LAURENTIAN BANK

Press release

FOR IMMEDIATE RELEASE

SAVE ON TAXES, CONTRIBUTE TO YOUR RRSP : LAURENTIAN BANK OFFERS HELPFUL ADVICE AND TOOLS TO REDUCE TAXES

Montréal, January 22, 2010 – As January begins to wind down, this is the time of year to be thinking about taxes. Under the banner of its new advertising campaign, S*ave on taxes,* c*ontribute to your RRSP,* Laurentian Bank has developed various tips and tools aimed at reducing tax bills or obtaining the greatest possible tax refunds.

Making Regular RRSP Contributions

It is much easier to manage a budget by contributing throughout the year and fixing an amount that can be debited directly from an account each month or every two weeks, for example. In so doing, savers establish a habit of putting money aside, and when the time comes to contribute to their RRSP in order to reduce taxes, the practice will come naturally. It is always preferable to plan a budget rather than waiting for the last minute to make a contribution. To get an idea of how much can be gained by setting a small sum aside periodically and investing over an extended period, a simulator that calculates the value of regular investment has been made available on Laurentian Bank's Web site at www.laurentianbank.ca/RRSP.

Making the Maximum Contribution

The maximum amount contributable to an RRSP equals 18% of the saver's income from the previous year, up to a ceiling of $21,000. The greater their RRSP contribution, the more savers will be deducting from their revenue, and thus, the less tax they will pay. Moreover, thanks to compound interest, the actual saving will grow more quickly. Individuals who cannot make the maximum contribution during a given year can carry over the unused contributions to one or more subsequent years.

Making the Most of RRSP Contribution Eligibility

Contributions made to an RRSP are deducted from the saver's taxable income. As such, it is highly advantageous for savers to make the maximum contribution they are eligible to make. Savers who do not have that full amount at their disposal can opt to take out an RRSP loan to cover the difference. In the long-term, this strategy can prove very beneficial because the compounded growth of the investment exceeds the interest payable in the short-term, while the saver also enjoys the optimal tax reduction and sometimes even a tax refund (depending on their financial situation) that can be used to repay the loan. A tool to calculate unused RRSP contributions is also available on the Internet at the aforementioned address. This tool illustrates how making full use of eligible RRSP contribution amounts can be profitable in the long-term.

Investing in a Spousal RRSP

Contributing to a spouse's RRSP allows for the splitting of income to obtain deductions when the contributor's is the higher of the couple's incomes. In addition, if one of the spouses is younger, the amount invested can create a longer-term yield, taking maximum advantage of compound interest until the mandatory withdrawal age of 71.

Contributing to a TFSA

Individuals who invest wisely in their RRSP could also benefit from using their savings or tax refund to contribute to a TFSA in order to allow their interest income to accumulate in a tax-sheltered manner. The Tax Free Savings Account is even more advantageous for individuals who wish to save for a particular project like a trip or home renovation because they can access their money at any time.

Taking Advantage of Available Tax Credits

It is important to always be well informed and to know about all the available tax credits, such as the public transport deduction and the federal credit for children's sports activities. There is also a tax credit currently applicable for residential renovations carried out or materials acquired between January 27, 2009 and February 1, 2010. Aside from such work adding value to a property, it qualifies for returns of up to $1,350 and $2,500 from the federal and provincial governments respectively.

Splitting Pension Income Between Spouses

Beneficiaries can split their pension income so as to provide their spouse with up to half of their tax credit-eligible income for pension income. However, if both spouses receive pension revenue, only one member of the couple can split their income and, thus, benefit from a tax deduction. This strategy is most advantageous when one of the spouses is earning much higher retirement income than the other.

Seeking Expert Advice

Individuals should not hesitate to ask for tax advice from qualified individuals, and they should be well informed in order to be able to make the best decisions about RRSP contributions. Financial advisors and planners are experts in this domain. It is their job to offer proper counsel and to draw up an accurate profile of a saver's financial situation in order to develop their retirement plan and provide valuable tax insights. For its part, Laurentian Bank has engaged some 20 new financial planners over the past few months to provide its clients in need of retirement planning advice with the best and most timely counsel possible.

About Laurentian Bank

Laurentian Bank of Canada is a banking institution operating across Canada and offering its clients diversified financial services. Differentiating 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 $22 billion in balance sheet assets and more than $14 billion in assets under administration. Founded in 1846, the Bank employs more than 3,500 people.

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