

Weathering 2011's Storm of Volatile Markets

2011 delivered many ups and downs in the various equity and bond markets around the world. While 2011 started on a high note in the equity markets, many global factors have led to the declines that have existed in the market, including the social turmoil in the Middle East, the very tragic earthquake in Japan, European sovereign debt issues and the U.S. debt ceiling debate. All have helped to create the concern and market weakness that is presently being experienced.

Interest rates are lower than they have ever been in the U.S. The hope was that this would encourage businesses to hire, borrow or make capital investments to kick-start a sluggish economy, but this hasn't materialized. The Federal Reserve System, which is the central banking system in the United States, has left interest rates at between 0 and 0.25 per cent and will be very unlikely to raise them for another year or so.

Canada's economy is very much linked to the global markets and as such, The Bank of Canada has kept interest rates on hold during the year and we are not expecting another increase until mid-2012 or after.

The first two quarters of 2011 were marked by reduced volatility and gradual increases in stock prices with small bumps along the way. Then it all changed in late July. In the weeks between July 18 and August 8, the U.S. markets lost nearly 20 per cent of their value, reminding us of the dark days of late 2008 and early 2009. Much of the concern has been around the debt ceiling debate in U.S. politics, which created political gridlock and led Standard & Poor's to downgrade its credit rating on U.S. government debt from AAA to AA+. In Europe, countries such as Portugal, Italy, Ireland, Greece and Spain have been dealing with recessions, persistent unemployment, excess spending and soaring debt costs.

Continued concerns about the U.S. and European sovereign debt crises took centre stage in the third quarter of 2011, and have sent fear to levels not seen since 2008. In Canada, the energy and materials sectors, which make up a significant portion of the Canadian markets, led the decline of the Canadian stock market in the third quarter. Although slowness in the world economy contributed to this, panic selling by investors has also contributed.

Many analysts believe that the U.S. will avoid a double-dip recession, although slow economic growth and limited improvement in the unemployment rate gives many the impression that the U.S. economy is already in a recession. As a result, volatility in the markets is likely to continue in the short to medium term.

There are no easy solutions to the current political and financial uncertainty and storm clouds are still visible on the horizon for many countries. However, as we have seen in the past, attractive long-term investment opportunities can often emerge from market volatility and fear for the patient investor.

While awareness of what is happening in the markets is important, if you have chosen a well thought out and balanced approach to your investments, based on your investor profile, you are likely riding through this volatility without making any changes to your investments. At least annually, you should review your portfolio and your risk profile to ensure both are in line. Take a look at your investments and if they were chosen because they would serve you well over time, then you are likely still positioned for growth in your plan over the long term. If you feel you need to make changes, you can do so online through your web account.

Your contributions through payroll deduction help counteract the effects of volatile markets. If markets are down, you actually acquire more units for your same contribution dollar as compared to when prices are higher. When the price increases in value, so will the overall balance of your retirement plan and you will have extra gains on the units you purchased while they were cheaper or 'on sale'.

Saving through your group retirement plan is still a great opportunity to accumulate savings for retirement. A balanced approach with a buy and hold strategy may serve you best over the long term and help you achieve your retirement goals. As always, if you are uncomfortable making investment decisions, we suggest you speak with a qualified and trusted financial planner.

RRSP *Tax Receipts*

Tax receipts for Group Retirement Savings Plan (RRSP) will be mailed:

- By mid-January 2012 (for contributions received March 2-December 31, 2011)
- Early March (for contributions received the first 60 days of 2012)

Group Registered Pension Plan contribution information (required to complete your Personal Tax Return) can be found on the T4 slip issued by your employer.

Have you checked us out lately?

We are very pleased to introduce our enhanced web-based Education Centre for group plan members.

Educating plan members about their retirement options is an integral part of Retirement Services' strategy for success. CUMIS consistently earns high marks from our clients for education delivery and support tools... and our services just got better.

The enhanced Education Centre includes a variety of relevant and informative topics and tools to assist you in meeting your savings goals. Categories under our Education Centre include:

Retirement Planning

- jump start your plan by learning the basics, in-depth and hot topics, such as:
 - How Much do I Need to Save?
 - Monitoring your Retirement Plan; and
 - Demystifying Legislative Terms and Regulations

Investment Planning

- provides tools to guide you through the basics of investing and help you determine your investor profile by utilizing the online tool called **Life Events Planner**

Group Plan Advantages

- important benefits of your employer group plan

Newsletters

- archive copies of our Retirement Watch newsletters

Forms

- all the helpful forms you will need to administer your plan, your way. From redirecting your contributions to transferring your registered plans to your CUMIS group account



The screenshot shows the Retirement Services Education Centre website. The header includes the title "Retirement Services Education Centre" and a navigation menu with links for Home, Retirement Planning, Investment Planning, Group Plan Advantages, Newsletters, Forms, Presentations, Tools and Calculators, Glossary, Helpful Links, and FAQ. The main content area is titled "Presentations" and features a list of topics with brief descriptions: "Retirement Planning - Where to Begin?", "What Kind of Investor are You?", "Are You Looking For A 'Hands-Off' Approach To Investing?", "Member Services & Next Steps", and "Leaving Your Employer?". A disclaimer at the bottom states that the presentations provide general information and should not be considered tax, investment, legal, or insurance planning advice.

NEW – Presentations

- divided into various topics, such as:
 - where to begin when planning for retirement
 - your investor profile
 - our member services and contact information
- each topic includes voice-over slides, which vary in length from three to seven minutes and you can start and stop at any point in the presentation.

Our familiar retirement planning tools and forms, including the Investor Profile Questionnaires are located in the Education Centre under *Tools and Calculators*.

To access the Education Centre, you will need your personal web account number and password. Please call Retirement Services at 1.800.263.9120 between 8am and 8pm EST during business days if you need assistance with your login account and password information.



At CUMIS Retirement Services, we welcome your feedback and are happy to answer any questions you may have.
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