

Tax tips: Helpful Information you should know this RRSP season

TIP #1 OPTIMIZE HOLDINGS INSIDE AND OUTSIDE YOUR RRSP FOR TAX EFFICIENCY

Consider tax efficiency as one factor when deciding which investments to put inside your RRSP and which to keep outside. Consider putting funds inside your RRSP that generate interest, or have a history of large taxable distributions. Keep funds outside your RRSP that you expect will pay relatively fewer taxable distributions or that generate more dividend and capital gains returns.

TIP #2 PAY YOUR RRSP FEES FROM INSIDE YOUR PLAN

You may want to consider paying any annual administration fees from inside your plan because it is essentially the same thing as a tax-free withdrawal. Annual administration fees are not taxed as withdrawals when paid from assets inside the plan.

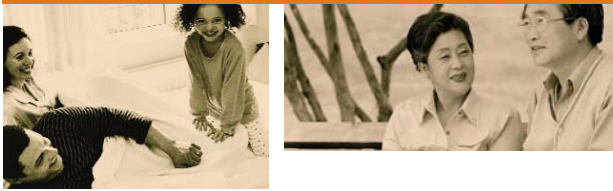
TIP #3 BORROW TO INVEST OUTSIDE YOUR RRSPS

If you have already maximized your RRSPs or have no RRSP room because you belong to a pension plan, consider borrowing money to invest. The interest paid on money borrowed to earn investment income, is generally tax deductible.* Look for a loan program that has no margin calls and allows for an interest-only payment. This will maximize the amount you can borrow and increase the amount of your deduction.

TIP #4 INVESTING FOR A MINOR CHILD

If you invest money in your minor child's name (usually through a Trust) income attribution rules apply. Any income (interest and/or dividends) earned on the investment will be taxable in your hands not the child's. The exception to this rule is capital gains. Choosing an investment that produces primarily capital gains rather





than income will ensure the best tax treatment. The income attribution rules also do not apply if you invest the Child Tax Benefit in your child's name. Keep these dollars separate from any other investments.

TIP #5 CONTRIBUTION DEADLINE FOR THE 2003 TAXATION YEAR

You may deduct RRSP contributions made in the year or up to 60 days after the end of the year provided you have contribution room, and you haven't deducted the contributions in a previous year. The RRSP contribution deadline for the 2003 taxation year is March 1, 2004. Although 2004 is a leap year, February 29th falls on a Sunday so the RRSP contribution deadline falls on the next business day, March 1st. However, if you are turning age 69 in 2003, your RRSP contribution deadline remains December 31, 2003.

* The Department of Finance is considering legislative changes to the interest deductibility rules. Consult with your financial advisor or tax professional to review your specific situation.

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