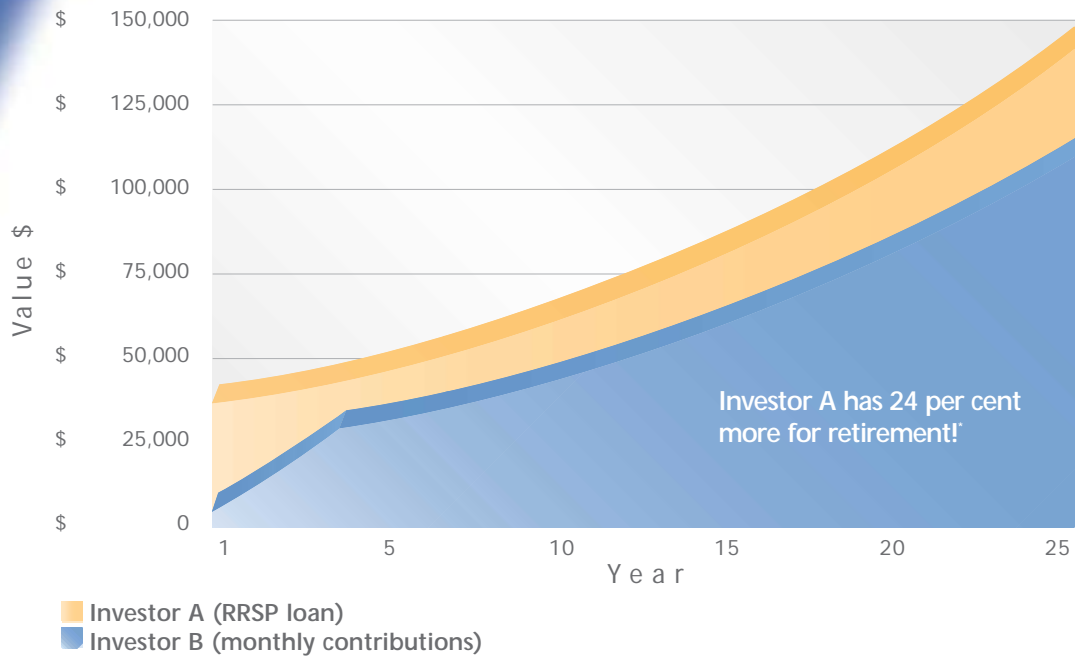




Consider an RRSP loan

There is no substitute for time when it comes to retirement savings



Investor A arranges a \$30,000 catch-up loan at five per cent, uses the refund to pay part of the loan and makes payments of \$410/month for 48 months.

Investor B tries to catch up by investing \$410/month for four years and reinvests the tax refunds.

Do you have unused registered retirement savings plan (RRSP) contribution room? Taking out a loan to use up RRSP contribution room may improve your financial situation, both now and at retirement.

The example above compares two investors with past RRSP contribution room, each with monthly cash flow of \$410.

(see reverse)

*Assumes a six per cent rate of growth and a 40 per cent marginal tax rate. For illustrative purposes only.

The chart above makes the following assumptions: (a) both Investors A and B receive tax refunds based on their RRSP contributions. Investor A uses the one-time refund to pay down the loan and B reinvests his annually. While every investor will receive a tax credit for RRSP contributions, your personal tax situation will determine whether you receive a refund when you file your tax return with the Canada Revenue Agency. (b) In this example, the lump sum contribution, regular monthly contributions and reinvested tax refunds grow at six per cent per annum. This information is general in nature, and is intended for educational purposes only. For specific situations you should consult the appropriate legal, accounting or tax expert.

Investor A uses a catch-up loan to make a lump sum contribution. After applying the tax refund to the principal of the loan, the payments are \$410 per month for four years. Investor B decides to make regular monthly contributions of \$410 over the same four-year period. To maximize the benefit of the contribution, Investor B invests the tax refund back into the RRSP. After 20 years however, Investor A ends up with 24 per cent more!

A catch-up loan can be amortized over a number of years, making it more economically feasible. You can also use the tax savings to pay down the debt early and reduce the monthly expense of the loan.

Talk to your financial security and investment representative now about using an RRSP loan to accelerate your retirement plan.