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The Canada Pension Plan: Investing in Equities

- Meeting Annabelle

In this presentation we are going to join Annabelle on her journey of retirement planning:

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- Pre-Career Stages
- Early- Earning Stage
- Mid Earning Stage
- Prime Earning Stage
- Retirement Stage
- Post Retirement Stage
- Recommendations

Pre-career (0-22 years old)

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Mid Earning (31-44 years)

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Prime Earning (45-59 years) Cont.

Post-Retirement (75+ years)

1955 1980 2000 2015 2035

Meet Annabelle!

- Annabelle was born on 1955, she is 59 years old.
- She got a degree in social science from Western University
  - She went to teachers college after.
  - She had to take a student loan to be able to finish her studies.
- She is married to Stewart, 65 years old.
  - He works at an insurance company
- They have 3 kids.
- She is a substitute teacher working part time so she can stay at home to raise the kids.

Annabelle is getting ready to retire now and this is her journey.

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Early earning (23-30 years old)

Financial Post

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Prime Earning (45-59 years)

Retirement (60-74 years)

- When Annabelle retires, she should replace her job income with another kind of income. She may consider the follow while researching:
- Annuities
- Registered Retirement Saving Plans
- Registered Retirement Income Funds
- Government Programs
- Private and Public Pension

In Conclusion

- Retirement Planning can begin in the early stages of life and continue all the way until retirement.
- Anna educated her self about different ways to begin retirement planning starting with something as simple as getting into the habit of saving and creating a budget all the way to making sure her debt is all paid.
- Anna should familiarize herself with other types of income that will replace her job income.
- She should get to know her rights and whether or not she qualifies for public and private pensions and government programs

ACTIVITY TIME!

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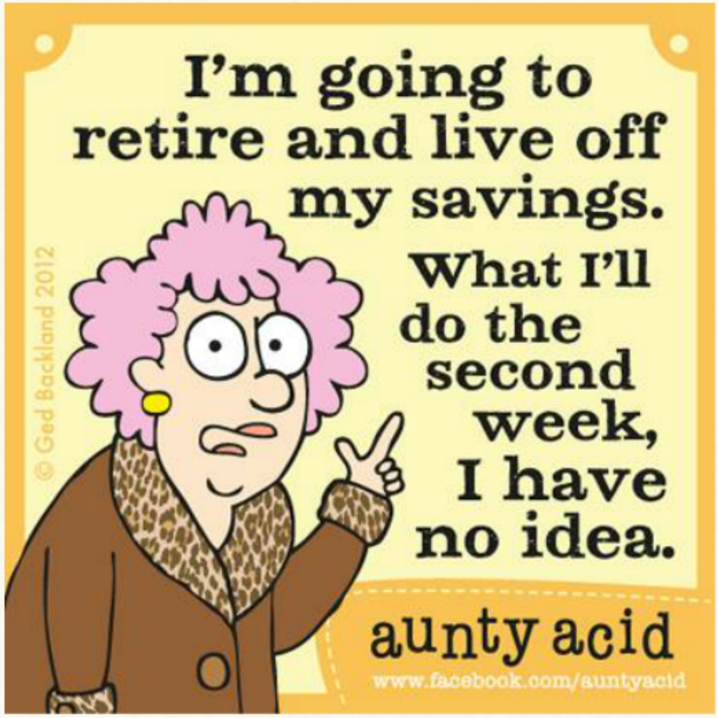

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Pre-career (0-22 years old)

Establish Good Money Management Habits

Annabelle should make good spending choices when she is young and just starting to deal with her own finances because this will help her to establish good spending habits and to build her own credit rating.

TRACK EXPENSES

ANALYZE COSTS

MAKE A BUDGET

GET INTO SAVING MODE

UNDERSTAND SPENDING

GAIN KNOWLEDGE about finance and retirement

Till Debt Do Us Part. Gail Vaz-Oxlade -------->

What is a credit rating?

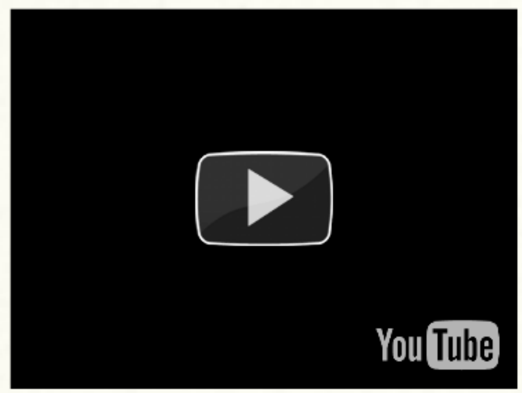
A credit rating is based on information (types of credit you use and if payments were made on time) from businesses that have given you credit, which is sent to Equifax and TransUnion, the two credit-reporting agencies in Canada. When you want to borrow money, the lender will check your credit history with the credit bureaus.

Establish A Good Credit Rating

- Pay your bills on time, every time
- Do not max out your credit card -try to use no more than 30% of your card limit
- Develop a long credit history -credit scores are based on experience over time

Check Your Credit Rating

You can fill out a form online and ask both of Canada's national credit bureaus (Equifax and TransUnion) for a free copy of your credit file by mail.



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[redacted]

Early earning (23-30 years old)

Financial Post

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Summer of 2013. Mr. Knight young father of three

This is what happens when you establish good money management habits in your pre-career stage...

- His childhood experiences shaped his ideas about money and helped him establish good spending habits.
- He lives in a mortgage free house and saves more than 70% of his net income with the goal of retiring by age 35.
- He wants to have $741,000 saved and invested in dividend-paying stocks and bonds.
- If he is able to get a 4% return, this allows him to live off of the income at almost $30,000 a year, which is enough to cover his family's expenses.

This is the first time Annabelle is making a steady income. She just got her first job and has even gotten herself a raise. She is currently paying off her debt from school and putting money into her savings account. When in the first few years of your career, you can take advantage of the best asset available to you, which is time. Canadians need to save between 50%-80% of their income to have enough money to retire comfortably. When you start saving for your retirement early, you have many years to combat the short-term market fluctuations and to gain the most possible benefit from compounding. Many barriers can get in the way of saving early for retirement: such as not having the knowledge, costs of living is high so you just do not have the money, no goals, false ideas about retirement such as everyone having help and getting a pension plan from the government, and lastly hard to get a well paying job that allows extra money to put away for retirement. Here are some ways to avoid the common barriers:

SET A GOAL

SET A DEADLINE

PAY YOURSELF FIRST PRINCIPAL

MANAGE YOUR DEBT, DO NOT LET YOUR DEBT MANAGE YOU

BALANCE YOUR SAVING GOALS

HAVE INVESTMENTS

CONSIDER A MUTUAL FUND

EARN MORE, SAVE MORE

Financial Post

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Summer of 2013, Mr. Knight young father of three

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Mid Earning (31-44 years)

Financial decisions made at this stage will have the greatest impact on the financial lifestyle Annabelle will enjoy during retirement. So here are a few suggestions of what she should do to start saving well for it:

1-Start saving for her children's college expenses and consider using custodial accounts.
2-Take advantage of her employee retirement plan at work.
3- Invest wisely and consider an asset allocation strategy.
4- Have a qualified financial adviser who can give her reliable financial advice.
5- Start thinking about buying an adequate life insurance to protect her family.
6- Prepare an estate plan to minimize taxes.
7- Identify different ways to save and prepare a better household budget.
8- Establish a saving pattern and set some saving goals.
9- Try to only borrow things that provide her and her family with long-term value.