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Podcast Transcript with Tom Drake - CanadianFinanceBlog.com - Part 1  
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Monty Loree: Hey folks! This is Monty Loree here from Canadian-Money-Advisor.ca. As part of our 100 personal finance podcasts for Canadians, I'm interviewing my first Canadian finance blogger. I've got Tom Drake on the phone here. Tom is the owner and writer of <http://canadianfinanceblog.com> - Hey Tom, how are you doing?

Tom Drake: Good. How are you Monty?

Monty Loree: Good. So thanks for joining me today. We've got lots to talk about and I'm glad because we're both personal finance bloggers in Canada here. I guess the first question I've got for you is, you've been blogging for about a year now. What got you into personal finance blogging?

Tom Drake: Well the timing of it, we had a lot of changes coming up. We'd just gotten married in September of 2008 and we knew we wanted to get out of our townhouse and move up to a full sized house and start a family. So we ended up making a move in May, which was probably the low of the market at the time. The timing was good and the interest rates were record great. Then our first baby came in October.

Monty Loree: Well congratulations. You've had a pretty busy year.

Tom Drake: Definitely a busy year. Gave lots of topics for the website and give me a chance to sort of get my ideas written down and make sure that we're doing the best we could between the new mortgage we got and saving money anywhere we could.

Monty Loree: So you said you live in Edmonton. So the real estate is pretty reasonable there?

Tom Drake: I would say reasonable. There's always a chance that it could occur after as well. But it was certainly a good temporary low, modest winter and it's

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come back up since the summer a bit. We had to make the move eventually, so if it goes lower later on, it may.

Monty Loree: Also I guess for interest rate, why is - this is the time to get into a mortgage, that's for sure.

Tom Drake: Yes, interest rate was great and with my wife now at home taking care of the child, we want to make sure we had a good rate, so we actually did lock it in for 5 years. Before that, I was always a big fan of variable market. It's just the only way to go. [Zero] is a bit different with the rates. We see everyone to make sure we have that for five years in case it suddenly goes back up again.

Interview with Tom Drake CanadianFinanceBlog.com

Monty Loree: So with all of that, somehow you got interested into personal finance blogging and you got online and started typing away. What did - you said before you were initially talking about taxes and so on.

Tom Drake: Yes, again it was writing about whatever I was doing at the time and starting in February of last year, it was searching all these different tax tips, how to optimize as best as you can. So it's a lot of, not just tax tips, also looking into mortgages and I've kind of gone more into a lot of how to save money and how to earn extra income, especially again with the wife and taking care of her. It's more important that you can either save a dollar or gain a dollar somewhere, then it's great for us.

Monty Loree: So basically then you're - you said your blog is not your main business, but can you describe what you do for a job?

Tom Drake: I'm the financial analyst for [Sophie's] West, which is basically all the stores from West of Ontario. So I do all the retail budgets and forecasts and I also do a lot of reporting and everything on how our stores are doing. So it's a great job and I have to do it.

Monty Loree: That sounds like a pretty busy job if you ask me, unless it's automated. I guess when I was a financial analyst 20 years ago, it was not automated and it was pretty busy.

Tom Drake: It probably gets better as new systems come. My extra title is actually Application Development as well. We use a lot of new programs, like SAP, Calix and SAS. They all speed up the job a little. Previously budgets would be done at different divisions throughout Canada and we consolidate them together. Now we just are able to run the whole thing because we've got everyone's data in the data base and it's pretty simple to forecast into the future.

Monty Loree: So with that you must have CMA or CDA training?

Tom Drake: No I don't. I took marketing here in Edmonton. CGA/CMA, it's something you certainly can do. But I've been doing it for so many years and it hasn't been a need.

Monty Loree: Right, exactly. But I guess if you've got a mindset for being a financial analyst, that would translate usually to the blog there and to writing about personal finance. I found when I was a financial analyst in Toronto, I

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learned an awful lot about personal finance just from what the companies were doing.

Tom Drake: Yes, you're always dealing with numbers. It starts to pick up even well before I had the blog. If you tell somebody you're a financial analyst, they're automatically asking for some kind of depth.

Monty Loree: Right. For example when our business was - the glass company that I worked for, we had \$120 million of debt at that point and I think the interest rates were 12%. So the company was paying out something like \$600,000.00 a month in interest. The company could buy a lot of assets or they could do a lot with that kind of money. Anyway, that's good. It gives everybody a background on what you're doing and stuff. What is the subject you'd like to blog about the most?

Tom Drake: Lately it's been a lot of how you can save money or increase your income and again it's the stage I'm at right now in life, kind of flows into the writing. I'll probably be doing a lot more tax related stuff this month again. Anytime you can help someone else with the tax, anything like that. When they try to do it, it's good. I'm sure there's a lot of people that might be missing something that they can be claiming.

Monty Loree: What are some examples of how people can make more money? Are you talking to the employees or people who are self-employed or investors?

Tom Drake: Just little side things - anything from starting your own blog or selling on ebay, just little things. Not even as far as, say going out and getting a second job or how to get a raise. All that's probably more obvious, but the little things people may not be doing that they can make a few extra dollars here and there. Even if you're only making \$50.00 more a month, that can pay a bill.

Monty Loree: Yes, absolutely. That's right, good point. Again I just want to say that I'm talking to Tom Drake and he's the author of canadianfinanceblog.com. Edmonton there - I made that mistake earlier, because Tom said to me, "Well at least you get together at 10AM MST." MST? What is that? So you're definitely at Edmonton. Good. I saw you had a contest on your - just to mark the first anniversary on your blog?

Tom Drake: Yes, McGraw-Hill was kind enough to donate ten books to the contest and Pocket [Snip] is giving away three premium accounts for one year. To enter, all you have to do is leave a comment at the bottom of the post.

Monty Loree: Okay. Looks like so far you've got 37 comments. So you've got quite a bit of interest there.

Tom Drake: It runs 'till February 12th, this coming Friday. The more comments, the better because I'd like to give away these books.

Monty Loree: What's the nature of those books? What are some of the titles? Are they on the blog?

Tom Drake: Make Sure It's Deductibles is the first one. There are two copies of that. I put it first because it's by a Canadian author and the timing is perfect for it because it's completely about some tax deductions you can get that you might not be aware of if you have a small business. And a small business can be as simple as having a blog. Some of the other books - these are all books I requested too. They're the ones that interest me. The Meltdown Years and

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Understanding Wall Street are two of the ones I haven't read yet but I will be soon doing reviews on them. Winning the Loser's Game and Benjamin's Grandmother Investing are books that I have reviewed already and they're great books so I've requested that. We've got two more giveaway copies of those two each, get them out to a few more people.

Monty Loree: Okay, good. You've got all of those listed on your blog here.

Tom Drake: Yes.

Monty Loree: We'll put the link on our post for that, so good. That's on 'till, you said next Friday?

Tom Drake: Next Friday, on the 12th.

Monty Loree: We should have this out by then, so that's for sure. That sounds good. What are you - because you're one of the finance bloggers. Which other blogs do you visit online?

Tom Drake: Well I visit Financial Highway a lot. We started about the same time so we're kind of blogging buddies. We share a lot of each other's posts to people and get it out there. Some of the other sites, a couple of other good Canadian ones that you might not know of is not just a financial blog are Four Pillars, The Canadian Money Forums, great just for anyone to be able to easily start topics and questions and lots of great information there. Outside of Canada, some of the sites I read a lot are Wise Bread, it's full of lots of little tips and Man vs. Debt has great posts.

Monty Loree: What was the first one you said before - Four Pillars?

Tom Drake: The Financial Blogger.

Monty Loree: Okay, I'm just writing these down as we speak. These are all .com?

Tom Drake: Four pillars isn't. Although I can send you the link, it's four-pillars.ca.

Monty Loree: Sounds good. So those are the ones that you hang out at. Those are all good ones. I've been to those. They're all kind of different flavors to them.

Tom Drake: Exactly.

Monty Loree: That sounds good. What sort of - if we were to pass along some of your blogging wisdom about personal finance to our audience, what would one pearl of wisdom would be? Something you've learned over the year?

Tom Drake: I'm a big fan of simple investing. The TD Series funds are a great way to do that. Or even say, I share CTF, either way it's basically just invest in the index and you keep putting your money in there. Keep the same diversification and just get the emotion out of it instead of chasing the latest hot stock or even worse, the latest hot mutual fund.

Monty Loree: Okay. So you do a bit of investing then?

Tom Drake: Yes. For anything international, I'm completely in TD Series funds. For Canadians, the rates that I keep in my TFSA and I do buy some separate

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stocks. I'm going to be starting a Smith Maneuver which is sort of a form of making your mortgage tax deductible by paying it off sooner and putting it into investments. That's the only reason why I'm not using an index for Canadian stocks. I can be a little more efficient at picking the dividend paying stocks for that purpose.

Monty Loree: So say that again, somehow you're going to be able to write off your interest by... How does that work?

Tom Drake: I do have a post on mine. I can send you the link after. It's a bit complicated, but basically is that the idea is with the re-advance able mortgage, mine just goes to step. As you pay your mortgage off, you get a line of credit that increases. So if you use that line of credit for investing, it becomes tax deductible. And if you keep flowing that through as fast as possible, eventually you've paid off your mortgage but now you've got a rather hefty side of investment loan. But that investment loan is tax deductible whereas your mortgage in Canada isn't. Then from there, once you're at that point, you could choose to either let that line of credit last forever because your dividends are paying more than the interest or you can pay it off from the stocks you've accumulated.

Monty Loree: Okay, interesting. So that's from the book Smith's Maneuver.

Tom Drake: It is. I first found out about it on Million Dollar Journey. It's one of their top posts and it definitely interested me. It's what I wanted to do, both as a way to get the tax savings but also start to invest sooner than maybe waiting 'till your house is paid off.

Monty Loree: Yes, which is a good thing to do. Approval traders are all about the Smith Maneuver, that's for sure.

Tom Drake: You definitely filled me on it.

Monty Loree: Right on. That's good. Any other things you want to talk about on your blog or anything on the personal financial sphere on the internet?

Tom Drake: I think that's probably it. I just wanted to have a chance to talk with you and discuss what I've been up to.

Monty Loree: That's good to know. It sounds like you've had a busy year there. You're celebrating your first anniversary with canadianfinanceblog.com and again I just want to say that I've been talking with Tom Drake from canadianfinanceblog.com. You can get... I'll also have the link on the post for this podcast. You've got 7 feed burner readers and 2,800 followers on Twitter. You've got quite a following there. I'm pretty impressed.

Tom Drake: Yes, it's been quite a bit of growth in one year.

Monty Loree: For your first year being newly married and have a brand new child, wow. That's great.

Tom Drake: It's been a busy year.

Monty Loree: That's good. Again I want to thank you for being on. It's Monty here from Canadian Money Advisor and we'll talk to you sooner.

Tom Drake: Thanks for taking the time to talk to me, Monty.

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