Harvest Your Savings

Retirement income options using your SFU Group LIF/RRIF
Agenda

1. Your retirement income needs
2. Where will your retirement money come from?
3. Retirement accounts and products
4. Sun Life Financial’s retirement services
Income at retirement
What percentage of your working income will you need at retirement?

"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 expenses in your retirement years

Stay the same
- Groceries
- Property taxes
- Homeowner’s Insurance
- Utility bills
- Rent

Decrease
- Mortgage
- Cost of Education
- Work-related expenses
- Personal Taxes
- Downsize home
- No RRSP Contributions

Increase
- Drug Costs
- Dental Care
- Hobbies
- Entertainment
- Travel
- Elder or dependent care
Determining your retirement income needs

- Use the **Annual Expenses Worksheet** to help you determine your needs
- Adjust this to reflect your needs AND wants at retirement
- Remember to include the effects of inflation
How will life expectancy impact my savings?
## Life expectancy

### Life expectancy at birth

<table>
<thead>
<tr>
<th>Year Born</th>
<th>Males</th>
<th>Females</th>
</tr>
</thead>
<tbody>
<tr>
<td>1921</td>
<td>59</td>
<td>61</td>
</tr>
<tr>
<td>1985</td>
<td>73</td>
<td>80</td>
</tr>
<tr>
<td>2007</td>
<td>78</td>
<td>83</td>
</tr>
</tbody>
</table>

### Life expectancy at age 65

<table>
<thead>
<tr>
<th>Age 65 in</th>
<th>Males</th>
<th>Females</th>
</tr>
</thead>
<tbody>
<tr>
<td>1921</td>
<td>78</td>
<td>79</td>
</tr>
<tr>
<td>1985</td>
<td>80</td>
<td>84</td>
</tr>
<tr>
<td>2007</td>
<td>83</td>
<td>86</td>
</tr>
</tbody>
</table>

Sources: Statistics Canada, CANSIM tables 102-0511, 102-0025 and Catalogue no. 84-537-XIE.

Sources: Statistics Canada, CANSIM tables 102-0511, 102-0025 and Health Canada, Canada’s Seniors
Earlier and active in retirement

<table>
<thead>
<tr>
<th>Year</th>
<th>Avg Age of Cdn Retirees**</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>64.5</td>
</tr>
<tr>
<td>2009</td>
<td>61.9</td>
</tr>
</tbody>
</table>

Average 63 year old can live free of activity limitation until*

<table>
<thead>
<tr>
<th></th>
<th>Males (Years)</th>
<th>Females (Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>75</td>
<td>78</td>
</tr>
</tbody>
</table>

** Statistics Canada CANSIM II SERIES V2342630

What does all of this mean?

On Average:

- You’re going to **live longer** than previous generations
- You’re going to **have a longer retirement** (retire early, and live longer)
- You’re going to spend more of those years with your **quality of life unchanged** until your mid to late 70’s
- **More retirement savings needed to sustain you in retirement**
Government Retirement Programs
Where will my retirement money come from?

Primary
- SFU Retirement Program
- Personal RRSP

Secondary
- Home/Rental Property
- Other Savings

Government
- CPP/QPP/OAS/GIS/Allowance

For more information
CPP/OAS/GIS/Allowance - 800-277-9914 or www.servicecanada.gc.ca
QPP - 800 463-5185 or www.rrq.gouv.qc.ca
Canada Pension Plan (CPP) - Overview

- Designed to replace 25% of the earnings on which you contributed over your working life
- Retirement pension paid to people who are at least 60 years of age
  - Conditions apply in order to draw an early pension
  - Pension is reduced if taken before age 65 and increased if taken after age 65
- Need to apply (6 months in advance)
Changes are being phased in over the next 5 years. If you were on CPP pension before Dec 31, 2010, you are not affected.

From 2011 to 2013, the Government of Canada will gradually increase the delayed pension enhancement percentage from 0.5% per month (6% per year) to 0.7% per month (8.4% per year). This means that, by 2013, if you start receiving your CPP pension at the age of 70, your pension amount will be 42% more than it would have been if you had taken it at 65.
From 2012 to 2016, the Government will gradually change the early pension reduction from 0.5% to 0.6% per month. This means that, by 2016, if you start receiving your CPP pension at the age of 60, your pension amount will be 36% less than it would have been if you had taken it at 65.

If you are under 65 and are collecting CPP and are employed, you and your employer will have to continue to make mandatory contributions. If you are over 65, you will be able to opt out of making contributions.
Old Age Security (OAS) - Overview

- Payable to anyone who has lived in Canada for a minimum of 10 years between the age of 18 and 65
- Maximum pension paid if you lived in Canada for more than 40 years between the age of 18 and 65
- Eligible at age 65 (must apply)
- Clawback provisions exist based on your other income
If your net income is above $67,668 there is an OAS clawback (repayment) to part or all of your OAS payments.

Full OAS is eliminated when your net income is $109,607 or above.
How much might I get from the government?

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CPP/QPP</td>
</tr>
<tr>
<td>Maximum Monthly</td>
<td>$960.00/mth ($11,520/yr)</td>
</tr>
<tr>
<td>Survivor Benefit</td>
<td>$576.00/mth ($6,912/yr)</td>
</tr>
<tr>
<td>Average</td>
<td>$504.50/mth ($6,054/yr)</td>
</tr>
</tbody>
</table>
Retirement income options
Simon Fraser University offers the following plans to employees

- Defined Contribution Pension Plan
- Registered Retirement Savings Plan
- Tax Free Savings Plan
Retirement income options for your SFU DCPP

- Annuity
- Life Income Fund (LIF)
Retirement income options for your SFU DCPP

- Annuity
- Life Income Fund (LIF)
Annuity - Overview

- Series of future payments in exchange for a lump sum today
- Irrevocable once purchased
- Sensitive to interest rates at time of purchase
- Once your beneficiary passes on, payments will cease under most circumstances
- Does not require active management
- Is not affected by financial markets
Annuity - Features

- **Life annuity** - Annuity continues for your entire life
- **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

Call the SLF Customer Care Centre for a quote
## What’s $100K worth?

<table>
<thead>
<tr>
<th>Guaranteed</th>
<th>None</th>
<th>5 years</th>
<th>10 years</th>
<th>15 years</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Male, aged 65</strong></td>
<td>$665</td>
<td>$658</td>
<td>$636</td>
<td>$605</td>
</tr>
<tr>
<td><strong>Female, aged 65</strong></td>
<td>$609</td>
<td>$605</td>
<td>$592</td>
<td>$572</td>
</tr>
</tbody>
</table>

*These rates are shown for illustration purposes. They are subject to change without notice and current as of the time of writing.*
# What’s $100K worth?

Joint life annuity – **Male** aged 65 with **Female** spouse aged 65

<table>
<thead>
<tr>
<th></th>
<th>None</th>
<th>5 years</th>
<th>10 years</th>
<th>15 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>60%</td>
<td>$582</td>
<td>$580</td>
<td>$572</td>
<td>$559</td>
</tr>
<tr>
<td>100%</td>
<td>$537</td>
<td>$537</td>
<td>$536</td>
<td>$533</td>
</tr>
</tbody>
</table>

Joint life annuity – **Female** aged 65 with **Male** spouse aged 65

<table>
<thead>
<tr>
<th></th>
<th>None</th>
<th>5 years</th>
<th>10 years</th>
<th>15 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>60%</td>
<td>$564</td>
<td>$552</td>
<td>$547</td>
<td>$539</td>
</tr>
<tr>
<td>100%</td>
<td>$537</td>
<td>$537</td>
<td>$536</td>
<td>$533</td>
</tr>
</tbody>
</table>

*These rates are shown for illustration purposes. They are subject to change without notice and current as of the time of writing.*
Retirement income options for your SFU DCPP

Annuity

Life Income Fund (LIF)
Life Income Fund (LIF) - Overview

- 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 locked-in basis
- An annuity can be purchased at any time

Call the **Client Solutions Centre** at 866-224-3906 to understand your options
Retirement income options for your SFU RRSP

Annuity

Registered Retirement Income Fund (RRIF)
Registered Retirement Income Fund (RRIF) - Overview

- 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 (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 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

Call the **Customer Solutions Centre** at 866-224-3906 to understand your options
How Sun Life Financial can help in retirement
The **SFU** Group LIF and Group RRIF

- Due to your participation in your group plan, you can join the SFU Group LIF or Group RRIF

- Benefits:
  - **Investment fees are** substantially lower than retail products (like you’re used to with your current group plan)
  - Same great investment options
  - Continued access to the Customer Care Centre and Plan Member website
  - Fees: $40 annual fee
Benefits of your plan

- Company contributions
- Low management fees
- No fees to transfer between funds
- Instant tax savings
- Convenient payroll deduction
- Free guidance and support
One of the greatest benefits of transferring your retirement savings into a LIF or RRIF through the SFU plan is the low fund management fees you pay for your investment funds. You’ll pay fund management fees that are significantly lower than those you would pay as an individual investor at a mutual fund company or other financial institution. That’s the benefit of belonging to a group plan—more bargaining power than you would have on your own. That fee difference can have a large impact on the growth of your retirement income.
## Fee advantages

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>FMF Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market</td>
<td>.30%</td>
</tr>
<tr>
<td>Bond/Fixed Income</td>
<td>.35% - .55%</td>
</tr>
<tr>
<td>Balanced</td>
<td>.35% - 1.19%</td>
</tr>
<tr>
<td>Canadian Equity</td>
<td>.24% - 1.19%</td>
</tr>
<tr>
<td>U.S Equity</td>
<td>.25% - 1.02%</td>
</tr>
<tr>
<td>International Equity</td>
<td>.60% - 1.59%</td>
</tr>
<tr>
<td>Global Equity</td>
<td>.33% - 1.19%</td>
</tr>
</tbody>
</table>
SFU Academic Pension Balanced Fund

Investment Objective
The objective of the Fund is to achieve a long-term (five to ten-year period) total rate of return at least equal to a
composite index made up of passive investments in
appropriate market indices.

Investment Strategy
The Balanced Fund invests a number of different funds
with different specialist managers. The fund offers
broad diversification across domestic and foreign
equities, fixed income investments, and special asset
classes. Generally, the fund maintains a mix of about
35% in fixed income and 65% in equities.

The current asset mix of the fund is: PH&N Bond 35%
Active/Bonds, Fidelity Canadian Core Equity Trust 10%
Core/Cdn Equity, Beutel Goodman Canadian Equity 10%
Value/Canadian Equity, Dimensional US Core Equity 2
15% Core/US Equity, Sprucemere International 15%
Value/Intl Equity, BlackRock Global Equity 10%
Index/Global and Meridian Diversified ERISA Fund 5%
Hedge Fund/Multi-manager.

To learn more about the segregated funds included
within this Fund, please refer to the applicable
segregated fund description. For other investments,
please see your plan sponsor for details.

Investment Risk
The following risk assessment is based upon the fund's
investment objective and strategy.

Low High

Risk: Moderate
The investment risks for this fund include: Credit, Foreign
Investment, Issuer, Interest Rate and Market Risk. Other
investment risks may apply.

Performance as of 12-31-2011
Growth of $10,000

Portfolio Analysis as of 12-31-2011
Composition

<table>
<thead>
<tr>
<th>% Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
</tr>
<tr>
<td>Fixed Income</td>
</tr>
<tr>
<td>Canadian Equity</td>
</tr>
<tr>
<td>U.S. Equity</td>
</tr>
<tr>
<td>International Equity</td>
</tr>
<tr>
<td>Other</td>
</tr>
</tbody>
</table>

1 Year Returns % as of 12:
2011
2010
2009
2008
2007

Benchmarks Description:

Top Ten Holdings

<table>
<thead>
<tr>
<th>% Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meridian Diversified Fund Ltd</td>
</tr>
<tr>
<td>Ontario Prov Cda 7.6% 02-06-2027</td>
</tr>
<tr>
<td>Toronto-Dominion Bank</td>
</tr>
<tr>
<td>Ontario Prov Cda 6.5% 08-03-2029</td>
</tr>
<tr>
<td>Ontario Prov Cda 4.65% 02-06-2041</td>
</tr>
<tr>
<td>Canada Hsg Tr No 1 3.75% 15-03-2020</td>
</tr>
<tr>
<td>Royal Bank of Canada</td>
</tr>
<tr>
<td>CIBC</td>
</tr>
<tr>
<td>Novartis AG</td>
</tr>
<tr>
<td>TELUS Corp</td>
</tr>
</tbody>
</table>

Top 5 Global Equity Sectors

<table>
<thead>
<tr>
<th>% Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financials</td>
</tr>
<tr>
<td>Energy</td>
</tr>
<tr>
<td>Industrial</td>
</tr>
<tr>
<td>Materials</td>
</tr>
<tr>
<td>Consumer Discretionary</td>
</tr>
</tbody>
</table>

Fixed Income Breakdown

<table>
<thead>
<tr>
<th>% Fixed Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Bonds</td>
</tr>
<tr>
<td>Corporate Bonds</td>
</tr>
<tr>
<td>Other Bonds</td>
</tr>
<tr>
<td>Mortgage Backed Securities</td>
</tr>
<tr>
<td>ST Investments (Cash &amp; Equivalents)</td>
</tr>
<tr>
<td>Asset Backed Securities</td>
</tr>
</tbody>
</table>
Have you looked at your current DCPP investments lately?

Review your current investment approach

- Build your portfolio using the different investment funds
- Match your investment risk profile with a suggested asset mix
- You’ll need to rebalance periodically to maintain your target asset allocation
- Based on your risk tolerance - revisit periodically
## Your investment Choice in the SFU DCPP

<table>
<thead>
<tr>
<th>Asset class</th>
<th>Fund name</th>
<th>Risk</th>
<th>FMF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guaranteed/ Money Market</td>
<td>• Sun Life Assurance 3 &amp; 5 year Guaranteed</td>
<td>Low</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>• Sun Life Financial Money Market</td>
<td></td>
<td>0.36%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>• PH&amp;N Bond</td>
<td>Low- Moderate</td>
<td>0.46%</td>
</tr>
<tr>
<td>Balanced</td>
<td>• SFU Academic Pension Plan Balanced</td>
<td>Moderate</td>
<td>0.52%</td>
</tr>
<tr>
<td>Canadian Equity</td>
<td>• BlackRock S&amp;P/TSX Composite Index</td>
<td>Moderate – High</td>
<td>0.27%</td>
</tr>
<tr>
<td></td>
<td>• MFS McLean Budden Canadian Equity Value</td>
<td></td>
<td>0.36%</td>
</tr>
<tr>
<td>U.S. Equity</td>
<td>• BlackRock U.S. Equity Index</td>
<td>Moderate – High</td>
<td>0.26%</td>
</tr>
<tr>
<td>International / Global Equity</td>
<td>• MFS McLean Budden Global Research</td>
<td>Moderate – High</td>
<td>0.39%</td>
</tr>
<tr>
<td></td>
<td>• Sprucegrove International Equity</td>
<td></td>
<td>0.74%</td>
</tr>
</tbody>
</table>
Online Information and Tools
Retiring soon Newsletter

- Stay up to date and informed about the news and views of retiring in Canada
- Quarterly email newsletter delivered right to your inbox
- Diverse content like government programs, tax planning, lifestyle considerations and more!
- Sign up by sending an email to retiringsoon@sunlife.com

Harvest Your Savings Resource Centre

- Website containing much of the information and illustrations discussed throughout the presentation
- Available to current group plan members
Retirement planning tools

Retirement Planner
- Determine the amount of money you need to save to reach your retirement goals

Annuity Calculator
- Estimate the monthly annuity income you will receive from your portfolio

RRIF Calculator
- Calculate the minimum payments required by the CRA - payments are based on your age

OAS Clawback Calculator
- Find out at what income level you can expect a clawback and the reduction in OAS
Advice and ongoing support

Client Solutions Centre’s Financial Services Consultants

- Dedicated to serving group plan members approaching and entering retirement
- Licensed to provide advice on the **Group Choices** products
- Knowledgeable on all income and savings products (RRSP, NREG, TFSA, RRIF, LIF,) and life and health coverage options
- Available toll free **1-866-224-3906**
Are you retirement ready?

1. Determine your retirement income needs and desired retirement date
2. Determine if you are on track (use the Retirement Planner)
3. Make an appointment with a Retirement and Benefit Specialist if you are close to your retirement date to discuss your transition options
4. Assess when you need to draw your government benefits as you approach your retirement date
5. Make the most out of the next phase of your life!
Thank you