2020 Quick Reference Guide

AGF SOUND CHOICES

FOR ADVISOR USE WITH INVESTORS

AGF SOUND CHOICES ®

Sound Choices provides resources to meet the evolving needs of investors and advisors.

The program offers resources related to:

- Investing best practices (including working with a financial advisor)
- Personal finance education – helping investors understand various aspects of investing
- Financial planning strategies for different life phases

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Investing Concepts

Investing best practices that help investors meet their goals, both during the accumulation and decumulation phases

Don’t get caught in an emotional rollercoaster

Watching markets go up and down can be trying. Staying focused on the long term rewards investors.

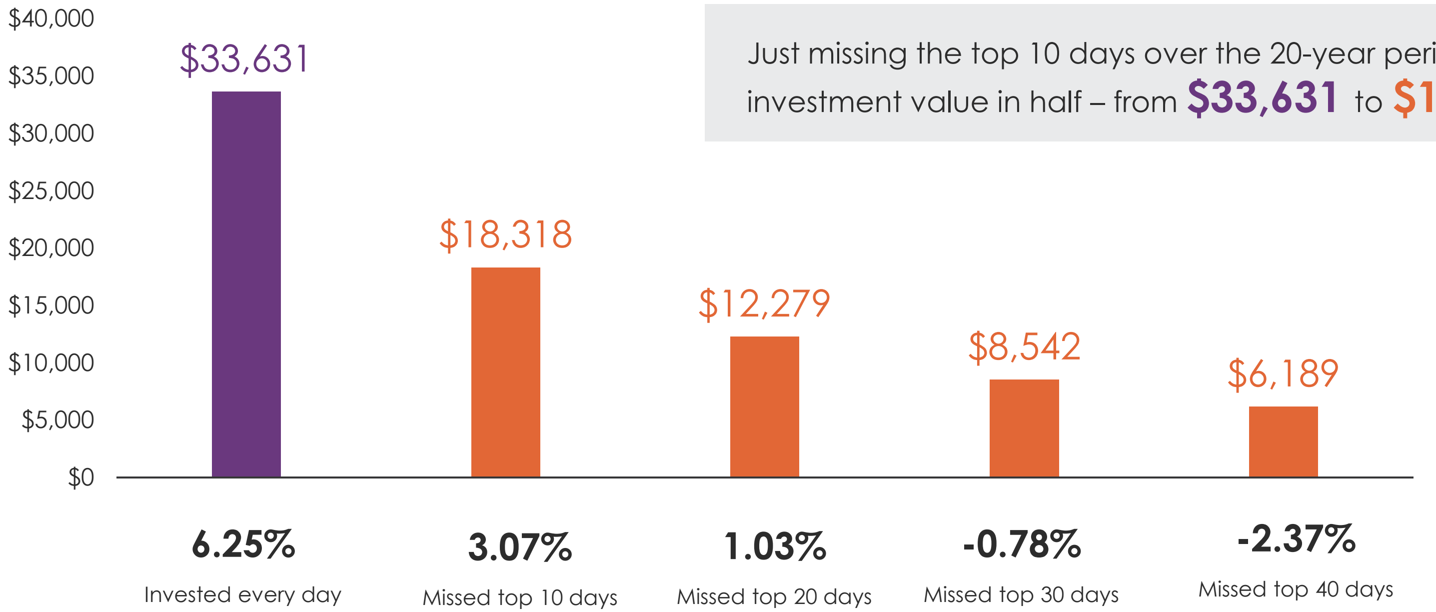
For example, $10,000 invested at the end of December 1999 would have grown to **$33,631** at the end of December 2019, an annualized return of **6.25%.***

Sources: Morningstar Direct and AGF Investments Inc. S&P/TSX Composite Total Return Index data to December 31, 2019. The information provided is for illustrative purposes only and is not meant to provide investment advice. You cannot invest directly in an index. *Annualized return for S&P/TSX Composite Total Return Index. Source: Morningstar Direct data to December 31, 2019. This information is for illustrative purposes only. Past returns are not indicative of future results.

Market timing is a guessing game

When market volatility occurs, it may be tempting to pull your money out of the market. But that can have a significant impact on your investments.

$10,000 investment in the S&P/TSX Composite Total Return Index for the 20 years ended December 31, 2019

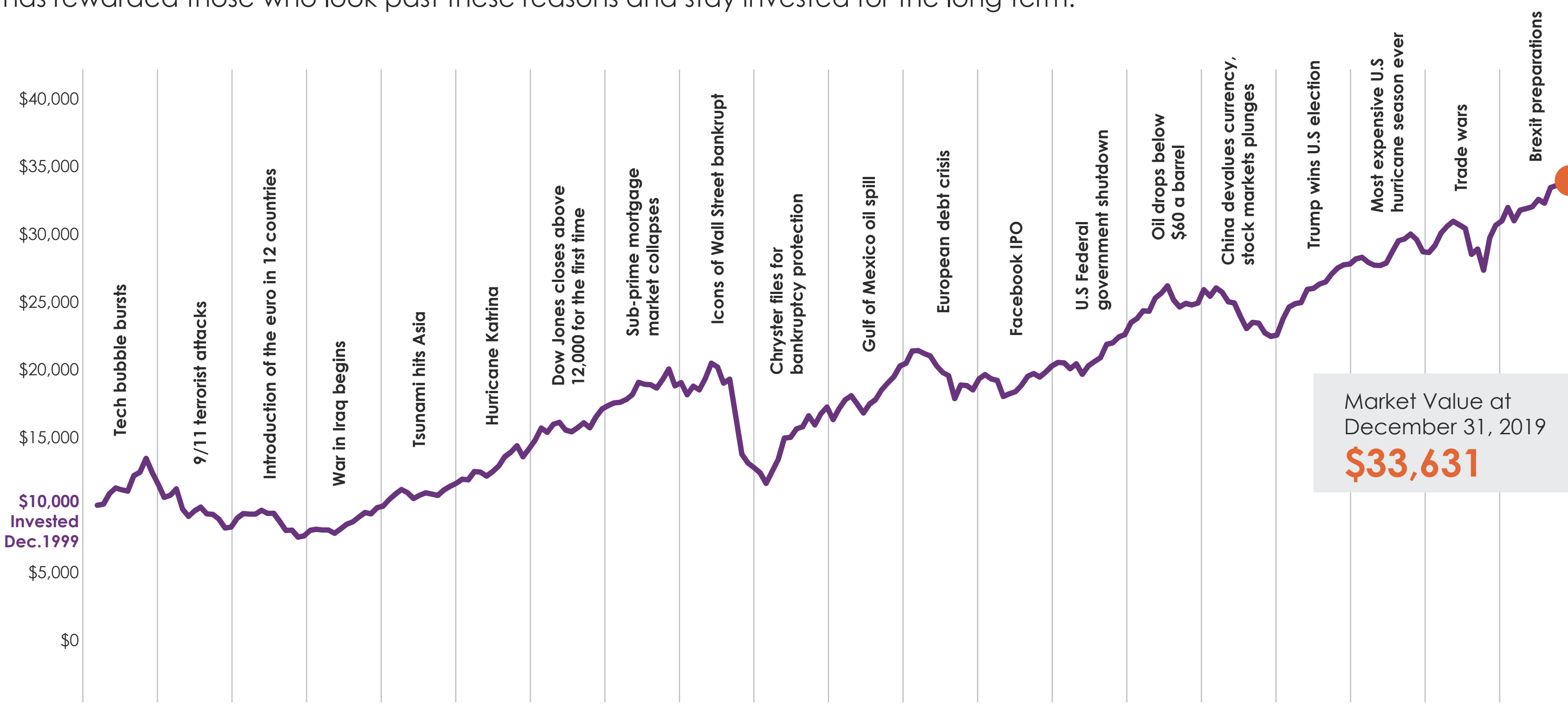


Just missing the top 10 days over the 20-year period cut your investment value in half – from **$33,631** to **$18,318**.

Source: AGF Investment Operations as at December 31, 2019. For illustrative purposes only. You cannot invest directly in an index. Past returns are not indicative of future results.

One good reason to stay invested

Over the last 20 years, there have been many reasons not to invest in the markets. Yet history has rewarded those who look past these reasons and stay invested for the long term.



Year ended Dec. 31	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Calendar returns	7.4%	-12.6%	-12.4%	26.7%	14.5%	24.1%	17.3%	9.8%	-33.0%	35.1%	17.6%	-8.7%	7.2%	13.0%	10.6%	-8.3%	21.1%	9.1%	-8.9%	22.9%

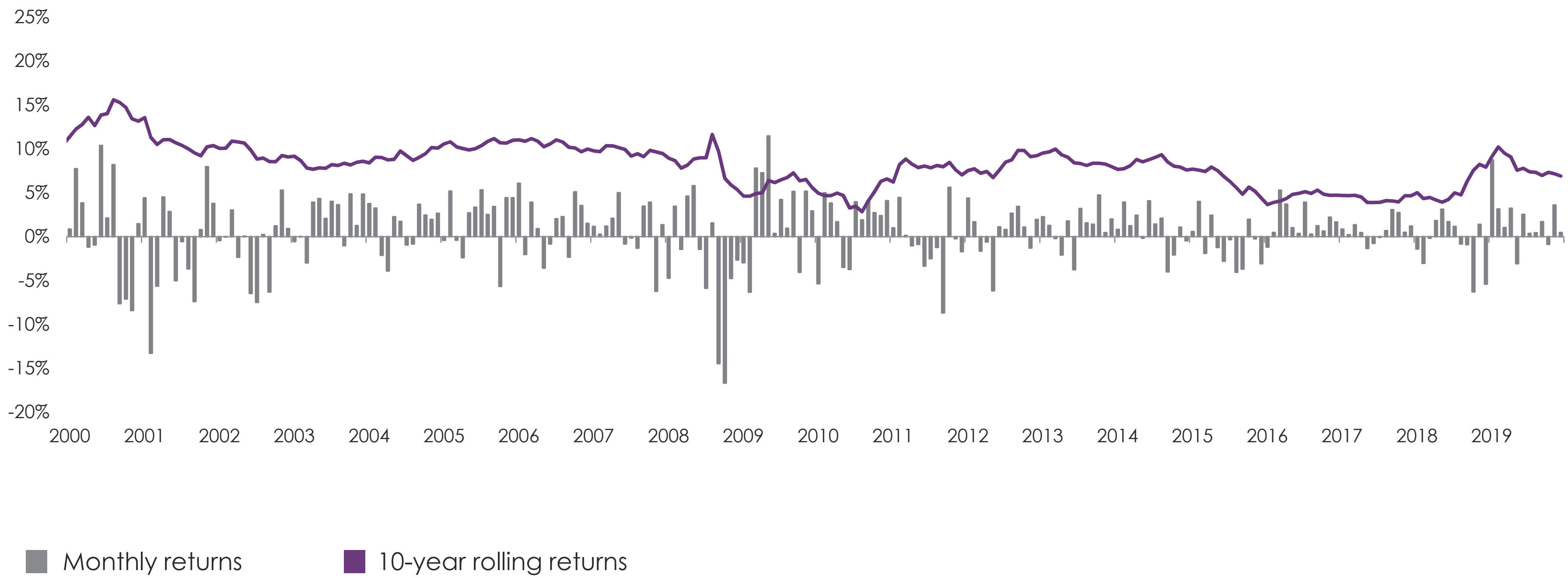
Source: Morningstar Direct, S&P/TSX Composite Total Return Index, as at December 31, 2019 (compounded monthly). All information in Canadian dollars unless otherwise stated. The information provided is for illustrative purposes only and is not meant to provide investment advice. You cannot invest directly in an index.

Focusing on the short term vs. long term

Monthly swings: it can be quite scary to figure out when to invest or redeem. There is no pattern.

10-year rolling returns: you can feel more secure knowing you would have not lost money over any of the 10-year periods.

Returns of the S&P/TSX Composite Total Return Index (2000-2019)

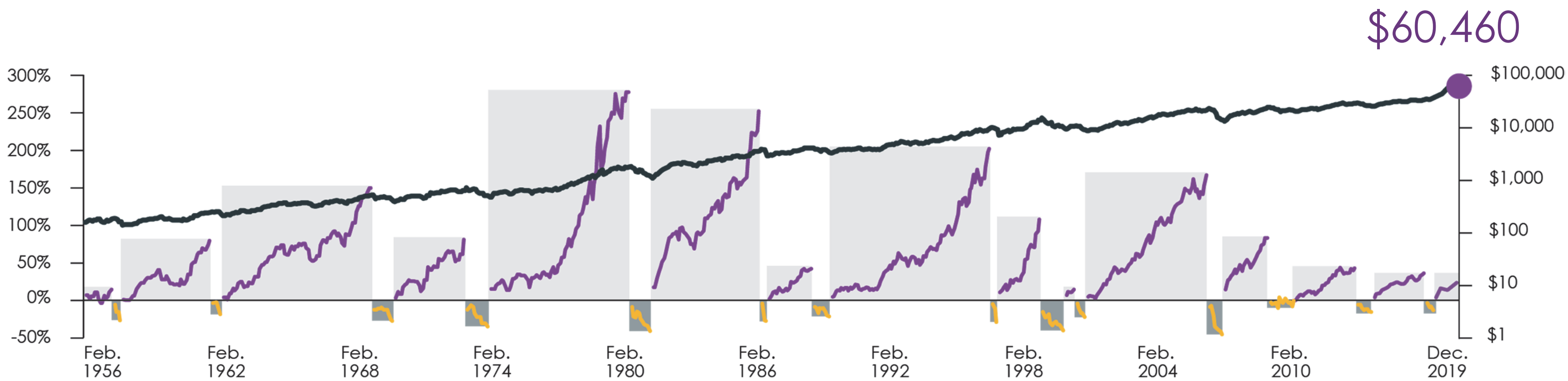


Source: AGF Investment Operations. January 1, 2000 to December 31, 2019. The information provided is for illustrative purposes only and is not meant to provide investment advice. You cannot invest directly in an index.

Bull and bear markets

Throughout history, bull markets are, on average, longer and more intense than bear markets. Not only do they last longer, their percentage swings are more significant. In the end, the results speak for themselves.

Since 1956, a **$250 investment** into the S&P/TSX Composite Total Return Index would have grown to **$60,460** by the end of December 2019.



Bull market:
a prolonged period in which market prices move upwards over an extended period of time.

Average length: **42.9 months**

Average gain: **105.8%**

Bear market:
a prolonged period in which market prices move downwards over an extended period of time.

Average length: **8.6 months**

Average drop: **-24.7%**

Source: Bloomberg and Morningstar Direct, S&P/TSX Composite Total Return Index, February 1, 1956 – December 31, 2019. The information provided is for illustrative purposes only and is not meant to provide investment advice. You cannot invest directly in an index.

Recovery period after market downturns

In a crisis, investors may think that the trigger is something entirely new. However, no matter the cause, there has historically been a consistent pattern of strong recovery one to two years after the crisis low.

	Event date	1 year later	2 years later
1948-49 Berlin Blockade*	July 19, 1948	-3.3%	13.2%
1950-53 Korean War*	July 13, 1950	28.8%	39.3%
1962 Stock Market Break*	June 26, 1962	32.3%	55.1%
1962 Cuban Missile Crisis*	October 23, 1962	33.8%	57.3%
1963 Kennedy Assassination*	November 22, 1963	25.0%	33.0%
1964 Gulf of Tonkin*	August 6, 1964	7.2%	3.1%
1969-70 Stock Market Break*	May 26, 1970	43.6%	53.9%
1973-74 Stock Market Break*	December 6, 1974	42.2%	66.5%
1979-80 Oil Crisis*	March 27, 1980	27.9%	5.9%
1987 Stock Market Crash*	October 19, 1987	22.9%	54.3%
1990 Persian Gulf War*	August 23, 1990	23.6%	31.3%
2001 September 11th Terrorist Attack on U.S.**	September 11, 2001	-8.1%	2.9%
2003 Invasion of Iraq by Coalition Forces**	March 31, 2003	29.9%	34.7%
2008-09 Peak of Sub-prime Mortgage Collapse**	March 6, 2009	64.8%	95.1%
Average appreciation		**26.5%**	**39.0%**

* Source: *Contrarian Investment Strategies: The Next Generation* by David Dreman, 1998, Simon and Schuster. Performance of the Dow Jones Industrial Average through 11 major post-war crises.
** Source: Morningstar Direct, as at February 8, 2018, Dow Jones Industrial Average Total Return Index (U.S. $).
The information provided is for illustrative purposes only and is not meant to provide investment advice. You cannot invest directly in an index.

Market correction or bear market?

Market corrections can be unnerving to investors trying to understand if the decline is a shorter-term pullback or the beginning of a sustained downturn. Shorter-term declines or 'market corrections' happen frequently and can trigger the fear of a bigger market decline – but most don't actually result in a bear market, a decline of 20%.

75%

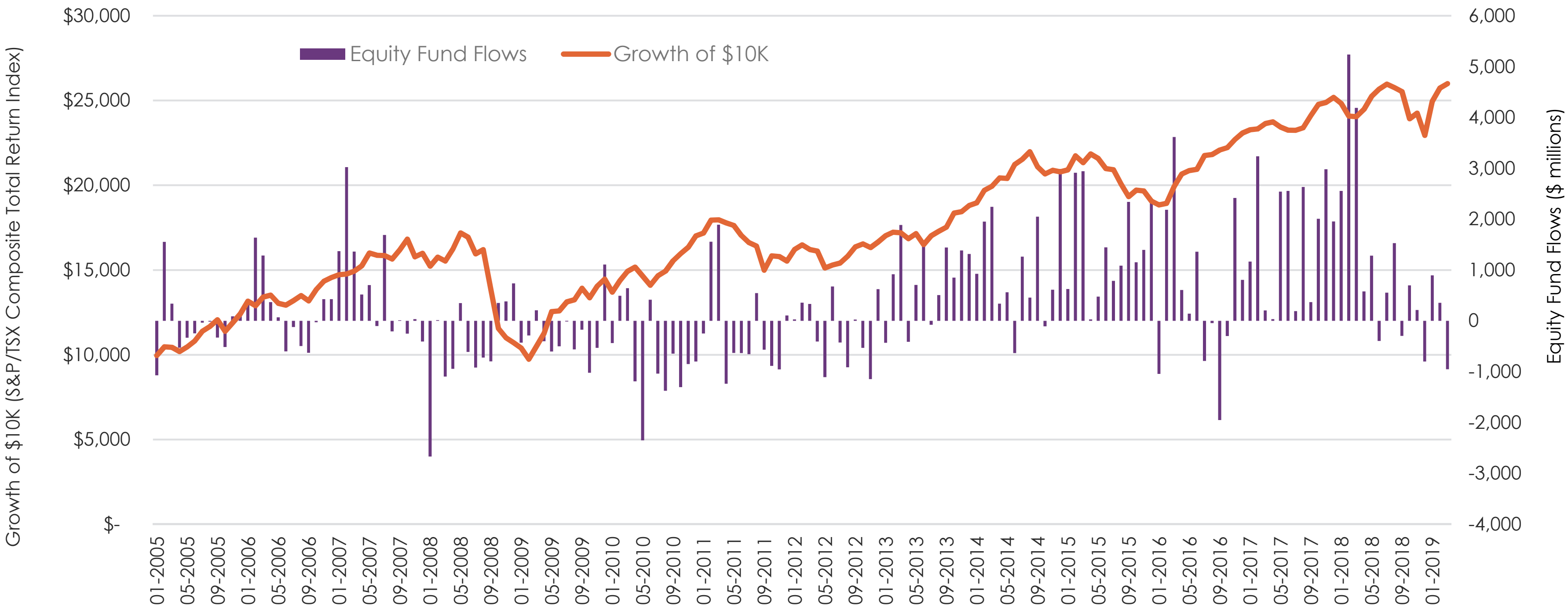
The percentage of corrections of more than 10% that have NOT led to bear markets

5%	10%	15%	20%
310 Corrections of 5% or more	**98** Corrections of 10% or more	**44** Corrections of 15% or more	**25** Corrections of 20% or more
3.4 Mean number of occurrences per year	**1.1** Mean number of occurrences per year	**0.5** Mean number of occurrences per year	**0.3** Mean number of occurrences per year
36 Mean number of days of correction	**101** Mean number of days of correction	**189** Mean number of days of correction	**299** Mean number of days of correction

* Based on Ned Davis Research data of S&P 500 Index performance between January 3, 1928 and February 13, 2020.

So why do some investors still buy high and sell low?

Investors know intuitively to buy low and sell high – but even the most seasoned investors can find their own emotions affect the decision-making process. Market volatility or declines often make people nervous and they can react by pulling their money out of the market. Similarly when markets have persistently gone up, investors often buy in at the wrong time. Staying focused on the long term can help investors tune out the noise.



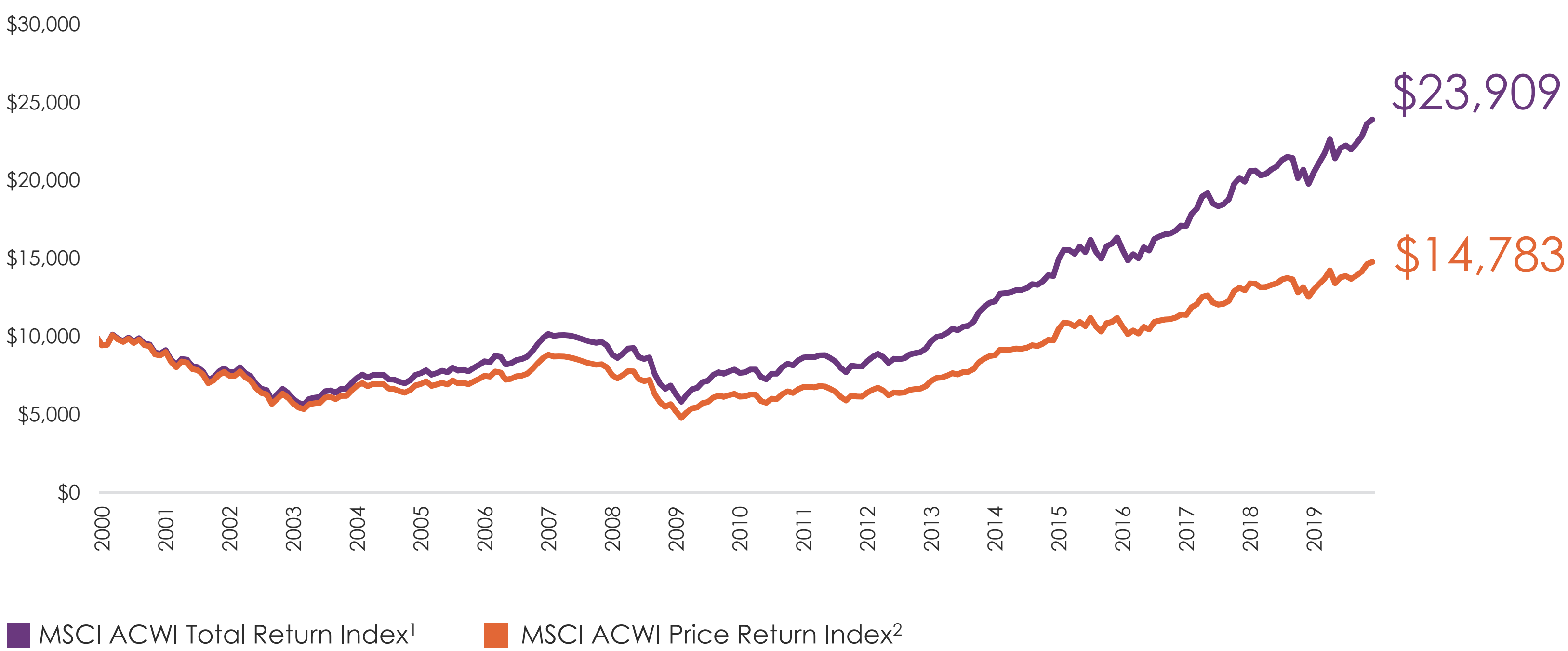
Source: IFIC Primary View and Morningstar Direct, as of December 31, 2019.
This is a hypothetical example, for illustrative purposes only. All values are in Canadian dollars. You cannot invest directly into an index.

Dividends matter

Why? Your money can work harder for you

Dividends can help you meet your investment goals sooner. This chart shows the value of stocks that pay dividends versus stocks that don't. Over time, there is a difference in the returns generated.

Hypothetical $10,000 investment in global equities. Index returns with dividends vs. returns without dividends



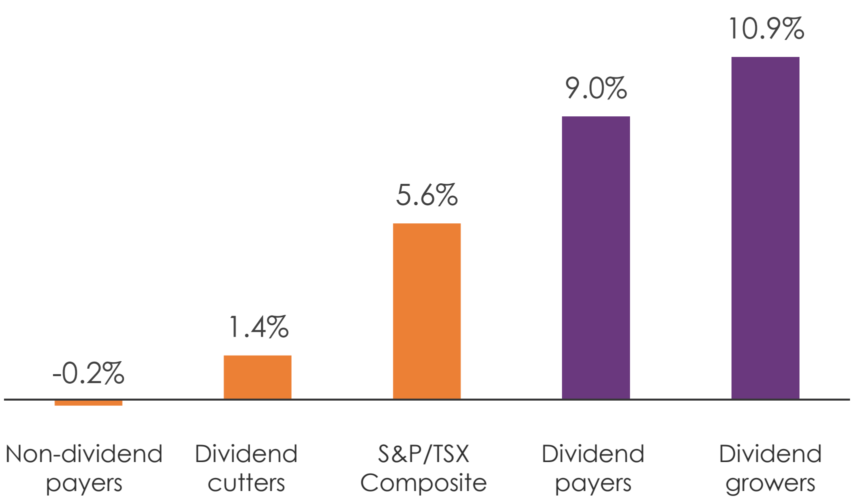
Source: Morningstar Direct, December 31, 1999 to December 31, 2019. [1]MSCI ACWI Total Return Index (C$). [2]MSCI ACWI Price Return Index (C$).
The information provided is for illustrative purposes only and is not meant to provide investment advice. You cannot invest directly in an index.

Dividends are an important ingredient in any portfolio

Seeking income-producing securities has been proven to benefit portfolio returns over time.

Total portfolio returns:

December 1986 - December 2018, equal weighted, %



"Distributions" and "Dividends" are not the same

Distributions:

- payments from a fund to the investor
- derive from multiple sources from securities held within the underlying funds as well as return of capital
- can be comprised of dividends, earned interest, realized net capital gains and return of capital

Dividends:

- are only a component of a fund distribution
- can be earned by a fund holding Canadian or foreign companies paying a dividend per share

For more information on distributions, read "The 411 on distributions" on AGF.com.

Source: RBC Capital Markets Quantitative Research as of December 31, 2018. Non-dividend payers, dividend cutters, dividend payers and dividend growers are cross sections of the S&P/TSX Composite Index based on companies identified by corporate mandate as it relates to paying dividends. The information provided is for illustrative purposes only and is not meant to provide investment advice. You cannot invest directly in an index.

Thinking of investing only in Canada?

The Canadian market represents less than **4%** of the world's market capitalization.[1]

Of the top **500** companies in the world – **only 13 are in Canada**[2]

As much as **60%**[3] of the **Canadian marketplace** is concentrated in only three sectors compared to **23%**[4] for the rest the world:

- Financial Services
- Energy
- Materials

Diversification across various countries can be an optimal way to reduce risk and improve overall performance.

Elements that drive the performance of one market may not for another.

2015	2016	2017	2018	2019
Denmark	Canada	Austria	Finland	New Zealand
Ireland	New Zealand	Hong Kong	New Zealand	Israel
Belgium	Norway	Singapore	United States	Netherlands
Israel	Austria	Denmark	Israel	Switzerland
Japan	United States	Netherlands	Norway	United States

[1] Source: AGF Investment Operations. MSCI (Developed) World Index, as at December 31, 2019.
[2] Fortune Global 500 (companies ranked by revenue as at March 31, 2019, fortune.com/global500).
[3] Source: AGF Investment Operations. S&P/TSX Composite Total Return Index, as at December 31, 2019.
[4] Source: AGF Investment Operations. MSCI (Developed) World Index, as at December 31, 2019.
MSCI World is used as a proxy for the "Rest of the World" as Canada represents only 3.4% of the Index.

Source: AGF Investment Inc., Bloomberg – top-performing countries 2015-2019 on a calendar-year basis as determined by the regional contribution to the performance of the MSCI All Country World Index. As of December 31, 2019.

The case for diversification

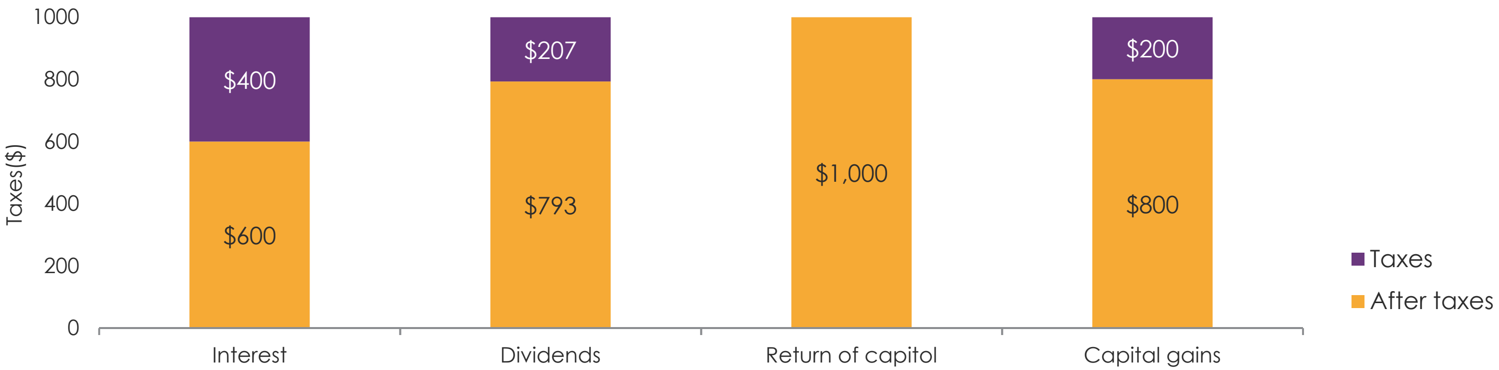
Guessing the markets – and being consistently right year after year – can be difficult. A balanced portfolio diversified across multiple asset classes and regions can help protect portfolios from the unpredictable swings of the market.

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Cdn. Bonds 10.24%	Cdn. Bonds 8.08%	Global Bonds 15.32%	Cdn. Stocks 26.72%	Cdn. Stocks 14.48%	Cdn. Stocks 24.13%	Int'l Stocks 26.37%	Cdn. Stocks 9.83%	Global Bonds 31.07%	Cdn. Stocks 35.05%	Cdn. Stocks 17.61%	Cdn. Bonds 9.67%	Int'l Stocks 15.29%	U.S Stocks 41.27%	U.S Stocks 23.93%	U.S Stocks 21.59%	Cdn. Stocks 21.08%	Int'l Stocks 17.36%	Global Bonds 7.70%	U.S Stocks 24.84%
Cdn. Stocks 7.41%	Global Bonds 7.95%	Cdn. Bonds 8.73%	Int'l Stocks 13.84%	Int'l Stocks 11.91%	Int'l Stocks 11.16%	Global Stocks 20.19%	Cdn. Bonds 3.68%	Cdn. Bonds 6.42%	Int'l Stocks 12.49%	U.S Stocks 9.06%	Global Bonds 8.26%	Global Stocks 13.96%	Global Stocks 35.91%	Global Stocks 15.01%	Global Stocks 19.55%	U.S Stocks 8.09%	Global Stocks 14.99%	U.S Stocks 4.23%	Cdn. Stocks 22.88%
Global Bonds 6.78%	Balanced Portfolio -3.77%	Balanced Portfolio -5.56%	Global Stocks 9.41%	Global Stocks 6.85%	Global Stocks 7.27%	Cdn. Stocks 17.26%	Balanced Portfolio -3.44%	Balanced Portfolio -6.40%	Global Stocks 11.07%	Cdn. Bonds 6.74%	U.S Stocks 4.64%	U.S Stocks 13.43%	Int'l Stocks 31.57%	Balanced Portfolio 12.11%	Int'l Stocks 19.46%	Balanced Portfolio 4.88%	U.S Stocks 13.83%	Cdn. Bonds 1.41%	Global Stocks 21.91%
Balanced Portfolio -0.27%	U.S Stocks -6.35%	Cdn. Stocks -12.44%	Cdn. Bonds 6.69%	Cdn. Bonds 7.15%	Cdn. Bonds 6.46%	U.S Stocks 15.35%	Int'l Stocks -5.32%	U.S. Stocks -21.20%	Balanced Portfolio 8.02%	Global Stocks 6.48%	Balanced Portfolio 0.94%	Balanced Portfolio 8.32%	Balanced Portfolio 19.17%	Cdn. Stocks 10.55%	Global Bonds 16.15%	Global Stocks 4.41%	Cdn. Stocks 9.10%	Balanced Portfolio 1.15%	Int'l Stocks 16.45%
U.S Stocks -5.93%	Global Stocks -11.28%	Int'l Stocks -16.53%	Balanced Portfolio 6.52%	Balanced Portfolio 6.37%	Balanced Portfolio 5.47%	Balanced Portfolio 13.95%	Global Stocks -7.08%	Global Stocks -25.37%	U.S Stocks 7.39%	Balanced Portfolio 6.24%	Global Stocks -2.67%	Cdn. Stocks 7.19%	Cdn. Stocks 12.99%	Global Bonds 9.65%	Balanced Portfolio 12.74%	Cdn. Bonds 1.66%	Balanced Portfolio 8.46%	Global Stocks 0.06%	Balanced Portfolio 14.41%
Global Stocks -9.88%	Cdn. Stocks -12.57%	Global Stocks -20.37%	U.S Stocks 5.26%	U.S Stocks 2.81%	U.S Stocks 2.29%	Global Bonds 6.23%	Global Bonds -7.00%	Int'l Stocks -28.78%	Cdn. Bonds 5.41%	Int'l Stocks 2.56%	Cdn. Stocks -8.71%	Cdn. Bonds 3.60%	Global Bonds 3.94%	Cdn. Bonds 8.79%	Cdn. Bonds 3.52%	Global Bonds -1.45%	Cdn. Bonds 2.52%	Int'l Stocks -5.55%	Cdn. Bonds 6.87%
Int'l Stocks -10.95%	Int'l Stocks -16.26%	U.S Stocks -22.91%	Global Bonds -7.97%	Global Bonds 1.31%	Global Bonds -6.88%	Cdn. Bonds 4.06%	U.S Stocks -10.53%	Cdn. Stocks -33.00%	Global Bonds -9.19%	Global Bonds 0.04%	Int'l Stocks -9.55%	Global Bonds 2.01%	Cdn. Bonds -1.19%	Int'l Stocks 4.12%	Cdn. Stocks -8.32%	Int'l Stocks -2.00%	Global Bonds 0.34%	Cdn. Stocks -8.89%	Global Bonds 1.44%

Source: AGF Investments Inc., December 31 2019. Canadian Stocks represented by S&P/TSX Composite Total Return Index, U.S. Stocks – S&P 500 Total Return Index (C$), International Stocks – MSCI EAFE Index (C$), Global Stocks – MSCI World Index (C$), Canadian Bonds – FTSE Canada Universe Bond Index, Global Bonds – Barclays Global Aggregate Bond Index (C$). Balanced Portfolio made up of 15% Cdn. Stocks / 45% Global Stocks / 10% Cdn. Bonds / 30% Global Bonds. The information provided is for illustrative purposes only and is not meant to provide investment advice. You cannot invest directly in an index. Calendar-year returns in Canadian dollars.

Is all cash flow created equal?

Here are four different sources of cash flow, each paying $1,000. Within a non-registered portfolio, each has very different tax implications, which can affect the value of the portfolio after tax.



Interest income	Dividend income	Return of capital (ROC)	Capital gains
Received from: GIC, bonds, treasury bills	**Received from:** Corporations - dividends are distributions from a company's earnings to its shareholders	**Received from:** Your invested principal	**Received from:** Selling an investment at a price higher than what you paid for it
Tax treatment: 100% taxable	**Tax treatment:** Tax-preferred if it's a Canadian corporation	**Tax treatment:** No immediate tax due on the ROC, given it is the capital you invested. Will increase your capital gain in the future	**Tax treatment:** Taxable at 50%

This information is for illustrative purposes only. A hypothetical marginal tax rate of 40% is used for this illustration. Assumptions: Interest: Fully taxable. $1,000 in interest will return $600 after tax. Dividends: (Assuming the individual is taxed in Ontario and the dividend is eligible) a $1,000 dividend gets grossed up by 38% in 2019 to $1,380. Then the assumed 40% marginal tax is applied to result in taxes of $552 (40% × $1,380). The $552 in taxes are reduced by the provincial and federal tax credit of 10% (including surtax) and 15.02%, respectively (10% × $1,380 + 15.02% × $1,380), which creates a tax credit of $345. This amount is subtracted by the taxes otherwise payable to give $207 tax payable ($552 – $345). Therefore, a $1,000 Canadian dividend would provide an after-tax value of $793. Return of Capital: The returned capital amount is not taxable in the year received, but reduces the adjusted cost base of the investment, which generally results in a larger capital gain when the investment is sold, hence taxes are effectively deferred. Capital Gains: Have preferential tax treatment where only 50% of the gain is taxable. Only 50% of a $1,000 capital gain is taxable, which means that only $500 would be subject to the 40% marginal tax. $500 × 40% = $200 taxes payable, therefore a $1,000 capital gain would result in an $800 after-tax return. This information is provided as a general source of information and should not be considered personal investment or tax advice. Investors should consult with their financial and tax advisors before making any investment or tax-planning decisions.

Keeping up with inflation

Inflation:

- can have a negative impact on your purchasing power
- is a reason you should consider having growth-oriented investments in your portfolio

For example, if you were earning $75,000 a year, after 20 years you would need to earn **50% more** a year – or **$111,446** – to maintain the same purchasing power.

Amount of income required to maintain purchasing power with 2% annual inflation*

Current income	5 years later	10 years later	20 years later	30 years later
$ 50,000	$ 55,204	$ 60,950	$ 74,297	$ 90,568
$ 75,000	$ 82,806	$ 91,425	**$111,446**	$135,852
$100,000	$110,408	$121,899	$148,594	$181,136
$150,000	$165,612	$182,849	$222,892	$271,704

* Annual average inflation rate from 1999 to 2019 = 1.9%. Source: https://www.bankofcanada.ca/rates/related/inflation-calculator, January 2019.

The GIC dilemma – will you have enough?

Many investors like the safety and predictability that a GIC offers. However, while GICs can fill a specific need in an investor's portfolio, it is important to consider both inflation and tax implications into your real after-tax return.

The GIC rate needed to break even with inflation and taxes

Inflation	1.0%	1.2%	1.4%	1.6%	1.8%	2.0%	2.2%	2.4%	2.6%	2.8%	3.0%	3.2%	3.4%	3.6%	3.8%	4.0%
Tax rate at 20%	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%	3.00%	3.25%	3.50%	3.75%	4.00%	4.25%	4.50%	4.75%	5.00%
Tax rate at 22%	1.28%	1.54%	1.79%	2.05%	2.31%	2.56%	2.82%	3.08%	3.33%	3.59%	3.85%	4.10%	4.36%	4.62%	4.87%	5.13%
Tax rate at 24%	1.32%	1.58%	1.84%	2.11%	2.37%	2.63%	2.89%	3.16%	3.42%	3.68%	3.95%	4.21%	4.47%	4.74%	5.00%	5.26%
Tax rate at 26%	1.35%	1.62%	1.89%	2.16%	2.43%	2.70%	2.97%	3.24%	3.51%	3.78%	4.05%	4.32%	4.59%	4.86%	5.14%	5.41%
Tax rate at 28%	1.39%	1.67%	1.94%	2.22%	2.50%	2.78%	3.06%	3.33%	3.61%	3.89%	4.17%	4.44%	4.72%	5.00%	5.28%	5.56%
Tax rate at 30%	1.43%	1.71%	2.00%	2.29%	2.57%	2.86%	3.14%	3.43%	3.71%	4.00%	4.29%	4.57%	4.86%	5.14%	5.43%	5.71%
Tax rate at 32%	1.47%	1.76%	2.06%	2.35%	2.65%	**2.94%**	3.24%	3.53%	3.82%	4.12%	4.41%	4.71%	5.00%	5.29%	5.59%	5.88%
Tax rate at 34%	1.52%	1.82%	2.12%	2.42%	2.73%	3.03%	3.33%	3.64%	3.94%	4.24%	4.55%	4.85%	5.15%	5.45%	5.76%	6.06%
Tax rate at 36%	1.56%	1.88%	2.19%	2.50%	2.81%	3.13%	3.44%	3.75%	4.06%	4.38%	4.38%	4.69%	5.31%	5.63%	5.94%	6.25%
Tax rate at 38%	1.61%	1.94%	2.26%	2.58%	2.90%	3.23%	3.55%	3.87%	4.19%	4.52%	4.84%	5.16%	5.48%	5.81%	6.13%	6.45%
Tax rate at 40%	1.67%	2.00%	2.33%	2.67%	3.00%	3.33%	3.67%	4.00%	4.33%	4.67%	5.00%	5.33%	5.67%	6.00%	6.33%	6.67%

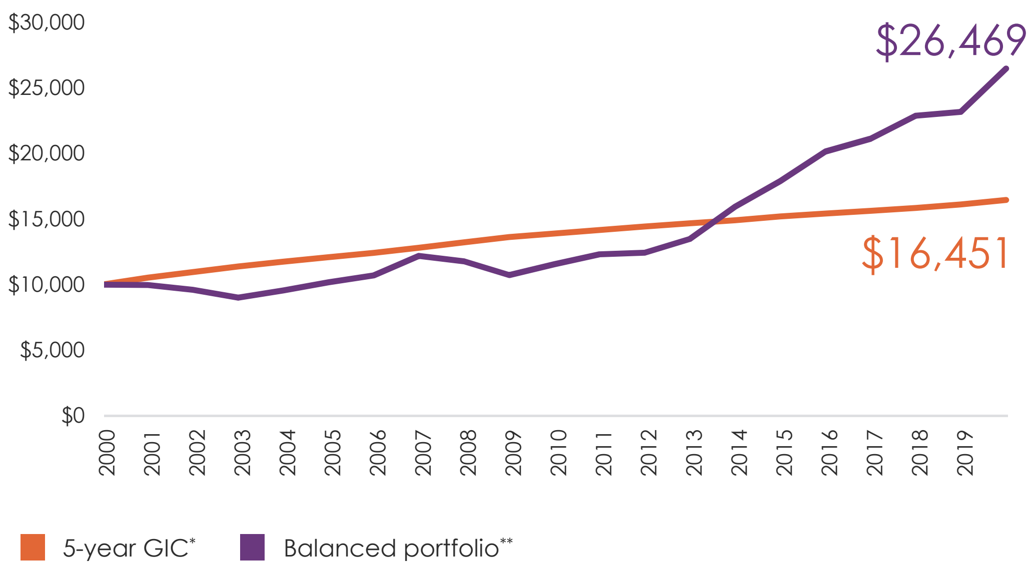
For example, if the inflation rate is **2.0%** and your tax rate is **32%**, you'd need a GIC paying **2.94%** annually to break even.

Source: AGF Investments Inc. For illustrative purposes only. All rates referenced above are hypothetical.

Balanced investing vs. GICs

So show can you stay ahead of inflation? Although the returns of balanced mutual funds aren't guaranteed, the returns have been considerably stronger than those of GICs over longer periods of time.

Growth of $10,000 investment on December 31, 1999 until December 31, 2019



Calendar return

Year	Balanced portfolio**	GIC rates*
2000	-0.27%	5.34%
2001	-3.77%	4.05%
2002	-5.56%	3.91%
2003	6.52%	3.13%
2004	6.37%	2.92%
2005	5.47%	2.70%
2006	13.95%	3.16%
2007	-3.44%	3.30%
2008	-6.40%	3.00%
2009	8.02%	1.95%
2010	6.24%	1.96%
2011	0.94%	1.87%
2012	8.32%	1.65%
2013	19.17%	1.63%
2014	12.11%	1.92%
2015	12.74%	1.43%
2016	4.88%	1.42%
2017	8.46%	1.39%
2018	1.15%	1.69%
2019	14.41%	2.07%

Source: Morningstar Direct, December 31, 2019. For illustrative purposes only. You cannot invest directly in an index. All information in Canadian dollars unless otherwise stated.
* Five-year average GIC Rate Index. ** The hypothetical portfolio weights and rates of return are for illustrative purposes only and should not be interpreted as a guarantee of future rates of return. The hypothetical portfolio is based on pre-determined investments in the following indexes with the portfolio weights rebalanced monthly. The hypothetical portfolio is comprised of 30% Barclays Global Aggregate Bond Index, 10% FTSE Canada Universe Bond Index, 45% MSCI World Index and 15% S&P/TSX Composite Index.

The earlier you start the better

Why? The power of compounding returns

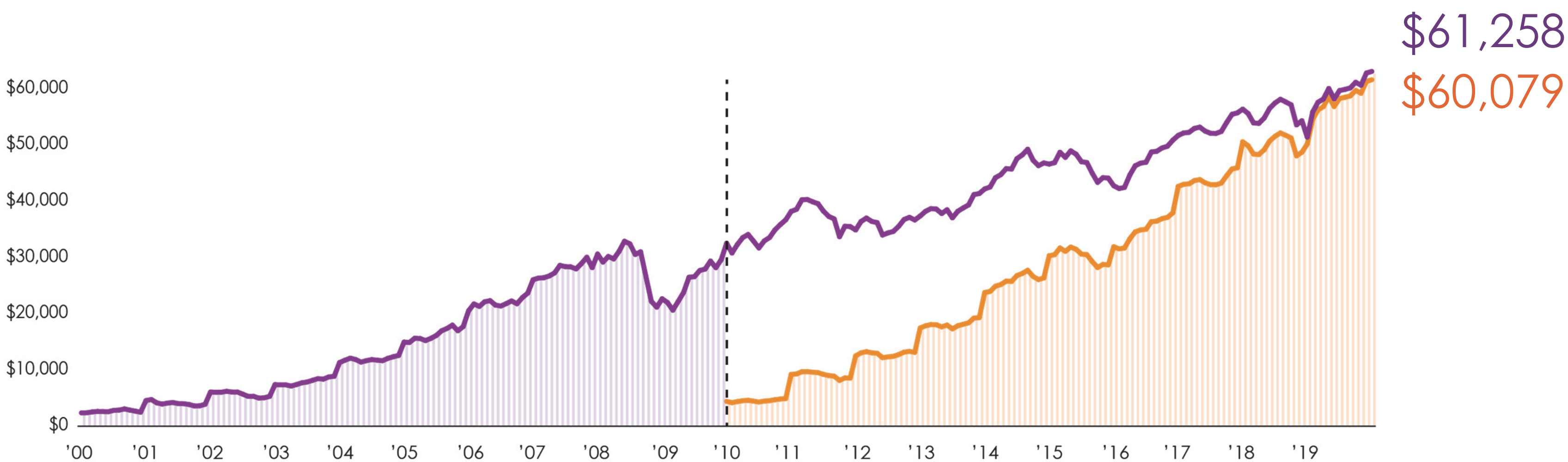
Starting early and taking advantage of compounding returns, **Investor A** accumulated approximately the same amount as **Investor B** – even though he or she invested only about half as much. Both invested in the S&P/TSX Composite Total Return Index.

Investor A – $22,000 invested

Invested $2,000 each year for 11 years beginning on January 1, 2000. Then, stopped contributing, but allowed the investment to grow.

Investor B – $40,000 invested

Waited for 10 years and, on January 1, 2010, began investing $4,000 each year.



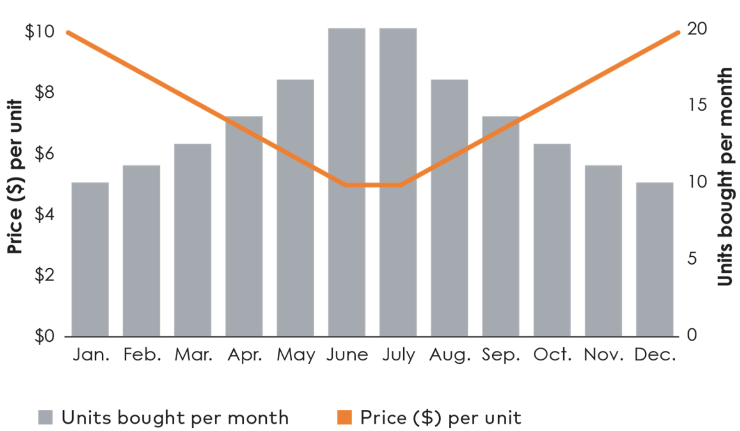
Source: AGF Investment Operations. Data from January 1, 2000 until December 31, 2019. The information provided is for illustrative purposes only and is not meant to provide investment advice. You cannot invest directly in an index.

Investing regularly can pay off

By investing regularly, you can potentially buy more units of the fund when prices are low and buy fewer units when prices are high, which can average out to a reduced purchased price over time.

Known as "dollar-cost averaging", this can help minimize the effects of market swings on a portfolio.

Dollar-cost averaging in falling and rising market environments



Source: AGF Investments Inc. The table is for illustrative purposes only and does not reflect actual investments or past performance, nor does it guarantee future performance. AGF is not responsible for individual investment decisions made from the use of hypothetical performance data provided herein.

Setting up a Pre-Authorized Chequing (PAC) Plan, i.e., a regularly scheduled contribution, can help build your savings.

By investing regularly and following a consistent investment plan, you can take advantage of the benefits of compound growth, regardless of how much is invested.

Pre-Authorized Chequing (PAC) Plan

	$100 PAC Plan			$500 PAC Plan		
	3%	5%	7%	3%	5%	7%
Year	Value			Value		
0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
2	$ 2,470	$ 2,519	$ 2,568	$ 12,351	$ 12,593	$ 12,841
4	$ 5,093	$ 5,301	$ 5,521	$ 25,466	$ 26,507	$ 27,605
6	$ 7,878	$ 8,376	$ 8,916	$ 39,390	$ 41,882	$ 44,580
8	$10,835	$11,774	$12,820	$ 54,174	$ 58,870	$ 64,099
10	$13,974	$15,528	$17,308	$ 69,871	$ 77,641	$ 86,542
12	$17,307	$19,676	$22,469	$ 86,537	$ 98,382	$112,347
14	$20,847	$24,260	$28,404	$104,233	$121,299	$142,018
16	$24,604	$29,324	$35,227	$123,021	$146,621	$176,134
18	$28,594	$34,920	$43,072	$142,970	$174,601	$215,361
20	$32,830	$41,103	$52,093	$164,151	$205,517	$260,463

Source: AGF Investments Inc. The table above is for illustrative purposes only. All of the rates and values referenced above are hypothetical and do not reflect actual investment or past performance, nor do they guarantee future performance. Based on hypothetical returns of 3%, 5%, and 7% and monthly PAC contributions every year over the period. Every other year shown for illustrative purposes only.

The sequence of returns can impact cash flow

Markets rise and fall. When investing for the long term, short-term returns are less important because your portfolio has a chance to recover. But, when you start withdrawing, experiencing a downturn in the early years can have a critical impact.

SCENARIO 1: Accumulation phase

- Each invested $100,000 into two different portfolios
- No withdrawals
- At the end of 15 years, have the same amount of money

	Investor A		Investor B	
Year	Annual return	Year-end balance	Annual return	Year-end balance
1	20%	$120,000	-7%	$ 93,000
2	12%	$134,400	-11%	$ 82,770
3	14%	$153,216	-12%	$ 72,838
4	17%	$179,263	-8%	$ 67,011
5	10%	$197,189	-5%	$ 63,660
6	8%	$212,964	6%	$ 67,480
7	5%	$223,612	5%	$ 70,854
8	6%	$237,029	6%	$ 75,105
9	5%	$248,881	5%	$ 78,860
10	6%	$263,813	8%	$ 85,169
11	-5%	$250,623	10%	$ 93,686
12	-8%	$230,573	17%	$109,612
13	-12%	$202,904	14%	$124,958
14	-11%	$180,585	12%	$139,953
15	-7%	**$167,944**	20%	**$167,944**
	4.53% average annual return		**4.53% average annual return**	

SCENARIO 2: Withdrawal phase

- Same portfolios as before
- $7,000 annual withdrawal at the end of the year
- Investor B runs out of money in year 11 – never recovered from the early negative returns

Investor A			Investor B			
Annual return	Withdrawal	Year-end balance	Annual return	Withdrawal	Year-end balance	Year
20%	$7,000	$113,000	-7%	$7,000	$86,000	1
12%	$7,000	$119,560	-11%	$7,000	$69,540	2
14%	$7,000	$129,298	-12%	$7,000	$54,195	3
17%	$7,000	$144,279	-8%	$7,000	$42,860	4
10%	$7,000	$151,707	-5%	$7,000	$33,717	5
8%	$7,000	$156,844	6%	$7,000	$28,740	6
5%	$7,000	$157,686	5%	$7,000	$23,177	7
6%	$7,000	$160,147	6%	$7,000	$17,567	8
5%	$7,000	$161,154	5%	$7,000	$11,446	9
6%	$7,000	$163,824	8%	$7,000	$ 5,361	10
-5%	$7,000	$148,632	10%	$5,897	$ 0	11
-8%	$7,000	$129,742	17%	–	$ 0	12
-12%	$7,000	$107,173	14%	–	$ 0	13
-11%	$7,000	$ 88,384	12%	–	$ 0	14
-7%	$7,000	**$ 75,197**	20%	–	**$ 0**	15
$105,000 total withdrawal			**$75,897 total withdrawal**			

Source: AGF Investments Inc. The tables above are both for illustrative purposes only. All of the rates and values referenced above are hypothetical and do not reflect actual investment or past performance, nor do they guarantee future performance.

SWPs can help manage cash-flow needs

A Systematic Withdrawal Plan (SWP) enables you to make regular withdrawals from your investment, creating a regular cash flow while allowing the rest of your money to stay invested and grow.

The amount of the withdrawal, combined with the investment's rate of return will determine how long your money will last.

The tables below show different rates of return and withdrawal amounts for an initial investment of $100,000. In each scenario, there is still money left over at the end of the 20-year period.

$100/month

Year	Interest rate	3%	5%	7%
Year	Total wiithdrawals	Value		
0		$100,000	$100,000	$100,000
2	$ 2,400	$103,699	$107,965	$112,398
4	$ 4,800	$107,627	$116,766	$126,652
6	$ 7,200	$111,797	$126,490	$143,042
8	$ 9,600	$116,225	$137,235	$161,888
10	$12,000	$120,926	$149,108	$183,557
12	$14,400	$125,918	$162,227	$208,472
14	$16,800	$131,218	$176,722	$237,119
16	$19,200	$136,845	$192,738	$270,057
18	$21,600	$142,820	$210,435	$307,931
20	**$24,000**	**$149,163**	**$229,989**	**$351,477**

$200/month

Year	Interest rate	3%	5%	7%
Year	Total withdrawals	Value		
0		$100,000	$100,000	$100,000
2	$ 4,800	$101,223	$105,436	$109,814
4	$ 9,600	$102,521	$111,442	$121,099
6	$14,400	$103,900	$118,079	$134,074
8	$19,200	$105,363	$125,412	$148,993
10	$24,000	$106,917	$133,515	$166,147
12	$28,800	$108,567	$142,468	$185,871
14	$33,600	$110,319	$152,361	$208,549
16	$38,400	$112,179	$163,292	$234,625
18	$43,200	$114,154	$175,369	$264,607
20	**$48,000**	**$116,251**	**$188,715**	**$299,081**

$500/month

Interest rate	3%	5%	7%	
Total withdrawals	Value			Year
	$100,000	$100,000	$100,000	0
$ 12,000	$ 93,793	$ 97,849	$102,065	2
$ 24,000	$ 87,204	$ 95,472	$104,440	4
$ 36,000	$ 80,207	$ 92,845	$107,170	6
$ 48,000	$ 72,778	$ 89,943	$110,309	8
$ 60,000	$ 64,890	$ 86,736	$113,919	10
$ 72,000	$ 56,515	$ 83,193	$118,069	12
$ 84,000	$ 47,623	$ 79,278	$122,841	14
$ 96,000	$ 38,182	$ 74,952	$128,328	16
$108,000	$ 28,157	$ 70,172	$134,637	18
$120,000	**$ 17,514**	**$ 64,891**	**$141,891**	**20**

Source: AGF Investments Inc. SWP is taken out monthly over the time period and the hypothetical annual interest rate is compounded monthly. Only every other year is shown for illustrative purposes. The tables above are both for illustrative purposes only. All of the rates and values referenced above are hypothetical and do not reflect actual investment or past performance, nor do they guarantee future performance.

The impact of an interest-rate increase

The following table outlines monthly payments over time.*

Even a small increase in interest rates can translate into a significant difference to your monthly budget and on the cash you have available for other purposes.

For example, if you have a $100,000 mortgage with a 25-year amortization period and the interest rate increases from **3.50%** to **5.00%**, your monthly payment would increase from **$499.27** to **$581.60**. This translates into an additional **$82.83** monthly or **$987.96** a year!

$100,000 mortgage

Interest rate	5 years	10 years	15 years	20 years	25 years	30 years
3.00%	$1,796.04	$ 964.75	$ 689.69	$553.67	$473.25	$420.60
3.25%	$1,807.03	$ 976.18	$ 701.61	$566.09	$486.17	$434.01
3.50%	$1,818.04	$ 987.68	$ 713.64	$578.66	**$499.27**	$447.64
3.75%	$1,829.09	$ 999.25	$ 725.79	$591.38	$512.56	$461.47
4.00%	$1,840.17	$1,010.89	$ 738.04	$604.25	$526.02	$475.52
4.25%	$1,851.27	$1,022.60	$ 750.40	$617.25	$539.66	$489.77
4.50%	$1,862.41	$1,034.38	$ 762.87	$630.41	$553.47	$504.22
4.75%	$1,873.58	$1,046.23	$ 775.44	$643.70	$567.46	$518.86
5.00%	$1,884.77	$1,058.15	$ 788.12	$657.13	**$581.60**	$533.69
5.25%	$1,896.00	$1,070.14	$ 800.91	$670.69	$595.92	$548.71
5.50%	$1,907.26	$1,082.19	$ 813.80	$684.39	$610.39	$563.91
5.75%	$1,918.54	$1,094.32	$ 826.79	$698.22	$625.02	$579.28
6.00%	$1,929.86	$1,106.51	$ 839.88	$712.19	$639.81	$594.82
6.25%	$1,941.20	$1,118.77	$ 853.08	$726.28	$654.74	$610.53
6.50%	$1,952.57	$1,131.09	$ 866.37	$740.50	$669.82	$626.40
6.75%	$1,963.98	$1,143.48	$ 879.76	$754.84	$685.05	$642.43
7.00%	$1,975.41	$1,155.94	$ 893.25	$769.31	$700.42	$658.60
7.25%	$1,986.87	$1,168.46	$ 906.83	$783.90	$715.92	$674.92
7.50%	$1,998.35	$1,181.05	$ 920.51	$798.60	$731.55	$691.39
7.75%	$2,009.87	$1,193.70	$ 934.29	$813.42	$747.32	$707.98
8.00%	$2,021.42	$1,206.41	$ 948.15	$828.36	$763.21	$724.71
8.25%	$2,032.99	$1,219.18	$ 962.11	$843.40	$779.23	$741.56
8.50%	$2,044.59	$1,232.02	$ 976.16	$858.56	$795.36	$758.54
8.75%	$2,056.22	$1,244.92	$ 990.29	$873.82	$811.61	$775.63
9.00%	$2,067.87	$1,257.89	$1,004.52	$889.19	$827.98	$792.83
9.25%	$2,079.56	$1,270.91	$1,018.83	$904.66	$844.45	$810.14
9.50%	$2,091.27	$1,283.99	$1,033.23	$920.23	$861.03	$827.55
9.75%	$2,103.00	$1,297.13	$1,047.71	$935.90	$877.71	$845.06
10.00%	$2,114.77	$1,310.34	$1,062.27	$951.66	$894.49	$862.67

* The principal amount of the mortgage is the amount borrowed or still owing on a mortgage loan.
Source: Financial Consumer Agency of Canada.
https://itools-ioutils.fcac-acfc.gc.ca/MC-CH/MCReport-CHSommaire-eng.aspx

$300,000 mortgage

Interest rate	5 years	10 years	15 years	20 years	25 years	30 years
3.00%	$5,388.13	$2,894.25	$2,069.07	$1,661.00	$1,419.74	$1,261.81
3.25%	$5,421.09	$2,928.53	$2,104.83	$1,698.27	$1,458.50	$1,302.03
3.50%	$5,454.13	$2,963.03	$2,140.93	$1,735.99	$1,497.81	$1,342.91
3.75%	$5,487.27	$2,997.74	$2,177.36	$1,774.15	$1,537.67	$1,384.42
4.00%	$5,520.50	$3,032.66	$2,214.12	$1,812.74	$1,578.06	$1,426.56
4.25%	$5,553.82	$3,067.79	$2,251.20	$1,851.76	$1,618.98	$1,469.30
4.50%	$5,587.23	$3,103.14	$2,288.60	$1,891.22	$1,660.42	$1,512.65
4.75%	$5,620.73	$3,138.69	$2,326.33	$1,931.09	$1,702.37	$1,556.57
5.00%	$5,654.32	$3,174.45	$2,364.37	$1,971.38	$1,744.81	$1,601.07
5.25%	$5,688.00	$3,210.41	$2,402.73	$2,012.07	$1,787.75	$1,646.12
5.50%	$5,721.77	$3,246.58	$2,441.39	$2,053.17	$1,831.17	$1,691.72
5.75%	$5,755.63	$3,282.96	$2,480.37	$2,094.67	$1,875.07	$1,737.84
6.00%	$5,789.57	$3,319.53	$2,519.65	$2,136.57	$1,919.42	$1,784.47
6.25%	$5,823.60	$3,356.30	$2,559.23	$2,178.84	$1,964.22	$1,831.60
6.50%	$5,857.72	$3,393.28	$2,599.11	$2,221.50	$2,009.47	$1,879.21
6.75%	$5,891.93	$3,430.45	$2,639.28	$2,264.53	$2,055.15	$1,927.28
7.00%	$5,926.22	$3,467.82	$2,679.75	$2,307.93	$2,101.25	$1,975.81
7.25%	$5,960.60	$3,505.38	$2,720.50	$2,351.69	$2,147.76	$2,024.77
7.50%	$5,995.06	$3,543.14	$2,761.54	$2,395.81	$2,194.66	$2,074.16
7.75%	$6,029.61	$3,581.09	$2,802.86	$2,440.27	$2,241.96	$2,123.95
8.00%	$6,064.25	$3,619.23	$2,844.46	$2,485.07	$2,289.64	$2,174.13
8.25%	$6,098.96	$3,657.55	$2,886.33	$2,530.21	$2,337.69	$2,224.69
8.50%	$6,133.77	$3,696.07	$2,928.47	$2,575.68	$2,386.09	$2,275.62
8.75%	$6,168.65	$3,734.77	$2,970.88	$2,621.47	$2,434.84	$2,326.89
9.00%	$6,203.62	$3,773.66	$3,013.56	$2,667.57	$2,483.93	$2,378.50
9.25%	$6,238.67	$3,812.72	$3,056.49	$2,713.98	$2,533.35	$2,430.43
9.50%	$6,273.80	$3,851.97	$3,099.68	$2,760.69	$2,583.08	$2,482.66
9.75%	$6,309.01	$3,891.40	$3,143.12	$2,807.70	$2,633.12	$2,535.19
10.00%	$6,344.31	$3,931.01	$3,186.81	$2,854.99	$2,683.46	$2,588.00

$500,000 mortgage

Interest rate	5 years	10 years	15 years	20 years	25 years	30 years
3.00%	$ 8,980.22	$4,823.75	$3,448.44	$2,768.34	$2,366.23	$2,103.01
3.25%	$ 9,035.14	$4,880.89	$3,508.05	$2,830.46	$2,430.83	$2,170.06
3.50%	$ 9,090.22	$4,938.38	$3,568.22	$2,893.32	$2,496.35	$2,238.18
3.75%	$ 9,145.45	$4,996.23	$3,628.93	$2,956.91	$2,562.78	$2,307.37
4.00%	$ 9,200.83	$5,054.44	$3,690.19	$3,021.23	$2,630.10	$2,377.59
4.25%	$ 9,256.37	$5,112.99	$3,752.00	$3,086.27	$2,698.30	$2,448.84
4.50%	$ 9,312.05	$5,171.90	$3,814.34	$3,152.03	$2,767.36	$2,521.08
4.75%	$ 9,367.89	$5,231.15	$3,877.22	$3,218.48	$2,837.28	$2,594.29
5.00%	$ 9,423.87	$5,290.75	$3,940.62	$3,285.63	$2,908.02	$2,668.45
5.25%	$ 9,480.00	$5,350.69	$4,004.55	$3,353.45	$2,979.59	$2,743.54
5.50%	$ 9,536.28	$5,410.97	$4,068.99	$3,421.96	$3,051.96	$2,819.53
5.75%	$ 9,592.71	$5,471.59	$4,133.95	$3,491.12	$3,125.11	$2,896.40
6.00%	$ 9,649.29	$5,532.55	$4,199.41	$3,560.94	$3,199.03	$2,974.12
6.25%	$ 9,706.01	$5,593.84	$4,265.38	$3,631.41	$3,273.71	$3,052.66
6.50%	$ 9,762.87	$5,655.47	$4,331.85	$3,702.50	$3,349.12	$3,132.01
6.75%	$ 9,819.88	$5,717.42	$4,398.80	$3,774.22	$3,425.25	$3,212.14
7.00%	$ 9,877.04	$5,779.70	$4,466.25	$3,846.55	$3,502.08	$3,293.02
7.25%	$ 9,934.33	$5,842.30	$4,534.17	$3,919.49	$3,579.59	$3,374.62
7.50%	$ 9,991.77	$5,905.23	$4,602.57	$3,993.01	$3,657.77	$3,456.93
7.75%	$10,049.36	$5,968.48	$4,671.44	$4,067.11	$3,736.61	$3,539.92
8.00%	$10,107.08	$6,032.05	$4,740.76	$4,141.79	$3,816.07	$3,623.56
8.25%	$10,164.94	$6,095.92	$4,810.55	$4,217.02	$3,896.14	$3,707.82
8.50%	$10,222.94	$6,160.12	$4,880.79	$4,292.80	$3,976.82	$3,792.70
8.75%	$10,281.09	$6,224.62	$4,951.47	$4,369.11	$4,058.07	$3,878.15
9.00%	$10,339.36	$6,289.43	$5,022.59	$4,445.95	$4,139.89	$3,964.16
9.25%	$10,397.78	$6,354.54	$5,094.15	$4,523.30	$4,222.25	$4,050.71
9.50%	$10,456.33	$6,419.96	$5,166.13	$4,601.15	$4,305.14	$4,137.77
9.75%	$10,515.02	$6,485.67	$5,238.53	$4,679.50	$4,388.54	$4,225.32
10.00%	$10,573.85	$6,551.68	$5,311.35	$4,758.32	$4,472.44	$4,313.34

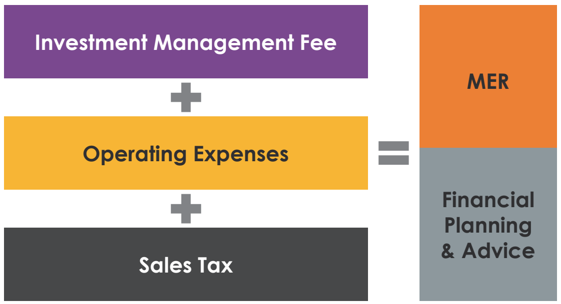
Understanding MERs

The costs associated with having professionals manage your money vary*, but generally fall into these categories:

Investment Management Fee	Operating Expenses	Sales Tax	Financial Planning & Advice
Portfolio managers with the appropriate expertise: ▪ Research, choose, monitor and sell investments that reflect the product's investment strategy ▪ Rebalance the portfolio for optimal asset mix ▪ Manage risk for the portfolio (including sector allocation, currency management) ▪ Consider tax efficiency	**The fund's administrators:** ▪ Maintain records for the fund and its investors ▪ Arrange for custodial services for the fund's assets ▪ Provide accounting services, including calculating the fund's value – and its unit pricing as well as tax reporting ▪ Ensure the fund meets its regulatory requirements, including required audits	HST/GST are charged on all fees and services	**Your financial advisor:** ▪ Develops a financial plan that aims to help you meet your goals ▪ Provides tax planning and estate planning that reflects your needs and family situation ▪ Puts together an investment portfolio – including registered plans (RRSPs, RESPs, TFSAs) – reflecting your goals, risk tolerance, time frame ▪ Conducts due diligence and research on the investments in your portfolio ▪ Rebalances and reallocates your portfolio when necessary based on the markets or changes in your life

* The costs associated with a particular fund can be found in its prospectus.

Management Expense Ratio (MER)



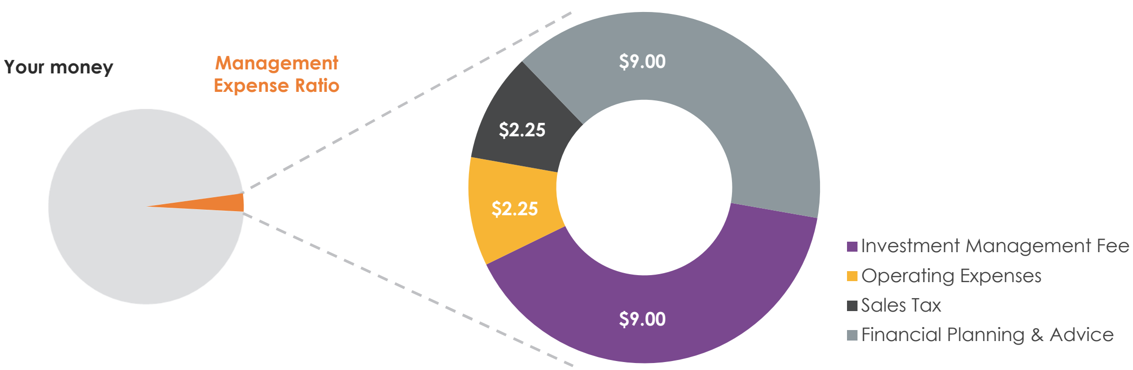
A fund's MER includes the management fee, operating expenses and sales tax. The MER is expressed as a percentage of the fund's average net assets for the year.

Depending on how your financial advisor is paid, the financial planning and advice cost may be embedded in the fund's MER or paid separately.

Each investor pays a portion of the costs

Let's say a fund's average assets for the year are $10 million and its expenses are $225,000. The fund's MER would be 2.25%. If you have $1,000 invested in the fund, your share is $22.50.

MER breakdown



Ways a financial advisor can be compensated for the valuable services they provide include:

1. **Commission-based –** the advisor is paid for every transaction they do on your behalf.
2. **Fee-based –** the advisor charges an annual fee based on the assets they manage for you.
3. **Blend of fees and commissions –** For example, the advisor may charge a flat fee for a basic financial plan and then earn a commission when they execute investment-related trades.
4. **Salary –** on top of an annual salary from their company, an advisor may earn bonuses based on criteria set out by the company as an incentive for financial advisors to grow their business.

This values referenced in this example are hypothetical and for illustrative purposes only.

Fast Facts – Registered Plans

Understand registered plan options and how they work

For more detailed information, including articles you can share, visit:

AGF.com/TFSA
AGF.com/RRSP
AGF.com/RESP
AGF.com/RRIF

Keep more to grow more

One of the best ways to maximize your savings is to take advantage of tax-sheltered plans.

Tax treatment

Non-registered

Required to report on your Canadian income tax return*:

- Distributions in the form of interest, dividends or capital gains paid to you by any fund including those reinvested
- Gains (or losses) realized when selling or redeeming units or shares of your fund

Registered

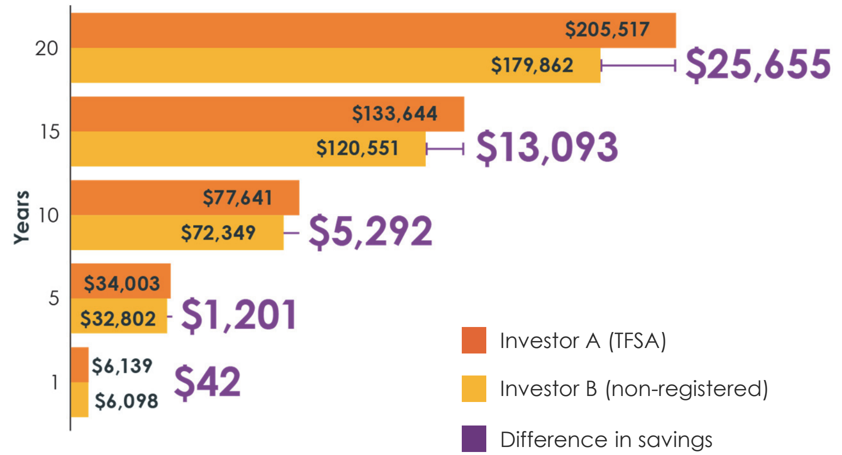
Required to report on your Canadian income tax return*:

- Distributions on funds held in a tax-sheltered plan do not need to be reported as taxable income and they are automatically reinvested
- When money is withdrawn from a registered plan (the exception being a TFSA because you're investing with after-tax dollars)

$500/month invested in a hypothetical investment with a 5% annual return

Investor A in a TFSA account (which can be used for any financial goal)

Investor B in a non-registered account



Source: AGF Investments Inc. Performance returns presented are hypothetical and for illustrative purposes only. It does not represent actual performance. Assumptions were made in the calculation of these returns including $500 invested at the beginning of each month in a hypothetical investment with a rate of return of 5%. Of the 5% return, distribution yield of 2.0% (distribution composed of 50% interest and 50% capital gain). Interest taxed in the year received, while unrealized capital gains were taxed at the end of the holding period. Marginal tax rate of 50% for interest and 25% for capital gains, distributions reinvested. Taxes paid from out of pocket (not from sale of shares). Trading costs and other fees associated with the portfolios are not included and trading prices and frequency implicit in the hypothetical performance may differ from what may have actually been realized at the time given prevailing market conditions. This performance simulation is for illustrative purposes only and does not reflect actual past performance nor does it guarantee future performance. * For more detailed information on the tax treatment of income received by an individual from Canadian mutual funds, refer to Canada Revenue Agency (CRA) information guide RC4169 – “Tax Treatment of Mutual Funds for Individuals”.

TFSAs vs. RRSPs vs. cash accounts – know the differences

A Registered Retirement Savings Plan (RRSP) is an effective retirement savings tool, whereas a Tax-Free Savings Account (TFSA) can be used for pre-retirement, post-retirement, estate-planning goals or short-term investment needs. Here are the features of each plan as well as how they differ from a cash or non-registered account.

Features	TFSAs	RRSPs	Cash accounts
Annual contribution limit	$6,000 for 2020 (plus unused contribution room)	The lesser of $27,230 (for 2020, increased annually)or 18% of earned income from your previous tax year, minus any pension adjustments, plus unused contribution room from previous years	No limits
Tax-deductible contribution	No	Yes	No
Contribution carry-forward	Yes	Yes	N/A
Taxable consequences	No tax on growth and no tax on withdrawals	Withholding tax applies at time of withdrawal; the amount withdrawn is added to taxable income	Fully taxable earnings growth
Capital loss on investment	Cannot claim	Cannot claim	Can be used to offset capital gains (three preceding tax years, carried forward indefinitely)
Maximum age for contribution	No	Yes (71 years old)	No
Recontribution of withdrawals	Yes (in subsequent calendar year)	No (except for Home Buyers' Plan and Lifelong Learning Plan)	Yes
Overcontribution penalty	Yes, 1% per month on over-contribution amounts (even if contribution was withdrawn subsequently in same tax year)	Yes, 1% per month if you exceed the $2,000 lifetime over-contribution amount	N/A

RRSPs vs. TFSAs – a tax perspective

If an investor's tax rates are the same when contributing and withdrawing, they will end up with the same results from either an RRSP or TFSA, given the same rate of return.

	TFSAs	RRSPs
Pre-tax income	$1,000	$1,000
Income tax paid (at a hypothetical marginal tax rate of 44.97%)	$ 450	$ 0
Amount invested	$ 550	$1,000
Total in each plan after 20 years (assuming hypothetical rate of return of 5% compounded annually)	$1,460	$2,653
Tax due when the money is withdrawn (at a hypothetical marginal tax rate of 44.97%)	$ 0	$1,193
Cash in hand after 20 years	$1,460	$1,460

Source: AGF Investments Inc. Based on a marginal tax rate of 44.97% (Ontario Marginal Tax Rate for interest and regular income for a taxable income of $150,000). This chart is a hypothetical example to be used for illustrative purposes only.

RRSP withholding tax rates*

Amount withdrawn in excess of minimum	All provinces exc. Quebec	Quebec
$5,000 or less	10%	20%
$5,000.01 to $15,000	20%	25%
$15,000 or more	30%	30%

These rates do not apply to qualifying redemptions for the **Home Buyers' Plan** or the **Lifelong Learning Plan** or for transfers to another registered plan.

Home Buyer's Plan (HBP)

- Allows Canadian residents to take up to $35,000 ($70,000 per couple) out of their RRSP to put towards the down payment on their first qualifying home – or a home for a related person with a disability
- Qualifying withdrawals won't be taxed or have any withholding tax taken on the amount withdrawn and must be paid back into the RRSP over a 15-year period
- There is a one tax-year grace period, which means repayments must start by the end of the second tax year following the withdrawal
- New rules for separating couples effective 2020

Lifelong Learning Plan (LLP)

- Allows Canadian residents to withdraw to help pay for full-time training or education for themselves sand/or their spouse or common-law partner
- Withdraw up to $10,000 in a calendar year up to a $20,000 maximum per person without any withholding tax
- They have to repay these withdrawals within 10 years

* Amount withdrawn would be taxed at the person's marginal tax rate when added to their tax return.
Sources: Canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans.html, February, 2020.

RESPs

A Registered Education Savings Plan (RESP) enables investors to save for a beneficiary's post-secondary education. Investors can contribute up to $50,000 per beneficiary, which will grow tax-free until the savings are withdrawn.

Family RESP

- Can have one or more beneficiaries who are related by blood or adoption to the subscriber(s)
- Beneficiary must be under age 21 to be added to the plan
- Canada Education Savings Grant (CESG) and income are shared by all beneficiaries in the plan[1]

Individual RESP

- Can only have one beneficiary who may or may not be related to the subscriber(s)
- No age limit for the beneficiary to be added to the plan
- Subscribers can set up an RESP for themselves or someone to whom they are not related

AGF does not charge account opening or administration fees[2] on RESPs

Government Grants[3]

Canada Education Savings Grant (CESG)

- Equal to 20% of annual contributions, up to a maximum of $500 per beneficiary per year (maximum of $1,000 if carryforward room is available)
- $7,200 lifetime maximum per beneficiary
- Additional grant of up to $100 per beneficiary per year for lower-income families
- Beneficiaries are eligible up to the end of the calendar year in which they turn 17 (special rules apply to beneficiaries age 16 and 17)

Canada Learning Bond (CLB)

- Eligibility for the CLB is based, in part, on the number of qualified children and the adjusted income of the primary caregiver
- No contributions required
- $500 initial bond plus $100 per eligible year up to age 15 of the beneficiary ($2,000 Lifetime)
- Must apply before the beneficiary turns 21
- Cannot be used by other beneficiaries in a Family RESP

[1] Additional CESG, CLB and certain provincial incentives can only be paid if all beneficiaries of the Family Plan are siblings. For more information, please visit AGF.com/RESP.
[2] Regular fees applicable to mutual funds still apply.
[3] Payments made to an RESP under the *Canada Education Savings Act* or under a designated provincial program are not included when determining if the lifetime contribution limit has been exceeded.

When the beneficiary goes to post-secondary education:

RESP total account value

Income earned from contributions & grant	CESG principal	Investment principal
EAP		Post-secondary education (PSE) withdrawal

Education Assistance Payment (EAP)

- Consists of earnings plus the grants
- Limited to $5,000 in the first 13 consecutive weeks
- When withdrawn, taxed as income of the beneficiary
- Proof of enrolment in a qualifying post-secondary education program is required (see AGF.com/RESP for required documents)

Post-Secondary Education (PSE) Withdrawal

- Consists only of contributions (investment principal) in the RESP
- Not taxed since contributions were made with after-tax dollars

NOTE: If the beneficiary isn't enrolled in post-secondary studies at the time of the withdrawal:

- Subscriber can still choose to withdraw all their contributions and use them in any way
- Grants received will be repaid to the government

What happens to unused RESP money

The subscriber has several options, including:

Name a new beneficiary

- To keep the CESG, the new beneficiary must be under 21 and be a sibling of the former beneficiary
- In a Family Plan, contributions, earnings and grants are shared by all beneficiaries

Transfer the accumulated income to an RRSP*

- Up to $50,000 of income earned in the RESP can be contributed into the subscriber's RRSP or a spousal RRSP
- Grants must be returned

Withdraw the earnings

- If there are no other eligible beneficiaries, the subscriber can receive the income earned as an Accumulated Income Payment (AIP)
- Grants must be returned
- AIPs are taxable income for the subscriber and are subject to withholding taxes as well as a 20% penalty tax

Withdraw the contributions

- The money that was contributed to the RESP over the lifetime of the plan may be withdrawn and returned to the subscriber
- Contributions withdrawn are not subject to any additional tax
- Any remaining grant money must be returned

* Provided certain conditions are met. For more information, visit AGF.com/RESP.

RRIFs

A Registered Retirement Income Fund (RRIF) is designed to give you income flow in retirement.

RRSPs	RRIFs
Allow you to accumulate tax-sheltered savings for retirement	Generate a taxable retirement income stream from these savings
Tax-deductable contributions	Taxable income withdrawals

Options for converting a RRIF

By December 31 of the year that you turn 71, you need to:

- Transfer your RRSP to a RRIF
- Purchase an annuity
- Cash in the RRSP

Opening a RRIF

- An RRSP can be converted to a RRIF at any time
- The year that you turn 71 you can still make an RRSP contribution provided it's done before December 31
- To convert an RRSP to a RRIF, a RRIF account needs to be set up first and then assets from the RRSP can be directly transferred over 'in kind' without incurring a taxable transaction

RRIF minimum withdrawal rates

Age[1]	%[2]
71	5.28
72	5.40
73	5.53
74	5.67
75	5.82
76	5.98
77	6.17
78	6.36
79	6.58
80	6.82
81	7.08
82	7.38
83	8.08
84	8.08
85	8.51
86	8.99
87	9.55
88	10.21
89	10.99
90	11.92
91	13.06
92	14.49
93	16.34
94	18.79
95 or older	20.00

To calculate the minimum annual withdrawals for ages below 71, use the formula **1 ÷ (90 – age)**.

Sources: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/completing-slips-summaries/t4rsp-t4rif-information-returns/payments/chart-prescribed-factors.html

[1] At beginning of calendar year

[2] Required minimum payment (as a % of the market value as of December 31, of the previous calendar year).

Government retirement programs

Many Canadians receive benefits from a number of government programs to help supplement their investments in retirement, most commonly the CPP, QPP or OAS. Below is a listing of some of the additional income sources Canadians may qualify for.

Canada Pension Plan (CPP) / Quebec Pension Plan Payments (QPP)

Type of pension or benefit	Average monthly amount for new beneficiaries Oct. 2019 (CPP)	Monthly maximum amount 2019 (CPP)	Monthly maximum amount 2019 (CPP)
CPP (at age 65)	$ 672.87	$1,175.83	$1,177.30
Post-retirement benefit (at age 65)	$ 9.82	$ 29.40	—
Disability benefit	$ 1,001.37	$1,387.66	$1,388.46
Survivor's pension (younger than 65)	$ 443.37	$ 638.28	Note 1*
Survivor's pension (65 and older)	$ 304.43	$ 705.50	$ 706.65
Death benefit (one-time payment)	$ 2,488.97	$2,500.00	$2,500.00
Combined survivor's and retirement pension (at age 65)	$ 893.10	$1,175.83	N/A
Combined survivor's pension and disability benefit	$ 1,111.74	$1,387.66	—

Old Age Security (OAS) Jan. 2019	Maximum monthly payment	Maximum annual income to receive OAS
Regardless of marital status Guaranteed Income Supplement (GIS) amounts for individuals receiving a full Old Age Security (OAS) pension	$613.53	$128,137 (individual income)
Single, widowed or divorced pensioner	$916.38	$ 18,600 (individual income)
If your spouse/common-law partner receives the full OAS	$551.63	$ 24,516 (combined income)
If your spouse/common-law partner does not receive an OAS pension	$916.38	$ 44,592 (combined income)

Clawback zone from:	$79,054 – $128,137 (EST)

Note 1*

QPP monthly survivor benefit – younger than 45	Total
Not disabled, no dependent children	$ 571.48
Not disabled, with dependent children	$ 911.55
Disabled	$1388.46
QPP survivor – age 45-64	$ 947.70

Sources: https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-benefit/amount.html, https://www.canada.ca/en/services/benefits/publicpensions/cpp/old-age-security/payments.html, https://www.retraitequebec.gouv.qc.ca/en/landing/indexation/Pages/montants-donnees-base.aspx, January 2020. Source for the clawback info: https://www.canada.ca/en/services/benefits/publicpensions/cpp/old-age-security/recovery-tax.html (recovery tax period: July 2021 to June 2022 for Income Year 2020)

AGF Sound Choices® program provides resources to meet the evolving needs of investors and advisors.

Learn more: visit AGF.com

Financial Advisors can find the full suite of resources at AGF.com/SoundChoices

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