



Make the banking decisions that are right for you

There are more ways than ever before to do your banking, whether in person, at an automatic teller machine (ATM), over the Internet or by telephone. But the number and choices of financial services packages can be a challenge.

Banks offer many different accounts, with very different features and costs. You need to decide which services you need and then do some comparison shopping.

KNOW THE BANKING SERVICES YOU HAVE

Wise banking is fundamental to good money management. If you stay on top of your banking, it is easier to keep track of your personal finances and keep money from falling through the cracks. It may be best to deal with only one financial institution and to get to know the manager.

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Be sure you understand the terms and conditions of your bank account. Do you know:

- The monthly fees you pay for your service package?
- The type and number of transactions that are included? For example, are bill payments included? How many?
- The fees you must pay for any transactions over your monthly transaction limit?
- Whether your monthly fee is tied to a minimum balance, or what balance you must maintain to avoid fees?

CHOOSE THE SERVICES YOU NEED

Many financial institutions offer banking service packages specifically for seniors. Check whether they include what you are looking for.

They may not cover specialized services such as money orders, certified cheques, overdraft protection or cheque return. If you frequently need these services, it might be better to look for a plan that includes them — even if it is not specifically for seniors.

The Financial Consumer Agency of Canada (www.fcac.gc.ca) works to protect and educate consumers in the area of financial services. Its website features consumer banking tips and a *Cost of Banking Guide*, and its toll-free number is 1 866 461-FCAC (3222).

With a little thought and research, you can find the banking services that meet your needs and perhaps even save some money.

Research Notes:

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Registered Retirement Income Funds: The basics

You're a senior and you've been prudent. You've invested in a Registered Retirement Savings Plan (RRSP) and have built up your nest egg. Now that you're approaching retirement, it's time to think about converting your RRSP from a vehicle for savings to a source of retirement income. You are legally required to do this by the end of the year in which you reach age 69.

There are lots of choices. By far the most popular is the Registered Retirement Income Fund (RRIF).

A RRIF is basically an extension of an RRSP. It turns your RRSP investments into an income stream to last throughout your retirement years.

When you convert all or some of your RRSP to a RRIF, you still control and invest your retirement savings, and the income generated within the RRIF continues to grow tax-free. However, by law you must withdraw a minimum amount of money from a RRIF every year, and this money is subject to taxation.

As with an RRSP, a RRIF can be self-directed, so you can monitor your investments yourself and make adjustments. Unlike an RRSP, however, no further contributions can be made to a RRIF.

Of course, setting up a RRIF is only one of your options. You could simply cash in your RRSP and withdraw your savings, but then you would pay tax on the full amount. You could purchase an annuity. You could also do any combination of these. Ultimately, your retirement income strategy depends on your goals and income needs, and the value of your RRSP.

Here are some questions to consider when thinking about RRIFs:

- How much income do you need?
- How often do you need to receive a payment from your RRIF?
- Is it possible to change the payment schedule or amounts?
- What are the fees?
- Where and how should you invest your RRIF assets?
- What are the after-death benefits to a spouse or heir?

People with self-directed RRIFs should remember that income payments cannot be withdrawn directly from investments — for example, from term deposits that have not yet matured. Instead, withdrawals must come from cash or cash-equivalent holdings (for example, money market funds). To avoid having to sell assets hastily, make sure that your investments are suitably structured to generate the cash you need when you need it.

Banks and other financial institutions, insurance companies and brokerage houses all offer RRIF plans. Choosing a plan can be a complicated process, so educate yourself. Give yourself lots of time to do your homework, prepare a list of written questions and don't let yourself be pressured into making decisions.

You'll find plenty of information at your public library or on the Internet — especially at Seniors Canada On-line (www.seniors.gc.ca). Consult your financial advisor, if you have one, and speak to your bank manager. And be sure to comparison shop.

With a bit of planning and forethought, you can maximize the support that a RRIF provides throughout your retirement years.

VISIT THESE GOVERNMENT OF CANADA WEBSITES:

Canadian Consumer Information Gateway

www.ConsumerInformation.ca

Reliable, single-window access to information on consumer topics, including fraud, health, children, food, housing, the Internet, the environment and communications. The site also carries the latest consumer news and special features.

Seniors Canada On-line

www.seniors.gc.ca

For Canadians aged 55 and over. A one-stop information resource to access relevant information found on federal, provincial/territorial and municipal government websites.

Consumer protection remains an important part of the federal, provincial and territorial governments' agenda. In a spirit of co-operation and to improve efficiency on the consumer front, the Consumer Measures Committee (CMC) was created under Chapter Eight of the Agreement on Internal Trade. The Consumer Measures Committee has a representative from the federal government as well as every province and territory. The CMC provides a federal-provincial-territorial forum for national co-operation to improve the marketplace for Canadian consumers, through harmonization of laws, regulations and practices and through actions to raise public awareness.

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