

Series T: Tax-Efficient Monthly Cash Flow Solution

More money in your pocket



Welcome to the benefits of Series T

Would you like to supplement your salary, pension or retirement income? Even better – what about protect some of your Old Age Security (OAS) income?

Holding a Franklin Templeton Investments Series T investment in your non-registered account can provide that protection and is an ideal tax-efficient monthly cash flow solution. Series T creates monthly cash flow with a number of additional benefits over other interest-bearing securities:

- **More money in your pocket**
- **Taxed at a preferential rate when you sell your Series T investments**
- **Unmatched diversification and proven performance from Franklin Templeton Investments**

Protect your Old Age Security – A Case Study

CLIENT AND INVESTMENT INFORMATION:

- John Smith, Ontario Resident, Age 67
- \$70,000 gross income from company pension, \$100,000 investment in interest-bearing security paying 8%
- 8% pre-tax required rate of return to supplement pension income and OAS income
- Current annual OAS clawback is \$2,732

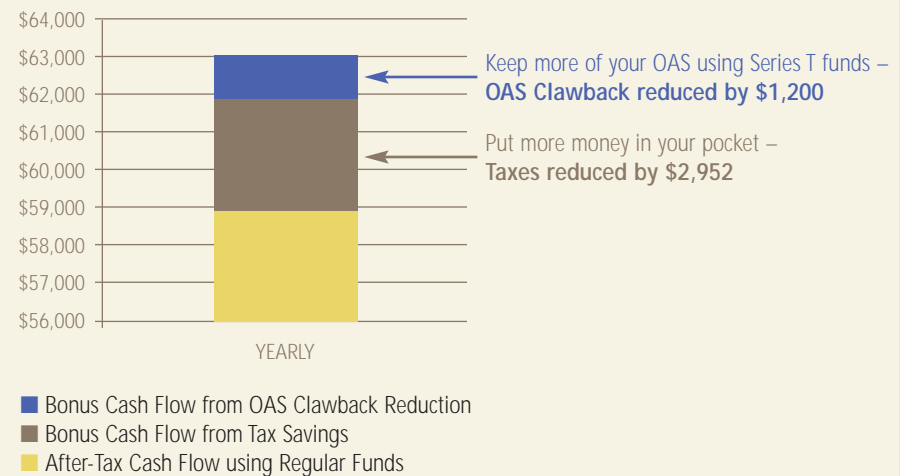
JOHN'S OBJECTIVES:

- Maximize immediate cash flow and preserve capital
- Minimize taxes payable and OAS clawback

SOLUTION:

- John and his advisor transfer his interest-bearing securities into a Series T fund* with an 8% pre-tax return of capital (RoC) distribution
 - OAS clawback reduced by \$1,200 + taxes reduced by \$2,952 = \$4,152 extra cash each year
- John's total annual after-tax cash flow increases from \$58,912 to \$63,064

*The Series T fund used in this example is assumed not to pay any income or capital distribution.



Series T: Tax-Efficient Monthly Cash Flow Solution

More money in your pocket

Here's how it works...

With interest-bearing securities, you have to pay tax on any interest received, and on any capital gains that result from selling your investment. While there may be some income or capital distributions on Series T each year, the bulk of the cash flow comes from RoC distributions.

For tax purposes, RoC is treated as a return of a portion of your original investment instead of as interest or dividend income. RoC distributions simply reduce your adjusted cost base (ACB), which is the original cost of your investment for tax purposes. Since RoC distributions are not part of your taxable income, taxes payable and OAS clawback are reduced.

You pay capital gains tax when your units are redeemed or if you continue to receive distributions after your ACB has reached zero. This has three benefits over interest-bearing securities:

1. Tax deferral effectively increases your current cash flow
2. Investment gains from future sale are taxed at a preferential rate compared to interest or dividend income
3. Inflation can reduce the 'real' cost of paying the tax bill in the future

Lower clawback and lower taxes means more money in your pocket

	Interest-Bearing Security	Series T**
Cash Flow from Investment	\$8,000	\$8,000
Maximum OAS	5,561	5,561
Clawback	(2,732)	(1,532)
Net OAS	2,829	4,029
Estimated Taxes on Investment and OAS Benefit	(4,701)	(1,749)
Subtotal	6,128	10,280
Increase in Yearly Cash Flow		\$4,152

**Assume no income or capital distribution for this Fund.

Series T is available in...



Bissett Canadian Balanced Fund
Bissett Dividend Income Fund
Bissett Multinational Growth Fund



Templeton Canadian Asset Allocation Fund
Templeton International Stock Fund



Franklin Templeton Balanced Income Portfolio
Franklin Templeton Balanced Growth Portfolio
TAPESTRY POOLED PORTFOLIOS
Franklin Templeton Capital Preservation Pooled Portfolio
Franklin Templeton Balanced Income Pooled Portfolio
Franklin Templeton Domestic Balanced Growth Pooled Portfolio

Please ask your investment advisor for more information about receiving tax-deferred cash flow using **Franklin Templeton Investments Series T: Tax-Efficient Monthly Cash Flow Solution** or visit us at www.franklintempleton.ca.

Franklin Templeton Investments Private Client Group is part of Fiduciary Trust Company of Canada (a wholly-owned subsidiary of Franklin Templeton Investments Corp.). Sale of Series T funds may trigger capital gains, which could affect your OAS payment for the year. To reduce any impact, consult with your financial advisor. The 8% targeted distribution may change at the discretion of Franklin Templeton Investments. Distributions are automatically reinvested unless otherwise noted. Series T may also pay a distribution that must be reinvested in December, consisting of income and capital gains. Please indicate whether your preference is to receive cash flow immediately on your client application. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the Franklin Templeton Investments prospectus before investing. Mutual funds are not guaranteed – their values change frequently and past performance may not be repeated.

