Freedom 55 Financial
A division of London Life Insurance Company

your financial security

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Pay yourself first with a pre-authorized contribution plan

You know it's important to save regularly to help meet your investment goals. The more frequently you save, the more you'll have in the end. That's the power of compound interest.

With competing financial priorities, your best intentions to fit saving into your financial security plan can get railroaded. A pre-authorized contribution (PAC) plan can help take some of the worry out of saving, allowing you to contribute regularly to your investments, directly from your bank account.

It's the idea of "paying yourself first" by treating saving like any bill or re-occurring payment. This strategy is more effective because increasing the frequency of saving enhances the advantages of dollar-cost averaging.

You can further accelerate your savings by including an additional option to your PAC that allows you to automatically increase your payment amount annually – either by a specific dollar amount or a percentage. This is a convenient way to ensure your savings progress isn't eroded by inflation.

With the registered retirement savings plan (RRSP) deadline approaching, consider how a PAC can help take your savings to the next level. Say you currently invest $400 each month. After 20 years, the $400 monthly contribution would grow to $181,222, assuming a fixed rate of six per cent. However, if you saved $100 each week and increased that by 2.5 per cent per year – so the next year you would save $102.50 a week – at the same annual fixed rate, your savings would grow to $239,621.

Pre-authorized contribution plans are a simple and easy way to save for your future. Your financial security advisor can help you to determine which PAC options and contribution schedules may work best for you.

The changing retirement income landscape

Fewer than one in three working Canadians has a guaranteed pension plan[1]

Canadians are living longer than ever before and very few have access to traditional sources of retirement income, such as workplace pension plans. In fact, between 1982 and 2011 participation in defined contribution plans grew by 294.4 per cent while participating in defined benefit plans grew by only 2.7 per cent[2]. While defined contribution plans will potentially offer employees more choice, and more control for their retirement income by allowing them to invest their funds as they choose, they do not provide employees with a guaranteed income in retirement. This can make it difficult for people to accurately plan for how much they will earn in retirement, creating a significant challenge when it comes to retirement planning.

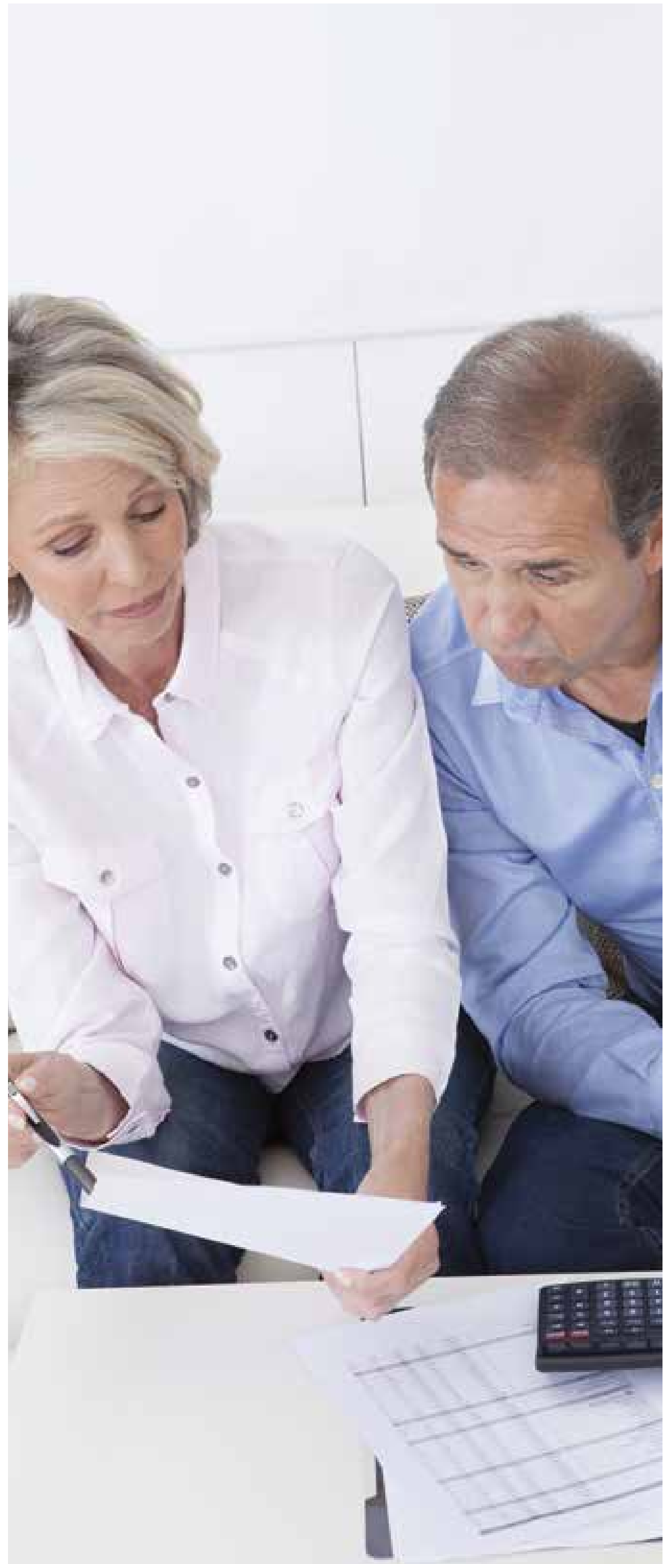
Fortunately, your financial security advisor can help. According to the Towers Watson 2012 Survey of Pension Risk, 72 per cent of Canadian employees either agreed or strongly agreed that they are more concerned about pensions than they were 24 months ago. As part of your retirement income plan, you may wish to work with your financial security advisor to look at your guaranteed income from all sources and identify any gaps between the money you'll have coming in and the income you'll need.

You can discuss:

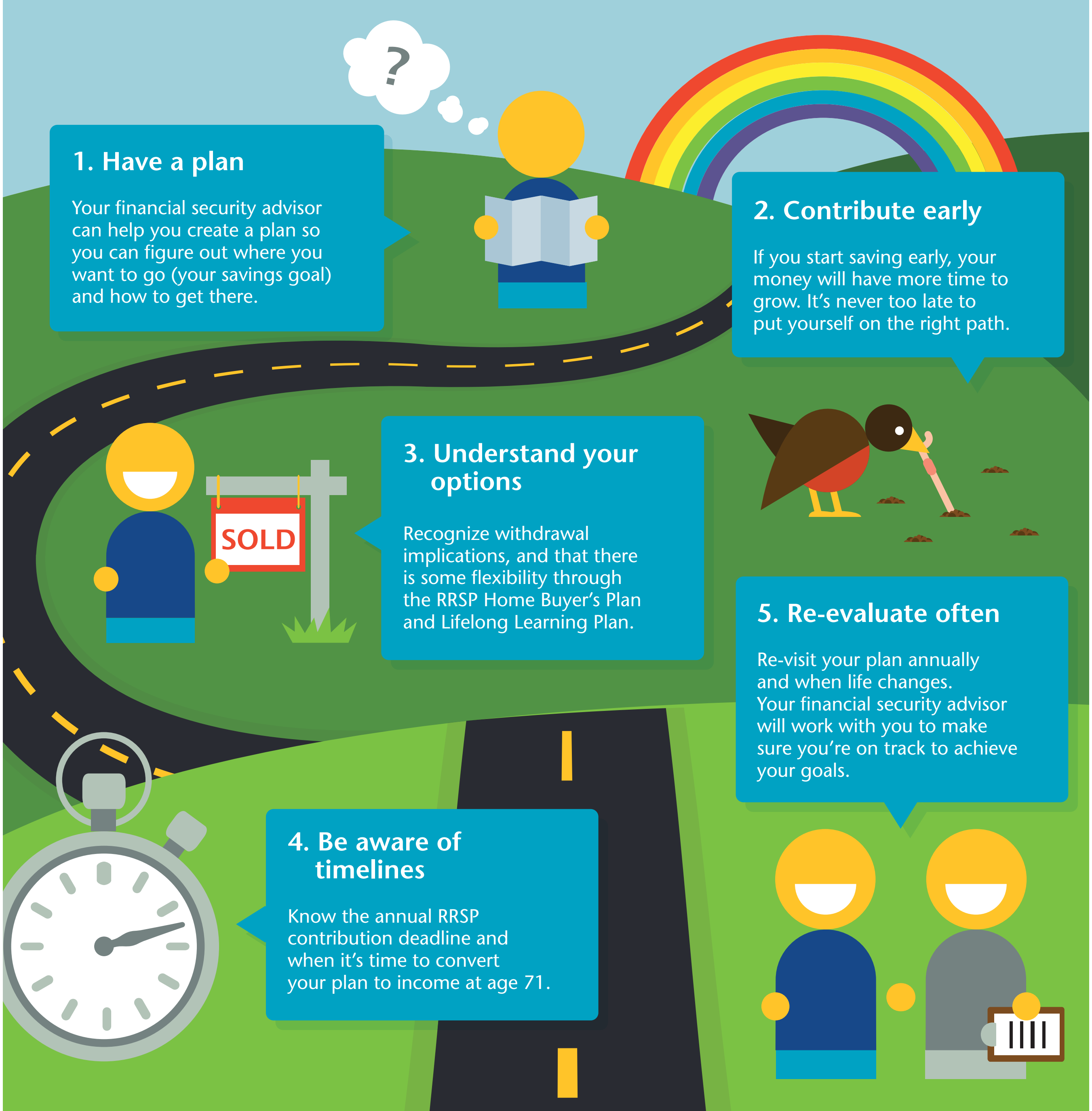
- Your level of guaranteed income
- How much you plan to spend
- Recommended income solutions that will provide income for life, plus the potential for growth

[1]Source: Statistics Canada, Pension Plans in Canada and Labour Force Survey, 2011

[2]Source: Towers Watson, Survey of Pension Risk, 2012



RRSP 'road to success' tips



1. Have a plan

Your financial security advisor can help you create a plan so you can figure out where you want to go (your savings goal) and how to get there.

2. Contribute early

If you start saving early, your money will have more time to grow. It's never too late to put yourself on the right path.

3. Understand your options

Recognize withdrawal implications, and that there is some flexibility through the RRSP Home Buyer's Plan and Lifelong Learning Plan.

4. Be aware of timelines

Know the annual RRSP contribution deadline and when it's time to convert your plan to income at age 71.

5. Re-evaluate often

Re-visit your plan annually and when life changes. Your financial security advisor will work with you to make sure you're on track to achieve your goals.

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The benefits and costs of owning a pet

Owning a pet may take a big bite out of your nest egg, so it's important to budget accordingly.

A 40-pound dog can cost $2,019 per year to feed and maintain and would live about 14 years. Using 2013 prices, the dog would cost $28,266 over its lifetime.

Not a dog lover? A 10-pound cat can cost $1,485 per year for upkeep. They can live for about 14 years for a total of $20,790 over their lifetime with 2013 prices.

Annual cost of a 40-pound adult dog in 2013	Annual cost of a 10-pound adult cat in 2013
Annual physical and vaccines* $270	Annual physical and vaccines* $270
Preventative healthcare (heartworm/flea prevention and professional dental care) $566	Preventative healthcare (flea prevention and professional dental care) $507
	Litter $101
Food $619	Food $289
Pet insurance $539	Pet insurance $303
Annual municipal pet licence $25	Annual municipal pet licence $15
Total cost $2,019	**Total cost $1,485**

*Vaccine timelines can vary, and some vaccines may not be required on an annual basis. Speak with your veterinarian about what vaccinations are appropriate for your dog or cat.

Source: *Ontario Veterinary Medical Association* in partnership with the Canadian Veterinary Medical Association.

Owning a pet may not be cheap, but their unconditional love, funny antics and their company may be worth it.

The information provided is based on current tax legislation and interpretations for Canadian residents and is accurate to the best of our knowledge as of the date of publication. Future changes to tax legislation and interpretations may affect this information. This information is general in nature, and is not intended to be legal or tax advice. For specific situations, you should consult the appropriate legal, accounting or tax advisor.

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