

# Plan for life™

Your guide to the basics







# Contents

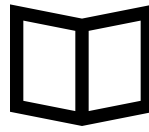
**04** Setting your goals

**08** Choosing your investments

**10** Staying on track

# 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



# 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 contribution



### 2. Your time



### 3. Your investments



- Your retirement income



# Contributions

## How much is enough?

### Choosing the right amount

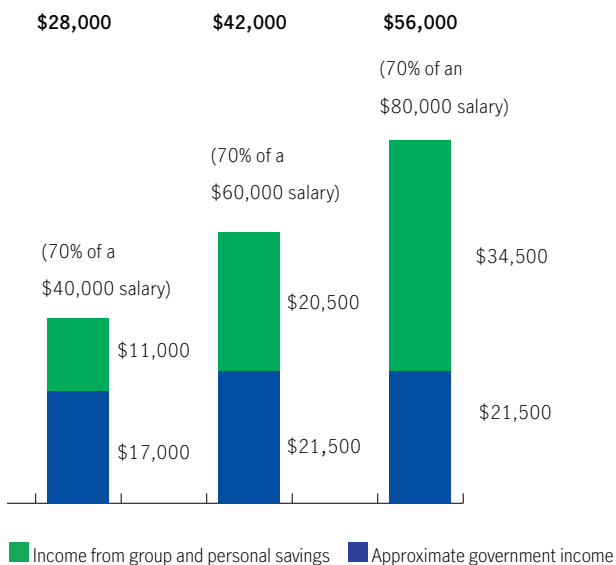
Experts suggest you'll need about 70% of your regular salary to live comfortably in retirement. Keep that in mind but choose an amount that is realistic for your life today and your goals for tomorrow. Take advantage of the Savings Calculator available at [manulife.ca/myretirementtools](http://manulife.ca/myretirementtools) to estimate how much you should save to reach your desired retirement lifestyle.

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

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

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 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	\$42,000	\$56,000
	(70% of \$40,000)	(70% of \$60,000)	(70% of \$80,000)
Age	Suggested initial monthly contributions		
20	\$140	\$270	\$450
25	\$180	\$330	\$560
30	\$220	\$410	\$690
35	\$280	\$520	\$880
40	\$360	\$680	\$1,140

Examples on this page 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. CPP/QPP benefit calculations are based on the current maximum retirement payment amount. Over time, these amounts will be adjusted gradually to reflect CPP/QPP enhancements that started to take effect in 2019. For more information on government benefits and the maximum amount you are allowed to contribute, go to [canada.ca/en/services/finance/pensions](http://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 income.

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

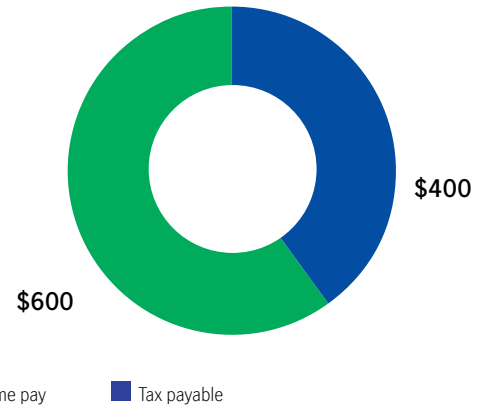
Assumes a 5% net rate of return.

## Pay yourself first

### Taking advantage of payroll deductions

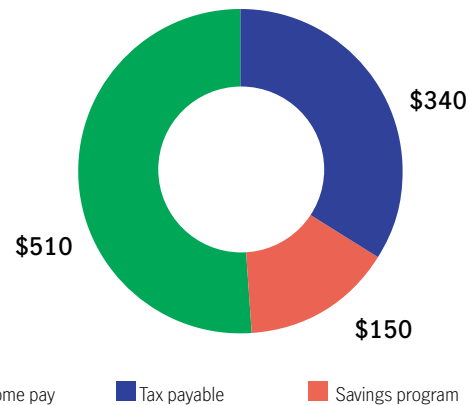
Marc and Nancy are co-workers. Each pay period, they both get \$1,000 before taxes (assuming a 40% tax rate). Nancy puts \$150 in a tax-sheltered plan (e.g. RRSP). Marc doesn't.

#### 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.

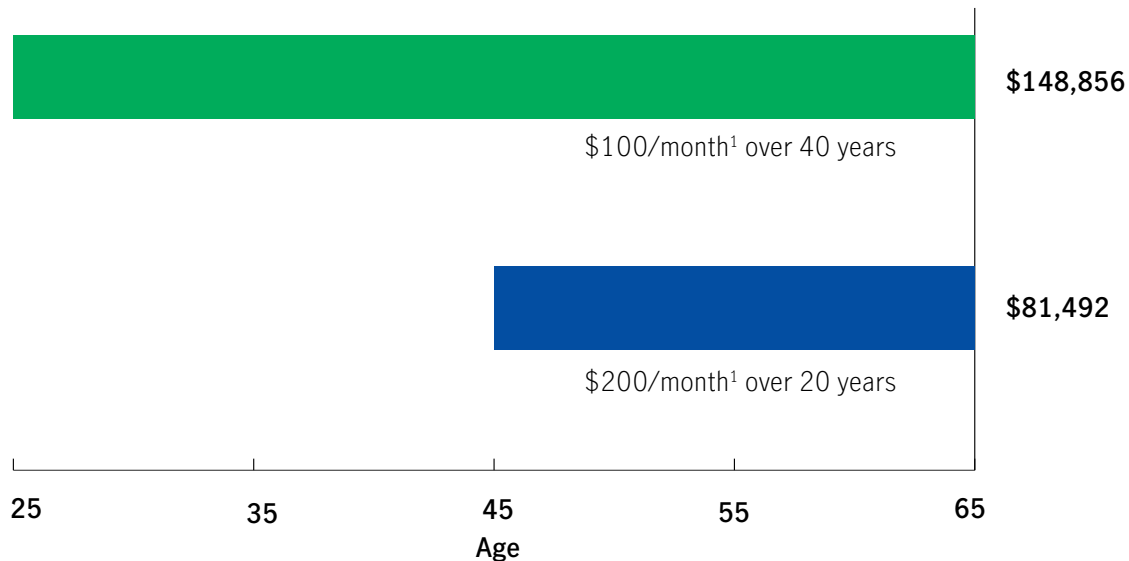
On the flip side, the longer you put off saving, the more effort it's going to take to reach your goals.

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 16
Early 40s	11 to 23
Late 40s	15 to 31

## 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.



<sup>1</sup>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.

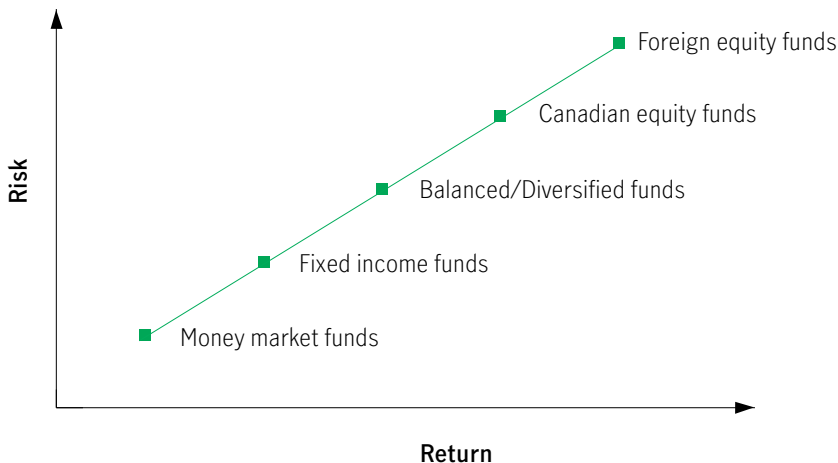
Market volatility is the up and down movement of an investment over time, and risk is the potential for gain or loss. The increase or decrease in the value of your investment is your return. Generally, the higher the risk, the greater the potential for gain or loss; the lower the risk, the lower the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

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

### Risk and return comparison



Watch a series of short videos at [manulife.ca/investmentbasics](https://www.manulife.ca/investmentbasics) to learn more about investing.

For more information on the investment funds available to you, refer to the Fund Performance and Fees report included in your package. Use the fund codes in the report to find detailed fund summaries at [manulife.ca/findmyfunds](https://www.manulife.ca/findmyfunds).



## 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'. It will tell you if your investment approach is conservative, moderate or aggressive.

## Your time period

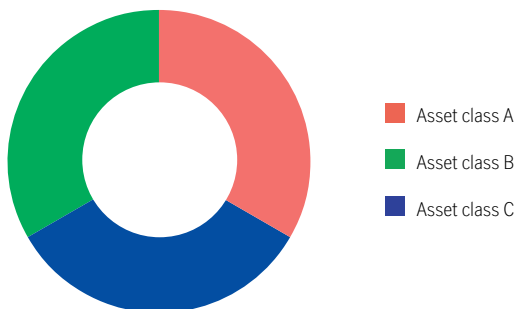
How long are you going to be investing for?  
How close to retirement are you?

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 any one fund has on your overall portfolio performance.

## 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'd prefer we do it for you, enable the automatic asset rebalancing service 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
- Parental leave
- New baby
- First home
- Job loss
- Back to school
- Illness in the family
- Divorce or break up



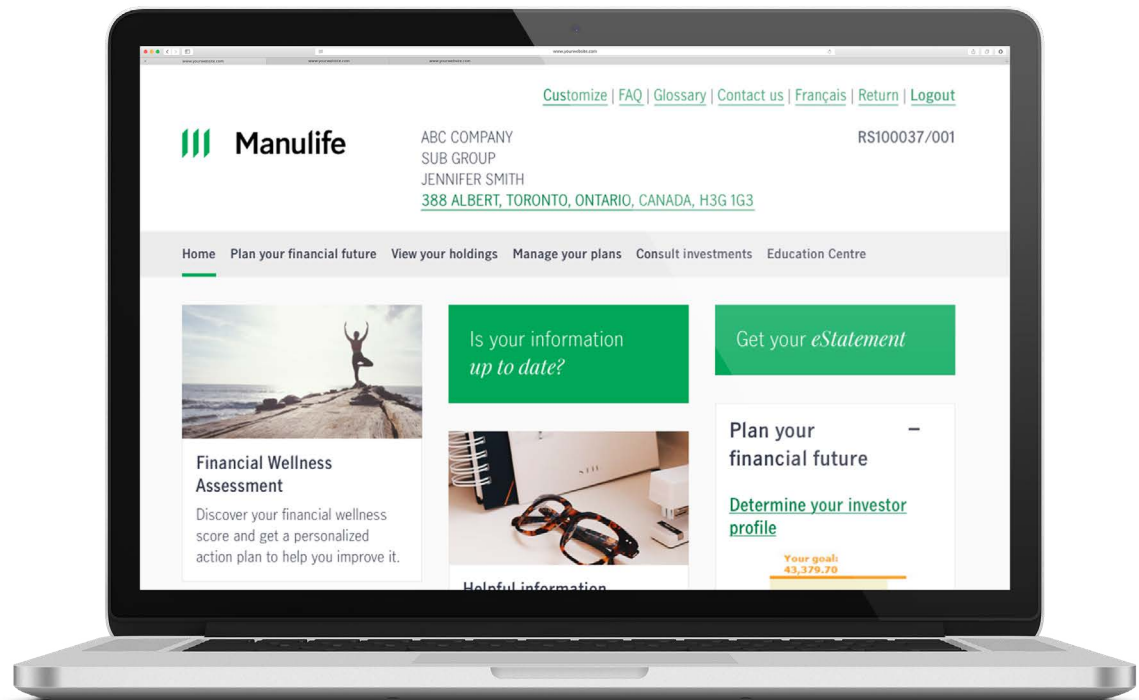
# Tools to keep you on track

## Your VIP Room

Once you've enrolled in your group program, sign in to the VIP Room at [manulife.ca/GRO](https://manulife.ca/GRO) any time for quick 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 (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 Calculator
- Learn about the Manulife Personal Plan™, 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, then click 'Submit'.

### 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 your investments

- Historical closing values (downloading and charting)
- Fund performance and fees
- Personalized rate of return
- Portfolio Risk Management – assess the risk level of your investments
- Investment Basics Video – what you need to know
- Other investment-related information

### 5. Learning Centre

Learn more about what your group retirement program has to offer with the help of our library of articles, videos, and interactive tools.





**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





For access on the go, simply sign in to your online account and then download the Manulife Mobile app to check your savings and track your progress from anywhere.

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 a.m. to 8 p.m., Eastern Time.

[manulife.ca](http://manulife.ca)



Manulife, Stylized M Design, and Manulife & Stylized M Design are trademarks of The Manufacturers Life Insurance Company and are used by it, and by its affiliates under license.

MBPSCS4768EN CCF GE12588 01/2021 AODA