

Act

Are you starting to transition to retirement?



If you're thinking of reducing your working week, your children have left home or you're planning retirement projects, you're in the Transition (pre-retirement) phase. You've built up some capital, and your investments have grown over the years. Your mortgage has a minimal balance or is completely paid off. Faced with turbulent stock markets, you're wondering how you can secure your future and protect your wealth.

Have you thought of...

- ▶ Using our *Investment Track* interactive tool to prepare your retirement income projections?
- ▶ Contributing to an RRSP and/or applying for an RRSP loan?
- ▶ Contributing to your spouse's RRSP?
- ▶ Saving in a TFSA?
- ▶ Paying off your mortgage faster?

Spousal RRSP contributions: Contributing to a spouse's RRSP is an income-splitting strategy that can be very useful in order to reduce or defer taxation. Contributions made to a spouse's RRSP are tax deductible in the contributor's income tax return and do not affect the spouse's ability to contribute to his or her own RRSP. If the amount is withdrawn after "three December 31" have passed since the last contribution, it will be taxed as the spouse's income.

Are you retired or about to retire?



You are in the Withdrawal phase if you have retired or are about to. You want to live life fully and carry out projects that are near and dear to your heart, while maintaining a comfortable lifestyle. Your health may become a concern, but you keep active. You are looking to secure and protect your wealth and you wonder how to avoid using up your capital.

Have you considered...

- ▶ Using estate planning services?
- ▶ Converting your RRSP (RRIF)?
- ▶ Saving in a TFSA?
- ▶ Confirming your specific income needs?
- ▶ Establishing a withdrawal strategy for your investments?

Estate planning services: Planning how to transfer your wealth is an essential step. That way, not only can you make sure that your final wishes are followed as you intended, you can also avoid a lot of trouble for your heirs.

Withdrawal strategy for your investments: After you retire, is it better to start by withdrawing funds from your TFSA, your RRSP or your non-registered accounts? A clear withdrawal strategy, established jointly with your advisor can answer this question. The order in which you cash in your investments is important, because it can affect the interest generated by your investments, and how they are treated from a tax perspective. In the end, the order in which you withdraw funds from your investments greatly influences how long your retirement savings will last.

Yearly appointment: mark your calendar



Your current financial situation is not fixed, so it's important to meet with your advisor once a year and review your retirement plan every three years. Why? A major change in your life can influence,

among other things, your investor profile and it's important to make sure your profile faithfully reflects both your situation and objectives in order to be able to achieve them.



Would you like to contribute to your RRSP or TFSA online?

Use our Internet Banking Solutions or go to nbc.ca/rrsp or nbc.ca/tfsa. Many options are available: you can choose the quick contribution to receive your tax receipt in time or select the investment solution that addresses your needs!

❖ For more information, contact your advisor or go to nbc.ca/retirement

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securities@nbc.ca
From 8 a.m. to 8 p.m. (Eastern Time), Monday to Friday

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INVESTING

info RETIREMENT

It's up to you!

For some people, retirement is looming on the horizon. For others, it's nothing but a far-off day they can only dream about. Still, it's a dream that's within reach: to get there, you just have to get to work and take it one step at a time.

We offer several tools to help you plan your retirement. Whether it's through video clips, interactive online planning tools or information documents, our experts will share their insight in order to support you on the path to a successful retirement.

Of course, your advisor is always available to guide you through the many steps of retirement planning. He works in close cooperation with you in order to encourage effective management of your assets and to find appropriate solutions for your situation and your goals.

Besides all these resources, there's one more you can count on, perhaps the most important one of all: you! You are the heart of the process of planning your retirement. Do you have enough information on retirement issues? Have you determined the objectives you want to reach during this period? Have you established a strategy to make it happen?

In the pages that follow, you will find solutions to help you take charge of your retirement planning. Other information and planning tools can also help you get your retirement off on the right foot. Discover them at nbc.ca/retirement.

It's up to you!



Understand

RRSP or TFSA? That is the question!

Ever since the tax-free savings account (TFSA) came on the scene in January 2009, some investors have been faced with a new dilemma... Is this new type of tax-efficient plan better than an RRSP when it comes to saving for retirement? Two important factors should influence your decision: why you're saving and what your tax rate is.

The **TFSA** is a savings account to be used for various projects. Its main advantage is that returns and withdrawals made from it are tax-free. Because it allows you to access the funds at any time without triggering a tax effect, the TFSA is useful for both short- and long-term projects. Moreover, by consulting the *Investment Track*, available at nbc.ca/retirement, you can find out how much you have to save periodically in order to accumulate the funds you need to carry out your plans.

The **RRSP** is primarily intended for long-term projects, especially retirement.¹ The returns generated are tax-sheltered until they are

withdrawn. In other words, taxation is deferred. Unlike the TFSA, the contributions made to an RRSP are deductible from taxable income. So the RRSP is beneficial if the tax rate on withdrawals from the account is lower than the deduction rate when you contribute. RRSPs are therefore favourable for most people, since their income after retirement is usually lower than during their working life.

Contributing to an RRSP offers significant tax benefits, but also has repercussions on social security programs that taxpayers are entitled to, such as Old Age Security (OAS) and Guaranteed Income Supplement (GIS). For some investors, especially GIS beneficiaries, it may be more favourable to make withdrawals from their TFSA. Be sure to make the decision that's right for your situation! If needed, consult your advisor, who can enlighten you.

If you're still not sure, start by contributing to the TFSA. You can always transfer the accumulated amounts to an RRSP at a later date.



Did you know that 72% of Canadians expect to have an RRSP as a source of income in retirement? And 53% expect to have a TFSA.²

	RRSP	TFSA
Contribution limit ³	2012: \$22,970 2011: \$22,450 (up to 18% of earned income)	2012: \$5,000 2011: \$5,000 (no matter the earned income)
Contribution tax-deductible	Yes	No
Creation of new contribution room if withdrawal	No	Yes, starting the following year
Tax on income	No	No
Tax on withdrawals	Yes	No
Plan maturity	The year of the 71 st birthday of the contributor	None
Possibility to contribute to spouse's account	Yes	No ⁴

7 videos: Our experts give you the straight talk



Looking for a fun and easy way to get information on the RRSP and the TFSA or on retirement planning? Discover our seven educational webcasts on personal finances. In each video, a wealth management specialist will provide you with valuable advice. Visit nbc.ca/webcasts today!

1. Some government programs (HBP, LLP) allow the accumulated funds in an RRSP to be withdrawn, under certain conditions.
2. Source: National Bank Retirement Index. Survey of 1,565 respondents conducted by Saine Marketing for National Bank, May 20 to June 6, 2011.
3. For both the RRSP and TFSA, some penalties may apply if you exceed eligible contribution limits.
4. Funds can be transferred to the spouse so he/she can contribute to his/her account.

Plan

Discover the new *Investment Track!*

Did you know that National Bank has a tool to help you start your own savings plan for retirement, or any other project, by recommending investment solutions?

If you have decided to save for retirement, but don't know where to start, you would be well advised to look up our *Investment Track*. This ingenious tool gives you an overview of the amount you need to save for retirement, as well as an estimate of the income you will receive at that time, based on your current savings.

The *Investment Track* includes not only a calculator to help you with retirement planning, but also a second calculation tool that will be useful if you want to save for shorter-term projects. This interactive, colourful tool will suggest investment solutions that may be suitable for you, based on the answers you provide, and produce a final report that you can print out and show your advisor in order to flesh out your investment strategy.

To learn what the *Investment Track* can do for you, visit nbc.ca/retirement.



Did you know that 23% of Canadians have a retirement plan that was prepared jointly with a professional? Having a plan increases their level of confidence in retirement. The confidence index of Canadians who have a retirement plan is 6.9 out of 10, compared to 4.6 for those who haven't established one.²

info RETIREMENT Quiz

1. For how long has the TFSA existed?

- a) 55 years
- b) 53 years
- c) 5 years
- d) 3 years

2. Which of the following feature is **not** true of the TFSA?

- a) It is suitable for both short- and long-term projects.
- b) Returns and withdrawals from it are taxable.
- c) The contributions made to it do not affect the amounts granted under social security programs.
- d) It can be useful at any phase in your life cycle.

3. Which of the following statements is **false** concerning the *Investment Track*?

- a) It provides an estimate of the income tax you will have to pay or the refund you will receive.
- b) It helps you start your retirement savings plan.
- c) It allows you to plan the savings needed for short-term and long-term projects.
- d) It recommends a range of investment solutions.

4. In which phase of the life cycle would you be especially worried about the risk of depleting your capital?

- a) Accumulation
- b) Transition
- c) Withdrawal

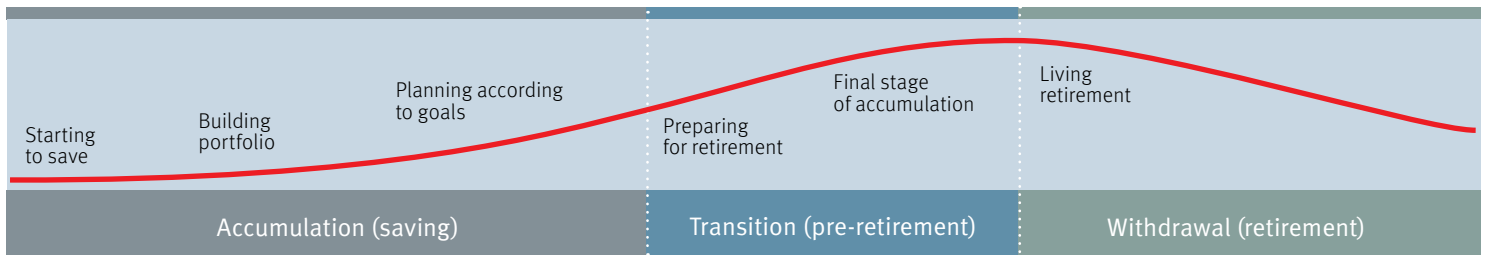
Act

We can help you... all throughout your life!

As with the vast majority of individuals, your life will unfold in three distinct financial phases: Accumulation, Transition and Withdrawal. Over the course of these phases, your financial objectives will change over time, and it's National Bank's role to support you during each of these phases. To do so, we offer you advice that is tailored

to your needs, and have developed a range of tools and solutions to help you. Determine the phase that corresponds to your current situation, and discover what we can do to make your life easier!

The three phases of the life cycle



Starting to save?



Whether you're a student, just getting started in your career, with no children or mortgage, and only recently became financially independent, you are at the beginning of the Accumulation (saving) phase. You worry about having enough money during your studies, or, if you're already working full-time, you want to pay off your student loans before moving forward.

Have you thought of...

- ▶ Setting up a systematic investment program?
- ▶ Building an emergency fund?
- ▶ Using our *Investment Track* interactive tool?
- ▶ Establishing a budget?
- ▶ Saving in a TFSA?

Emergency fund: It's never too early to establish an emergency fund. Having your car break down, needing to do urgent renovations or losing your job are all unforeseen situations that can force you to raid your savings or draw down on credit and, as a result, put yourself in debt. Therefore, it is strongly recommended that you set the equivalent of three months of living expenses aside to address these unpredictable circumstances without putting your financial situation in jeopardy.

Are you balancing savings against various obligations?



If you own a house and/or you have young children, you are still in the Accumulation phase. However, you're already familiar with saving! Your family is a priority for you, and you think about meeting your day-to-day obligations while planning for the future. You're concerned about your debts, you're not saving a lot, but you want to fix that.

Have you considered...

- ▶ Setting up a systematic investment program?
- ▶ Opening a Registered Education Savings Plan (RESP)?
- ▶ Using our *Investment Track* interactive tool?
- ▶ Contributing to an RRSP and/or applying for an RRSP loan?
- ▶ Saving in a TFSA?

RESP: The Registered Education Savings Plan is worth learning about: not only does it allow you to save up for your children's higher education, but the funds accumulated are sheltered from tax while they grow. It also allows you to benefit from attractive government grants.