



LAURENTIAN BANK OFFERS EFFECTIVE STRATEGIES FOR USING PERSONAL RESOURCES TO TAKE ADVANTAGE OF THE HOME BUYER'S PLAN

Montréal, February 12, 2010 – There are a number of strategic approaches possible to facilitate the process of purchasing a home. One of these is the Home Buyer's Plan (HBP), which features particular advantages for individuals or couples in various different situations who contribute to an RRSP. Laurentian Bank is offering investors wishing to acquire a property a variety of advice aimed at maximizing the benefits of this government program.

How the HBP Works

Under the authority of the Canada Revenue Agency, the Home Buyer's Plan allows first-time home buyers or others who have not been proprietors for at least five years to draw up to \$25,000 (\$50,000 for couples) from their RRSP for the purposes of buying or building their home. This withdrawal is not taxable. In order to make use of these funds, the amount in question must have been deposited for at least 90 days and must be repaid into the participant's RRSP within a maximum period of 15 years. When considering this program, however, it is important to be aware of the RRSP's investment terms and conditions to avoid being exposed to any penalties for making withdrawals.

Strategies That Could Prove Advantageous

"The Home Buyer's Plan was designed specifically for people who wish to use funds in their RRSP to facilitate the purchase of a residence when making an initial down payment," explains Mr. Denis L'Hostie, Senior Manager, Financial Planning at Laurentian Bank. "Despite the various conditions it is governed by, this is a program that could be quite advantageous in certain cases."

The amount withdrawn for the purposes of the HBP can be used in a number of different ways, depending on the needs of the individual. In addition to contributing to the down payment on a home purchase, the HBP can also help reduce or eliminate certain costs. For example, an individual who uses a good part or all of the HBP to put together a down payment of at least 20% of the value of their mortgage will not have to take out any mortgage loan insurance like that of the Canada Mortgage and Housing Corporation. Thus, these additional costs, which could amount to several thousand dollars, will not need to be incurred by the person contracting a mortgage.

Moreover, an individual who would have invested in their RRSP and does not need the entire amount withdrawn in conjunction with the HBP would stand to benefit from using part of this amount to make another contribution to their RRSP. Essentially, an individual who is still eligible to make an unused contribution to their RRSP will be able to obtain a tax refund.

Another way individuals who do not contribute to an RRSP can take advantage of the benefits of the HBP would be to borrow a given amount from their financial institution to enable them to make such a contribution and, thus, be eligible for the federal program under certain conditions. The amount could be withdrawn from the RRSP after 90 days and allocated for the purposes of the HBP. That way, the RRSP contribution would entitle the individual to a tax refund, which, in turn, could be used to increase the initial down payment or go towards paying off a loan.



Press release

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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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