



The New Retirement Realities - and How They Affect You

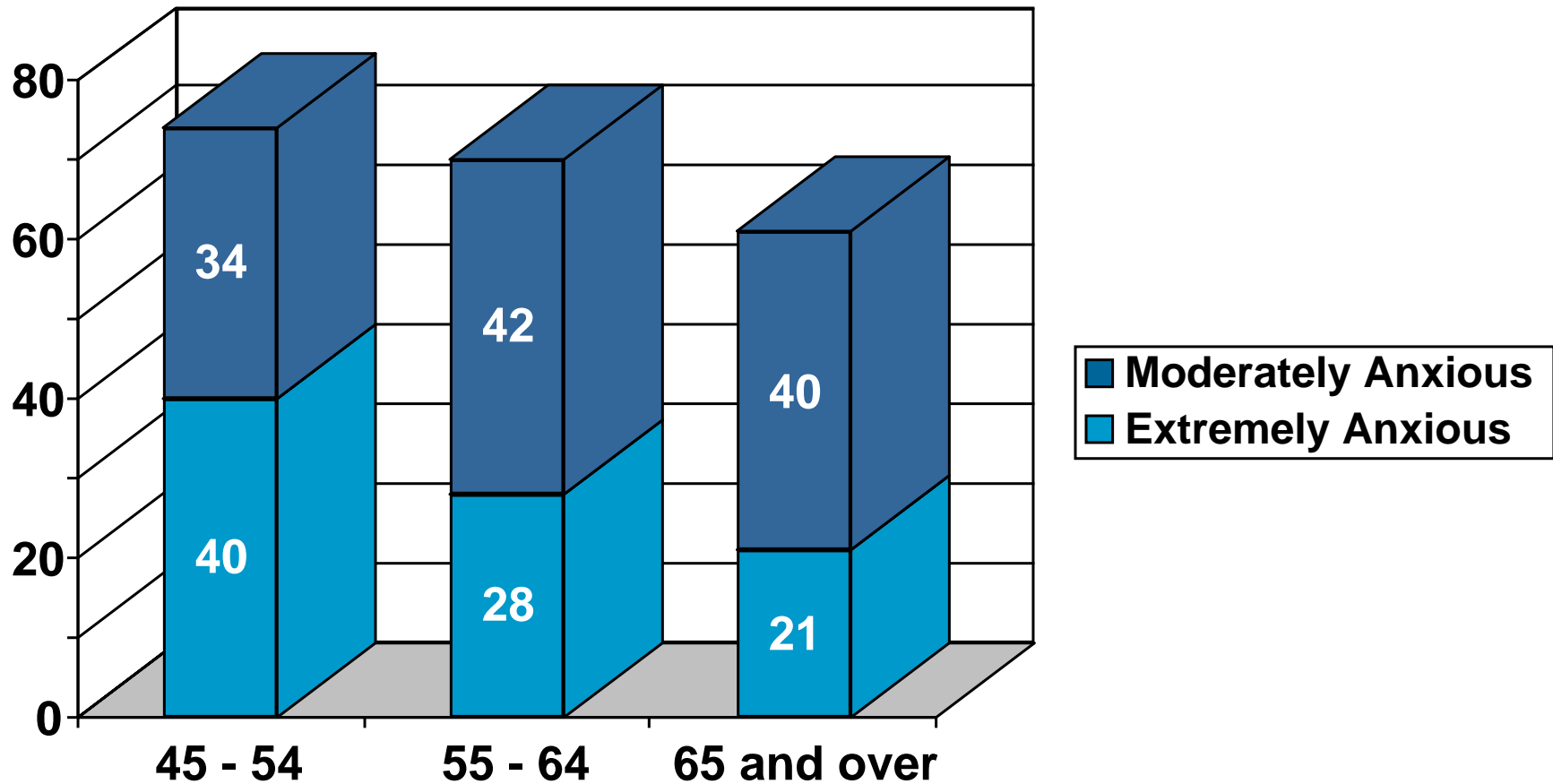
We Will Redefine “Retirement”



- It will be...
DISAPPEAR
 - A Process NOT an Event
 - A Journey NOT a Destination



High Anxiety



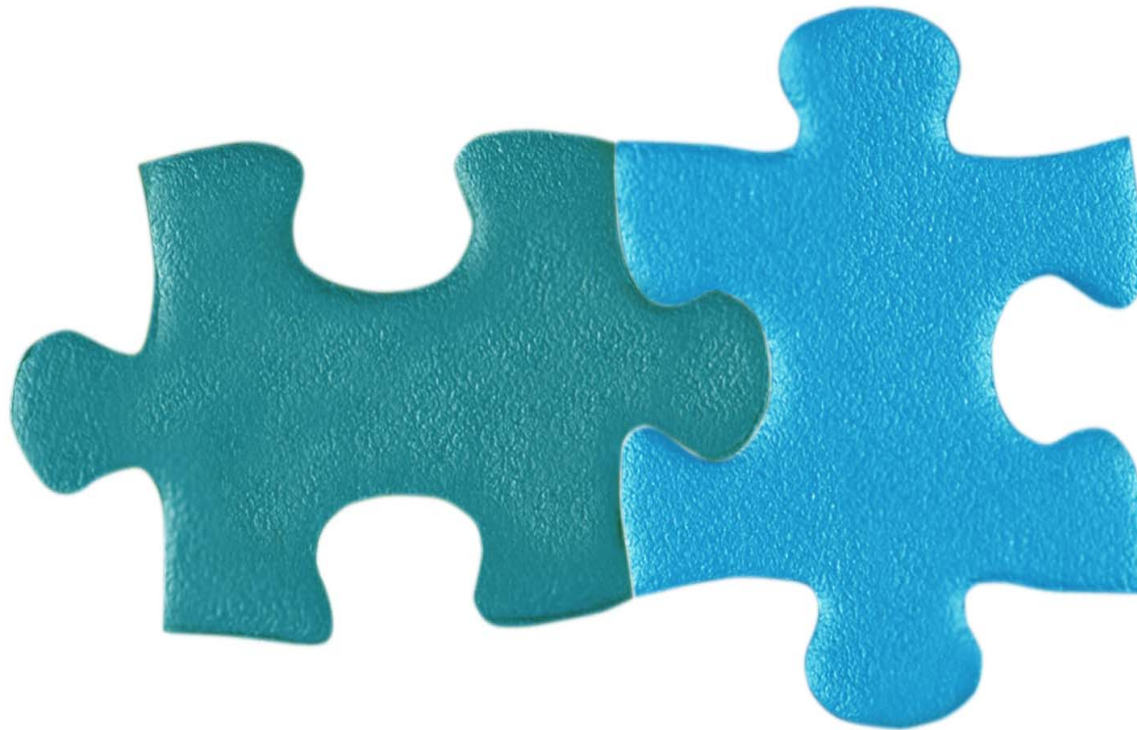
Source: Kshirsagar, Alok. *Capturing the Retirement Opportunity*. January 27, 2006. McKinsey & Company.

Rethinking Retirement Planning



**Calculus
of Retirement¹**

**Social Studies
of Retirement**



Source: ¹ Adapted from: Milevsky, Moshe Arye. *Calculus of retirement income financial models for pension annuities and life insurance*. Cambridge: Cambridge UP, 2006. Print.



Calculus of Retirement



- Longevity risk
- Inflation risk
- Market risk

Longevity Risk



Probability an Average 65 year-old Canadian Will Live to Age...

Age	Male	Female	Joint
70	89.13%	93.94%	99.34%
75	73.99%	84.90%	96.07%
80	54.76%	71.42%	87.07%
85	33.44%	52.61%	68.46%
90	15.14%	30.60%	41.11%
95	4.34%	12.03%	15.85%

How to Live Longer



Both Sexes



**Parents + 75
Mentally active**

Male



Married

Female



Single or Divorced

Longevity Risk



Individual Aging



Family Aging



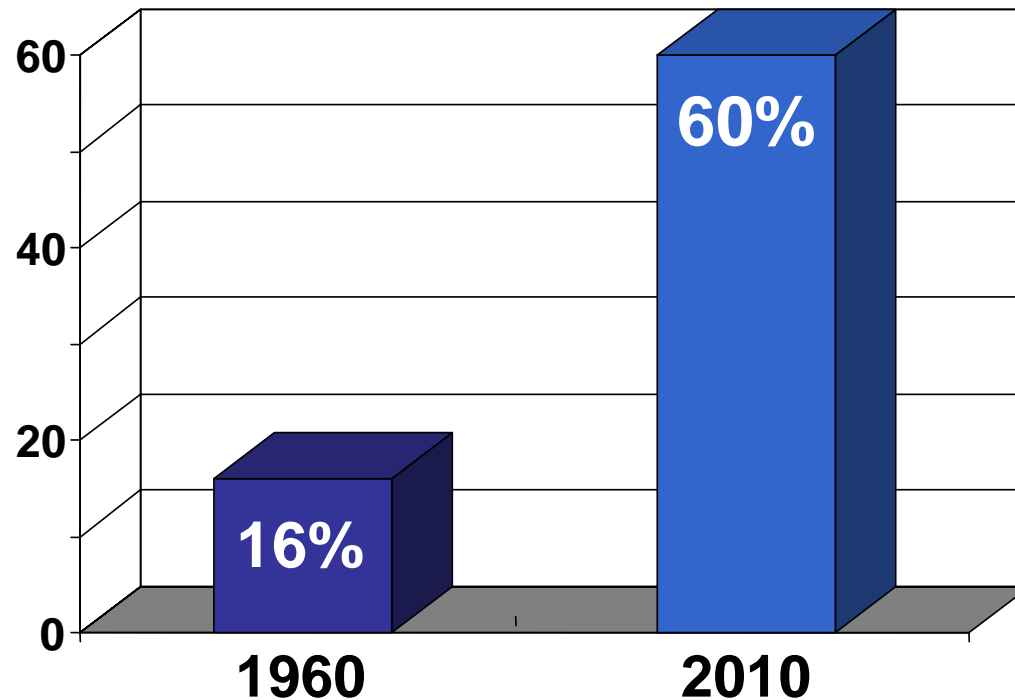
Population Aging



The 50 Year Old Child



The Impact of Longevity on Family Structure – Age 50 with a Surviving Parent



Source: The Certified General Accountants Association of Canada.

Growing Up: The Social and Economic Implications of an Aging Population. Part 3, Pg. 44, Rep. Jan. 2005.

Web. <http://www.cga-canada.org/en-ca/ResearchAndAdvocacy/AreasofInterest/AgingPopulation/Pages/ca_aging_report.aspx>.



Family Aging

Sandwich Generation



**Empty Nest:
Lots of Disposable \$**



**Sandwich Generation:
\$ for parents & children**

Family Aging



The majority of middle age people now have more parents than they have children.



Inflation Risk



Inflation: What Does a \$1,000 Payment, Really Buy You?

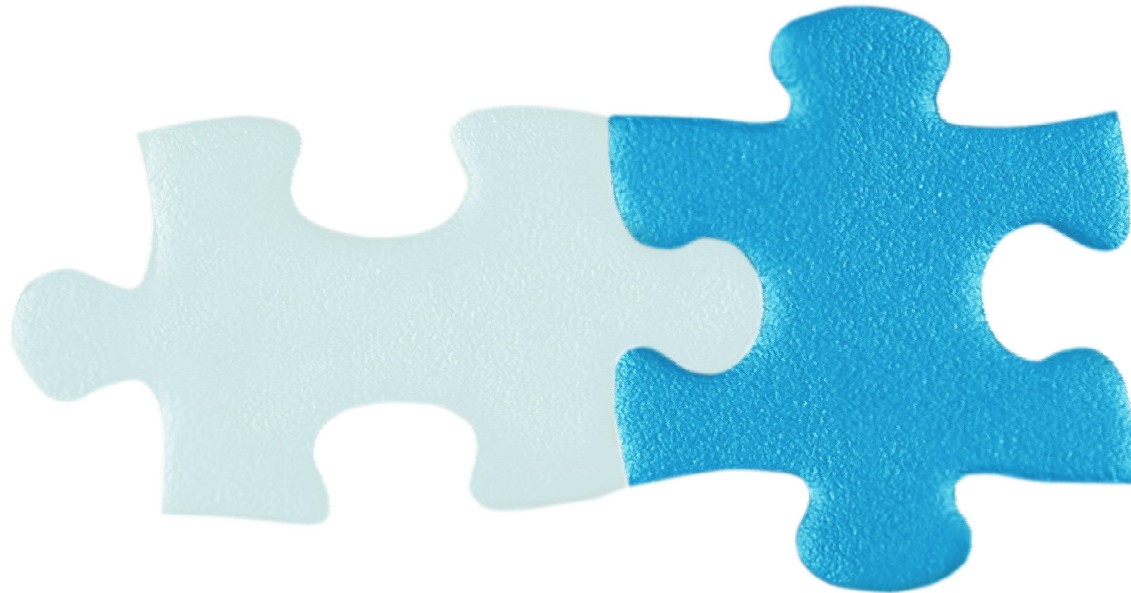
Year #	0%	1%	2%	4%
1	\$1,000	\$990	\$980	\$962
5	\$1,000	\$952	\$906	\$822
10	\$1,000	\$905	\$820	\$676
15	\$1,000	\$861	\$743	\$555
20	\$1,000	\$820	\$673	\$456
25	\$1,000	\$780	\$610	\$375
30	\$1,000	\$742	\$552	\$308
35	\$1,000	\$706	\$500	\$253

Rethinking Retirement Planning



Calculus
of Retirement

Social Studies
of Retirement



Rethinking Retirement Planning



Social Studies of Retirement



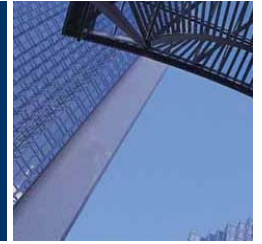
- Canadians and Retirement
- Who are we – the Boomers?
- A solution

Canadian Retirement Market



- by 2014, Canadians 55 and over will control almost 72% of investable assets¹

Large Market & Inefficient Investments



- Significant assets are held in tax inefficient investments such as:
 - \$647 billion in near cash deposits with the chartered banks¹
 - \$71.2 billion in fixed income mutual funds²
 - \$12.1 billion in CSBs³



Canadian Retirement Market



- by 2014, Canadians 55 and over will control almost 72% of investable assets¹
- 51% of Canadian retirees say they had no idea of what they wanted their retirement to look like²

Source: 1 Investor Economics Household Balance Sheet, 2003 and 2005 edition.

² *Common vision lacking among retired couples: survey.* Transcontinental Media Inc., 2010.

Web. <<http://www.investmentexecutive.com/client/en/News/DetailNews.asp?id=52213&idsection=3&cat=3>>.



Canadian Retirement Market



Increased Awareness of the Dangers of Retirement Raises Some Important Questions (% Agree)

I wonder if products exist that could help protect/manage losses

76%

I need to rethink how aggressive or conservative my portfolio should be

66%

I wonder if I have saved enough and am prepared for retirement

62%

I question whether or not I'm getting the best advice

54%

Canadian Retirement Market



- by 2014, Canadians 55 and over will control almost 72% of investable assets¹
- 51% of Canadian retirees say they had no idea of what they wanted their retirement to look like²
- among non-retired Canadians age 35 – 55 years old, 52% are not confident that their financial situation in retirement will be adequate³

Source: ¹ Investor Economics Household Balance Sheet, 2006 and 2005 edition. ² *Common vision lacking among retired couples: survey*. Transcontinental Media Inc., 2010. Web. <http://www.investmentexecutive.com/client/en/News/DetailNews.asp?id=52213&idsection=3&cat=3>.

³ *Where Has the Money Gone: The State of Canadian Household Debt in a Stumbling Economy*. Publication. The Certified General Accountants Association of Canada, 2009. Web. <http://www.cga-canada.org/en-ca/ResearchReports/ca_rep_2009-05_debt-consumption.pdf>.



Canadian Retirement Market



Reason Standard of Living Worse than Expected in Retirement

General expenses were higher than expected

38%

Thought government/private pension benefits would be higher

14%

Unable to find employment/lost employment

3%

Investments not doing as well as expected

3%

Other

18%

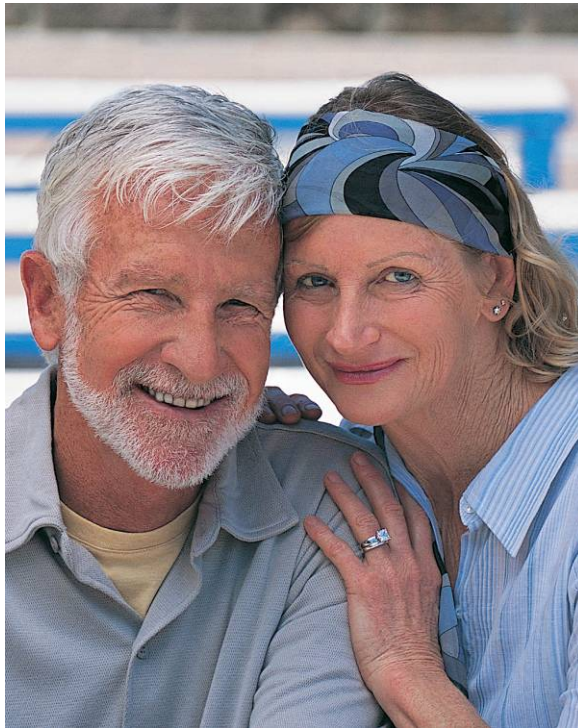
Don't know

7%

When to Start Thinking About “It”

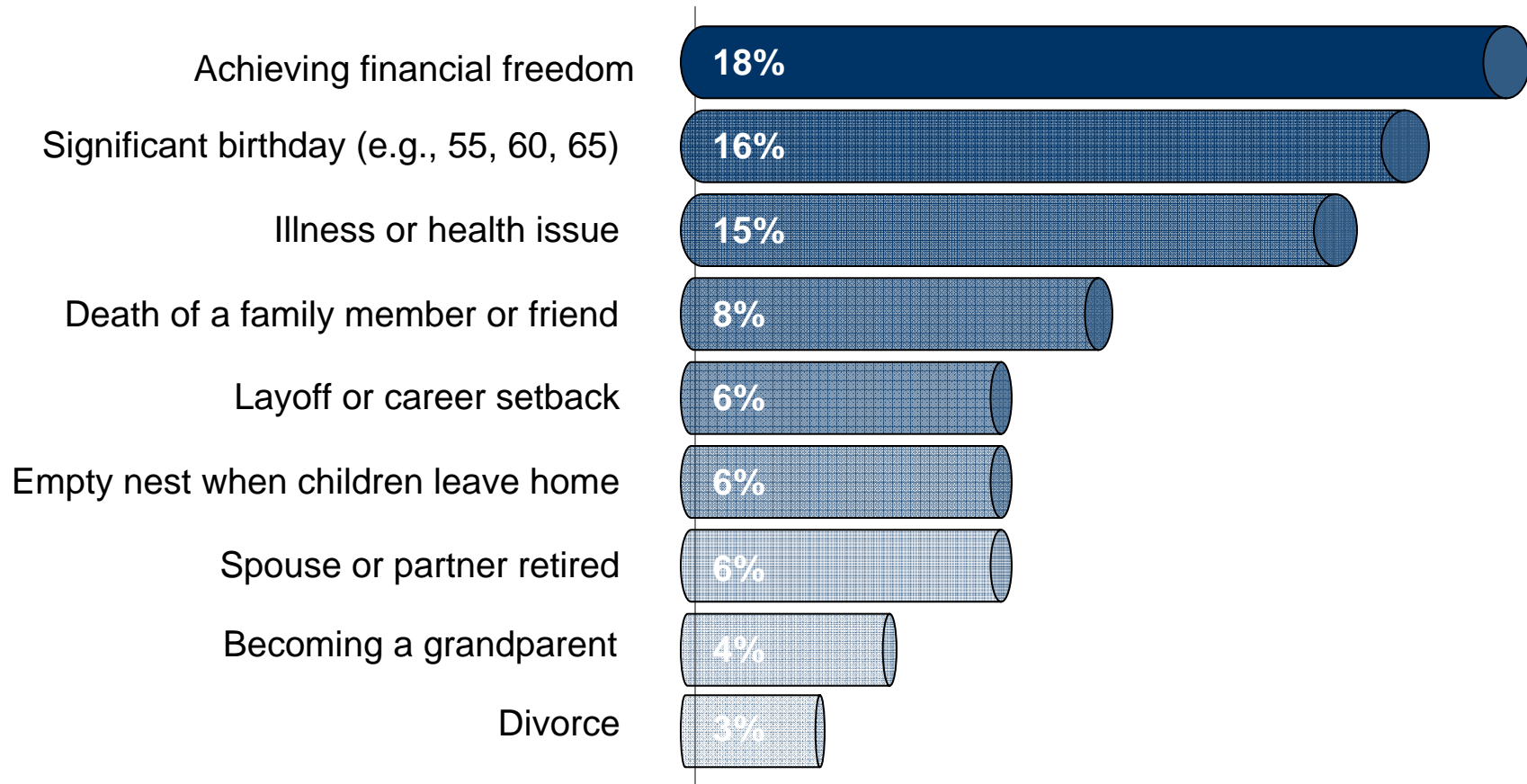


How Old is Old?



CARP	50
Tim Horton's	60
Zellers	55
Movie theaters	65
RBC	60
Cdn. government	55
Boomers	76

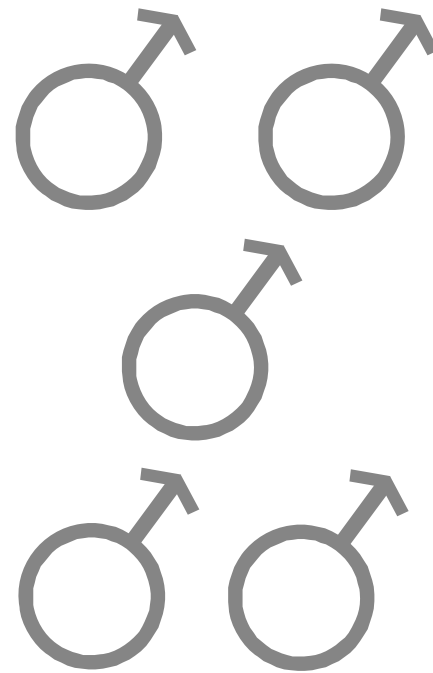
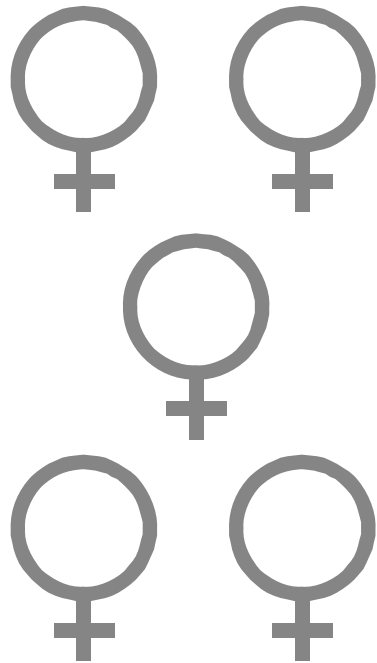
What Triggers Retirement Readiness?



Source: Ameriprise Financial, Age Wave, Ken Dychtwald, Ph.D. Harris Interactive, Inc.,
The New Retirement Mindscape. Ameriprise Financial Services Inc., January 2006.

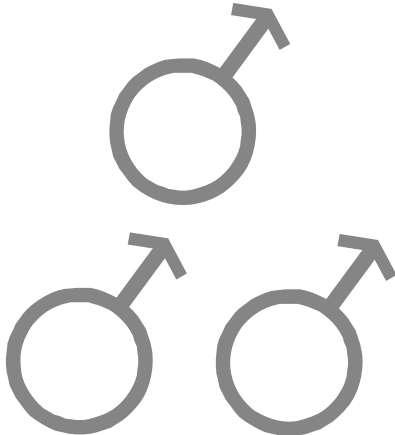
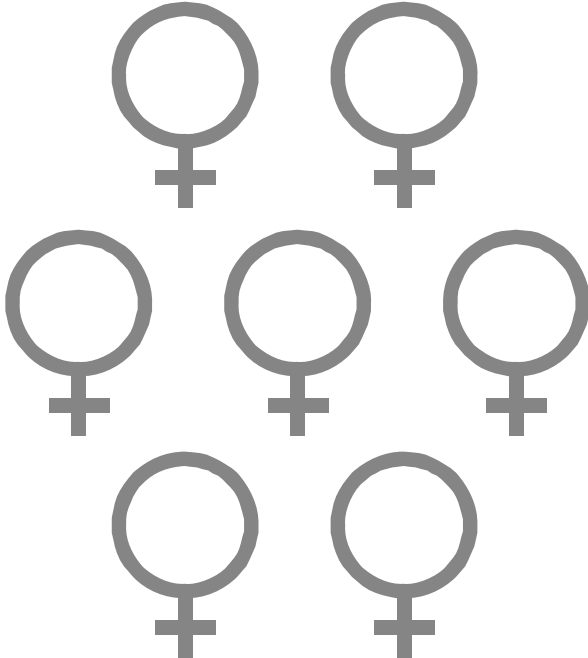
~~Survival of the Fittest~~

Females



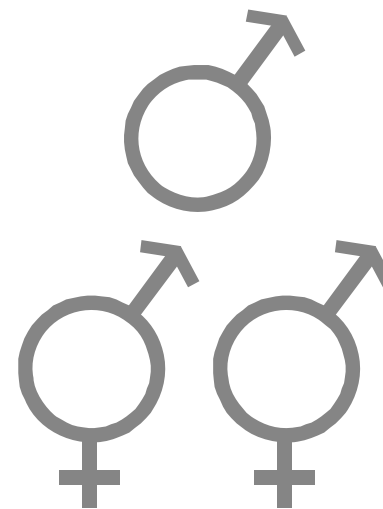
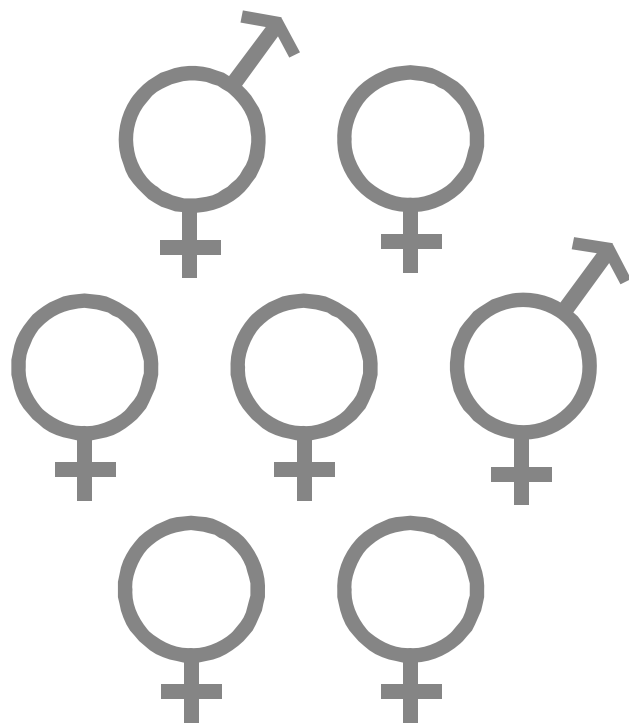


Survival of the **Females**





Changing as we age



Retirement Risks



Longevity Risk:

Will I outlive
my money?

Inflation Risk:

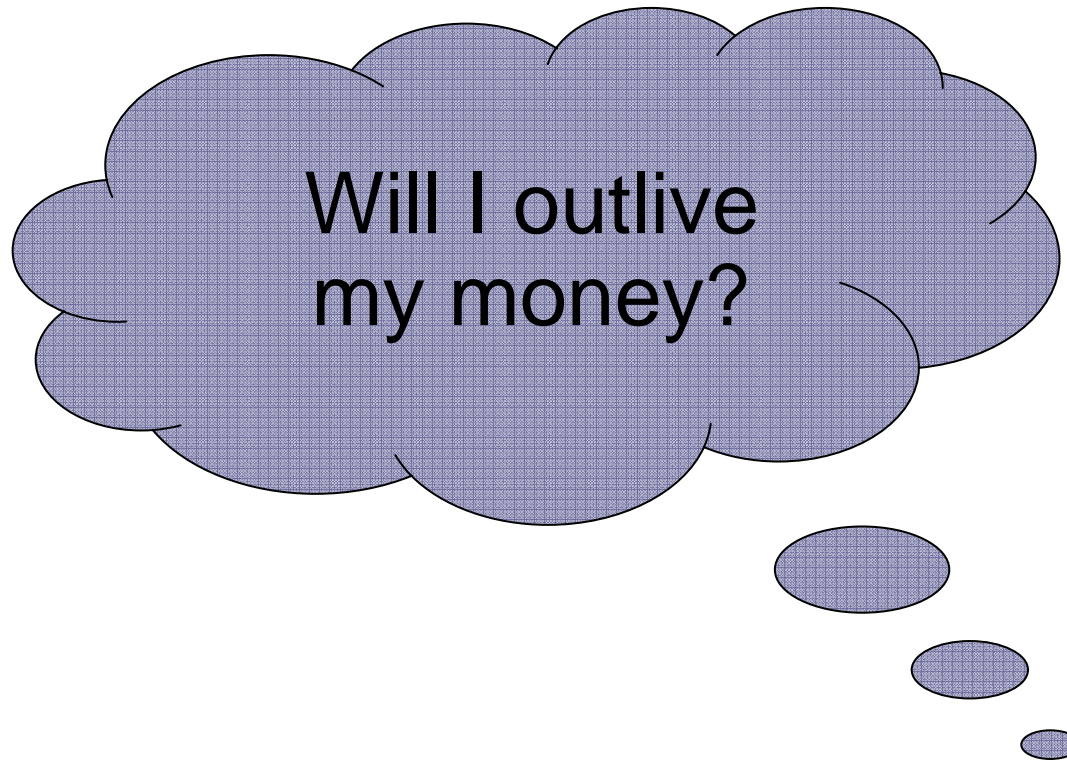
What will a
dollar buy me
in 20 years?

Market Risk:

Will a drop in
the market set
me back?



Longevity Risk:



Longevity Risk



- Averages
- Make it personal
- www.livingto100.com
- www.nmfn.com

LIVING TO
93

Longevity Game: www.nmf.com

The image is a screenshot of the Northwestern Mutual website. At the top left is the Northwestern Mutual logo. To the right of the logo are navigation links: "Access Your Accounts", "Have a Representative Contact You", and "Find an Office or Representative". Below these are "Media Center", "Form Library & Service Center", and "Learning Center". The "Learning Center" link is circled in red. A dropdown menu is open from "Learning Center", listing several options: "Learning Center", "Calculators", "Article Library", "Longevity Game" (circled in red), "The Advanced Planning Library", "Studies and Reports", and "Medical Information". Below the navigation is a main banner with a rural landscape background. The banner text reads "OUR FINANCIAL STRENGTH IS YOUR FINANCIAL SECURITY" with a "Learn More" link. Below the banner are three promotional boxes: "Discover your potential" (with a photo of two men), "A foundation for life" (with a "BUILD A FOUNDATION FOR LIFE" logo), and "Meeting special needs" (with a photo of a woman and child).

Source: The Northwestern Mutual Life Insurance Company/Northwestern Mutual, www.nmf.com, 2007.



Welcome to the Longevity Game



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ACCESS YOUR ACCOUNTS

OFFICE LOCATOR SEARCH

ABOUT US NETWORK SERVICES INSURANCE PRODUCTS INVESTMENT PRODUCTS ADVISORY SERVICES LEARNING CENTER ABOUT THE NETWORK CUSTOMER CENTER CAREERS

The Longevity Game

Age and Gender

How long you have already lived is one of the best predictors of how long you may live. Life expectancy has been increasing for years thanks to growing awareness of personal health maintenance and medical care that keeps on improving. Ever since records have been kept, women have outlived men.

Enter your age and gender.

Age Male Female

01 02 03 04 05 06 07 08 09 10 11 12

Age Tabulator

74

Source: The Northwestern Mutual Life Insurance Company/Northwestern Mutual, www.nmfn.com, 2007.

Longevity Game: 75yr. old male



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Enter your age and gender.

Age Male Female

Age Tabulator
82

Backtrack 01 02 03 04 05 06 07 08 09 10 11 12 **NEXT ▶**

Something to Think About

Longevity Game: 55yr. old male



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Backtrack 01 02 03 04 05 06 07 08 09 10 11 12

Something to Think About

Age Tabulator

Longevity Game: 55yr. old male

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The Longevity Game

Height & Weight

Weight problems and obesity are epidemic in the USA in both kids and adults. They can lead to serious medical problems, including diabetes, heart disease, and some cancers. Knowing your Body Mass Index (BMI) puts it all in perspective. Here's how the Centers for Disease Control assesses BMI values: normal 19-24, overweight 25-29, obese 30+.

Enter your height and weight below

Ft In Lbs

Your BMI = 38

Backtrack **NEXT ▶**

01 02 03 04 05 06 07 08 09 10 11 12

Wisdom to Weigh

Age Tabulator

74

Source: The Northwestern Mutual Life Insurance Company/Northwestern Mutual, www.nmfn.com, 2007.

Longevity Game: 55yr. old male

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Enter your height and weight below.

Ft In Lbs

Your BMI = 24.4

Backtrack **NEXT**

01 02 03 04 05 06 07 08 09 10 11 12

Wisdom to Weigh

Age Tabulator
78

Source: The Northwestern Mutual Life Insurance Company/Northwestern Mutual, www.nmfn.com, 2007.

Longevity Game: 55yr. old male



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The Longevity Game

Exercise

An active lifestyle can be good insurance against heart disease and cancer, both common causes of death. Do you have a job that requires physical activity? Or do you make physical activity or sports a regular part of your day?

Now get moving and rate your level of exercise.

- Daily vigorous exercise
- Walk a minimum 30 minutes 4 days per week
- Somewhat active
- Not active

Backtrack NEXT

01 02 03 04 05 06 07 08 09 10 11 12

Fitness Facts

Age Tabulator 80

Longevity Game: 55yr. old male



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Backtrack **NEXT**

01 02 03 04 05 06 07 08 09 10 11 12

Fitness Facts

Age Tabulator
74

Longevity Game: 55yr. old male



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The Longevity Game

Diet

A good diet is key to good health. Follow this daily goal:

- 5 or more servings of colorful fruits and vegetables
- limit the amount of red meat and saturated fats

Red meats & junk food raise cholesterol and contribute to heart disease. Vegetables, fruits, whole-grain breads and cereals don't contain cholesterol or saturated fats, and have cancer and heart disease-fighting nutrients.

Choose your eating habits

- Eat more than 5 portions of fruits and vegetables**
- Average
- Eat fast or processed food regularly, and minimal vegetables

Backtrack **NEXT**

01 02 03 04 05 06 07 08 09 10 11 12

Food for Thought

Age Tabulator
77

Longevity Game: 55yr. old male

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Backtrack 01 02 03 04 05 06 07 08 09 10 11 12 **NEXT ▶**

Food for Thought

Age Tabulator
72

Longevity Game: 55yr. old male

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The Longevity Game

Drugs

Taking drugs is one of the best ways to lose the Longevity Game. If you use hard drugs like cocaine or narcotics, it's time to look at your lifestyle, not your longevity. **Click on your drug use.**

- Never use drugs for "recreation"
- Use drugs for "recreation"

Backtrack **NEXT**

01 02 03 04 05 06 07 08 09 10 11 12

Just Say No!

Age Tabulator
73

Inflation & Market Risk



- Inflation risk – massive impact over time
- Market risk – sequence of returns

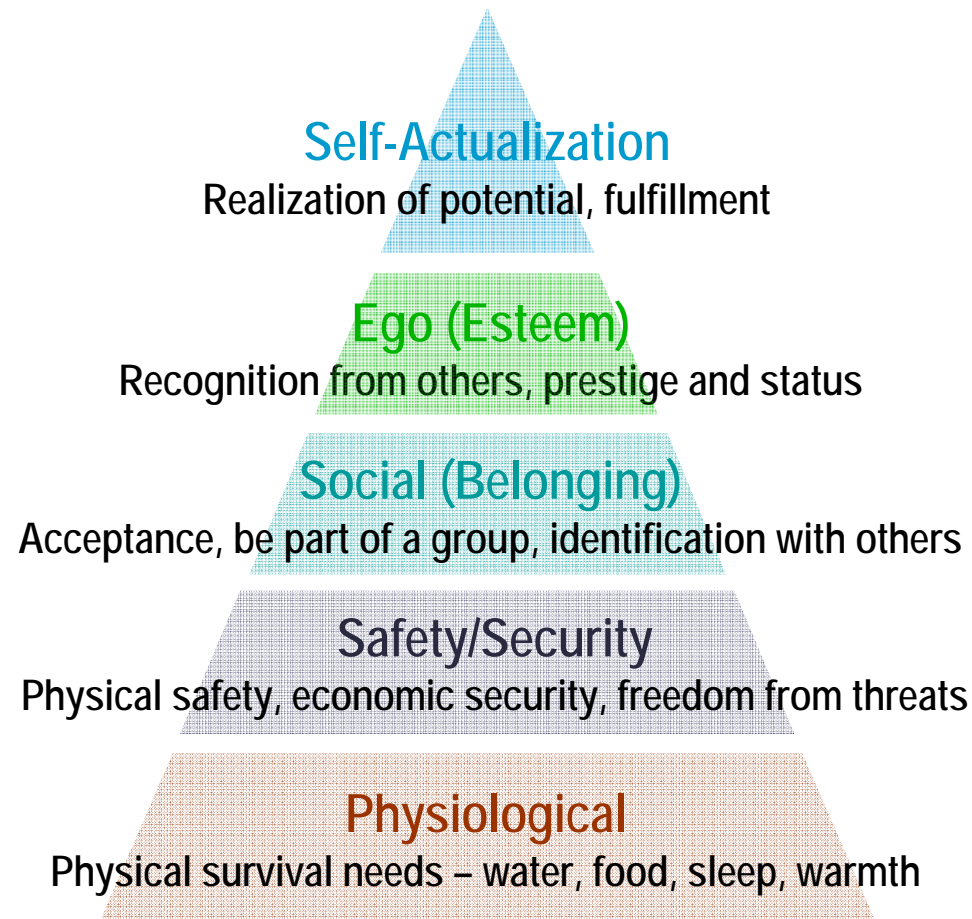
- Talk to your advisor



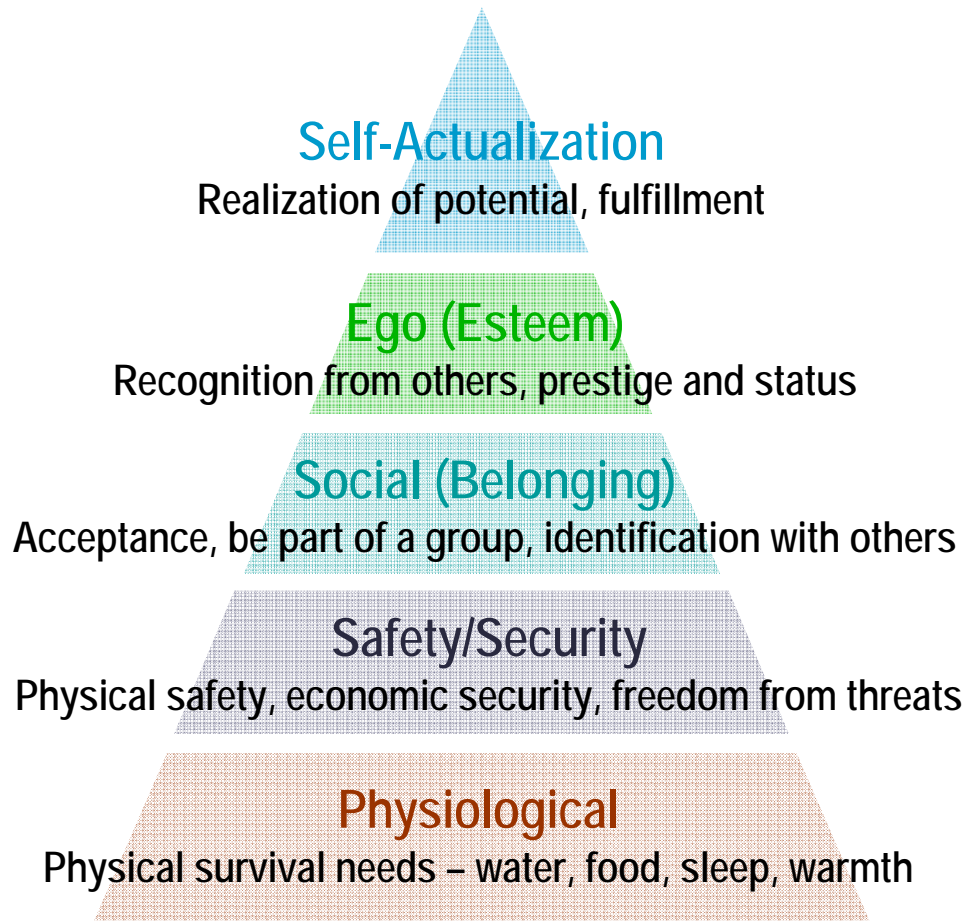
A Solution



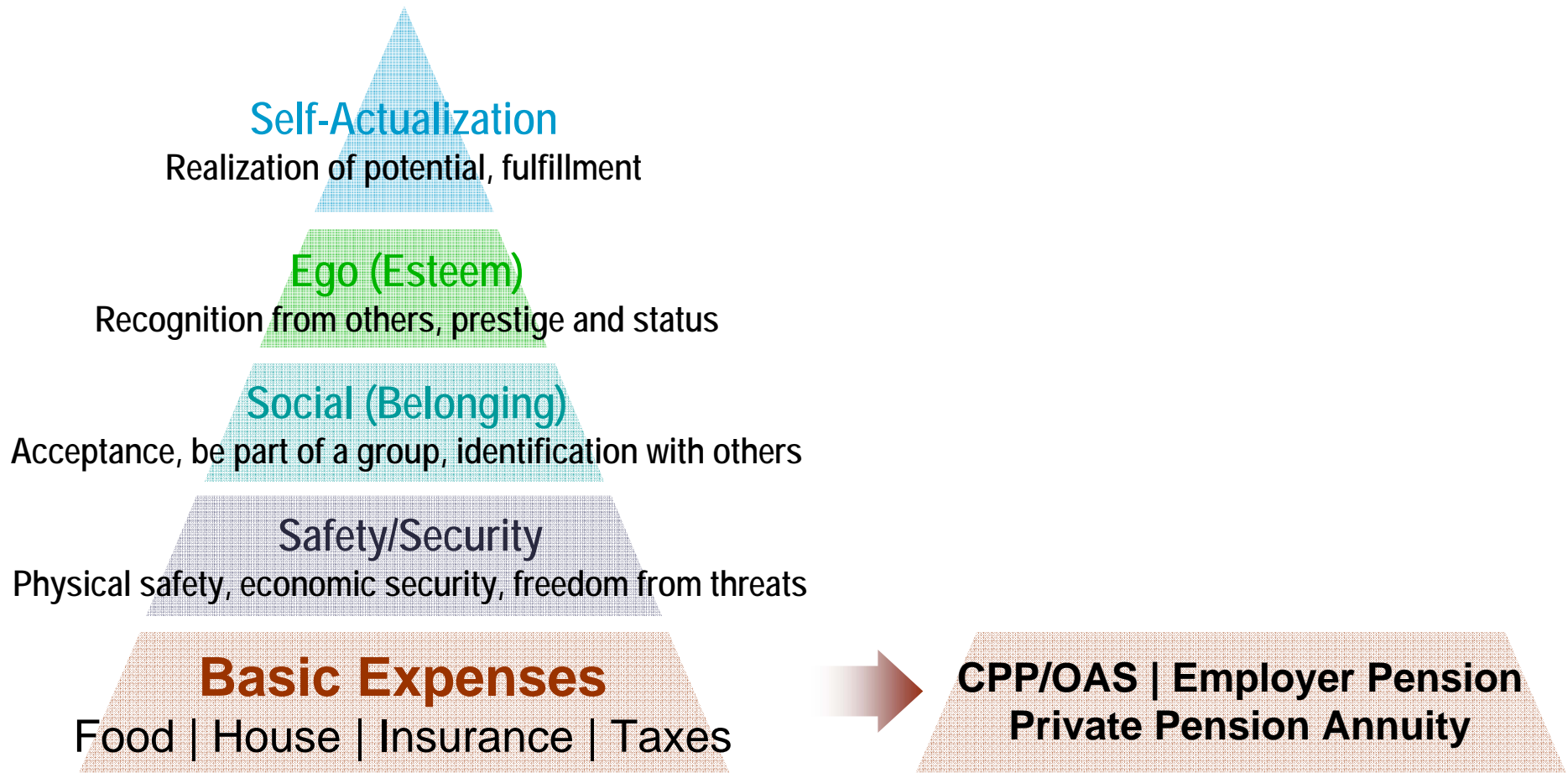
Maslow's Hierarchy of Needs



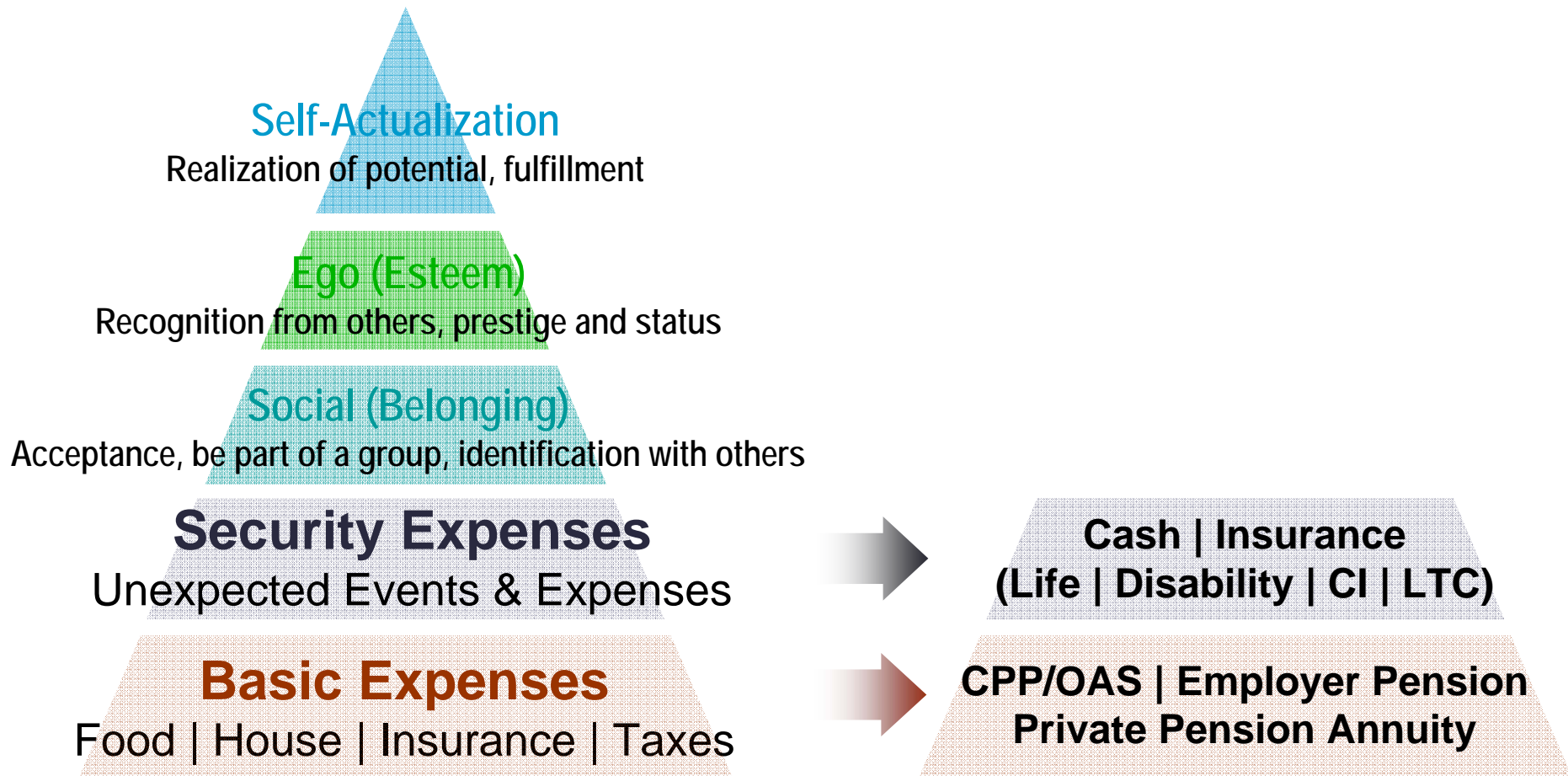
Retirement Income Solutions Pyramid



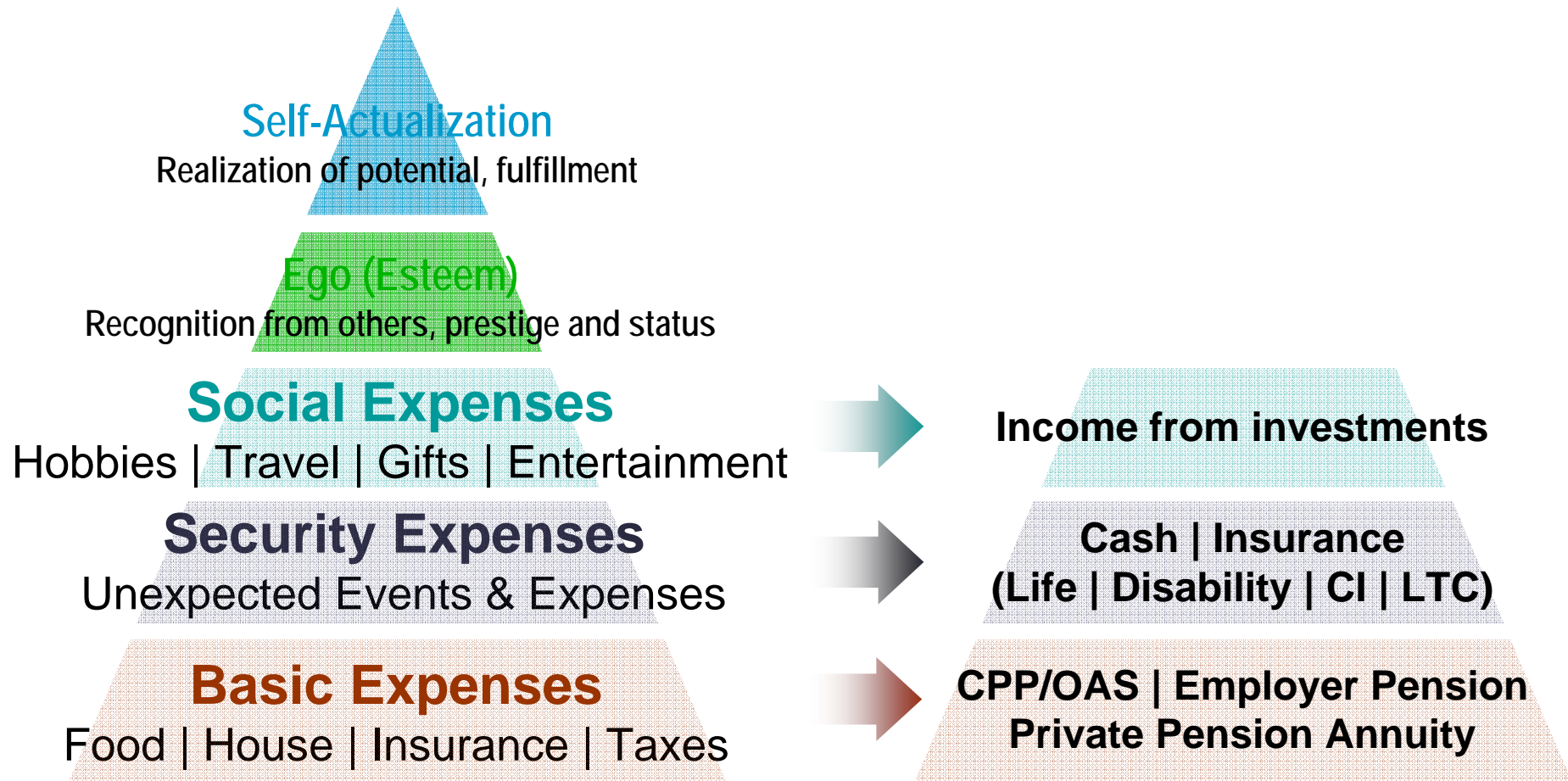
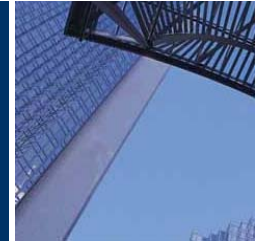
Retirement Income Solutions Pyramid



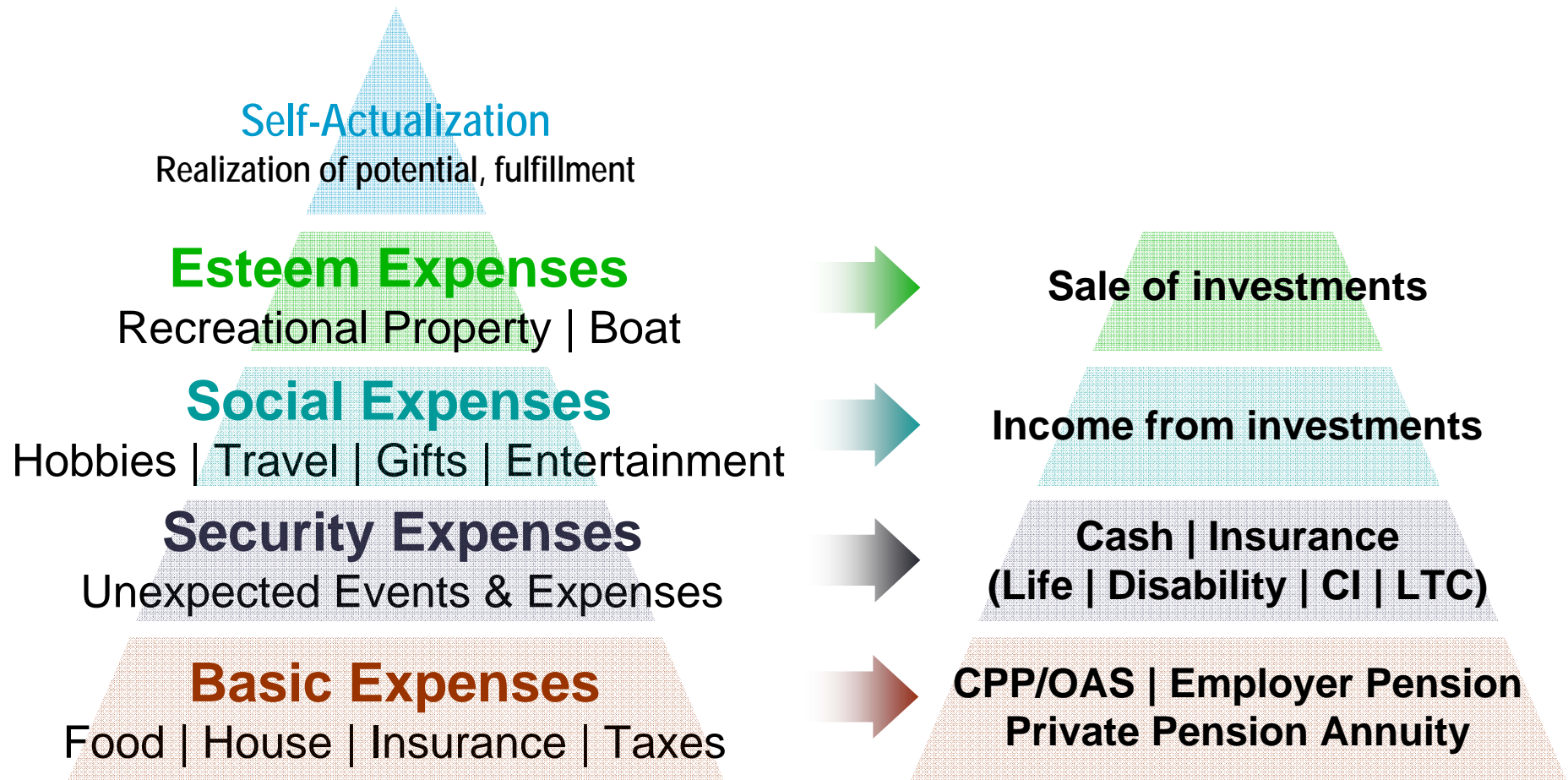
Retirement Income Solutions Pyramid



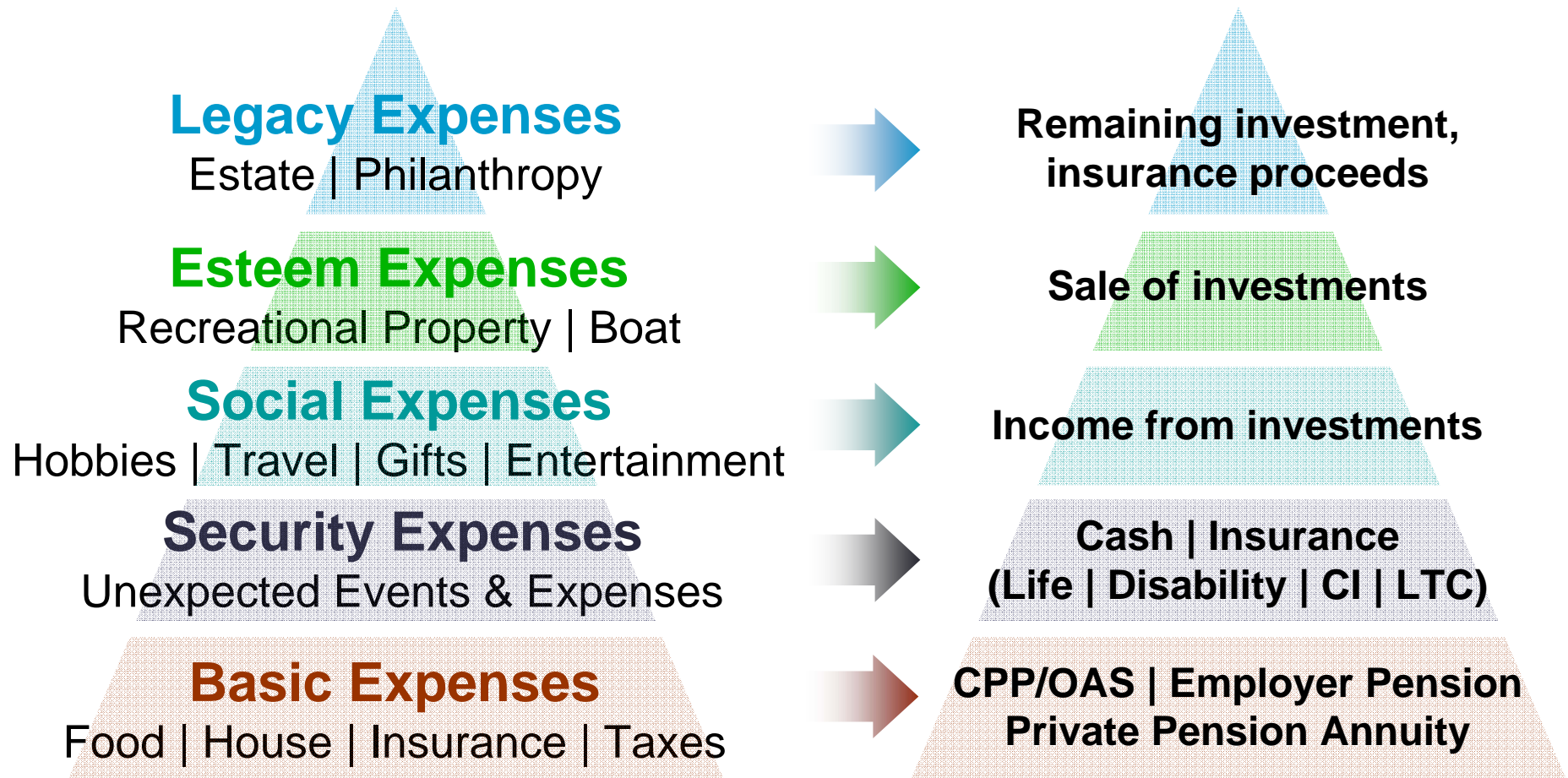
Retirement Income Solutions Pyramid




Retirement Income Solutions Pyramid



Retirement Income Solutions Pyramid





**“A journey of a thousand miles
begins with a step.”
- Lao Tau**

Thank you





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