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ISSSUE 02

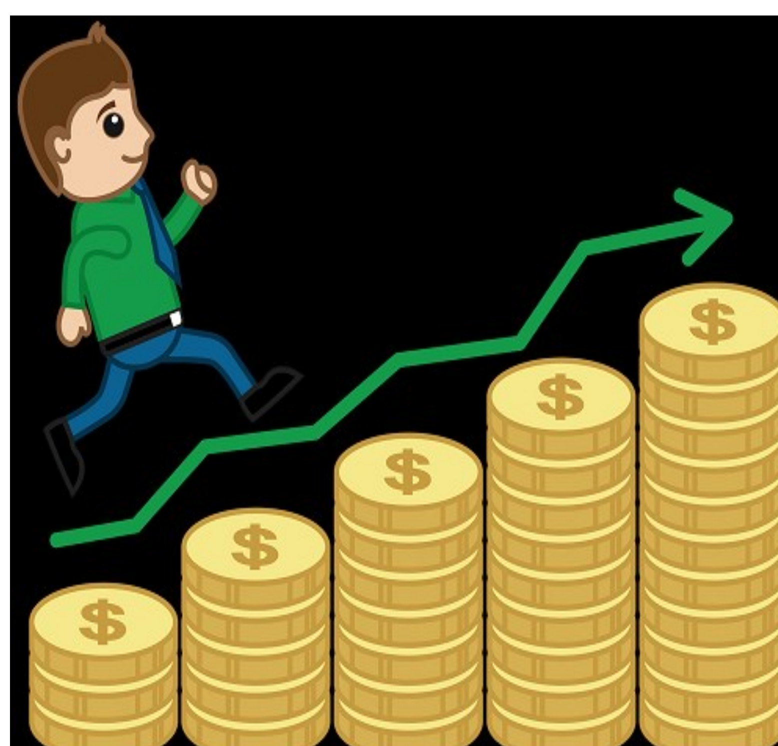
FINANCIAL UPDATES

3 Retirement Planning Tips

Looking for the STAR in investing

How to Grow your Savings on a limited budget

Tax– Free Intergenerational Transfer of Wealth



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Look for the STAR!

Do you want to invest or save in an efficient way?

Here's the STAR strategy to guide us in saving or investing:

S—Safe and secure, having a good understanding of the type of saving/ investment strategy, procedure, risks and potentials is very important before committing to any saving/investing activity. Identifying Pros and Cons of the products will help you decide if the product is aligned to your goals, lifestyle and values.

T—Tax-favoured environment helps your money to grow quickly without interruption. Tax-free allows you to put and withdraw money without tax fee at all. Tax-deferred means the fees will be applied in the later time thus allowing your money to grow rapidly.

A—Accessibility – gives you the option to use, withdraw, leverage or control your money fast and ease as opportunities arise.

R—Returns – savings/ investments that give guaranteed returns to beat inflation and protection of at least 75% capital is a very good option, aside from good returns, the main concern is to protect the whole saving/ investment portfolio.

3 STEPS TO PLAN RETIREMENT

Whatever your dreams for your retirement, having a strategy in advance will give you the tools you need to make them a reality. By having a good understanding of basic financial concepts related to retirement, you can get the most out of the tools available to you.

But Where Do You Start?

1. Knowing Your Sources of Income

Where is the money you need in retirement going to come from? Analyzing your various sources of income is the first step to being well prepared for the retirement of your dreams.

Public Funds

- Old Age Security (OAS)
- Canada Pension Plan (CPP)

"It is never too early to start planning for retirement"

Private Plans

To have a comfortable lifestyle when you retire, you will have to add more savings to the benefits paid under these public plans, which only provide a minimum basic income. Many employers offer retirement plans, like defined-contribution and defined-benefit plans and registered retirement savings plans (RRSP).

- Registered Retirement Savings Plans
- Registered Pension Plans
- Deferred Profit Savings Plan
- Defined-Benefit Plans

Personal Savings

The money you will have saved throughout your life will add to your retirement income. There are different ways to save for retirement. The most common are RRSPs and voluntary retirement savings plans (VRSP) (in Quebec only).

- Tax-free Savings Account (TFSA)
- Segregated Funds
- Systematic Savings

2. Determining the Age that You Want to Retire

You will have to think about the approximate age at which you want to retire. The amount you will have to save to achieve your objectives and maintain your lifestyle will vary based on the time before retirement you will have to save. If you decide to receive benefits before age 65, you will only receive a percentage for the rest of your life.

Before Age 60

If you have a retirement plan with your employer, you could be entitled to early retirement. The benefit you will receive will be adjusted downward, taking into account the fact that you will receive your pension over a longer period of time.

"Government plans represent a base income only. You will have to add other savings."

Between 60 and 64

The Quebec Pension Plan (QPP) is available in Quebec only. The Canada Pension Plan (CPP) is available in the rest of Canada. Again, the benefit you will receive will be adjusted downward.

From 65 Onwards

If you have a retirement plan with your employer, you will be entitled to the entire pension. All government assistance programs are available, without penalty. You want to continue to work? You can choose to defer your government benefits until age 70.

3. Calculating how much you need to save

Government plans represent a base income only. You will have to add other savings. Experts believe that your retirement income needs to be close to 70% of the salary that you earned before retirement to maintain your standard of living.

Budgeting

Whether you dream of travelling the globe, buying a vacation home or taking care of your grandchildren, take the time to take stock of the projects you hold dear. You must also consider how much you need to budget to cover your fixed expenses and daily activities.

Starting Early is the Key to

Success

You have everything to gain by starting to save as early as possible. Thanks to compound interest, saving consistently as soon as you enter the workforce will help you earn returns over many years. Various factors will play in your favour. Your savings will snowball!

Your Age and What it Means for your Savings

If you plan to retire early, take the time to consider the impact it will have on your savings. Different factors, e.g., the time during which you save and cost-of-living increases, will have an impact on the amount you need to save.

PERMANENT LIFE INSURANCE

A tax-efficient way to leave a financial gift for your grandchild using permanent life insurance:

- A cost-effective way to transfer wealth, while maintaining complete control of your assets for as long as you wish
- Tax savings through tax-preferred compounded growth of your cash value which can be accessed at any time
- Easily transfer ownership of the insurance policy to the next generation when you are ready, tax-free!
- No probate fees and a tax-free death benefit paid to the named beneficiary upon the death of the life insured

How to Grow your savings on a limited budget

We can never stress this enough: it pays to start saving early. Even on a tight budget, it's possible to save little by little and see your money grow.

Then split your outgoings into two categories, as follows:

- **Fixed expenses**: Rent or mortgage payment, electricity, heating, insurance, property and school taxes, etc.

- **Variable expenses:** Food, leisure activities, clothing, eating out, entertainment, etc.

Start small, but start today

The good news is that the small, non-essential expenses are the easiest ones to cut down. Here are some examples:

- Buying a coffee every morning at the office
- Eating out at lunchtime
- Stocking up on things you don't need just because they're on sale
- Buying things on impulse at the grocery store

If you manage to cut an expense, don't replace it with another one. Instead, set aside the money you would have spent. Even if it's just five dollars a week, that's a good start. Over time, you can probably save more, but at least that money will be starting to grow.