

Reducing the risk of retirement ruin

Six Canadian insurers now offer investment funds that let you play the stock and bond markets, but will guarantee your capital and your income in retirement. Researches say these variable annuities fill a real need that should be obvious after recent market losses. Yet high fees could limit your potential for income growth, and even with new bonus features, inflation could eat into your buying power. Consult an adviser familiar with products to find the solution that will meet your needs. (Information for SSQ Financial Group's product is not included here.)

	Empire Life	Desjardins Financial	Industrial Alliance	Manulife Financial	Sun Life Financial					
Financial strength ratings	Empire Life Insurance	Desjardins Group (the parent)	—	Manufacturers Life Insurance	—					
Standard & Poor's Corp.	—	AA-	A+	AAA	AA+					
Moody's Investors Service	A	Aa1	—	Aa1	Aa2					
A.M. Best Co.	—	—	A (positive outlook)	A++	A++					
Fitch Ratings	—	—	—	AA+	—					
Dominion Bond Rating Service	—	AA	I-C2	—	—					
Product name	Class Plus	Helios	Ecoflextra	IncomePlus	Sun Wise Elite Plus					
Information available online	http://classplus.empire.ca	http://tinyurl.com/6nws9j	http://tinyurl.com/5krcab	www.manulifeincomeplus.ca	www.ci.com/sunwiseeliteplus					
Capital guarantees										
Per cent of invested capital guaranteed after 10 years (or at death) with segregated fund	G: 75 (100) H: 75 (100)	75 (75) 75 (100) with inflation feature 100 (100) with fee refund feature	75 (100)	75 (100)	A: 100 (100) B: 75 (100) C: 75 (75)					
Capital eligible for protection may rise with market values	Every three years	Every year	Every three years	Every three years	A: Death benefit yearly before age 80 B: Death & 10-yr maturity guarantees twice yearly before age 80 C: No resets, but fees are lower					
Guaranteed minimum withdrawal plans										
Two insurers guarantee minimum annual withdrawals as an add-on feature, while two sell feature as part of a unique investment	Sold as part of Empire Class Segregated Funds contract	May be added to, or removed from, an existing investment contract (within some limits set in contract)	Sold only with Guaranteed Surrender Series contracts. Contract ends if minimum withdrawal feature is removed	Sold only with Income Plus investment contracts. Contract ends if minimum withdrawal feature is removed	May be added to, or removed from, an existing investment contract without penalty					
Age restriction	Up to age 80	At any age	Up to age 80	Up to age 80	Up to 80th birthday or 20 years prior to contract maturity date					
Minimum investment	G: \$10,000	\$5,000	\$25,000	\$25,000	\$25,000					
Portion of protected capital to be paid as income	5% per year for those who purchase by age 65	Up to 7% in years 1 to 14, 2% in year 15. Investment returns and annual resets of capital guarantees may increase income payments or extend period of withdrawals	Up to 7% for 14.2 years. Investment returns and triennial resets of capital guarantees may increase income payments or extend period of withdrawals	5% for at least 20 years. Investment returns and triennial resets of capital guarantees may increase income payments or extend period of withdrawals up to 20 years	5% for 20 years					
Base used for calculating annual income may be reset to market value periodically	Every three years	Every year	Every three years	Every three years	Every three years					
Guaranteed minimum income for life plans										
Percentage of net protected capital paid for life depends on starting age	—									
Ages 45 to 59	—	4%	—	—	—					
Ages 55 to 59	—	—	4%	—	—					
Ages 60 to 64	—	4.5%	4.5%	—	—					
Age 65	5% (from Dec. 31 of year person turns 65)	5%	5%	5% (from Jan. 1 of year person is to turns 65)	5% (from Dec. 31 of year person turns 65)					
Ages 66 to 69	—	5%	5%	—	—					
Ages 70 to 74	—	5.5%	5.5%	—	—					
Ages 75 to 79	—	6%	6%	—	—					
Ages 80 to 84	—	6.5%	6%	—	—					
Age 85 and older	—	7%	6%	—	—					
Bonuses that increase potential income	5% a year, for first 15 years	7% a year, for first 10 years	5% a year, for up to 15 years	5% a year, no limit on period	5% a year, for up to 15 full years (plus a partial bonus in first year)					
Bonuses will apply each year you take no withdrawal, ensuring a minimum increase in the base used to calculate your guaranteed income if market performance is poor. Note: Bonuses are based on your guaranteed capital — the original amount invested or any increase due to periodic resets — and ignore increases due to earlier bonuses. Fifteen years bonuses of 5 per cent equal 3.8 per cent compound interest. Twenty years of 5 per cent bonuses equal 3.5 per cent compound interest, and 25 years equal 3.3 per cent compound interest.										
Treatment of withdrawals in excess of guaranteed income										
	Net protected capital value reduced to minimum of ▶ remaining protected value ▶ market value	Net protected capital value reduced in proportion to excess withdrawn	Net protected capital value reduced to minimum of ▶ remaining protected value ▶ market value	Net protected capital value reduced to minimum of ▶ remaining protected value ▶ market value	Net protected capital value reduced to minimum of ▶ remaining protected value* ▶ market value *may be raised to market value later					
Fees:										
Management expense ratio and income guarantee fees as % of assets per year**. (Lower fees may apply to large investments. Extra fees may apply for insurance riders, and redemptions within five or seven years.)	Fund with 75% (100%) capital guarantee	Cost with life income guarantee	Fund with 75% (100%) capital guarantee	Cost with life income guarantee	Fund with 75% (100%) capital guarantee	Cost with life income guarantee	Fund with 75% (100%) capital guarantee	Cost with life income guarantee	Fund with 75% (100%) capital guarantee	Cost with life income guarantee
Money market	1.44	1.69	1.3	1.55	1.43	1.68	0	0.25	1.44	1.69
Canadian bond	2.17	2.42	1.85	1.95	2.08	2.33	2.03 to 2.18	2.28 to 2.43	2.14 to 2.25	2.39-2.5
Balanced - Neutral (typically 60% equities)	2.56	3.11	2.55 to 3.05	2.85 to 3.5	2.58 to 2.8	2.83 to 3.58	2.33 to 2.68	2.68 to 3.23	2.77 to 3.02	3.22-3.47
Balanced - Global (up to 80% equities)	2.87	3.42	—	—	—	—	2.48 to 2.75	3.23 to 3.50	—	—
Canadian equity	2.56	n/a	2.5 to 2.9	3 to 3.55	2.31 to 3.07	3.01 to 3.87	2.68 to 2.95	n/a	3.1 to 3.6	3.7 to 4.2
Global equity	2.62	n/a	2.95 to 3.3	3.8 to 4.25	2.64 to 3.17	3.44 to 3.87	2.86 to 3.05	n/a	3.4 to 3.68	4 to 4.28
U.S. equity	2.58	n/a	2.58	n/a	2.64 to 3.12	3.44 to 3.92	2.87 to 3.07	n/a	3.4 to 3.57	4 to 4.17
** Total percentage fees may be higher or lower depending on whether the base used for calculating the guaranteed minimum withdrawals is higher than the market value of your investments										
Portion of guaranteed investments that may be invested in equities	100%	100%	80%	80%	80%	90%				
Contract features	Includes improvements to be made in November		Includes improvements to be made as of Dec. 1		Includes improvements announced in October					
Fundamental changes permitted under contract										
Insurers may, with 60 days notice: <ul style="list-style-type: none"> change fund management fees change a fund's investment objectives, giving holders the right to transfer to another fund without charge increase guarantee fees by half a percentage point in one year, or by half the existing fee, whichever is the larger increase. Smaller increases to fees for guarantees are permitted without advance notice. If the insurer gives notice of fundamental changes, it will waive surrender fees for investors who simply close their accounts. 										