Freedom 55 Financial
A division of London Life Insurance Company

Your Financial Security

ISSUE 1, 2010

NEW IDEAS FOR YOUR STRONGER FINANCIAL FUTURE

Peter R. Bennett CLU, CFP, CH.F.C.
Financial Security Advisor
Investment Representative
Blueprint Wealth & Estate Planning
Quadrus Investment Services Ltd.
44 Victoria St., Suite 1417
Toronto Ontario M5C 1Y2
Tel. (416) 203-1977 ext. 27
Fax (416) 203-1574
E-mail: pbennett@blueprintwealthinc.ca

Rejuvenate your retirement plan

Over the last few decades, retirement has changed dramatically. Two generations ago, retirees generally focused on survival and safety money. Their goals were to have just enough money to get by and survive the occasional bump in the road.

Today's generation of retirees will be unlike any in the past. It's anticipated this group will plan to enjoy a more active and extravagant lifestyle.

You may be faced with a number of challenges when trying to meet your specific needs as you move into this phase.

Overcoming the uncomfortable feeling of drawing money after years of focused savings for retirement may be one of them. You may wonder how much income is enough and how long your savings will last.

It's difficult to provide answers to these questions in an article like this, but your financial security advisor can help determine the best solution for your unique circumstances.

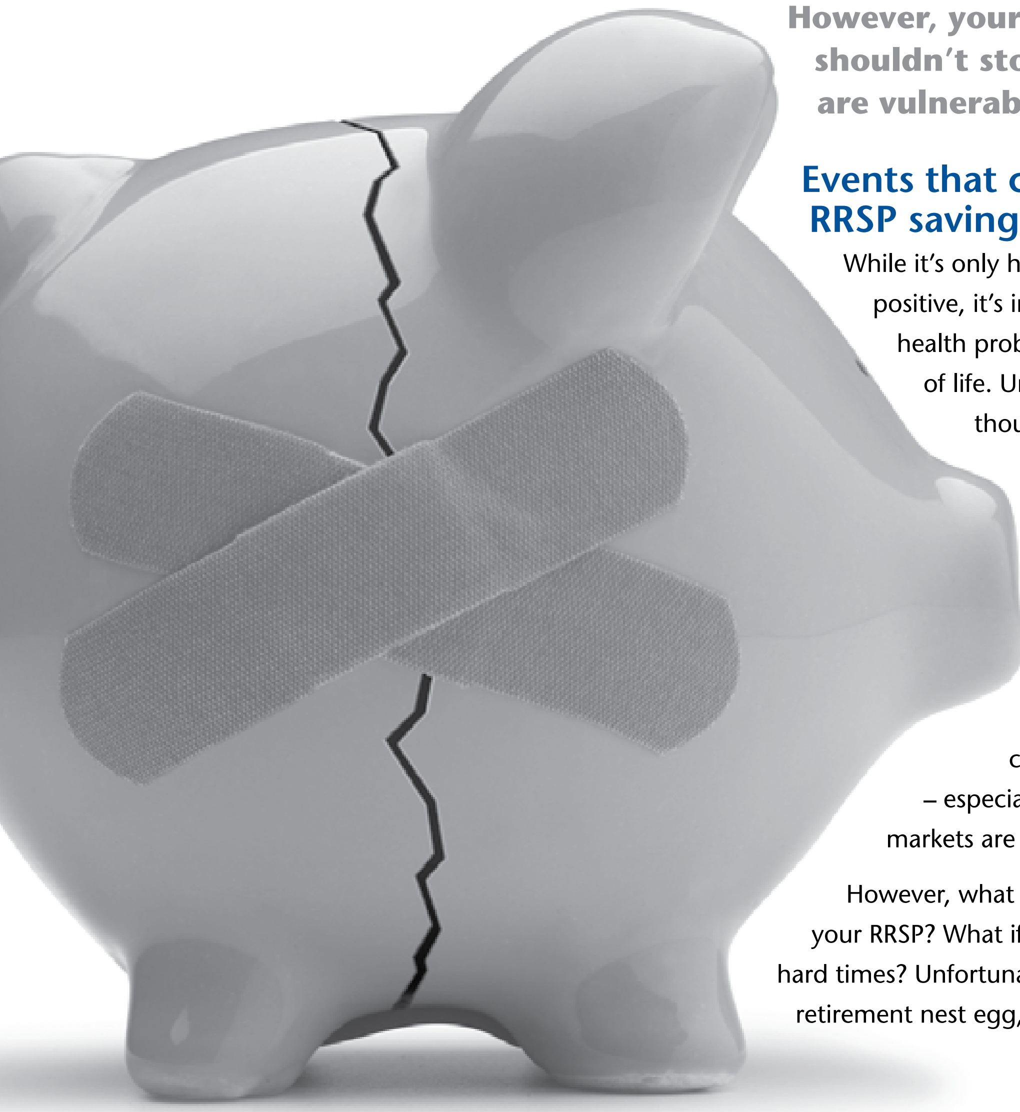
Ultimately as you move into or towards retirement you want a financial security plan that manages both your income and your risk.

continued on page 4

How to protect your RRSP savings

Another registered retirement savings plan (RRSP) season has come and gone. If you're like many Canadians, you've probably squirreled away some hard-earned dollars in hopes of a comfortable retirement.

However, your retirement planning shouldn't stop there. Your RRSP savings are vulnerable to many different risks.



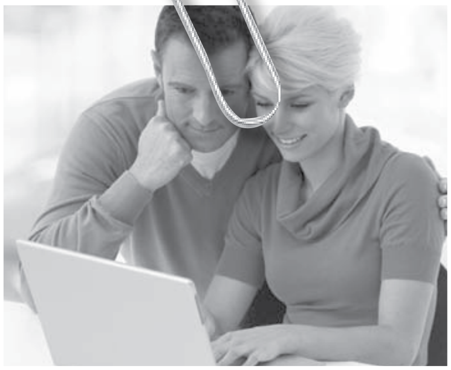
Events that can cut into your RRSP savings

While it's only human nature to look forward to the positive, it's important to remind ourselves that serious health problems and an early death are also a part of life. Unforeseen events can derail your carefully thought-out plans and have a devastating impact on your family finances.

Imagine having to dip into your RRSP savings, due to the sudden loss of your spouse, in order to make the mortgage payments and help with your children's education. Situations like this can not only expose you to greater taxes, but can also threaten your retirement income – especially if you have to sell investments when markets are down.

However, what if you don't have to withdraw cash from your RRSP? What if you just stop contributing to it during hard times? Unfortunately, that can also shortchange your retirement nest egg, as shown in the following example.

Example: The Campbells



At age 40, Bill and Amanda Campbell begin contributing $500 a month to their RRSPs. Five years later, a car accident leaves Bill disabled. The Campbells decide to postpone RRSP contributions until Bill has fewer medical expenses and can work again.

Four years pass before Bill fully recovers and finds a new job. The Campbells now feel financially comfortable again and resume their RRSP contributions.

By age 65, they have saved $270,964* for their retirement. However, if they hadn't interrupted their RRSP contributions, their savings would be $339,790. That's 25 per cent or $68,826 more than the current value of their RRSP.

In hindsight, the Campbells would be better off if they had made disability insurance part of their financial security plan. Now they'll probably have to adjust their standard of living during retirement to make their reduced savings last longer. If this example involved early death or critical illness, their financial loss could have been much larger.

*Assumes monthly growth rate of 0.5 per cent (6 per cent per year). No contributions or withdrawals made from age 45 to 49. Initial balance continues to grow to age 65.

The benefits of having insurance

As we've seen, your financial security depends on more than RRSP contributions alone. That's why, as you continue to pursue your financial goals, you need insurance to help protect your family and your retirement dreams.

For example, if you're faced with a serious illness, premature death or disability, you may need cash quickly. Cashing out your RRSP savings in a hurry can negatively impact your investment portfolio. However, permanent life insurance, critical illness insurance and disability insurance can provide you with cash when you need it most, without interrupting the long-term growth of your retirement savings.

This cash can help protect you and your family by providing income during difficult times. You can use insurance cash value funds to:

- Pay the mortgage so your family can stay in your home
- Pay off debts and lines of credit
- Protect your family's standard of living
- Ensure your children can afford college or university
- Help keep your business running
- Cover unforeseen funeral and medical expenses

Why start with insurance today?

As you get older, insurance available to you today may become more difficult to obtain and it's likely to cost more. If a health problem arises before the policy is in place, your application could be declined, rated or issued with an exclusion. Therefore, it's best not to delay.

Some people put off purchasing insurance because they think they can't afford it. They also don't want to reduce the amount they can save for retirement. However, you don't have to shortchange your retirement savings to buy the insurance protection you need. You can choose from many types of insurance, each with different levels of coverage, at prices to suit almost any budget.

Your financial security advisor can help you determine how much coverage you need to meet your goals and stay within your budget.

CONTINUED FROM PAGE 1

Plan for a lifetime of income

Canadians are living longer and as a result the income phase of your financial security plan could be as long as the saving phase. In addition, enough money today is not necessarily enough for tomorrow. So it's important to know how much money you should guarantee to ensure you don't run out, while providing the opportunity for growth to continue building on your savings.

Your financial security advisor can help you manage your income and develop a plan to help ensure you have enough for long enough.

It's important to prepare for the potentially devastating effects of inflation or down markets.

Make money last

Industry experts consider the five years before and the five years after retirement to be an especially critical phase for retirement savings. So whether you're saving for retirement or are already retired, it's important to prepare for the potentially devastating effects of inflation or down markets.

Even at a relatively low two per cent annual inflation rate, the purchasing power of a dollar is reduced by close to 40 per cent in 25 years. At an inflation rate of four per cent, your dollar today would only be worth $0.38 in 25 years.

Once you have a retirement plan and income strategy, your financial security advisor can recommend when to invest your variable income, purchase a guaranteed income product and whether to guarantee your income for a fixed period or for life.

Information you can use

Whether you're in the saving phase and considering retirement or already drawing an income, you should make it a point to talk to your financial security advisor about your personal situation. Your financial security advisor can build a plan for retirement income and provide product recommendations best suited to helping you reach your retirement goals while managing risks.

Make your investment decisions wisely. Important information about London Life's segregated funds can be found in the Information Folder, available from your Freedom 55 Financial security and investment representative and important information about the Quadrus Group of Funds can be found in the funds' simplified prospectus. Please read these documents carefully before investing.

Mutual funds are not guaranteed. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund and segregated fund investments. Their values change frequently and past performance may not be repeated.

SUBJECT TO ANY APPLICABLE DEATH BENEFIT GUARANTEE OR MATURITY VALUE GUARANTEE, ANY PART OF THE PREMIUM OR OTHER AMOUNT THAT IS ALLOCATED TO A SEGREGATED FUND, UNDER THE FREEDOM FUNDS AND MARKETWATCH INVESTMENT OPTION, IS INVESTED AT THE RISK OF THE POLICYOWNER AND MAY INCREASE OR DECREASE IN VALUE ACCORDING TO THE FLUCTUATIONS IN THE MARKET VALUE OF THE ASSETS OF THE SEGREGATED FUND.

Freedom 55 Financial

QUADRUS

Quadrus Investment Services Ltd.

Freedom 55 Financial is a division of London Life Insurance Company