

SUN GIF SOLUTIONSMINIMIZE RISKS – ALL IN ONE CONTRACT



Agenda

THE 5 RETIREMENT RISKS

HOW TO MINIMIZE RISKS WITH SUN GIF SOLUTIONS

SUMMARY & NEXT STEPS

THE 5 RETIREMENT RISKS



Longevity risk – Outliving your money.



Inflation risk – Your money will buy less.



Market risk – Losing money due to market performance.



Health risk – Emerging health needs over time.

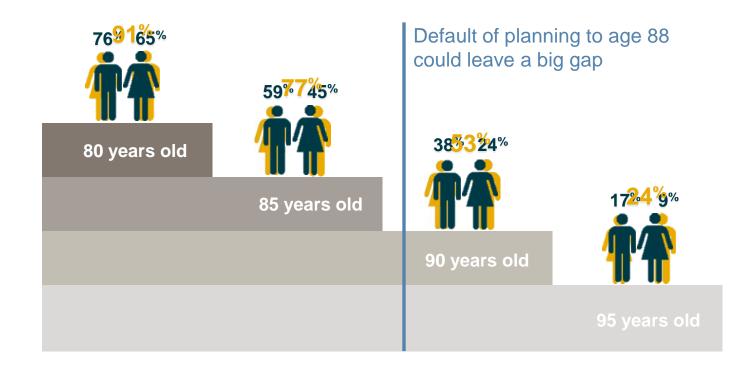


Mortality risk – Untimely death of a spouse or partner.



IS **100** THE NEW **85**?

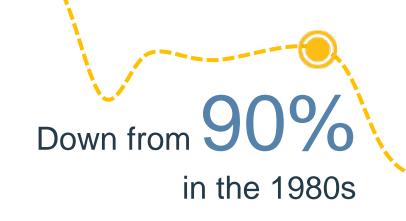
Probability at age 65 of living to the following ages:



DID YOU KNOW? IN 2015...

37.8% Employees were covered by a registered pension plan

Of those, 67.1% were in defined benefit plans



LONGEVITY RISK IN THE NEWS

BCE shifts pension longevity risk to Sun Life Staff | March 3, 2015



BCE has reached an agreement to transfer the longevity risk for \$5 billion of pension plan liabilities to Sun Life Financial.

Under this new longevity insurance agreement, the first of its kind in North America, the Bell Canada pension plan will pay monthly premiums to Sun Life. In exchange, Sun Life will make monthly pension payments into the plan for the lifetime of existing pensioners. BCE currently provides both DB and DC plans.

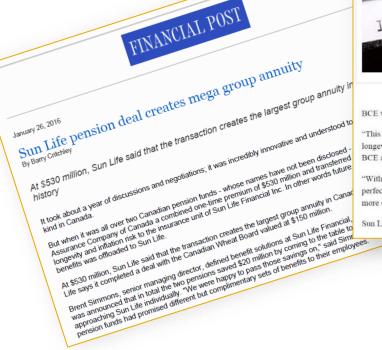
Read: 5 pension trends to watch

BCE will maintain full responsibility for the Bell pension plan and related payments to pensioners.

"This agreement is an innovative way to de-risk pension obligations by taking proactive measures to guard against longevity risk without the requirement for additional cash contributions," says Siim Vanaselja, chief financial officer for BCE and Bell Canada.

"With our expertise in assessing and managing the financial risks that can impact defined benefit plans, Sun Life is perfectly positioned to help BCE and other Canadian companies take longevity risk off the table so they can focus even more on their core businesses," says Kevin Dougherty, president of Sun Life Financial Canada.

Sun Life will reinsure a portion of the longevity risk to RGA Canada and SCOR Global Life



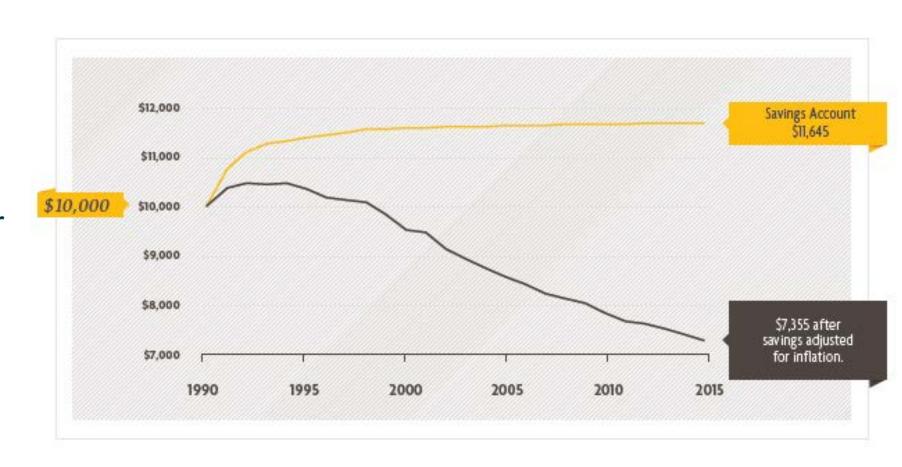




HOW INFLATION IMPACTS CASH

Here's what happens when you put \$10,000 into a savings account and let interest build over a 25-year period.

Your \$11,645 is actually worth \$7,355!





ACCUMULATION

If we start with \$100,000 and leave it invested, we find that regardless of the sequence of returns, the resulting capital is the same in accumulation years.

SCENARIO	1	2	3	4	5	6	7	8	9	10	RETURN	BALANCE
1	7	7	7	7	7	7	7	7	7	7	7%	\$196,715
2	9.9	14	13	23	-4	10	-1	21	-4	-7	7%	\$196,715
3	-7	-4	21	-1	10	-4	23	13	14	9.9	7%	\$196,715

SEQUENCE OF RETURNS

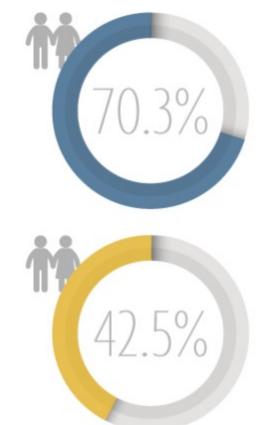
Withdrawals at 7% of the original \$100, 000 per year, in all years

SCENARIO	1	2	3	4	5	6	7	8	9	10	RETURN	BALANCE
1	7	7	7	7	7	7	7	7	7	7	7%	\$100,000
2	9.9	14	13	23	-4	10	-1	21	-4	-7	7%	\$112,528
3	-7	-4	21	-1	10	-4	23	13	14	9.9	7%	\$83,586



MORTALITY RISK

The untimely death of a spouse or partner



70.3% of Canadians aged 55 to 64 have debt and 42.5% of Canadians 65 and over still have debt.

This means close to half of all Canadians will retire with some form of debt.

Source: Statistics Canada, Study: Changes in debt and assets of Canadian families, 1999 to 2012, released April 2015.

ON THE DEATH OF A SPOUSE

- Old Age Security (OAS) has no survivor benefit
- Canada Pension Plan (CPP) decreases
- Defined benefit plans may drop to 60% (dependent on income election)
- Debt



THE 5 RETIREMENT RISKS



ONE SOLUTION

Sun GIF Solutions

MINIMIZE RISKS WITH SUN GIF SOLUTIONS

- Income that lasts as long as the client is alive
- Steady income stream
- Protection against volatility

guaranteed lifetime retirement income









INCOME SERIES

- Single or Joint life income available
- Adjustable payout rates improve product sustainability
- Strategic Fixed Income fund (MER = 2.77%)



Illustration tool available to assist with the sales process!

DEFERRAL ILLUSTRATION

Male Age 65

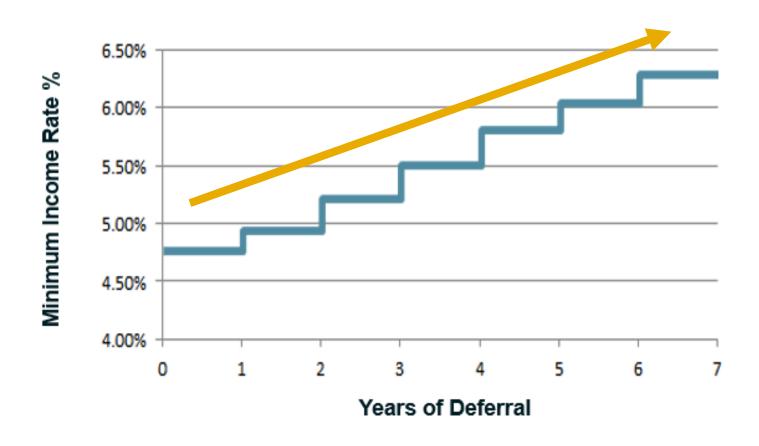


Illustration summary



Total transitions:

\$0

Annuitant Mr Client* Spouse Mrs Client

Male, age 71 Female, age 71

Plan details Contract type: RRSP to RRIF

Lifetime guaranteed income option: Joint life income stream

* Income will be based on the age of the younger spouse.

Scenarios illustrated

Personalized scenario: Historical returns: 2002-2016, Negative scenario: -2.00% Market return, decreasing income rate

current income rate

SeriesAsset AllocationPersonalized scenario – Rate of returnInvestment Series:80% equity / 20% fixed income3.53%Income Series:100% fixed income1.55%

Transactions sum	mary		
Year	Transaction type	Amount	Details
2017 (Age 71)	Deposit to Investment Series	\$100,000	Lump sum deposit
2017 (Age 71)	Deposit to Income Series	\$50,000	Lump sum deposit
2018 (Age 72)	Withdrawal from Investment Series	RRIF MAP	Recurring, starting at age 72 (2018)
2036 (Age 90)	Elect lifetime guaranteed income	\$8,070 /year	Starting at age 90 (2036)
			Total deposits: \$150,000

Personalized scenario Historical returns: 2002-2016, current income rate (continued)



		Investment Series					Income Series							
Year	Age	Market return	Deposits (\$)	Transitions (\$)		Dec. 31 market value (\$)		Market return	Deposits (\$)	Potential lifetime guaranteed income (\$)	Lifetime guaranteed income (\$)	Total withdrawals (\$)	Dec. 31 market value (\$)	Death benefi guarantee (\$
2017	71	-12.41%	100,000	-	-	98,902	75,000	1.03%	50,000	2,415	-	-	50,043	37,500
2018	72	15.43%	-	-	7,864	106,298	69,834	0.14%	-	2,535	-	-	50,113	37,500
2019	73	9.29%	-	-	8,446	107,732	64,757	0.75%	-	2,660	-	-	50,487	37,500
2020	74	13.99%	-	-	8,749	114,057	60,143	4.82%	-	2,795	-	-	52,921	37,500
2021	75	14.37%	-	-	9,468	120,978	55,778	8.28%	-	2,945	-	-	57,303	37,500
2022	76	1.12%	-	-	10,376	111,963	51,047	0.73%	-	3,105	-	-	57,719	37,500
2023	77	-27.41%	-	•	10,147	71,132	44,674	-5.93%	-	3,275	-	-	54,298	37,500
2024	78	18.14%	-	-	7,739	76,295	40,560	7.86%	-	3,460	-	-	58,568	37,500
2025	79	7.98%	-	-	8,577	73,809	36,337	-0.25%	-	3,665	-	-	58,422	37,500
2026	80	-7.72%	-	-	8,701	59,409	31,695	-1.07%	-	3,885	-	-	57,798	37,500
2027	81	6.23%	-	-	7,994	55,119	27,681	1.03%	-	4,130	-	-	58,391	37,500
2028	82	12.36%	-	-	8,037	53,897	24,089	0.14%	-	4,405	-	-	58,474	37,500
2029	83	5.78%	-	-	8,293	48,719	20,585	0.75%	-	4,700	-	-	58,909	37,500
2030	84	0.11%	-	-	8,298	40,473	17,083	4.82%	-	5,030	-	-	61,749	37,500
2031	85	6.95%	-	-	8,260	35,025	13,823	8.28%	-	5,395	-	-	66,863	37,500
2032	86	-12.41%	-	-	8,671	22,007	9,916	0.73%	-	5,805	-	-	67,348	37,500
2033	87	15.43%	-	-	8,033	17,370	6,780	-5.93%	-	6,275	-	-	63,356	37,500
2034	88	9.29%	-	-	7,709	11,275	4,027	7.86%	-	6,790	-	-	68,338	37,500
2035	89	13.99%	-	-	8,128	4,724	1,480	-0.25%	-	7,385	-	-	68,169	37,500
2036	90	14.37%	-	-	-	5,402	1,480	-1.07%	-	-	8,070	8,070	59,370	33,013
2037	91	1.12%	-	-	-	5,463	1,480	1.03%	-	-	8,070	8,070	51,871	28,550
2038	92	-27.41%	-	-	-	3,966	1,480	0.14%	-	-	8,070	8,070	43,870	24,112
2039	93	18.14%	-	-	-	4,685	1,480	0.75%	-	-	8,070	8,070	36,099	19,694
2040	94	7.98%	-	-	-	5,059	1,480	4.82%	-	-	8,070	8,070	29,593	15,402
2041	95	-7.72%	-	-	-	4,669	1,480	8.28%	-	-	8,070	8,070	23,671	11,378

SUMMARY

- There are 5 retirement risks threatening a client's retirement income
 - Longevity, Inflation, Market, Health, Mortality
- Minimize these risks in a clients' portfolio using
 Sun GIF Solutions
- We can help your clients by providing guaranteed lifetime retirement income

NEXT STEPS

 Consider 2 clients that need to minimize retirement risks using Sun GIF Solutions.

 Contact us – your Sun Life Wealth sales team – to review your cases and run an illustration!

