

# The role of professional financial advice in achieving a financially healthy retirement

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Special Report  
Fall 2008

A summary of research conducted by  
Russell Investments Canada and Harris/Decima



80% of Canadians who work with a financial advisor feel good about their financial health at retirement.

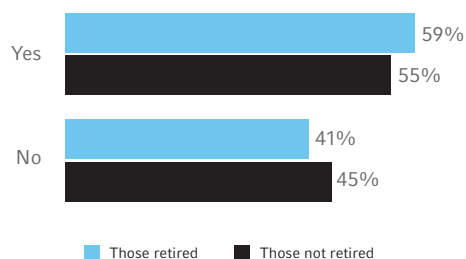
New research by Russell Investments reveals the critical role professional financial advice plays in helping Canadians achieve a financially healthy retirement.

# The link between professional advice and financial health

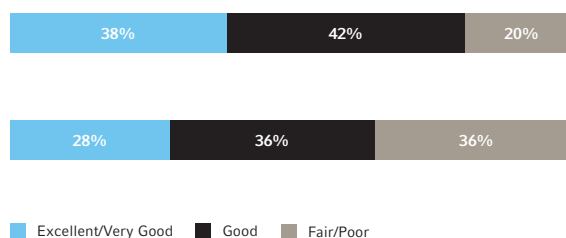
Russell Investments recently asked over 2,200 Canadian retirees and pre-retirees about their personal financial health. Our research identified three common traits among those who enjoy good financial health during retirement: working with a professional financial advisor, starting a financial plan early in life, and having an appropriate investment strategy.

The good news is that nearly 60% of all retirees rate their financial health as very good or excellent. However, the even better news is that, among those who work with a professional financial advisor, this number jumps up to an impressive 80%.

## Do you work with a professional financial advisor?



## Relationship with financial health



## Russell commentary

- > **Worry stems from uncertainty.** Almost a third of Canadians feel anxious about their financial health ten years before retirement, yet 90% of retirees report that retirement is actually a time of happiness, freedom and relief. We believe that pre-retirement anxiety largely stems from a sense of uncertainty, and that working with an advisor can replace this uncertainty with the optimism that comes from having a tangible and realistic financial plan.
- > **Advice is a key driver of success.** We believe there's a clear link between working with an advisor, starting a financial plan, having an appropriate investment strategy, and enjoying greater long-term financial health. Even those who start planning relatively late in life can take advantage of professional advice to develop and implement a successful investment strategy.

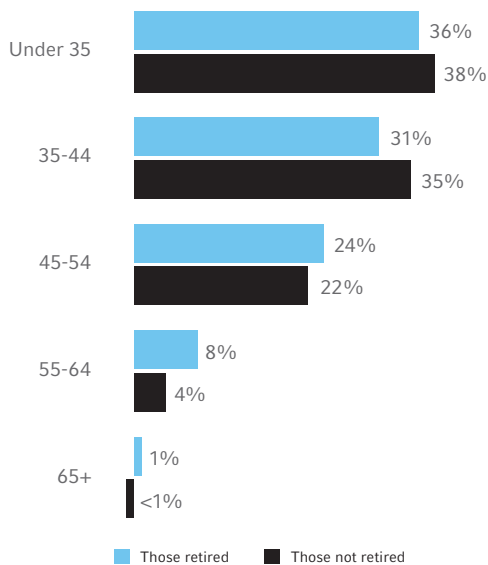
## Quick fact

Although 64% of Canadians 70 and older receive income from a defined benefit pension plan, only 44% of those between the ages of 42 and 49 expect to receive these benefits. Today's pre-retirees can leverage the knowledge of a professional advisor to compensate for this potential shortfall in retirement income.

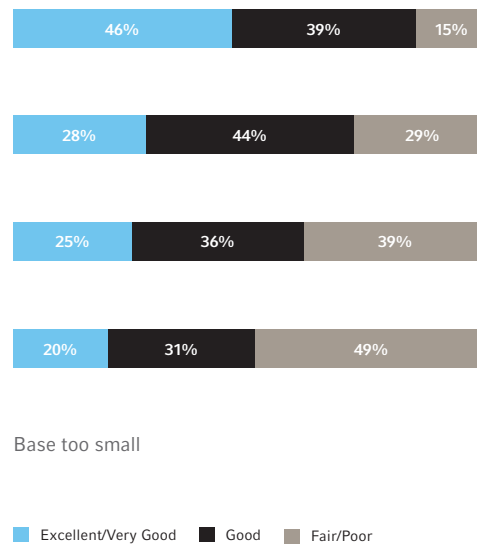
# The advantage of time

Many of us avoid planning for retirement until it's 10 or 15 years away. However, Canadians who started planning before age 35 rate themselves nearly twice as financially healthy as those who wait until age 45 or later.

## Age people began financial planning



## Relationship with financial health



## Russell commentary

- > **Start as soon as possible.** Time can have a more profound effect on compound investment growth than any other factor. By starting as soon as possible, you may be able to reduce the total amount you have to save. You may also have better protection against short-term market volatility, and less anxiety about meeting your goals.
- > **It's never too late.** Despite the advantages of starting early, it's never too late to begin working with an advisor to implement a prudent financial plan. An advisor can help you determine where you want to be at retirement and recommend specific strategies to help you get there – even if that means playing a bit of catch-up.

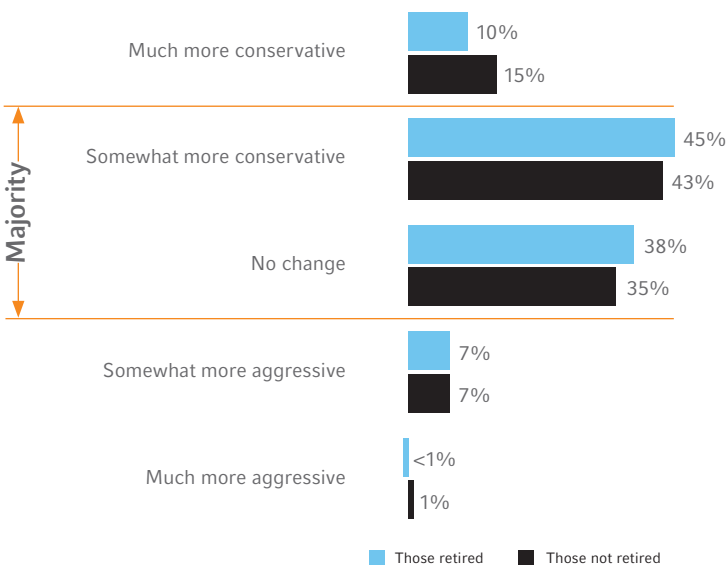
## Quick fact

70% of Canadians are concerned about riding out the bumps in Canada's long-term economic performance. An investment advisor can help you smooth out these bumps with strategies such as asset allocation, diversification, and taking advantage of the skill and experience of professional portfolio managers.

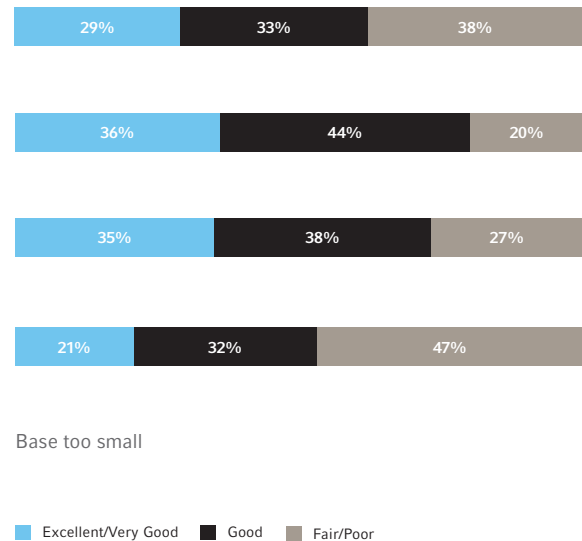
# The importance of a steady strategy

It may seem natural to switch to much more conservative investments upon retirement. But our research shows that Canadian retirees who become only somewhat more conservative, or who make no change to their investment strategy at all, are almost 20% more likely to report good or excellent financial health.

## Investment strategy in retirement



## Relationship with financial health



## Russell commentary

- > **Don't retire from investing.** Proprietary research by Russell shows that as much as 60% of your investment income during retirement can come from growth that takes place *after* you retire. We believe it's essential to work with an advisor to continue investing for growth after your retirement date.
- > **Consider different strategies for different retirement goals.** A skilled advisor can recommend distinct investment strategies to meet distinct goals in retirement, such as money to pay for essential living expenses, money to enjoy additional lifestyle interests such as travel and leisure, and money with which to create an estate for your children or a charitable cause.

## How's your financial health?

The Russell Financial Health Index™ is a unique tool that helps you calculate your personal financial health score, compare it to the national average, and track your progress. Visit [www.myfinanciallyhealthyretirement.com](http://www.myfinanciallyhealthyretirement.com) to find out where you stand today, and work with a professional advisor to improve your score over time.

# Russell is your retirement expert

At Russell Investments, we're dedicated to providing Canadian investors and advisors with the tools and expertise they need to retire in excellent financial health. Our comprehensive retirement solutions are built on extensive proprietary research, decades of outstanding portfolio management, and ground-breaking innovations such as the Russell Financial Health Index™.

Since 1936, our investment approach has been tested by millions of individual shareholders and thousands of institutional investors including Alcoa, AT&T Inc., AmerisourceBergen Corp., Barclays Bank, BHP Billiton, Bill & Melinda Gates Foundation, Boeing, Caterpillar, Coca-Cola Bottling Co., State Teachers Retirement System of Ohio, Toyota Motor Pension Fund, Wilfrid Laurier University.\*

These investors demand the highest level of strategic diversification and money management. So should you. Along with your advisor, we will help you replace hunches, hope and guesswork about retirement with solid financial solutions you can rely on.

Please visit [www.myfinanciallyhealthyretirement.com](http://www.myfinanciallyhealthyretirement.com) to learn more.

## How this research was conducted

Harris/Decima conducted 2,200 online surveys across Canada in early 2008. Survey data were weighted by region and retirement status in order to gain a representative cross-section of Canadian investors. Note that all information and statistics cited in this report are from this Harris/Decima research except where stated otherwise.

The survey respondents had a household income of \$50,000 or more and were 42 years of age or older. Of the group, 1,078 were presently employed, and 1,122 were retired from work. The retired group excludes those who were unemployed, students, or homemakers.

Note that for the purposes of the report, the term "Canadians" refers to the entire sample group including both pre-retirees and current retirees.

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\* Representative client list as of April 2008. Clients may contract for a variety of services from Russell Investments. The identification of the clients listed does not constitute an endorsement or recommendation of Russell's products or services by such client.

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