



LAURENTIAN BANK
OF CANADA

PRESS RELEASE

For immediate release

40% OF QUEBECERS RISK TO BE 'POORLY RETIRED'

Montreal, January 26, 2005 – 40%. This is the number of Quebecers who do not contribute to a RRSP or an supplemental pension plan¹. And it does not include those who have few personal savings to make up for shortfalls at old age. And if these people do not adjust their retirement planning, they risk finding themselves among *malretraités* ('poorly retired').

The theme *Malretraite* was developed by Laurentian Bank as part of its RRSP advertising campaign. In this campaign, a *malretraité* ('poorly retired') is a person who has no or very little retirement savings, and who is heading towards retirement with insufficient income to maintain his or her standard of living, let alone carry out dream projects at retirement. The importance of starting to set aside the funds for retirement while you are young cannot be overstated. The sooner you start saving, the faster your retirement capital grows thanks to compound interest.

	Ms. Sanssouci	Mr. Tardif
Started contributing	At age 25	At age 35
Number of years contributing	15 years	30 years
Annual contribution	\$3,000*	\$3,000*
Total contribution	\$45,000	\$90,000
Rate of return	6% (3)	6% (3)
Accumulated amount at 65	\$317,674 (3)	\$251,405 (3)
Difference	\$66,269 (1) + \$45,000 (2) = \$111,269	

* Contribution at the beginning of period

(1) Difference between the accumulated amounts at age 65 (\$317,674 - \$251,405 = \$66,269)

(2) Difference between the total contributions (\$90,000 - \$45,000 = \$45,000)

(3) For the purposes of an example, the calculation is based on the assumption of a 6% return

Luckily, it is never too late to catch up. And with commitment and firm discipline, your case is not lost. However, it would require considerably more effort if you adopt good habits only later in your career.

There are three fundamental rules: plan for retirement, draft your savings strategies, and diversify your portfolio. You must set precise objectives, review them on a regular basis, evaluate the performance of your portfolio annually, preferably with the help of a financial adviser, and what is most important, be disciplined and make regular and sufficient savings.

¹ According to a 2001 Régie des rentes du Québec survey

Theory aside, very few people actually ask the right questions. Laurentian Bank believes that you should ask yourself the following three essential questions:

1) When do I want to retire? At age 60? At age 65?

Most people hope to take earlier retirement, but few of them have actually set the retirement age for themselves. When do you want to leave the job market? Will it be at 60 or 65?

You must know that if you choose early retirement, there may be a financial cost. In fact, considering only income from public pension plans, in the case of an individual whose average annual employment earnings increased each year at the same rate as the Quebec Pension Plan (QPP) maximum pensionable earnings (\$40,500 in 2004), the annual pension paid if he or she retired at age 60 may be \$10,000 smaller than the pension this individual would be entitled to if retired at age 65.

Why? Because at age 60, you are entitled only to an adjusted pension under the QPP. The QPP pension is reduced by 6% for each year of retirement preceding your 65th birthday. This reduction is permanent for the whole duration of retirement. Moreover, if eligible, you will start receiving the federal Old Age Security pension and the Guaranteed Income Supplement beginning only at age 65.

Public Pension Plan Payment in 2004²

	Single individual, age 60	Single individual, age 65
Average annual employment earnings	Annual total*	Annual total
\$15,000	\$2,625	\$14,130
\$20,000	\$3,500	\$14,775
\$25,000	\$4,375	\$15,380
\$30,000	\$5,250	\$16,005
\$35,000	\$6,125	\$16,630
\$40,000	\$6,839	\$17,140
\$45,000	\$6,839	\$17,140
\$50,000	\$6,839	\$17,140

* The QPP pension is reduced by 6% for each year of retirement prior to age 65, the Old Age Security pension and the Guaranteed Income Supplement would be paid after age 65.

2) Do I want to travel the world when I retire?

Unfortunately, your dream retirement years may turn into long years of drag. Instead of all these wonderful trips, a significant decrease in income, which may become a harsh reality for those who did not take the time to define their retirement goals, will put them on a strict budget and hinder their plans. For some people, retirement would not be what they hoped for. It is therefore essential to ask yourself what kind of lifestyle you would like to have at retirement and what projects you long for.

3) Will I live to be 100?

Will you be one of the veterans who live to be 100? If so, will your savings be enough to provide for a suitable standard of living? As life expectancy goes up, people will be living longer in the future. And a longer life means that you must have more savings for your retirement because it is going to be a longer one too.

If you want to avoid becoming a *malretraité*, take the time – as soon as possible – to map out your retirement.

² Guide to Financial Planning for Retirement by the Régie des rentes du Québec – 2004-2005 Edition

About Laurentian Bank

Founded in 1846, Laurentian Bank ranks seventh among Canadian Schedule I banks, with assets in excess of \$16 billion and close to \$15 billion in assets under management. The Bank offers highly competitive products and superior personalized service to meet the banking and financial needs of individuals, small and medium-sized businesses and independent financial advisors. The Bank's common shares are traded on the Toronto Stock Exchange (ticker symbol: LB). The address of the Bank's website is www.laurentianbank.com.

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This press release is for general information only and was not intended to provide advice on retirement or on investment tools. To learn about investment solutions tailored to suit different investor profiles, we recommend consulting a financial adviser.

¹ According to a 2001 Régie des rentes du Québec survey

¹ Guide to Financial Planning for Retirement by the Régie des rentes du Québec – 2004-2005 Edition