
THE IMPORTANCE OF RRSPs BEYOND SIMPLE TAX SAVINGS

Montréal, February 8, 2013 – Although the RRSP is an excellent vehicle for reducing taxes, that is not the primary aim of this plan. According to financial planners at Laurentian Bank, it is essentially intended to be a means of saving for retirement.

“The RRSP is particularly pertinent within today’s context,” underlines Denis L’Hostie, Senior Manager, Financial Planning. “People who long believed that their pension plan would be sufficient saw their savings suffer setbacks related to the economic crisis, in addition to feeling the effects of weak returns generated by guaranteed investments. As such, personal savings are more important than ever today in order to avoid a potential lack of sufficient income at retirement.”

In response to the ageing of the population and weak growth in the number of workers, the Canadian government recently decided to gradually increase the age of eligibility for the old age security program and the guaranteed income supplement from 65 to 67. Moreover, the population is expected to age more rapidly in Canada than in other countries. In fact, the proportion of seniors in the Canadian population vis-à-vis working age citizens is likely to almost double in the next 20 years, which means that other measures aimed at increasing the eligibility age for retirement can be anticipated as well. Consequently, establishing clear and realistic retirement objectives has become all the more vital.

During this RRSP season, it is important to remember that the Registered Retirement Savings Plan was designed to meet revenue availability objectives at the time of retirement. “The RRSP should be seen, first and foremost, as a long-term strategic savings tool intended to provide savers with a safety cushion for once they stop working,” adds Denis L’Hostie. “And because people’s perception of retirement has changed a lot, many individuals don’t see it as a permanent stoppage any longer. Thus, one must be ready to meet the needs posed by new lifestyles.”

The best way to save is to spread out RRSP contributions throughout the course of the year — ideally in the form of a systematic savings program. By adopting such a methodical plan, the saver can progressively accumulate capital and see it grow in a disciplined fashion, while gaining the flexibility to confront different eventualities. “In so doing, we not only increase our savings, but we also reduce the stress associated with scrambling to find the sums to contribute at the end of the year,” concludes Mr. L’Hostie. “So the tax saving should no longer be seen as the ultimate objective, but rather, an added benefit that the saver can apply to their RRSP or to some other urgent financial need.”

At this time of year, in particular, it is in everyone’s interest to consult a financial advisor or planner to be familiar with the different means of preparing strategically and effectively for retirement.



Press release

FOR IMMEDIATE RELEASE

About Laurentian Bank

Laurentian Bank of Canada is a pan-Canadian banking institution that has nearly \$35 billion in balance sheet assets and \$33 billion in assets under administration. Founded in 1846, Laurentian Bank was selected in 2012 as one of the 10 winners of the Canada's Passion Capitalists program in recognition of its sustained success through the promotion of passion within its ranks. The Bank employs more than 4,200 people.

Recognized for its excellent service, proximity and simplicity, Laurentian Bank serves more than one million clients in market segments in which it holds an enviable position. In addition to occupying a choice position among consumers in Québec, where it operates the third largest branch network, the Bank has built a solid reputation across Canada in the area of real estate and commercial financing thanks to its teams working out of more than 35 offices in Ontario, Québec, Alberta and British Columbia. Its subsidiary, B2B Bank, is a Canadian leader in providing banking products as well as investment accounts and services to financial advisors and brokers, while Laurentian Bank Securities is an integrated broker, widely recognized for its expertise and effectiveness nationwide.

-30-

Information:

Mary-Claude Tardif

Public Relations Advisor

514 284-4500, extension 4695

mary-claude.tardif@laurentianbank.ca