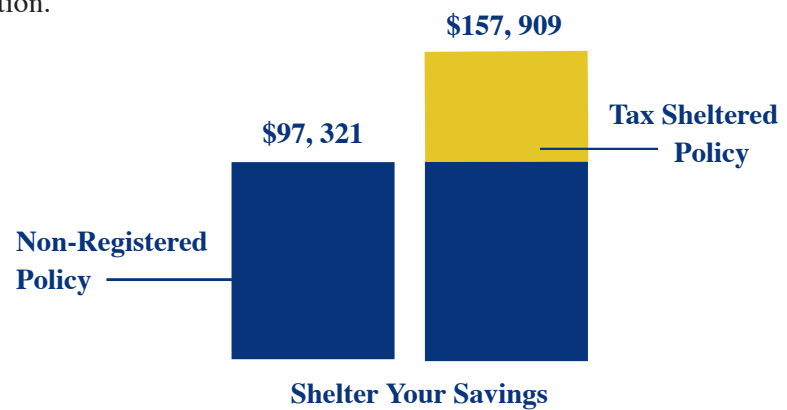


Reduce Your Taxes, Build Wealth

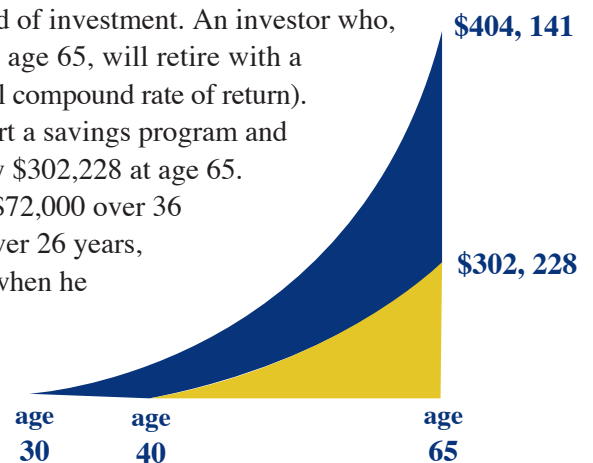
To ensure a comfortable retirement, you should start by capitalizing on the great potential of a Registered Retirement Savings Plan. An RRSP is not only an attractive tax-saving proposition, but it is also one of your most important investment opportunities. Since tax reform has reduced the benefits of other tax shelters and has removed some investment deductions altogether, few other investments can match the RRSP protection against taxes and inflation.



Using an RRSP for retirement savings makes a lot of sense. Assuming an 8% return from interest, saving \$2,000 per year will provide a portfolio valued at \$157,909 at the end of 25 years. Unsheltered (Non-RRSP), however, would result in continuous tax-being paid over the investment period. Assuming a 40% marginal tax rate, the value of the portfolio would only be \$97,321 - a \$60,588 difference.

The Sooner, The Better

The longer your investment time horizon, the greater the effect compounding will have on your investments. The graph below illustrates how the positive effects of compounding dramatically increase the longer the time-period of investment. An investor who, starting at age 30, invests \$2000 per year until age 65, will retire with a portfolio worth \$404,141 (assume an 8% annual compound rate of return). A second investor who waits until age 40 to start a savings program and invests \$3,500, will have a portfolio worth only \$302,228 at age 65. Even though the first investor has contributed \$72,000 over 36 years, while the late starter invested \$91,000 over 26 years, the first investor ends up with \$101,913 more when he or she retires.



What can you learn from this example?

Start investing now to achieve impressive results using less money.