Staying the course





Understand where you are today

- What are your short, medium and long-term goals?
- What savings plans do you have?
- Tax efficiencies
- Solutions that address multiple priorities
- Time to accomplish goal(s)

How your Western pension plan works



How your Western pension plan works

	Western	You	You
	Required contributions	Required contributions	Voluntary contributions
Contributions	Based on service date and union/association	Based on service date and union/association	18% of your pensionable earnings less <u>all</u> required contributions All contributions combined cannot exceed the annual maximum DCPP limit set by Income Tax Act (Canada)**
In-service withdrawals	Not permitted	Not permitted	Permitted; \$25 admin fee per withdrawal
Locking-in	Immediate	Immediate	N/A

[·] Transfers-in are permitted

 ^{** 2022} DCPP annual cap is: \$30,780

Your savings plan may include

	Source of Contributions	Investment Income
Defined Contribution Pension Plan (DCPP)	Pre-tax income	Tax Deferred
Registered Retirement Savings plan (RRSP)	Pre-tax Income	Tax Deferred
Tax Free Savings Account (TFSA)	After-tax income	Tax Free
Non-Registered	After-tax Income	Taxable

With an income of \$65,000, the marginal tax rate (tax on the last dollar) is 29.65%*

	DCPP, RRSP (pre-tax)	TFSA (after-tax)	NREG (after-tax)
\$200/month gross income**	\$200	\$140.70	\$140.70

^{*}EI and CPP deductions are not being factored into this calculation

^{**}NREG/TFSA contribution is net amount after tax deduction.

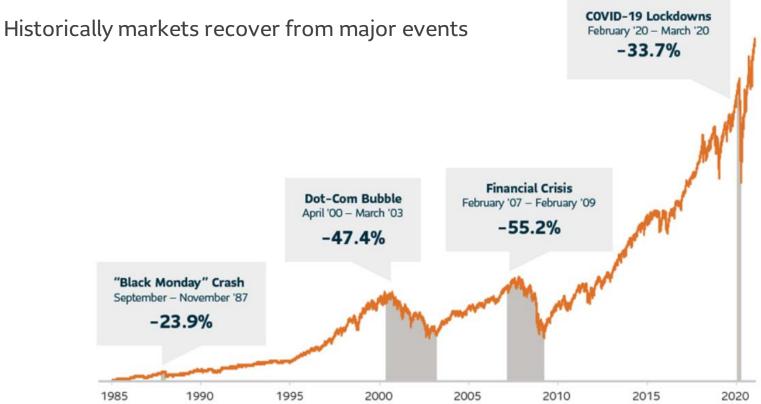
Dollar-cost averaging

Contribution	Unit price	Units bought	
\$100	\$10	10	
\$100	\$5	20	
\$100	\$7.50	13.33	
Total: \$300		43.33	
Average price per unit: \$6.93			

The risks

Market risk	The possibility that you may experience losses due to factors that affect the overall performance of investments in the financial markets.
Interest rate risk	Changes in value of fixed income securities, such as bonds, in response to changes in interest rates. If interest rates rise, the value of fixed income securities tends to fall, and vice versa.
Inflation risk	The risk that the return on investments will not keep up with the increase in cost of living.
Exchange rate risk	Risk of financial impact due to exchange rate fluctuations.
Business risk	The exposure of a company or organization to factors that will lower its profits or lead it to fail.

It pays to be patient



Source: Bloomberg. Data as of December 31, 2020.

The cycle of market emotions



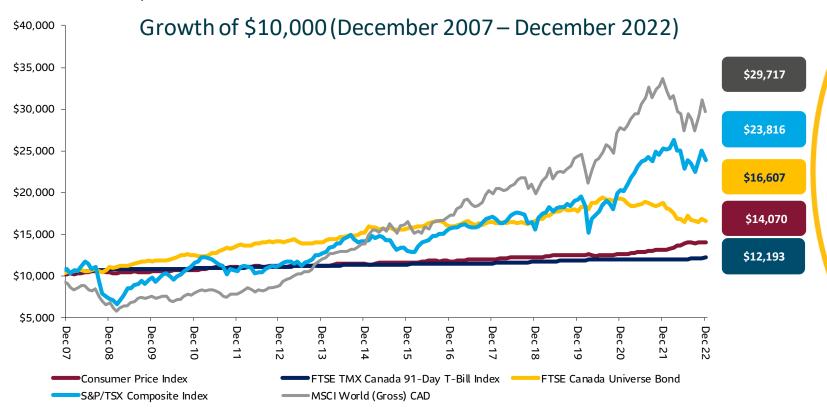
Diversification

A strategy that spreads your risk over different types of investments. You can balance both the overall risk and your potential returns.

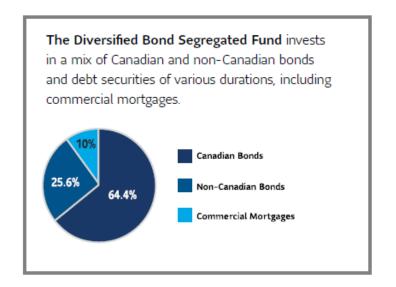
The most common types of asset classes, are:

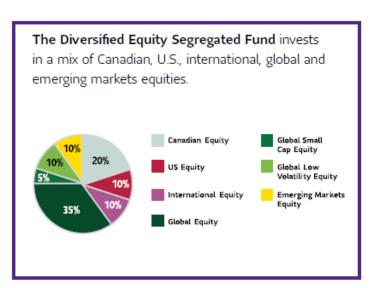
- Cash and Equivalents
- Fixed income
 such as bonds or bond funds
- **Equities** such as stocks or equity funds

Diversify



Investment options for Western members: Diversified funds

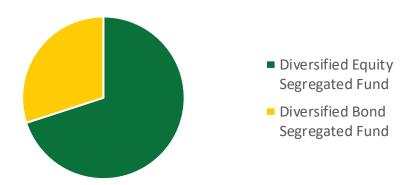




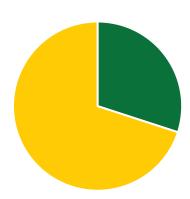
- Incorporates strategies not available as stand-alone "let me do it" options
- Offers diversification within the Fixed Income asset class OR the Equity asset class

Investment options for Western members: Balanced Portfolios

Balanced Growth Portfolio

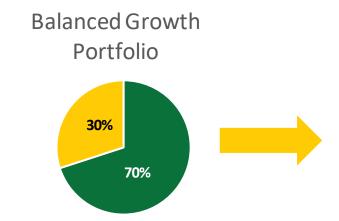


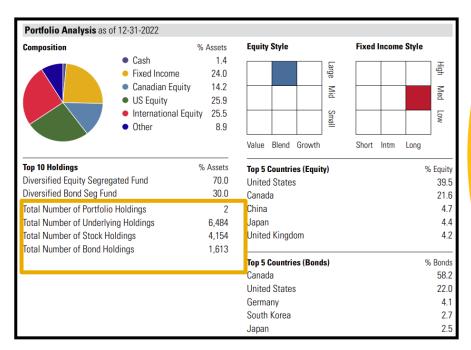
Balanced Income Portfolio



- "Help me do it" with pre-set portfolios of Equity and Fixed Income
- Offers diversification within and across asset classes
- Balanced Growth: plan default for new members

Built in diversification





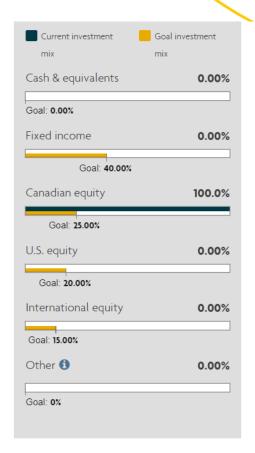
Asset allocation tool



WESTERN PENSION PLANS

Account #:

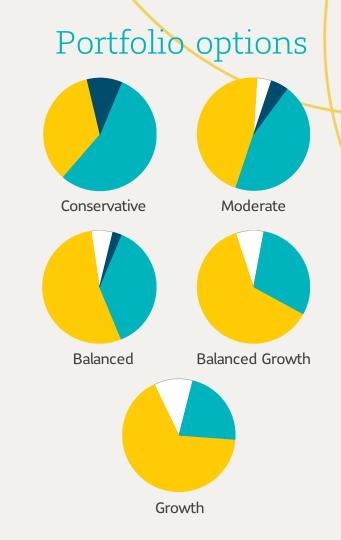
Asset allocation	Retirement Planner	Tools
Choosing the right investments can seem daunting. As you complete this tool you will understand your comfort level with risk and see the recommended asset mix of cash, fixed income and equities that matches your risk tolerance. These will help you make your investment choices. Keep in mind that Western's Joint Pension Board created four special funds that have built-in diversity to make choosing your investments easier. Read more about these special four funds and how to use them to get broad market exposure		
Know your investment personality This video explains what your investment personality is: your investment personality to check if anything's diff	and how it helps you invest. When your life changes, you should erent.	re-visit
How does it work?		
Answer a set of questions.	Tell us your saving goal and how you approach investing.	See a goal investment mix we suggest for you.



Understanding your personal risk tolerance

Risk tolerance is how comfortable you are when you see the value of your investments change.

- Just beginning your career?
 You can increase your portfolio's long-term investment risk and set yourself up for higher potential returns.
- Midway through your career?
 You can make most of your time with a slight increase in the growth portion of your portfolio.
- Getting close to retirement?
 Align your portfolio with your retirement income goals.



Investment options for Western members: Strategy-Specific Funds

- Three primary asset classes
- "Let me do it" options combined by you to create a personal portfolio
- Individually, offers less diversification than the Diversified options

Strategy-Specific Options Cash / Equivalents Equity **Money Market Canadian Equity** Segregated fund Segregated Fund Guaranteed Daily* Non North American Interest Accounts Equity Segregated Fund (GDIA) **US Equity Segregated** Fund - Hedged **US Equity Segregated** Fund-Unhedged Socially Responsible **Global Equity** Segregated Fund

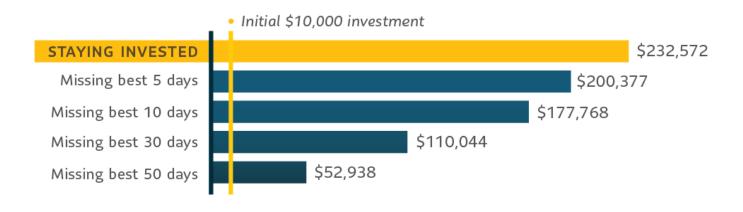
*All Western Investment options are Segregated Funds, meaning the assets are held separately or segregated from the general assets of Sun Life and are therefore not available to Sun Life or Sun Life's creditors. Exception is the GDIA.

The importance of advice



Stay the course during market ups and downs

This graph shows how missing the best days during a recovery can mean losing out on big gains. Consider \$10,000 invested on January 1, 1985.



Source: Morningstar

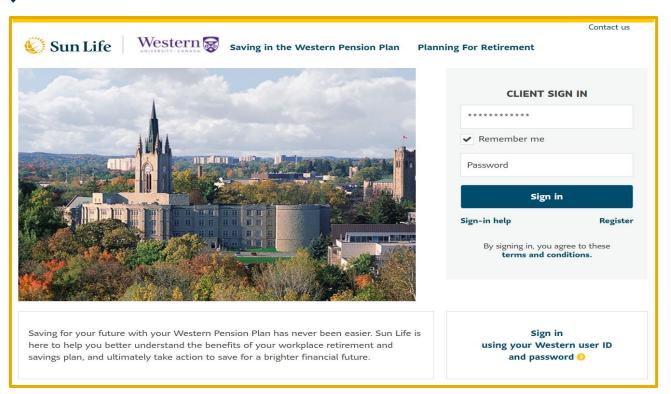
Take action



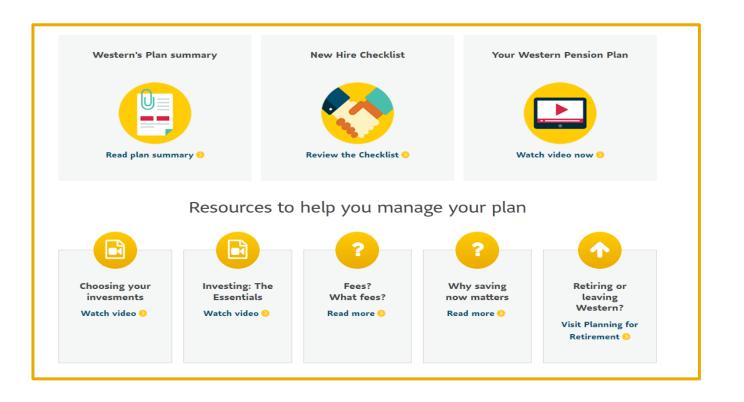
What's next?

- Review your financial goals and priorities
 - Consider your time horizon or when you will need your money
- Stay the course
 - Historically, the markets recover and record gains
- Seek advice

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What you need to know



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