the work force.

"The big issue today is what's going to give you that edge," said Tiffen. "The purpose of post-secondary

"Governments can't create jobs, but governments can create the economic climate," said Flis.

Over the past 17 years that Patty Meertens has worked for the St. Thomas Ontario Human Resources Development Centre (formerly the Canada Unemployment Centre), she says there has been a drastic change in the country's job market.

"Now, it's not just factory workers (looking for work), it's pretty professional," she explains.

education is to provide the skills and background training necessary (to make students ready) to meet this."

Vancouver-based futurist Frank Ogden, a.k.a. Doctor Tomorrow, paints an even darker picture of what tomorrow will bring. His insight into trends, developments and technology are captured in his book, *Navigating in Cyberspace*.

"Jobs are going the way of child labour, slavery and indentured service," the 76-year-old tells people.

He says within a few years, members of a highly paid, over-worked techno-aristocracy will unite in "virtual corporations", performing specific tasks before dispersing.

"It's like a lot of amoebas constantly gathering, producing and then slithering off to assemble something else," said Ogden.

Left with plenty of time, but little money, he says, will be the legions of computer illiterate "techno-peasants" who will "only be good for raking leaves."

"In the next millennium, jobs, as we know them, will not exist," he said. "People need to think about creating work not jobs."

Whether Ogden is right or not, the fact remains the times are changing. Solutions may be as simple as learning new computer technology or gaining additional post-secondary education. Another option to consider is going into business for yourself.

"Particularly in the last three or four years, there's been a change in the way businesses are operating," explains Diana Cunningham, general manager of the London Small Business Bureau. "More companies are going outside to independent business people."

As a result of this, Cunningham says more people are creating homebased service-related businesses.

"The work has changed and people are recognizing this," she explains. "In a given month, we receive 3,000 inquiries by potential entrepreneurs."

Cunningham says the best part about a service business is it requires little money to start up.

"With the technology that's available, like faxes and e-mail, you don't have to be in an office location," she said. "You can work from your home."

Maybe Charles Darwin was right all along when he said:

It is not the strongest of the species that survives, nor the most intelligent, it is the one that is most adaptable to change, to change.

Something to think about. **S**

by Patti Enright

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Health

expectancy at 65 and their average annual income when they were between the ages 42 and 64.

Another Canadian study found that the unemployed have significantly more psychological distress, anxiety, depressive symptoms, disability days, health problems and physician visits than the employed.

"Most health care research is done on the employed population," says Dr. Robert J. G. Brown, Health Commissioner in Ontario.

Also, most health care research is done on those who are not in the health care system, fundamentally linking health care to the employed population.

Another health care study found that health care is socially inequitable.

Supplemental health care and services are important for those who deal with chronic conditions, but they are often not covered by the public system.

Health care is a social issue, not just a medical one. It's about how we live, how we work, how we play, how we love, how we die.

Coping skills, adds Bailey, are also important in having healthy lifestyles.

"These are the skills people use to interact effectively with the world around them, to deal with the events, challenges, and stresses they encounter in their day-to-day lives."

There is a growing number of people interested in health promotion and illness prevention. However, despite what is known about health determinants, the general public continue to be mainly concerned about health care, especially when services are perceived to be threatened.

Health experts strongly suggest that Canadians must continue to overlook other factors that determine our health - factors outside the realm of doctors and hospitals and prescriptions.

Health experts strongly argue that focusing on the biomedical model of health is essential if efforts to improve community and individual health are to be successful.

The Ontario Health Services Association of Ontario Health Centres and Health Units, an individual and community health organization, has a problem solve effective health care model that focuses on the symptoms and

Other info

In an Ontario Health Survey, conducted by the Association of Ontario Health Centres, the following determinants of health have been noted to affect our lives:

- Unemployed Ontarians suffer more stress, anxiety, and poor health than those with jobs.
- Among Ontarians having post-secondary education, 70 per cent say their health is very good or excellent, as compared with only 48 per cent of Ontarians having higher education.
- Nearly one in four recipients of social assistance (24 per cent) classify their health as fair or poor, compared with fewer than one in ten Ontarians earning salary.
- Ontarians who hardly ever feel loved and appreciated are three times as likely as people who feel loved and appreciated most of the time to describe their health as fair or poor.
- People with high levels of workplace stress are more likely to miss work due to illness. **S**

Keeping up with the (Dow) Jones

Roll up your sleeves, pull up your stocks, it's time to invest

by Blair Sanderson

If you're a young person with an investment portfolio, you may be worried about the recent warnings by the U.S. Federal Reserve Board Chairman, Alan Greenspan, of a possible downward turn in the stock market south of the border.

Relax. Toronto area stock brokers and analysts seem to agree that the Canadian stock market is healthy and not likely to suffer a major drop-off.

Of course, that begs the question, if nothing's wrong with the market, then why is the top U.S. economist talking in warning terms. According to Fred Ketchen, senior vice-president and director of equity trading for Toronto-based Scotia MacLeod, one shouldn't view the Canadian and American markets as one and the same.

"Every ingredient is in place for the Canadian market to outperform the U.S.," he said in a telephone interview. "If you look at the low interest rate environment that we are in (in Canada) and the growth of the economy, it justifies an expansion of the marketplace."

Ketchen is quick to point to a number of facts that demonstrate the health of the Canadian market.

First, although the Toronto Stock Exchange's (TSE) composite index rating has dipped since Greenspan testified before the U.S. Senate Committee on Finance Reform, overall, the TSE is up four per cent since the beginning of the year.

Also, Canada exported about \$45 billion in trade last year and a similar figure is anticipated for this year.

Lastly, \$20-30 billion in corporate tax profits are annually contributed to the Canadian economy.

Andrew Cairns of Toronto investment firm, Edward D. Jones and Company, disagrees with Ketchen's assessment that the Canadian economy should outperform that of the U.S., but concurs that there is no reason to believe that the stock market is a bubble on the verge of bursting.

Cairns said any fears of a crisis on the scale of what happened in the 1930s are preposterous, thanks to a more educated public.

"There's not nearly as much froth in the marketplace, analysts are seeing the future potential," he said, as opposed to the generation of 1930s who were experiencing an economic boom, which caused them to see the world through rose-coloured glasses, according to Cairns.

Now, the stock market has become such a big business that a broad spectrum of the public have been educated about basic economic principles.

"Anybody is a qualified investor," says Cairns. "My client base is equally representative, pleasingly universal."

"The way that the market has grown has been

equal opportunity."

Ketchen said that programs at colleges and universities, as well as contests at schools and in newspapers, have led to a better educated public. That in turn has caused a broader cross-section of the population to look seriously at investing in their futures.

He added that although the stock market is still to some extent the domain of the white, middle and upper class of society, people of any background can easily get involved.

"Background has absolutely no bearing. How well educated and exposed to the market you are is what makes you a good investor."

Going for broke

So, now you want to know how to assure yourself that you're dealing with a reputable stock broker. Steve Kee, senior media specialist at the TSE, noted that virtually all reputable investment advisors are members of a regulatory body. In Ontario the TSE and the Investment Dealers Association (IDA) boast the most members, accord-

"Every ingredient is in place for the Canadian market to outperform the U.S...."

**Fred Ketchen,
Scotia MacLeod honcho**

ing to Kee.

Kee spoke about the standards of qualification that companies are obliged to meet to become a member of the TSE. He said that similar, but not identical standards, apply to other regulatory organizations.

In order to become a member of the Toronto Stock Exchange, first and foremost, companies require cold, hard cash - the 100 seat-holding members of the TSE pay about \$50,000 for the privilege, according to Kee. As for the other companies listed on stock exchanges across Canada, but not holding seats, he said they are required to be members of a regulatory organizations of some sort.

One of the things the IDA requires is contracts between stock brokers and clients.

"Basically, the contracts will stipulate the parameters within which a stock broker can put money into their clients' portfolios."

This ensures that the customer doesn't end up investing beyond his or her financial means.

Kee added that a sign of a reputable stock broker is that he or she is willing to spend time with you no matter the size of your investment.

The experts in the Canadian investment industry

may disagree about strategies for reading stock listings and predicting how a stock will perform based on trends. They all seem to agree that young people should take a serious look at investing early.

Whether you want to try mutual funds, single stocks, or a series of individually selected stocks, analysts concur that you must prepare a budget that determines precisely how much you're able to spend and stick to it. Finally, as a young person don't look for the quick fix - be prepared to invest for the long haul. \$

Stocking up

There are a few important things that young people just starting out must think about before making their investments. First and foremost is to have a sound economic plan that fits safely within their spending limits.

"One of the real keys that can be difficult at first," says Cairns "is to get in the habit of saving and then investing your money."

"Clients find that it becomes a personal obligation and an absolute necessity" to make sure that they are constantly investing a proportion of their savings with an eye towards their long-term future.

Ketchen cautioned that young people, who tend to have lower incomes, should avoid playing short-term trends they happen to see in the stock market.

"You have to take a long term view. Be patient," he says. "A very basic principle is to buy, hold, and review" so as to keep focused on the big picture.

"Young people today are well educated in the (investing) process," says Ketchen. "They know that they can be conservative and look at growth potential because young people have the time (ahead of them) to work with."

It is precisely because of those reasons that Cairns recommends young people put together mutual fund investment portfolios - which, not coincidentally, is one of the two types of funds he specializes in selling at Edward D. Jones, as well as equity funds.

"Investing in high quality growth mutual funds on a dollar cost averaging basis is what I suggest," he said. "One of the things about mutual funds is that they're comprised of companies with long-term track records" so investors can expect a steady rate of return over a prolonged period of time.

Dollar cost averaging basically means essentially means that the stocks within your mutual fund will be valued based on their average market price over a fixed term (usually six or 12 months). This ensures that if one or more of the stocks suffer through a brief down period, they'll still be valued based on the overall performance within the term in which your money is invested.

Start me up!



It's competitive in the business world; leaving the group behind and going solo can be successful.

At 6 a.m. the alarm goes off filling the once peaceful room with the morning news, weather and traffic. Angie doesn't feel inclined to listen; early morning rush hours and winter road conditions don't matter to her because she isn't going anywhere.

Still in her pyjamas, Angie Anderson makes her way down to the office, a converted storage room in the basement of the Mississauga home where she grew up. Posters of polar bears, a convenient little fridge and her families bric-a-brac decorate the dry wall and an area rug covers the concrete floor of the room where she will remain, pyjamas clad, until the evening.

She picks up her messages and checks her daytimer. Anderson has been an entrepreneur for as long as she can remember.

This is the third business that the 23-year-old has successfully started-up on her own. From her lemonade stand as a child to the fund-raising company she runs today, ambition and determination have kept her going even when others said she was crazy.

"I always knew I wanted to be an entrepreneur," explains Anderson, "but my friends said I was silly and I should forget about it."

While pals of Peterborough's Trent University were partying and pledging fraternities, Anderson, at the age of 19, was putting together a clothing company in direct competition with the university bookstore. Once she got too busy to deal with school and her growing business she sold the business.

Later while still in school, she started a business efficiency company helping small businesses re-organize their operations. Once she had honored all her contracts and completed her studies Anderson moved back home to Mississauga to get ready for the next challenge.

Although she claims her Bachelor of Administrative Studies didn't help much, it did give her insight on business and eventually an opportunity to move to a smaller town.

Her later venture, ProLean Fundraising Inc., "specializes in giving value in return for fundraising dollars. Instead of selling chocolate covered almonds, they sell meat, beef, chicken, fish and pork," says Anderson. "Its upper-line fundraising used by groups like Rotary, Lions Club, private schools; anything having to do with adult fundraising."

Included among her list of accomplishments this inspirational young woman is the past President of The Association of Collegiate Entrepreneurs, a national organization.

"Right now it's just me but by the end of the year I will employ four people," says Anderson leaning back in her soft flannel pyjamas. "My measure of success does not go by how much money I make but by how many people I employ."

"I believe there will always be a lot of people who will never be their own boss and there will always be employees versus employers and if, as an employer, I can employ a whole bunch of people, that is satisfying to me."

Anderson advises: "always be aware of your strengths and your weaknesses and when you can't do something, pay someone else to do it for you." She also recommends that if you have an idea, put it on paper instead of just telling your friends about it and always have mentors that you can go to for guidance.

The idea of having a mentor is central to many programs designed to help young entrepreneurs. The Canadian Youth Business Foundation, supported partially by the Royal Bank, provides young people looking to start a business with an entrepreneurial education.

According to Louise Mitchell, manager of market strategies for small business at the Royal Bank, a young person can apply for a loan with no collateral and no track record as long as they have a good business case and mentor to work with.

"The CYBF is a non-profit foundation funded by the private sector which provides young people with the foundations needed to start a business," says Mitchell. "We provide mentoring so when they actually get started and have a business they have someone to go to with questions and for support."

Started last April, the CYBF is a pilot program which will be rolled out over the next five years in various cities across the country. Through its loan fund, a young entrepreneur can borrow up to \$15,000 with no security.

Mitchell says while acquiring start-up capital is an issue to a young person, it is only one small component in the challenges he or she is facing.

"The real issue is the lack of support, and they find themselves saying, 'O.K., here I am, I'm on my own and I don't know how to do this who is going to help me?'"

As one of the founding members, the Royal Bank has made a \$2.5 million commitment. According to Mitchell, the program provides those looking to get a business off the ground "with great opportunities."

"There is a low decline rate and if someone doesn't get approved on the first round the business plan is looked over by a panel, which then goes with the suggestions to the applicant" says Mitchell.

Perhaps the oldest service in Ontario for young go-getters is the Student Venture Loans Program. In partnership with the Royal Bank this program has been guaranteeing loans for up to \$3,000 for around 24 years, helping the young and ambitious create their own summer jobs.

"In order to get the money you have to complete an application which is itself the business plan," explains Narvin Singh, senior program advisor for the program. "Based on an interview, the current market conditions that they are aware of and whether this business has a chance to succeed, the banker gives a yes or no answer."

The Student Venture Program gives out an average

600-800 loans each summer to people between the ages of 15 and 29. Around one in three of the applicants are high school grads while half hold university degrees.

"There are more people today starting technological businesses like designing web sites or wholesaling computer equipment but most of the busi-

nesses are service oriented like landscaping, painting, gardening, odd job services or pool maintenance," says Singh.

Sparkle Pools, a pool service and construction company, was started with the help of a \$3000 student venture loan in 1994 and is still going strong.

"It started off as a summer project and now we work on it full time, all year round," explains 21-year-old Allon Hollander, co-founder of Sparkle Pools. "We manage pools at recreation centres, hotels, condos and look after some residential indoor pools."

Once the \$3000 loan was no longer enough to sustain their business, Hollander and his partner got in touch with Singh who gave them some contacts at the Royal Bank. "We just took it from there."

According to Singh, the loan helps young people learn about entrepreneurship. They develop a credit history which will enable them to get another loan from a bigger institution. "We are the only place you can go for money. There are other places you can go for service but we are the only ones who cater specifically to students."

One of these other places is The Self Employment Development Initiatives Program, which offers a helping hand through a scheme called Escape.

Escape, a pilot training program, lasts 35 weeks, 10 of which are spent taking courses on marketing, book-keeping, advertising and sales. The remaining 25 weeks are devoted to consulting and business counselling.

Since the program admits only 12 entrepreneurs the people at SEDI are particular about who they recruit.

"We try not to work with those who really don't need business development training. We are trying to work with those who have more barriers," explains Casey Cosgrove, youth project manager for SEDI. "The knock against these (other) programs is its only the highest end people who really get into them. Escape is an option for people who face more barriers."

The goal of Escape is to point individuals in the right direction and get them ready to go after capital. According to Cosgrove, the worst possible thing to do is allow these anxious entrepreneurs access to capital too soon.

Cosgrove agrees with Mitchell that capital is only one of the barriers surrounding a new business. "There are four C's that go into a successful business; competence, confidence, capital, connections."

Those who aren't seeking start-up capital just yet, but are in search of a little inspiration for a \$45 membership fee, can become a member of the Young Entrepreneurs Association of Ontario where they can find motivation through other entrepreneurs.

"Our target is people who already have a business, although we do have some members who are in the planning stages," says Marilyn Hints executive director of the Association. "They can benefit from speakers and from other entrepreneurs with whom they can talk and get help."

Founded in 1993 by a group of twenty-somethings, the original concept was that it would be exclusively for the young. Eventually the age criteria was dropped and 400 members later, the Young Entrepreneurs Association has chapters in Metro, Mississauga, Kitchener, London and York Region."

"It was the vision of the founders that they wanted it to be as non-exclusive as possible...they wanted to be part of an organization that welcomed everyone." \$

'Escape is an option for people who face more barriers.'

by Pamela Swedko