Wealth Accumulation

This Session:

Presenting and Closing a Wealth Accumulation Sale

Goal:

To Present and Close the Sale of a Wealth Accumulation Product

Methods Presentation

Wealth Accumulation

METHODS
Understand Risk
Build Wealth
Protect What Matters Most

Main Menu

- Introduction To Planning Process
- Life Insurance
- Disability Insurance
- Critical Illness Insurance
- Long Term Care Insurance
- Wealth Accumulation

METHODS
Understand Risk
Build Wealth
Protect What Matters Most

Wealth Accumulation

- Concept
- Product Features

METHODS
Understand Risk
Build Wealth
Protect What Matters Most

Principles of Investing

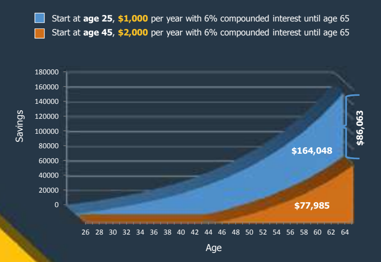
The 6 Principles of Investing

- Start today
- Reduce taxation/maximize grants
- Understand Risk & Return
- Invest systematically
- Diversify
- Rebalance

METHODS
Understand Risk
Build Wealth
Protect What Matters Most

Principles of Investing

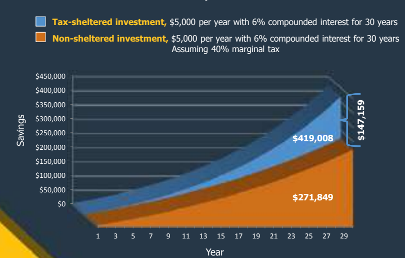
1. Start Today



METHODS
Understand Risk
Build Wealth
Protect What Matters Most

Principles of Investing

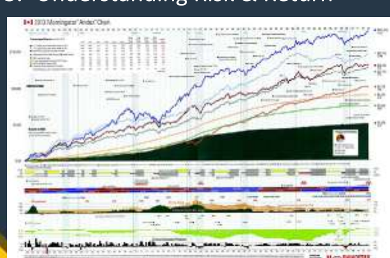
2. Reduce Taxation/Max. Grants



METHODS
Understand Risk
Build Wealth
Protect What Matters Most

Principles of Investing

3. Understanding Risk & Return



METHODS

Principles of Investing

4. The Strategy - Ideal

Buy Sell

METHODS

Principles of Investing

4. The Strategy - Usual Result

Buy Sell

METHODS

Principles of Investing

4. Systematic Investing (Dollar Cost Averaging)

Buy Sell

METHODS

Principles of Investing

5. Diversification/Asset Allocation

- Asset Classes
- Geographically
- Management Styles

METHODS

Principles of Investing

5. Diversification/Asset Allocation

Allocation questionnaire

Which type of investor you are?

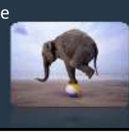
- Conservative investor
- Moderate investor
- Growth investor
- Aggressive Growth investor
- Maximum Growth investor

METHODS

Principles of Investing

6. Rebalancing

- Rebalancing is systematically selling high and buying low
- On a regular bases you reestablish the original asset mix by selling what has increased and reallocating to those funds which have decreased or grown at a slower pace
- This will result in better performance over the long term



METHODS
Understand Risk
Build Wealth
Protect What Matters Most

Investment Type

Comparison

Between Mutual Funds & Segregated Fund

	Mutual Fund	Segregated Fund
EQUITY MARKET EXPOSURE	✓ Yes	✓ Yes
MATURITY GUARANTEE	No	✓ Yes
RESET FEATURE	No	✓ Yes
DEATH BENEFIT GUARANTEE	No	✓ Yes
ESTATE PLANNING BENEFITS	No	✓ Yes
CREDITOR PROTECTION	No	✓ Yes

Investor Profile Questionnaire

MPAT: METHODS

Date:

Name:

Signature:

1 Investment Goals

What is your investment horizon – when will you want to use your invested money?

- ☐ A. Under 3 years
- ☐ B. 3 – 5 years
- ☐ C. 6 – 10 years
- ☐ D. 11 – 15 years
- ☐ E. Over 16 years

2

What is our most important investment goal?

- ☐ A. I want my investments to be secure. I also need my investments to provide me with modest income now, or to fund a large expense within the next few years.
- ☐ B. I want my investments to provide a maximum amount of income now
- ☐ C. I want my investments to grow and I am less concerned about income. I am comfortable with moderate market fluctuations.
- ☐ D. I am more interested in having my investments grow over the long-term. I am comfortable with short-term return volatility.
- ☐ E. I want long-term aggressive growth and am willing to accept significant short-term market fluctuations.

3 Investor Knowledge

Which of the following would best describe your level of investment knowledge?

- ☐ A. Very limited (little to no knowledge)
- ☐ B. Basic (understand difference between stocks and bonds)
- ☐ C. Average (aware of different investment options and levels of risk)
- ☐ D. Extensive (thorough understanding of investment products and strategies)

4 Risk Tolerance

Please indicate which statement reflects your overall view on managing risk.

- ☐ A. I do not like risk and I am not prepared to expose my investments to any fluctuations in order to earn higher long-term returns.
- ☐ B. I am prepared to experience modest fluctuations in order to generate a higher long-term return.
- ☐ C. I am prepared to experience average fluctuations in order to achieve a higher long-term return.
- ☐ D. I want to maximize my long-term returns and am comfortable with significant fluctuations.

5 Investment Risk Profile

If you owned an investment that fell by 20% over a period of six to nine months, what would you do?

- ☐ A. Sell all of the remaining investment
- ☐ B. Sell a portion of the remaining investment
- ☐ C. Hold the investment and sell nothing
- ☐ D. Hold the investment and purchase more

6

The following portfolios show a best and worst range of return possible in any given year. Which portfolio would you be most likely to hold?

- ☐ A. Portfolio return range (-1% to 8%)
- ☐ B. Portfolio return range (-6% to 15%)
- ☐ C. Portfolio return range (-12% to 22%)

7

If you could increase your chances of improving your investment returns by taking more risk, would you be:

- ☐ A. Unlikely to take more risk
- ☐ B. Willing to take a little more risk with some of investments
- ☐ C. Willing to take a lot more risk with some of your investments
- ☐ D. Willing to take a lot more risk with all of your investments

8

What type of investor are you?

- ☐ A. You may be reaching retirement or simply prefer to take less risk. Security of capital is your biggest concern.
- ☐ B. You may be close to retirement or prefer to take less risk. Security is quite important to you.
- ☐ C. You want a balance between growth and security. You are willing to accept some risk for potential higher returns over time.
- ☐ D. Growth is more important but security is still a factor. You are willing to accept risk for potential higher returns over time.
- ☐ E. The growth of your money is your main concern and you plan to be invested for a long time. You are very comfortable with riding out the ups and downs of the market for potential higher long-term results.

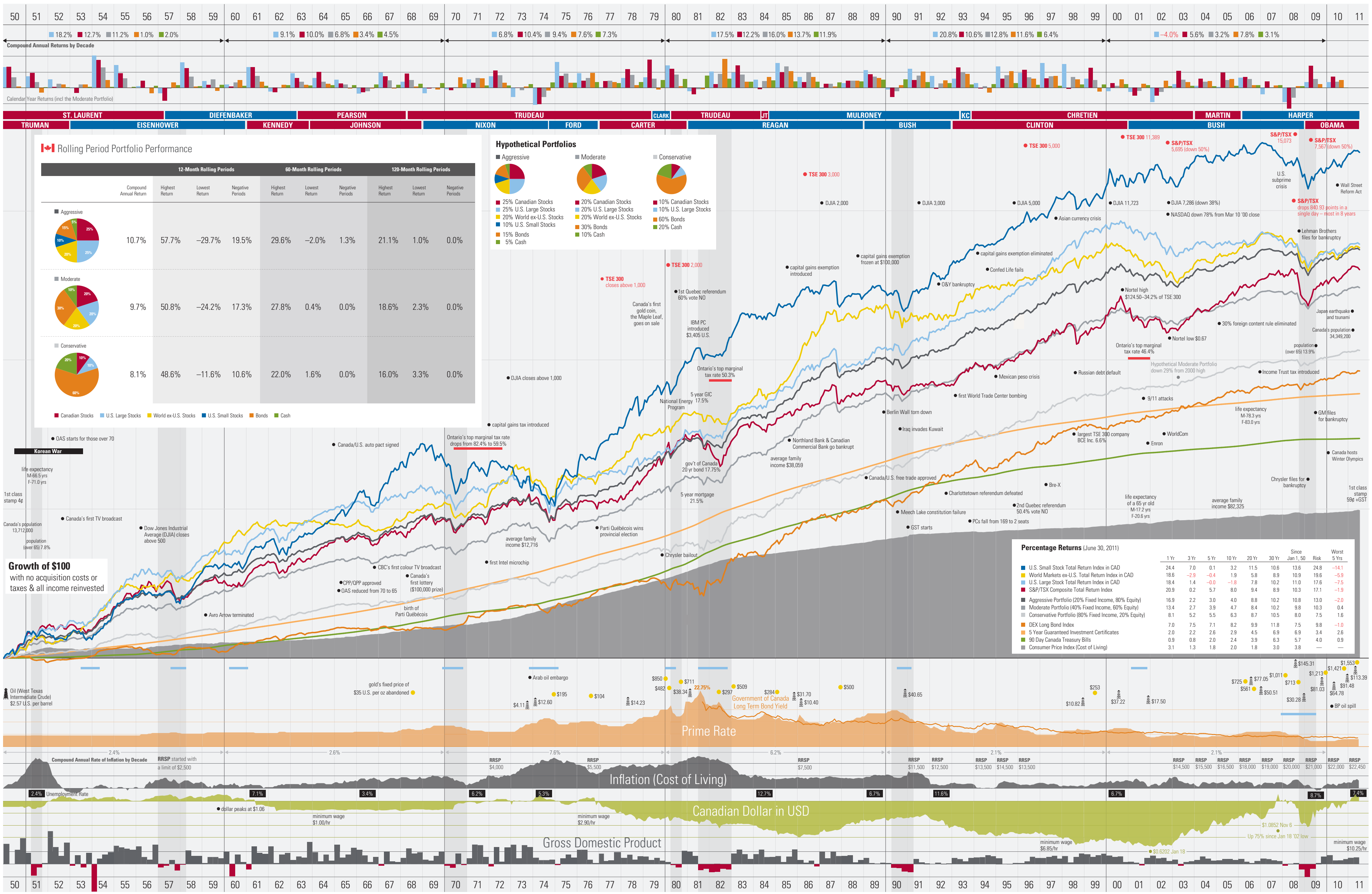
Question #	A	B	C	D	E	Your Points
Q1	0	2	6	10	15	
Q2	0	4	6	10	15	
Q3	0	2	3	5	-	
Q4	0	2	6	10	-	
Q5	0	4	6	10	-	
Q6	0	3	5	-	-	
Q7	0	4	7	10	-	
Q8	0	4	8	11	15	
					Your Total Score:	0

Investment Risk Profile

CONSERVATIVE (0 – 10)	MODERATE (11 – 30)	BALANCED (31 – 55)	GROWTH (56 – 75)	AGGRESSIVE (76 or more)
If you are a conservative investor, you consider investment losses in any given year to be unacceptable. You like your investments to offer security.	If you're moderate, this means you don't mind a little bit of fluctuation in your investment returns, but you would be uncomfortable with significant ups and downs.	As a balanced investor, you prefer a consistent growth pattern with few fluctuations.	If you are a growth investor, you are willing to take a higher risk with your money in order to achieve potentially higher returns.	Aggressive investors want long-term growth and you understand that a loss in one year may be the price you have to pay to achieve longer term growth.
☐	☐	☐	☐	☐

Andex® Chart

1-888-4-CHARTS
www.andexcharts.com



Rolling Period Portfolio Performance

	Compound Annual Return	12-Month Rolling Periods: Highest Return	12-Month: Lowest Return	12-Month: Negative Periods	60-Month Rolling Periods: Highest Return	60-Month: Lowest Return	60-Month: Negative Periods	120-Month Rolling Periods: Highest Return	120-Month: Lowest Return	120-Month: Negative Periods
Aggressive	10.7%	57.7%	–29.7%	19.5%	29.6%	–2.0%	1.3%	21.1%	1.0%	0.0%
Moderate	9.7%	50.8%	–24.2%	17.3%	27.8%	0.4%	0.0%	18.6%	2.3%	0.0%
Conservative	8.1%	48.6%	–11.6%	10.6%	22.0%	1.6%	0.0%	16.0%	3.3%	0.0%

Canadian Stocks · U.S. Large Stocks · World ex-U.S. Stocks · U.S. Small Stocks · Bonds · Cash

Hypothetical Portfolios

Aggressive: 25% Canadian Stocks; 25% U.S. Large Stocks; 20% World ex-U.S. Stocks; 10% U.S. Small Stocks; 15% Bonds; 5% Cash

Moderate: 20% Canadian Stocks; 20% U.S. Large Stocks; 20% World ex-U.S. Stocks; 30% Bonds; 10% Cash

Conservative: 10% Canadian Stocks; 10% U.S. Large Stocks; 60% Bonds; 20% Cash

Percentage Returns (June 30, 2011)

	1 Yr	3 Yr	5 Yr	10 Yr	20 Yr	30 Yr	Since Jan 1, 50	Risk	Worst 5 Yrs
U.S. Small Stock Total Return Index in CAD	24.4	7.0	0.1	3.2	11.5	10.6	13.6	24.8	–14.1
World Markets ex-U.S. Total Return Index in CAD	18.6	–2.9	–0.4	1.9	5.8	8.9	10.9	19.6	–5.9
U.S. Large Stock Total Return Index in CAD	18.4	1.4	–0.0	–1.8	7.8	10.2	11.0	17.6	–7.5
S&P/TSX Composite Total Return Index	20.9	0.2	5.7	8.0	9.4	8.9	10.3	17.1	–1.9
Aggressive Portfolio (20% Fixed Income, 80% Equity)	16.9	2.2	3.0	4.0	8.8	10.2	10.8	13.0	–2.0
Moderate Portfolio (40% Fixed Income, 60% Equity)	13.4	2.7	3.9	4.7	8.4	10.2	9.8	10.3	0.4
Conservative Portfolio (80% Fixed Income, 20% Equity)	8.1	5.2	5.5	6.3	8.7	10.5	8.0	7.5	1.6
DEX Long Bond Index	7.0	7.5	7.1	8.2	9.9	11.8	7.5	9.8	–1.0
5 Year Guaranteed Investment Certificates	2.0	2.2	2.6	2.9	4.5	6.9	6.9	3.4	2.6
90 Day Canada Treasury Bills	0.9	0.8	2.0	2.4	3.9	6.3	5.7	4.0	0.9
Consumer Price Index (Cost of Living)	3.1	1.3	1.8	2.0	1.8	3.0	3.8	—	—

Recessions
CANADA
U.S.A. as per NBER

MORNINGSTAR®

Put RBC Select Guaranteed Investment Portfolios sheets here