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## **FINANCING RRSPs: A STRATEGIC APPROACH TO MAXIMIZE VALUE**

**Montréal, February 1, 2011** – For the vast majority of people, the most advantageous and common way to prepare for retirement effectively is by contributing regularly to an RRSP, and Laurentian Bank offers numerous products and services for that purpose. Among the different options available to clients, the financing of RRSPs is a particularly interesting strategy in some cases. At Laurentian Bank, RRSPs can be financed in two ways — via an RRSP line of credit or an RRSP loan.

These financing solutions are designed to help clients achieve their investment volume objectives. “The primary goal of people who contribute to an RRSP is to accumulate a substantial sum so as to have sufficient revenue upon retirement. It is not for the purposes of generating tax savings,” explains Guylaine Dufresne, Laurentian Bank Financial Planning Manager, Northwest Québec Region. “However, we can combine one objective with the other to maximize our contribution and significantly increase the RRSP’s value.”

### **Maximizing RRSP Contributions**

The maximization of RRSP contributions consists essentially of increasing the client’s initial contribution with their own liquid assets. The additional contribution is made possible with RRSP financing equivalent to the anticipated tax refund. This strategy allows the client to boost the value of their RRSP in order to be able to realize their retirement plan. “In certain cases,” underlines Guylaine Dufresne, “by foreseeing the amount of the tax refund the RRSP could yield and borrowing to invest an equivalent amount, clients can considerably augment their contribution. Moreover, they can take advantage of a lower interest rate than that of their RRSP, which also works much to their benefit.”

### **Products to Benefit from All the Advantages of RRSPs**

Laurentian Bank offers two types of products that are of significant benefit to savers, particularly those who are never able to put money aside or who tend to accumulate unused contributions. These products consist of the RRSP line of credit and the RRSP loan, which can be offered in the form of a Maxi-RRSP loan.

The RRSP line of credit is a product featuring a lot of flexibility because clients can call upon it as they see fit to make contributions. It is especially convenient for those who are able to exercise a certain degree of discipline and can manage their RRSP contributions on their own. After establishing a credit file, the client obtains a line of credit for an amount that could correspond to their maximum possible contribution, and which they could invest or repay at their desired pace. This instrument requires a minimum repayment amount. The line of credit is particularly interesting when the saver expects to receive a tax refund eventually, especially subsequent to making contributions into their RRSP.

For its part, the RRSP loan is granted for a set amount with pre-determined payments, and it can be offered with a fixed or variable interest rate. The client chooses the due date, and the total amount must be repaid at the end of the term. This more structured solution is most suited to the needs of clients looking for a more disciplined approach.

In that regard, Laurentian Bank recommends a custom-tailored product known as the Maxi-RRSP loan. This is a term loan with capital and interest to be repaid by no later than August 1, 2011, which is sufficient time to receive a forthcoming tax refund augmented by the RRSP contribution deduction.



# Press release

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“Whichever RRSP product is of interest to the client,” concludes Guylaine Dufresne, “all RRSP strategies should be established based on the specificities of each case. Therefore, it is important to take the time to examine each client’s situation and design a plan with fixed and precise objectives.”

## **About Laurentian Bank**

Laurentian Bank of Canada is a banking institution operating across Canada and offering its clients diversified financial services. Distinguishing itself through excellence in service, as well as through its simplicity and proximity, the Bank serves individual consumers and small and medium-sized businesses. The Bank also offers its products to a wide network of independent financial intermediaries through B2B Trust, as well as full-service brokerage solutions through Laurentian Bank Securities.

Laurentian Bank is well established in the Province of Quebec, operating the third-largest retail branch network. Elsewhere throughout Canada, it operates in specific market segments where it holds an enviable position. Laurentian Bank of Canada has more than \$23 billion in balance sheet assets and more than \$15 billion in assets under administration. Founded in 1846, the Bank employs more than 3,600 people.

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