

Product Brochure

# RSP Loan Program



*BANKING THAT WORKS* *FOR ADVISORS®*

For advisor information only

## RSP Lending

It's a simple concept: the earlier you start saving, the longer your investments have to grow over time.

Many Canadians, however, fear they have not saved enough money for a comfortable retirement, nor that they're able to afford the cost of a post-secondary education for their children. As the cost of living and number of years spent in retirement rises, so does the number of Canadians delaying retirement — some voluntarily, some not.

A B2B Bank Registered Savings Plan (RSP) Loan provides your clients the means to maximize their available tax benefits and savings grants for their plans. That's why we're committed to making RSP lending a cornerstone of your growing business and a key part of your clients' financial success.

This brochure highlights the key components of our RSP Loan Program, including program benefits, product details, credit criteria and loan payment calculation.



# How we can help

We're here to help you deliver outstanding value to your clients as they invest for the future. At B2B Bank, we believe that means highly-competitive rates, a broad range of options and a loan administration process that's simple and fast.

## Key program benefits

### **Simplified pricing**

Pricing is based on the term selected, not the loan amount.

### **Low loan amounts**

A low minimum RSP loan amount applied across all terms.

### **No penalties**

All or part of a loan can be repaid at any time without penalty.

### **Choice of product**

Clients can choose a variable or fixed rate.

### **Flexible terms**

Choose a one- to two-year fixed rate loan or a variable rate loan with a term between one and ten years.

### **Multiple funding options**

Proceeds from a single Distribution Alliance RSP loan can be invested in an RRSP, RESP, or any combination thereof (up to a maximum of three accounts).

### **No maximum**

There's no cap on RSP loan amounts.

### **Deferral payment options**

Clients can defer their first payment for up to 180 days.

### **Consolidate your clients' assets and loans**

Use our program to pay out RSP loans at other financial institutions and provide your client the simplicity of a single monthly payment.

## Easy-to-use online tool

We make RSP loan applications and administration simple and fast.

- Apply online with EASE, our Electronic Application Submission Entry (EASE) system, to receive an application status email within seconds. Then, track your application all the way to funding and generate several types of reports to help you manage your business.
- Use the History Report tool to assist you in identifying previous clients with RSP loans for prospecting and to analyze historical trends.

# Lending programs

You can access RSP loans through our B2B Bank Standard Loan Program and our B2B Bank Distribution Alliance Program.

## **B2B Bank Standard Loan Program**

There are two options for your clients' RSP loan proceeds:

### **1. B2B Bank Dealer Services RRSP Account**

Proceeds can be deposited into a B2B Bank Dealer Services RRSP Account where your clients can hold a wide variety of RRSP-eligible assets. This provides a great opportunity for you and your clients to build a diversified portfolio containing RRSP-eligible assets that meets your clients' retirement objectives.

### **2. B2B Bank RSRP-GIC Account**

Proceeds can be deposited into a B2B Bank RRSP-GIC Account where your clients have the option to invest in GICs issued by B2B Bank, Laurentian Bank, Laurentian Trust and LBC Trust.

## **B2B Bank Distribution Alliance Loan Program**

Proceeds of a single loan are forwarded to the Distribution Alliance for deposit into the borrower's RRSP, RESP, or any combination thereof (up to a maximum of three accounts).

## Reminder

**If you are submitting a B2B Bank Standard RSP Loan and your client does not already have an RRSP account with us, an account application must be submitted along with the loan application.**

**For B2B Bank Dealer Services RRSP Accounts, be sure to include investment instructions on the applicable trade ticket.**

**For B2B Bank RRSP-GIC Accounts, investment instructions must be indicated directly on the account application form.**

Registered Education Savings Plan financing is available through select Distribution Alliance Partners; check details of the specific program.

# Qualifying criteria and application guidelines

B2B Bank follows industry-standard procedures to minimize the risk of loan default. We look at an applicant's income, debt payments, net worth and credit history to help evaluate their ability to repay a loan. Here are some of the key criteria we consider when assessing applicants.

## Total debt service ratio (TDSR)

TDSR measures an applicant's capacity to repay debt. Regularly recurring monthly debt payments (including the new loan payment) should be less than or equal to 40% of gross monthly income.

$$\frac{\text{Monthly debt (including new loan payment)}}{\text{Gross monthly income}} \times 100\% = \text{TDSR}$$

### Income consists of:

Salary  
Commissions  
Net self-employed earnings

## Net worth

Net worth measures an applicant's overall financial resources. It's calculated by subtracting total outstanding liabilities (debt obligations) from total verifiable assets. To qualify, the applicant's net worth should be at least equal to the amount of the loan.

### Assets - Liabilities = Net worth

#### Examples of assets include:

A home  
Registered plans  
Non-registered investments  
Stocks

#### Examples of liabilities include:

Mortgages, rent, leases  
Personal loans  
Credit card debt  
Line of credit balances

## Credit history

Credit history shows how an applicant has managed credit in the past. At B2B Bank, we require that all applicant's obligations are up-to-date and paid as agreed — no bankruptcies, collections or judgments. For a general understanding of the credit evaluation process, please download a copy of our *5 Cs of Credit* brochure at [b2bbank.com](http://b2bbank.com).

## Application guidelines

### Here are the basic rules for a B2B Bank RSP loan application:

- The applicant must be an individual; applications in company names are not permitted.
- The applicant must be at least 18 years of age.
- The applicant must be a Canadian resident and have a Canadian personal chequing account for pre-authorized monthly loan payments.
- The applicant must meet all loan credit criteria.

# Pre-screening your clients

As an advisor, you play a major role in evaluating your clients' ability to repay a loan. This includes helping them accurately report their income, current debts and net worth. Here is some of the specific information you need to review with your clients as part of their credit application process.

## Income

Typically defined as money earned through employment.

### Examples of income include:

Salary  
Commissions  
Net self-employed earnings

## Debt

A sum of money that is owed or due to be paid because of an express agreement.

### Examples of debt include:

Monthly mortgage or rental payments	Lines of credit — monthly payment based on outstanding balance
Monthly property taxes	Lease payments — fixed monthly payment
Outstanding loans — fixed monthly payment	Unpaid income taxes — CRA-approved monthly payment
Credit card payments — minimum monthly payment	Alimony/child support — fixed monthly payment

## Net worth

Calculated by subtracting total outstanding liabilities from total verifiable assets.

**In addition to confirming your clients' income and net worth, the following three questions may help to determine if they are likely to qualify for an RSP loan:**

1. Have they been approved for a loan before — car, investment loan, line of credit, other?
2. Do they make monthly bill, loan and credit card payments on time?
3. Do they usually have money left over after meeting their monthly expenses and debt obligations?

If your clients answer **No** to one or more of these questions, it is important to properly manage their expectations, as they may not qualify for an RSP loan.

To qualify for a B2B Bank RSP loan, the applicant's net worth should be at least equal to the loan amount requested.

# About loan payments



## How much will the payments be?

To determine the RSP loan payment calculation, simply multiply the loan amount by the appropriate interest rate factor.

## Monthly Principal & Interest payment = loan amount x interest rate factor

Refer to the next page to view the interest rate factor table. You can also calculate your clients' monthly loan payments by using our RSP loan calculator at [b2bbank.com](https://www.b2bbank.com).

## When are payments due?

Applicants may choose to have payments automatically withdrawn from their bank account on any date between the 1<sup>st</sup> and the 28<sup>th</sup> of the month. The first payment is due on the first payment date following the advance of the RSP loan. If a deferral payment option is selected, the first payment is due on the first payment date after the expiration of the deferral period. For example, if the client chooses a payment date of the 15<sup>th</sup> and the RSP loan is advanced on January 10<sup>th</sup>, the first payment will be due on February 15<sup>th</sup>. Alternatively, if the client chooses a six-month deferred payment option, the first payment will be due on August 15<sup>th</sup>.



# Interest rate factor table

## AMORTIZATION PERIOD

RATE	1 Year	2 Years	3 Years	4 Years	5 years	6 Years	7 Years	8 Years	9 Years	10 Years
2.25%	0.08435	0.04265	0.02875	0.02180	0.01764	0.01486	0.01288	0.01139	0.01024	0.00931
2.50%	0.08447	0.04276	0.02886	0.02191	0.01775	0.01497	0.01299	0.01150	0.01035	0.00943
2.75%	0.08458	0.04287	0.02897	0.02202	0.01786	0.01508	0.01310	0.01162	0.01046	0.00954
3.00%	0.08469	0.04298	0.02908	0.02213	0.01797	0.01519	0.01321	0.01173	0.01058	0.00966
3.25%	0.08481	0.04309	0.02919	0.02224	0.01808	0.01531	0.01333	0.01184	0.01069	0.00977
3.50%	0.08492	0.04320	0.02930	0.02236	0.01819	0.01542	0.01344	0.01196	0.01081	0.00989
3.75%	0.08504	0.04331	0.02941	0.02247	0.01830	0.01553	0.01355	0.01207	0.01092	0.01001
4.00%	0.08515	0.04342	0.02952	0.02258	0.01842	0.01565	0.01367	0.01219	0.01104	0.01012
4.25%	0.08526	0.04354	0.02964	0.02269	0.01853	0.01576	0.01378	0.01231	0.01116	0.01024
4.50%	0.08538	0.04365	0.02975	0.02280	0.01864	0.01587	0.01390	0.01242	0.01128	0.01036
4.75%	0.08549	0.04376	0.02986	0.02292	0.01876	0.01599	0.01402	0.01254	0.01140	0.01048
5.00%	0.08561	0.04387	0.02997	0.02303	0.01887	0.01610	0.01413	0.01266	0.01152	0.01061
5.25%	0.08572	0.04398	0.03008	0.02314	0.01899	0.01622	0.01425	0.01278	0.01164	0.01073
5.50%	0.08584	0.04410	0.03020	0.02326	0.01910	0.01634	0.01437	0.01290	0.01176	0.01085
5.75%	0.08595	0.04421	0.03031	0.02337	0.01922	0.01646	0.01449	0.01302	0.01188	0.01098
6.00%	0.08607	0.04432	0.03042	0.02349	0.01933	0.01657	0.01461	0.01314	0.01201	0.01110
6.25%	0.08618	0.04443	0.03054	0.02360	0.01945	0.01669	0.01473	0.01326	0.01213	0.01123
6.50%	0.08630	0.04455	0.03065	0.02371	0.01957	0.01681	0.01485	0.01339	0.01225	0.01135
6.75%	0.08641	0.04466	0.03076	0.02383	0.01968	0.01693	0.01497	0.01351	0.01238	0.01148
7.00%	0.08653	0.04477	0.03088	0.02395	0.01980	0.01705	0.01509	0.01363	0.01251	0.01161
7.25%	0.08664	0.04489	0.03099	0.02406	0.01992	0.01717	0.01522	0.01376	0.01263	0.01174
7.50%	0.08676	0.04500	0.03111	0.02418	0.02004	0.01729	0.01534	0.01388	0.01276	0.01187
7.75%	0.08687	0.04511	0.03122	0.02430	0.02016	0.01741	0.01546	0.01401	0.01289	0.01200
8.00%	0.08699	0.04523	0.03134	0.02441	0.02028	0.01753	0.01559	0.01414	0.01302	0.01213

NOTE: For one to six months deferred interest rate factor tables, visit [b2bbank.com](http://b2bbank.com).

# Marketing and sales support

B2B Bank offers you full support before, during and after the sale.

Find all the support materials you'll need to help your clients reach their financial goals by visiting our online RSP Resource Centre at **[b2bbank.com/rspcentre](https://b2bbank.com/rspcentre)**. Whether you are consolidating your client's RRSPs into a single registered account, borrowing to maximize their RRSP contribution room, and/or helping them save for their child's post-secondary education, we are committed to helping you get the job done.

## **Product information**

From lending products to retirement plans, see the highlights of our registered savings plan solutions.

## **Applications and forms**

Find all account forms and processing workflows to help you submit a successful application on behalf of your client.

## **Marketing materials**

Access information about our company, products and services; including what we look for when assessing your clients' creditworthiness in our *5 Cs of Credit* brochure.

## Business Development support

From coast-to-coast, B2B Bank Business Development Managers are ready and eager to assist you. For product training, sales presentations or to discuss business opportunities, please visit [b2bbank.com/contactus](https://b2bbank.com/contactus), where you will find an interactive map listing the B2B Bank representative in your area. You may also call us at 1.800.263.8349.

## Client Service support

For general inquiries or service support (including EASE registrations), call one of B2B Bank's Client Service Representatives at 1.800.263.8349 from Monday to Friday, 8:00 a.m. to 8:00 p.m. ET.

## Other product solutions

Visit [b2bbank.com](https://b2bbank.com) to learn more about other products, such as:

### Investment loans

A wide range of lending products designed to meet a variety of needs.

### Mortgages

Competitive rates on broker mortgages and lines of credit.

### Banking services

A suite of financial products to meet everyday banking needs.

### Deposits

GICs at rates among the most competitively priced in the industry.

### Investment Accounts

A variety of options available for registered and non-registered accounts offered by B2B Bank Dealer Services.

## **B2B Bank's RSP Loan Program offers a lending solution that can help build your clients' wealth and ensure sufficient savings for the future.**

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