Press release

FOR IMMEDIATE RELEASE

LAURENTIAN BANK OUTLINES THE DIFFERENT USES OF THE TFSA

Montréal, January 25, 2012 – The Tax Free Savings Account (TFSA) constitutes an excellent savings vehicle. However, according to Laurentian Bank's financial planners, its degree of effectiveness for tax purposes will depend on the choice of product in specific situations.

Since 2009, the TFSA has served as a means for individuals to accumulate tax-sheltered savings throughout the course of their lives. Thus, as at January 1, 2012, a couple could hold up to $40,000 in this plan (whose contribution rights are cumulative and can, therefore, be carried over to subsequent years), in addition to any returns earned. Consequently, the TFSA represents a good source of tax-free revenue at retirement.

"The TFSA can become an important element of a financial plan as long as people know how to make proper use of it," underlines Guylaine Dufresne, Laurentian Bank's Director of Financial Planning for the Northwestern Québec region. "The most beneficial way of looking at a TFSA is to consider it as being primarily an investment vehicle and not a conventional savings account from which to make short-term withdrawals. In fact, certain types of eligible investments can generate much more attractive returns than a simple savings account, particularly when we focus on medium- and long-term investment products."

A TFSA may be invested in various different ways and instruments. These include mutual funds, guaranteed investment certificates, bonds and stock.

Laurentian Bank is advising its clients who have reached their RRSP contribution limit that the TFSA also enables them to enjoy tax-free savings. "A TFSA is not a replacement for an RRSP, but it can serve as a more appropriate vehicle in certain cases," explains Guylaine Dufresne. "For example, people with a relatively low income, like those just starting out on a career, will not be eligible for a particularly interesting tax saving with their RRSP. However, if they place their savings into a TFSA to later transfer them into an RRSP, they will receive a greater tax refund once they begin to earn more income."

All Canadian residents aged 18 and over can invest up to $5,000 per year in a TFSA. Investment earnings (interest, dividends and capital gains) are not taxable and will never be, even if the sums accumulated in a TFSA are withdrawn. Moreover, subsequent to withdrawals from a TFSA, contribution rights can be recuperated for ensuing years.

To learn more about the benefits of the Tax Free Savings Account in specific situations, Laurentian Bank clients are invited to consult a personal banking financial planner or advisor at any of the Bank's 158 branches.

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 Québec, 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 $24 billion in balance sheet assets and more than $35 billion in assets under administration. Founded in 1846, it has been selected as the Québec and Atlantic Canada regional winner of the Canada's 10 Most Admired Corporate Cultures™ program presented by Waterstone Human Capital. The Bank employs close to 3,700 people.

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