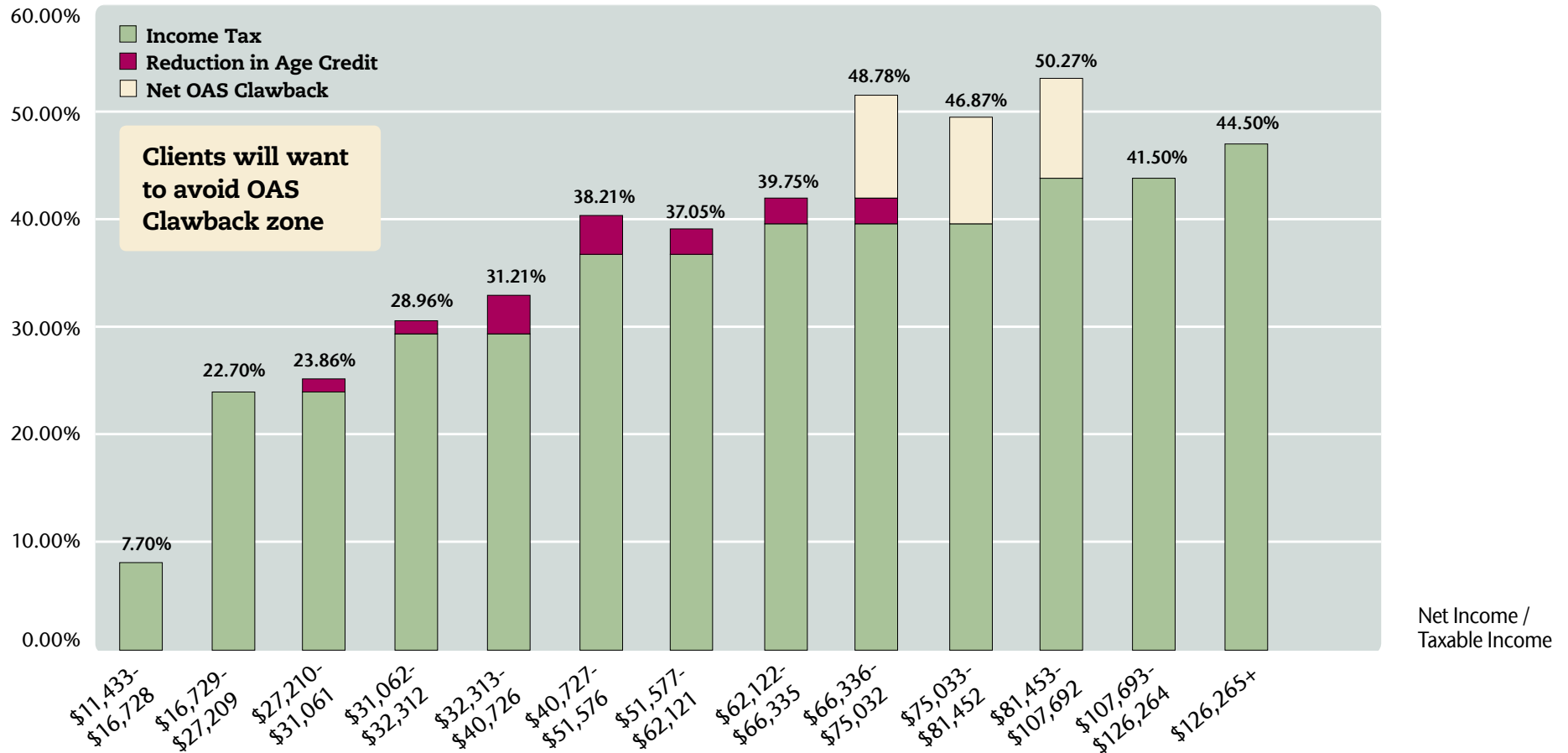


New pension splitting rules may help you put up to \$11,000 in your clients' pockets! Find out how.

2009 Marginal Effective Tax Rates for Ordinary Income for Newfoundland and Labrador Seniors



To help your clients save money on taxes with the pension splitting rules, you will need to know what their net incomes and marginal effective tax rates are. The latter can be up to 50.27% for seniors because of the Old Age Security¹ Clawback.

¹ Calculated as combined federal-provincial rate + OAS clawed back on an after-tax basis, i.e., 41.5% + (15% x (1-.415)).

See assumptions on reverse

Let's look at an example:

John (age 68) and Mary (age 65) will definitely benefit from the new rules. John estimates that his net income for 2009 will be in the \$90,000 range. Mary only receives OAS of approximately \$6,200.

Here are the type of savings John and Mary, and couples in similar situations, may enjoy.

Analysis of Family Income:

Names & Age of each	Bob & Jill (65+/65+)	John & Mary (65+/65+)	Joe & Susan (65+/65+)	Alan & Kathie (65+/60)
CPP (shared 50/50)	\$10,000	\$10,000	\$10,000	\$10,000
OAS	\$12,400	\$12,400	\$12,400	\$6,200
Other income (him)	\$4,000	\$14,000	\$14,000	\$2,000
Eligible pension income (him)	\$30,000	\$60,000	\$120,000	\$106,200
Total family income	\$56,400	\$96,400	\$156,400	\$124,400
Total taxes (including OAS clawback):				
Pre-Split	\$7,200	\$24,300	\$51,500	\$40,300
Post-Split	\$5,300	\$18,300	\$43,500	\$29,300
Savings with Pension Splitting	\$1,900	\$6,000	\$8,000	\$11,000
% Reduction in taxes	26.39%	24.69%	15.53%	27.30%

Assumptions:

1. Federal and provincial taxes payable are based on taxable income. For purposes of preparing this chart, we have assumed that no deductions are taken from net income in arriving at taxable income. Only non-refundable credits in respect of personal and age amounts have been incorporated. Do not use this chart if this is not the case.
2. This chart assumes that maximum OAS benefits (\$6,200 (est.)) are received. For each \$1 of net income above \$66,335, \$0.15 of OAS is repaid. At a net income of \$107,692 (est.) the whole amount will have been repaid. Since repaid benefits are deducted in calculating net income, this results in a reduction of income taxes payable. This chart does not apply if the taxpayer is not entitled to maximum OAS benefits.
3. The Age Amount is also clawed back once net income exceeds a threshold amount. For each \$1 of net income above this threshold amount (\$32,312 for federal tax purposes and \$27,209 for Newfoundland and Labrador tax purposes), the Age Amount is reduced by \$0.15.

Pension splitting tax savings can be achieved as easily as replacing a client's current GICs issued by another financial institution with a Standard Life Term Fund (GIC).

We can help you understand the new pension splitting rules.

Qualifying pension income can also be achieved through the following sources:

- Standard Life Annuities
- Standard Life Guaranteed Term Fund products
- Standard Life RRIFs, LIFs, prescribed RRIF and LRIF income

This document is intended for general information only. It should not be construed as legal, accounting, tax or specific investment advice. Clients should consult a professional advisor concerning their situations and any specific investment matters. While reasonable steps have been taken to ensure that this information was accurate as of the date hereof, The Standard Life Assurance Company of Canada and its affiliates make no representation or warranty as to the accuracy of this information and assume no responsibility for reliance upon it.