



LAURENTIAN
BANK

PRESS RELEASE

For immediate release

INDEXING: A GOOD WAY TO BUILD YOUR RRSP

Montreal, January 30, 2008 – Among the various means available to investors to build their RRSPs and meet their objectives, Laurentian Bank recommends a very simple proven strategy: the annual indexing of contributions. This is part of the 3D formula promoted by the Bank, which consists of three basic components – dollars, duration, diversification – that are essential for good investment management with a view to retirement.

Inflation is a factor that all investors should take into account. This means that all good retirement planning should provide for increasing contributions based on the rising cost of living. This approach will allow investors to start up a savings program with small contributions that can be increased gradually in step with rising inflation and increasing income. This method encourages young people to start contributing earlier, as starting amounts are more modest.

By factoring indexing in their contributions, investors put in a lower amount than the average contributions to be paid throughout the duration of their RRSP investments. By increasing the invested amounts by 2 to 3% per year, as per the actual inflation rate, contributions increase proportionately to inflation and protect the investor against a “future bill,” i.e. the cost of living accumulated over decades.

The table below shows the contribution to be paid based on age while regularly contributing to an RRSP, to reach \$500,000 by age 65. The calculation takes into account an average annual return rate of 6%.

Age of first contribution (in years)	Monthly contribution	Monthly contribution with 3% annual indexation
25	\$251.06	\$166.85
35	\$497.75	\$357.13
45	\$1,082.15	\$853.67
55	\$3,051.02	\$2,700.45

For example, it will cost an investor starting to contribute at age 25 \$251.06 per month for 40 years. However, in the same case of starting at 25 years of age, if he indexes his contribution annually by 3%, it will cost him \$166.85/month the first year, \$171.85/month the second year, etc. Indexing their contribution enables investors to save over the early years of their RRSP investment without compromising the ability to increase their contributions in subsequent years based on a larger income.

Indexing is a good idea at any age

Even though the above example is meant to encourage young investors to factor indexing in their initial retirement plan, it is never too late to start indexing contributions. If the investor is already contributing to an RRSP, say up to \$200 per month over the past few years, he or she should start thinking about indexing the 2008 contribution at the current rate of inflation. If he or she increases the monthly \$200 by 3%, for example, it will only mean an extra \$6 per month, or \$206. In short, investors should get into the habit of indexing their contribution every year or every time their income changes.

About Laurentian Bank

Laurentian Bank of Canada is a banking institution operating across Canada and offering diversified financial services to its clients. Distinguishing itself through excellence in service, as well as through its simplicity and proximity, the Bank serves individual consumers and small and medium-sized businesses. The Bank also offers its products to a wide network of independent financial intermediaries through B2B Trust, as well as full-service brokerage solutions through Laurentian Bank Securities.

Laurentian Bank is well established in the Province of Quebec, operating the third-largest retail branch network. Elsewhere throughout Canada, it operates in specific market segments where it holds an enviable position. Laurentian Bank of Canada has close to \$18 billion in balance sheet assets and more than \$15 billion in assets under administration. Founded in 1846, the Bank employs close to 3,300 people.

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