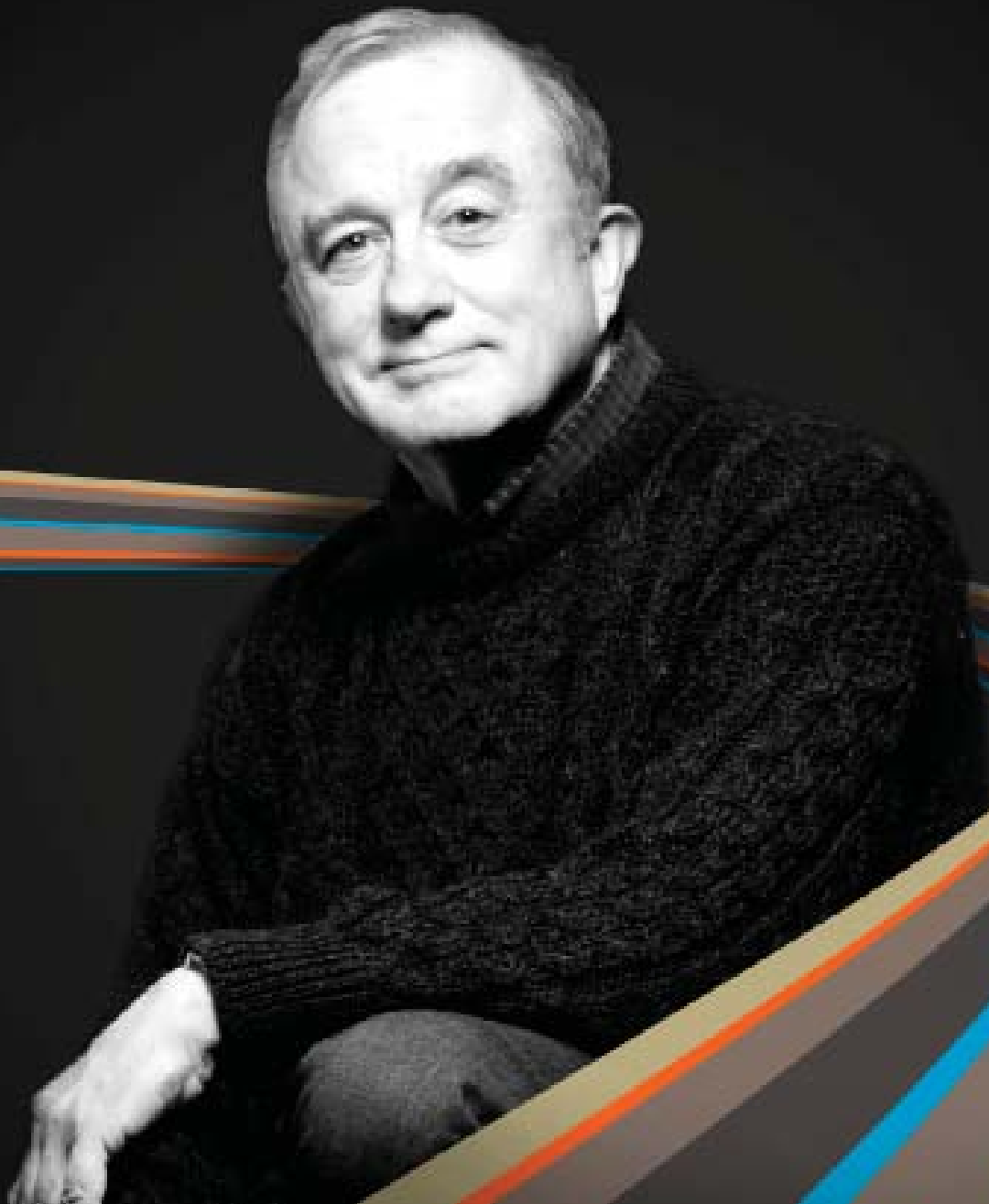


Russell Retirement Investment Solutions

Investment insights for a
financially healthy retirement.



The \$20 rule of thumb.

Every \$20 of retirement savings can generate one dollar of retirement income per year.

The \$20 rule of thumb is based on current data about average life expectancies and the long-term rate of return from a balanced retirement portfolio consisting of 35% equities and 65% bonds.

Although personal circumstances vary, here's a good guideline to follow in estimating the annual retirement income your savings might generate:

Compare your total amount of savings *at* retirement to the projected annual earnings available to you *throughout* retirement.

■ Total savings *at* retirement
■ Projected annual investment earnings available *during* retirement



If you are close to retirement or already there, this rule of thumb gives you an estimate of the amount of investment income you can expect to earn annually over the rest of your lifetime. Remember that your investment income may be supplemented by income from other sources, such as the Canada Pension Plan (CPP), Old Age Security (OAS), the Quebec Pension Plan (QPP), and any entitlements you may have from an employer's pension plan.

If you are still some time away from retirement, this rule of thumb can help you set a retirement savings goal. If you are concerned about missing your goal, there are a few strategies you may wish to consider, such as accelerating your current savings program, pushing your retirement date back a few years or reviewing your portfolio with your advisor to make sure it has the right risk/return profile for your situation.

Should you consider an annuity?

An annuity is an insurance contract that guarantees you a fixed retirement income, usually until age 90. The benefit of an annuity is that you know exactly how much income you'll receive each month for life. However, this benefit can come at a price. First, your income is based on the prevailing interest rate when you sign the contract. Even if interest rates rise—or the cost of living increases—your monthly income stays the same. Second, while you are protected from any future market declines, you are also prevented from participating in the market's long-term upward growth. Finally, you are not allowed lump-sum disbursements for home repairs, health care needs or any other reason. These restrictions may make annuities the wrong retirement income choice for many investors.

Assumptions: Based on Unisex UP94 projected to 2015 using scale AA mortality table. Indexed interest rate (2.86%) based on an inflation-adjusted expected total return on a 35% equity / 65% bond balanced fund with 1.8% management fee and 0.7% alpha. CPI =3%. Equity return =9%. Bond return =6%. Investor with spouse three years younger. Annuity with joint and survivor 60% held in registered account.

The Russell 10/30/60 Retirement Rule.

Combining the stability of bonds with the growth potential of equities is the best strategy for achieving steady, long-term investment earnings throughout retirement.

Many people think the only investment risk during retirement is market volatility. But there is another risk that may be much more serious: the risk of outliving your savings.

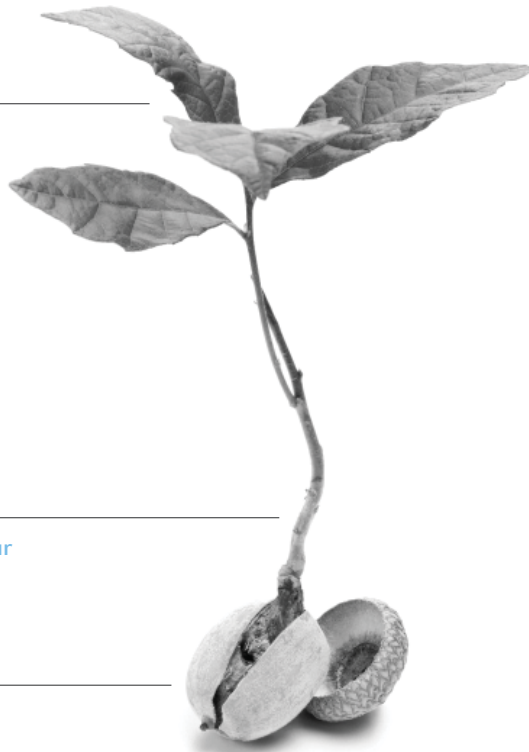
The Russell 10/30/60 Retirement Rule is all about striking a post-retirement asset mix that can generate strong and steady cash flow for the rest of your life.

In other words, as much as 90% of your investment earnings during retirement can come from growth, and a significant majority of that growth can take place after you retire. With an allocation to equities, your investments can continue to grow, even as you draw income from them. The result is a much better chance of having strong and steady cash flow that lasts your entire lifetime.

60% from growth that occurs during your retirement

30% from the growth of your savings before you retired

10% from money you saved during your working years



The Russell 10/30/60 Retirement Rule derives its name from the fact that, with a portfolio of roughly 35% equities and 65% bonds, the sources of your investment earnings during retirement could look something like this:

- › 10% from money you saved during your working years
- › 30% from the growth of your savings before you retired
- › 60% from growth that occurs during your retirement

Assumptions: 6% annual distribution rate after retirement (indexed at 2.9% annually); average annual investment return pre-retirement based on Russell Glide Path and 6.9% post-retirement (reflecting 35% equities / 65% bonds portfolio with assumed RoR of 8.9% on equities and 5.9% on fixed income); account is distributed in full by the 91st year; 6.5% average annual increase in savings rate from 25 to 65.

Essentials · Lifestyle · Estate

It pays to think about dividing your retirement savings into three distinct pools of capital, and to have the right investment strategy for each pool.

Certain expenses during your retirement will be essential to live your life. Other expenses will be more discretionary in nature—things you might consider lifestyle expenses. In addition, you may have financial goals that extend beyond your lifetime, such as creating an estate for your children, grandchildren or a charitable cause.

A complete retirement strategy recognizes that each of these three financial categories—essentials, lifestyle and estate—can and should have its own unique investment portfolio. Here's how these three pools of capital work:

The three pools of retirement capital.

Essentials

Purpose

The fixed expenses of life, such as groceries, housing, insurance, health care and taxes.

Investment strategy

Consider an asset mix of 35% equities and 65% bonds to generate a prudent mix of monthly income and long-term growth.

Lifestyle

Purpose

Those “nice to have” things that make retirement more enjoyable, such as dining out, club memberships, travel or golf lessons.

Investment strategy

Consider an asset mix of 40% equities and 60% bonds to enhance long-term income and growth potential.

Estate

Purpose

Creating a future legacy, such as an inheritance for children and/or grandchildren or a gift to a cause that matters to you.

Investment strategy

Consider an asset mix that includes 40% equities or more, and reinvest any monthly income to maximize long-term growth potential.

Retirement questions to ask your advisor.

- › How will the \$20 rule of thumb affect my plans?
- › Is my portfolio optimized for the 10/30/60 Retirement Rule?
- › How much money will I need to take care of my Essentials, Lifestyle and Estate?
- › How much CPP and OAS income can I expect?
- › Are there other income sources I should consider?
- › Can I reduce my income taxes with income splitting?
- › Should I review my life insurance?
- › What estate planning strategies would work for me?
- › How can I plan for charitable giving?
- › What's the best way to fund a child's education?

Don't retire from investing. Invest for retirement.™

Once upon a time, retiring from work also meant retiring from investing. The idea was to benefit from the growth of the market during your working years, then switch your investments to something “safer” such as annuities or GICs when you retire.

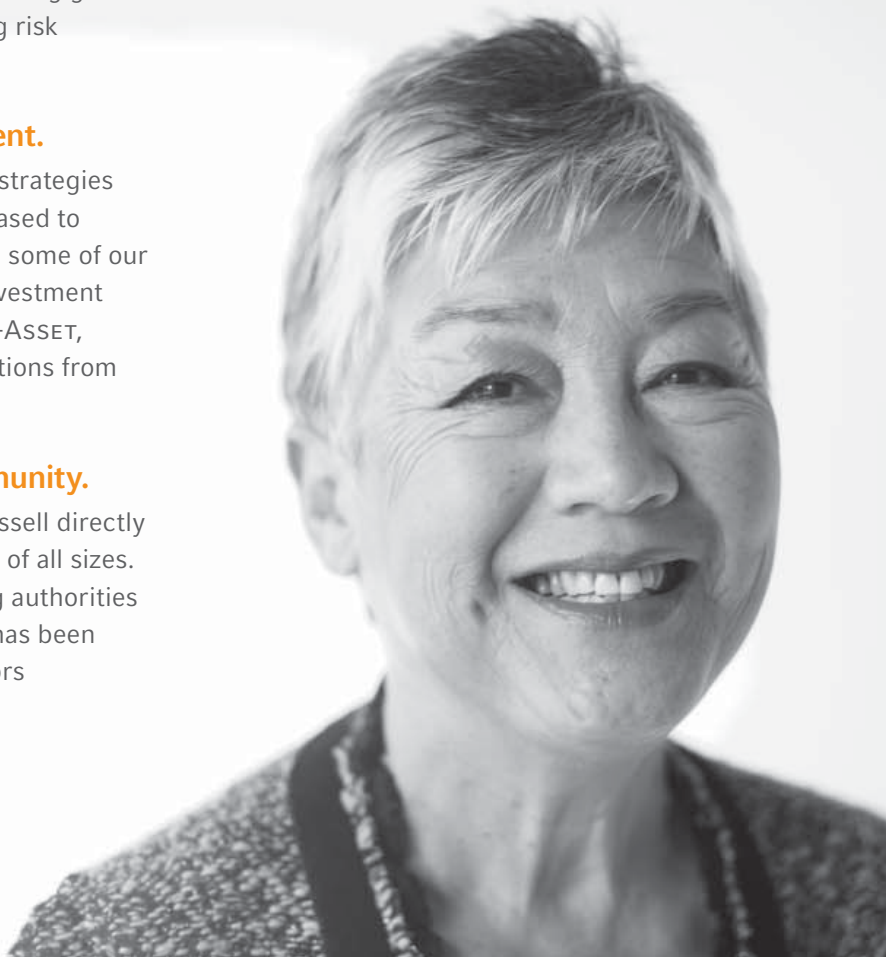
But with retirement becoming longer and retirees enjoying more active lifestyles than previous generations did, the safest investment strategy is one that covers all the bases—combining the stability of bonds with the continuing growth potential of equities, and intelligently managing risk each step of the way.

A different way to think about retirement.

Russell has conducted extensive research into strategies for successful retirement investing. We are pleased to share key insights with you—insights based on some of our most important findings. Working with your investment advisor, you can leverage a full range of MULTI-ASSET, MULTI-STYLE, MULTI-MANAGER™ portfolio solutions from Russell to put these concepts into practice.

A leading authority, right in your community.

With dedicated manager-research analysts, Russell directly manages more than C\$225 billion for investors of all sizes. No wonder we're considered one of the leading authorities on people who manage money. Our approach has been tested by many of the largest corporate investors around the globe, and it's brought to you by an advisor in your own community.



We're your retirement partner.

Along with your financial advisor, Russell is a partner you can trust as you begin to create a complete retirement strategy.

› **Consistent cash flow to meet your needs.**

Have a source of regular cash flow to help pay for the essentials of life during retirement, and to enjoy the travel, leisure and other lifestyle activities that make retirement fun and rewarding.

› **Growth potential and risk management to help you rest easy.**

With multiple asset classes, money managers and investment styles working together, the right balance of bonds and equities can help replenish your capital and prolong your payment stream.

› **Best-in-class money managers for long-term success.**

Feel confident that Russell has selected some of the world's very best money managers for your portfolio, and will carefully monitor their performance to make sure your portfolio stays on track with your retirement income goals.

› **Ask your advisor for more information.**

Ask your financial advisor how Russell's research findings, planning tools and investment solutions can help you put plans in place for enjoying a financially healthy retirement.

**To find out more about the
Russell Retirement Investment Solutions,
talk to your advisor or visit
www.myfinanciallyhealthyretirement.com**

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