



## RRSP Season

### AMF URGES CAUTION

Through newspapers and television, Quebecers are being strongly encouraged to contribute to a Registered Retirement Savings Plan (RRSP). Given the substantial amounts of money that are involved in RRSP transactions, the *Autorité des marchés financiers* (AMF) wishes to stress the importance of being cautious.

### RRSP OVERVIEW

An RRSP is a savings plan registered for tax purposes that is set up primarily to accumulate funds for retirement. An RRSP's main benefit is no doubt an individual's ability to deduct contributions to an RRSP from earned income when filing federal and Québec tax returns. This therefore lowers taxable income.

Individuals may generally contribute to an RRSP for a tax year until March 1 of the following year. For instance, contributions may be made until March 1, 2005 inclusively for the 2004 tax year.

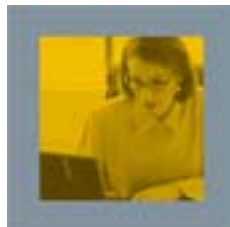
For the 2004 tax year, the maximum contribution is equal to the lower of \$15,500 or 18% of income earned in 2003. However, the maximum amount that employer pension plan members may contribute is decreased by the "pension adjustment" reported by the Canada Revenue Agency on the T4 slip issued to individuals. Contributions to an RRSP may be made until December 31 of the year the individual turns 69. Under certain conditions, contributions may be made to a spousal RRSP and borrowing to contribute to an RRSP can sometimes be advantageous. You may contact a financial adviser for more information.

## TIPS

The AMF recommends that consumers consider the following before contributing to an RRSP:

- > Check with the AMF to determine whether the business or representative is registered and is properly authorized to offer financial products.
- > Carefully read the documentation given to you and keep it for future reference.
- > Keep all documents such as contracts, account statements and your investor profile.
- > Make sure you understand all the terms and conditions of an RRSP proposal before you sign a contract.
- > Ask questions about the financial institution that will issue the RRSP contract and request written reference material such as its annual financial report if the institution is unfamiliar to you.
- > Take notes of conversations and jot down the name of the person you spoke with.
- > If the product being offered or its return seems too good to be true, be extra careful! Don't be carried away with flashy promises.
- > Never forward cash to your representative and never issue any cheques in the representative's name.
- > Instead of contributing at the last minute, consider automatic withdrawals as part of a convenient savings program.
- > Not all information on the Internet is reliable. Be sure to cross-check the information.

**Never make impulsive or hasty decisions or decisions under pressure. Take the time to think about the issue.**





### **BE ESPECIALLY CAREFUL ...**

When invited to dip into an RRSP, or other funds you might have, for the purpose of investing in a *tax-sheltered* vehicle with higher returns, ask for written and signed documents. Fraud often lurks in such invitations. Always be very careful if you are advised to cash or transfer all or part of your RRSP funds. These steps can have tax consequences. A second opinion is advisable.

You can contact the AMF Information Centre to determine whether a representative is registered, or for other matters. You can also contact the Québec Department of Revenue (*ministère du Revenu du Québec*) for information about tax rules that apply to specific transactions. The AMF Information Centre – Consumer Assistance can be reached at:

Québec City: 418.525.0311  
Montréal: 514.395.0311  
Toll-free : 1 866 526.0311  
E-mail: [renseignements-consommateur@lautorite.qc.ca](mailto:renseignements-consommateur@lautorite.qc.ca)

### **WHAT IS THE *AUTORITÉ DES MARCHÉS FINANCIERS*?**

Established on February 1, 2004, the *Autorité des marchés financiers* (“AMF”) is the regulatory and oversight body for Québec’s financial sector. It does not act as a financial adviser. The mission of the AMF includes providing assistance to consumers of financial products and services and ensuring the implementation of programs to protect and compensate consumers. It is also charged with administering all legislation governing financial sector regulation, including legislation applicable to insurance, securities, deposit institutions and the distribution of financial products and services.