

This Issue of Financial Affairs has been created to provide a brief overview of an important investment topic. For more detailed information or for a free copy of a Financial Affairs Issue that may be of greater interest to you, please contact your Financial Advisor.

Issue

9

[Financial Affairs]

**GROUP RRSPs:
A TOTAL BENEFIT PROGRAM**

[Financial Affairs]

- Issue 1 RRSPs: Planning For Your Future**
- Issue 2 RRSPs: The Benefits Of Self-Directed Plans**
- Issue 3 RRIFs: Retirement The Way You Like It**
- Issue 4 The Importance Of Sound Financial Advice**
- Issue 5 Mutual Funds: A Basic Introduction**
- Issue 6 More Profitable Returns Through World Markets**
- Issue 7 The Power Of Compounding And Dollar Cost Averaging**
- Issue 8 The Power Of Diversification Through Mutual Funds**
- Issue 9 Group RRSPs: A Total Benefit Program**
- Issue 10 Ten Steps To Establishing A Personal Financial Plan**
- Issue 11 Women And Financial Independence**



Working Together For Your Future

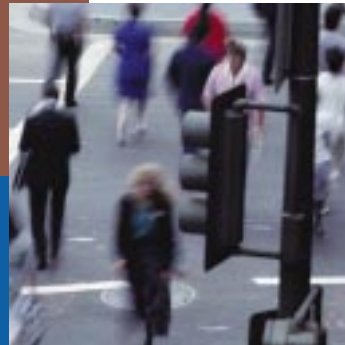
Published by Multiple Retirement Services Inc. as a service to Financial Advisors

The Best
Proof Of
Strength In
Numbers



**GROUP RRSPs:
A TOTAL BENEFIT PROGRAM**

**The Best
Proof Of
Strength In
Numbers**



Canada's rapidly aging population, combined with greater life expectancy, means that there will be major new demands on the pension system – with millions of taxpayers looking forward to 25 or more years of retirement. Yet, as the need for post-employment income grows, the ability of government pension plans to meet it is more questionable than ever before. Together, these facts make a strong case for Group Registered Retirement Savings Plan (RRSP) investing.

MEETING A DEFINITE NEED

Unfortunately, many Canadians tend to overestimate the purchasing power of their retirement savings. Even worse, they underestimate their retirement needs and the effects of inflation.

In addition, Canada/Quebec Pension Plans and Old Age Security Funds are running out of steam and can no longer carry the entire cost of a comfortable retirement for all of us.

This means that government, employers – and you – need to work together to create retirement programs that will provide an adequate standard of living for a senior population. A Group RRSP is an excellent way to accomplish this. And the benefits work for everyone.

WHAT IS A GROUP RRSP?

A Group RRSP is simply a collection of individual employee RRSPs where contributions are made via payroll deductions. You benefit from immediate tax savings and larger, more effective RRSP investments than would be possible with individual annual contributions. As with individual RRSPs, contribution limits are set by Revenue Canada based on each individual's income.

SIMPLE, EASY SAVING

Regular payroll deductions mean that you won't have to think about putting money aside or about accumulating a large lump sum for your annual RRSP contribution. Since your investments are made automatically, all you have to do is sit back and watch your investments grow.

FIVE REASONS TO INVEST THROUGH A GROUP RRSP

1 GROWTH POTENTIAL Most people work for 30 years or more. Just putting aside \$500 a month x 12 months x 30 years equals \$180,000. But investing this same \$500 each month at 10%, compounded growth for 30 years, amounts to more than \$1,000,000 to fund your retirement years.

2 PORTABILITY Because the Group RRSP belongs to each employee, you can usually transfer your RRSP to your new employer if you change jobs. You can also continue to contribute on an individual basis, or stop making contributions altogether.

3 FLEXIBILITY A Group RRSP can be tailored to meet each employee's investment strategy by offering a wide range of options.

4 DIVERSIFICATION A Group RRSP provides an ideal opportunity to invest with several of Canada's best fund managers through only one vehicle. Diversification maximizes potential while minimizing risk.

5 AN IMMEDIATE TAX BENEFIT With individual RRSPs, 100% of your income tax is deducted from each paycheck. The refund is issued only after RRSP contributions are reported at tax time.

By taking advantage of your Company Group RRSP, you are able to deduct your RRSP contributions from your pay. This means you'll be paying tax on your income after your RRSP contribution has been deducted – not before.



EMPLOYEE BENEFITS OF A GROUP RRSP

- ✓ Generates immediate tax savings
- ✓ Allows you to custom tailor your investment program
- ✓ Provides regular statements
- ✓ Permits you to roll retirement savings into a RRIF, or an annuity
- ✓ Allows investment consolidation
- ✓ Offers advantages of payroll contributions and spousal plans
- ✓ Provides the opportunity to take advantage of dollar cost averaging and compounding.

STARTING TODAY WILL MAKE A DIFFERENCE

Putting time on your side by starting early is always a good idea when it comes to investing. But it's particularly important to make an early commitment to a Group RRSP in order to take full advantage of the tax savings you gain with every payroll deduction. Each week, money that would have gone to the government as tax will be working for you.

In effect, since you are contributing throughout the year, even more of your savings will earn tax sheltered compound returns over the long run. In other words, you will begin to "earn interest on your interest" or "capital gains on your capital gains". Your RRSP will grow substantially larger by these regular contributions than through one annual lump sum payment. Over the years, this effect can be very powerful, especially if you start now. Don't forget: your contributions increase in value based on the performance of your investments and the length of time you maintain your plan.

FOR MORE INFORMATION

While you're working for a living, a Group RRSP is working for your retirement. To find out more, ask your Financial Advisor.