



2008 RRSP guide

Understand the benefits of an RRSP before you make any decisions

Enjoying a successful retirement means different things to different people. Whether you want to travel, take up new hobbies or spend more time with your friends and family, it is important to have a plan to ensure you don't worry about your finances in retirement.

Your financial advisor can help you build a solid strategy based on your individual needs to help you create the retirement you've always imagined.

Registered Retirement Savings Plans (RRSPs) are one of the most beneficial – yet under-utilized – methods of saving for a comfortable retirement. By contributing to an RRSP, the Canadian government allows you to defer taxes while you build up a solid nest egg. Although Statistics Canada announced RRSP contributions were up 5.8% in 2006,¹ many people still aren't taking advantage of the full contribution room allowed by the Government of Canada. In fact, only 31% of eligible taxpayers contributed to an RSP in 2006.¹

Make your money work harder

With advancements in medical treatment and Canadians embracing healthier lifestyles, it should come as no surprise that people are living longer than ever before. Living longer creates a need to put a greater focus on retirement planning, because many of us will have more years in which to stretch out our savings in retirement.

Taking advantage of the benefits of an RRSP can help ensure your savings are ready to fund your retirement. The benefits of opening an RRSP account and then contributing regularly include:

- Tax savings
- Compounded growth
- Peace of mind
- Unlimited choices
- Long-term investment strategies and diversification

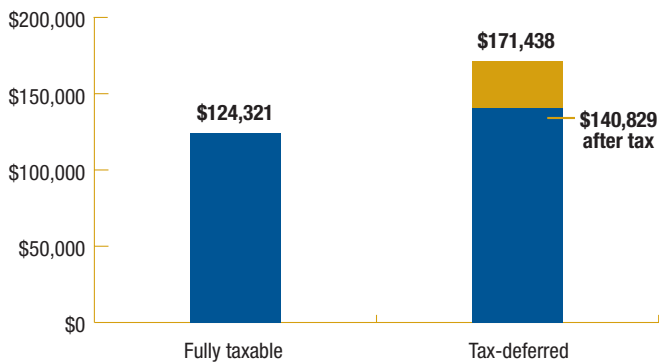
Tax savings

RRSPs ease your tax burden because your RRSP contributions reduce your taxable income. Earnings accumulated in an RRSP are also tax-sheltered, meaning you don't have to pay tax on any investment income, dividends or capital gains you achieve on holdings within your RRSP. Your income and growth are only taxed when your savings are "deregistered," or removed from your RRSP. Typically, these are periods when you will pay less in taxes because you are in a lower tax bracket.

Compounded growth

RRSPs offer tax deferral on any investment growth which allows your money to work harder for you. "Compounded growth" means that all the financial gains achieved within your RRSP are allowed to grow without the hindrance of taxes. By the time you retire, your RRSP can become a significant source of retirement income so you can maintain the lifestyle you hope to enjoy. The chart to the right illustrates the growth achieved with and without the liability of taxes.

¹ <http://www.investmentexecutive.com/client/en/News/DetailNews.asp?id=41817&IdSection=3&cat=3&BImageCl=1>



SUMMARY		
	Fully taxable	Tax-deferred
Investment balance	\$25,000	\$25,000
Annual contributions	\$1,200	\$1,200
Number of years to project	20	20
Before-tax return	8.0%	8.0%
Tax bracket	25%	25%
After-tax return	6.0%	n/a
Future value	\$124,321	\$171,438
Future value (after tax)	\$124,321	\$140,829

For hypothetical use only

To learn more about the benefits of compounding, please visit www.dynamic.ca, click "Financial Planning Centre Calculators" and then "RRSP Calculator." This easy-to-use RRSP Calculator illustrates how you can save more effectively for retirement.



Peace of mind

Contributing to an RRSP helps you save the money you need to fund a comfortable retirement. Talking to your financial advisor about a plan will help ensure that you achieve the most comfortable retirement possible.

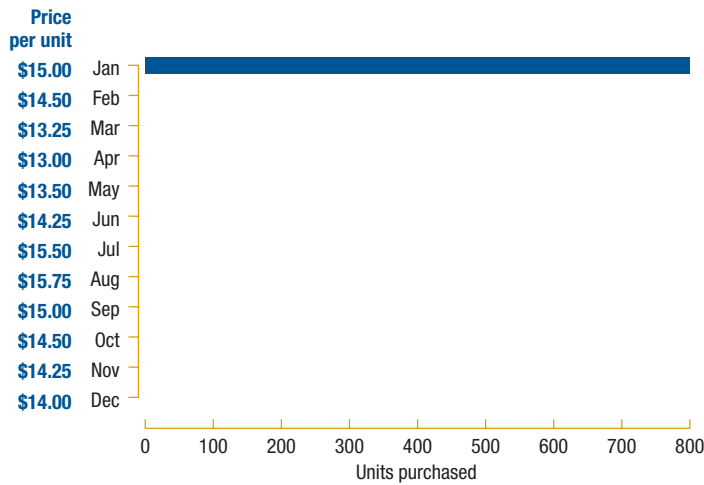
Unlimited choices

RRSPs offer tremendous flexibility in the number of investment options available. Qualified RRSP investments include GICs, mutual funds, bonds and stocks to name a few.

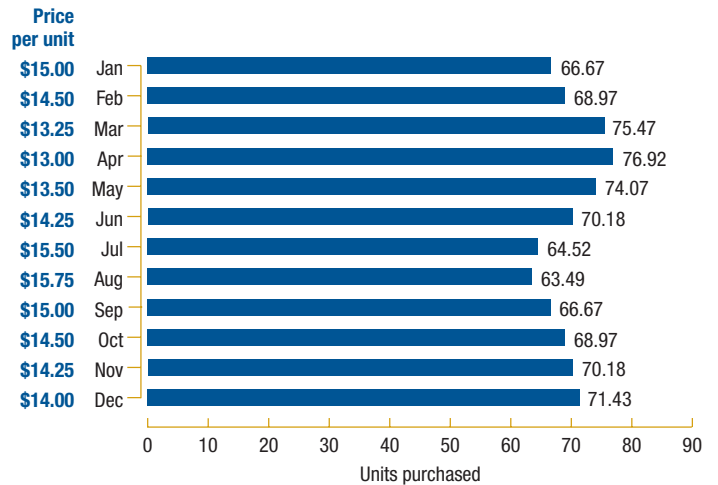
Finding the money to invest

Paying yourself first is one of the best ways to contribute to an RRSP. As an example, you can have an affordable amount deducted from your bank account and deposited directly into your RRSP on a weekly, bi-weekly, monthly or quarterly basis. This is beneficial for two reasons. First, by spreading your contributions out throughout the year, you do not have to come up with a larger lump sum at the end of the year to make your contribution. Investing on a regular basis has the added benefit of allowing you to take advantage of “dollar-cost averaging.” This strategy works by buying a fixed dollar amount of a particular investment on a regular schedule, regardless of the share price. More shares are purchased when prices are low, and fewer shares are bought when prices are high.

Dollar-cost averaging can help you reduce your average purchase price and increase your returns. The graph below illustrates the difference between a lump-sum contribution and investing in regular intervals.



Total investment	\$12,000.00
Total units purchased	800
Market value (at Dec)	\$11,200.00



Total investment	\$12,000.00
Total units purchased	837.52
Market value (at Dec)	\$11,725.29
Potential investment gain	\$525.29

As you can see, the investor who contributed on a regular basis was able to buy more units with the same amount of money, increasing the growth potential of their investment.

Second, by investing regularly you get the added benefit of having your money invested and tax sheltered for a longer period of time, which increases your compounded growth potential.

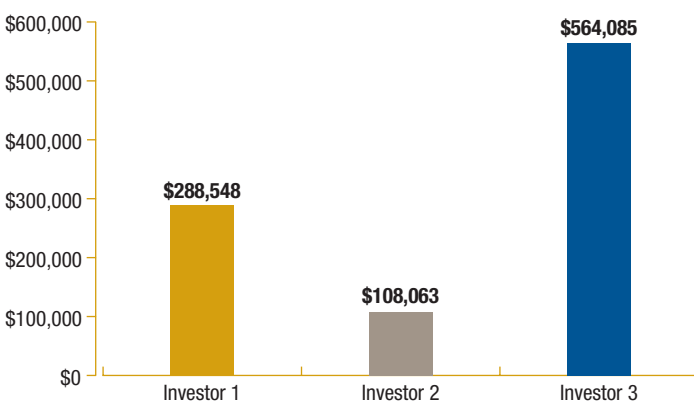
The chart² below illustrates how money contributed on a regular basis benefits from compounded growth. Although Investor 1 contributed for a shorter period of time than Investor 2, Investor 1 still accumulated more savings due to compounding.

That said, Investor 3 demonstrates that investing earlier and spending as much time in the market as possible is clearly the most advantageous.

Get an early start!

Compounding makes a lifelong difference

INVESTOR 1	INVESTOR 2	INVESTOR 3
Invests \$1,000 a year from age 18 to 27 (invests for 10 years)	Invests \$1,000 a year from age 40 to 64 (invests for 25 years)	Invests \$1,000 a year from age 18 to 65 (invests for 48 years)
\$288,548	\$108,063	\$564,085



² Assumes a consistent annual 6% rate of return with \$1,000 contributions made at the beginning of each year. Investment growth and final results do not consider any transaction costs, fees, or taxes. This represents a hypothetical investment and is for illustrative purposes only. It is in no way to be considered indicative of any guaranteed performance an investor can expect to achieve. The actual annual rate of return and value will fluctuate with market conditions.



Long-term investment strategies and diversification

Once you and your financial advisor decide which RRSP is right for you, it's important to determine the best method of investing your savings.

Creating a long-term investment strategy for your RRSP – based on your unique financial needs – is an important first step in building the savings you need to fund your retirement. Those who invest over the long term in an investment portfolio diversified by companies, sector, geographic region or market capitalizations are often better positioned to handle the natural ups and downs of the markets and reach their long-term investment objectives.



Invest with Advice

THERE'S NO NEED TO GO IT ALONE

Mutual funds are an affordable and convenient way for you to gain access to many diversified investments. Different mutual funds have varied objectives, geographic exposures, management styles and asset classes, allowing you to build a portfolio of investment options that meet your investment needs.

Dynamic Funds has RRSP options to meet your unique investor profile. With Dynamic Funds' long-standing commitment to high-quality, professional investment management, products and services, you can be confident your retirement savings will be ready when you are.

Your financial advisor can help determine your investment objectives as well as your risk tolerance. Your advisor can ensure your RRSP savings are going toward risk-appropriate investments that grow with you. Please speak with your financial advisor today about all the benefits of an RRSP and about including Dynamic mutual funds in your RRSP.

RRSP basics

Understanding the RRSP rules established by the Government of Canada will help you take advantage of these attractive retirement savings options.

- Maximum allowable annual contribution:** The Government of Canada sets an annual maximum amount that Canadian taxpayers can contribute their RRSP. You can contribute up to 18% of your previous year's earned income, up to a maximum of \$19,000. The maximum amount allows changes each year to reflect current realities. Thus, the government will be increasing the maximum amount by \$1,000 every year until 2010.
- Contribution deadlines:** Contributing to an RRSP can be done at any time in the year. To take advantage of the tax deduction against your taxable income for the previous year, you are allowed to contribute within the first 60 days of the following year. For example, if you want to reduce your taxable earned income for 2007, you have to contribute to your RRSP by February 29, 2008. Anything contributed after that date will reduce your 2008 taxable income.
- Age limit on contributions:** The year you turn 71 is the final year you can contribute to your RRSP. If you are taking advantage of a Spousal RRSP, you can contribute until the year your spouse turns 71.
- Carry-forward amount:** There is no reason to worry if you have not been contributing to an RRSP, or if you haven't had a chance to maximize your contribution room. Revenue Canada allows you to carry forward any unused deduction room from your maximum limit indefinitely. Your carry-forward amount is noted on your Notice of Assessment. You can contribute towards this carry-forward amount in any year you have the money available to do so.



- Withdrawing money:** In the year you turn 71, you are required to close your RRSP. When it comes time to convert your RRSP savings into a source of retirement income, there are numerous options available, including rolling your assets into a Registered Retirement Income Fund (RRIF), purchasing annuities or simply making a lump-sum withdrawal.

Typically, converting an RRSP into an RRIF is the most advantageous option, since this allows you to avoid the massive tax burden that a lump-sum withdrawal invokes. An RRIF also allows you to maintain control of the holdings within your registered plan. This means you can continue buying and selling different investment options as you see fit.

Your RRSP options

There are different types of RRSPs from which to choose. Below are the more common types of plans that investors should discuss with their financial advisor.

Individual RRSP: This type of plan is ideal for an individual hoping to reduce their taxable income while saving for retirement. This is the most basic plan, where the contributor (annuitant) is the one who contributes to the plan and then uses the contribution to reduce their personal income taxes. When it comes time to withdraw funds from this plan, the money is taxed in the hands of the annuitant. The annuitant owns the funds within the plan and benefits from the compounded growth potential and tax savings.

Spousal RRSP: The Spousal RRSP is designed to assist couples with unequal savings or income. The benefit of a Spousal RRSP is simple: it allows you to pay less tax. Commonly known as income splitting, a Spousal RRSP shifts some of your household's retirement savings from the spouse with the higher income and a higher tax rate to the spouse with lower retirement income and tax rate.

With a Spousal RRSP, one partner (the "contributor") contributes money to a plan under the other partner's (the "annuitant's") name. The contributor receives the tax deduction, but the money belongs to the annuitant who controls the investment decisions.

Group RRSPs: Group RRSPs are offered through many employers. Essentially, they are a group of personal RRSPs that are administered by the employer's financial organization on



behalf of employees. The employer arranges to have payroll deductions for employees in the Group RRSP. An employer can also contribute to the plan on behalf of the employee, and may decide to restrict withdrawals while the employee works for the company.

The main benefits of a Group RRSP are that you may have access to lower fees on investments, which can result in a better overall investment return. Contributions are taken from your paycheque before taxes, which may result in a higher take-home pay, and you establish a disciplined investment program, where you are paying yourself first.

Speak to your financial advisor about what type of RRSP is best for you.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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