# Better than 20/20 hindsight: a 35/65 asset mix for retirement

Recent market volatility has hit retirees and those saving for retirement especially hard. Now more than ever, Canadians are concerned about outliving their money.

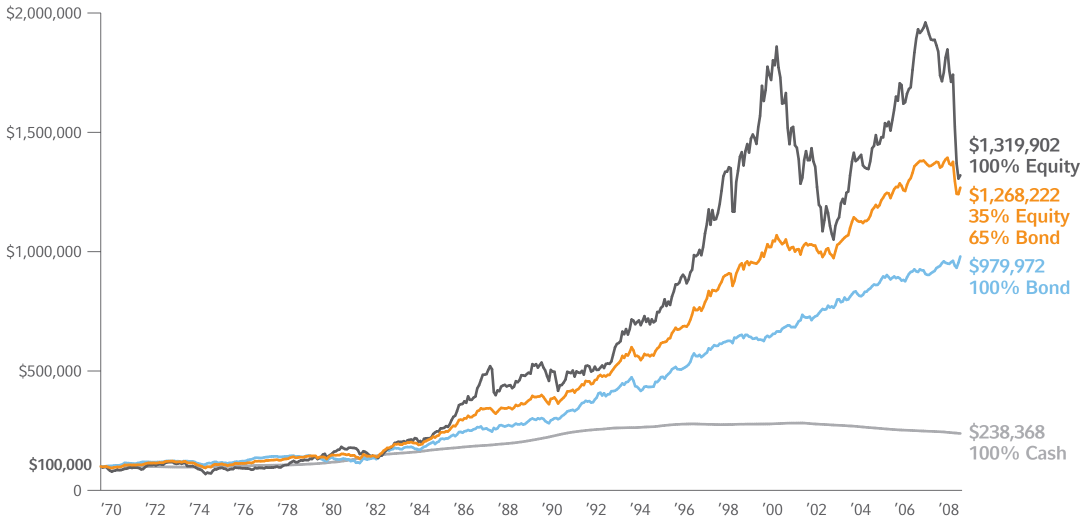
Proper planning and having enough savings will help with this concern, but one of the most effective ways to ensure your financially healthy retirement is to have the right asset mix.

A portfolio invested in 35% equities and 65% fixed income provides the ideal balance of capital preservation and income potential for those who are in retirement or those saving for retirement.

## Advantage of a 35/65 portfolio:

- Protects you against volatile down markets
- Preserves your capital leading up to – and throughout – retirement
- Provides an effective solution to provide income for your essential expenses once in retirement
- Conservative portfolios of 100% fixed income and 100% cash provide stability but little in terms of longer term growth and may not last throughout your retirement years
- The 100% equity portfolio achieves higher long-term growth, along with much higher risk and uncertainty
- The 35/65 portfolio provides the perfect balance for wealth preservation and the ability to generate income throughout retirement

**Growth of $100,000 in different asset mixes (1970 – 2008)**




Assumptions: Historical monthly index returns used; monthly withdrawals at 5% annual withdrawal rate indexed to inflation at 3% per annum rate; S&P/TSX Composite Index – 12% for 35E/65B, 33% for 100E; MSCI World Ex Canada (MSCI World prior to 1981) – 8% for 35E/65B, 22% for 100E; S&P 500 – Total Index Return – 7% for 35E/65B, 22% for 100E; MSCI EAFE Index – 8% for 35E/65B, 23% for 100E; DEX Bond Universe Index (DEX Long Bond Index prior to 1980) – 65% for 35E/65B, 100% for 100% Bond; DEX T-Bill 91 Day Index – 100% for 100% Cash.

# Protecting you from outliving your money: Russell Retirement Essentials Portfolio

One concern that investors are now facing is the ability of their investment portfolios to withstand negative portfolio returns five years heading into retirement or in the first few years of retirement – also known as sequential risk.

The more equity-oriented a portfolio, the larger the sequential risk. Assume you faced the worst three years in the Canadian equity market (1974, 1990 and 2008) heading into retirement or in the first three years of retirement. While the 35% equity/65% fixed income portfolio continues to show investment gains over the 38 year period, the 60% equity/40% fixed income portfolio is completely depleted nine years earlier.

Clearly, the more conservative 35/65 portfolio asset mix is much better able to withstand extreme negative experience at the outset.

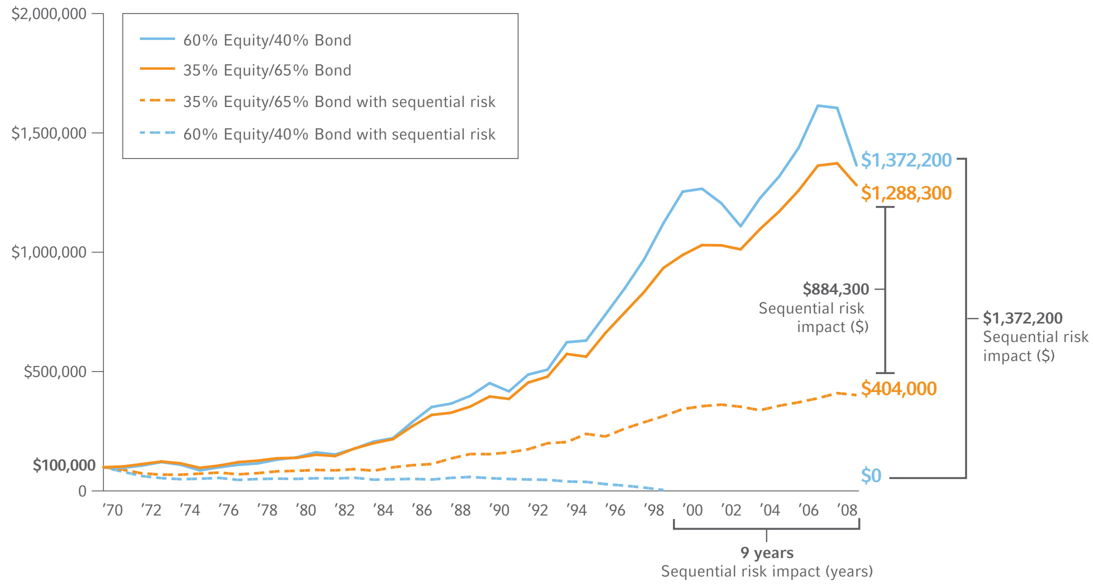
The **Russell Retirement Essentials Portfolio** has a 35/65 asset mix designed to replenish capital so that you don't have to worry about outliving your money. The 35/65 asset mix can also generate consistent monthly distributions needed to cover your essential expenses once you reach retirement.

Looking to shield your savings from the current market situation as you save for retirement, or are already in retirement?

The **Russell Retirement Essentials Portfolio** is your effective solution.

Talk to your advisor or visit **www.myfinanciallyhealthyretirement.com** today to find out how the Russell Retirement Essentials Portfolio can help you save towards a financially healthy retirement.

### Long-term impact of sequential risk




Assumptions: Historical annual index returns; 5% annual withdrawal rate indexed to inflation at 3% per annum rate; worst 3 years in Canadian equity market are 2008 (-33.0%), 1974 (-25.9%) and 1990 (-14.8%); S&P/TSX Composite Index – 12% for 35E/65B, 20% for 60E/40B; MSCI World Ex Canada(MSCI World prior to 1981) – 8% for 35E/65B, 13% for 60E/40B; S&P 500 – Total Index Return – 7% for 35E/65B, 13% for 60E/40B; MSCI EAFE Index – 8% for 35E/65B, 14% for 60E/40B; DEX Bond Universe Index (DEX Long Bond Index prior to 1980) – 65% for 35E/65B, 40% for 60E/40B.



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