

Group RRSPs: The extra edge

Mackenzie Group Plans

Instant tax savings

No matter how satisfying it may be to receive a tax refund, it still means you gave the government an interest-free loan. With a Group RRSP, contributions are made on a pre-tax basis by payroll deduction, so the amount of tax your employer deducts is calculated after your Group RRSP contribution is made. The result is an instant tax saving (see example below). In other words, you will not overpay your taxes during the year and then wait for a refund.

A Group RRSP will reduce your taxes withheld at source and gives you that money as extra take-home pay to spend or save as you see fit.

Example: Adam has an income of \$4,000 a month, is an Ontario resident and makes a monthly contribution of \$300 to his Group RRSP. Because this contribution is made before tax is deducted, he would avoid paying \$60.15 in tax per month.

This means his money is invested for him throughout the year as opposed to giving the government an interest free loan. (Savings will vary depending on the income and tax rate.)

	No Group RRSP	Group RRSP
Monthly Income	\$4,000	\$4,000
\$300 contributions into group RRSP	\$0	\$300
Taxable Income	\$4,000	\$3,700
Tax payable (at rate of 20.05%)*	\$802	\$741.85
After tax income	\$3,198	\$2,958.15
Contribution into a regular RRSP	\$300	\$0
Total take-home pay and group RRSP contributions	\$3,198	\$3,258.15
Instant tax savings received	0	\$60.15
Cumulative Instant tax savings for the year	0	\$721.80

Group RRSP basics

A Group RRSP is a collection of individual RRSPs, in which the employer arranges your contributions through regular payroll deductions on a pre-tax basis. After you complete the application form and decide how much to contribute, your employer deducts that amount from your pay in pre-tax dollars as permitted by Canada Revenue Agency (CRA) and forwards it to Mackenzie Investments where your account is held. Your contribution is then deposited into your RRSP and invested as directed by you after a consultation with a financial advisor.

Group RRSP benefits:

In addition to the instant tax savings, a Group RRSP also offers the following benefits:

- Payroll deduction offers the ultimate in convenience – it's the easiest way to save.
- Contributing earlier maximizes the value of your savings by keeping them tax-sheltered longer than year-end lump-sum contributions.
- Dollar cost averaging through smaller contributions on a regular basis.
- Eliminates the need to borrow money to make an RRSP contribution, thus saving interest costs.
- Easier to reach your RRSP limit than with a single lump-sum contribution at the end of February.
- Avoid the last-minute RRSP rush at the end of February.

Independent financial advisors and Mackenzie Investments — A proven partnership

Your plan's financial advisor will strive to emphasize the importance of building financial independence through disciplined saving and sound investing. With Mackenzie Investments providing administrative support, your plan's independent financial advisor can focus on providing the individual retirement planning and the investment advice most people need, to start and maintain a long-term, prudently diversified savings program.

Combining the retirement planning and the investment advice of your financial advisor with the respected investment management and specialized administrative services of Mackenzie Investments is a proven partnership that allows both parties to concentrate on their specific areas of expertise. We believe this is the strategic advantage that will allow us to better meet your needs well into the foreseeable future.

For more information please call: 1-800-665-0513 or email groupadmin@mackenzieinvestments.com

Mackenzie Investments makes available mutual funds as investment options in Group RRSPs. You must pay management fees and expenses to invest in mutual funds and you may pay sales commissions to your advisor. Please read a fund's prospectus and consult with your advisor before investing. Mutual funds are not guaranteed, their values change frequently, and past performance may not be repeated.