Many Nations Financial Services Ltd.
subsidiary of Many Nations Benefit Co-operative Ltd.

The Newsletter for members of the Retirement Plan for the Employees of the Participating Employers of the Many Nations Pension Plan.

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Will you have enough to retire the way you want?

Many of us have this one goal when saving for retirement: ensuring we save enough to live comfortably and enjoy our retirement years.

That said, few of us realize how tightly the quality of life we'll enjoy in the future is tied to what we contribute in the present.

Try to match the retirement vision in your head with what your current savings may suggest you can afford. If you don't want to go there you're not alone. Many people avoid linking current savings with retirement in the same thought: retirement may seem too far off, or the financial realities may just be too stressful.

Take John and Heather. They don't spend a lot of time or effort on their retirement finances. Both are in their early 40's and earning a good income. They make enough to save for their kids' university education, and hopefully they'll pay off their house in the next five years. Although they live well today, they want to ensure they can live well tomorrow.

With retirement still about 20 years off, John and Heather thought with the money they're making now, maintaining their lifestyle in retirement would be a breeze. By then, their kids would be self-sufficient and their mortgage payments would be a thing of the past. They've also felt comfortable about their future finances as they've been contributing to their RRSPs for nearly 15 years.

One night John and Heather went to a retirement party for Bob, one of John's colleagues. Bob was 59 and eagerly anticipating retirement. Bob's wife, Joyce, was excited about the exotic places she wanted to visit, and Bob couldn't wait to hit the high seas in the new boat he was going to buy.

Driving home after the party, John and Heather were inspired by Bob and Joyce's sense of excitement. They talked about their own retirement plans and agreed, once again, to enjoy their retirement years to the fullest.

Six months after Bob's retirement party, John was surprised to see his friend walk into the office bright and early one Monday morning. Assuming Bob was just visiting his former co-workers, John was shocked to learn that Bob had come back to work full-time.

Bob explained that the lifestyle he and Joyce had envisioned was not a reality based on the money they had put away, so they had both decided to go back to work for a few more years.

When John got home that night, he told Heather about Bob and Joyce's disappointment. Right then and there, John and Heather called their financial advisor to make an appointment and started to do some research concerning the savings they'd need to retire the way they wanted.

Choosing a retirement lifestyle

John and Heather discovered the most important factor in determining how much money they'd need to retire comfortably was the lifestyle they wanted. Were they keen to work part-time, pursue a hobby, volunteer, or travel frequently? Every choice would either add to or take away from their savings.

When considering retirement, how do you see yourself living? Generally you can expect to need 70% of your pre-retirement income to live comfortably in retirement; however some people may need more or less depending on their retirement plans.

Next, consider all your sources of income and weigh those against expenses.

Most of us plan for retirement by determining how much money we believe we'll need, but how much we really need, will be determined by how we want to live.

Inflation bites

Inflation represents the most significant threat to your savings. Expect your cost of living to increase every year. You may begin retirement thinking that everything is fine only to run out of money later due to increased expense levels. Historically, inflation has averaged three per cent per year, so increase your income by the same three per cent per year to help you keep pace.

Take another look at John and Heather 20 years later as they're approaching retirement.

John and Heather have lived a good life. They both work and have a combined income of $140,000. They want to continue to live well through retirement enjoying their family and their hobbies. Ten years ago, they managed to pay off their mortgage so they gained disposable income.

Look at the chart. It shows what John and Heather's expenses would be if they were to retire today and what the same items would cost 20 years from now due to inflation.

Over that period, their expenses will almost double.

When you calculate your projected expenses in retirement, adjust your numbers to account for the effects of inflation.

And that's not all…

Inflation may take the biggest bite out of your savings, but other threats are waiting their turn. Take into consideration that your health expenses may increase as you get older and that your company benefits may cease upon retirement. You may also want to keep in mind that most leisure activities will cost money. Factor this in to help determine the true cost of retirement.

Live the retirement you want…

With all the information you now have, planning may seem a daunting task, but there are things you can do right now to help be sure you can have the retirement you want.

RETIREMENT EXPENSES FOR JOHN & HEATHER

	2005 (present day)	2025 (in 20 years)
Housing, Maintenance & Repairs	$600	$1,084
Food	$400	$722
Clothing	$200	$361

Got Questions? Contact the Many Nations Financial Services Ltd. Head Office toll-free at **1-800-667-7830.**

Plan – Don't get stuck at 55 without a plan. Make decisions and act on them today to be sure you have options tomorrow. The earlier you start the better.

Take advantage of your group plan(s) – Retirement savings plans are one of the most effective methods to save for your future. Start early, maximize your contributions, and don't make withdrawals. You'll be a step ahead in the game if you follow this strategy.

Consider other sources – Take your whole financial picture into account. You probably have a few other sources of income, such as non-registered investments and real estate holdings, which may ease the financial burden in retirement.

Talk to your advisor – Your financial advisor is an ideal resource providing a wealth of valuable information. That individual can give you advice you need to plan and act effectively.

This article originally appeared in Solutions magazine.

Did you know…

The Many Nations Multi-Employer Pension Plan has:

- 4000 members
- National Exposure
- Been active for more than 10 years
- Over 120 First Nations plans
- Over 60 million in assets

Activate your PIN

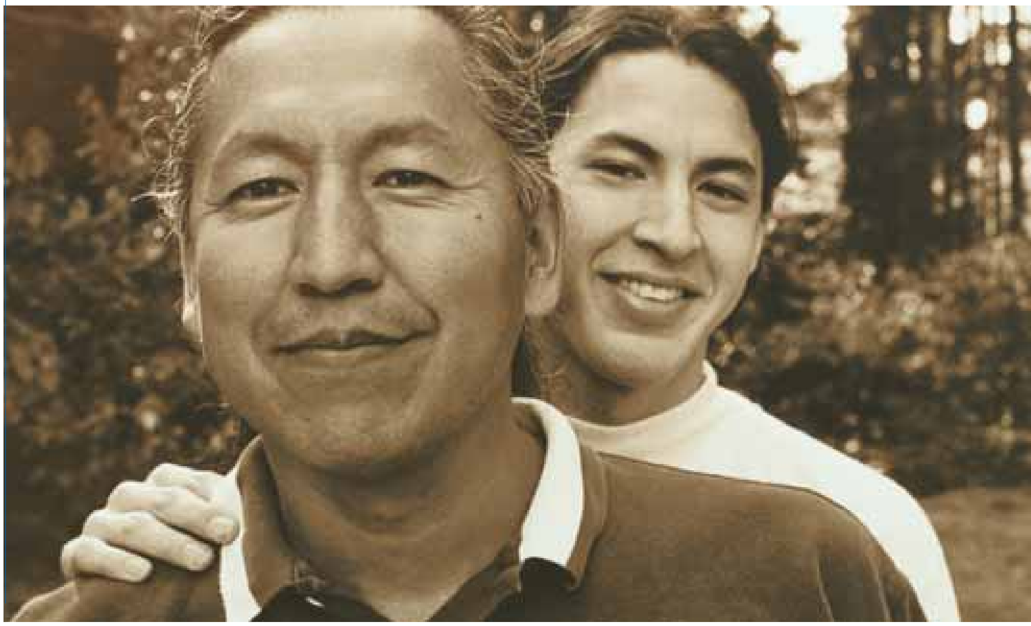
Activate your Personal Identification Number (PIN) to take advantage of the great features available through the member secure website!

Your PIN is your passport to easy, simple-to-use tools that help you stay on top of your retirement savings. By getting your PIN you will be able to:

- View account balances
- Transfer money from one fund to another
- Change how your future contributions will be invested
- See how your current fund choices are performing
- Download forms
- Plus much, much more!

To request a PIN, simply call toll-free **1-888-727-7766.**

With your PIN and customer number found on the first page of your statement, you can log in to the member secure website at **www.manulife.ca/GRO** where you'll find information and tools to help you stay involved with your retirement income.



Terms you'll need to know

Portfolio – A collection of investments owned by an individual. These can include GIAs and segregated funds.

Diversification – The investment strategy that can reduce the level of risk in a portfolio. Diversifying a portfolio means investing in several different asset classes that are unlikely to move up and down at the same time, which allows for a more consistent performance over time.

Fund Manager – The person who selects investments that meet a fund's investment goal. A professional fund manager manages each fund available through your group plan.

What's your Style?

Knowing your investor style is key to ensure you are placing your money in funds that suit your age, number of years until retirement and risk tolerance. For example, a few years before retirement, you discover that you are a conservative investor, but find out that your money is invested in aggressive funds – not the safest investment if you plan on retiring in a few years.

Could this be you? To help you, Manulife Financial offers five different investor styles for you to select the one that best suits you.

Conservative – Protecting your money is your primary concern. You may be approaching retirement or simply prefer to preserve your money, taking a cautious approach.

Moderate – You want your money to grow, but are more concerned about protecting it. You are careful but may be willing to spread out your investments to diversify some of your risk.

Balanced – You want a balance between your money's growth and its security, although you will accept some risk to have the potential for higher returns over time.

Growth – You want to increase your money and are somewhat comfortable riding the ups and downs of the market in exchange for the possibility of higher returns over the long term. You may have time on your side until you retire.

Aggressive – You want to maximize the long-term growth of your retirement savings. You understand the ups and downs of the markets and are comfortable taking a lot of risk to maximize potential returns. You have plenty of time to wait out market cycles until you retire.

Once you know your investor style, you're well equipped to determine which funds are best suited for you.

Complete the Investor Strategy Worksheet; this 10-question survey will help you assess what kind of investor you are (based on your answers).

For more information about available funds – and to find out whether the funds you're considering are right for you – contact a Financial Education Specialist toll-free, Monday to Friday 9 a.m. to 5 p.m. EST at **1-888-245-5558**.

Manulife Financial
Helping You Make Better Financial Decisions.™