

Your Money



Finder™

NEWSLETTER
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RSPs. Stick to the Plan.

RSP savings are designed to grow over time. And because of their tax sheltering benefit, there aren't any other comparable ways to grow your long-term savings. Because of this, it's always wise to resist redeeming your RSP if you need access to money. Once you remove RSP contributions, you lose in two ways:

- 1** You miss out on the month-to-month compounding of the tax-free growth you would have earned if you left your RSP savings intact. For example, if you took \$20,000 out of your RSP, you could lose \$41,221 in potential investment value after only 10 years (assuming a compound average annual 7.5% return).
- 2** Dipping into your RSP savings pre-maturely is costly in another way as well: Taxes.

You will pay an immediate withholding tax on your RSP withdrawals. Ten percent for amounts up to \$5,000; 20% for amounts between \$5,000 and \$15,000; and 30% for amounts over \$15,000. These are the immediate taxes you pay. When your withdrawals are added to your income for the year, additional income tax could be payable in accordance with your annual income tax rate. So the \$5,000 you thought you were withdrawing could wind up being as little as half that in spendable cash.

An alternative to RSP redemption is to consider a low-cost line of credit when you need cash or wish to consolidate debt. A line of credit allows you to pay the debt off with minimal payments as low as interest only. And it may make more sense to borrow from the line of credit at, say, 4.25%*, than to wipe out the considerable return you could get from the tax-free compounding of your savings and earnings in an RSP. Remember the \$41,221 example? It really does pay to think twice before dipping into your RSP for access to additional funds.

Talk to your Scotiabank representative before you decide to cash in RSP funds you have set aside for long-term growth. They can provide options to help you find the money without having to dip into your RSP savings.

Special Government RSP Privileges

If you're buying a first home or need money for education, there are special government programs that make it easy to use RSP funds for these financial needs, because you are, in effect, borrowing the money from your RSP, not withdrawing it and you don't have to pay any taxes on this money if you repay it on schedule. For information on these programs, visit the Canada Revenue website at www.cra-arc.gc.ca

Managing your finances
electronically

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Pyramid Power

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David Bach Seminars

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 **Scotiabank Group™**

Life. Money. Balance both.™

You're richer than you think.



Paying bills using paper-based systems and keeping track of weekly expenses, net worth, and assets can be time-consuming and inconvenient. When you take advantage of online, telephone and ABM channels, your banking gets a lot easier. Electronic banking provides:

One-stop viewing and managing of your financial accounts.

When you put all your financial and investment accounts in one, accessible, secure location, you can manage your finances more efficiently. And with online or telephone banking, there's no need to leave your home or office to manage your finances. Not only is this a great way to take care of your day-to-day banking, it's a convenient way to manage your investments, your mortgage or other borrowing. For example, you can make a mortgage pre-payment or contribute to an existing RSP online or by phone.

Online record keeping and bill paying.

Since you have a confidential record of when and where you've spent your money, why not opt for Paperless Recordkeeping and continue to track your transactions online. And not only can you pay bills online, you can receive and view them as well using 'View My Bills'. That all adds up to less paper and less clutter for you.

Manage your borrowing.

You can make extra mortgage payments online or by phone to reduce your mortgage principal and save money over time. Online, you can do mortgage payment calculations to see how much mortgage pre-payments and bi-weekly payments can save you.

Scotia OnLine is consistently rated one of the best online banking providers in Canada. If you aren't already using electronic banking, talk to a branch representative, call 1 800 4SCOTIA (1-800-472-6842) or try our *Scotia OnLine* demo at www.scotiabank.com/demo

Just a thought

"Owning a home is a very unobtrusive event in our day-to-day lives. We buy a place, we settle down, and we pay it off slowly. We rarely think about its value and therefore it becomes a very passive asset class. Every once in a while, a similar home in the neighbourhood sells for a good price and we're pleasantly surprised. If it happens to sell for a lower price, we justify our home's value by saying something like, 'well, we just put up a new fence,' or, 'we've just upgraded the family room.' The reality is, we take a long-term view. So why don't we give the equity markets the same long-term benefit of the doubt? They seem to have earned it."

- David Cork,
investment advisor
and author of
Bulls, Bears and Pigs

Pyramid Power

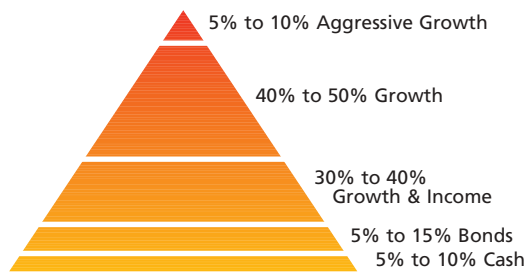
At many different points in your life, there's a good chance your investment needs will change. These may include new or revised financial goals, a changing retirement timeframe, a greater or lesser tolerance for risk, and so on. Any one of these can mean it's time to review your investment strategies.

For example, when you are younger, you can probably tolerate greater volatility in your investment performance, since you have more time to ride out stock market fluctuations. But later on, when you are supporting a family and closer to using some of your investments, you may wish to become more conservative about your investment decisions.

Scotiabank's Special Advisor, David Bach, describes four investment pyramids as guides to how best determine investment diversification at each stage in your life. Within each pyramid, you will see what percentage of your nest egg David recommends you allocate to a mix of asset types or classes, each with different risk levels.

The Automatic Millionaire Investment Pyramids™*

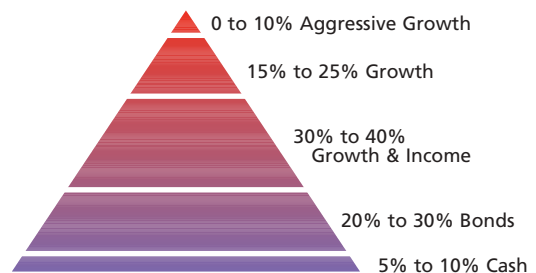
Teens to Thirties (The Getting Started Years)



Situation and goals:

- Aggressive
- Growing net worth
- Very long-term outlook
- Willing to take a fair amount of risk

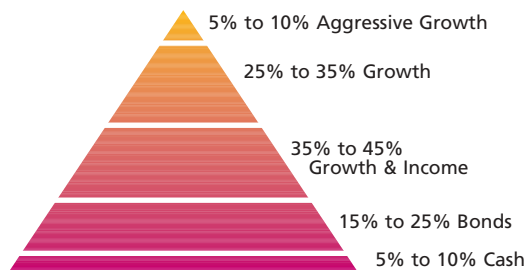
Fifties to Mid-Sixties (The Pre-retirement Years)



Situation and goals:

- Less than ten years to retirement
- Typically high income years with fewer financial responsibilities
- Willing to take some risk but wanting less volatility

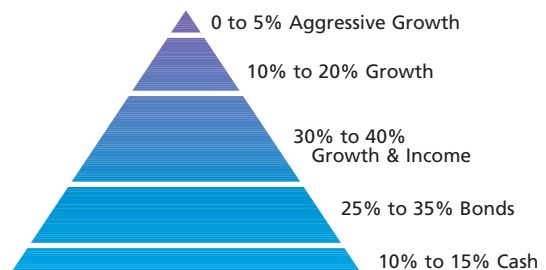
Thirties to Fifties (The Making Money Years)



Situation and goals:

- Ten or more years to retirement
- Building net worth
- Willing to take risk
- Not needing investment income

Sixties & Up (The Retirement Years)



Situation and goals:

- Enjoying retirement or very close to retiring
- Protecting net worth
- Preferring less risk

Achieving asset diversification according to these models takes time and ongoing management. As an alternative, a selection of mutual fund solutions is available through Scotiabank that can provide asset diversification in a single investment. Talk to your Scotiabank representative today for more information on a mutual fund that's right for your investor profile and your stage in life.

Announcing New Scotia Mutual Funds[†]

Scotia Vision™ Funds

Retirement. Your children's education. A vacation home. You set the goal and the time horizon, and *Scotia Vision* Funds help you make your vision a reality.

Diversification is the key to investment success, but for many investors, choosing the right funds and monitoring those funds can be a challenge. *Scotia Vision* Funds are an innovative investment solution that provide a sophisticated asset allocation strategy that automatically becomes more conservative over time. *Scotia Vision* Funds are offered in an aggressive and conservative format, so you can select the one that matches your investor profile.

Scotia® Diversified Monthly Income Fund

A low interest rate environment, volatile equity markets and investors' appetite for income has resulted in increased demand for higher-yielding investments and income-oriented strategies. This conservatively managed Fund is designed to provide a regular stream of income, with targeted monthly distributions. At the same time, the Fund aims for a modest level of capital appreciation.

For more information on our *Scotia Vision* Funds or the *Scotia Diversified Monthly Income Fund*, drop by your branch, call us at 1 800 268-9269 or visit www.scotiabank.com/newfunds today.

Find the Money Seminars with David Bach

David Bach, #1 international best selling financial author and Special Advisor to Scotiabank, will be giving his latest financial seminars at the Canadian locations shown below. David will be sharing his saving, borrowing and investment strategies taken from his books, including his latest book, *Start Late, Finish Rich*. Admission is free, however, seating is limited and all guests must register online to attend. For more information, speak with your Scotiabank representative or visit www.scotiabank.com/bachseminars to register to attend the seminar in your area.

All seminars will start at 7:00 p.m. Doors will open at 6 p.m.

| CITY | DATE | VENUE |
|-------------|--------------------|---------------------------------|
| Waterloo | September 19, 2005 | Waterloo Inn |
| Hamilton | September 20, 2005 | Hamilton Place |
| Thornhill | September 21, 2005 | Le Parc Convention Centre |
| Mississauga | September 22, 2005 | Toronto Congress Centre |
| Vancouver | September 26, 2005 | The Vancouver Convention Centre |
| Halifax | November 7, 2005 | World Trade & Convention Centre |
| Edmonton | November 8, 2005 | Shaw Conference Centre |
| Calgary | November 9, 2005 | Telus Convention Centre |
| Winnipeg | November 14, 2005 | Winnipeg Convention Centre |
| Montreal* | November 16, 2005 | Centre Mont Royal |
| Ottawa* | November 17, 2005 | Ottawa Congress Centre |

*Seminar will be delivered in English with simultaneous French translation available.

The Scotiabank Group refers to The Bank of Nova Scotia and Scotia Securities Inc.

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[†] Scotia Mutual Funds are offered by Scotia Securities Inc., a corporate entity separate from, although wholly-owned by The Bank of Nova Scotia. Commissions, trailing commissions, management fees and expenses may be associated with mutual fund investments. Please read the prospectus before investing. Copies are available through all branches of The Bank of Nova Scotia, Montreal Trust, Scotiabank and Trust, National Trust, ScotiaMcLeod, ScotiaMcLeod Direct Investing, and authorized independent dealers. Mutual funds are not guaranteed or insured, their values change frequently and past performance may not be repeated.

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