

Retirement Services

Your Guide to Saving & Investing



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Saving for Retirement Your Way

Welcome and congratulations on becoming a member of your company's group retirement or savings plan. Because your employer places a high value on your future financial security, you now have an excellent foundation on which to build your retirement dream.

It's important to start planning for retirement now. By saving your hard-earned dollars today, you'll be on the road to achieving financial freedom during retirement. Your employer has given you an excellent opportunity to plan and save for your future.

But saving is only one part of the equation. Selecting and monitoring your investments is also a crucial element of a successful retirement strategy. That's where we can help you. We are here to help you understand investing strategies for your retirement.

This guide is designed to help you learn about the steps you need to plan and save for your retirement.

These steps are:

- Determining the amount of money you need to save before retirement
- Establishing a personal investment mix
- Monitoring your investment plan on an ongoing basis to help achieve your goals

While this guide is not intended to take the place of professional advice, you can use it as a starting point as you build your investment plan and save for retirement. Remember that your individual needs and circumstances may not be completely addressed by the information contained in this guide. On a regular basis, consider discussing your financial future with a qualified professional advisor.

Happy Saving!



It's important to
start planning for
retirement now.



Advantages of your Group Plan

Contributions are tax deductible and instant:

If you are contributing to a registered plan by payroll deductions, you can arrange with your employer to have the contributions invested on a before-tax basis (for example, the contribution amount will be deducted from your gross pay before tax is calculated). This will allow you to receive immediate tax relief, so you don't have to wait until you file your tax return to receive a tax benefit. Payroll deduction also provides the benefits of dollar cost averaging, a concept that will be explained later in this guide.

Low minimum contribution: As you know, the sooner you start saving and the more often you save, the better. Time works in your advantage. That's why we have low minimum contribution amounts. You should, of course, set goals and save as much as you can, but starting is the key! Paying yourself first through payroll deductions is an easy, painless way to save conveniently and quickly.

Professional investment management: The investment funds available through your plan are managed by experienced, professional investment managers. They understand the markets, they do the research and they manage the bonds and stocks so you don't have to. Some of the managers are only available through a group plan arrangement like yours.

Strength in numbers: Interest rates and investment management fees are based on the combined purchasing power of your group plan. You are ensured competitive rates and, likely, better rates than purchasing alone. And, because

we purchase investments directly from the fund companies, there are no sales commissions (also called loads) on these transactions. These benefits are passed directly to you and can have an impressive impact on your long-term growth.

No fees to transfer between funds: You can transfer between funds at any time without fees. If you sell a Guaranteed Interest Account investment prior to maturity, or transfer out of the Retirement Security Fund, a market-value adjustment may apply.

Other benefits: You can name a beneficiary to receive your group plan assets in the event of your death. This provides for the assets to pass directly to your beneficiary, thus by-passing the probate process and fees that might otherwise apply.

Group plans may offer creditor protection. This means that your group plan assets may be protected by anyone bringing a legal claim against you for money you owe them. Business owners, entrepreneurs, professionals or others who have concerns about their personal liability might welcome the creditor protection offered by a group plan contract.

Access at any time: You have 24-hour access to your group plan account through our secure web services. After you enroll in the plan, you will receive a letter outlining how to use our web services. Your password is mailed separately. You'll receive statements at least annually depending on your plan and you have access to our customer contact centre.



How Much Will I Need?

As a general rule, you need between 50% and 80% of your annual pre-retirement income (before taxes) to maintain your current standard of living during retirement.

Canadians are retiring earlier and living longer. In fact, Statistics Canada estimates the average Canadian will spend about 25% of his or her lifetime in retirement. How much money will you need to save so you can enjoy a retirement lifestyle of your choosing? That will depend on how much money you estimate you will need to live on each year in retirement. As a general rule, you may need between 50% and 80% of your annual pre-retirement income (before taxes) to maintain your standard of living in retirement.

Therefore, you need to save enough money during your working years to build a “pot of money” that will create an annual income stream in retirement.

You are more likely to achieve your preferred retirement lifestyle if you take the time to set your goals, make a plan and commit to your plan. Before you can determine how much extra you need to save, you need to consider the sources of income that will be available to you in retirement.

Three possible sources of retirement income are:

- Government plans including the Canada/Quebec Pension Plan (C/QPP) and Old Age Security (OAS);
- Company plans such as your Retirement Savings Plan;
- Personal savings including your Registered Retirement Savings Plans (RRSPs), Tax-Free Savings Accounts (TFSAs), and other non-registered personal investments.

Let’s have a look at each of these.



Sources of Retirement Income

Government Plans

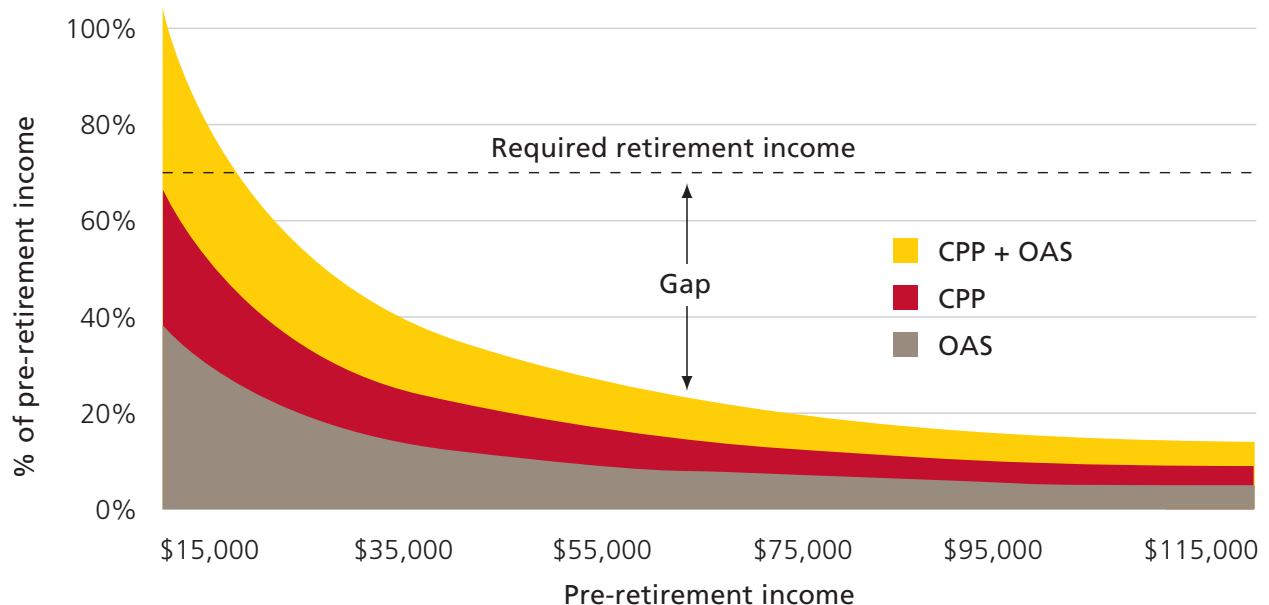
There are two primary programs that provide income benefits to Canadians. The first is the Old Age Security (OAS) program, which provides a monthly benefit payment to most Canadians 65 years of age who meet the Canadian legal status.

The benefits are subject to certain residency requirements and higher income pensioners also repay part or all of their benefit through the tax system. The OAS program also supports lower income retirees through a Guaranteed Income Supplement (GIS) and Allowance (formerly called a Spousal Allowance) program. OAS pensions are taxable, and the OAS program is financed from government general tax revenues.

The second program is the Canada/Quebec Pension Plan (C/QPP). This program provides benefits based on the number of years you have worked in Canada prior to retirement and the amounts you have contributed to the plan over those years. CPP benefits are also taxable and you may apply as early as age 60.

So what do you need to know about these government plans? In your planning for retirement, you need to decide how much income from these plans will support your retirement goals. Statistics Canada studies have shown that government plans provide less than 40% of an average retiree's income. You might consider using a conservative estimate (between 25% and 35%) when calculating how much these programs will support your retirement income.

Government Plans May Not Be Enough





The growth of your investments will have a significant impact on the “pot of money” that will accumulate.

Company Plans

A second source of retirement income is your company plan(s). Your employer has given you a great advantage by setting up a retirement plan. It will be a key component of your retirement income. According to Statistics Canada, about 60% of Canadians do not even have an employer-sponsored retirement program.

The two kinds of company plans are Defined Benefit Plans and Defined Contribution Plans.

Your plan is a Defined Contribution Plan and is one of the following types:

- Registered Pension Plan (RPP);
- Group Retirement Savings Plan (Group RSP);
- Deferred Profit Sharing Plan.

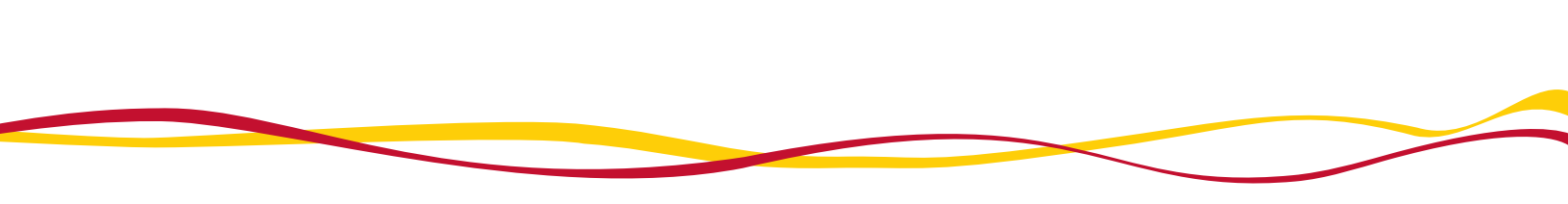
In a Defined Contribution arrangement, the “pot of money” available to you at retirement is comprised of two elements – the contributions you and your employer make to the plan and the investment growth on those contributions. Along with government benefits and other personal savings, this “pot of money” will be used to provide your annual retirement income.

The number of years until your retirement and the growth of your investments will have a significant impact on the “pot of money” that will accumulate. We will talk more about this later. For now, make sure you understand the plans that you belong to and the benefits that they are providing.

Personal Savings

A third possible source of income that you can draw on in retirement is your personal savings. These include registered (also called tax-assisted) savings and non-registered savings.

Registered savings are accumulated in a Registered Retirement Savings Plan (RRSP). Under an RRSP, your personal contributions accumulate interest, or investment income, on a tax-deferred basis until you make withdrawals. There are limits to the amount you can contribute to an RRSP. Your contribution room becomes smaller as contributions are made to other company-sponsored registered plans including the ones mentioned earlier. Each year, the government, through the Canada Revenue Agency (CRA), will calculate your personal RRSP contribution limit and advise you through your Notice of Assessment, which you receive after you file your annual income tax return.



Tax-Free Savings Accounts (TFSA) were introduced in 2009 to all Canadians over 18 years of age. Here is how a TFSA works:

- Investment income and capital gains earned in your TFSA will not be taxed, even when withdrawn.
- Unused TFSA contribution room can be carried forward to future years.
- Unlike an RRSP, any money contributed to your TFSA will not be tax deductible.
- Funds can be withdrawn from your TFSA at any time for any purpose.
- Amounts withdrawn from a TFSA can be re-contributed in the following or any future year.
- Contributions to a spouse's or common-law partner's TFSA are allowed and TFSA assets can be transferred to a spouse or common-law partner upon death without tax implications.
- When you file your tax return each year, the government will determine your remaining available TFSA contribution limit for the coming year.
- You can have more than one TFSA and you can also have TFSA with more than one financial institution. But you will need to keep track of how much you have contributed so you don't exceed your limit.
- There is no maximum age limit to contribute to a TFSA unlike the RRSP which has a limit of 71 years of age.
- You don't have to pay any tax on money you take out of your TFSA and withdrawals don't affect your ability to qualify for Federal benefits like the Child Tax Benefit, Guaranteed Income Supplement, Old Age Security benefits, Age Credit, or Goods and Services Tax Credit – so you are not “penalized” for saving.

Tax-Free Saving Accounts should be viewed as a complement to your group registered retirement plans and also as another vehicle for tax-favoured retirement savings.

Take it to the Limit!

Please visit our online Education Centre for current calendar year maximums for registered plans and TFSAs.

Non-Registered savings include all other forms of savings. These are not usually tax-deferred and include such things as bank accounts, investment accounts (stocks and bonds), and rental properties. Your employer may also have a group non-registered savings plan setup for your use.

Now that you have an understanding of where your sources of income may come from in retirement, we can focus on your company's plan and determine how much you need to save and how to invest to achieve that goal.

How Much Do I Need to Save?

Earlier, we talked about setting a retirement income goal of between 50% and 80% of your pre-retirement income. When you are estimating your future income needs, you can't forget about the impact of inflation. Inflation decreases the purchasing power of your money over time. For instance, something that costs you \$100 today will cost you \$242 in 30 years if the inflation rate averages 3.0% over that time. To help avoid the pitfalls of inflation, plan your strategy by following the steps in this guide.

Although inflation may be working against you, you also have the power of compounding working for you.

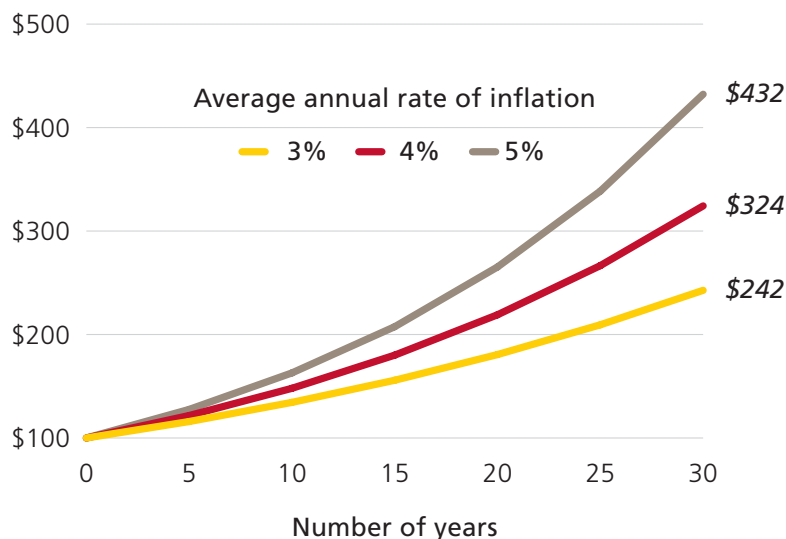
As the value of your plan investments grows over the long term, earnings are reinvested and generate more earnings. Your retirement plan adopts a "snowball effect" by earning income on a bigger and bigger pot of money. See the section on "Smart Planning Tips" for more information on the effects of compounding.

So, we are back to the question of how much to save to achieve your retirement income goals. The amount you need to save depends on a number of things: your age, years to retirement, current annual income, your retirement goals and how much you've saved for retirement already. To calculate that answer, use our Retirement Worksheet, refer to the Retirement Your Way Worksheet that was included in your participant kit.

Don't have time to complete the worksheet? No problem. You can come back to the worksheet or speak with your investment advisor when time permits. The most important thing is to start saving now.

Continue on to the next section so that you can get enrolled in the plan.

The Impact of Inflation on \$100





Establishing a Personal Investment Mix

Every retirement plan is unique even for those with the same goals. Your personal preferences and needs determine how you get there and it's important to choose the combination of funds that best suit you. Determining your personal investment mix is the next step in creating your retirement savings strategy. In your group plan, you have several different investment funds to choose from. Selecting the ones most appropriate for you is important as the returns from those selections will have a significant impact on the "pot of money" available to you at retirement. To guide you through the steps required to select your investments, follow these steps:

- Learn the basics of investments;
- Understand the benefits of diversification;
- Complete your investor profile;
- Select your investments.

The Basics of Investments

With so many different types of investments available, it can be difficult to choose which ones are right for you. Fortunately, your plan has narrowed the options to a select group of investment alternatives suitable for your saving needs. However, it is still important that you understand the basics. Further down is a description of the general types of investment products. When you read the descriptions, you will find that "risk" is mentioned frequently.

What is risk?

Risk is the potential that your investments will lose money or will not grow fast enough to meet the savings targets that you expect. Volatility is the most commonly known investment risk factor and is most widely associated with market-based funds. These investments carry no guarantees and have unit prices that fluctuate according to the market. Volatility is a measure of these fluctuations.

Risk and return generally move hand-in-hand. The lower the risk, the lower the potential return. Likewise, as you take on more risk, the potential for higher returns is greater. The amount of risk you want to take on is a personal decision and will vary depending on your own circumstances. Selecting investments that match your comfort level with risk is critical in building an effective retirement savings plan. If you're the type of person who loses sleep worrying about your investments, you might want to consider a more conservative portfolio. If you have the patience to weather the market's ups and downs, you may have a greater tolerance for risk.

Throughout our material, risk and volatility are defined on a scale of low, medium, high and very high.

Your willingness to accept risk will likely change over time. Every 12 to 18 months, you should reexamine your comfort level with risk and re-shape your portfolio as required.

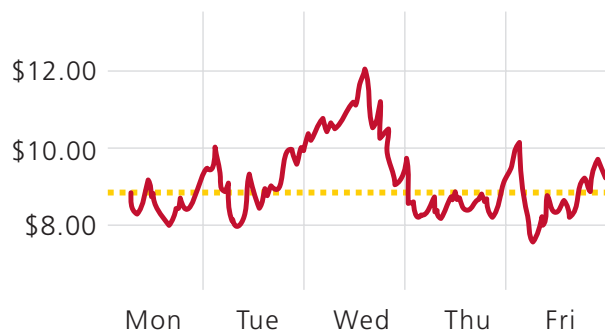
There are many types of risk. They include: capital, inflation, credit, interest rate, liquidity, currency and foreign market risk.

Balance Your Risk

There is risk associated with every investment decision. You need to determine which type of risk you are most comfortable with. Stocks are more volatile, but they offer more protection from long-term inflation risk. Guaranteed investments eliminate short-term volatility, but they carry an interest rate risk and may not provide the higher returns you need to achieve your long-term retirement goals.

Here is a description of the types of available investments. Investment choices will vary by the type of plan you have.

Unit Value



(Graph is an example only, and not representative of a specific fund's unit values.)

Guaranteed Products

Guaranteed Interest Accounts (GIAs) are the insurance company equivalent to Guaranteed Investment Certificates (GICs) found at banks or credit unions. You can choose to invest from time periods of one, three or five years. As investments mature at the end of their term, they are re-invested back into the same term at the new interest rate or invested according to the instructions you provide us.

GIAs are redeemable prior to maturity, but a market-value adjustment will occur. This means that the amount available to you may be adjusted upward or downward to reflect the current market for interest rates of similar terms as compared to the original interest rate.

The volatility level of guaranteed products is low.



Money Market Funds

Money market funds invest in short-term interest bearing investments such as Treasury bills, commercial paper and short-term government bonds. They offer a high degree of safety but the potential return is lower, usually not much higher than the inflation rate. While the risk is low, money market funds, like all market-based investment funds, are not guaranteed. Rapid increases in interest rates could decrease the value of the fund. Use this type of fund if you want short-term liquidity and low risk for your investments. Investors often choose to “park” their money in a money market fund while deciding where to invest for the long term.

The volatility level of money market funds is low.

Bond Funds

Bond funds, also called fixed-income funds, are designed to generate a steady stream of income in combination with the safety of the face value. The fund invests in debt securities issued by governments and corporations.

Bonds can be categorized in three ways:

- 1) Short-term: matures in less than 1 year;
- 2) Medium-term: a term of 2–10 years;
- 3) Long-term: a term of more than 10 years.

It is important to note that bond funds do fluctuate in value. Generally speaking, when interest rates go up, bond funds go down. Naturally, the reverse is also true. Therefore, bond funds can potentially provide negative returns. Their degree of volatility is related to how much interest rates move up or down. When you invest in a bond fund, instead of buying just one bond you have the advantage of buying a portion of a collection of different bonds, which are bought and sold by experts who manage the fund to maximize its return for investors.

Ratings are a critical consideration when a fund manager invests in bonds. Ratings provide a picture of the issuing company’s or government’s ability to repay the debt. Bonds rated AAA are the highest quality, while bonds rated BB and below are considered speculative or “junk bonds”.

The volatility level of bond funds is medium.

Canadian Equity Funds

In a Canadian Equity Fund, the fund manager invests primarily in the common shares of publicly traded companies. Equity funds tend to outperform money market and bond funds over the long term. However, this higher potential for returns is offset by a higher degree of risk. Prices of equity funds tend to fluctuate more widely than money market or bond funds and are therefore considered more risky.

The primary objective of equity funds is to provide growth through capital gains and dividend income.

Some Canadian Equity Funds will also invest in foreign equities depending on the strategy of the fund.

Equity fund managers use different methods, called management styles, to manage their funds. Some invest in the biggest companies, often referred to as “blue-chip” companies, while others are willing to invest in smaller, growing companies in the hopes of better returns. You should review the management style of a fund to ensure it matches your tolerance for risk.

Fund manager style is discussed in section called “Making Sense of Fund Manager Style”. The volatility level of Canadian equity funds is high. For Canadian equity funds that invest primarily in small capitalization funds, the volatility level is very high.

Dividend Funds

Dividend funds invest in preferred shares as well as high-quality, blue-chip common shares that have a history of consistently paying dividends. Dividend funds are historically considered riskier than bond funds, but less risky than pure equity funds. The income from dividends is currently taxed at a better rate than straight interest income. This tax advantage is not important while you are saving in a registered savings or pension plan as income

Stock	Ticker	Vol	Bid or High	Bid or Low	Last Price	Change
MCM p	MUH	10	15.75	15.20	15.20	0.00
MDCA f	MDZ	56	6.70	5.50	5.50	-1.20
MDp w b	MDP	25	.17	.15	.15	-.02
MDS Inc	MDS	1012	23.40	21.05	22.73	-1.67
MDSI	MMD	18	4.76	4.47	4.75	0.28
MEC Hldg	MEH	12	8.80	6.50	6.50	-2.30
MFP Fin	MFP	22	6.45	6.00	6.00	-.45
MKS Inc	MKX	228	.89	.69	.75	-.14
Maaax	MXA	279	21.00	19.25	21.00	1.75
Mcdonald	MDA	71	24.01	21.50	24.00	2.50
Macknz I	MCI	4	5.45	4.01	4.01	-1.44
Macro Gro	MYO	5	2.05	2.05	2.05	0.00
Mad Catz o	MCZ	55	1.50	1.50	1.50	0.00
Mison P	MPC	1	1.01	1.01	1.01	0.00
MLC	MAL	192	6.40	6.40	6.40	0.00
Magnif	MAG	59	29.00	28.00	29.00	1.00
Magna Ap	MTG	171	3.00	2.60	2.60	-.40
Magnifom	MGN	2	2.10	1.97	2.10	0.13
Magnofa	MFE	124	.42	.26	.35	-.07
Mainfrme	MEQ	4	4.15	4.00	4.00	-.15
Mainstre						

grows tax-deferred, but will be important if you are saving in a non-registered plan.

The volatility level for dividend funds is medium to high.

Foreign Equity Funds

Foreign equity funds invest in common shares of non-Canadian companies. Canada represents about 4% of the world’s equity markets so, it’s wise to think about diversifying outside the Canadian marketplace to take advantage of investment cycles in foreign markets.

Global equity funds can invest anywhere in the world, including Canada. International funds typically invest outside of North America. Some funds are specific to the country or region they invest in such as a U.S. Equity Fund.

The primary objective of equity funds is to provide growth through capital gains and dividend income. Equity funds tend to outperform money market and bond funds over the long term. However, this higher potential for returns is offset by a higher degree of risk. Prices of equity funds tend to fluctuate more widely than money market or bond funds and are therefore considered more risky.

The volatility level for foreign equity funds is high to very high.

Balanced Funds

Balanced Funds, also known as Diversified Funds, invest in a mix of stocks and bonds. The main investment objective of these funds is to provide a balanced mixture of safety, income and capital appreciation. The fund manager will hold a portfolio of bonds for stability and income, and a diversified group of common stocks for diversification, dividend income and growth potential. Managers adjust the percentage of each part of the portfolio in accordance with current market conditions and future expectations. The benefit of a balanced fund is that it provides diversification by investing in both bonds and stocks. If either stocks or bonds perform poorly, your risk is reduced as the stronger performer may offset the poorer investment.

The volatility level for balanced funds is medium to high.

Asset Allocation Funds

Asset Allocation Programs are a lot like Balanced Funds. They invest in a mixture of stocks and bonds and go one step further by looking at your individual risk tolerance. To participate in an Asset Allocation Program, you complete an Investor Profile Questionnaire that directs you to the proper fund to invest in. The most appropriate fund is the one that has the asset mix that matches your investor personality and tolerance for risk.

The asset and fund mix that is most appropriate for you is sometimes called your “target mix.” Asset allocation programs offer the advantage of automatic re-balancing. This means that as stocks and bonds grow at different rates, and your personal asset mix therefore changes, your portfolio is automatically adjusted to bring you back to your target asset mix. If you are looking to take a “hands-off ” approach to investing

and letting someone assist you with asset class selection, fund manager selection, and monitoring, then this product may be right for you.

The volatility level for asset allocation funds will vary based on the fund selected (from low to very high).

Target Date Funds

Target Date Funds are also known as Life Path, Life Cycle or Life Plan Funds. They are a lot like Balanced Funds and are designed for investors who want to take a “hands-off” approach to investing. The funds invest in a mixture of stocks and bonds that change over time based on the length of time to your anticipated retirement date.

There is no investor profile questionnaire to complete. To participate in a Target Date Program, you simply identify the year you expect to retire and select the fund that is closest to that year. For example, an investor who is 39 years old in 2017 and wants to retire at age 60 has a long term horizon before retirement. Her expected retirement date is the year 2038, she would either pick 2035 or 2040 Fund as her investment mandate. The further out the retirement date, the more equity the fund holds and therefore the higher risk. By way of contrast, investors who are within two years of retiring would select the Retiree fund as their investment mandate. As the retirement date approaches, the fund manager automatically makes the fund less risky by investing in more conservative investments. The main objective is to reduce portfolio risk as the individual’s investment time horizon shortens.

The volatility for Target Date Funds will vary based on the fund selected (from low to very high).



Making Sense of Fund Manager Style

Fund managers use a variety of investment philosophies, or styles, to invest. This is what makes them unique. The success of any one investment style varies from year to year. It is difficult to predict which style will be the “winning style” with the best returns in the coming years. Here is a description of the most common investment styles used by fund managers. Use this information to help you understand how a fund manager invests:

Value: a value manager looks for under-priced stocks. That is, the stocks are inexpensive based on a review of the company’s strengths and future outlook. Success is determined if the stock rises in price to its estimated value or potential.

Growth: a growth manager looks for stocks that will continue to grow at current levels due to high earnings growth. The price of the stock may already be high, but is expected to grow even higher. Success is determined if the growth company continues to grow profitably and the stock price rises as a result.

Growth at a Reasonable Price (GARP): a GARP manager looks for stocks that are the best of both value and growth styles. They want value stocks with strong growth potential, but are not too expensive relative to their potential.

Index: a manager that follows an index strategy is following a passive style. The manager simply buys and sells stocks or bonds to match the holdings of an index such as the S&P/TSX Composite Index. The performance of an index fund should be similar to the performance of an index, less the cost of running the fund (the management fee). Index funds tend to have lower management fees.

Large, Medium and Small Cap: any of the above management styles may also concentrate on large, medium or small “cap” funds. “Cap” is short for capitalization and indicates the size of a company based on the number of shares issued and the current price. Large cap companies are large companies and have more stability. Small cap companies are smaller and are more volatile. Over the long-term, the returns of small cap companies may outperform large cap companies, but the risk and volatility is much greater along the way. Smaller companies are also at higher risk of financial problems during bad economic times.

Specialty: a specialty manager concentrates on one sector of the economy (such as technology or health care) or one region of the world (such as Emerging Markets). Specialty funds tend to be more volatile because of this concentration.



Diversification and Asset Allocation

We're all familiar with the phrase "Don't put all your eggs in one basket". This philosophy is particularly important when it comes to investing.

We've talked about the different asset classes and fund styles available to you. We also know that asset classes and funds perform differently at any given time. Bonds have historically done well when interest rates are falling and inflation is low. When interest rates are low, stocks are usually thriving. By spreading your investments among a variety of asset alternatives, you can reduce the effect of any one negative result on your whole portfolio. You end up with lower overall investment risk. This is called diversifying your portfolio by asset class or asset allocation.

Put diversification and asset allocation to work for you. Use some of these techniques to diversify:

- Complete the Investor Profile Questionnaire found in your participant kit to determine your investment personality and tolerance for risk. This will guide you to an appropriate mix of assets to invest in;
- Review and select different types of investments within an asset class. For example, for Canadian Equities, look at both Value and Growth managers, or pick one manager that provides expertise in both investment styles;
- Ensure you take advantage of opportunities outside of Canada by investing in foreign managed funds;
- If you wish to be a "hands-off " investor, then asset allocation, target date or balanced funds may be suitable for you.

The Investments Available to You

We've talked about investments in general and the advantages of investment diversification. You can now review the specific investments available to you in your plan. In your participant kit and on the web, there are Fund Fact Sheets. These sheets provide you with information on each fund's investment objective, strategy, top holdings, historical returns, risk levels and other facts. Before selecting a fund, ensure you understand the characteristics of a fund and that it corresponds to the risk level you are willing to take on.

You may wish to consult with your own financial or investment adviser for your personal investment strategy.

Now It's Time

Armed with the knowledge of the investments available to you, you can complete the Investor Profile Questionnaire and select the funds most appropriate for your personal investment strategy.



Monitoring Your Personal Plan

Congratulations. You have now created a personalized investment mix by picking the asset classes and funds that are right for you. Now it's time to switch into monitoring mode. You have many tools available to assist you in monitoring your investments. Through the web, on your statements and by calling our contact centre are three ways to keep on top on your plan. Each of these options is outlined in your participant kit.

It's important that you review your investment strategy at least once per year to ensure your goals are on track.

Investments may not work as planned (or may work better than planned) and your personal circumstances may change altering your tolerance for risk.

Investment Changes Over Time

You took time to ensure you had the right percentages in the right funds, but as markets change, so will your percentages. As the percentages change in each fund, they may no longer match the risk profile that you were striving for. You then have to "re-balance," or bring your target fund mix back in line with your original objectives. For instance, let's say you had a target fund mix that was 30% Canadian Equities, 20% in Foreign Equities and 50% Bonds. A year later, you found that the mix had changed because Canadian Equities and Foreign Equities had performed better than Bonds. Your fund mix is now 40% Canadian Equities, 25% Foreign Equities and 35% Bonds. You will want to bring this fund mix back in line with your target mix. To do this, you would sell (make an inter-fund transfer), 10% of your Canadian Equities, 5% of your Foreign Equities and buy 15% Bonds.

This process of "selling high and buying low" will generally bring your mix back to the target levels (for asset allocation and balanced funds, this is automatically done for you, although some balanced funds may allow a certain target mix "drift" based on forecasts for the various asset classes).

Personal Circumstances

As you get closer to time when your savings will be turned into a retirement income stream, your willingness to accept higher risk, and the potential for short-term loss, may change. You may want to look at more conservative investments. Take the time to review the Investor Profile Questionnaire you completed to check if your tolerance for risk has changed. If so, you can follow the same "sell high and buy low" strategy to rebalance your fund mix.

Remember Your Long-term Perspective

Financial markets are unpredictable in the short term and may rise and fall on very short notice. Look at all the reasons why a fund makes sense for you. Generally, over time most well-managed investment funds will rise in value.

More Smart Planning Tips

Save Early and Often – Compounding Explained

Although it's never too late to start saving for the future, there is a great advantage to start saving as soon as you can. The magic of compounding will help your "earlier" dollars grow faster. The earlier you start saving, the less you may need to save. This is because the earlier you start, the more time there is to earn more money on the money you already have invested. Have a look at the following chart as an example.

Starting Early Pays Off Later

You could have \$100,408 more simply by starting to save \$150 a month now rather than waiting for 15 years.

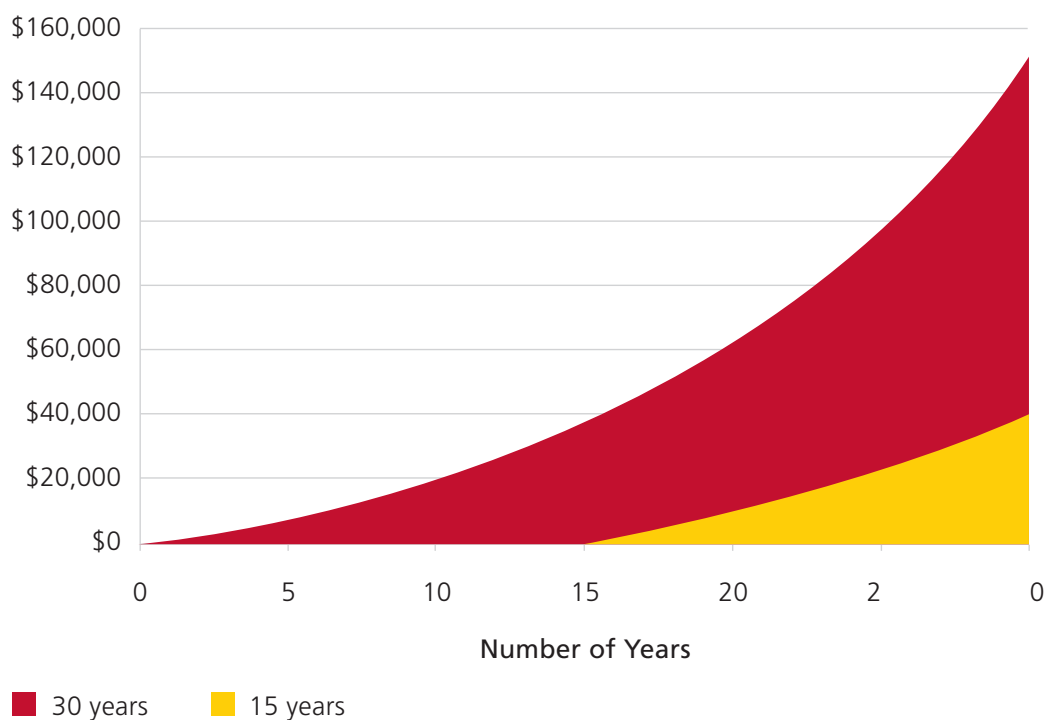
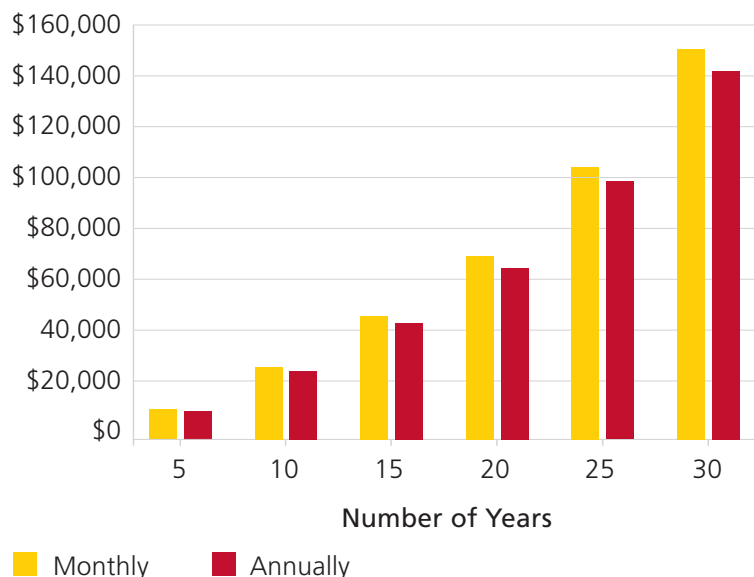


Chart compares saving \$150/month for 15 years versus 30 years at an average annual rate of return of 6%.

It's also an advantage to save often. By contributing monthly instead of annually, you will also enjoy the compounding effect of growth. Have a look at the following graph that shows the difference of contributing \$1,800 once a year, vs. spreading that same amount over a 12-month period.

Save Monthly Instead of Annually – The Rewards Can Be Significant

You could have \$8,372 more after 30 years of saving \$150/month rather than making a lump-sum contribution of \$1,800 at the end of each year.



By saving often, you can also enjoy the benefits of dollar-cost averaging. Dollar-cost averaging is an excellent investment strategy to minimize volatility and maximize returns. By purchasing the same dollar amount of investments on a regular basis, you buy more units when prices are low. If the market goes up, you'll have more units increasing in value.

Chart compares saving \$150/month vs. \$1,800/year for 30 years at an average annual rate of return of 6%.

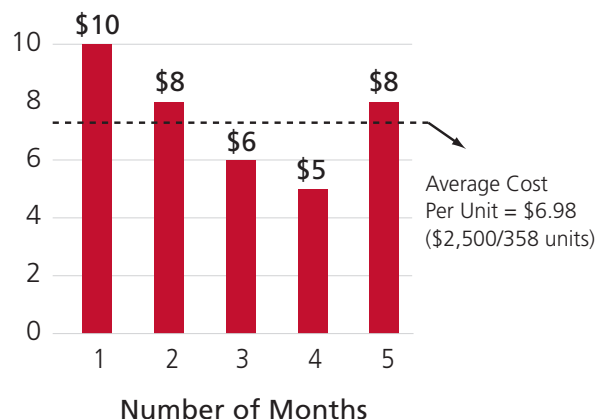
Similarly, when prices are high, your dollar amount will buy fewer units. If the market goes down, you'll have fewer units decreasing in value. Overall, you'll reduce your average cost per unit over the long term. This strategy works whether the market is going up, down or bouncing up and down!

How it Works:

Suppose you invest \$500 per month in Investment A, which fluctuates in price during a five-month investment period. Your regular investment of \$500 per month purchased fewer units when the price of Investment A was high and more units when the price was low. As a result, your total investment of \$2,500 over the five-month period purchased 358 units with an average cost of \$6.98 per unit.

An automatic investment plan such as your group retirement plan lets you take advantage of dollar-cost averaging and effectively navigate volatile markets.

Price Per Unit of Investment A



Make the Most of Tax Sheltering

Tax-sheltered plans, like your retirement savings plan, are a great advantage when it comes to tax savings.

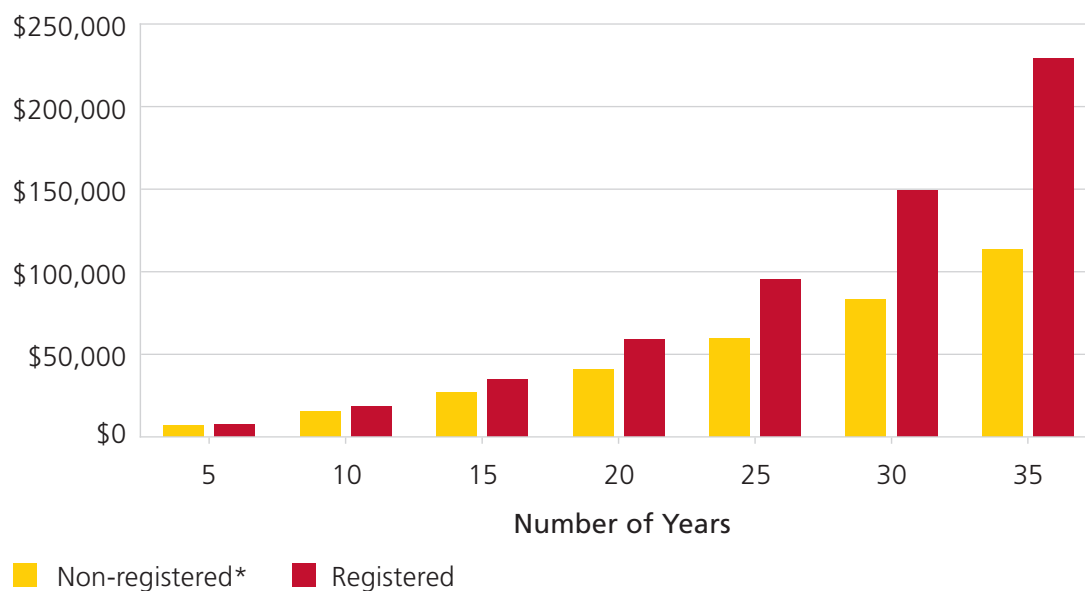
Here are the benefits of investing in a tax-assisted plan:

- Your contributions are tax deductible, within limits set by the Income Tax Act.
- The contributions and all investment earnings grow tax-deferred until you withdraw them.

During your accumulation years, this tax advantage can have a significant impact on the value of the “pot of money” you are growing, especially with the benefit of compounding.

Grow Your Savings Faster Through Tax Sheltering

Monthly contributions of \$150 from age 30 to 65 (Growth at an average annual rate of 6%)



*Tax rate assumed at 37.5%

Enjoy the Road to Retirement

The information contained in this guide, together with the help of your retirement plan provider, will help you make informed decisions about your retirement plan investments. On a regular basis consider discussing your financial future with a qualified professional advisor.

You're officially on the road to retirement – enjoy the ride!



Frequently Asked Questions

Which funds should I select?

This is one of the most important questions to consider when investing for your retirement. There is no one right answer as personal circumstances and your tolerance for risk will determine the most appropriate options. Your first step is to understand the investment alternatives available to you. Then, complete the Investor Profile Questionnaire. This will guide you to a target asset mix. You can then research the guaranteed and market-based fund options available to you and select your asset mix.

What is the minimum investment required for each fund?

No less than 5% of your regular contributions may be directed to any one fund. For BLK index funds, a minimum of \$25 is required.

How do I sign up?

Simply complete the Enrollment Form and Group Plan Payroll Deduction Authorization form (if applicable) and submit it to your Plan Administrator.

What is an asset mix election?

An asset mix election is the instruction you provide CUMIS Life Insurance Company on how to invest the money you are contributing to the plan. It is fund specific, so you need to clearly identify the investment option and the percentage of your contributions.

How do I change my asset mix election for new contributions?

You can do this by submitting an Investment Change for Future Contributions form or providing your new instruction through our website. When you make a change to your investment election, you are changing the instructions we have on file for new contributions only. If you want to transfer your current investments from one investment option to another, please see the next question.

How do I transfer money between investment options?

You can do this by submitting an Interfund Transfer Request form or inputting your transfer request on our website. When you make a transfer among funds, you are only affecting your current investments. Transfer requests are processed as received, subject to cut-off times and volumes. If you want to also change the instructions we have on file for your new contributions, please see the previous question.

How many interfund transfers am I allowed per year?

All transactions are monitored. If interfund transfers become frequent, then we may limit your transactions or charge you for each interfund transfer. Your plan may also have an interfund transfer limit per year.



How do I transfer my registered account(s) from another financial institution to CUMIS?

You may transfer funds from any registered plan to your CUMIS group plan at any time. You may want to do this to benefit from the group rates. It may also be an advantage to you to consolidate your investments in one place so you are not managing several accounts. In your participant kit, there is a form called Transfer Authorization for Registered Investments. Use this form to indicate where your registered assets are coming from. Send the completed and signed form to the financial institution holding your registered assets so that they can transfer your money directly to your CUMIS account (no tax consequences). CUMIS Life Insurance Company will not charge you for this transfer, but the transferring organization may charge you a termination or surrender fee. Transfers from previous employers' pension plans are also acceptable (under certain circumstances).

Can I open a Spousal Registered Retirement Savings account?

Yes, if your plan sponsor allows spousal RRSPs. A Spousal RRSP is a registered plan that you establish in your spouse's name. Setting up a Spousal RRSP gives you a tax break and allows you to split your income at retirement with your spouse. This has the potential to save you taxes if you or your spouse are in a lower tax bracket as a result of the split income. Remember that your spouse is the owner of the account so he/she must complete and sign the forms. The form you require is a Group RSP Enrollment Form. Your spouse is the "annuitant" and you are considered the "contributor" of the plan. Also remember that contributions to your Spousal RRSP are counted against your RRSP contribution room.

Where do I find my RRSP limits?

Canada Revenue Agency (CRA) limits the amount you can contribute to a registered plan each year. To find your limit, you can check your Notice of Assessment that CRA sends you after you have filed your tax return. Look for the field that says, "RRSP deduction limit." Or, you can call CRA's Tax Information Phone Service (T.I.P.S.) at 1-800-267-6999. Have a copy of your last tax return or Notice of Assessment available before you call.

How do I monitor my investments?

You have many tools available to you to assist you in monitoring your investments. Through the web, on your statements and by calling our contact centre are three ways to keep on top of your plan.

What happens if I leave my employer?

You have many options available to you whether you are leaving your firm during your working career or retiring. We are here to help you. Call our Client Service Centre at 1-800-263-9120 during business days between 8am to 8pm EST and we will outline the available options for you. You may also email us at rps@cumis.com.



Employee Service Hotline

For enquiries concerning:

- Plan Administration
- Investment Options
- Retirement Quotations
- Fund Balances
- Member Statements

Call 1.800.263.9120 Monday-Friday (8am-8pm ET)

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