Pension Newsletter 2nd QTR 2014

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An informational bulletin for members of the ELCIC Pension Plan 2nd QTR 2014

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Member Pension Statements

Pension Statements for the six months ending June 30, 2014 were mailed a few weeks ago. Please make sure you review the information carefully and notify GSI of any errors in your personal information. Keep this statement in your files and use it to track your savings and plan for retirement.

Investment Results January to June 2014

The second quarter of the year continued in the positive trend. The ELCIC Pension Fund earned 7.3% (before expenses) for the first six months of 2014.

The Fixed Income Fund beat the bond index of 4.8%, coming in at 5% (before expenses). We also expect the Fixed Income Fund to do better than 1% over inflation, and it achieved that goal as well. PH&N who manages this portfolio attributes corporate bond strategy as the key to achieving these results.

The Canadian Equities in the Growth Fund earned 10.5% (before expenses) which was not quite as good as the index at 12.9%. This was balanced by the Global Equities allocation in the Growth Fund earning 8.1% (before expenses) beating the benchmark of 6.8%. Combined, the Growth Fund earned 9.5% in the first six months of the year.

Economic Outlook

Our investment managers have a positive outlook on the economy and equity markets. Manulife Asset Management stated, “The U.S. economy continues to improve, albeit slowly, leading global growth. The Canadian economy should benefit from strong trade linkages and favourable monetary conditions. In addition, a weak Canadian dollar should be positive for the export oriented sectors of the economy”.

Ten Ways to Kick-Start Your Late in the Game Savings Plan

Zoomer Magazine June 2014

Just when you think have it all figured out – you finally landed that promotion, the mortgage is almost paid off, the kids are in university – it hits you: you haven’t started planning for retirement. Oops!

For some, the dropped ball can be chalked up to procrastination, laziness or avoidance, where “serious” planning is limited to next month’s vacation. For others, life’s ups and downs – job loss, bad investments, illness, late marriage and later divorce – simply get in downs – job loss, bad investments, illness, late marriage and later divorce – simply got in the way of proper planning.

Whatever the reason, the realization that you are crawling closer to retirement without a savings plan is nothing short of unsettling. Bu does that mean late-blooming planners must give up their retirement dreams and start packing for a move into their daughter's basement? In the desperate words of said daughter, "Is it really too late?"

Here's the good and bad news: it's never too late to start planning for retirement. "There's no such thing as being too late because there are stages of retirement planning," offers personal finance expert Kelley Keehn. Life allows for change and re-invention; you just need to find a lifestyle that works.

But, cautions fee-only financial planner Sandi Martin, "There is such a thing as too late if you change your expectations," In other words, if you stubbornly stick to some utopian dream, you – and your daughter – may be out of luck.

If you're flexible, however, it's a different story. "Our industry allows people to think they've missed the boat, but it's not too late if you change your expectations," Martin says. And watch your debt, adds Keehn. She relates how 50-something clients would often come to her door, fearful of having little saved. But citing a recent study that found about half of Canadian homeowners will be in debt by the time they retire, she explains that reality was less concerning than their debt load.

The experts offer these tips for the best late-game retirement strategies:

1. Don't panic. Emotionally charged decision-making probably brought you to this point; don't let fear sidetrack you again.
2. Calculate everything coming in and going out. Look at all sources, not just saving: CPP, pension, old age security, employment benefits.
3. Estimate how much you'll need to live on in retirement based on spending habits, needs, time horizon and lifestyle. Do you want to travel? Spend more time with your grandkids?
4. Determine if your retirement goals are realistic. If your goal is to retire at 65, would 70 make more sense, all things considered? "How you spend now determines how you save and spend later," says Martin.
5. Adjust expectations and challenge assumptions. Avoid the desire to keep up with the Joneses. Instead, ask yourself: Can I downsize? Can I find a job that pays more? While it's good to pay yourself first, if that means you suddenly have to add $100 to your credit card for groceries every month, you'll find yourself at 67 with as much debt as savings.
6. If cuts are needed, start with big fixed costs first: home, car, insurance, services. But, cautions Martin, don't become a "frugalista" because that leads to fatigue and the desire to give up.
7. Don't attempt to make up for late planning by taking crazy risks. "Age 72, is not the time to invest in tech," says Keehn. Couple of bad moves now can see you lose

everything and you don't have the luxury of time.

8. Don't be too cautious either. Just because you're turning 65 doesn't mean you need all the money tomorrow.
9. Get financial advice. Hire a financial planner. And a certified accountant. Know what your fees are. And then get a second opinion.
10. Do what you can now to get out of debt.

GSI administers pension and benefits plans that enhance the well-being of employees who serve in the ELCIC and its affiliates.

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