

Product Sheet - 2020-2021 RRSP Loan Campaign

Features

Description	An RRSP loan is unsecured financing offered to clients in order to allow them to contribute to their RRSP and take advantage of tax deductions.
Target clients	For clients who want to: <ul style="list-style-type: none"> > Plan their retirement > Maximize their RRSP contribution > Catch up on their unused contributions
Features	<ul style="list-style-type: none"> > Simplified or complete application* > Minimum amount \$1,000 > No maximum amount > Single disbursement > <i>Fixed or variable rate</i> > <i>Term between 3 and 60 months</i> > <i>First payment can be deferred by 3 or 6 months</i> > Opportunity to defer a payment at the end of the term > Payment frequency: weekly, every two weeks or monthly > No application fees > No penalty charges for partial or full repayment of the loan before term
Eligibility	<ul style="list-style-type: none"> > New and existing clients > Single and joint applicants
Advantages	<ul style="list-style-type: none"> > An RRSP loan provides clients with easy access to funds so they can contribute to their RRSP while enjoying a competitive interest rate > Opportunity to contribute more to an RRSP and take advantage of larger tax deductions > Possibility of repaying the loan using the tax refund > Flexible repayment formulas tailored to the client
How it works	<ul style="list-style-type: none"> > Life and disability insurance available. > Payment via electronic funds transfer from the client's personal bank account > To calculate the payment on a variable-rate loan, one month is subtracted per year of term to avoid a balance at expiry, in case interest rates increase over the term. For example, for a 24-month loan, 2 months will be subtracted when calculating payments. Payments will therefore be calculated based on a 22-month term. > Annual statement produced on December 31
Repayment options	<p>Fixed rate</p> <ul style="list-style-type: none"> > <u>Fixed payments</u>: principal and interest <p>Variable rate</p> <ul style="list-style-type: none"> > <u>Variable payments</u>: principal PLUS interest (two separate payments) <p><u>Equal payments</u>: principal and interest</p>
Payment frequency	Weekly, every two weeks or monthly

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Disbursement at a later date	<p>It is possible to request that the loan be disbursed at a later date.</p> <ul style="list-style-type: none">> The disbursement date must be between November 1, 2020 and February 19, 2021.> The deadline to apply for an RRSP loan with a deferred disbursement is February 12, 2021.> This option is available for variable rate loans only. <p><i>The option to disburse at a later date is <u>not</u> available for refinancing and transfers.</i></p>
Deferred payments	<p>The first payment can be deferred by 3 or 6 months. Interest incurred will be added to loan balance.</p> <p>The deferred payment option is <u>not</u> available for refinancing and transfers.</p>

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RRSP programs

	Simplified application process <i>(Type 1)</i> <i>Using the RRSP loan to "complement" an annual RRSP contribution</i>	Complete application process <i>(Type 2)</i> <i>Using the RRSP loan as an "adjustment" as part of retirement planning</i>
What is the start date?	November 1, 2020	
What is the end date?	March 1, 2021	
What is the minimum RRSP loan amount?	\$1,000	
Rate	Fixed or variable	
Maximum amount:	\$25,000	None
Term of the loan	3 to 24 months	\$1,000 to \$5,000: 3-24 months \$5,001 to \$20,000: 3-48 months \$20,001+: 3-60 months
Full balance sheet	Not required	Required
Proof of income	Not required	Required
Proof of assets	Not required	Required
Documents required	<ul style="list-style-type: none"> ▪ RRSP loan application and ▪ Personalized void cheque 	<ul style="list-style-type: none"> ▪ RRSP loan application and ▪ Balance sheet (integrated into the credit application) and ▪ Proof of income and assets and ▪ Personalized void cheque <p><i>**Other documents may be required by the credit analysts.</i></p>

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FAQ

Questions	Answers
What are the conditions of the simplified process?	The answer to all questions in the "Additional Information Regarding the Borrower" section of the RRSP credit application must be NO .
When do I have to complete a balance sheet?	A balance sheet must be completed if at least one of the 3 conditions of the simplified process cannot be met (see conditions of the simplified process above).
What is the Cost of Borrowing Disclosure Statement?	The Cost of Borrowing Disclosure Statement (F.17662) sets out the various costs associated with the loan, allowing the client to be aware of them before committing to comply with the loan agreement included in the credit application.
When do I have to complete the Cost of Borrowing Disclosure Statement?	The Cost of Borrowing Disclosure Statement must be completed when you complete the credit application with the client. N.B.: Give copies of both documents to the client once they are completed.
What happens if rates change?	Credit applications signed by the client and received by the Bank within 2 business days (48 hours) of the rate change will be accepted at the old rate. IMPORTANT: For the old date to be maintained, all documents received must be considered complete and compliant by the Bank.
How are equal payments for a variable rate loan calculated?	The fixed payment amount is based on a shorter amortization period than the one selected. The term of the loan is reduced by one month per year. For example, for an RRSP loan with a term of 5 years (60 months), payments will be calculated over a 55-month term.
When should the client expect their first payment to be withdrawn?	<ul style="list-style-type: none"> ▪ Monthly frequency: 30 days after the RRSP loan is disbursed ▪ Every two weeks frequency: 14 days after the RRSP loan is disbursed ▪ Weekly frequency: 7 days after the RRSP loan is disbursed

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<p>How does the deferred payment option work?</p>	<ul style="list-style-type: none"> ▪ The first payment of principal and interest can be deferred by 3 or 6 months. ▪ The available frequencies are: weekly, every two weeks or monthly. ▪ For deferred payments, interest is calculated daily on the daily residual balance for the entire deferral period. Interest incurred will be added to loan balance. <p>The deferred payment option is <u>not</u> available for refinancing and transfers.</p> <p>Here's an example to show how it works:</p> <ul style="list-style-type: none"> > Fixed rate loan with a term of 12 months and payments deferred by 3 months: Since a 3-month deferral has been selected, no payments will be collected during the first 3 months. The principal and accrued interest will therefore be spread over the remaining 9 months (12 months minus the 3 months of the deferral period). Loan payments will therefore be higher than for the same loan without the deferred payment option.
<p>What changes are not accepted during the deferral period?</p>	<p>During the deferral period, the following transactions are not permitted:</p> <ul style="list-style-type: none"> > Postponing the date of the first payment > Changing the payment frequency
<p>When will the first payment be collected after the deferral period?</p>	<p>If the deferred payment option has been selected (3 or 6 months), the first payment will be collected after the deferral period ends, depending on the payment frequency selected.</p> <p>The following examples show the timing of the first payment based on the selected frequency for a 3-month deferral.</p> <ul style="list-style-type: none"> > Monthly frequency: 4th month > Every two weeks frequency: 14 days after the 3-month deferral period ends > Weekly frequency: 7 days after the 3-month deferral period ends
<p>What term should I indicate on the credit application if my client has selected the deferred payment option?</p>	<p>Indicate the total term (total number of months including the deferral period).</p>