Plan for life™

Your guide to the basics

Contents

Imagine earning your salary without having to work. Nice, isn't it?

Well, eventually you won't have to imagine. You'll be living it. And your retirement income of tomorrow has a lot to do with how you handle your money today.

This guide is about planning, where to put your savings to make them grow, and how time always means money.

Once you get started, you'll be:

- **saving the easy way**
  with payroll deductions, if available
- **generally paying lower fees**
  as part of a group retirement plan than you'd likely get investing in your own individual plan
- **enjoying practical tools and services**
  to help you manage your investments
- **focusing on your goals**
  with a variety of flexible investment options
- **benefitting from support**
  with our expert financial representatives

Learn more by visiting planforlife.ca

Setting your goals

Your life, your plan

Do you just want to cover essentials like food and shelter or do you want to be splitting your time between exotic destinations and your lakefront cottage? Realistically, it's probably somewhere in between, but it's an important question.

You'll want to focus on:

- food, shelter, personal care, and transportation
- health insurance and taxes
- rent or debt repayment of mortgages and other loans
- recreational and travel expenses
- estimated income taxes
- estimated inflation
- any other financial obligations specific to your life

Mastering the basics

There are three basics to retirement planning: contributions, time, and investments.

Put another way, your retirement income grows based on how much you save, how long you save, and where you put your savings.

The idea is to plan, so you increase your chances of getting a retirement income that will cover your needs and your wants.

1 **Your contributions**

2 **Your time**

3 **Your investments**

Your retirement income

Contributions
How much is enough?

Choosing the right amount

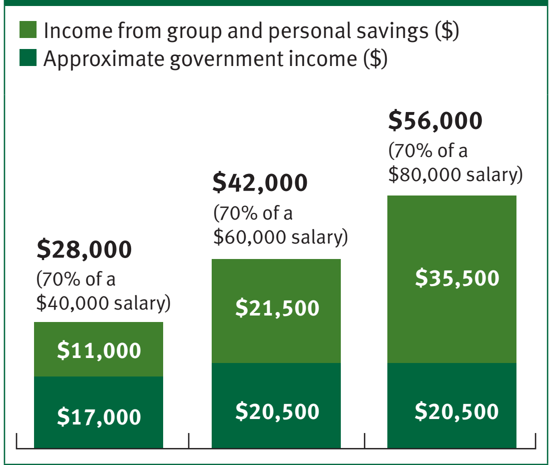
Experts suggest you'll need about 70% of your regular salary to live comfortably in retirement. Keep that in mind but choose an amount that is realistic for your life today and your goals for tomorrow. Take advantage of the guidance and tools available at **www.planforlife.ca** to determine your own needs. Evaluate, prioritize, then contribute what you can.

Your retirement income will likely come from a combination of three sources:

- Government programs (Old Age Security, Canada or Québec Pension Plan)
- Your group savings and retirement program
- Your personal savings (real estate, other savings plans or other income)

The government will only give you a portion of what you'll need and that amount will vary depending on your income. The rest will have to come from you.

The retirement income I want



Based on the age you start contributing and the income you want, the table below shows you how much you'll likely need to save every month. The total should be a mix of your group program and your personal savings.

What I need to save to get the income I want

Desired retirement income	$28,000 (70% of $40,000)	$42,000 (70% of $60,000)	$56,000 (70% of $80,000)
Age	Suggested initial monthly contributions		
20	$140	$280	$470
25	$180	$350	$570
30	$220	$430	$710
35	$280	$550	$900
40	$360	$710	$1,180

Examples above are provided for illustration purposes only and are not guaranteed. Retirement incomes assume a level income from age 65 to 90 and a net 5% rate of return. All amounts are pre-tax and are indexed at 2% for inflation, up to retirement. For more information on government benefits and the maximum amount you are allowed to contribute, go to **www.canada.ca/en/services/finance/pensions**

To help you reach your goal, you'll need to increase your contribution by the same percentage as your salary increase every year.

How to get more

Take advantage of any employer matching that may be offered under your plan and keep in mind that consolidating all your assets under one program may minimize fees.

For a more personalized income and savings calculation, use our Retirement Calculator located on the Home page of your **VIP Room**.

Refer to the plan information to see if you can make contributions through payroll deductions.

Remember the 70% rule.

Certain work expenses and family-related costs, like child education and mortgage payments, will likely be reduced in retirement. However, depending on your goals, you may need more or less.

Even if you saved only $50 a month, after 40 years you will have saved $74,428.

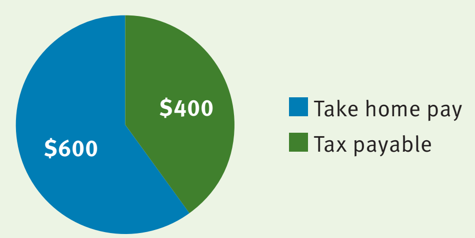
Assumes a 5% net rate of return.

Pay yourself first

Taking advantage of payroll deductions

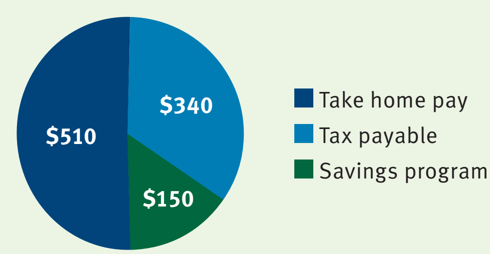
Marc and Nancy are co-workers. Each pay period, they both get $1,000 before taxes (assuming a 40% tax rate). Nancy puts $150 in a tax-sheltered plan (e.g. RRSP). Marc doesn't.

Marc



Marc takes home more money, but he pays more tax – and he has no savings to show for it.

Nancy



Nancy's contribution of $150 only costs her $90 of take-home pay. And because of the way tax-sheltering works, she pays $60 less in tax than Marc does.

By contributing to her RRSP, Nancy turned $90 into $150.

Time
Start now, save more

Generally, the longer you let your money work for you, the more you'll have in the end.

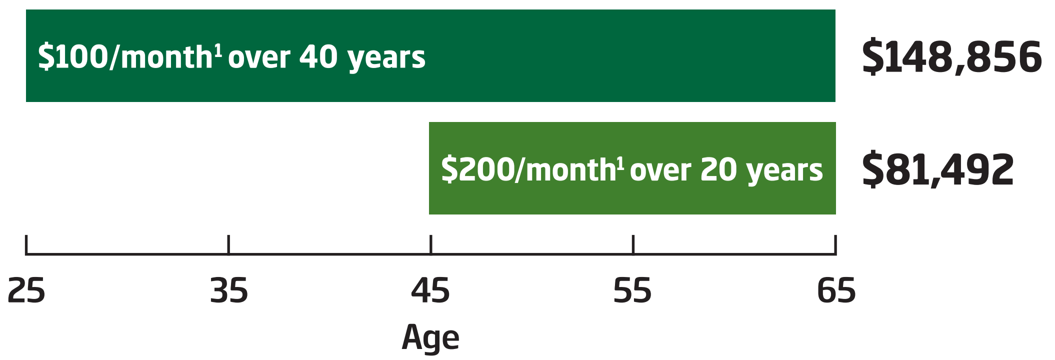
On the flip side, the longer you put off saving, the more effort it's going to take to reach your goals.

The table assumes you're starting from scratch and that you're saving enough to get 70% of your salary as retirement income when you're 65.

Say you start saving at age:	% of your salary you need to save
20-something	4 to 10
30-something	7 to 17
Early 40s	11 to 24
Late 40s	15 to 32

Time matters

Assuming a 5% net rate of return, with a total of $48,000 in contributions, look at the difference a smaller monthly contribution makes over a longer period of time.



[1] contribution at the beginning of each month

If you're close to retirement and are not feeling ready, adjusting your retirement date might be a reasonable thing to do.

More and more people close to retirement are deciding to access only a portion of their retirement savings while they continue to work part-time and save. Some people phase their retirement and decide to work part-time just to stay active. It could be the option for you if you are concerned about having sufficient retirement income or just want to keep busy.

Choosing your investments
Risk vs. return

Your group program gives you the opportunity to select the investment funds that will give your money the potential to grow over time. How much your savings accumulate will depend on the length of time you have to invest and the level of risk you are ready to take.

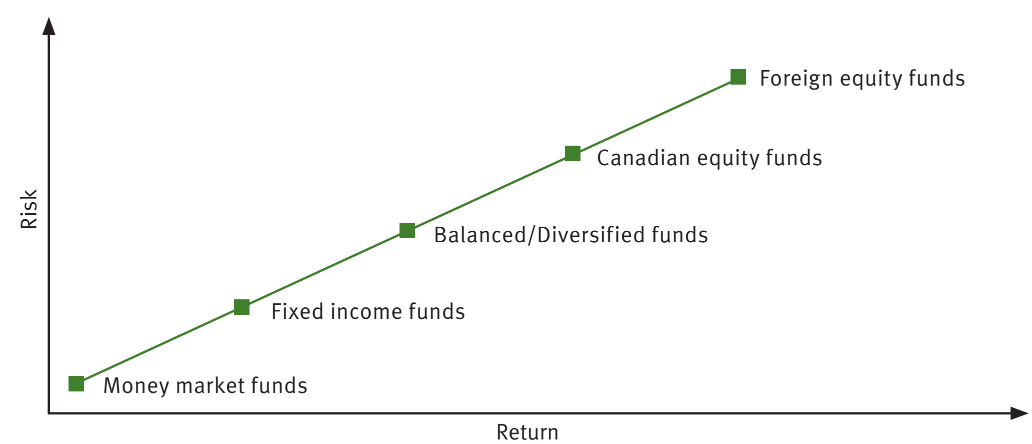
Risk is the up and down movement of an investment over time, or its potential for gain or loss. The increase or decrease in the value of your investment is your return. Generally, the higher the risk, the greater the potential for gain or loss; the lower the risk, the lower the potential for gain or loss. Knowing your comfort level in balancing risk and return are key to sound investing.

Types of investment funds

Market-related funds invest in a variety of securities (e.g. Treasury bills, bonds, stocks) with different risk levels depending on the specific investment objectives of each fund. Your investments in these funds are not guaranteed. Also, market-related funds may give you higher returns than guaranteed funds, but may also generate losses.

Have a look at the relationship between risk and return for the different types of market-related funds below.

Risk and return comparison



For more details about the investment funds available under your group program, refer to your fund summary sheets and rates of return.

Your investor profile

This is simply the amount of risk you're comfortable taking. To help you decide your investor profile, you can complete the questionnaire in 'Your guide to enrolling' – or go to **www.planforlife.ca**. It will tell you if your investment approach is conservative, moderate or aggressive.

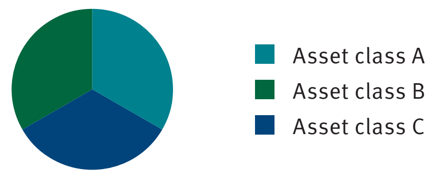
Your time period

How long are you going to be investing for? How close to retirement are you? Choosing investments that complement your investor profile and time period is one of the best ways of managing risk and return. If you have decades to go before you retire, you might be more comfortable taking more risk. If you are closer to retirement, taking less risk might be preferable.

Asset allocation

This is the combination of investments made up of asset classes like equities (e.g. stock funds), fixed income (e.g. bond funds) and guaranteed funds. Once you've determined your investor profile and how much time you have to invest, you'll be ready to build a well-diversified portfolio for yourself.

Diversify your assets

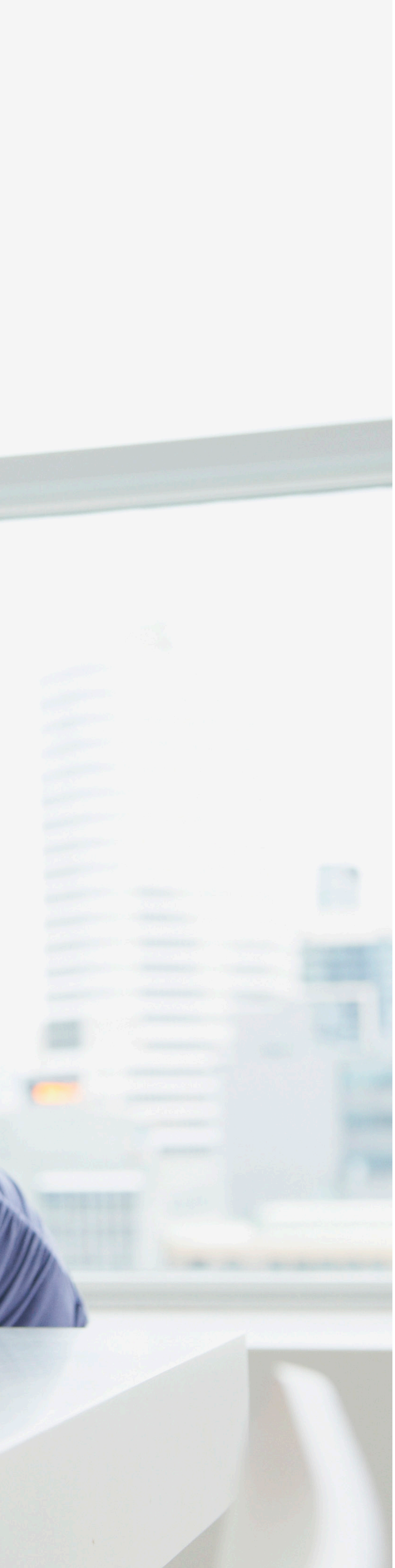


Asset diversification is one of the best ways to manage risk. Having different types of investment funds in your portfolio means if one asset class is doing poorly, your entire portfolio doesn't have to suffer for it. It also reduces the impact that any one fund has on your overall portfolio performance, so it reduces your risk.

Asset Rebalancing

Over time and depending on market conditions, stocks and bonds react differently. For example, the value of an equity fund may go down, while the value of a fixed income fund may go up. By rebalancing your assets periodically, you'll be able to maintain a consistent asset allocation in line with your retirement goals. If you are not up to the task yourself, check out the automatic rebalancing services that may be offered under your group program.

Staying on track



With every life event change, it's a good idea to review your plan for the future.

Each of the situations on this list could mean it's time to review your savings plan and goals. Go ahead and tick the ones that apply to you.

Events that could mean more financial stability

- [ ] First job
- [ ] New career
- [ ] Kids move out
- [ ] House gets sold
- [ ] Inheritance

Events we all deal with in time – these are prime opportunities to check your plan

- [ ] Tax time
- [ ] Close to retirement

Events that may mean extra planning is needed over time

- [ ] Buying a car
- [ ] Just married
- [ ] Maternity leave
- [ ] New baby
- [ ] First home
- [ ] Job loss
- [ ] Back to school
- [ ] Illness in the family
- [ ] Divorce or break up

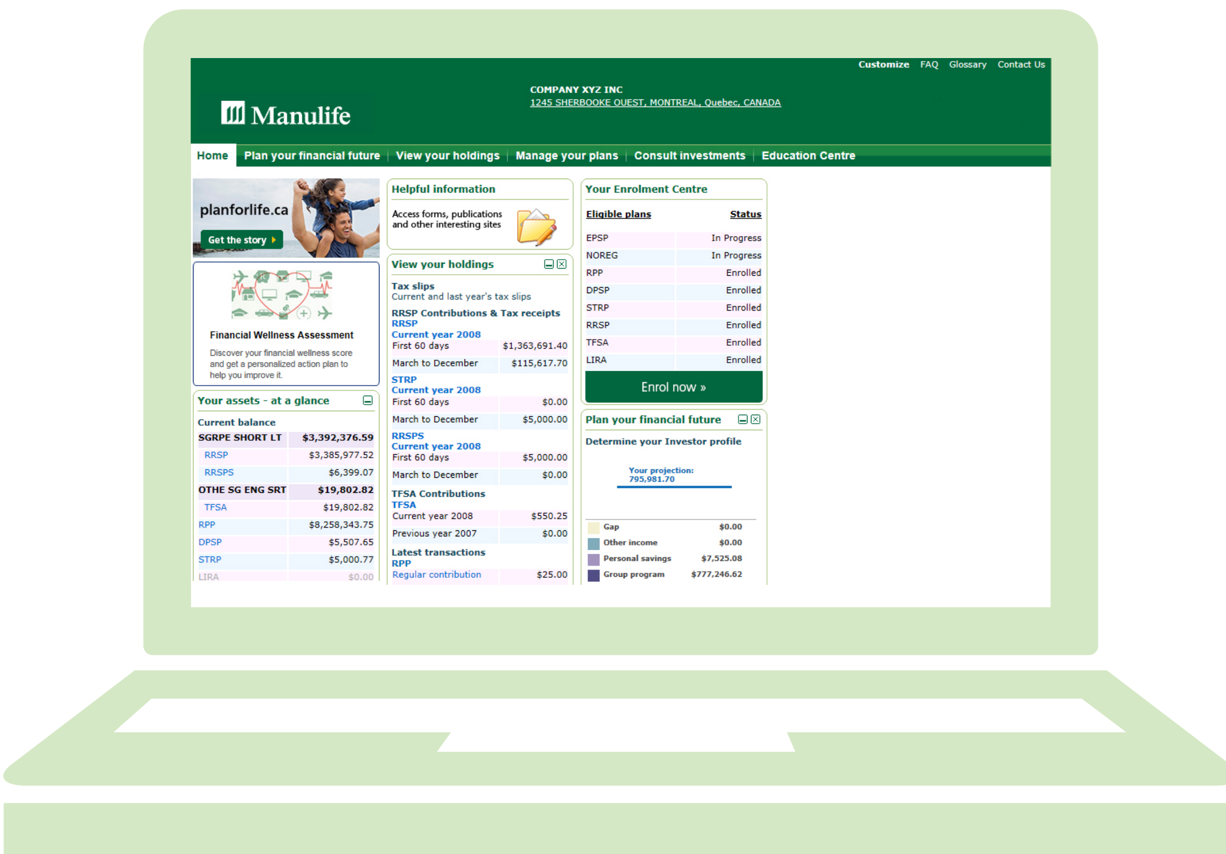
Tools to keep you on track

Your VIP Room

Once you've enrolled in your group program, log on to the VIP Room at manulife.ca any time for quick and efficient checkups.

On the home page, you will be able to:

- Personalize the dashboard using our drag-and-drop feature
- View your assets at a glance
- Update your personal information
- Read messages from your plan sponsor
- Determine your Investor profile - determine your risk tolerance
- Use the Retirement Calculator to establish how much to save for retirement, to see if you're on track and how you can bridge the gap between your goal and projected income
- View your statement and more



Here's an overview of what you'll find in each section of the VIP Room:

1. Plan your financial future

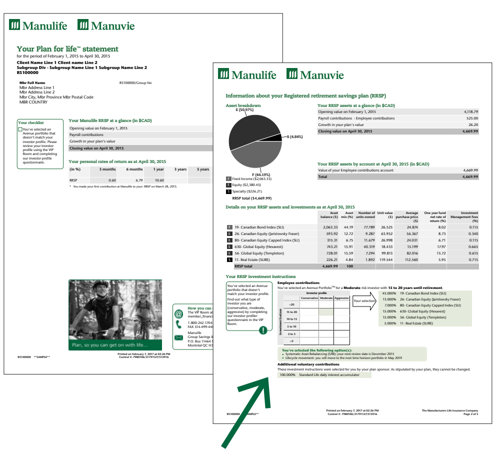
- The essentials – your group program, investing, planning, life events and budget management
- Access the planning tools – the Investor profile, the Retirement Calculator with group program assets and the Retirement Income Illustrator
- Learn about the Advantage Program, a group option for your savings, if you leave your employer or retire.

2. View your holdings

- Plan summary
- Transaction history
- RRSP and TFSA contributions for previous and current year – including tax receipts
- Tax slips
- Schedule of guaranteed fund maturities
- Statements

Say goodbye to paper

To receive electronic statements, click on Statement delivery settings, choose the format you prefer, enter your email address and click on Submit.



By setting your retirement goal using the Retirement Calculator, your Retirement checkup will show you if you have a gap and make suggestions on how to bridge it.

3. Manage your plans

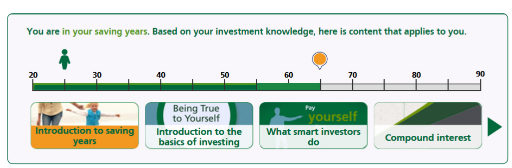
- Investment modification options
- Online contribution and contribution rate change options
- Asset rebalancing and interfund transfers
- Personal data
- Beneficiary designations
- Forms, publications and access to other sites

4. Consult investments

- Historical closing values (downloading and charting)
- Fund performance and fees
- Other investment-related information
- Personalized rate of return
- Portfolio Risk Management – assess the risk level of your investments
- Market and investment information

5. Education Centre

A dynamic educational site, featuring a unique interactive timeline that customizes the content according to your life stage and investment knowledge; letting you focus on what is relevant to you.



1 800 242-1704

Call Manulife if you need:

- access to the VIP Room
- investment information and guidance
- plan and account information (e.g. contributions, withdrawals)
- assistance with transactions (e.g. inter-fund transfers, investment mix changes)
- help transferring-in or consolidating your assets with Manulife, if applicable

Important financial information

Go to planforlife.ca for details on the following and more:

- Glossary of financial terms
- Risk and market-related funds
- Investment Management Fees and other expenses

Call us if you don't have internet access or to get access to our automated Info-Line.

Find out more

Speak to one of our Customer Contact Centre representatives if you need more guidance.

1 800 242-1704

We're open Monday to Friday, 8 am to 8 pm, Eastern Time.

manulife.ca

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