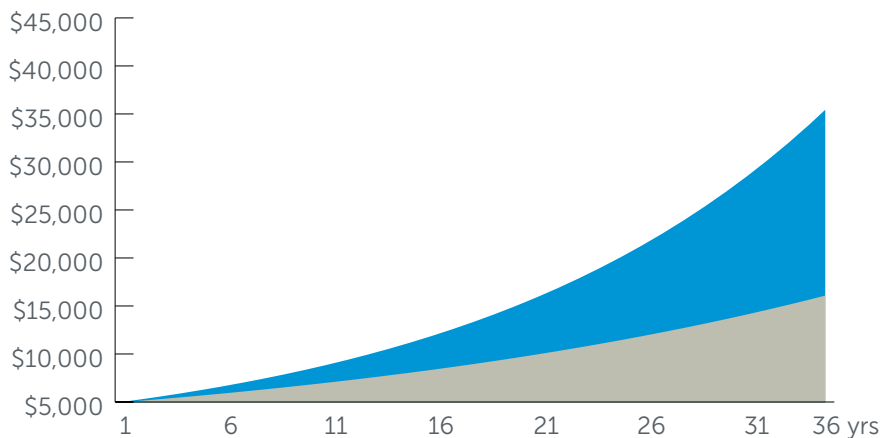


# STRATEGIES TO GROW YOUR RRSP

The smart place to put your money

A registered retirement savings plan (RRSP) is one of the best investments you can make if you want to save for your retirement. RRSPs are a powerful resource because you can claim an immediate tax deduction on contributions, and your investments grow tax-sheltered over time. Savings that are not sheltered from tax can significantly erode over time.

For example, if you are in a 35% marginal tax bracket, a single \$5,000 investment earning a 6% average annual compound rate of return in a tax-sheltered plan would grow to \$36,255 in 35 years. That same investment in a non-sheltered plan would only grow to \$16,317. That's a loss of \$19,938 to taxes!\*



**\$36,255** Tax-sheltered RRSP savings

**\$16,317** Non tax-sheltered savings

\* For illustrative purposes only. Assumes growth is taxed as interest income.

## Stay true to your Investment goals with Empire Life Investments

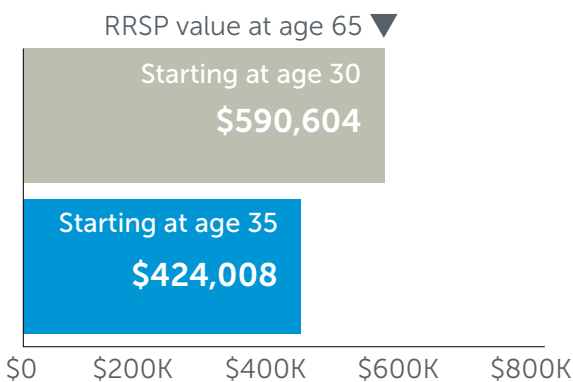
Your investment advisor can help you choose the right segregated fund or mutual fund solution for your needs. Our solutions include these benefits:

- Investment expertise. A team of skilled portfolio managers and analysts following a disciplined process to manage your money.
- Downside protection. A conservative, value-oriented investment style and diversification to help cushion against market volatility.
- Valuable Features. Benefit guarantees<sup>1</sup> on segregated funds, tax-efficient cash flow options on mutual funds, and more.

## Start now

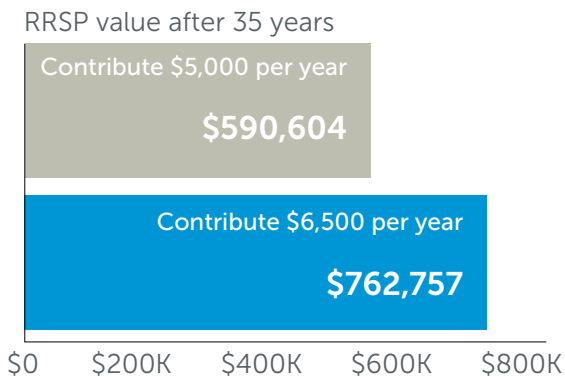
The decision of whether to start contributing to your RRSP now or wait until later can have a significant impact on the size of your portfolio at retirement. Let's look at an example.

Judy starts making regular contributions of \$5,000 a year to her RRSP at the age of 30 and earns an average annual compound rate of return of 6%. After 35 years, her RRSP will be worth \$590,604, thanks to the wonders of compound growth. Frank decides to wait five years before starting to contribute to an RRSP. After 30 years, when he is 65, his RRSP will be worth \$424,008 even though he contributed only \$25,000 less than Judy.\*



## Contribute the maximum

Another important strategy is to contribute your maximum allowable amount. For example, if Judy's maximum allowable amount was \$6,500 and she contributed the extra \$1,500 each year, over the same 35 years, her nest egg would grow to \$762,757 ... that's \$172,153 more!\*



\* For illustrative purposes only.

## Contribute regularly

The easiest way to save is to start a regular contribution plan. With an Empire Life Investments RRSP, you can start your savings plan for as little as \$25 a month. Regular contributions are easier to budget for and give you a more disciplined approach to saving. You can also benefit from dollar cost averaging. With regular contributions, you purchase more units when prices are low, and fewer units when prices are high. This can reduce your overall cost of investing and smooth out the effects of market fluctuations over time. Assuming a starting price of \$10 per unit, the table below shows how dollar cost averaging can help smooth the effects of market fluctuation.

Amount invested	Price/Unit	Units purchased
\$1,200	\$10	120
\$1,200	\$12	100
\$1,200	\$8	150
\$1,200	\$6	200
\$1,200	\$6	200
\$1,200	\$8	150
\$1,200	\$12	100
\$1,200	\$8	150
\$1,200	\$6	200

Value of 1,490 units at \$10	<b>\$ 14,900</b>
Total cost of 1,490 units	<b>\$ 12,000</b>
Difference	<b>\$ 2,900</b>

The difference of \$2,900 means a **24% gain** over a period when the market shows no net change!

## Take advantage of an RRSP loan<sup>2</sup>

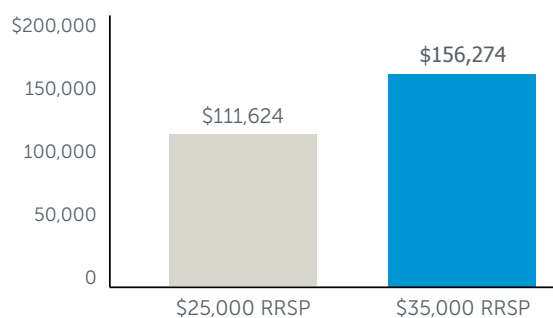
If you want to contribute the maximum, but don't have the money, consider an RRSP loan. Empire Life Investments offers a convenient and flexible RRSP Loan Program with competitive rates and flexible payment options. An RRSP Loan is also an excellent way to take advantage of unused RRSP contribution room.

Using an RRSP loan to enhance your savings can mean the difference between retiring and retiring comfortably. You can maximize your savings faster knowing that your RRSP will compound and grow tax-deferred. See the difference a \$10,000 RRSP loan can make in the size of your RRSP after 25 years: \$44,650! And the interest costs on the loan would only be \$529.13\* over two years.

You can also arrange for an RRSP loan today and pay later, by deferring your first loan payment up to six months<sup>3</sup>. If you're expecting a tax refund and choose to defer your first payment, you can use all or part of your refund to pay down the loan before the first payment is even due!

**Speak to your investment advisor or visit [empirelifeinvestments.ca](http://empirelifeinvestments.ca) for details!**

Difference a \$10,000 loan can make to your RRSP



\*Based on \$25,000 in your RRSP, earning a 6% average annual compound return over 25 years and a 2-year variable loan rate at 5%, compounded monthly. The monthly RRSP loan payment is \$438.71 and is composed of a blended payment of principal and interest. Variable loan rate calculated using the Empire Life RRSP Loan Calculator as at September 2014. For illustration purposes only.

<sup>1</sup>Only applicable to Empire Life segregated funds. The benefit guarantees are provided through the individual variable insurance contract. The Empire Life Mutual Funds do not offer benefit guarantees.

<sup>2</sup>RRSP loans are offered by B2B Bank. B2B Bank does not provide investment advice to individuals or advisors and does not endorse nor promote any investment products. The dealer and advisor, not B2B Bank, are responsible for determining the suitability of investments for their clients and for informing them of the risks associated with borrowing to invest. B2B Bank acts solely in the capacity of lender and loan account administrator. Any loan approval from B2B Bank should not be construed as an endorsement of any investment choice, program or strategy. All loans are subject to credit approval and borrowed monies are due and payable regardless of the performance of the investments purchased. B2B Bank reserves the right to request additional information or documentation at its sole discretion. The B2B Bank RSP Loan Program is available exclusively through licensed financial advisors. B2B Bank is not affiliated with Empire Life Investments Inc. or The Empire Life Insurance Company, and does not endorse nor promote the investment products and services offered by them. <sup>®</sup>B2B Bank is a registered trademark of B2B Bank.

<sup>3</sup>Although payments may be deferred, interest is calculated from the date of funding.

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