

**Are you concerned about outliving your retirement savings?  
Do you know if you have the right mix of investments to fund your  
retirement?  
Are you concerned about what market volatility can do to your savings?**

If you are like many people, questions like these may be on your mind as recent market volatility has many people questioning their current investments. With many Canadians now expected to live up to 30 years after they retire. Investors want to feel confident that their financial plans will provide sustainable income throughout their retirement years.

For many years, the financial services industry has pushed the benefits of asset allocation to help grow the savings of investors without exposing their savings to undue market risk. Asset allocation has proved to be a powerful tool in this regard, but unfortunately for those in or approaching retirement, research highlights the fact that asset allocation alone isn't enough to ensure your savings will last. Retirees face a different set of risks in retirement than savers, and these risks cannot be offset by asset allocation strategies alone.

Risks that are unique to those nearing or in retirement include:

- **Longevity risk** – With today's increased life expectancies, there is a chance you may outlive your savings
- **Inflation risk** – The rising cost of goods and services can erode the buying power of your savings over time
- **Sequence of returns** – Poor market returns immediately before or after retirement may mean that you'll consume your savings faster than you would expect

A new strategy called "Product Allocation" tackles these issues head on. This strategy is based on research conducted by Moshe Milevsky, a highly respected retirement planning expert associated with York University's Schulich School of Business.

Product Allocation involves combining an appropriate mix of investment products in a retirement plan to provide both growth potential and income guarantees.

More specifically product allocation uses three different categories of products to help ensure the likelihood of achieving a sustainable stream of retirement income.

- **Annuities and Pension** (Defined Benefit Pension Plans, Canada Pension Plan and Old Age Security)
  - ❖ Guaranteed income, typically for life
  - ❖ Pre-determined, regular income
  - ❖ Market and interest rate fluctuation protection
  - ❖ No control over how assets are invested
  - ❖ Not accessible (fees may apply)
  
- **Guarantee Minimum Withdrawal Benefits** (GMWBs)
  - ❖ Guaranteed income, possibly for life
  - ❖ Predictable, sustainable and potentially increasing income
  - ❖ Control over how assets are invested
  - ❖ Growth potential to help income keep up with inflation
  - ❖ Guarantees come at an additional cost
  
- **Systematic Withdrawal Plan** (Mutual Funds, Stocks, Bonds, GICs)
  - ❖ Flexibility and ease of access to cash
  - ❖ Control over how assets are invested
  - ❖ Income not guaranteed

Product allocation strategies can help you maximize your retirement income potential, while minimizing the financial risks you face in retirement. Retirees face different risks than workers who are building wealth. Combining different products in the right manner can go a long way towards creating a sound retirement income plan

Please contact our office if you are interested in discussing a retirement plan incorporating the benefit of both asset allocation and production allocation.