

# RSP Borrowing

## Three factors to consider

Is an RSP loan right for you? While it's an easy way to build your retirement savings, there are a few factors to consider before you begin.

### 1. Understand your current situation and future goals

Your advisor or representative can help you bring your long-term financial plan to life. But first, you should understand your current situation and how realistic your future goals may be. Ask yourself:

Answer here:<sup>1</sup>

#### MONEY

Do you have unused RRSP contribution room? If so, how much?

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What is your long-term goal? How much do you need to retire comfortably?

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#### RATE OF RETURN (ROR)

What's your investment risk tolerance (low, medium or high)?

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#### TIME

At what age do you plan to retire?

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How much time do you have left to contribute (i.e. 71 minus your age)?

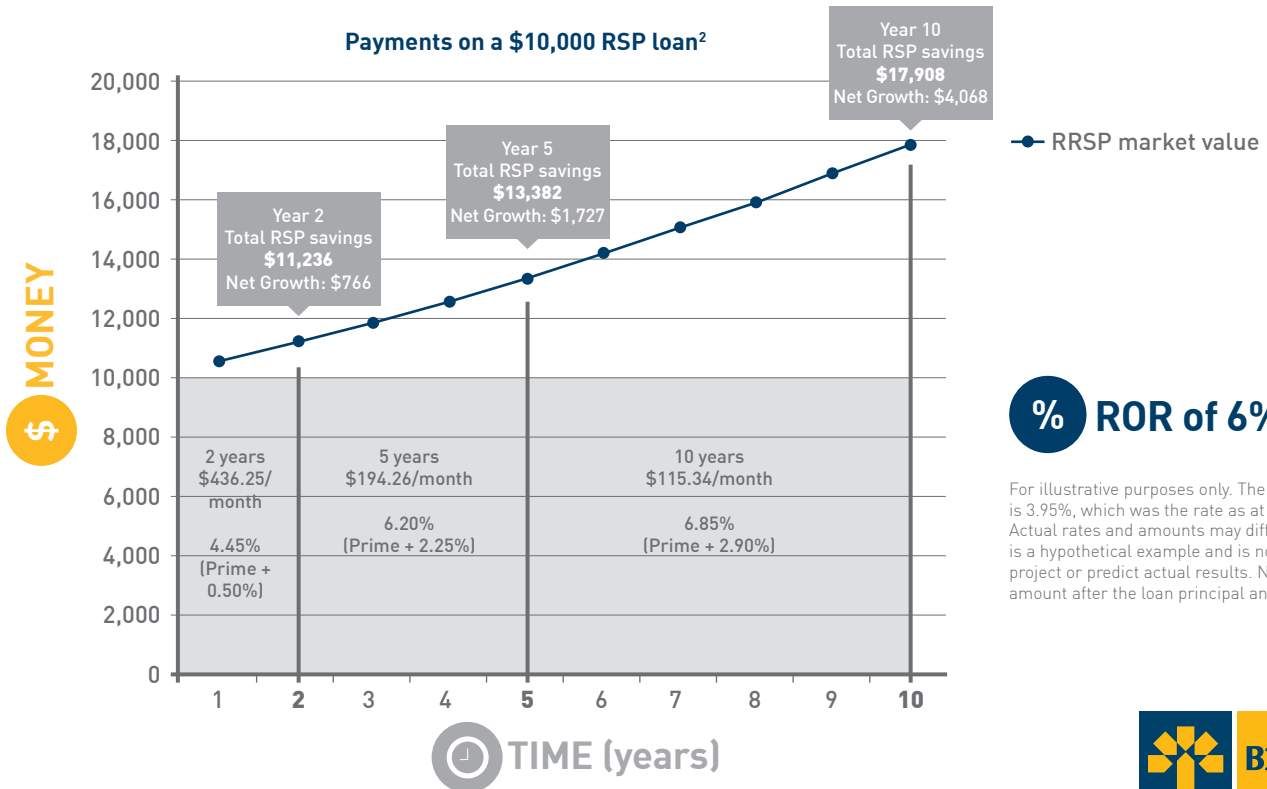
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### 2. Find the right RSP loan for the right need

Sometimes it helps to see the numbers. You may want to pay off your RSP loan quickly, but if you're borrowing a larger amount, monthly cash flow may be a concern and therefore a longer-term loan will be more affordable each month.



#### ROR of 6%

For illustrative purposes only. The Prime Rate used is 3.95%, which was the rate as at October 25, 2018. Actual rates and amounts may differ. The illustration is a hypothetical example and is not intended to project or predict actual results. Net Growth is the net amount after the loan principal and interest are paid.

### 3. Consider the 4Cs of an RSP loan

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 advisor or representative before applying.

Criteria	Description	Example	Answer here <sup>1</sup>
Capacity	<p><b>Can you repay the debt?</b></p> <p><math>\frac{\text{Monthly loan payments}}{\text{Gross monthly income}} = \text{Total Debt Service Ratio (TDSR)}</math></p>	TDSR should be less than or equal to 40%.	TDSR = _____%
Capital	<p><b>What is your net worth?</b></p> <p>Assets – Liabilities = Net worth</p>	Net worth should be higher than the requested loan amount.	Net worth = \$ _____  Loan amount = \$ _____
Credit history	<p><b>How have you used credit in the past?</b></p> <p>Credit bureau scores use past borrowing to predict repayment behaviour.</p>	Determine: <ul style="list-style-type: none"> <li>• Acceptable Beacon score</li> <li>• Length of credit history</li> <li>• Depth of credit information</li> <li>• Delinquency history</li> </ul>	Credit score: _____  Credit history (years): _____  Delinquencies: _____
Character	<p><b>What characteristics influence a decision?</b></p> <p>Factors include stability of your career and residence, and complete and accurate information.</p>	Look at: <ul style="list-style-type: none"> <li>• Occupation type</li> <li>• Length of employment</li> <li>• Length at residence</li> </ul>	Occupation: _____  Length of employment: _____  Length at residence: _____

It's time to talk RSP. After all, it's an important part of your overall financial strategy. Plan today for tomorrow.

For more information talk to your advisor or representative or visit [b2bbank.com/talkrsp](https://b2bbank.com/talkrsp).

<sup>1</sup>B2B Bank is not responsible for any investment strategy or calculation in the "Answer here" section. <sup>2</sup>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 3.95%, which was the rate as at October 25, 2018. For current interest rates, please visit [b2bbank.com](https://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.