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**LAURENTIAN BANK OFFERS FINANCIAL PLANNING ADVICE  
FOR SELF-EMPLOYED WORKERS**

**Montréal, January 18, 2013** – Over the past decades, the introduction of new technologies has led to a significant increase in the number of self-employed persons. In 2010, in Quebec alone, the numbers were double what they were 30 years ago. From 2002 to 2009, their numbers increased 21%, compared to salaried persons whose numbers only increased by 10%.<sup>1</sup>

When it comes to RRSPs and retirement planning, here are a few tips for self-employed workers. Because of their employment status, they must select and manage their own plans. They can choose the retirement plan that suits them best, and from now on, can also participate in the employment insurance program. Self-employed workers also contribute to the Quebec Pension Plan, but contrary to salaried workers, they pay what is normally the employer's portion. They therefore pay double the contributions required to be eligible to receive QPP's fixed annuity. Plus, they may eventually encounter situations that no longer apply to salaried workers.

"A self-employed worker may find themselves in a difficult situation if an illness or an accident prevents them from functioning normally. They are at risk of losing clients and no longer being able to provide for their families, unless they have personal insurance," explains Denis L'Hostie, Senior Manager, Financial Planning at the Laurentian Bank. "For self-employed workers, financial planning takes on a much more strategic dimension, requiring a global strategy and a long term vision."

The investment strategy must be adapted to the worker's income. If their income is insufficient to save for retirement, alternatives will need to be considered, such as adapting the strategy to the individual's age or assets. "Generally, the company is the self-employed individual's main asset," says Mr. L'Hostie. "Therefore, to ensure investment diversification and reduce risk, they must select other investments with the following characteristics: less volatile and adapted to their investor profile. Regardless of the strategy selected, self-employed workers must be disciplined to achieve their objectives."

**Incorporation: choosing the right time**

Incorporating a business is another way to gain more flexibility in a financial planning strategy. Changing to a corporate status allows self-employed workers to defer their taxes, thereby benefiting from advantages that would not otherwise be available. However, this step should only be taken when the self-employed individual earns sufficient income to be able to absorb the costs of incorporation.

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<sup>1</sup> Annuaire québécois des statistiques du travail – volume 6, numéro 1



## Press release

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“When contemplating incorporation, consulting a tax specialist is essential to determine the cost/benefit ratio of such a change,” adds Mr. L’Hostie. “This option may be advantageous in some situations, but it is not be best solution when prospects for growth are limited.”

No matter what their situation, self-employed workers will always benefit from consulting a financial planner who will help them outline a plan best suited to their future needs and other eventualities.

### **About Laurentian Bank**

Laurentian Bank of Canada is a pan-Canadian banking institution that has nearly \$35 billion in balance sheet assets and \$33 billion in assets under administration. Founded in 1846, Laurentian Bank was selected in 2012 as one of the 10 winners of the Canada's Passion Capitalists program in recognition of its sustained success through the promotion of passion within its ranks. The Bank employs more than 4,200 people.

Recognized for its excellent service, proximity and simplicity, Laurentian Bank serves more than one million clients in market segments in which it holds an enviable position. In addition to occupying a choice position among consumers in Québec, where it operates the third largest branch network, the Bank has built a solid reputation across Canada in the area of real estate and commercial financing thanks to its teams working out of more than 35 offices in Ontario, Québec, Alberta and British Columbia. Its subsidiary, B2B Bank, is a Canadian leader in providing banking products as well as investment accounts and services to financial advisors and brokers, while Laurentian Bank Securities is an integrated broker, widely recognized for its expertise and effectiveness nationwide.

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