

Three steps to RSP lending

As you have conversations with your clients about an RSP loan, we want to ensure the experience is optimal for you and for them. At B2B Bank, we see RSP lending in three simple steps.

1. Know your client – Identify your client’s need

You likely have clients who would benefit from an RSP loan. Do you know who they are? Have you asked the right questions to understand their needs?

MONEY

- Who has unused RRSP contribution room?
- What are their long-term goals?
- How much will they need in their retirement?

RATE OF RETURN (ROR)

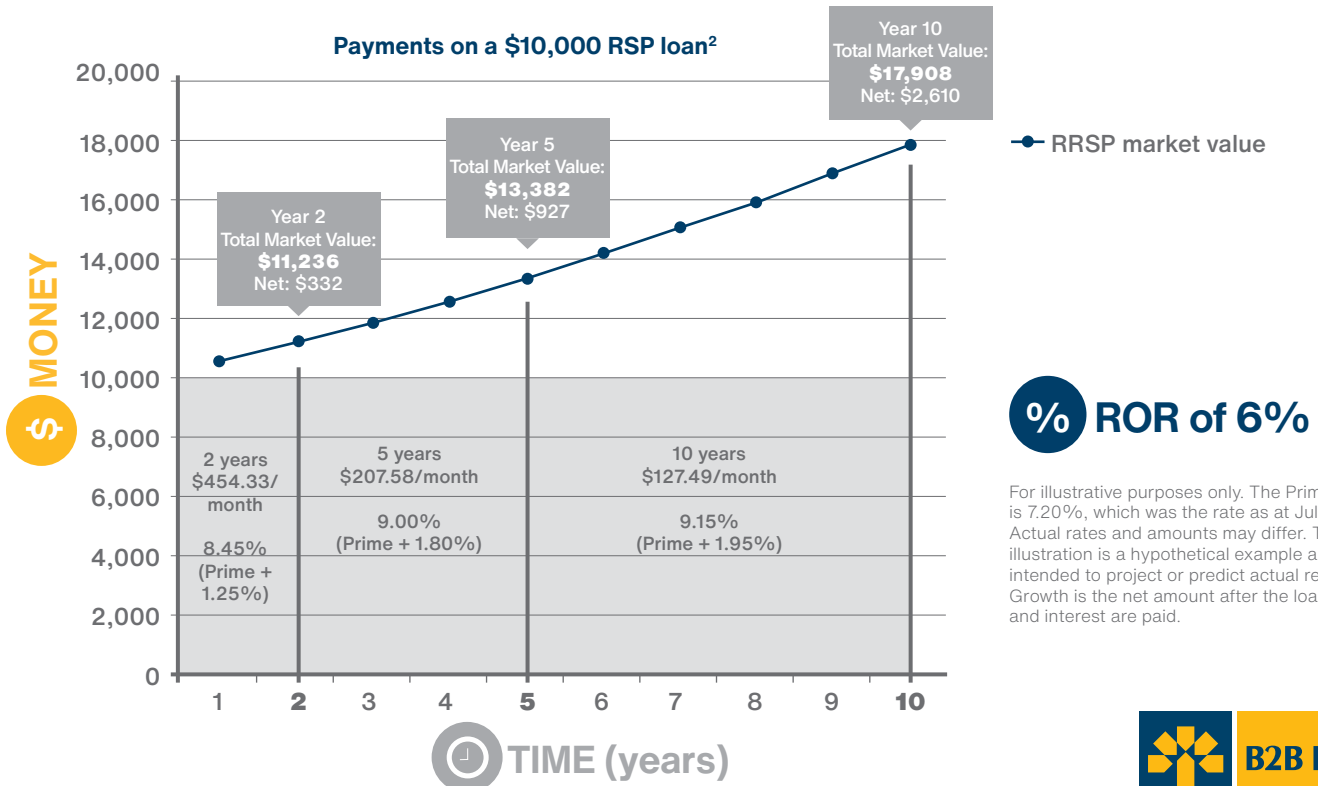
- What is their risk tolerance?
- What types of investments are suitable for them?

TIME

- When do they plan to retire (e.g. age 65)?
- How much time left do they have to contribute (i.e. 71 minus their age)?

2. Know your product – Determine what type of RSP loan works for your client

Sometimes it helps to see the numbers. While some clients like to pay off their RSP loan quickly, a longer-term loan may be more affordable each month if monthly cash flow is a concern.



3. Know your money – Understand the 4Cs of RSP loans

It's one thing to want a loan. It's another getting approved for a loan. Here are some of the criteria to review with your client before applying.

Criteria	Description	Example
Capacity	<p>Can your client repay their debt?</p> $\frac{\text{Monthly loan payments}}{\text{Gross monthly income}} = \text{Total Debt Service Ratio (TDSR)}$	TDSR should be less than or equal to 40%.
Capital	<p>Can your client accumulate assets while repaying debt?</p> <p>Assets – Liabilities = Net worth</p>	Net worth should be higher than the requested loan amount.
Credit history	<p>How has your client used credit in the past?</p> <p>Credit bureau scores use past borrowing to predict repayment behaviour.</p>	<p>Determine:</p> <ul style="list-style-type: none"> • Acceptable credit score • Length of credit history • Depth of credit information • Delinquency history
Character	<p>What characteristics influence a decision?</p> <p>Factors include: stability of your client's career and residence, and willingness to provide complete and accurate information.</p>	<p>Look at:</p> <ul style="list-style-type: none"> • Occupation type • Length of employment • Length at residence

Finally, if all looks good, apply online.

After understanding your client's situation and their needs, complete their RSP loan application online through EASE (Electronic Application Submission Entry), where you can quickly and easily enter, save, print, submit, and track all the way to funding an RSP loan application on behalf of your clients.

There are two ways to get registered with EASE:

- Log on to b2bbank.com/ease and complete the EASE enrollment page
- Contact a B2B Bank Client Service Representative at 1-800-263-8349

For more information on B2B Bank RSP Loans, contact your Business Development Manager or visit b2bbank.com/rspcentre.

*Prime Rate means the annual interest rate announced by B2B Bank from time to time as being its reference rate then in effect (the "Prime Rate"). The Prime Rate used in this illustration is 7.20%, which was the rate as at July 13, 2023. For current interest rates, please visit b2bbank.com. All rates are subject to change without notice. B2B Bank does not provide investment advice to individuals or advisors and does not endorse nor promote any investment products. The dealer and advisor, not B2B Bank, are responsible for determining the suitability of investments for their clients and for informing them of the risks associated with borrowing to invest. While RSP loans have the ability to magnify gains, they also have the potential to magnify market losses. B2B Bank acts solely in the capacity of lender and loan account administrator. Any loan approval by B2B Bank should not be construed as an endorsement of any investment choice, program or strategy. All loans are subject to credit approval and borrowed monies are due and payable regardless of the performance of the investments purchased. B2B Bank reserves the right to request additional information or documentation at its sole discretion. The B2B Bank RSP Loan Program is available exclusively through licensed financial advisors. *B2B BANK is a registered trademark of B2B Bank.