



CLIENT RISKS

- Fear
- Over reaction
- Market timing
- Debt



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DEBT: THE FINAL TABOO

“...many in the middle class spend more than they earn, **mortgaging their future to sustain their current consumption.**”

Internal Conservative government report, Oct 2013 Employment and Social Development Canada

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PLANNING OPPORTUNITIES

4/10 Canadians know amount of future retirement income

- Twice as many >@45 vs. <@45
- 61% of high income vs. 28% of middle income

• Among affluent Boomers **75%** have no formal, written retirement plan for guidance

- Even though predict significant income declines and expect no decline in standard of living

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"PLANNERS MUST RE-TOOL FOR RETIRING BOOMERS."
DAVID FOOT

15 Million Boomers in Canada

>50% of all spending

>75% of all savings

Average net worth 3x that of younger groups

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CONVENTIONAL THINKING AND APPROACHES

- Projecting retirement income
- Rates of return
- 70% rule
- 4% rule
- Dollar cost averaging
- Dividend investing
- Various income sources to take/defer
- Making retirement income last
- And the list goes on.....

Caution! May contain nuts

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ACCUMULATION
DIFFERENT FROM
DECUMULATION

ACCUMULATING MONEY – 3 THINGS YOU NEED



Focus and control?

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MORE ON RATE OF RETURN

The biggest number?

- Generally: bigger number → bigger risk
- Gross, after tax, reportable, most probable, predictable?
- Match needs to plans
- Document



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RATE OF RETURN AND IMPACT ON ACCUMULATION VS. WITHDRAWAL

	Year: 1 2 3 4 5 6 7 8 9 10										Average Return	Acc. Value
A	7	7	7	7	7	7	7	7	7	7	7%	\$196,715
B	9.4	14	13	23	-4	10	-1	21	-4	-7	7%	\$196,715
C	-7	-4	21	-1	10	-4	23	13	14	9.4	7%	\$196,715

Assuming: \$100,000 deposit for accumulation comparison
 \$100,000 starting balance for withdrawals
 \$7,000 annual withdrawal for withdrawal comparison

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LONGEVITY: EXPECT TO LIVE LONGER, HEALTHIER LIVES IN RETIREMENT

The probability of a relatively healthy 65-year-old living to:

Age	Male	Female
70	93%	96%
80	71%	81%
90	33%	44%
95	16%	23%

*Source – Annuity 2000 Mortality Table, Society of Actuaries

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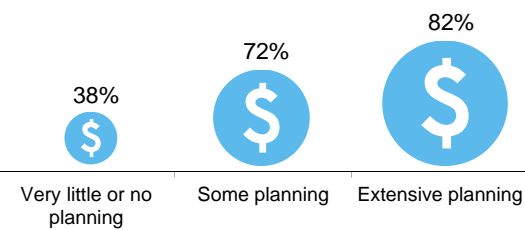
HOW MUCH IS ENOUGH?

- The number
- Income focused
- The missing link



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RETIREMENT PLANNING INCREASES LIKELIHOOD RETIREES DETERMINED FUTURE INCOME



Source: Decisions, Decisions... and Retirement is a BIG One!
LIMRA, Aug. 2007

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FINANCIAL PLANNING

- The first important step in financial planning is to determine your goals

What is important to you?

- ? Safety of capital
- ? Need for regular income
- ? Minimizing taxes
- ? Making sure you don't outlive your income
- ? Leaving an estate for your heirs
- ? Accumulating more wealth

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GLOSSARY NEWER ENTRIES

- Decumulation
- The Sandwich generation
- FinSurance: **products as hybrids of investment and insurance vehicles**
- The "R" word
- Longevity insurance: **guarding against risk of running out of savings**

Source: Morningstar Investment Conference, 2006

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LISTEN FOR CLIENT CONCERNS

- Liquidity
- Capital Preservation
- Guarantees
- Control
- Legacies



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REDEFINING RISK TOLERANCE

- Review fundamentals
- What's the real risk tolerance?
- Positive vs. negative volatility
- **Stress test** definition and level
 - Most clients have lower thresholds than they let on
- Proper diversification
- Real meaning of risk
- Match plan to experience
- Monitor solution against plan

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DOLLAR COST AVERAGING

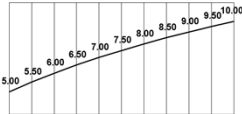
- Accumulation phase vs. Decumulation phase
- What we think we know and what happens next



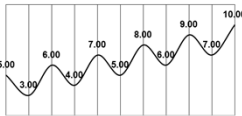
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1. Ever increasing pattern



3. Down and up pattern



2. Below and return to original price

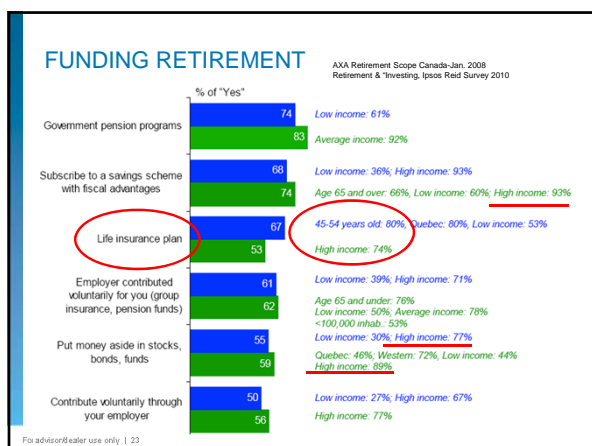


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INTUITION, ATTRACTION
AND WHAT WORKS

ACCUMULATION VS.
DECUMULATION



ISSUES AND CONSIDERATIONS

- Don't need income from all sources right away
- What to defer?
 - RRSP? LIRA? OAS? CPP? Non registered monies?

Use least flexible income sources early

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WILL YOU HAVE A SECURE RETIREMENT?

- Planning: one of most important challenges facing Canadians
- Increased lifespan + shorter work period = longer retirement
- Many without pension plans
- Future of government programs??
- Importance of taking personal responsibility never higher

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WHAT SHOULD I INVEST IN?

- Depends on investment goals and risk tolerance
- Funds with consistent, solid rate of return over long-term
- Product solutions with:
 - Downside protection
 - Downside recapture
- Income and estate advantaged products
- Tax advantaged solutions
- Use plain language!!!



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WHAT PRODUCT TO PICK

- It depends
- No one size fits all product solution
- No one product solution fits all situations



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WHAT CUSTOMERS WANT


- **Steady, guaranteed (retirement) income**
 - #1 customer concern going into retirement...
 - security of income
 - Establishing personal pensions:
- **Downside protection:** CDIC, Assuris, principal protection, gains protection
 - Near the top...
- **Legacies vs. liabilities**
 - Contingency planning solutions



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CONCLUSIONS

- Position as “**retirement income**” planners
 - Balance previous “**transactional**” focus with holistic “**consultative**” approach
- Pre-retirees/ Retirees need expertise and advice



RETIREMENT INCOME PLANNING

- One time where people need **specific** advice
- Not **prescriptive** advice
- This is **complicated** stuff
- Needs to be addressed in a **comprehensive** way
- Still many **misconceptions**




THE OPPORTUNITY

63% of pre-retirees and **69%** of retirees with **detailed retirement income plans** were “**very satisfied**” with their advisers.

“**very satisfied**” clients and **asset consolidation** with their primary adviser:

Pre-retirees **72%** Retirees **81%** of assets

Source: Fidelity Advisor Survey of Investors at Retirement, Investment News 2011



ADVISOR'S PRIMARY RESPONSIBILITY

- Provide meaningful, actionable advice
- Protect downside of client's plans and portfolios
- Portfolios not one big block
 - Different purposes, needs, dreams, expectations
- Engaged planning process



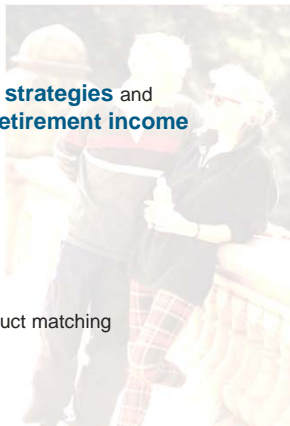
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OBJECTIVES

- **combine** different wealth **strategies** and **solutions** for **various retirement income and estate needs**

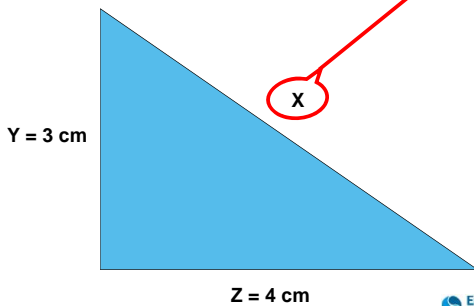
- Show advantages of:
 - guarantees*
 - tax-efficiency
 - product allocation
 - effective needs to product matching
- Address family objectives



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*Only available on certain Empire Life Insurance products

FIND X




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RETIREMENT INCOME PLANNING POINTS

The myth of “One”

- Retirement phases and stages
- Orderly disassembly
- Flexibility with balance
- Match cash flows with income flows
- Finances in retirement more complex
 - uncertainty
- Retirement income planning  working life planning

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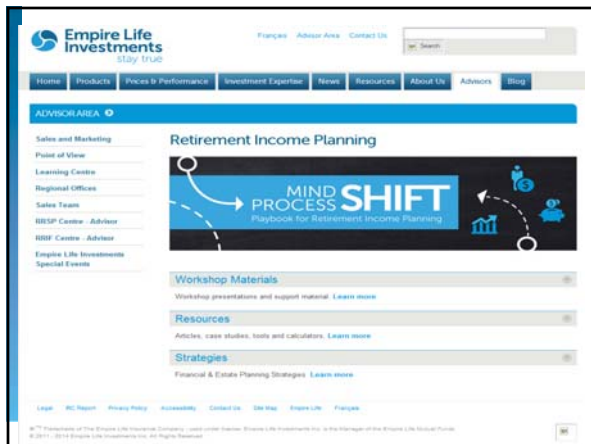



COMPREHENSIVE RETIREMENT INCOME PLANNING PROCESS AND SUPPORT

- Introductory seminars
- Preparatory sessions
- 8 step process
- All day workshops
- Case study seminars
- Resource library of forms, tools and targeted retirement planning information
- Accredited
- **Selective, proprietary, special**

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WORKSHOP MATERIALS

- Workshop Materials
- Mind Shift Process Shift
- Caution! May Contain Nuts
- Retirement Income Planning Playbook
- Case Studies
- Webinars
- CE accredited

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RESOURCES

Articles & Case Studies

- Initiative Newsletters
- STEPUP Newsletters
- Case in Point examples
- Tools and Calculators
- Services Canada Tools & Calculators

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STRATEGIES

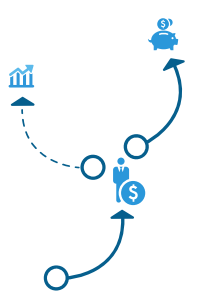
- **Insured Annuity**
 - Corporate and Individual
- **Legacy Builder**
 - Corporate and Individual
- **Insured Retirement**
- **RRSP Freeze/Meltdown**
- **Generating Income**
 - Series T Mutual Funds
 - Systematic Withdrawals
 - Guaranteed Withdrawal
 - Annuities

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ROLE OF ADVISORS

- Strip away confusion
- Focus on key benefits
- Balance details with information overload
- Ensure informed decisions




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MIND
PROCESS SHIFT

Retirement Income Planning



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Mind Shift Process Shift
Retirement Income Planning

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QUESTION &
ANSWER PERIOD

30 MINUTES