Press release

FOR IMMEDIATE RELEASE

RETIREMENT: THE NUMBER ONE CONCERN OF LAURENTIAN BANK CLIENTS WITH RESPECT TO FINANCIAL PLANNING

Montréal, October 21, 2010 – The vast majority of clients who consult Laurentian Bank's financial planners are, first and foremost, looking to properly prepare for their retirement. Concerned about their financial future at the end of their active working life, these clients increasingly feel the need to effectively plan this stage of their lives, which requires a great deal of preparation.

"Between 60% and 70% of people who call upon our services do so to ensure that they will enjoy a comfortable retirement free of financial headaches," explains Stéphane Girard, Manager of Financial Planning at Laurentian Bank. "And the earlier we begin, the more we can rest assured of a good quality of life at retirement."

Experts generally recognize that, upon retirement, a person should be able to count on approximately 70% of average gross annual income over their last three years of work to be able to maintain their lifestyle. However, although it is commonly accepted, this barometer is only a rough indicator. In actual fact, replacement revenue at the time of retirement could vary between 50% and 100% of the income earned during the final working years, depending on life habits and the amount of any existing debt. Moreover, what is essential for one individual may be considered to be a luxury for another. As such, everyone must decide for themselves how much revenue they will need because material wants and expectations tend to differ greatly from one person to another.

At the same time, some people count on the value of their residence to generate revenue upon retirement. However, more and more individuals wish to hold on to their property at that stage of their life. Consequently, the home cannot be considered as a source of revenue if it constitutes the largest part of overall assets.

Government Support Programs: A Complement for Retirement

Many people believe that they will be able to live comfortably on government pension payments. Financial planners will take this form of support into account in their analyses, but the federal Old Age Security pension and the Québec Pension Plan will rarely pay anything over 70% of annual revenue.

Old Age Security pensions are paid to individuals aged 65 and over who request them and who meet certain criteria. The maximum monthly payment is $516.96 (at January 1, 2010), but will be less for anyone whose annual revenue exceeds $66,733. If income is higher than $108,090, there are no federal pension payments at all. For its part, the Québec Pension Plan is available to those who have paid into the program during their active working life and who request benefits. Eligible individuals may receive the pension as of age 60 at an adjusted amount of up to $653.92, while the maximum amount at age 65 is fixed at $934.17, and at $1,214.42 upon the age of 70. As such, the maximum annual revenue from these two plans will vary between $14,050.56 and $20,776.56, depending on the age at which an individual retires. This corresponds to 70% of an annual salary of $20,000 to $30,000. Other payments may nevertheless be accessible, based on other particular criteria.

As a point of reference, in 2008, Statistics Canada established low income level in urban areas as falling between $13,754 and $18,373 for a person living alone, and between $16,741 and $22,361 for a household of two. Therefore, the maximum pension that a contributor may hope to receive from the two government plans exceeds these levels by only a narrow margin.

Count First and Foremost on Oneself Via Private Plans and Personal Savings

Personal savings are very important, often making the difference in an individual's ability to meet their established retirement income objectives. "People with their sights set on enjoying worry-free retirement have fully recognized the fact that government pension plans are simply not sufficient," continues Stéphane Girard. "Substantial additional support is required, depending on the quality of life level sought after. For some salaried employees, this additional support will take the form of a federally or provincially administered registered pension plan, depending on the specific activity entered in the company's charter and in the separation of powers between provincial and federal authorities. Those who do not participate in such a plan are encouraged to contribute to a registered retirement savings plan (RRSP).

In a registered pension plan (RPP), the sums accumulated in a pension fund and the plan are managed by a retirement committee. To receive the pension payment, one must generally be 10 years or less away from the "normal" retirement age. There are also other private plans, such as the individual pension plan (IPP). However, the large majority of savers will count on personal savings plans like RRSPs or registered retirement income funds (RRIFs). Other available options include the immobilized retirement account (IRA) and the life income fund (LIF), non-registered savings, group RRSPs, and the tax free savings account (TFSA). Each vehicle has its own characteristics and specific tax implications that respond differently to strategic objectives established as part of a well orchestrated financial plan.

When all is said and done, retirement planning can be extremely complex, depending on each person's particular situation. A competent financial planner like those at Laurentian Bank can determine the optimal custom-tailored strategic approach to take based on the prevailing economic situation and a client's position and objectives. Taking a structured approach, the financial planner will analyze all pertinent factors, including when an individual wishes to retire, the amount of revenue desired at that point, the assets that could generate retirement income, the savings accumulated annually in an RRSP or other instrument, Old Age Security and Québec Pension Plan benefits to be received, and the income to be earned from any additional retirement plans.

Subsequent to the analysis of this data, and taking factors such as inflation and the long-term economic outlook into account, the financial planner will be in a position to advise the client of the revenue that will be available at retirement and of the difference between that amount and the amount set as the goal. The client will then be able to determine what additional strategies and actions may be required, such as increasing savings, reducing the retirement revenue objective, delaying retirement, reviewing their investor profile, or revisiting their portfolio to boost the return on their investments.

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 \$14 billion in assets under administration. Founded in 1846, the Bank employs more than 3,600 people.

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