

Tax efficient investments can help build your wealth

Defer Tax On Your Non-Registered Investments

If you're like many Canadians, you're already investing outside your Registered Retirement Savings Plan (RRSP) and your Tax-Free Savings Account (TFSA). This is often a wise investment strategy considering that contribution limits cap the amount you can contribute to both these savings vehicles. As a result, RRSPs and TFSAs alone may not be sufficient to provide you with the total amount of money you need for the retirement lifestyle you want. A mix of non-registered investments can help make up the shortfall—especially when fully integrated with your overall asset allocation and tax management plan.

All investment income and realized capital gains generated outside RRSPs or TFSAs must be reported annually on your tax return. But, you can minimize or defer tax on your non-registered investments by making wise investment choices.

Interest income receives no preferential tax treatment and thus is fully taxable. Dividend income receives tax preferred treatment in all provinces and territories, but the degree of tax relief varies greatly across the

country. Alternatively, just 50 cents of every dollar of realized net capital gains is taxable and, because capital gains are usually only taxed when you dispose of your investments, you can influence when you pay tax on those gains. You can potentially defer taxes on capital gains for years by choosing to sell these investments at a time when it's most advantageous for you (i.e. in a year when you expect to be in a lower tax bracket than you are today), or by holding mutual funds that offer a return of capital option.

Investment income that is taxed as capital gains can provide a significant advantage to your returns on an after-tax basis as compared to interest income. This is where the benefits of a tax-advantaged fund structure for your non-registered portfolio can provide big rewards. Unlike mutual fund trusts, which trigger tax consequences any time you switch from one non-registered investment to another, Investors Group Corporate Class Inc.[™] mutual funds are treated as a single entity for tax purposes. This feature allows you to switch between share classes within the

structure while deferring capital gains. As a result, you can rebalance your holdings without the need to worry about immediate tax consequences. Over time, it's this potential tax deferral feature that allows you to accumulate more wealth than if you had to pay tax on your gains each time you made a switch from one fund to another (assuming the same performance between the share class and an alternative investment). Investing within a tax-advantaged structure makes it easier than ever to access the right tools to help you build your wealth.

► Investors Group Corporate Class Inc.[™] features a wide range of equity investments, including Canadian, U.S. and International mandates, sector and specialty mandates as well as the Investors Short Term Capital Yield Class and the Investors Capital Yield Class, which aim to provide returns similar to short and intermediate term Canadian fixed-income funds, as well as the Investors Managed Yield Class, which aims to provide a stable current return approximating that of a money market fund.

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► Allegro Corporate Class Portfolios™ provide a selection of diversified options within our “tax advantaged” Corporate Class structure; specifically to match your individual tolerance for risk. In addition, the Series T Shares* can give you the option of generating steady monthly cash flow** while still taking advantage of the tax-deferral benefits and growth of investments held within the Corporate Class structure.

I will contact you shortly to discuss how Investors Group Corporate Class Inc.™, including the Allegro Corporate Class Portfolios™ and other tax-efficient investment alternatives can help you build your wealth in the most tax-efficient manner possible.



*Series T shares are available on the Allegro Balanced Portfolio Class, the Allegro Balanced Growth Portfolio Class and the Allegro Balanced Growth Canada Focus Portfolio Class as well as holdings in the Investors Capital Yield Class and Investors Short Term Capital Yield Class.

**The cash flow amount is set at the end of each year on or about December 31st for the next year as a percentage of the net asset value per Share but may be adjusted or discontinued if determined by the Corporation to be in the best interests of the Portfolio Class.

This is a general source of information only. It is not intended to provide personalized tax, legal or investment advice, and is not intended as a solicitation to purchase securities. For more information on this topic or any other financial matter, please contact an Investors Group Consultant.

Commissions, fees and expenses may be associated with mutual fund investments. Read the prospectus before investing. Mutual funds are not guaranteed, values change frequently and past performance may not be repeated.

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by  Investors
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