

Choose the right tools to build your retirement savings

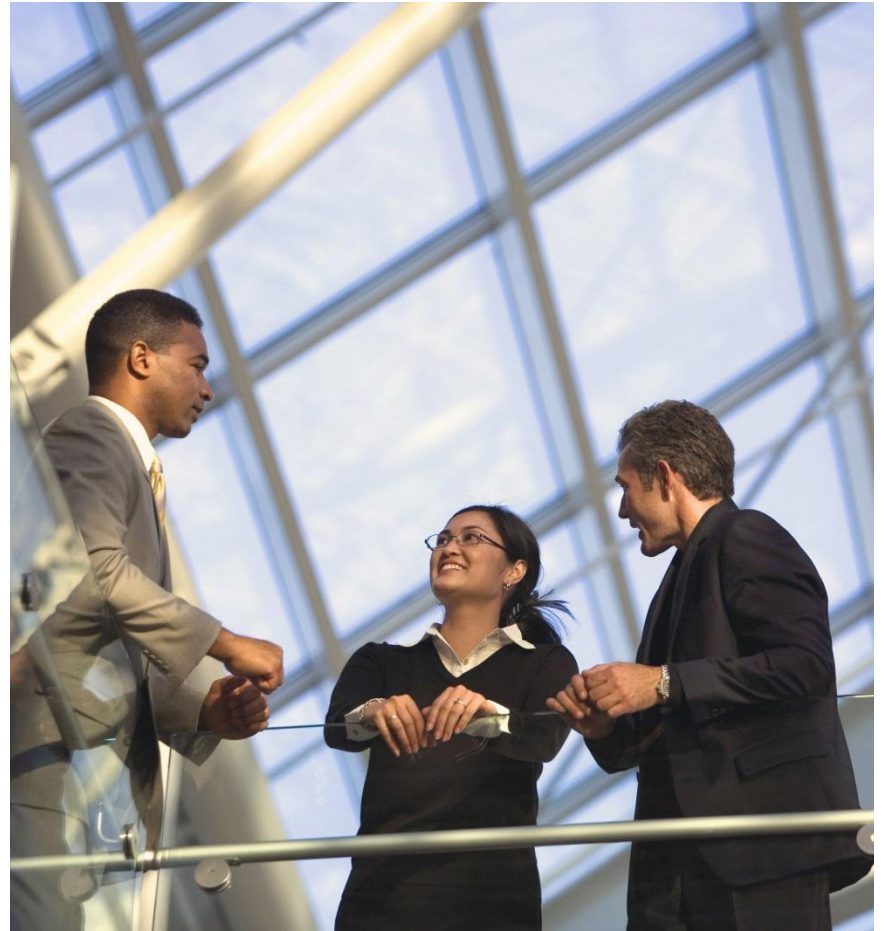
Name, DESIGNATION
Title, Company Name

Date



The right tool for the job

- A Registered Retirement Savings Plan (RRSP):
 - Can save money today through tax savings
 - May provide a larger investment portfolio at retirement
- But it only works... if you actually use it



The best time to start contributing is now

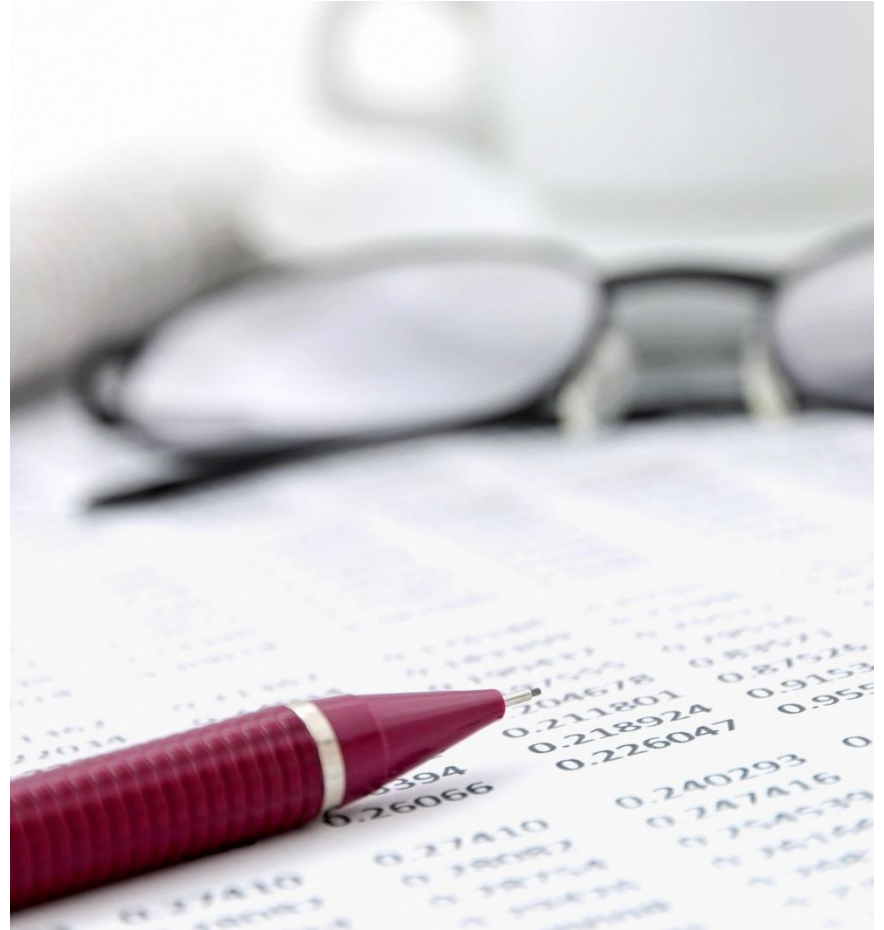
- Even if you've missed making contributions in previous years, don't worry...
 - ...there's no time like the present
- An RRSP Loan may get you back on track

The scenario

- You would like to optimize your RRSP investment
- Your cash on hand is less than the amount you would like to contribute
- You decide you will contribute what you can now and invest the tax refund later

The numbers

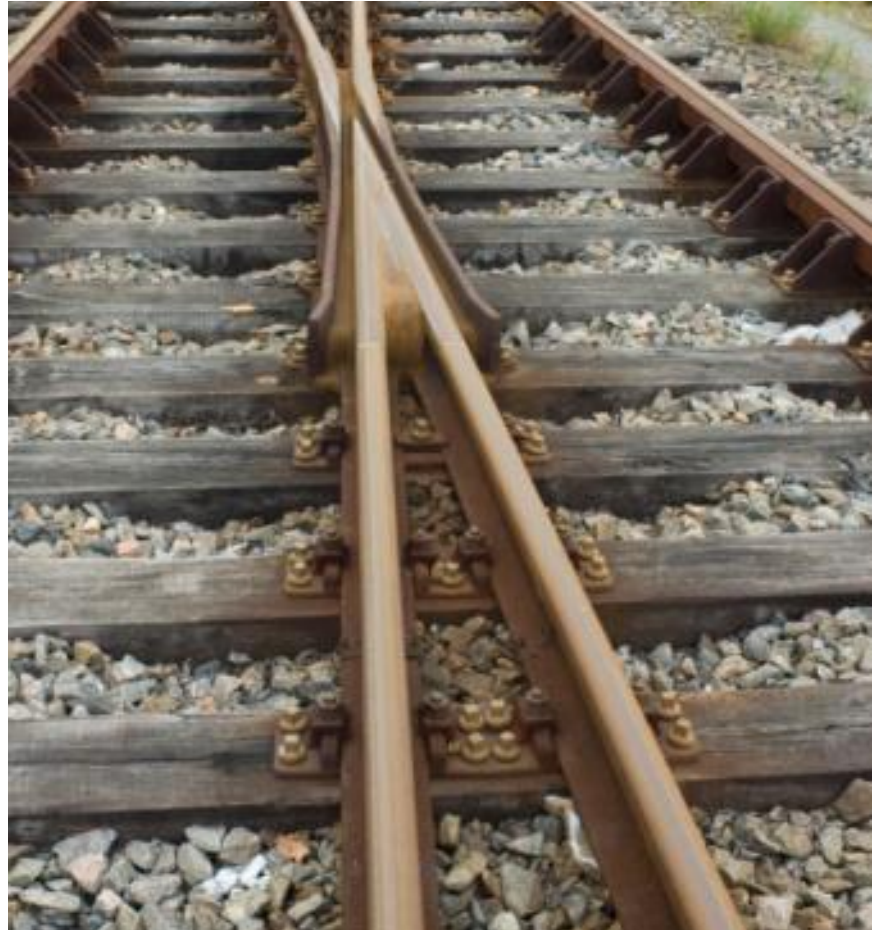
- You have \$7,000 in cash
- Your marginal tax rate is 40%
- Your tax refund will be \$2,800 when you contribute to your RRSP
- Total RRSP contribution = \$9,800



For illustration purposes only

The alternative

- Borrow \$4,667
- Add it to your cash of \$7,000
- Use the refund to pay off the loan



For illustration purposes only

The formula

$$\frac{(\text{Cash on hand} \times \text{marginal tax rate})}{(100\% - \text{marginal tax rate})}$$

or

$$\frac{(\$7,000 \times 40\%)}{60\%} = \$4,667 \text{ loan}$$

I can also show you the Manulife Bank RRSP Optimizer Calculator tool to assist you with determining the RRSP Loan amount that equals the expected tax refund excluding the cost of borrowing

For illustration purposes only

The bigger bang

Total RRSP Contribution

Reinvest Refund

RRSP	\$7,000
Refund	<u>\$2,800</u>
Total	\$9,800

Borrow¹

Cash	\$7,000
Loan	<u>\$4,667</u>
Total	\$11,667

¹Full \$11,667 contributed in current year and claimed for current year.
For illustration purposes only

The cost

Refund \$11,667 x 40% \$4,667

Loan - \$4,667

Interest for 90 days - \$40

Not covered by refund

\$40

For illustration purposes only
A rate of 3.50% is used in this illustration for an RRSP Loan.

The right tool for the job

- The best time to contribute to your RRSP is now
- Take advantage of compounding
- Generate a tax refund
- Keep your RRSP plan on track



Standard RRSP Loan details

Loan feature	Details
Interest rate	Manulife Bank Prime Rate + 0.50%*
Loan term	Loan terms of 12 to 24 months No charge for early repayment
Minimum loan	\$1,000
Maximum loan	\$24,930
Underwriting	Underwriting consists of a credit review. In certain cases, Manulife Bank may require additional information and may contact you directly.
Payment options	<p>Regular option:</p> <ul style="list-style-type: none"> ▪ Equal payments made over 12 to 24 consecutive months <p>120-day deferred payment option:</p> <ul style="list-style-type: none"> ▪ Available for terms of 1 year or 2 years ▪ Equal payments made over 8 consecutive months for a 1 year term or 20 consecutive months for a 2 year term ▪ Interest begins to accrue when loan is advanced

*As at November 1, 2015 Manulife Bank's Prime Rate is 2.70% and the Annual Percentage Rate (APR) for RRSP Loans is 3.20%. The APR is based on a one-year term with 12 regular monthly payments. Rates are variable and subject to change.

Manulife Bank also offers larger loans to accelerate your RRSP

Manulife Bank RRSP Accelerator Loans have competitive interest rates and are available in two categories – RRSP Accelerator Loan which allows for loans up to \$50,000 and RRSP Accelerator Max Loan for loans up to \$150,000

Loan feature	RRSP Accelerator Loan	RRSP Accelerator Max Loan
Interest rate	Manulife Bank Prime Rate + 1.50%*	Manulife Bank Prime Rate + 2.50%*
Loan term	Loan terms of 12 to 60 months No charge for early repayment	Loan terms of 12 to 120 months No charge for early repayment
Minimum loan	\$5,000	\$10,000
Maximum loan	\$50,000	\$150,000
Underwriting	Full underwriting - this may include satisfactory debt servicing, net worth test, meeting minimum income requirements etc.	
Payment options	Regular option: <ul style="list-style-type: none"> Equal payments made over 12 to 60 consecutive months 	Regular option: <ul style="list-style-type: none"> Equal payments made over 12 to 120 consecutive months

*As at November 1, 2015 Manulife Bank's Prime Rate is 2.70% and the Annual Percentage Rate (APR) for RRSP Accelerator Loans is 4.20% and for RRSP Accelerator Max Loan is 5.20%. The APR is based on a one-year term with 12 regular monthly payments. Rates are variable and subject to change.

Important notes

Borrowing to invest in an RRSP may not be appropriate for everyone. You will need the financial means to meet your loan obligations. In addition, investments held in an RRSP may fluctuate in value. You should be aware that, regardless of their performance or value of any investments held in your RRSP, you will be required to meet your loan obligations in full. Talk to your financial advisor to find out more about the advantages and obligations of borrowing to invest. Manulife Bank of Canada solely acts in the capacity of lender and loan administrator and does not provide investment advice of any nature to individuals or advisors

Please ensure you read the terms of your loan agreement and the investment details for important information.

The Dealer and Advisor are responsible for determining the appropriateness of investments for their clients and informing them of the risks associated with borrowing to invest.

Thank you



 **Manulife Bank**

