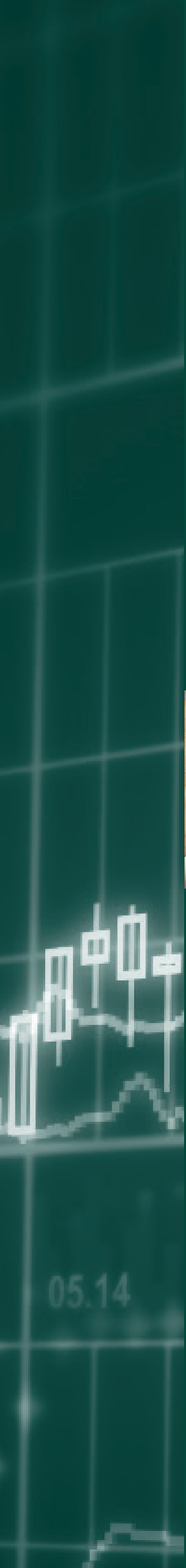


The 15-Minute Retirement Plan

How to Avoid Running Out of Money When You Need It Most

FISHER INVESTMENTS CANADA®

One of the biggest risks an investor faces is running out of money in retirement.

This can be a personal tragedy. People may work their whole lives to accumulate enough wealth for a comfortable retirement only to find they've come up short. To help minimize this risk, Fisher Investments recommends keeping the following key questions in mind when planning your retirement:

1. How Long Will Your Portfolio Need to Provide for You?

2. How Can Cash Distributions and Inflation Impact Your Portfolio?

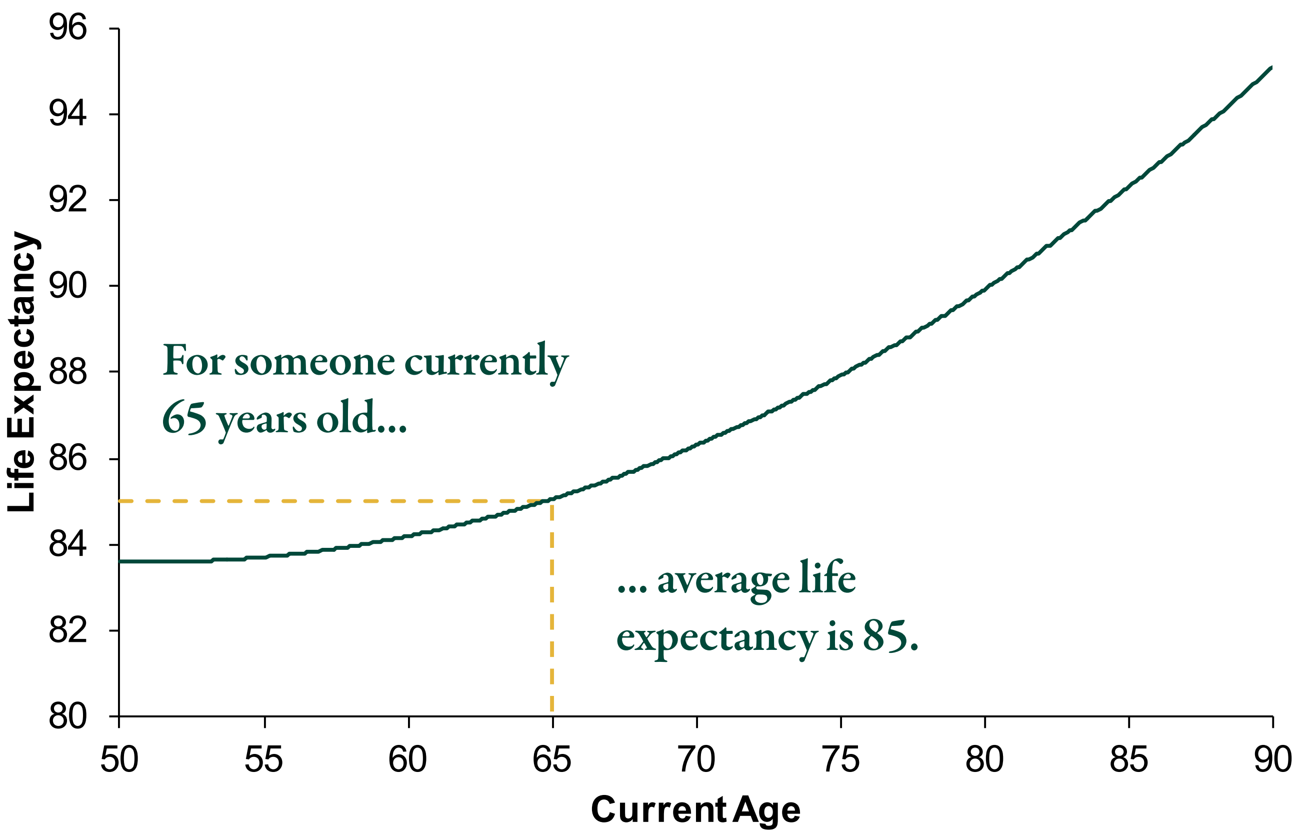
3. How Do You Establish a Primary Investment Objective?

4. What Are Important Trade-Offs You May Need to Make?

1. How Long Will Your Portfolio Need to Provide for You?

The graph below shows an approximation for total life expectancies based on current age. We believe these projections likely underestimate how long people will actually live given ongoing medical advancements. And don't forget these are projections of average life expectancy—planning for the average is not sufficient since about half of people in each bracket are expected to live even longer. Factors such as current health and heredity can also cause individual life expectancies to vary widely.

The bottom line? Your time horizon may be much longer than you realize. Prepare to live a long time and make sure you have enough money to maintain your lifestyle.



**Source: Statistics Canada, Demography Division, life tables. (revised as of 2013/09/25) http://www.statcan.gc.ca/pub/91-209-x/2013001/article/11867/tbl/tbl3-eng.htm*

2. How Can Cash Distributions and Inflation Impact Your Portfolio?

As you anticipate your investment time horizon, it's also critical to understand how withdrawals will impact your portfolio. Like many investors, you may have unrealistic expectations of how much money you'll be able to safely withdraw each year during retirement.

A common—but incorrect—assumption is that since equities have historically delivered about 9% annualized average return over the long term*, it must be safe to withdraw 9% a year without drawing down the principal.

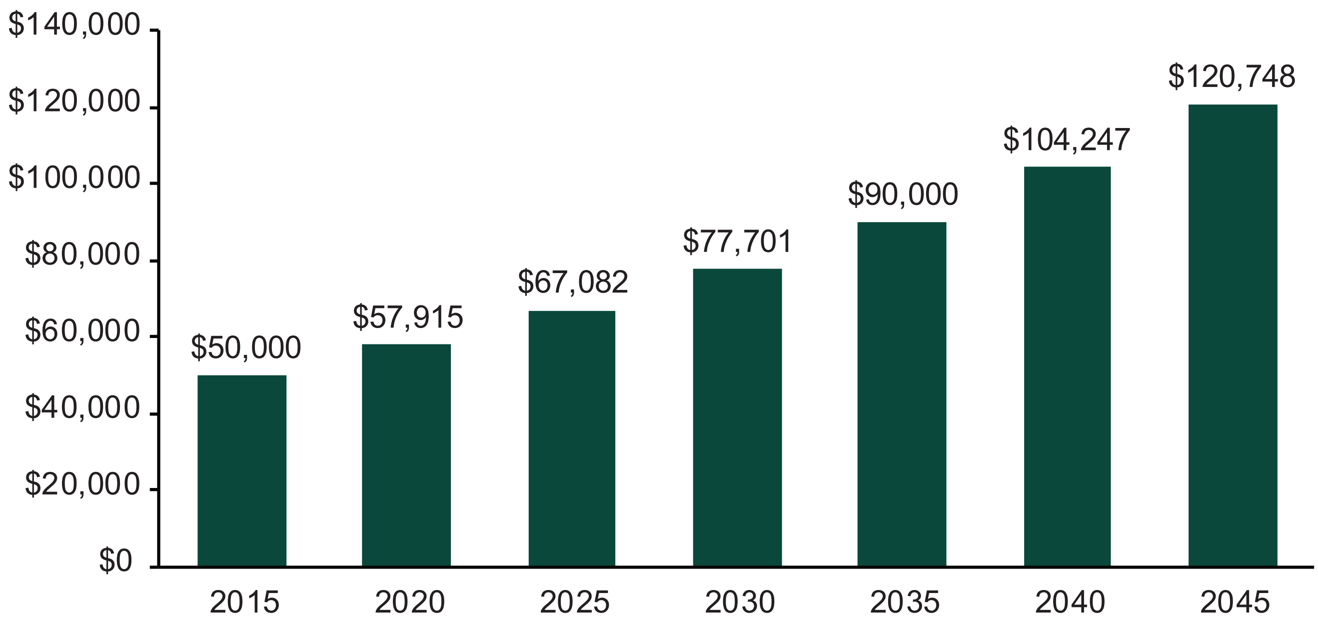
Nothing could be further from the truth. Though markets may annualize about 9% over time, returns vary greatly from year to year. Miscalculating withdrawals during market downturns can substantially decrease the probability of maintaining your principal. For example, if your portfolio is down 20% and you take a 9% distribution, you will need about a 37% gain just to get back to the initial value.

Another important portfolio factor to consider is inflation. Inflation is insidious. It decreases purchasing power over time and erodes real savings and investment returns. Many investors fail to realize how much impact inflation can have.

Since 1925, inflation has averaged approximately 3% a year.** If that average inflation rate continues in the future, a person who currently requires $50,000 to cover annual living expenses would need approximately $90,000 in 20 years and $120,000 in 30 years *just to maintain the same purchasing power.*

Similarly, if you placed $1,000,000 under your mattress today, in 30 years that money would only be worth around $400,000 in today's dollars.

Maintaining Purchasing Power***



**Source: FactSet, Inc., as of 10/24/2014. Based on 8.98% annualized Global Financial Data Global Total Return Stock Index (CAD) returns from 12/31/1925-12/31/2014.*
***Source: Global Financial Data, as of 12/31/2014. A primary measurement for the rate of inflation is the Canada Consumer Price Index (CPI), which has averaged approximately 3.0% annually between, 12/31/1925 – 12/31/2014.*
****Estimate based on a 3.0% rate of inflation.*

3. How Do You Establish a Primary Investment Objective?

Time horizon, cash flow needs and inflation are all key factors to consider in your retirement planning. Another cornerstone is establishing a primary objective for your portfolio.

A precise way to determine your portfolio's objective is to define your "growth objective"—the amount of money you plan to have at the end of your portfolio's time horizon. Possible growth objectives include:

- **Portfolio growth:** You want to increase the purchasing power of your assets as much as possible across your time horizon.
- **Maintaining the value of the portfolio in real terms:** You aim to maintain your present purchasing power at the end of your time horizon.
- **Depleting assets:** You have no desire to leave any assets behind.
- **Targeting a specific ending value:** You desire a specific ending value, perhaps for making a donation to charity.

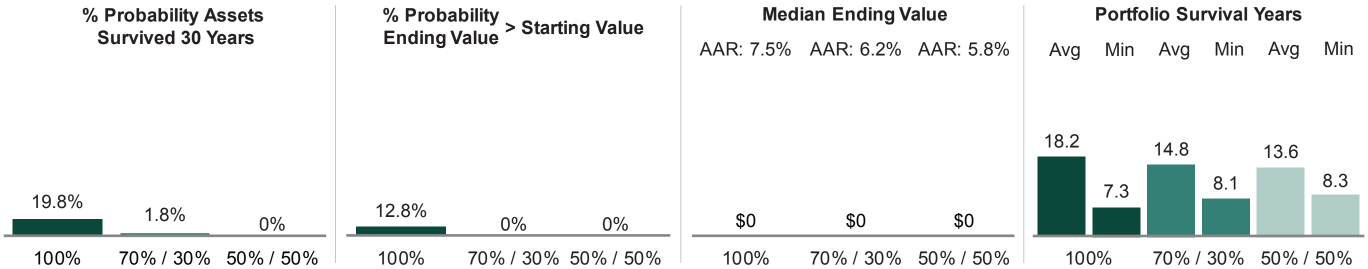
4. What Are Important Trade-Offs You May Need to Make?

Like many investors, you may plan to draw from your portfolio during retirement. The level of cash flow you require, combined with your growth objective, may require some trade-offs to minimize the risk of running out of money. For example, you may need to increase your exposure to investments with higher returns—and be willing to tolerate the greater volatility associated with them.

Understanding the trade-offs of different strategies is crucial. The following scenarios show the impact of four different rates of withdrawal on a $1,000,000 portfolio under different asset allocations, plus one showing no withdrawals. The four withdrawal rates are: 10%, or $100,000 per year; 7%, or $70,000 per year; 5%, or $50,000 per year; and 3%, or $30,000 per year. These simulations were run using a Traditional Monte Carlo simulator; all withdrawal amounts are adjusted for inflation to maintain original purchasing power.*

**The Monte Carlo simulation is a non-linear statistical method that, based on random sampling of historical stock, bond and cash returns, allows for the assignment of probabilities to various outcomes. This informational analysis makes numerous assumptions, including but not limited to the use of GFD World Stock Index and/or Canada 10-year Government Bond Index historical returns and Fisher Investments' forecasted data for equities, fixed income and inflation to project the ending value in the future or cash flow availability. The index(es) used in this analysis may not be the benchmark(s) selected for clients.*
No assurance can be given that these returns will be achieved. This analysis is for informational purposes only. It has been formulated with data provided to Fisher Investments and is assumed to be reliable. Fisher Investments makes no claim to its accuracy. Investing in securities involves risk of loss. Past performance is no guarantee of future returns.

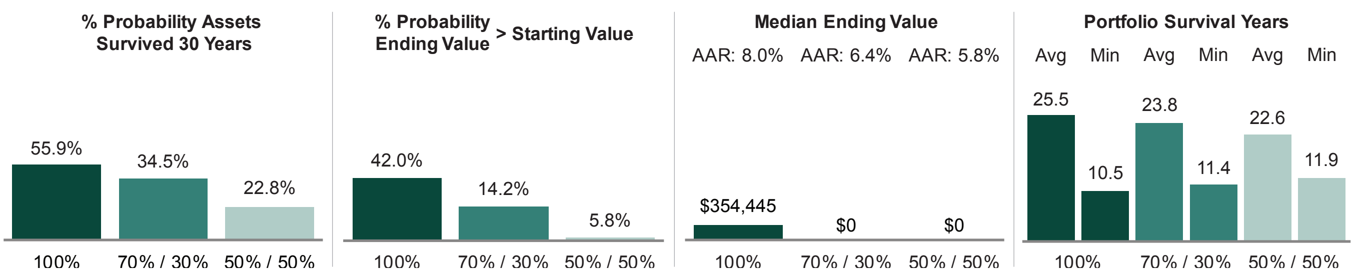
Scenario #1: In this scenario, we simulate the results of an investor taking annual withdrawals of $100,000 (10%) from a $1,000,000 portfolio (starting value) over a hypothetical 30-year investing time horizon.



Scenario #1 shows the probability of this portfolio lasting for 30 years—let alone growing—is very low.

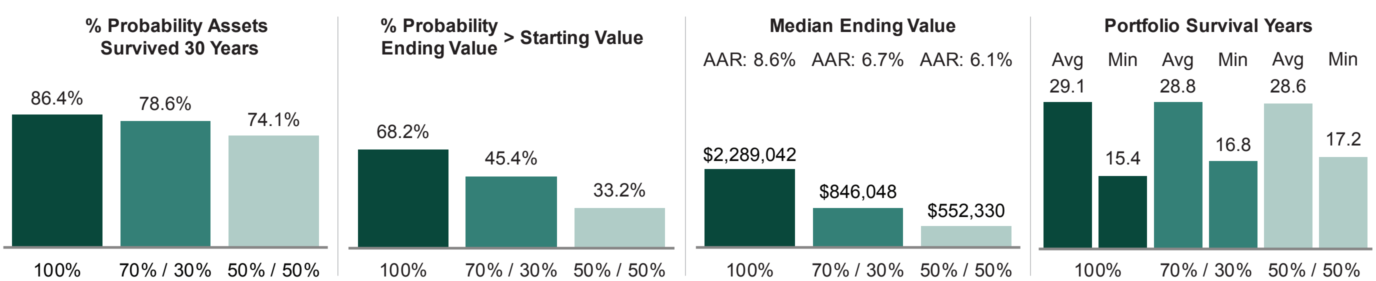
Unfortunately, this is true for all three asset allocations in this example (100% Stocks , 70% Stocks/30% Bonds and 50% Stocks/50% Bonds). Though the portfolio comprising 100% equities produces the highest probability of asset survival, a 19.8% chance of not running out of money in retirement is hardly comforting.

Scenario #2: In this scenario, we simulate the results of an investor taking annual withdrawals of $70,000 (7%) from a $1,000,000 portfolio over 30 years.



Scenario #2 shows the probability of asset survival and growth improves by reducing withdrawals. But even with 100% equity allocation, the likelihood of not running out of money is still only 55.9%.

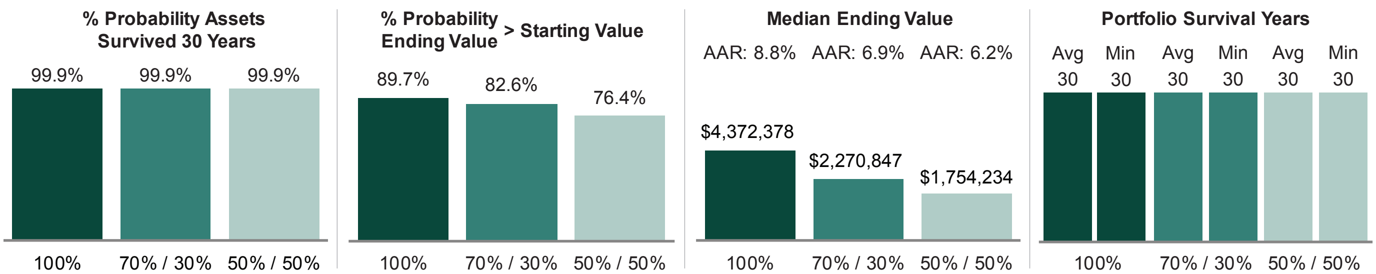
Scenario #3: In this scenario, we simulate the results of an investor taking annual withdrawals of $50,000 (5%) from a $1,000,000 portfolio over 30 years.



Scenario #3 shows reducing withdrawals to 5% of a portfolio greatly improves the probability of both asset survival and growth across all three asset allocations.

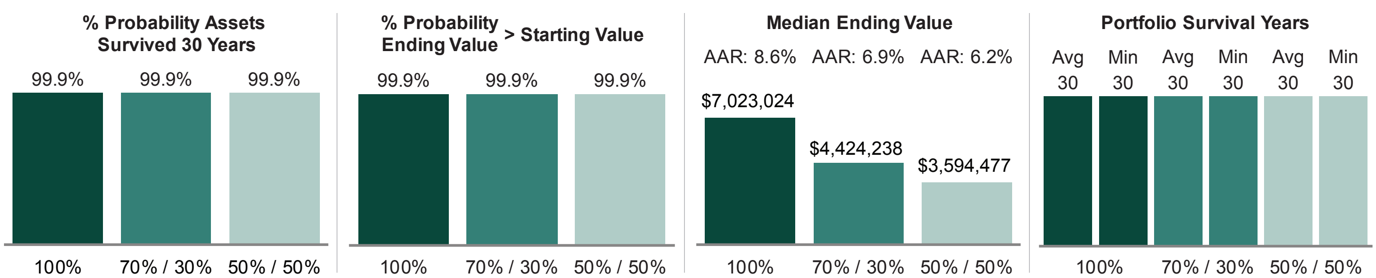
AAR= Average Annualized Return %.

Scenario #4: In this scenario, we simulate the results of an investor taking annual withdrawals of $30,000 (3%) from a $1,000,000 portfolio over 30 years.



Scenario #4 shows materially better probabilities of both asset survival and growth. Using all three asset allocation scenarios, median ending value is higher than the starting value, though 100% stocks shows the best median portfolio growth.

Scenario #5: In this scenario, we simulate the results of an investor taking no annual withdrawals.



For investors with no annual cash flow needs, probability of asset survival is excellent in all three asset allocation scenarios. However, as many may expect, a simulation of 100% stocks resulted in the highest median portfolio terminal value.

AAR= Average Annualized Return %.

Which scenario and asset allocation make you most comfortable?

There is no one right answer—only the answer that's right for you. If portfolio growth is your primary objective, a portfolio with 100% equity might make the most sense.

However, if you want to maintain purchasing power with less volatility, then a 70% equities and 30% bonds allocation may be more appropriate. Determining your primary objective can help you decide which asset allocation is best for your needs.

Planning Your Retirement With Fisher Investments

Still have questions? Not sure what's best for you? Need help getting started? We've helped thousands of investors—each with unique goals and objectives—plan for retirement. Call Fisher Investments at 888-291-0675 to find out how we can help you achieve the comfortable retirement you've been working and saving for.

Facts About Fisher Investments Canada to Compare With Your Current Adviser

	Fisher Investments Canada	Your Investment Adviser
Your portfolio is constructed according to your specific needs, taking into account your investment objectives, time horizon for the assets, cash flow needs and other factors specific to you.	☑	?
You get proactive service from your own Investment Counselor, who will keep you up-to-date on your portfolio.	☑	?
You have the opportunity to meet the actual people making investment decisions through in-person events in various formats.	☑	?
Your portfolio is managed by a team with over 100 years of combined industry experience.	☑	?
Your firm's Executive Chairman has written for *Forbes* magazine for 30 years and has written 11 books on investing and wealth creation, including four *New York Times* bestsellers.	☑	?
You get a disciplined approach to your investment strategy that goes beyond just stock picking.	☑	?
You can take advantage of global investing opportunities with our significant experience investing in many of the world's largest markets.	☑	?
You won't be limited to a single style of investing (like "growth" or "value") as we can shift our strategy based on our forward-looking view of market conditions. If we forecast an upcoming bear market, we might adjust your portfolio allocation to be more market neutral with fewer stocks and more bonds, cash or other securities.	☑	?

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