



# HELPING YOU MANAGE RETIREMENT RISKS

A SUN LIFE POST RETIREMENT PLAN™ WORKBOOK

## What could impact your income?

- Outliving your money
- Inflation eating away at your savings
- Losing money due to market downturns
- Unexpected events that cause extra costs

Find out more about the solutions available to you, inside.

\_\_\_\_\_  
Client name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Current age

\_\_\_\_\_  
Expected retirement age

\_\_\_\_\_  
Advisor name

\_\_\_\_\_  
Email

\_\_\_\_\_  
Phone number

# Why is risk management important?

Receiving retirement income doesn't just happen automatically. Different sources of income will become available at different times and different risks may need to be considered. As you approach retirement, you may want to think about the following risks:

- Will you outlive your money? How can you guarantee income for life?
- Will inflation increase and eat away at your savings? How can you reduce this risk?
- Will the stock market perform poorly and cause you to lose money? How can you ensure you still get a good return, but limit your market exposure?
- Will you suffer an unexpected health event, the unexpected loss of a spouse, or make a major purchase, such as a car or major home repair, that will affect your income or cause extra expenses?

Understanding these factors can help you live your retirement the way you want, as well as give you the comfort of knowing you also have a plan that will meet your needs. Work through this booklet with your advisor who will be able to discuss solutions with you!

Risks in retirement	Payout annuities	Guaranteed investment certificates/ accumulation annuities	Segregated fund contract with GLWB	Mutual funds	Critical illness, long term care, life insurance, and personal health insurance
Outliving your money	Yes <sup>1</sup>	No <sup>2</sup>	Yes <sup>1</sup>	No <sup>2</sup>	N/A <sup>3</sup>
Inflation	Yes <sup>1</sup>	Yes <sup>1</sup>	Partially (with bonus)	No <sup>2</sup>	N/A <sup>3</sup>
Poor market returns	N/A <sup>3</sup>	Yes <sup>1</sup>	Yes <sup>1</sup>	No <sup>2</sup>	N/A <sup>3</sup>
Unexpected events	No <sup>2</sup>	Partially (subject to market value adjustment)	Partially (depends on guarantee)	Yes <sup>1</sup>	Yes <sup>1</sup>

<sup>1</sup> Yes: This product can fully protect your clients from the indicated risk depending on the feature you choose in the product.

<sup>2</sup> No: This product will not be able to protect your clients completely from the indicated risk.

<sup>3</sup> N/A: Not applicable

# WORKSHEET SUMMARY

Income source	Solution	Protects against risk of:				Notes
		Outliving your money	Inflation	Poor market returns	Unexpected events and costs	
<input type="checkbox"/> Canada Pension Plan (CPP)/Quebec Pension Plan (QPP)	Payment guaranteed for life, indexed to inflation	✓	✓	✓		
<input type="checkbox"/> Old Age Security (OAS)	Payment guaranteed for life, indexed to inflation	✓	✓	✓		
<input type="checkbox"/> Workplace pension	<input type="checkbox"/> Defined benefit	✓		✓		
	<input type="checkbox"/> Defined contribution*					
	<input type="checkbox"/> Other					
<input type="checkbox"/> Payout annuity	<input type="checkbox"/> Indexed life annuity	✓	✓	✓		
	<input type="checkbox"/> Life	✓		✓		
	<input type="checkbox"/> Term certain			✓		
<input type="checkbox"/> Segregated fund contract	<input type="checkbox"/> Segregated fund contract			✓	✓	
	<input type="checkbox"/> Guaranteed lifetime withdrawal benefit	✓		✓		
<input type="checkbox"/> AAs /GICs (Accumulation annuities/ guaranteed investment certificates)	<input type="checkbox"/> Medium term (1-4 years)		✓	✓		
	<input type="checkbox"/> Long term (5-10 years)			✓	✓	
<input type="checkbox"/> Mutual funds	<input type="checkbox"/> Aggressive fund				✓	
	<input type="checkbox"/> Conservative fund				✓	
<input type="checkbox"/> Daily interest account	<input type="checkbox"/> Daily interest account			✓	✓	
	<input type="checkbox"/> Cash			✓	✓	
<input type="checkbox"/> Other						

## Insurance

Product name	Face value of policy	Notes
Life insurance	\$	
Critical illness insurance (CII)	\$	
Long term care insurance (LTCI)	\$	
Personal health insurance (PHI)	\$	

\*Dependent on underlying investments.

# What risks could you face in retirement?

## 1. Outliving your money

Having some guaranteed sources of income can protect you against this risk.

**How concerned are you?** Please circle a number on the scale below.



Product name	Features	Appeals to me
<b>Payout annuity</b>	<ul style="list-style-type: none"> <li>Protects against outliving your money by paying the highest amount of guaranteed lifetime income, or for a period that you choose.</li> <li>Income can be paid monthly or yearly.</li> <li>Beneficial tax treatment depending on your age, and if non-registered money is used to purchase this product.</li> </ul>	Check here if appropriate: <input type="checkbox"/>
<b>Segregated fund contract with guaranteed lifetime withdrawal benefit (GLWB)</b>	<ul style="list-style-type: none"> <li>Provides a guaranteed annual income for life, regardless of market performance.</li> </ul>	Check here if appropriate: <input type="checkbox"/>

## 2. Inflation that eats away at your savings

With increased costs for basics like groceries, gas or rent, your income may not keep up.

Having income that increases each year helps protect you against this risk.

**How concerned are you?** Please circle a number on the scale below.



Product name	Features	Appeals to me
<b>Payout annuity with increases each year</b>	<ul style="list-style-type: none"> <li>Purchasing an annuity that increases each year by a set per cent (from zero to four per cent), can help maintain purchasing power or reduce the impact of inflation.</li> <li>Provides guaranteed lifetime income.</li> </ul>	Check here if appropriate: <input type="checkbox"/>
<b>Segregated fund contract with GLWB</b>	<ul style="list-style-type: none"> <li>Investments you select may keep pace with inflation, but if the market underperforms, your investments will not keep up with increases from inflation.</li> <li>The GLWB has resets, which means if your underlying investments performed well before the reset, you will get more each year. You will receive at least the minimum guaranteed amount.</li> </ul>	Check here if appropriate: <input type="checkbox"/>
<b>AAAs/GICs</b>	<ul style="list-style-type: none"> <li>Provide minimal protection against inflation in medium-term guaranteed investments. However, long-term interest rates may not be enough to cover inflation over that period.</li> </ul>	Check here if appropriate: <input type="checkbox"/>

### 3. Losing money due to market downturns

Withdrawing too much money from shrinking investments may mean that your money does not last as long as you need it to. Having some guaranteed sources of investments or income will help protect you.

**How concerned are you?** Please circle a number on the scale below.

0	1	2	3	4	5	6	7	8	9	10
Not at all concerned				Fairly concerned			Very concerned			

Product name	Features	Appeals to me
<b>AAs/GICs</b>	<ul style="list-style-type: none"> <li>Provide a guaranteed interest rate for the term selected; no exposure to market returns.</li> </ul>	Check here if appropriate: <input type="checkbox"/>
<b>Payout annuity</b>	<ul style="list-style-type: none"> <li>Guarantees monthly or yearly payments for life, no matter how the market performs.</li> <li>The income is like a “paycheque” in retirement, guaranteed for life.</li> </ul>	Check here if appropriate: <input type="checkbox"/>
<b>Segregated fund contract with GLWB</b>	<ul style="list-style-type: none"> <li>Pays a minimum guaranteed income per year.</li> <li>Even if the market decreases 30 per cent, you will still be guaranteed your minimum income amount.</li> <li>Bonusing can allow your income amount to increase even in downmarkets.</li> </ul>	Check here if appropriate: <input type="checkbox"/>
<b>Daily interest account</b>	<ul style="list-style-type: none"> <li>Ensures your money is protected, liquid, and has potential to grow.</li> </ul>	Check here if appropriate: <input type="checkbox"/>

[www.MyRetirementCafe.ca](http://www.MyRetirementCafe.ca) > What could go wrong?



## 4. Unexpected events that cause extra expenses

Events such as increasing healthcare costs, loss of a spouse or partner, or unplanned costs for major purchases could affect your savings and income. Having cashable investments or insurance can help protect your retirement income.

**How concerned are you?** Please circle a number on the scale below.

0      1      2      3      4      5      6      7      8      9      10

Not at all concerned

Fairly concerned

Very concerned

Product name	Features	Appeals to me
<b>Mutual funds or segregated funds contracts</b>	<ul style="list-style-type: none"> <li>Funds are easily cashable but are not very effective in providing guaranteed income; growth in the market could provide money for unexpected costs.</li> <li>You may need to pay deferred sales charges when you withdraw funds.</li> <li>Segregated fund withdrawals above the guaranteed amount could affect future income.</li> </ul>	Check here if appropriate: <input type="checkbox"/>
<b>AAs/GICs</b>	<ul style="list-style-type: none"> <li>Having some money easily accessible in a daily interest account helps with liquidity concerns.</li> <li>Term deposits can be redeemed at any time but are subject to a market value adjustment if cashed early; non-redeemable GICs cannot be cashed until maturity.</li> <li>Staggering the maturity dates of AAs/GICs can help ensure money becomes available on a regular basis.</li> </ul>	Check here if appropriate: <input type="checkbox"/>
<b>Health insurance</b> <b>Critical illness insurance, long term care insurance, and personal health insurance</b>	<p>These products can help minimize the impact of unexpected health-related costs on your income and savings:</p> <p><b>Critical illness insurance (CII)</b></p> <ul style="list-style-type: none"> <li>If you develop a covered illness, and meet the criteria in your contract, CII pays you a lump-sum benefit that helps manage the costs.</li> </ul> <p><b>Long term care insurance (LTCI)</b></p> <ul style="list-style-type: none"> <li>Provides money if you need help performing daily activities like bathing, feeding or dressing yourself.</li> </ul> <p><b>Personal health insurance (PHI)</b></p> <ul style="list-style-type: none"> <li>Covers medical expenses including prescription drugs, physiotherapists, massage therapists, podiatrists, ambulance services and special equipment such as wheelchairs.</li> </ul>	Check here if appropriate: <input type="checkbox"/>
<b>Life insurance</b>	<ul style="list-style-type: none"> <li>Helps protect your family, maintains their lifestyle and keeps their hopes and dreams alive when you die.</li> </ul>	Check here if appropriate: <input type="checkbox"/>

### Instructions:

Review the risks and indicate how concerned you are with each risk. Then review the various solutions available to address the risks and check those which appeal to you. Transfer this information to the worksheet, and speak with your advisor for more details about the solutions that appeal to you.



## Meet Emily

Emily is 72, with two grown children and four grandchildren. She and her late husband, Gary, retired seven years ago. Emily has no real understanding of her financial situation since Gary passed away. Here's how she has reduced her retirement income risks.

Retirement risk	Management strategy and outcome
<b>Outliving her money</b>	Emily has five sources of guaranteed income, which include CPP, OAS, annuity income, pension income and an indexed annuity. This is plenty to cover her basic needs, which total \$40,000 per year.
<b>Inflation</b>	Many of Emily's income sources are indexed. They will increase annually, which should offset the effect of inflation. She is well protected from this risk.
<b>Poor market returns</b>	Most of Emily's assets have been converted into lifelong income streams and the remainder is in GICs. She is not exposed to market return risk.
<b>Unexpected events</b>	Emily has \$20,000 in GICs that she can hold in her Tax-Free Savings Account. She also has a mortgage-free house and can access the equity through an All-In-One account. These sources of additional funds will help cover healthcare or other unexpected costs.

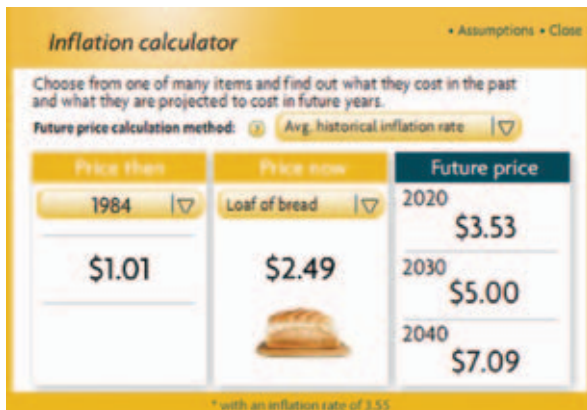
Find several more case studies like Emily's at [www.MyRetirementCafe.ca](http://www.MyRetirementCafe.ca) > **Case studies**

# What other resources are available to you?

## Are you concerned about market performance?

Watch this animation to see how your income and savings could be impacted over time.

[www.MyRetirementCafe.ca](http://www.MyRetirementCafe.ca) > Tools and resources > Calculators > Weathering market returns



## Are you concerned about inflation eating away at your buying power?

The inflation calculator can show how costs could be impacted over time.

[www.MyRetirementCafe.ca](http://www.MyRetirementCafe.ca) > Tools and resources > Calculators > Inflation calculator

## Are you unsure how much money you will need in retirement?

Use the expense calculator to find out.

[www.MyRetirementCafe.ca](http://www.MyRetirementCafe.ca) > Tools and resources > Calculators > Retirement expense calculator



## Do you want to see what your retirement income may look like?

The income calculator can help.

[www.MyRetirementCafe.ca](http://www.MyRetirementCafe.ca) > Tools and resources > Calculators > Income calculator

