

# Solutions

FOR FINANCIAL PLANNING

LIFE IS FULL OF  
**CHOICES**

Learn how the right ones can  
boost your financial future



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WINTER 2014/2015



# IT'S YOUR CHOICE

Should you rent or buy a home?  
Take transit or drive?  
Own a cottage or travel?

Many of our life decisions can lead to taking on debt. Good debt. Bad debt. Whatever you call it – it's debt and it's time to start paying it down. You're in control. Are you ready to take the first step?

#### **WANT TO LEARN MORE?**

Check out our video on the Manulife YouTube channel, Control Your Debt.



## STICKING TO PRIORITIES IN CHANGING TIMES

**THINK OF HOW MUCH THINGS HAVE CHANGED** since your parents were your age. Instead of emails, they sent letters that took days or weeks to arrive. They went to the library to find information we now have at our fingertips. To pay bills, they stood in line – we now go online.

Yet, many priorities have stayed the same: people still want to make a living, take care of their families and live a fulfilling life. As the world has changed, we have just adapted the way we meet those priorities. I was thinking about this when I read these latest Manulife Bank Homeowner Debt Survey results:

- Eight in 10 homeowners say becoming debt-free is among their top financial priorities
- 45 per cent would consider themselves debt-free even if they still had mortgage debt outstanding
- 39 per cent say they are more comfortable with debt than their parents were at their age
- 13 per cent say they are less comfortable with debt than their parents

These results appear to show that while Canadians still prioritize paying down debt, we have adapted our attitudes to help us realize our goals in today's world. When it comes to your own finances, an advisor can help you match your priorities with a modern debt management strategy that makes sense for you.

I hope you enjoy this edition of *Solutions* magazine. Take a few minutes now to find the articles that align with your priorities – then talk to an advisor.

Take care,

A handwritten signature in black ink that reads "Paul Lorentz". The signature is written in a cursive, flowing style.

**Paul Lorentz**

Executive Vice-President and General Manager  
Retail Markets



**FEATURE**

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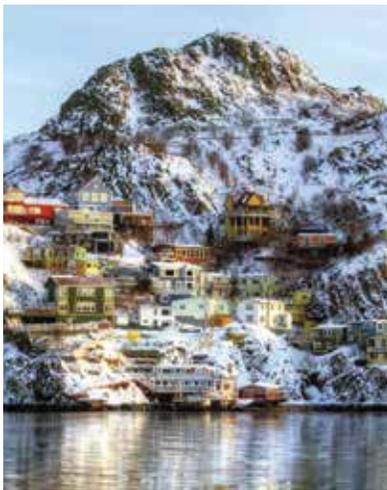
Gain a better understanding of credit, and use it to your advantage.

# Matters of fact

A collection of timely tidbits, fun facts and clever conversation starters.

## 335 CENTIMETRES

The average annual snowfall in St. John's, Newfoundland, Canada's snowiest city. Looking for less snow? Try Victoria, our least snowy city (33 cm) or somewhere in-between, such as Thunder Bay, Ontario (162 cm).<sup>1</sup>



The percentage of people who dream only in black and white. Most people

dream for about one to two hours each night and experience between four and seven dreams.<sup>5</sup>

**18** The number of years the toonie has been part of Canada's currency.<sup>2</sup>



**\$746** The average amount Canadians spent shopping online during the 2013 holiday season.<sup>3</sup>



## 275 MILLION

The number of Monopoly games sold worldwide since 1935. **That includes 6 billion green houses and 2.25 billion red hotels.** The number of times grandpas have tried to hustle grandkids over the years may be much higher. And here's something else you may not know: the person behind the prison bars who never gets out is Jake the Jailbird.<sup>4</sup>

## 700,000 MILES

The miles driven by Google's self-driving car without an accident. **Google has a test group of at least 10 "autonomous cars."** The cars use a system of sensors and lasers to produce a detailed 3D map of their surroundings. Combined with other data, this allows the cars to drive without help from people.<sup>6</sup>



# 31

THE NUMBER OF LETTERS IN

## Pekwachnamaykoskwaskwaypinwanik

Lake in Manitoba, the longest name for a place in Canada. Translated from Cree, it means "where the wild trout are caught by fishing with hooks." What's the longest place name in the English-speaking world? **Taumatawhakatangihangakoauauotamateaturipukakapikimaungahoronukupokaiwhenuakitanatahu**, in New Zealand, which rings in at 85 letters.<sup>7</sup>

# TECHNOLOGY TAKES THE WHEEL IN AUTOMOBILE INNOVATION

**WHEN BERTHA BENZ**, wife of German inventor Carl Benz, got behind the wheel of a motorized vehicle in August 1888, she left on what may have been the world's first overnight road trip. Bertha took two days to travel 106 kilometres from Mannheim in southern Germany to the city of Pforzheim in the country's central region.<sup>8</sup> Perhaps

she gave thought along the way to the incredible transformation cars with motors would bring to the world.

Today, autonomous, or driverless, cars are weaving through the streets and traffic of California, which lays claim to some of the world's most congested roads. Google's driverless cars have successfully passed through

San Francisco's city traffic and the famous steep hairpin turns of Lombard Street. The vehicles have also driven over the Golden Gate Bridge and around Lake Tahoe in Nevada.<sup>9</sup>

The cars obey speed limits thanks to data stored on their maps, and they maintain their distance from other vehicles and obstacles using a system of sensors. Already, Nevada, Florida, California and Michigan have laws allowing autonomous vehicles on their roads.<sup>9</sup> ■



## The most stressful time of the year?

Rediscover the joy and wonder of the winter holiday season.

### THE DAYS ARE SHORTER. THE SKIES ARE STORMIER.

The roads are slushier. Add to that the crush of holiday commitments and the holidays can quickly become more stressful than wonderful.

The winter holiday season is an ideal time to reflect on the past year, spend time with loved ones and look forward to the year ahead. But is there any time to relax?

Beating the winter blahs doesn't have to mean an expensive beach vacation. Here are some simple ideas that can help you relax and enjoy this holiday season.

**Get outside:** Get off the couch, open the front door and appreciate the beauty of winter. Immersing yourself in the great outdoors has been shown to have a mood-boosting effect.<sup>10</sup>

**Take a deep breath:** Take a moment to slow down and breathe. Becoming conscious of your breathing can help you clear your mind and refocus when things feel out of control. Often a few minutes of mindful breathing can have long-lasting effects on your mood.

**Get valuable rest:** With holiday parties, late night present-wrapping, post-dinner clean-up and all the other things you have to do, sleep often takes a back seat. Prioritize your sleep and give your body the time it needs to recharge for the next day.

Regardless of the season, managing stress is a long-term project. Staying relaxed can pay off in better health, a more positive mood and a cheerier holiday season this year and for many years to come. ■

<sup>1</sup>Environment Canada, Meteorological Service of Canada, "Canadian climate normals." <sup>2</sup>The Royal Canadian Mint, [www.mint.ca](http://www.mint.ca). <sup>3</sup>Visa® Holiday eCommerce Survey. <sup>4</sup>Hasbro Canada, "About Monopoly," [www.hasbro.com](http://www.hasbro.com). <sup>5</sup>"Fascinating facts you never knew about the human brain," [www.mercola.com](http://www.mercola.com). <sup>6</sup>Engadget, "What you need to know about self-driving cars," [www.engadget.com](http://www.engadget.com). <sup>7</sup>List of long place names. [http://en.wikipedia.org/wiki/List\\_of\\_long\\_place\\_names](http://en.wikipedia.org/wiki/List_of_long_place_names). <sup>8</sup>[en.wikipedia.org/wiki/Bertha\\_Benz](http://en.wikipedia.org/wiki/Bertha_Benz) <sup>9</sup>[www.engadget.com/2014/06/06/explainer-self-driving-cars](http://www.engadget.com/2014/06/06/explainer-self-driving-cars) <sup>10</sup>Harvard Health Publications, Harvard Medical School, "A prescription for better health: go alfresco," available at [www.health.harvard.edu](http://www.health.harvard.edu)



# Make your finances work for you

**Money worries leaving you stressed and overwhelmed? These strategies can help you get organized and take control.**

**CRINGING AT THE SIGHT OF A BILL** in your mailbox. Tossing statements onto the ever-growing countertop pile. Sound familiar? Financial stress is a reality for many Canadians. In a recent survey, three-quarters of those polled carried personal debt<sup>1</sup> and, according to a poll for the Canadian Medical Association, 23 per cent of Canadians lose sleep regularly over financial worries.<sup>2</sup>

Amid hectic schedules and competing priorities, it can be difficult to find the time to pay your finances the attention they require. However, using these strategies can help you take control of money matters in your household.

## **Start simple – make a list**

Many people avoid organizing their finances because tackling everything at once is overwhelming. Breaking down tasks in a list helps identify specific and achievable goals, which can then be addressed one at a time.

**Consider:** Assign deadlines and prioritize the challenges you want to resolve first. If organizing finances is a family project, decide who is accountable for each task on the list.

## **Set short-term and long-term goals**

It's important to assess current circumstances to help organize efforts to achieve future plans. Do you have children attending university?

<sup>1</sup>[www.newswire.ca/en/story/1250277/canadians-paying-off-their-debt-the-good-old-fashioned-way-spending-less-rbc-poll](http://www.newswire.ca/en/story/1250277/canadians-paying-off-their-debt-the-good-old-fashioned-way-spending-less-rbc-poll) <sup>2</sup>[www.newswire.ca/en/story/559103/economic-woes-raise-health-fears-among-canadians](http://www.newswire.ca/en/story/559103/economic-woes-raise-health-fears-among-canadians)

Are you nearing retirement? Is there a trip you've been dreaming about? Create a timeline (six months, one year, five years, etc.) and identify where you'd like to be financially at those milestones.

**Consider:** Check in with your advisor and review your finances. Your advisor can take a holistic look at your financial situation, provide advice and work with you to build a plan.

### Consolidate and automate

Pare down to a single credit card to reduce extra account fees and multiple statements. Where possible, look to consolidate other expenses and streamline payments. Keep in mind that certain companies offer discounts if you bundle services (such as phone, cable television and internet). Sign up for convenient electronic billing; you may find it not only reduces unnecessary paper clutter, but also saves time. Work towards greater efficiency by making multiple payments at the same time on a regular schedule.

**Consider:** Take advantage of the added bonus of online banking and paperless billing: digital record storage. Most banks and companies provide access to five to seven years' worth of previous statements.

### Zero in on spending habits

The convenience of credit cards, debit cards and online shopping makes it easy to lose track of spending. To avoid the shock and resulting stress when bills arrive, start logging purchases and be conscious about every transaction.

## SHOP AROUND AND SAVE

When signing up for new services or making decisions about your accounts, **don't be afraid to negotiate and ask about special rates.** Companies often have promotions, and many are willing to modify their offers to get or keep your business.



**Consider:** Put away all plastic and “virtual” money for an entire month. Use only cash, and stick to a predetermined amount each week. At the end of the month, assess where you can make improvements.

### Create a budget

Budgets can range from web-based programs to spreadsheets to hand-written documents. Regardless of the format you choose, developing a budget is an effective way to organize, track and plan expenses. Start with large categories (e.g., house) and then identify subcategories (e.g., mortgage, utilities, internet). A detailed budget presents a clear picture of “money in” versus “money out” each month. From there, you can set targets and trim costs where possible.

**Consider:** Budget for a “wish list” and “unexpected events.” Planning for the former will help you feel optimistic about reaching those goals, and having money set aside for the latter will ease stress when you run into costly surprises.

### Organize files and establish a system

Not a fan of paper records? Scan everything and create a digital filing system. Prefer hard copies? Organize your records in a cabinet or plastic bin, with labelled file folders and dividers. You will likely want to identify categories (e.g., taxes, vehicles, warranties, insurance) and sort your digital or paper folders by date. Then, as you deal with each bill or document, date it and file it promptly.

**Consider:** Sort files regularly and shred outdated documents. Use the following list as an approximate guideline for record storing:<sup>3</sup>

- Bank accounts: One calendar year, unless needed for tax return purposes
- Credit cards: Until you check and pay them
- Loans: Until the loan is paid off
- Investments: Until the next statement arrives
- Warranties/receipts: Until expiry dates
- Tax files: Six years (starting at the end of the tax year to which the records relate)
- Insurance policies: Until a term policy has ended; for permanent life insurance, keep documents in a safety deposit box ■

<sup>3</sup>[www.cra-arc.gc.ca/tx/bsnss/tpcs/kprc/hw/rtntn-eng.html](http://www.cra-arc.gc.ca/tx/bsnss/tpcs/kprc/hw/rtntn-eng.html); [www.moneysense.ca/columns/super-saver/which-financial-documents-should-you-save](http://www.moneysense.ca/columns/super-saver/which-financial-documents-should-you-save); [www.consumerreports.org/cro/2010/03/conquer-the-paper-piles/index.htm](http://www.consumerreports.org/cro/2010/03/conquer-the-paper-piles/index.htm)

# Protect what matters most

We're used to protecting our things with insurance. But how about protecting the people we love?

**WHEN YOU WERE GROWING UP,** your parents probably told you to look both ways before crossing the street, eat your vegetables and brush your teeth before bed. This wasn't to make your life less fun, but to help make sure you were safe and healthy. Now, as an adult, you want to make sure your family is safe and healthy – protected.

Although you can't protect your loved ones from every bump and bruise, you can help protect them

financially when accidents or illnesses happen. There are a number of different insurance options no matter what your personal family situation is – for example, single, married, and with or without kids. The table below shows what might be a good fit for you.

With a plan in place, you help ensure your family will have funds available to cover any immediate or long-term financial needs – whether that translates into help with medical expenses, mortgage payments or final

arrangements. You can rest easy and get back to what matters most to you.

### Speak with your advisor

Your advisor can help you determine which types of insurance make sense for you and your family. Also, visit [InsureRight.ca](http://InsureRight.ca) for a closer look at your insurance needs and the products that can help protect you. When you're ready, your advisor can help you select the right product. ■

## TYPES OF INSURANCE BY LIFE STAGE



### JUST STARTING OUT

Includes new financially independent graduates, singles and those managing a first mortgage.

#### YOU MAY NEED TO

- Protect your income**
- Critical illness insurance
- Disability insurance
- Cover your debt**
- Term life insurance



### ESTABLISHING YOURSELF

Includes couples and young families, as well as people in mid-career with dependants.

#### YOU MAY NEED TO

- Protect your income**
- Critical illness insurance
- Disability insurance
- Cover your debt**
- Term life insurance
- Prepare to leave a legacy**
- Permanent life insurance



### BUILDING A BUSINESS

Includes entrepreneurs with a responsibility to protect their business and their family.

#### YOU MAY NEED TO

- Protect your company with key person insurance**
- Term life insurance (for small businesses and start-ups)
- Permanent life insurance (for more established companies)
- Protect your income**
- Critical illness insurance
- Disability insurance

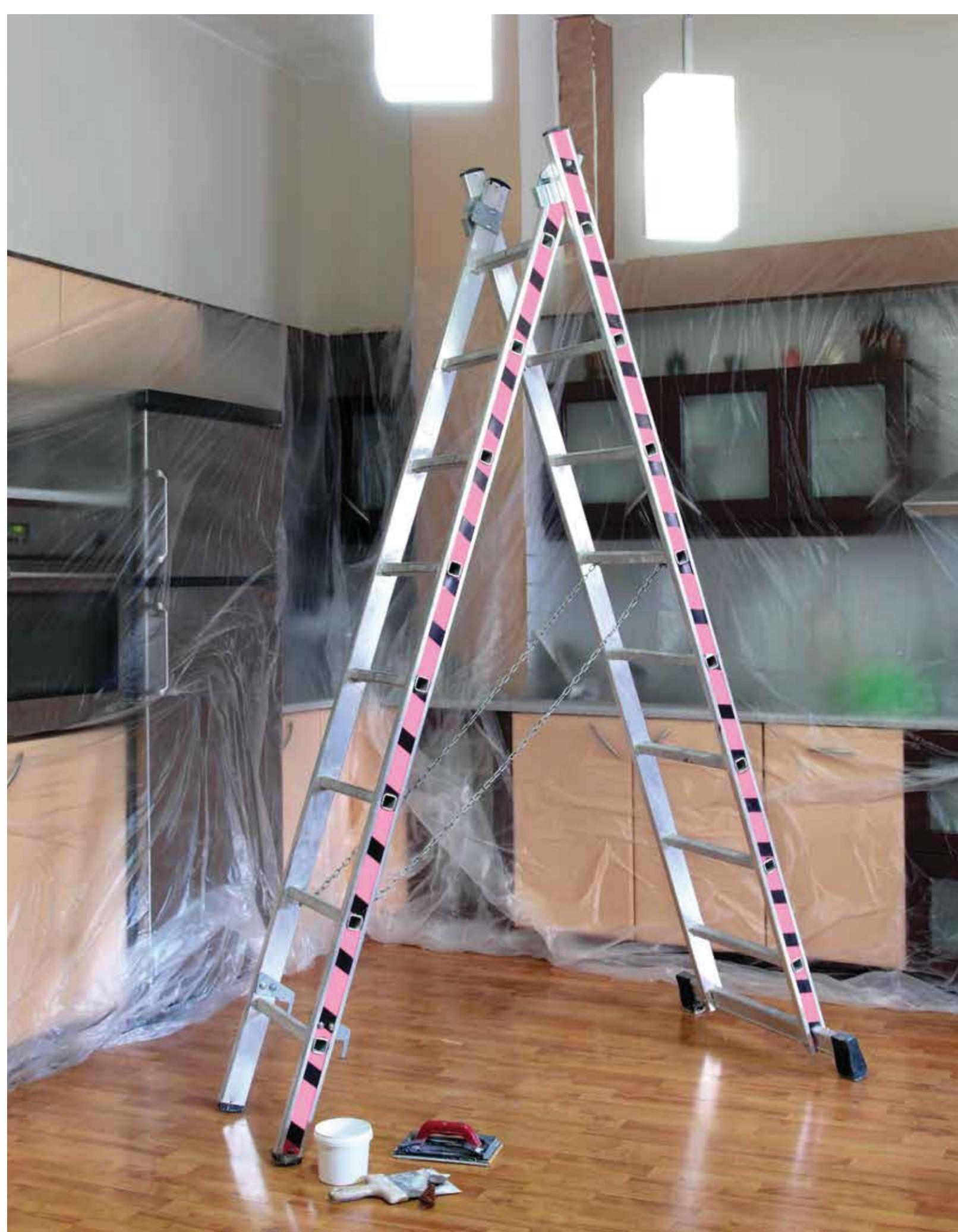


### APPROACHING RETIREMENT

Includes anyone who is preparing to transition out of the workforce in the next few years.

#### YOU MAY NEED TO

- Prepare to leave a legacy**
- Permanent life insurance
- Protect your retirement lifestyle**
- Long-term care insurance



# Home sweet upgraded home

Arm yourself with the right information and plans to get the most value out of your home renovation.

**THERE'S A GREAT DEAL OF PRIDE** that comes with home ownership – not to mention the time, effort and, of course, money required to maintain and improve the place where you live. Whether you're planning for resale, retirement or potential rental income, renovations can help fast-track equity growth in your home. But before you start daydreaming about a new kitchen or a major flooring project, you need to know how to maximize your renovation budget.

## Blueprint your renovation finances

Outside of the regular expenses of owning a home, it's important to prepare for both the improvements you want to make and the maintenance that will, expected or not, be required. Big-ticket fixes (e.g., roof, furnace, air conditioning, windows) can quickly blow your budget, so factor those into the plan. In instances where the renovation has been a long-term goal, you may already have some savings set aside. If not, another option is trimming back on large purchases, such as vacations, to generate savings. Many people also opt for loans, such as a home equity line of credit, to make a renovation feasible. Talk to your advisor about which approach will work best for your financial situation.

Once you decide to move ahead with the renovation, shop around and compare prices to get a sense of what materials and labour cost. Consider what you can do yourself, if you have some experience, to cut down on costs. (Note to aspiring DIYers: be realistic about your abilities! Be honest with yourself about your level of experience – a DIY gone wrong could end up costing you more in repairs.) This is also a good time to create a budget, including a “safety net” amount for unexpected costs. If opting for a line of credit, set a timeline to pay it off and plan ahead for payments.

### Know the area and market

Seeking the advice of a reputable real estate agent in your area is helpful to determine what work will offer the highest return on investment. “The general rule of thumb stands true – kitchens and bathrooms, done properly, tend to have the greatest impact. Quality updates of primary surfaces like countertops and hardwood floors are also well received,” says Edward Kern, a Toronto-based sales representative for Private Service Realty Ltd.

Another important consideration is the neighbourhood. If the ultimate plan is resale, who is the prospective buyer? If you’re considering an income

suite, what is the renter demographic? Kern agrees that knowing the area profile is extremely important. “You want to avoid over-improving your home for the buyer/renter market, as well as improvements that are too personalized or unique to appeal to the average buyer,” he says. In other words, knowing the target market will help dictate some renovation choices (e.g., if buyers are families with young kids, don’t replace the bathtub with a custom shower).

### Do your research

It’s wise to get at least three quotes from different contractors. Don’t be afraid to ask for reference checks, along with pictures from previous job sites. Web sites such as [www.homestars.com](http://www.homestars.com) and [www.trustedpros.ca](http://www.trustedpros.ca) also provide customer reviews of contractors. After all, with such a major investment, it’s important to minimize the risk of additional costs and ensure you get the value you are looking for. Before selecting the contractor, review the quote in detail with him or her and confirm any potential permits required for plumbing, electrical or structural work. Other key factors to confirm ahead of time are the payment schedule, guarantee on the work, and timeline. And, Kern advises, “Give

yourself plenty of lead time, as the best renovators are often booked months in advance. It takes longer to do things properly, but being able to show a fully documented, professional renovation adds thousands in value to a property.”

### Take advantage of tax credits

While the Home Renovation Tax Credit (HRTC) is no longer available, the Ontario government offers a Healthy Homes Renovation Tax Credit. Specifically for those over the age of 65 or a family member whose senior relative lives with him or her, this credit helps with the costs of improving safety and accessibility in the home. Those who qualify can claim up to \$10,000 of eligible expenses per year and receive 15 per cent back, regardless of income. This tax credit covers improvements such as non-slip flooring, wheelchair ramps and touch-and-release drawers and cupboards. For a detailed list of covered expenses, visit [www.ontario.ca](http://www.ontario.ca) and search for the Healthy Homes Renovation Tax Credit.

While embarking on a home renovation may not be as quick and painless as the ones on TV, following the proper steps and preparations will leave you with greater confidence in your biggest asset (and a home your neighbours will envy!). ■

**PRETTY PENNY** On average, Canadians are spending \$23,300 to make upgrades to their kitchens, including cabinets, appliances and workspaces. **Bathroom renovations are smaller investments, with the average remodel costing \$9,100**, which covers everything from plumbing and fixtures to tiles and lighting.<sup>1</sup>



<sup>1</sup>Huffington Post, October 19, 2012.

# Common-law relationships, finance and the law

Understanding your rights is an important part of your overall financial plan.



**COMMON-LAW RELATIONSHIPS** have become an increasingly popular choice for Canadians who want to share their lives together. In fact, according to Statistics Canada, the number of couples choosing to live common-law rose almost 14 per cent from 2006 to 2011 (close to three per cent more than the increase in married couples over the same time period).<sup>1</sup>

As more couples opt for common-law arrangements, there is a growing need to understand each partner's rights as an important aspect of successful financial planning. Note that legislation related to family law differs from one province or territory to another; for example, in some provinces common-law spouses can share in property rights and in others they cannot. It's a good idea to seek

legal advice regarding your rights if you and your spouse decide to live common-law.

Here are some measures that partners can take to help define their financial rights in a common-law relationship.

## Sign a cohabitation agreement

A cohabitation agreement can be used to give common-law couples the same rights as married couples. It is a legal document that outlines details such as how your property rights will be shared, how debt will be addressed, and whether or not assets will be equally divided. The benefit of a documented agreement is that it helps ensure you are both on the same page when it comes to your finances. It should be in writing and signed by both spouses.

## Create a will

A will is another key component to your overall financial plan. A will is a written document that stipulates how you'd like your assets distributed and can also deal with your debt when you pass away. It is important that your will and your cohabitation agreement do not conflict with one another to avoid potential litigation.

## Review beneficiary designations

When making a will or creating a cohabitation agreement, it's also a good time to review any current beneficiary designations you have in place. Confirm that your beneficiary designations for life insurance policies, TFSAs, RRSPs, and other investments (where permitted) are consistent with legal obligations set out in the cohabitation agreement and your will.

## Getting started

The process is complicated, but there are professionals that can help ensure you have a proper plan in place. A lawyer who specializes in family law can provide you with advice to ensure your rights are protected. At the same time, you may also wish to speak to an estate lawyer to help with your overall estate planning strategy. These professionals can work with your advisor to best address your particular situation. ■

<sup>1</sup>[www12.statcan.ca/census-recensement/2011/as-sa/98-312-x/98-312-x2011001-eng.cfm](http://www12.statcan.ca/census-recensement/2011/as-sa/98-312-x/98-312-x2011001-eng.cfm). Sources: Ministry of the Attorney General (Ontario), "What you should know about family law," November 2012, available at [www.attorneygeneral.jus.gov.on.ca/english/family/familyla.pdf](http://www.attorneygeneral.jus.gov.on.ca/english/family/familyla.pdf), and *Family Law Act*, available at [www.e-laws.gov.on.ca/html/statutes/english/elaws\\_statutes\\_90f03\\_e.htm](http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_90f03_e.htm).



# Where will retirement take you?

**An effective financial plan can help fuel the lifestyle you want to live – and ensure that you don't run out of gas on your retirement journey.**

**YOU'RE DRIVING DOWN THE HIGHWAY**, enjoying the rush of speed, and suddenly the fuel light turns on. You begin to feel anxious. How long can you keep driving? What if you run out of gas? Will you reach your destination?

In your car, the solution is as close as the nearest gas station. In your retirement, it's not that simple. There are no "money stations" where you can fill up your savings. There is no tow truck ready to help pull you through next month's expenses.

That's why it's important to make sure your "money tank" never runs out. An effective way to help ensure that your fuel supply for retirement doesn't run short is to incorporate solutions that provide guaranteed lifetime income into your retirement plan.

Among surveyed people<sup>1</sup> with either a defined contribution pension plan or a group Registered Retirement Savings Plan (RRSP):

**56%** find the idea of a guaranteed income stream extremely or very appealing.

**61%** want to direct more than half their contributions towards guaranteed income.

<sup>1</sup>Manulife Insight Exchange: Manulife Financial Retirement Summary Report, September 2013. Ninety Canadians, aged 65 or older, were surveyed between January 25 and February 6, 2013.

## Challenges on the road to retirement

In balancing responsibilities between parents and children, today's generation of Canadians approaching retirement is facing unique challenges. Here are some of the twists and turns in the road that many Canadians confront as retirement approaches:

- Aging parents are living longer and require extra care and support
- Children living at home longer can strain resources
- Managing high levels of debt can become a burden when approaching retirement

- Longer life expectancies can delay the transfer of wealth from generation to generation

## Mapping your route

Putting a well-designed financial plan into action can help you overcome these roadblocks and sustain an enjoyable standard of living throughout retirement.

But planning isn't simply about the amount of savings you have on the day you retire. Yes, it's important to accumulate as much as you can while you're working. But more significant than any total dollar amount is how you decide to invest and manage your money leading up to and in retirement.

Depending on your circumstances, you may not need, say, a million dollars to live comfortably during your entire retirement. You do need a well-thought-out financial strategy.

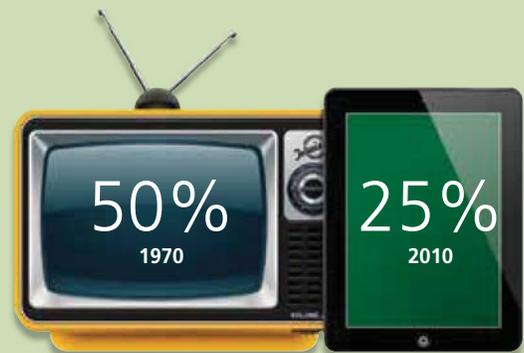
## Guaranteed income for retirement

You want to enjoy your retirement and spend time doing what you love; perhaps that means travelling to exciting destinations, picking up new hobbies, golfing or relaxing at the cottage. Many activities come with a price tag, above and beyond what you'll need for regular day-to-day expenses.

# RETIREMENT PLANNING IS DIFFERENT TODAY

## YOU CAN'T SOLELY RELY ON THE SAFETY NETS OF THE PAST

Previous generations relied on Canada/Quebec Pension Plan (CPP/QPP), Old Age Security (OAS) and defined benefit pension plans to support them for life. Now, especially with longer life expectancies, it's very important to create your own safety net with other sources of guaranteed income for life. Defined benefit pensions have been on the decline for years – and government plans likely aren't enough to support the lifestyles retirees expect.



Working Canadians with defined benefit pensions<sup>5</sup>

<sup>2</sup>Service Canada, [servicecanada.gc.ca/eng/services/pensions/cpp/payments/index.shtml](http://servicecanada.gc.ca/eng/services/pensions/cpp/payments/index.shtml), March 26, 2014. <sup>3</sup>Régie des rentes du Québec, [rrq.gouv.qc.ca/en/retraite/rrq/regime\\_chiffres/Pages/regime\\_chiffres.aspx](http://rrq.gouv.qc.ca/en/retraite/rrq/regime_chiffres/Pages/regime_chiffres.aspx), April 16, 2014. <sup>4</sup>Service Canada, [servicecanada.gc.ca/eng/services/pensions/oas/payments/index.shtml](http://servicecanada.gc.ca/eng/services/pensions/oas/payments/index.shtml), March 26, 2014. <sup>5</sup>Advisor.ca, June 2010.

For the essentials, it's a good idea to make sure you have enough income that is guaranteed for life – so you never run out. Guaranteed sources of income may include government benefits such as the CPP/QPP and OAS, as well as defined benefit pension plans offered by employers. Other specialized products are also available to help meet this need, such as cashable and non-cashable annuities. In addition, insurance companies offer a variety of flexible solutions that provide the option of guaranteed income designed to last as long as you need it to.

You can spend income that is guaranteed for life with confidence, knowing that the next payment will be deposited into your “money tank.” And, with your essentials covered, you can put surplus guaranteed income and income from non-guaranteed sources, such as investment accounts, towards pleasure and entertainment that will make your retirement that much more enjoyable.

Running out of money during retirement is simply not an option. Working with your advisor, you can develop a plan that will help ensure that your financial engine has enough fuel to keep your retirement lifestyle humming along. ■

## WHAT'S THE DIFFERENCE

between a cashable and a non-cashable annuity? Both pay a guaranteed stream of income for life. However, with a cashable annuity, you can access the market value if you need to; with a non-cashable annuity, you cannot.

### OFF TO WORK WE GO...AND KEEP GOING

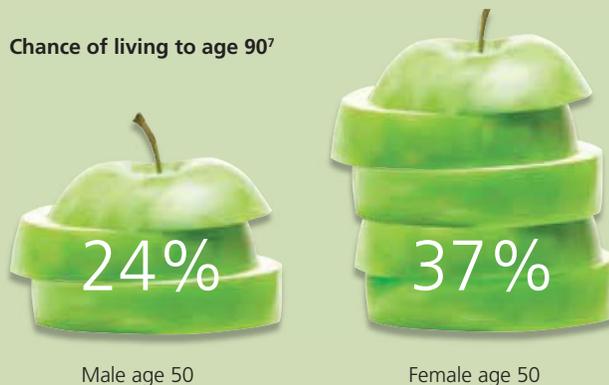
Based on labour force participation rates, many potential retirees are still working in retirement.<sup>6</sup>



### HERE'S TO A LONG LIFE!

Advancements in health care and medicine mean Canadians can expect to live much longer than past generations. Having a source of lifetime income is more important than ever before.

#### Chance of living to age 90<sup>7</sup>



<sup>6</sup>Adapted from Statistics Canada, Table 282-0001 – Labour force survey estimates (LFS), by sex and detailed age group, unadjusted for seasonality, monthly (persons unless otherwise noted), CANSIM (database), accessed April 16, 2014. This does not constitute an endorsement by Statistics Canada of this product. <sup>7</sup>Adapted from Statistics Canada, Life Tables, Canada, Provinces and Territories, 2009 to 2011, Catalogue No. 84-537-X – No. 005, March 2014. This does not constitute an endorsement by Statistics Canada of this product.



## Do you have a power of attorney?

**A power of attorney gives someone else the authority to make important decisions on your behalf. Here's why you may need one, and how to choose the right person for the job.**

**IT ISN'T AN EASY THING TO THINK ABOUT**, but what if you couldn't make decisions about your finances or health care – either temporarily or permanently – because of an illness or accident? You would want someone to step in. Creating a power of attorney lets you choose that person and grant him or her the appropriate authority.

When it comes to your finances, the solution is generally to establish an enduring or continuing power of attorney that appoints someone to manage some or all of your finances and property either as soon as you sign it or if you become mentally incapable of managing your own affairs. Your attorney does not become the owner of any of your assets. But, according to the limits you set, your attorney may be authorized to do everything from taking care

of your banking and signing cheques to buying and selling real estate and buying consumer goods.

On the health care side, depending on your province or territory, you may be able to establish a power of attorney, personal or health directive, representation agreement or mandate that appoints someone to make non-financial decisions on your behalf – for example, helping to ensure that your end-of-life wishes with respect to medical interventions are met or choosing a long-term care facility for you.

Although both types are important components of a comprehensive financial plan, this article focuses on the power of attorney for finances.

### Designed to meet your needs

Working with a lawyer, you can customize your power of attorney. It may be quite general or as specific as you need it to be. It may appoint a single person or more than one who act “jointly” (making decisions together) or “jointly and severally” (with the option of each making decisions on his/her own). The key is that it makes it very clear who will make decisions on your behalf, and holds that person responsible for his/her actions under the law.

The legal responsibilities of an attorney for finances may include complying with provincial or territorial legislation governing powers of attorney, day-to-day management of your assets, maintaining clear records, and following directions in

the power of attorney document you create. Often, the attorney is entitled to compensation – this is something you should consider carefully ahead of time and spell out clearly in your power of attorney.

### Choosing your attorney

How do you choose the right person to appoint? Because a power of attorney grants considerable authority, your attorney must be someone you trust. There are other characteristics to look for in an attorney for finances too, including:

- Minimum age required in your province or territory
- Demonstrated ability to manage finances and property responsibly
- Shared philosophy about money and investments
- Willingness to put your interests first
- Absence of financial or health issues that could interfere with his/her duties
- Availability in terms of time and geographic location
- Honesty, openness and reliability

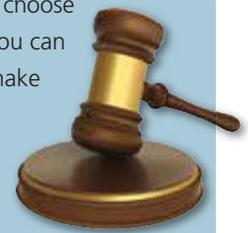
Talk to the person or people you would like to appoint about the responsibilities of an attorney. Then ask if, given their understanding of what's expected, they are willing to take on this important role. Consider naming a substitute attorney in case, for any reason, your first choice cannot act for you either when the power of attorney takes effect or at any point after that.

### Staying up to date

As your life changes, take the time to regularly review your power of attorney. If you've moved to a different province or territory, do you need to create a new document? Does your power of attorney still reflect your wishes? Is the attorney you appointed still mentally capable and available? Keep in mind that, while you are mentally capable, you can change or add attorneys or cancel your power of attorney altogether. When you make these kinds of changes, be sure to inform the financial institutions you work with. ■

### DID YOU KNOW?

Many people believe that their loved ones can simply step in and act on their behalf if they become incapacitated or unable to act. However, this is not the case. **If you don't appoint an attorney, one will be appointed for you by the court.** This may or may not be a family member or friend. It's better if you choose someone that you can trust who will make sound financial decisions on your behalf.





## Are you credit savvy?

**A better understanding of how to use credit properly can improve overall financial health.**

**WHAT IS YOUR REACTION TO THE TERM “CREDIT”?** Excitement over an upcoming purchase? Tension because of the burden of repayment? Without a firm grasp of credit and how it works, you may feel a mix of emotions when facing a purchase decision or financial situation where credit is needed – and that’s understandable. But credit can be useful; it just needs to be managed correctly.

### **What is credit?**

Credit is a contractual agreement with a lender that gives the borrower access to money, with the understanding that it will be paid back in the future, plus interest. Types of credit include mortgages, credit cards, loans and lines of credit.

Mortgages and loans involve a bank or financial institution lending a specific amount, with an agreement on the repayment schedule and

interest rate. Credit cards and lines of credit are account-based. You can make purchases or pay bills using these accounts, up to a set limit. Both have minimum balances that must be paid off by a specified date each month. Because credit cards typically have higher interest rates, lines of credit may be a better option for larger purchases, as there's usually a lower cost for carrying a balance.

### How credit works

When you need to purchase something that's either too expensive or more immediate than your cash flow allows, credit comes into play. For example, for most Canadians it's more realistic to make monthly mortgage payments than to pay for a home all at once.

Your credit score is your track record of how diligently you have paid down previous loans and credit accounts. Lenders look at factors such as your assets, your employment situation and your credit score to decide your borrowing limits and terms. This is why it's so important to keep up with payments. A credit report is a detailed document containing your credit history and credit score, kept by Canada's credit-reporting agencies (Equifax or TransUnion). Both agencies recommend checking your report at least once a year to ensure there are no inaccuracies and that your score is in a good range, especially if you are planning a big purchase. You can request a copy directly from the agencies, either by mail (free) or online (for \$15 to \$25).

Interested in learning more? The Financial Consumer Agency of Canada offers a useful reference guide called "Understanding your credit report and credit score." You can find it at [www.fcac-acfc.gc.ca](http://www.fcac-acfc.gc.ca).

### Tips to build and maintain good credit

To build and keep a good credit score (or fix a bad credit score):

- Pay bills in full and on time; if you can't make a payment in full, pay at least the minimum amount
- Stick to your limit on credit cards; try to keep the balance well below the limit
- Make sure account statements are correct; if you notice unauthorized transactions, notify your creditor immediately
- Pay off debts as quickly as possible

### Sharing credit

In some cases, there may be advantages to sharing credit. You can share credit with a spouse, child or business partner through joint accounts or co-signed loans. Someone who is under the age of 18 or 19 (rules vary depending on your province's age of majority) cannot apply for credit

on his/her own, but can be made an authorized user on an account. Keep in mind, however, that the primary borrower remains responsible for all purchases, balances and fees.

Joint accounts can simplify spending or improve your credit score, but it's important to remember that both parties' credit ratings can be affected positively or negatively and both people are responsible for paying off the amount owed, even if a relationship ends. The same applies if you co-sign a child's student loan, for example. While co-signing can help your child build a credit history, responsibility falls to the parent if the child can't pay back the full amount, with interest.

To encourage successful credit sharing, it's important to communicate about spending, develop an appropriate budget and make sure you can handle the debt.

### Work with a professional

When you are properly informed, you can feel confident that you are choosing the best options to improve or maintain your overall financial health. Talk to your advisor or banking professional to learn more. ■

**70%** of Canadians pay their credit card balance in full each month.<sup>1</sup>



Sources: Canadian Bankers Association, [www.cba.ca](http://www.cba.ca). Financial Consumer Agency of Canada, "Understanding your credit report and credit score." Industry Canada, [www.ic.gc.ca/eic/site/oca-bc.nsf/eng/h\\_ca02146.html](http://www.ic.gc.ca/eic/site/oca-bc.nsf/eng/h_ca02146.html). Shelley White, "How to choose between student loans, lines of credit," *The Globe and Mail*, September 4, 2012. <sup>1</sup>Canadian Bankers Association, 2013.



## AVOIDING THE MONEY TALK?

Open communication with your partner can help achieve individual and mutual financial goals.

**YOU'VE HAD A LONG DAY.** Your partner has had a long day. You're finally together, with a chance to chat and relax. Let's face it: talking about finances is probably the last thing either of you wants to do.

Many of us hesitate to talk about finances. Differences in values, attitudes and financial priorities may make money conversations a source of stress and conflict. Although it sometimes seems easier to avoid the

topic, it's important to ensure that you and your partner are aligned and working towards common goals. Some other compelling reasons to have the "money talk" are to:

- Share an understanding of where you are financially, where you want to be and the steps you need to take to get there
- Develop a realistic budget that may include short-term sacrifices on both sides to achieve longer-term dreams

- Make joint decisions on how to spend or save based on your financial goals
- Build a financial plan that encompasses short- and long-term objectives as a couple and as individuals

In addition, being on the same "money page" as your partner is advantageous when working with your advisor, who can then recommend more finely tuned investment and protection strategies.

### Starting the conversation

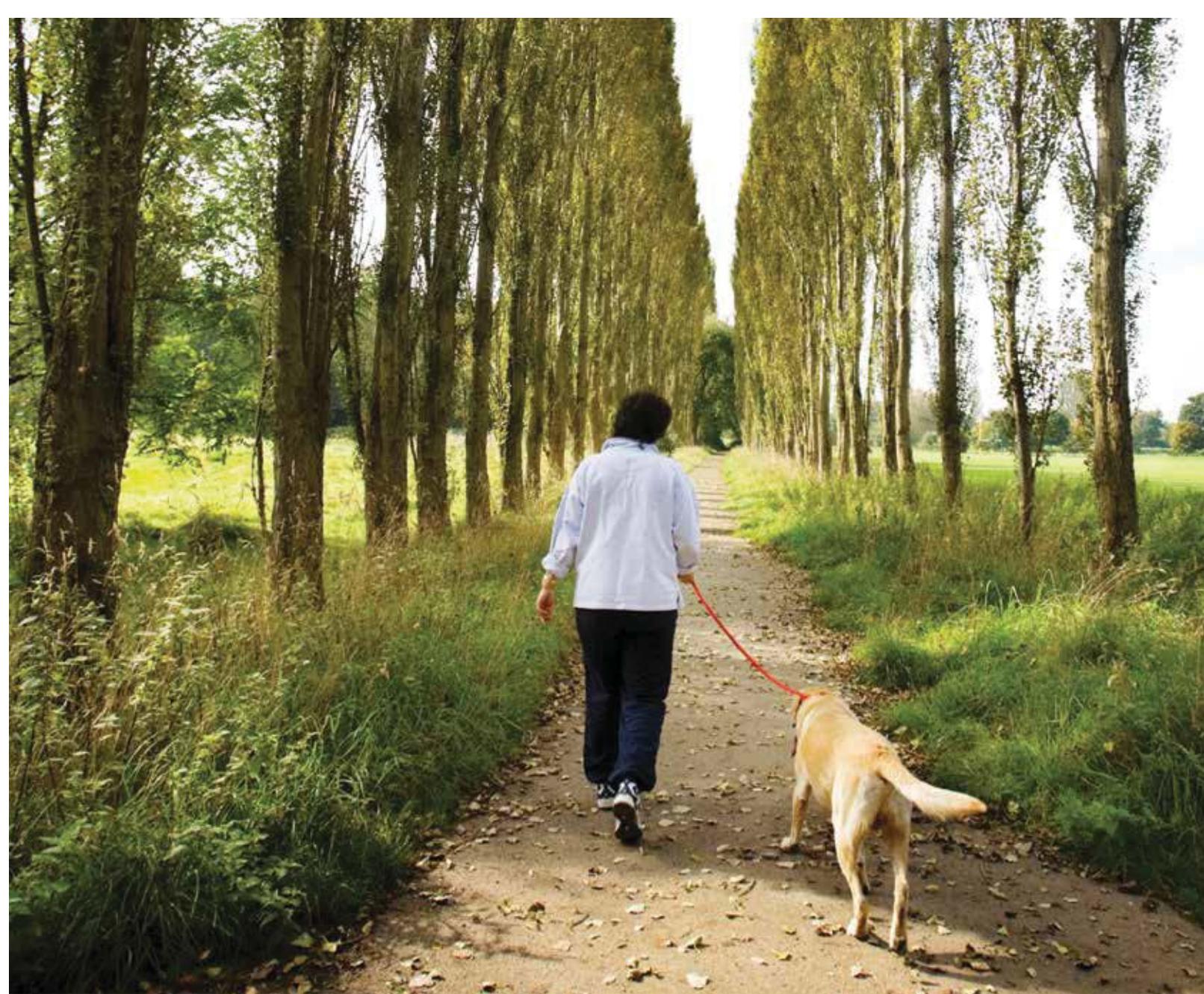
Here are some tips to help you get started.

**First**, try blocking off an agreed-to time – perhaps half an hour per week over the next month. Treat these meetings as legitimate appointments, not to be pre-empted by household chores or interrupted by phone calls and other distractions.

**Second**, it's a good idea to set a topic for each meeting. Attempting to address your entire financial life in one session could be overwhelming. You may want to focus on your budget one week, then your short-term and long-term goals, then your debt, then wills and powers of attorney.

**Third**, it's best to come prepared. For example, if you're talking about your budget, bring your monthly bills, bank account statements and a calculator.

**Fourth**, make a commitment to see these meetings as an opportunity to work through challenges together – not to attribute blame or become defensive. Accepting each other's individual goals, and establishing joint goals as well, can bring you closer as a couple and increase your ability to reach your financial objectives. ■



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A photograph of a blue classic car and a pink classic car on a road at sunset. The blue car is in the foreground, and the pink car is in the background. The sky is a mix of blue and orange, suggesting a sunset or sunrise. The cars are parked on a dark road.

# Get ahead of your debt - even the good kind

Learn five tips that can help you become debt-free sooner.

**D**EBT SEEMS TO FOLLOW us through our lives. From our first student loans to mortgages, credit cards, lines of credit and car loans, it feels as if there are an endless number of debts to pay off. And an increasing number of Canadians are becoming more comfortable with taking on debt. A recent survey<sup>1</sup> shows many homeowners see debt freedom as an important long-term goal but, despite that, more people aim to “manage” debt than to become debt-free in their immediate plans.

Even the question of what qualifies as debt is in flux. Almost half of Canadian homeowners would consider themselves “debt-free” even if they were still paying off a mortgage. They’ve become so comfortable with this kind of debt that it’s become more of a regular “cost of living” expense.

What does this mean for financial planning? Let’s start by looking at two main kinds of debt.

### **Bad debt – the kind that weighs you down**

A credit card balance that carries over from month to month is bad debt. Often called “consumer debt,” it accumulates to pay for goods or services that don’t increase in value, such as a car or that new pair of shoes. Most bad debt carries a high rate of interest, and the payments are often not sustainable – so the trick here is to live within your means.

Payday loans and cash advance loans count too, with added fees and high interest rates.

### **Good debt – the kind that gives back**

The idea behind good debt is that it builds value. With a mortgage, you’re paying into a debt that you could recoup later when you sell your home. With a student loan, you’re investing in your education, which could make you a more valuable employee and increase your earning potential. These are both examples of good debt.

Good debt could also be low-interest loans or lines of credit, or debts you pay off regularly each month, with payments that are sustainable over a long period of time.

Effectively managing both good debt and bad debt is essential to a successful financial plan. For many of us, paying down our high-interest, unsustainable debt is a top goal for becoming debt-free – and that’s a good place to start. But ask yourself, could you go one step further and achieve debt freedom earlier by tackling your remaining debt faster?

### **What debt-free homeowners say**

When asked for their secrets to debt success, debt-free homeowners polled in the survey<sup>1</sup> had this to say:

#### **DEBT SUCCESS TIP #1**

**Pay credit card balances in full, or make more than the minimum payment.**

This one’s pretty simple: focus on paying down your balance on your high-interest credit cards to avoid paying more than you need to in interest. Pay your balance in full or, if that’s not possible, try to cover as much as you can.

#### **DEBT SUCCESS TIP #2**

**Make extra payments on debts when possible.**

Some debts will allow you to pay more than your scheduled payment, or even pay in full, without penalties. Others may not be so open-ended. Look for alternatives to less flexible expenses. For example, if you’re buying a car, you might

<sup>1</sup>The Manulife Bank of Canada poll surveyed 2,374 Canadian homeowners in all provinces aged 20 to 59 with household income of more than \$50,000. The survey was conducted online by Environics Research Group between March 10 and 24, 2014. National results were weighted by province and gender. Full survey results, including additional regional and age group comparisons, are available at [www.manulifebank.ca/debtresearch](http://www.manulifebank.ca/debtresearch).

consider using a line of credit that gives you more flexibility than a more structured car loan. Lines of credit often have lower rates, too, which could allow for more efficient debt repayment.

### **DEBT SUCCESS TIP #3**

#### **Balance low interest rates with flexibility.**

It never hurts to find a low interest rate. But the lowest rate isn't the "be all and end all" of debt management. Sometimes, the best rates come with penalties or obligations that could actually make it harder to pay off your debt. Keep in mind that some credit card companies allow you to negotiate rates as well. Be sure to balance the right features with low rates.

### **DEBT SUCCESS TIP #4**

#### **Create a written budget to manage spending.**

It's helpful to understand how you spend your money. Is there a spending habit you could cut back on to help address your debt? Are there opportunities to save more? Just writing down your expenses –

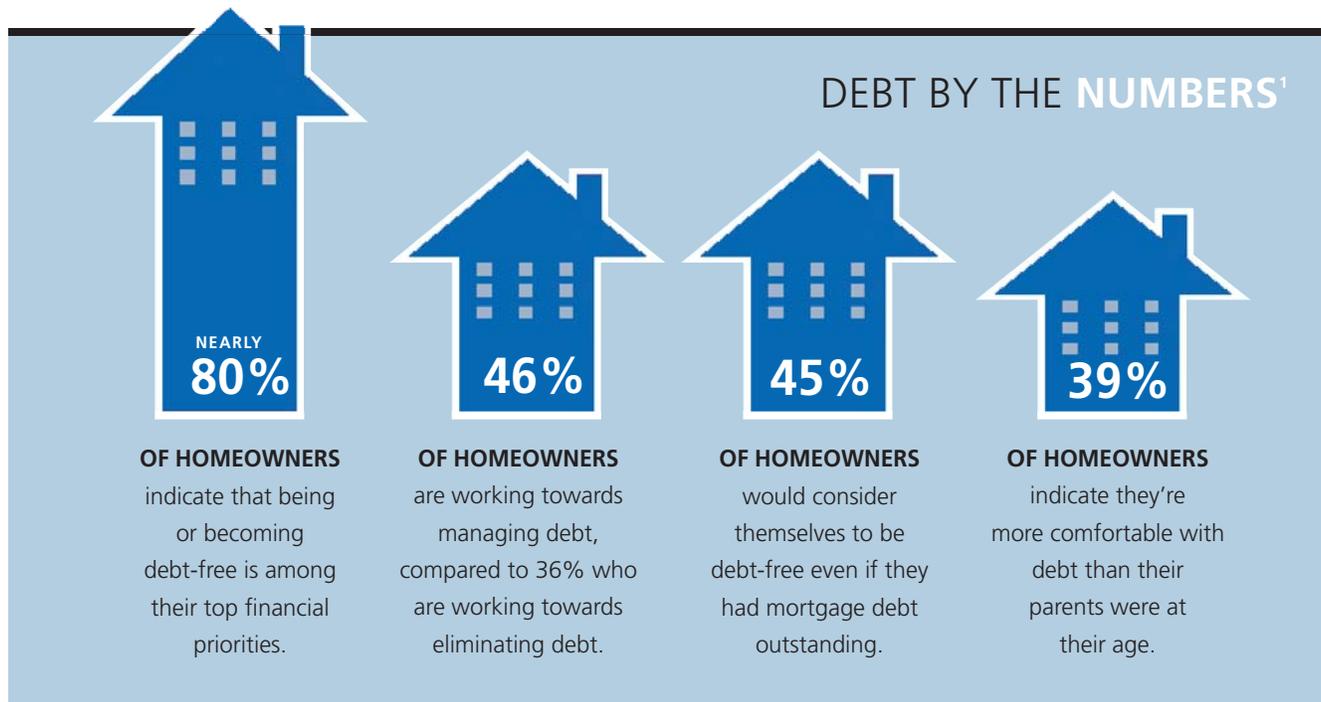
it can be as simple as a list in a spreadsheet – is an excellent exercise that can help you track where you spend your money and where it could be better used.

### **DEBT SUCCESS TIP #5**

#### **Create a debt repayment plan and review it regularly.**

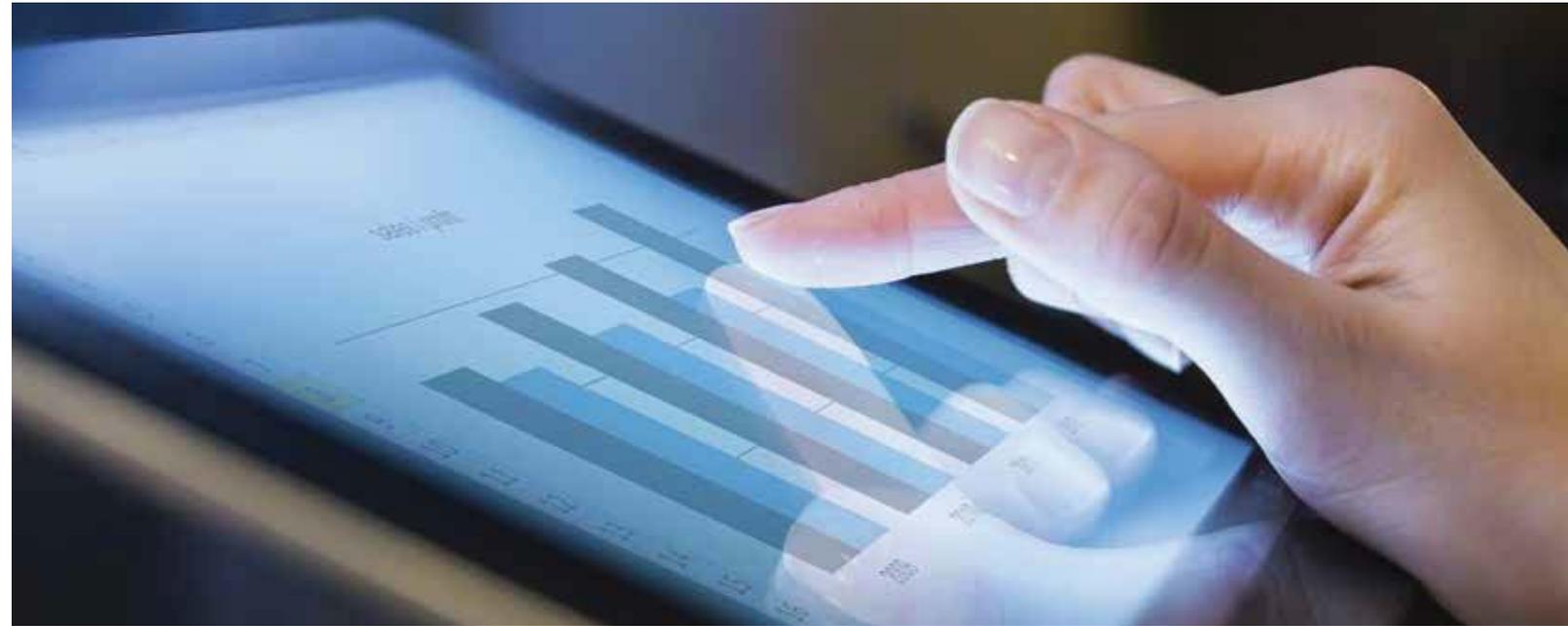
Take that budget one step further and create a concrete plan to pay down your debt. This plan is more specific, outlining both where your money goes and how and when you're going to pay down your debt. Think ahead about timing by planning contributions or payments around paycheques, bonuses and tax refunds. Take into consideration other goals as well: retirement, vacations, emergency funds, etc.

Above all, remember that it's never too late to get started. Your advisor can help you discover which strategies may work best for you to create and manage a repayment plan that fits with your goals. ■



## THE “BIGGER BANG” RRSP STRATEGY

Crunch the numbers with your advisor to see if an RRSP loan is right for you.



**AS THE CALENDAR YEAR WINDS DOWN**, many Canadians start thinking about contributing to a Registered Retirement Savings Plan (RRSP). Whether they make a single lump-sum contribution each year or contribute year-round with a “top up” before the annual RRSP deadline,<sup>1</sup> there’s a strategy that can help save more taxes this year and provide a head start on tax-deferred compounding.

The first step is to work with an advisor to determine how much to contribute to help reach retirement goals. Of course, not everyone has enough cash on hand to contribute that ideal amount. In that case, there are two options:

**1. Contribute an affordable amount now and contribute the resulting tax refund when it arrives.**

Let’s say someone with a marginal tax rate of 40 per cent has \$7,000 ready to contribute during the first 60 days of 2015 to claim a deduction on his/her 2014 tax return. The tax refund of \$2,800 ( $\$7,000 \times 40$  per cent) can be contributed when received and claimed on his/her 2015 tax return. This is a better strategy than simply spending the refund, because it results in a total RRSP contribution of \$9,800. However, there is an alternative.

<sup>1</sup>The RRSP deadline is 60 days after the end of the year.

## 2. Contribute a higher amount now, using an RRSP loan, and pay off the loan with the resulting tax refund.<sup>2</sup>

Taking out an RRSP loan in the amount of the estimated tax refund makes it possible to contribute a higher amount during the first 60 days of the year. The loan can then be paid off in full when the tax refund arrives. The result is a bigger tax refund for the 2014 tax year and more money growing earlier in a tax-deferred plan.

### Sample calculations

Here's how to calculate a loan amount that can be completely repaid with the tax refund:

$$\frac{(\text{cash on hand} \times \text{marginal tax rate})}{(100\% - \text{marginal tax rate})}$$

In our example (for illustration purposes only):

$$\frac{(\$7,000 \times 40\%)}{60\%} = \$4,667 \text{ loan}$$

Borrowing \$4,667 boosts the total RRSP contribution to \$11,667 from \$9,800 – an extra \$1,867 – and the entire amount can be claimed as a deduction on a 2014 tax return.

Tax refunds generally take no more than eight to 10 weeks to arrive – and returns filed early and electronically are often processed by the Canada Revenue Agency within 10 days. Even if a refund takes a full 90 days to arrive, the cost of the RRSP loan is minimal – in this example, just \$40.

### COST-BENEFIT ANALYSIS

Cost		Benefit			
Refund (\$11,667 x 40%)	\$4,667	<b>Reinvest refund</b>		<b>RRSP loan</b>	
Loan repayment	\$(4,667)	Cash (deduction claimed in 2014)	\$7,000	Cash (deduction claimed in 2014)	\$7,000
Interest for 90 days	\$(40)*	Refund (deduction claimed in 2015)	\$2,800	Loan (deduction claimed in 2014)	\$4,667
Cost	\$40	Total RRSP contribution	\$9,800	Total RRSP contribution	\$11,667

<sup>2</sup>This strategy assumes that there are no other factors that would impact the total tax refund. \*This example assumes an RRSP loan interest rate of 3.50 per cent. For illustration purposes only. Borrowing to invest in an RRSP may not be appropriate for everyone. You will need the financial means to meet your loan obligations in full. Talk to your advisor to find out more about the advantages and obligations of borrowing to invest.

### What to look for in an RRSP loan

Many institutions offer RRSP loans at very competitive interest rates, and some will defer the payments long enough so that you have plenty of time to receive your refund before making the first installment. Interest accrues on the outstanding balance, but the loan can be paid in full without penalty at any time.

### Ideal candidates

An RRSP loan strategy is best suited for those who:

- Want to make an RRSP contribution in the first 60 days of the calendar year
- Have less cash on hand than the amount of the RRSP contribution they want to make
- Have sufficient RRSP contribution room to accommodate the top-up provided by the RRSP loan

### Speak with your advisor

Carefully evaluate the pros and cons of an RRSP loan strategy with your advisor. If you decide together that it is an appropriate approach for you:

- Calculate your estimated tax refund for the year
- Apply for an RRSP loan in that amount
- Use the tax refund to repay the RRSP loan ■



## DESTINATION: COSTA RICA

Costa Rica's stunning scenery and incredible variety of wildlife provide a magnificent backdrop to exhilarating adventure.



**COSTA RICA ENCOMPASSES** a mere 0.03 per cent of the world's landmass, yet hosts nearly five per cent of the planet's biodiversity. At least 238 species of mammals and 201 species of amphibians call this tiny country home. Whales, dolphins and sea turtles splash off the coast. And more than 900 species of birds nest in Costa Rica's trees.<sup>1</sup>

The National System of Conservation Areas protects more than one-quarter of Costa Rica for its flora and fauna.<sup>2</sup> National parks and wildlife refuges extend across dramatically different habitats – from beaches to volcanoes, and from dry to wet tropical rainforests. Combine this with Costa Rica's leadership in sustainable tourism and it's easy to understand why the country attracts so many eco-adventure lovers. Here's a taste of what makes Costa Rica a unique vacation destination.

### Pick the colour of your sand castle

Do you like your sand white, yellow, gray or black? Costa Rica has them all, dotted along 1,290 kilometres of coastline,<sup>3</sup> and the country's beaches offer an amazing range of activities. Depending on where you decide to dip your toes into the ocean, you may have the opportunity to grab a surfboard, saddle up for a horseback ride, cast a fishing rod, or hop into a kayak or canoe. Of course, you can always get back to basics, stretch out on a towel and listen to the waves.



**LEFT:** The nearly perfect cone of active **Arenal Volcano**.

**TOP:** The view underwater at **Cocos Island National Park**, a UNESCO Heritage Site.

**BOTTOM:** **Toucans** are among 900 species of birds that inhabit Costa Rica.

<sup>1</sup>www.visitcostarica.com <sup>2</sup>www.visitcostarica.com <sup>3</sup>www.costarica.com



**TOP LEFT:** Elevated bridges, like this one in **Arenal Volcano National Park**, contribute to an immersive rainforest experience.

**TOP RIGHT:** Remote **Corcovado National Park** can only be reached by foot, horse, boat or light aircraft.

**ABOVE:** The brilliantly coloured **red-eyed tree frog** is just one of dozens of frog species that call Costa Rica home.

Test the waters at Playa Guiones, a seven-kilometre crescent lapped by warm water and gentle waves that is a short walk at low tide from Playa Rosada, a pink sand beach with excellent snorkeling.<sup>4</sup> Or head to Manuel Antonio National Park and step out of the chattering rainforest onto beaches begging to be photographed, a rich tapestry of sand, sea, rocky headlands and islands.<sup>5</sup> Find your own piece of beach paradise and build the sand castle of your dreams.

### Dive deep into a dazzling cave

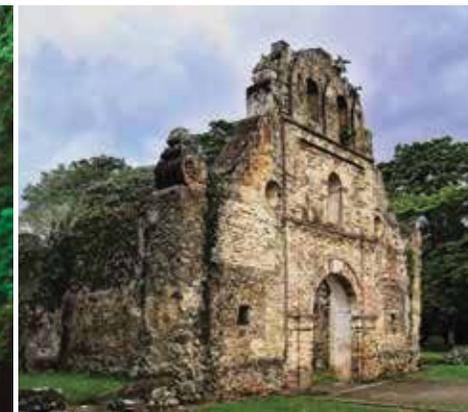
Costa Rica's underwater treasures – accessible only to divers – include reefs and caves teeming with fish, as well as manta rays, moray eels and a variety of sharks. Close to shore, Isla Uvita and Manzanillo, on the Caribbean coast, and Isla del Caño, Bat Island and the Catalina Islands, on the Pacific coast, are good places to start your diving adventure.

Enthusiasts can sign up for a multi-day chartered boat trip to Cocos Island National Park, 550 kilometres away. This UNESCO Heritage Site was once a hideout for pirates and may have inspired Robert Louis Stevenson's *Treasure Island*. Mountainous and wet, it features more than 200 waterfalls nestled in lush tropical rainforest, along with spectacular dive sites.<sup>6</sup>

### Touch the clouds

Clouds blowing from the Caribbean pile up against Costa Rica's Tilarán Mountains and create cloud forests where one tree may be host to hundreds of species of vegetation climbing towards the top of the canopy. Take the plants' example, find your own shaft of light and lift your face towards the warmth of the sun.

<sup>4</sup>www.visitnosara.com <sup>5</sup>costarica.com <sup>6</sup>whc.unesco.org/en/list/820 and wikitravel.org/en/Cocos\_Island\_National\_Park



Hike into the Monteverde Cloud Forest Reserve or Santa Elena Cloud Forest Reserve, across hanging bridges, and keep an eye out for the brilliantly coloured quetzal. Or take a zip line canopy tour from platform to platform through the treetops.

### Explore a volcano

Arenal, an active volcano, soars to 1,633 metres above sea level in a nearly perfect cone. At Arenal Volcano National Park, follow four trails winding for about eight kilometres through six-metre-high “brave cane” (similar to sugar cane), into dense rainforest where howler and spider monkeys perform acrobatics overhead, and across volcanic badlands created by lava flows in 1968 and 1993.<sup>7</sup>

At Arenal, the crater is off limits because the volcano continues to belch poisonous gas. So, to get even more up close and personal with a volcano, head to Turrialba Volcano National Park, home to Costa Rica’s second-highest volcano (after Irazú) and the only national park in the country that lets you plant your feet in a volcanic boiling pit.<sup>8</sup>

### Write your own adventure

Because Costa Rica offers so many different environments and activities, it’s easy to arrange your own customized vacation – whether you’re looking for thrilling white water rafting through tropical rainforest, or the relaxed decadence of a five-star all-inclusive resort. Ready to take advantage of this year’s dry season, from December to March? Start your planning at the Costa Rica Tourism Board’s official web site: [www.visitcostarica.com](http://www.visitcostarica.com). ■



**TOP LEFT:** One of five photogenic waterfalls in **La Paz Waterfall Gardens**, where winding trails lead to nature exhibits focused on butterflies, hummingbirds, monkeys, snakes, frogs and more.

**TOP RIGHT:** One of Costa Rica’s oldest Spanish colonial churches, in Ujarrás, dates to the late 16th century.

**BOTTOM RIGHT:** Watch for geysers shooting skyward from **Poás Volcano’s** often smoky and steamy crater.

**ABOVE:** High in Costa Rica’s tree canopy, **spider monkeys** swing from branch to branch foraging for food.

<sup>7</sup>[www.arenal.net](http://www.arenal.net) and [costarica.com](http://costarica.com) <sup>8</sup>[www.visitcostarica.com](http://www.visitcostarica.com)

## STAND OUT FROM THE CROWD

Developing a personal brand is an effective way to distinguish yourself and establish a distinct professional identity.



**THE NIKE SWOOSH. THE APPLE LOGO.** These trademark brands have earned remarkable global recognition – an accomplishment that didn't happen by accident or overnight. Through calculated marketing campaigns and consistent positioning, companies such as Nike and Apple have strategically influenced how consumers experience their brands and differentiated themselves from competitors. In much the same way, developing your own personal brand can set you apart and help build a reputation that advances your professional goals.

### What is a personal brand?

Others experience your personal brand through all the ways you present yourself – through your resume, social media and professional web sites, how you dress and the way you speak. Reputation and perception are both critical, because people form opinions based on their exposure to you. Taking a thoughtful, focused approach to creating a personal brand can help you stand out from the crowd.

### Personal brand building blocks

Developing and maintaining a personal brand is an ongoing process, but the benefits are well worth the effort. These steps can help you establish a professional identity that gets noticed.

#### 1. Identify who you are

- Consider your greatest assets, your intentions and what you are capable of delivering to the marketplace

- Assess your values, goals, unique qualities and work experience
- Reach out to those who know you best to gather input and perspective about how you're currently viewed

## 2. Communicate who you are

- Write down words and statements that convey your identity
- Compile examples of your skills and accomplishments that demonstrate who you are and what you bring to the table
- Test drive your language and approach with family and friends to see if the way you're communicating resonates with how they perceive you
- Evaluate and fine-tune your messaging as an ongoing process

In her book *How the World Sees You*, Sally Hogshead explains the merits of creating a tagline for your identity, or your “anthem.” She notes, “You must compete for attention. Every time you write an email, or leave a voicemail, or make a speech, you compete with a thousand distractions. Make it easy for people to understand what you're offering, or else they're off to the next thing.”<sup>1</sup>

## 3. Develop a strategy

There are a wealth of options, both offline and online, so consider which ones will work best together to effectively promote your personal brand. It is important to choose tactics that are most relevant to your goals. Platforms such as LinkedIn, Facebook and Twitter make it easy to reach a vast audience. Depending on your field, blogs and interactive web sites may also be beneficial tools. You may want to join associations in your industry, alumni organizations and networking groups, all of which offer face-to-face exposure.

## 4. Be consistent, current and reputable

Maintaining and furthering your personal brand is just as important as the “launch.” It's important for your brand to be consistent across all platforms. Presenting yourself in noticeably different ways in different media will only create confusion and uncertainty about who you are. People can readily access your presence on social media and everything contributes to how you are perceived by others, including prospective employers. Be tactful, socially and professionally. It's also important to keep your professional information up to date – for example, let people know that you are staying current with workshops, conferences and courses.

Establishing a personal brand is an effective way to separate yourself from competitors and help advance your career. Whether you like them or not, icons such as Oprah Winfrey, Donald Trump and Jamie Oliver are all examples of individuals who use personal branding successfully. Across all the channels they use to promote themselves, we have a very strong sense of what each of them is all about. You may not have aspirations to use personal branding to the same degree, but by defining and shaping your identity you can use the same principles to help get the professional results you're looking for. ■

### DID YOU KNOW?

According to the 2013 Kelly Global Workforce Index, which surveys approximately 122,000 people, **39 per cent of Canadian respondents have been contacted** about an employment opportunity **through a social media site or network.**

<sup>1</sup>[www.howtofascinate.com/about-us/how-the-world-sees-you](http://www.howtofascinate.com/about-us/how-the-world-sees-you)



## FINDING FITNESS

Improving your fitness level doesn't have to mean hours in the gym. It could be as simple as finding the activities you enjoy.

### KICK-STARTING A FITNESS ROUTINE

may seem like the most challenging part of engaging in healthy exercise, so committing to scheduling time for regular exercise is a great first step. Selecting an activity or activities you like can go a long way towards helping motivate you to make fitness a regular part of life. Whether it's hiking, cycling, or tennis, find a type of exercise you enjoy. If you don't like what you are doing, trying to force yourself to do it several times a week could be a losing battle. Here are some tips to keep in mind when finding fitness for the first (or second) time.

### Take it easy

When beginning any new type of exercise routine, it helps to be patient and not overdo it: take your time, set small, achievable goals and plan to progress gradually. If you have a medical condition, it's a good idea to consult with your doctor or physical therapist first. They can provide some valuable pointers to help reduce any risks to your health.<sup>1</sup>

### Build gradually

Whatever the activity, health experts suggest it's generally best to begin with a five to ten-minute warm-up, such

as walking or stretching movements to help limber up.<sup>2</sup> Then proceed to the main activity, gradually adding 10-minute intervals. The goal is to exercise for 30 and eventually 60 minutes per day, several times a week.<sup>3</sup>

### Be aware

The aim of any fitness routine is to improve health, feel better and have more energy. Sensations of pain, shortness of breath, dizziness or light-headedness signal it's time to stop and take a break; there's no need to push too hard.<sup>1</sup> As always, if a symptom persists, consult a physician.

### Get creative

Some exercise programs fail because, well, they're boring. Monotony can be avoided by adding variety into the program. Not only will this add new physical challenges to the mix, but it can prevent the fatigue that comes from getting stuck in a rut.

### Include friends and family

Experts suggest people seem to stick with an exercise program longer when they work out regularly with a partner or a group.<sup>3</sup> A little bit of camaraderie can go a long way when it comes to staying motivated. Finding an activity the whole family enjoys is another way to incorporate more fitness into daily life. It's also a fun way to spend more quality time together.

### Take the first step

If you haven't exercised in some time, starting a fitness program may seem like a daunting challenge. However, by planning and carefully pacing yourself as you progress, you can soon find yourself with a healthy exercise routine with benefits that can last a lifetime. ■

<sup>1</sup>Edward R. Laskowski, MD, "Is it ok to exercise if I have a cold?" Mayo Clinic web site. June 26, 2014. <sup>2</sup>American Heart Association, "Warm up, cool down." American Heart Association web site. July 11, 2014. <sup>3</sup>Mayo Clinic Staff, "Fitness program: 5 steps to get started." Mayo Clinic web site. June 26, 2014.

## BUTTERNUT SQUASH AND RED LENTIL SOUP

### INGREDIENTS

- 1 tsp of olive oil
- 1 medium chopped onion
- 1 cup of chopped carrots
- 2 cloves of minced garlic
- 1 cup of dry red lentils
- 1½ cups of chopped butternut squash
- 6 cups of vegetable broth (divided 4 cups and 2 cups)
- Seasonings to taste (1–2 pinches): dried basil, oregano, thyme, black pepper and cayenne pepper

### DIRECTIONS

1. Heat oil in a large soup pot, and sauté the onion, carrots and garlic for about 5 minutes or until the onions are tender.
2. Add lentils, squash and 4 cups of the broth to the pot. Add the seasonings and let simmer for about 30 minutes.

3. Optional: add an extra 2 cups of broth to replace the liquid absorbed by the lentils for a thinner consistency.

Recipe provided (with permission) by Brittany Mullins of Eating Bird Food ([www.eatingbirdfood.com](http://www.eatingbirdfood.com)).



## EXERCISE YOUR BRAIN! Sudoku puzzles are a great daily workout for your brain.

To solve the puzzle, enter digits from 1 to 9 in the blank spaces. Every row, every column and every 3 x 3 square must contain one of each digit. Try to do it without peeking, but if you need help the solutions are to the right.

### EASY

				9	4		5	2
6		5	2				8	
	4	2			8		3	
		3	9	2			7	
			4	7	5			
	7			8	3	1		
	5		7			3	1	
	1				6	5		7
3	2		1	5				

Puzzle by websudoku.com

### MEDIUM

7	8	4	6		1			
	6		4					
		1					6	8
		7			4	8		9
	5			6			4	
9		2	8			7		
4	2					3		
					5		8	
			2		9	1	7	4

Puzzle by websudoku.com

### EXERCISE YOUR BRAIN! (Answers)

6	4	8	5	9	1	7	2	3
7	2	5	6	8	3	4	9	1
2	9	1	4	2	3	7	8	5
2	5	3	8	3	1	9	5	4
3	6	3	4	7	5	2	6	8
8	9	8	4	7	5	2	6	3
8	9	2	1	4	7	8	5	6
1	4	2	5	6	8	7	3	9
9	4	2	5	6	8	7	3	1
4	6	3	5	2	1	7	9	8
2	7	8	1	3	9	4	6	5

EASY

5	3	6	2	8	9	1	7	4
2	1	7	9	3	4	5	6	8
2	4	8	1	7	6	3	9	5
6	9	4	2	8	1	3	7	5
8	5	3	9	6	7	2	4	1
6	1	7	5	2	4	8	3	9
3	9	1	7	5	2	4	6	8
2	6	5	4	3	8	9	1	7
7	8	4	6	9	1	5	2	3

MEDIUM

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