




The Saint Mary's University Annual General Meeting

June 14, 2011

Agenda

- “End Game”
- Savings to Retirement Income Phase
- Retirement Income



**No matter where you are in your
career stage....**

***It's never too early to understand the
“end game”.***

What does retirement mean to you?

- Work part-time or find a new career
- Opening a business
- Moving to a new place
- More time with family and friends
- Meeting new people
- Doing more around home
- Trying new things & new hobbies
- Lots of travel

Determining your income needs



How much of your income will you need to replace?

"You'll need at least 70% of your pre-retirement income to maintain your lifestyle in retirement."

70%

"Most retirees only need 50% of their pre-retirement income to live comfortably."

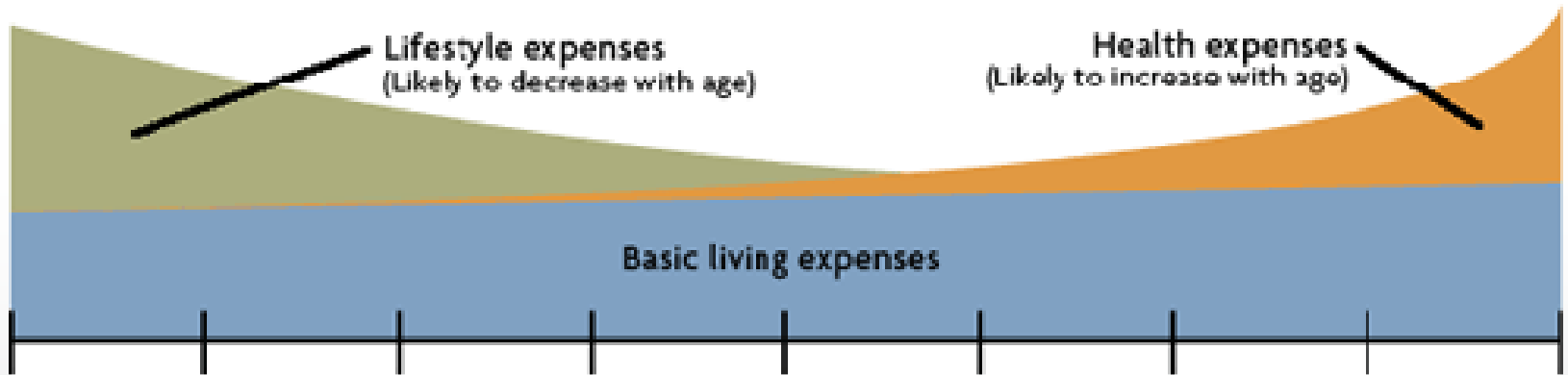
50%

"If you plan to travel, you may need 100% or more of your pre-retirement income to live your dreams in retirement."

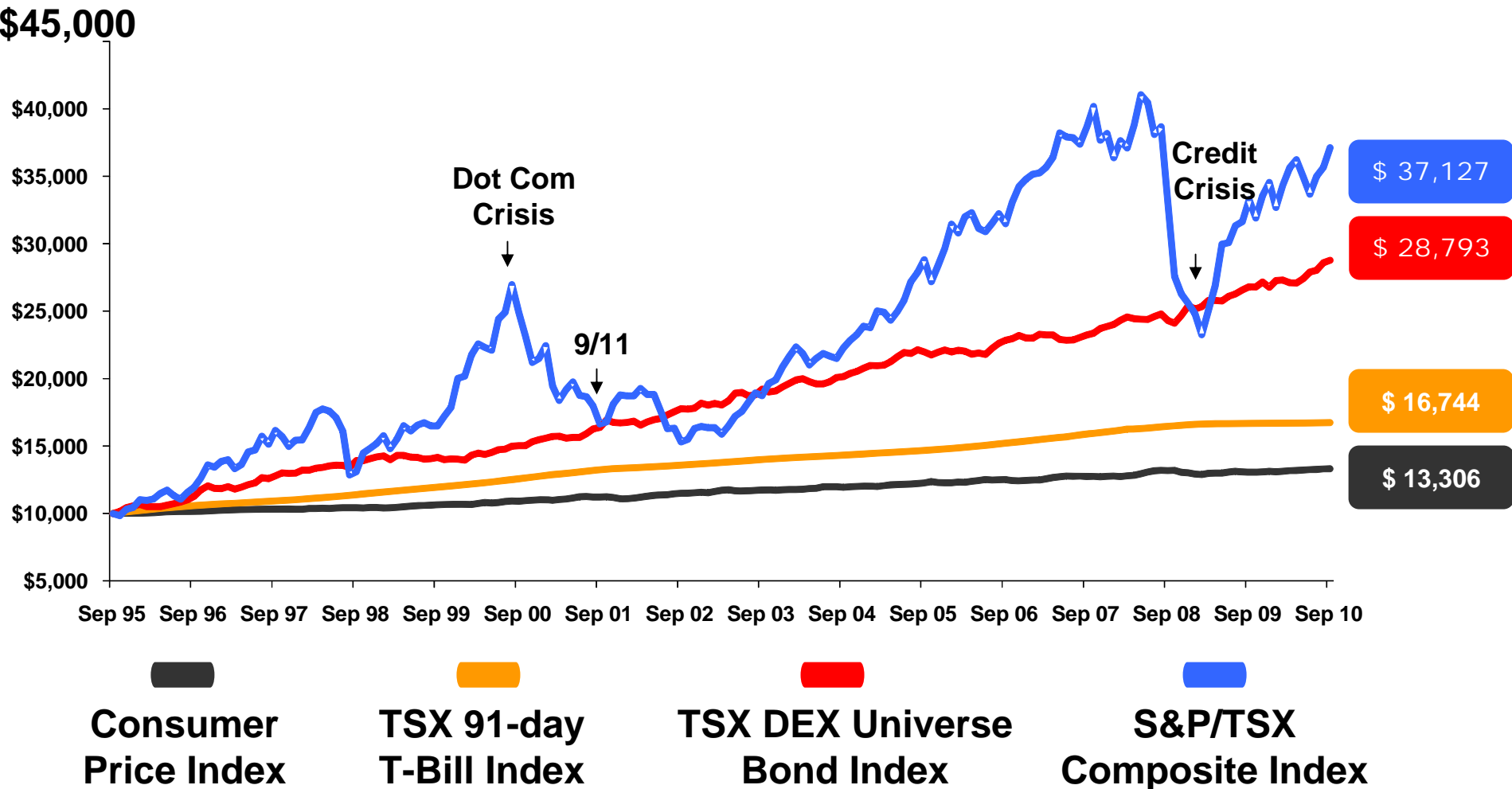
100%

Your retirement lifestyle will change

- Retirement lifestyle will be impacted by:
 - Age / health / life events
- Income requirements will be impacted also



Challenge #1- Market roller coaster



Challenge # 2 - Outliving your savings



65

Retirement



91

**50% chance
one spouse will
live to age 91**

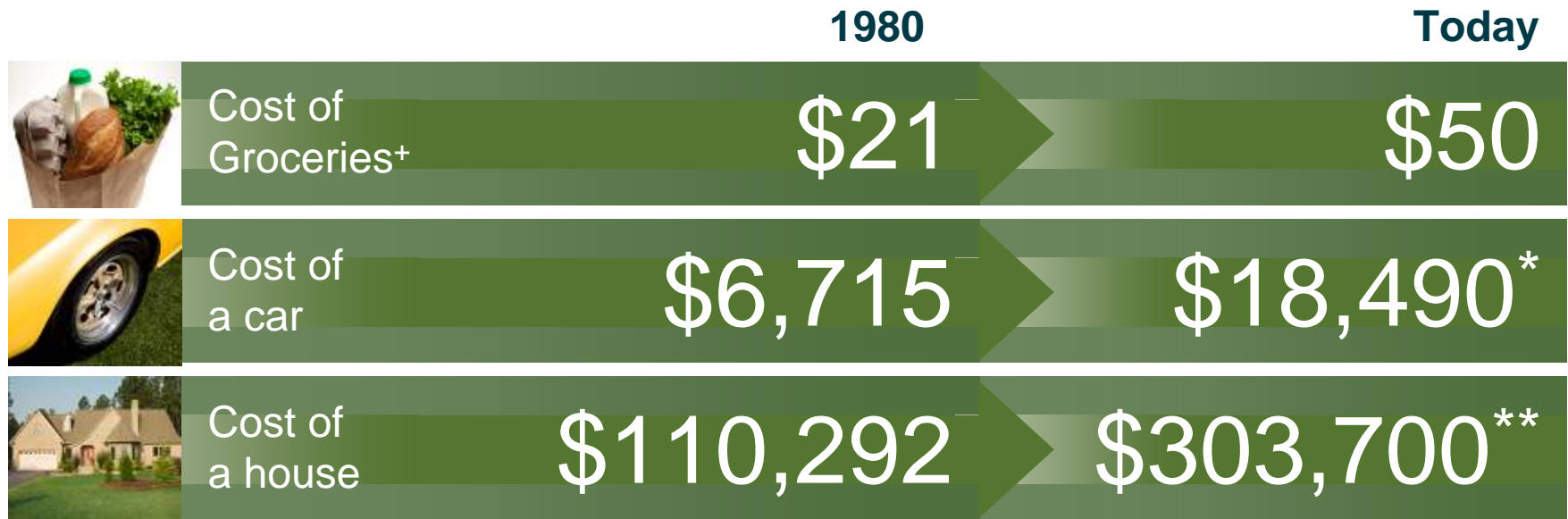


95

**25% chance
one spouse
will live to
age 95**

Source: Canadian Institute of Actuaries – 1994 Uninsured Pensioner Mortality Table Projected to 2020.

Challenge #3 - Your money losing value



+ Inflation impact of the cost of groceries is measured by the CPI sub-index for food purchased from stores; inflation impact on the cost of a car and house is based on the aggregate CPI. Data source: Statistics Canada

* Canadian MSRP for a 2010 Honda Civic Sedan DX with air conditioning

** Average price for a detached bungalow in Canada, as at September 30, 2009



My money*

Savings to Retirement Income Phase

Shifting objectives...

Savings Phase:

- Maximize savings
- Maximize returns

Primary consideration:

- Take necessary steps to grow a large enough nest egg to fund retirement

Retirement income phase:

- Manage risks

Primary consideration:

- Ensure investments last “a lifetime”

Financial Challenges

Savings Phase

- **The market roller coaster**
- **Outliving your savings**
- **Your money losing value**

Retirement Income Phase

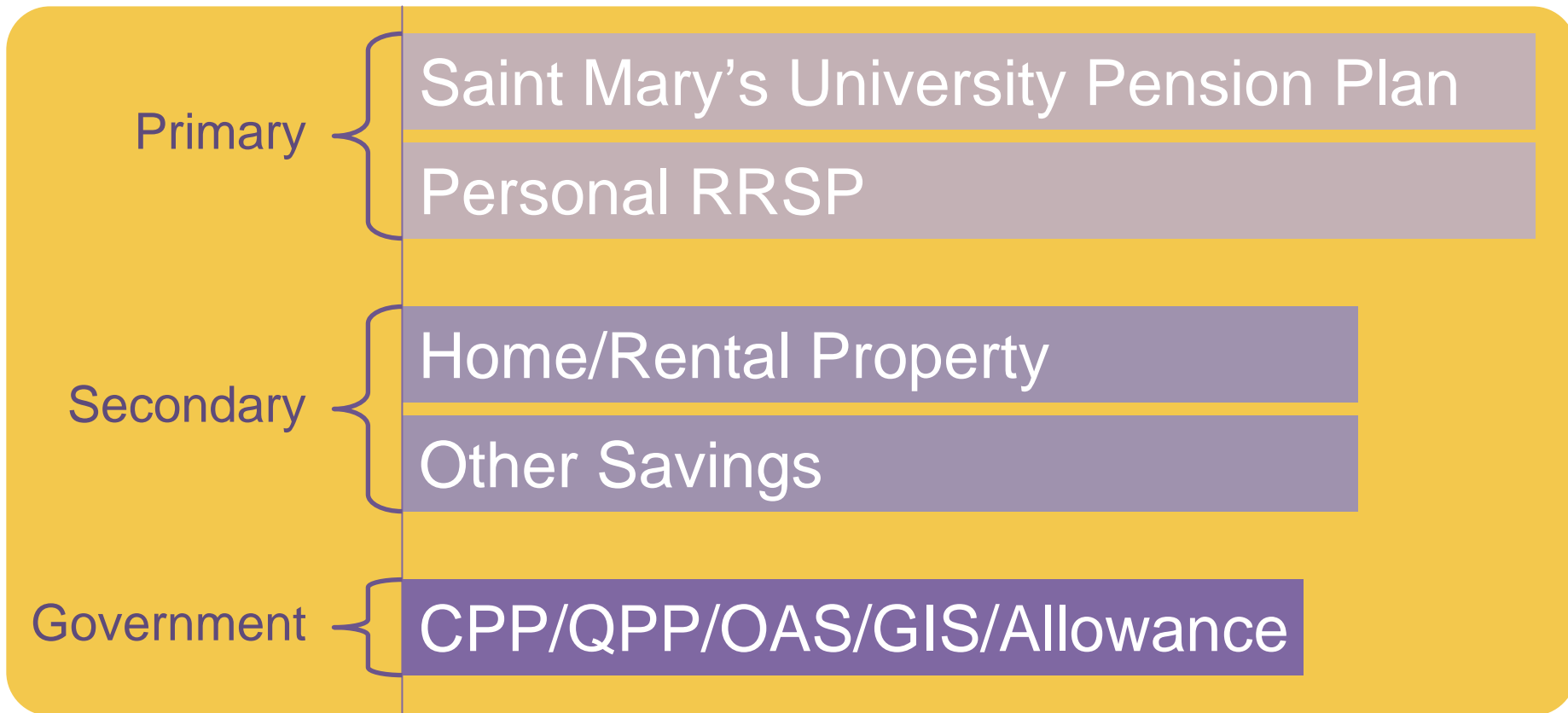
- **The market roller coaster**
- **Outliving your savings**
- **Your money losing value**



My money*

Retirement Income

Where will my retirement money come from?



Government Retirement Programs

Government Programs

1. Canada Pension Plan
2. Old Age Security
3. Guaranteed Income Supplement
4. Survivor Benefits (Allowance)

For more information

- CPP/OAS/GIS/Allowance - 800-277-9914 or www.servicecanada.gc.ca

How much might I get from the government?

2011	CPP	OAS
Maximum Monthly	\$960.00/mth (\$11,520/yr)	\$524.23/mth (\$6,291/yr)
Survivor Benefit	\$576.00/mth (\$6,912/yr)	
Average	\$504.50/mth (\$6,054/yr)	\$490.47/mth (\$5,886/yr)

Retirement Savings Products

1. **Your university plan**
 - **Defined Contribution Pension Plan (DCPP)**
2. **Other plans you have contributed to or benefit from**
 - **Registered Retirement Savings Plan (RRSP)**
 - **Deferred Profit Sharing Plan (DPSP)**

Note: These asset accumulation vehicles are in addition to any **defined benefit pension** you may be entitled to.

Retirement income options for DCPPs, RRSPs and DPSPs

Annuities

**Life Income Funds
(LIF)
Registered
Retirement
Income Funds
(RRIF)**

**Guaranteed
Minimum
Withdrawal
Benefit
(GMWB)**

Annuities - Overview

- Purchased using DCP, RRSP, and DPSP assets
- Series of future payments in exchange for a lump sum today
- Annuity continues for your entire life
- Irrevocable once purchased
- Sensitive to interest rates at time of purchase
- Once the owner of the annuity (who is called the beneficiary) passes on, payments will cease under most circumstances
- Does not require active management
- Is not affected by financial markets

Annuities – Optional Features

- **Joint life or last survivor** - Includes your spouse and only ends once the last person dies
- **Guarantee period** - The length of time that the annuity payment is guaranteed to be paid to your estate
- **Inflation protection** – Increases each year by inflation to protect your purchasing power throughout retirement

Life Income Fund (LIF) - Overview

- Purchased using DCPP and Locked-In RRSP assets
- Money in a LIF continues to grow tax deferred as long as there is money in the plan
- Money can be invested in various options (e.g. mutual funds, stocks, bonds, GICs)
- Begin to draw a retirement income from the account
 - Annual minimum amount applies (from Income Tax Act)
 - Annual maximum amount applies (from Pension Acts)

Life Income Fund (LIF) - Features

- A beneficiary can be designated
- Upon death, the balance of your account is transferred to your beneficiary on a non-locked in basis
- An annuity can be purchased at any time

Registered Retirement Income Fund (RRIF)- Overview

- Purchased using RRSP and DPSP assets
- Money in a RRIF continues to grow tax deferred as long as there is money in the plan
- Money can be invested in various options (eg. mutual funds, stocks, bonds, GICs)
- Begin to draw a retirement income from the account
 - Annual minimum amount applies (from Income Tax Act)
 - Annual maximum **does not apply!**



Registered Retirement Income Fund (RRIF)- Features

- Can close anytime and take cash (less tax)
- A beneficiary can be designated
- An annuity can be purchased at any time

Guaranteed Minimum Withdrawal Benefit

Savings Phase

Retirement Income Phase

**Savings protected
from market volatility**

**Stable and predictable
income for life**

Guaranteed Minimum Withdrawal Benefit (GMWB)

About GMWB products

- Insurance feature to be added to retirement savings plans
- Annual income guarantee feature
 - Registered Retirement Savings Plan (RRSP)
 - Defined Contribution Pension Plan (DCPP)
 - Deferred Profit Sharing Plan (DPSP)
 - Registered Income Plans (RRIF/LIF)
- Provide a predictable retirement income stream
 - future retirees will know they'll receive at least certain amounts of income each year (subject to legislative maximums)
- Protect against market risks – sequence of returns, volatility
- Potential for loved ones to receive an inheritance

Typical features of GMWB products

- Guaranteed payment formulas
- Automatic resets – allow account holder to participate in market gains
- Wide range of investment choices
- Possibility of no waiting period to activate income feature
- Any remaining assets in GMWB paid to member's estate or beneficiary upon death
- Distinctive fee structure

What are my options for retirement income?

	ANNUITY	LIF/RRIF	GMWB
RETIREMENT INCOME	Guaranteed for life	Not guaranteed for life	Guaranteed for life
INVESTMENT CHOICE	None	Yes	Yes
MARKET RISK	None	Some	Varies
INFLATION RISK	Varies	Some	Varies
DEATH BENEFIT	Varies	Market Value	Market Value

“End Game”

- Not end ... but new beginning
- Keys to success
 - Knowing your needs
 - Understanding your risks
 - Selecting your options

**MOST IMPORTANTLY
PLAN YOUR “END GAME” !!**