June 2013

SEVENTH-DAY ADVENTIST CHURCH

LIVING IN Retirement

A Long, Healthy Retirement

In this issue of *Living in Retirement*, we summarize our retirement plan priorities, share how we manage and invest our pension fund, and review how the global financial markets affect it. In other words, we share with you our plans to keep your pension a priority.

Of course, how you manage your monthly pension income is your responsibility. We're happy to share some ideas about how to ensure your income lasts and how to live a healthy retirement.

At the Church, we take a long-term approach to managing our pension fund to ensure that current and future retirees receive their promised pension benefits. This allows us the flexibility to adjust our plan contributions or investments, when needed, and to actively manage the effects of market fluctuations.

But we don't do it alone — we work with our plan's actuaries, Towers Watson, to help shape our priorities and ensure the sustainability of our pension plan.

Our priorities for 2013 include:

- **De-risking our investment strategy**. Over time, we are planning to shift our asset mix toward more conservative investments. This will allow us to focus on long-term stability, with the intent to keep the pension plan funded and sustainable well into the future.
- **Long-term contribution strategy**. De-risking will help us stabilize our contribution levels. This will help ensure we can reasonably predict and manage the contribution levels required to fund the plan.
- **Ongoing monitoring**. We will continue to monitor the plan quarterly and annually by consulting with experts and by reviewing our investment performance to help ensure our expectations (and yours!) are met.

How Are We Doing?

At least once every three years, our actuaries validate the funded status of the plan. The results indicate our immediate and future ability to pay all pension benefits owed to members.

We continue to make contributions as recommended by our actuary and in accordance with legislation to help ensure we move the plan toward a fully funded status.

How about the financial markets?

Our pension fund is greatly affected by how the financial markets perform. The better the markets do, the better our investment returns. (Of course, the reverse is true, as well.)

Despite political and economic uncertainty, most major markets around the world posted positive returns in 2012, with equity markets performing particularly well:

- Canadian equities returned 7.2%
- Global equities returned 13.3%

Tax-Free Savings Account

What it is — a flexible registered savings vehicle that allows Canadians to earn tax-free investment income. Contribute up to $5,500 after-tax dollars each year and carry forward unused contribution amounts. Select your investment mix from a range of options.

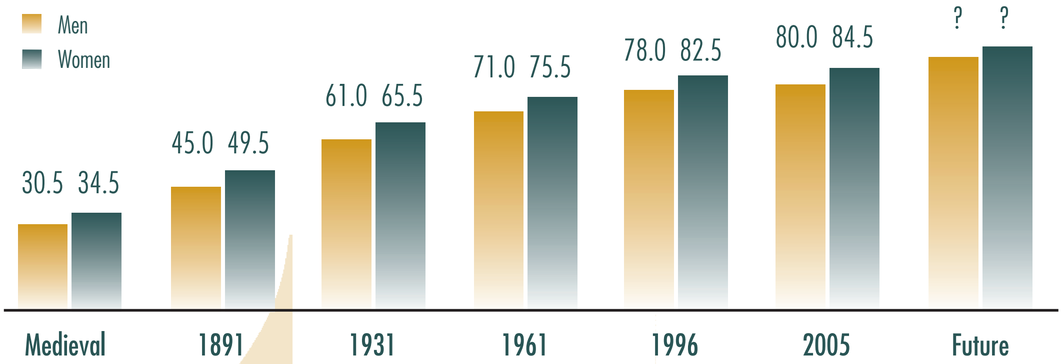
Why it's a good idea — your money grows tax-free. And because contributions are made with after-tax dollars, withdrawals are made penalty-free and are not taxed. You can save and use your money how you want. If you find yourself faced with emergency car repairs, home repairs or health issues, you can use your TFSA funds to help pay for these unexpected expenses.

How to get started — visit any major financial institution to ask about opening a TFSA today.

Increasing Life Expectancy

Great news – based on the average, you might live a long, long time! As you can see in the bar chart, Statistics Canada shows that our life expectancy is increasing. In 2005, on average, men were expected to live to age 80 and women to age 84.

Our average life expectancy dramatically increased in the twentieth century, from around 50 years to over 80 years. This is due to improvements in public health, nutrition, medicine and improvements to health and safety in the workplace.



Increasing Income, Too?

These days, our increasing life expectancy means you may easily spend two to three decades in retirement — or more! If you retire at age 65 and live for another 20 years, will you have enough money to last?

Depending on the form of pension you chose at retirement, your Church plan (and your government benefits) will last you and your spouse's lifetime. But what about your personal savings?

Personal Savings are Key

Your personal savings may be the difference between just getting by and living the retirement lifestyle you've always dreamed of. Your personal savings include your investments, such as RRSPs, TFSAs (see sidebar), stocks or bonds, and other income such as rental properties, pensions from other former employers or even income from working full or part-time while in retirement.

If you aren't sure your combined retirement income (Church pension, government benefits and personal savings) will last your and your spouse's lifetime, you might want to consult a personal financial planner. They can look at your current financial situation and help you determine how to optimize the value of your retirement income.

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Spending Your Savings

How much you withdraw from your savings has a big impact on your account balance and your lifestyle. If you withdraw too much, you could be at risk of outliving your savings. If you withdraw too little, you may not be spending enough to really enjoy your retirement.

Understanding the difference between what you spend and what you earn is a great place to start. Simply add up your monthly expenses and subtract that total from your monthly income. If you have lots of money leftover at the end of each month, lucky you!

You have two choices: save more or spend more. To save more, you may want to set up an automatic deposit into either a TFSA or an RRSP. This will help ensure you continue to have an adequate retirement income. Note: RRSP contributions can be made up until December 31st of the year you turn 71. (We won't share tips on how to spend more!) If you have too much month at the end of your money, think about ways you can cut your spending.

Small, everyday purchases can add up quickly… as can larger expenses, such as credit card payments. In your first issue of *Living in Retirement* (March 2012), we shared an article titled *Seven Tips to Saving Money*. Visit our website to review the article to see if the tips might help your situation.

Your next step will be to determine your yearly expenses. You can assume your monthly expenses will be similar over the year, but keep in mind certain times of the year are more costly than others (think about Christmas or summer holidays).


Seven Tips to Saving Money

1 **Budget!**

2 **Keep household costs low.**

3 **Purchase your vehicle.**

4 **Purchase generic drugs**

5 **Find travel deals**

6 **Eat in.**

7 **Save your change**

Senior discounts!

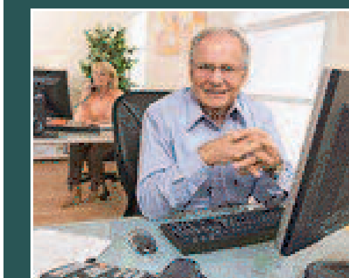
Three ways to save and two ways to spend your retirement income

A **LIRA** (locked-in retirement account) allows you to invest your funds on a tax-deferred basis up to age 71. You do not withdraw income from a LIRA, but must transfer your LIRA funds to a life income fund (LIF) or annuity to withdraw an income.

A **LIF** allows you to draw an income and continue to invest the balance of your funds on a tax-deferred basis. You may use your balance to purchase an annuity at any time.

An **annuity** is a lifetime monthly pension purchased from an insurance company. The amount of income you receive will depend on the type of annuity you purchase and the interest rates at the time of purchase. You do not continue to invest your funds.

Do you recognize this man?



We are seeing many more people of retirement age in the workforce than ever before. Statistics Canada shows a 20% increase in working seniors between 1996 and 2001, and the numbers are increasing!

Get a healthy book!

Looking for a book on living a healthy lifestyle? We searched www.chapters.ca and found a number of books about exercising, training, eating, therapy and more… all geared toward seniors.

What do you think?

If you have any comments or suggestions about this newsletter, contact us:

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- Charisma Hodgins, Administrative Assistant, (905) 433-0011, ext. 2070, hodgins.charisma@adventist.ca

Please visit www.adventist.ca/retirement for more information.

We appreciate your feedback!

Saving For Your Health?

When most people think about retirement, they focus on hobbies, travel or leisure. But focusing on individual and family health is equally important. Out-of-pocket costs for disease and illness can eat away at your carefully saved retirement funds.

Planning ahead for potential, future illnesses can seem a little depressing, but doing so may help ensure you get the best out of your retirement years. When planning, consider how your health may change over the years and how those changes will affect your lifestyle and your finances. You might consider saving funds for the following:

- You may need to live in a seniors' home, rather than your own home.
- You may face a critical illness and need palliative care.
- You may need to renovate your home to include wheelchair access or other long-term care updates.
- You may need to pay membership dues for clubs or associations to ensure you remain physically and mentally active.

The Right Attitude

No one wants to think of their retirement years in terms of failing health, but you must consider several possibilities. A healthy mental attitude and staying engaged with life is fundamental to preserving wellness.

Plan ahead to ensure you have both the financial and physical health to fully appreciate your life after work, and enjoy every moment of your retirement!

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