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NEVER THINK NEVER

Volume 2 - Number 3

Why always make winter your "RRSP season"?

Fall is right at our doorstep and, just like every year, you'll spend the next few weeks preparing for winter.

For many investors, this final season of the year is the perfect time to make RRSP contributions. Unfortunately, many people find themselves in those last few days of February not only braving the cold, but also the lengthy line-ups at their caisse to make their annual RRSP contributions, promising themselves that they will not do this again next year.

Remember that your RRSP contribution patterns can significantly affect your retirement income. The table to the right is an excellent illustration of this. Assuming a growth rate of 6.5% over a period of 30 years, making monthly RRSP contributions would earn you \$15,417 more than a single, year-end contribution. Or, if you contribute a single lump sum at the start of the tax year rather than at the end of it, like most investors do, your earnings could be \$28,072 higher.



Amount accumulated after 30 years at 6.5%¹

\$5,000 contributed at the end of each year | **\$431,874**

\$5,000 contributed in 12 equal instalments each year | **\$447,291**

\$5,000 contributed at the start of each year | **\$459,946**

¹ Example of calculation based on a rate of 6.5% annually made up and on a diversified wallet.

This year, why not change your contribution habits and come meet with us to take a careful look at how certain RRSP strategies could help you. Having a personalized strategy could make the difference and even speed up your retirement by a few years!

Make your RRSP a financial partner for life!

Use the following checklist to assess the advantages you would get from using better strategies to maximize your RRSP contributions. Do it today!

- I have an RRSP.
- I contribute early on in the year or periodically throughout the year by automatic transfer.
- I contribute the maximum every year.
- I borrow to contribute to my RRSP.
- I have a financial retirement analysis.
- I make the most of my unused RRSP contribution room.
- I include income splitting in my plans by contributing to my spouse's RRSP.
- I take advantage of the \$2,000 rule on overcontributions.
- I take advantage of opportunities to defer contributions.

Come and meet with us today.

At Desjardins, we offer you real expertise and realistic means to help you build you a retirement you can really enjoy!

“Advanced” RRSP strategies

As you get older and your financial situation improves, the RRSP strategies available to you become more complex and require more attention, especially as retirement approaches and your RRSPs become an important part of your asset portfolio. Here are additional details about a few strategies that could help you maximize your retirement income and enjoy a worry-free retirement.



Financial retirement analysis —

An indispensable tool

Since **time** is a determining factor in successfully growing your money, you would do well to prepare for the longest vacation of your life by starting to plan now. We can help you plan your retirement by performing a financial retirement analysis. During this assessment, we will help you quantify your retirement objectives, evaluate your financial position, determine your investor profile and set up the investment strategy that will allow you to have the income you need to fulfil your dreams. As there are numerous factors that can affect your financial situation and your retirement income, we will review your retirement analysis on a regular basis. As you approach retirement, your RRSP strategy changes from income accumulation to income withdrawal. Desjardins has developed its Vision Retirement solution to ensure that your financial situation keeps pace with your changing needs. Vision Retirement is turnkey support service combining advisory services and innovative products to meet your three principal needs: income management, life and health insurance coverage, and asset transfer.

Unused RRSP contribution room — Making up for lost time

Most Canadians do not use all their RRSP contribution room. Why not make the most of yours as early as possible?

Your contributions can be made either in cash or by transferring securities (as long as they are RRSP eligible) worth an amount equivalent to your desired RRSP contribution. You should be aware, however, that the latter option could generate a taxable capital gain.

If you cannot afford to take advantage of your unused RRSP contribution room, we have various financing solutions that could help you increase

the value of your retirement portfolio without exceeding your budget.

As you can see, strategies for unused contribution room can be complex. That is why you should talk to us so we can help you assess the different strategies that apply to your situation, and find the one that suits you the best.

Income splitting using your spouse's RRSP — Tax savings

A spousal RRSP is a simple way to split your retirement income. Contributions are deducted from your income, but the plan is set up on behalf of your spouse. Withdrawals from this RRSP after retirement will be taxed on your spouse's income, at his or her marginal tax rate. However, it is important to remember that if you withdraw money from your spouse's RRSP during the same fiscal year as the year of deposit, or during the two subsequent years, it is you and not your spouse who will be taxed.

Up to \$2,000 in overcontributions — Yet another advantage!

Did you know that you can contribute up to \$2,000 in overcontributions throughout your lifetime? The Income Tax Act allows taxpayers 18 years of age

Important information to remember

Deadline for contributing: March 1, 2008
Maximum Contribution: \$19,000

or older to maintain a maximum of \$2,000 in overcontributions. If you have surplus liquid assets, why not invest some of them in your RRSP? The investment will generate non taxable returns and you will have a ready-made contribution that you can deduct in the future!

Later on, you can deduct any overcontributions you have made, as long as you have contribution room you can apply them to. However, be aware that if you exceed the \$2,000 limit on overcontributions, Revenue Canada will fine you 1% per month on the excess.

Deferred contributions — Timing is everything for deducting your contributions

While it is recommended that you make RRSP contributions every year, you may choose to defer your deduction to a later taxation year.

Let us suppose that your marginal tax rate is 25%, but that next year it could be 40% because your income is expected to increase. By contributing \$10,000 to your RRSP and deducting it from your taxable income this year, you will generate a tax savings of \$2,500, by waiting until next year, your tax savings would be \$4,000.

LEGAL NOTE ON THE AGE OF RRSP-TO-RRIF CONVERSIONS BEING RAISED FROM 69 TO 71

Following its latest budget, the federal government decided to raise the age limit for registered retirement savings plan (RRSP) and locked-in retirement account (LIRA) maturities from 69 to 71, starting in 2007. This decision allows you, firstly, to continue contributing to your RRSP or your spouse's RRSP until the age of 71, as long as you have unused contribution room, and secondly, to defer the time when you have to transform your RRSP or LIRA into retirement income. If your income from other sources is sufficient to maintain your lifestyle, you may find it to your advantage to transform your RRSP or LIRA into retirement income as late as possible, thereby allowing your tax-sheltered funds to continue to grow. Talk to your caisse advisor for details.

Your RRSP accompanies you throughout your lifetime and is an indispensable tool in planning your financial future.

So stop by and meet with us this fall so we can go over your situation to see how we can help you make the most of your RRSP.

Printed in Fall 2007

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Money working for people