

PLANNING



Desjardins
Caisse Lachine/Saint-Pierre

Winter 2005/2006

Plan your retirement now

At the caisse our members often tell us, with a glimmer in their eye, how they can't wait to retire. Most of them plan to retire in their 50s, as is the trend these days.

Do they realize that during a period that may extend from two to three decades, they will not be earning any income at all? Are they fully aware of the extent of the financial resources they will need at this stage in their lives?

We can't repeat it often enough: it is of prime importance that you build up a solid capital for your retirement,

especially since the government's contribution is likely to be increasingly smaller and employers are looking to no longer offer private pension plans.

To help you build your assets, here's a series of strategies, divided into three stages, according to your age and the evolution of your career. These three stages are based on general characteristics and of course your situation may be different.

Therefore, please come in to see us and we'll tailor this useful advice to your circumstances.



Vincent Bélanger
Financial Planner



Alain Beauvais, Fin. Pl.
Personal Financial Advisor

Charlène Poirier
Personal Financial Advisor

This newsletter is provided by group savings representatives for Desjardins Financial Services Firm Inc.

Caisse Desjardins
Lachine/Saint-Pierre
1625, Notre-Dame
Lachine (Québec) H8S 2E5

Telephone : (514) 637-4691
Fax : (514) 637-9060

Your retirement could last longer than your career! And saving for it is largely your responsibility. That's why now is the time to think about retirement — no matter what your age.

Come meet with us. We can help you prepare financially for retirement and show you the benefits of new investment opportunities available to you.



Stage one: Age 20 to 35 Entry into the workforce

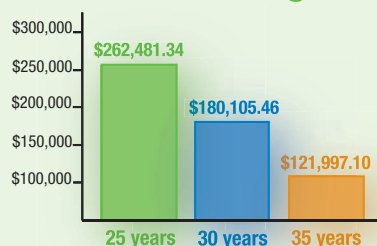
You're out of university, diploma in hand, you've landed your first job and have started repaying your student loan. You may be planning to start a family and buy a home.

\$1200 at the end of the year to contribute to your RRSP.

The earlier you start contributing, the more capital you will have accumulated at retirement, as the table below shows. All three examples are based on a monthly contribution of \$100 and an annual return of 7%.

Your target savings will depend on your resources and your priorities. We can set an objective with you. You'll simplify things greatly by investing regularly: it's easier to find \$100 a month than to accumulate

Value of RRSP at age 65



An individual who waits until age 35 to invest in an RRSP will have half as much as someone who starts contributing at age 25.

Continued on reverse



Stage two: Age 36 to 50

Professional maturity

Your working conditions have stabilized and improved. Your children are getting older and you're paying down your mortgage. You're struggling with high expenses, but your earnings are on the increase.

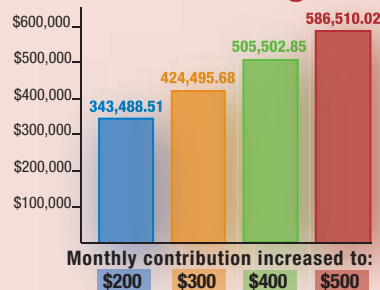
your RRSP contribution (see chart below).

Suppose you've been contributing \$100 a month since age 25 and at age 40 you doubled, tripled, quadrupled, or even quintupled it. Once again we assume an annual return of 7%.

Why not pay us a visit and we can discuss setting up a spousal RRSP or an RESP for you?

Or alternatively, let's look at the possibility of increasing

Value of RRSP at age 65



As you can see, your RRSP will be worth \$243,000 more if at age 40 you increase your monthly contribution to \$500 from \$200. This strategy of maximization should be used by anyone who has been unable to start contributing early to their RRSP. This way, you'll make up for lost time.

Stage three: Age 51 to 65

Nearing retirement

Your home is now paid off, your grown children have left the nest and your income has never been higher. You are making your retirement plans. It's at this stage that financial planning is especially crucial.

Financial planners agree that it is preferable to keep your RRSP as long as you can — that is, until the end of the year in which you turn 69. This will enable you to take advantage of tax-sheltered growth.

In the meantime, if you have a non-registered account, you'll be able to

dip into it at the start of your retirement. Let's assume that starting at age 51 you invested \$500 a month

outside of your RRSP in tax-advantaged products, with a view to retiring at 60 and leaving your RRSP intact until 65. This would give you a monthly income of \$1,713.64 from age 60 to 65 (see table below).

To receive the same monthly income from your RRSP, you would have to take out \$2,781.63 a month, or \$33,379.56 a year — for a total of \$166,897.80 over five years — because withdrawals from registered plans are fully taxable, unlike the earnings from tax-advantaged products.



Monthly contribution	\$500
Return	7%
Value at age 60	\$86,542.40
Annual income up to age 65	\$20,563.68
Monthly income	\$1,713.64
Income after taxes*	\$1,602.22

* If your tax rate is 42.4% and the adjusted cost base (ACB) of your investments is \$60,000.

RRSP Strategies

recommended according to age

From age 20 to 35

- Set an **annual savings objective** for yourself.
- Contribute **as early as possible** to an RRSP.
- Invest by **regular installments**.

From age 36 to 50

- Contribute the **maximum** to your RRSP.
- **Use your income tax refund**, if necessary.
- **Open a non-registered account** as soon as you've reached your RRSP contribution limit.
- Assess the **advantages of setting up a spousal RRSP** to facilitate income splitting at retirement.
- Find out about the Registered Education Savings Plan in order to **save for your children's future education**.

From age 51 to 65

- Use up your **unused RRSP contribution room**.
- Invest in a **non-registered account**.
- Draw up a **list of your retirement goals** in order of importance.
- Ask us to check **if your savings will be enough** to realize them.
- Prepare a **specific financial plan** if you plan to retire early.
- Determine **when** you wish to receive your Quebec Pension Plan benefits.

We can help you

Make an appointment with us! Together we will analyze the solutions that will help you ease into your richly deserved retirement with confidence. ■



Desjardins

High values. Sound assets.

This newsletter is for informational purposes only and is not intended to provide specific financial, tax, legal or other advice and not all of the examples used in this issue will be applicable to your circumstances. We recommend that individuals consult their financial advisor or other professional before taking any action based on this publication. Desjardins will not be held responsible for investment orders or decisions based on the information contained in this publication.