Scotiabank
investmentinsights
Dedicated to helping you get ahead financially.
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Make the next 5 years count

A wedding, a new car, a kitchen renovation, a child's education, retirement – it may seem impossible to pursue all of your financial goals at once. But with a personal 5 Year Plan from Scotiabank® and tailored advice from your *Scotia*® advisor, you can take small, manageable steps to reach your goals – five years at a time.

Five steps to your 5 Year Plan:

1 Define your goals

Together with your *Scotia* advisor, you'll define your wants and needs. That way, you can address major long-term objectives, such as your retirement nest egg, and still have room in your plan for shorter-term dreams, such as that trip-of-a-lifetime.

2 Decide when and how much

Now it's time to get specific. Assign a time frame and dollar amount for each goal. Remember that you can take advantage of compound investment growth to help you reach your longer-term goals faster.

3 Review your budget

Maybe you think you have nothing left at the end of the month to save. But your *Scotia* advisor can show you how small changes to the way you manage your budget can help you achieve significant savings.

4 Commit to a manageable monthly savings plan

Your *Scotia* advisor will help you determine a manageable amount to save. We can even automatically transfer the money from your bank account into your investment account each month with a pre-authorized contribution (PAC) plan.

5 Watch your savings grow

You might be surprised how fast your savings can grow. And if your goals change along the way, your *Scotia* advisor will always be there to help you adjust your plan so that you keep moving in the right direction.

Your 5 Year Plan is a reflection of the priorities that matter most to you. It feels great to have a clear picture of your goals, a solid plan, and realistic milestones to measure your progress.

Talk to your *Scotia* advisor today to get started.

TFSA or RSP? We can help you decide

Every year at this time, you may find yourself asking – should I contribute to my RSP or my TFSA? The decision can be taxing. But with help from Scotiabank, you can find out which option is best for you.

The RSP has been a staple of tax-smart retirement savings for decades. But did you know that a couple who has never contributed to a TFSA is now entitled to a $40,000 contribution? That's a lot of tax-free savings, and a great reason to consider making a TFSA part of your plan.

Your *Scotia* advisor can help you analyze your options and make a recommendation about how much to contribute to your RSP and your TFSA. Here are some of the details we will consider:

Current age and planned retirement age

The more time until retirement, the more opportunity for your investment to grow. Your advisor can calculate whether investment growth in a TFSA, which is tax free, will outweigh an investment in an RSP, which is tax-deductible today, but taxable down the road.

Annual income

If you are in a low tax bracket now – especially if you earn less than $40,000 per year – you may not be making the most of the tax savings from an RSP. You might be better off contributing to a TFSA now. If your income rises in future years, you could still withdraw money from the TFSA and contribute it to an RSP, provided you don't exceed your maximum contribution room.

Regular RSP contribution amounts

Are you maximizing your RSP contribution? Depending on your tax situation and your goals, it may even be advisable to reduce your RSP contributions and direct some of your savings to a TFSA.

Current RSP savings

Do you already have a large RSP or a generous pension plan? If so, you may want to direct more of your savings to a TFSA, since the tax on these savings is effectively pre-paid. That means withdrawals from your TFSA will not count as taxable income, and you may be able to avoid claw-backs to your Old Age Security pension and Guaranteed Income Supplement during retirement.

RSP or TFSA? The answer is different for every person. But with the expert advice of a *Scotia* advisor, you'll have clear answers based on your unique situation.

"Bank The Rest" in your TFSA

With our "Bank The Rest" savings program, your *Scotia* debit card will automatically round up every purchase you make to the nearest $1 or $5. Just tell your *Scotia* advisor you want the extra amount deposited to your TFSA and watch your tax-free savings grow.

3 ways to think long-term

For investors, thinking long-term pays off. Just look at the history of the stock market and you'll see the long-term trend is upwards. That's why it's important to have an investment plan that lets you take a long-term perspective.

Investors who look only at the short-term can miss crucial opportunities. For example, if you invested $10,000 in Canadian equities over the last 10 years, the value of your portfolio would have grown to $18,893. However, if you just missed the 10 best days over the same period, your portfolio would have only risen to $10,290[1]. Here are three strategies that can position you for success over the long term:

1 Keep investing, even in down markets

In down markets, investing on a regular basis allows you to take advantage of price dips since you buy more mutual fund units when prices are lower. That means the highs and lows of the market are muted over time, giving you steadier returns. With a pre-authorized contribution (PAC) plan, you simply choose how much and how often you want to save, and we'll automatically transfer the money into your investment account.

2 Find the right balance

Not everyone is comfortable with stock market volatility, but investing solely in guaranteed investments might not be enough to protect your purchasing power over the long-term. One possible solution is a balanced fund, which combines the growth potential of equities with the stability of fixed income securities in a single investment. The result is a portfolio that can grow faster than inflation over time, while still allowing you to sleep at night.

3 Take the emotion out of investing

ScotiaFunds® Portfolio Solutions invest in a diversified mix of mutual funds, with exposure to various asset classes, investment styles, geographic regions, and sizes of companies. But perhaps best of all, whether you are a more conservative investor or willing to take on more risk for higher potential returns, these portfolios are fully managed on your behalf, so you don't have to make buy and sell decisions and second guess those decisions every time the market takes a turn.

Missing the Market is Costly[1]

Value of $10,000 in the S&P/TSX

	Avg Annual Return	Value
Missed 60 Best Days	-13.25%	$2,414
Missed 50 Best Days	-11.26%	$3,027
Missed 40 Best Days	-9.07%	$3,864
Missed 30 Best Days	-6.58%	$5,063
Missed 20 Best Days	-3.56%	$6,960
Missed 10 Best Days	0.29%	$10,290
Fully Invested	**6.57%**	**$18,893**

Visit your *Scotia* advisor and start thinking long-term. Now is the perfect time to review your investments, make an RSP contribution or enroll in a PAC plan.

[1] Source: Bloomberg S&P/TSX Composite Index TR, 10 years ending December 31, 2010.

Online investing: it's easy to get started

Whether you're a seasoned investor or simply looking to diversify your investment strategies, Scotia iTRADE® makes it easy to invest online on your own.

Here are some tips to help you be successful:

1 Start small

Consider starting with a small portion of your overall portfolio until you are comfortable to do more.

2 Start smart

Take advantage of our free seminars and webinars to increase your investment knowledge, and our extensive research to make smart investment decisions.**

3 Start now

There's no time like the present to get started, and with our low fees and commissions, it's never been more affordable.

Visit scotiaitrade.com to learn more.

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