Solutions

for financial planning

Manulife Investments

WINTER EDITION 2012/2013

Take charge of your debt

Getting finances back on track after a job loss

Forget about the headlines and focus on the fundamentals

Equities remain an important component of many investment plans

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Solut!ons

Whether you are just starting out, accumulating wealth or getting ready to retire, Manulife Financial offers you a broad range of wealth protection and accumulation products to help you prepare for your financial future. Manulife is one of Canada's strongest and most reliable financial services organizations. With offices in 22 countries and territories, and millions of customers worldwide, you can trust that, when combined with the professional advice you receive from your advisor, our forward-thinking products and services provide practical *Solut!ons* that can help you make the most of your financial plan.

Getting back to basics

Welcome to the winter edition of *Solut!ons* magazine. Do you sometimes feel overwhelmed by the complexity of financial planning? You don't have to! *Solut!ons* provides you with valuable information to help make your finances easier to understand, and advisors across Canada have a wealth of knowledge and resources at their fingertips to help you reach your objectives.

This edition of *Solut!ons* focuses on the importance of getting back to basics. Whether you are considering investing in a Registered Retirement Savings Plan (RRSP) for the first time or you find yourself struggling to manage debt, there are a number of articles to help you stay on track.

Proven strategies to improve your finances offers suggestions to help you build wealth, no matter what your age or income level. *Financial planning 101: Take charge of your debt*, presents solutions for a couple whose debt grew after a layoff. *Understanding your options this RRSP season* reminds us of the importance of tax-advantaged investing using RRSPs. And you can learn how equity mutual funds can be a vital component of an investment plan focused on long-term investing in *Forget about the headlines and focus on the fundamentals*.

For 125 years, our customers have looked to Manulife for strong, reliable, trustworthy and forward-thinking solutions for their most significant financial decisions. Combined with support and advice from your advisor, our solutions can go a long way towards helping you achieve your financial goals.

Sincerely,
Paul Lorentz
Executive Vice President and General Manager
Insurance and Investment Solutions, Retail Markets
Manulife Financial

What's inside

TAKE CHARGE OF YOUR DEBT

FINANCIAL PLANNING 101

GETTING FINANCES BACK ON TRACK AFTER A JOB LOSS

A generation ago, most people wouldn't have anticipated the amount of mid-career and even later-career job loss that's common today.

Fluctuating economic times mean that highly skilled, successful workers across different industries are finding themselves temporarily unemployed. When this happens, people sometimes can't handle repaying their existing debt on top of their other financial priorities. Often, they add to this debt. The good news is that with a solid, realistic debt repayment plan, many individuals could be back on track sooner than they may have thought possible. In the following story, we meet a couple in their late-40s. They are looking to get their finances back on track after one of them was out of work for a year.[1]

[1] For illustrative purposes only. This is a fictional scenario.

CLIENT OVERVIEW

Clients
Sean, 47, and Patricia, 48; married

Goals
The couple wants to gain control over debt repayment, organize their assets and debt more efficiently, and boost their long-term savings plan

Assets
Home: $400,000
RRSPs: $173,000 (combined for Sean and Patricia)
Savings account: $5,000
Chequing account: $1,000

Liabilities
Mortgage: $250,000 ($1,485 monthly payment at 3.80 per cent interest)
Car loan: $24,000 ($424 monthly payment at 4.00 per cent interest)
Credit cards (2): $25,000 ($500 monthly payment at 19.99 per cent interest)
Line of credit: $20,500 ($615 monthly payment at 6.00 per cent interest)

Current monthly net income
$7,000 (combined)

Monthly expenses
$6,900; $3,024 of this is debt-servicing costs

Total free cash flow each month
$100

Sean is a computer programmer. He and his wife, Patricia, have been married for three years. Sean was laid off a year ago and is excited to be starting a new position — it's even closer to home and offers more attractive hours. Patricia was very supportive during Sean's job search, but they were both surprised how quickly they accumulated new debt. They have never spoken to their advisor, Michael, about debt management, but Sean feels Michael may be able to offer them some advice on how they can start reining in debt now that Sean is heading back to work.

During their meeting, Sean and Patricia share their financial concerns with Michael.

"We're feeling overwhelmed by the amount of debt we have. Sometimes we're not even sure which bill we should pay first," says Sean.

"I don't want you to think we're not responsible. We're usually good with money, but it seems like every month something new comes up — new tires for the car, a leaky window. You know how it can be," adds Patricia.

They provide Michael with a summary of their assets and debts, and then share their goals with him:

1. Gain control over debt repayment.
2. Organize their assets and debt more efficiently.
3. Boost their long-term savings plan.

"You're not alone," is the first thing Michael tells them. "Several of my clients have hit similar bumps after a job loss. In fact, I read a recent survey[2] that found Canadians aged 40 to 49 owe an average of $157,600. And they're carrying these balances across, on average, 3.1 different debts," he explains.

"It's reassuring to know that it's not just us," says Patricia, "but we'd like to know what we can do — in addition to watching our spending — to pay down our debt more quickly."

"There's a lot that you can do. I'd like to start by reviewing your current debt," says Michael.

Step 1: Identify sources of debt and take control of repayment

When debt is split across many different accounts, it can be easier to ignore it and let it grow. Like many Canadians, Sean and Patricia have built up almost 40 per cent equity in their home. However, in their case, this accomplishment is offset by high-interest credit card debt at 19.99 per cent and a line of credit at 6.00 per cent.

"While many people have their debt organized in a similar manner, it's simply not effective. By changing how you structure your debt, you can gain better control over your cash," says Michael. "For example, with a debt consolidation product, you could save on interest costs and free up cash that would otherwise go to support your credit card debt at 19.99 per cent."

With Sean's new position, the couple's monthly net income is

[2] This Manulife Bank of Canada poll surveyed 2,003 Canadian homeowners between the ages of 30 and 59 with household income of more than $50,000. It was conducted online by Research House between March 5 and March 16, 2012.

$7,000. Yet their monthly expenses are $6,900 — and $3,024 of this is debt-servicing costs. Also, they only have $100 in free cash left over.

With the right debt consolidation product, Sean and Patricia could have one debt balance and be in a better position to implement well-thought-out strategies to become debt-free sooner.

Every dollar you keep in the account after covering monthly expenses works to pay down debt…This is a powerful motivator to save instead of spend.

Step 2: Consider an all-in-one account

One particularly effective tool available to help Canadians better manage their debt and cash flow is an all-in-one account. This type of product brings a client's mortgage, credit card debt, savings and income together in a single, multi-purpose borrowing and chequing account.

Neither Sean nor Patricia had ever heard of an all-in-one account, so Michael gives them an overview of three major advantages it tends to have over multiple savings accounts and multiple loans.

"All-in-one accounts let clients like you consolidate all of their debts into a single loan with an available balance of as much as 80 per cent of the appraised value of their home. With current interest rates at approximately 3.5 per cent, you could see tremendous savings in your monthly debt-servicing costs," he emphasizes. "An all-in-one account could let you put the $6,000 from your savings and chequing accounts towards reducing your debt. And you would still have the flexibility to withdraw money if you need it, up to your borrowing limit. My clients with this type of account have told me the money they save in interest generally exceeds the money they could have earned in a savings account or even a money market fund."

Michael continues, "Finally, this type of account allows your income to reduce debt the moment you make a deposit. Every dollar you keep in the account after covering monthly expenses works to pay down debt. I've been told by several clients that this is a powerful motivator to save instead of spend."

Excited about the potential savings, Sean and Patricia do some research after their meeting with Michael and open an all-in-one account. They are thrilled to discover the difference this product can make to their finances.

With their all-in-one account, Sean and Patricia could save $83,988 in interest costs and be debt-free in 10 years — 10 years sooner than if they had not restructured their debt. They could also have $470 of excess cash each month — $370 more than they had previously.

Step 3: Boost long-term savings plan gradually

Sean and Patricia schedule another meeting with Michael.

"We're thrilled with the interest our all-in-one account is saving us, and we're even putting some of our extra cash flow towards our debt," says Patricia.

"Now I'd like to start contributing to my RRSP (Registered Retirement Savings Plan) again," says Sean. "It has been almost a year and a half since I made any contribution at all. This makes me nervous. But I don't know whether we should pay down all of our debt first."

Patricia adds that over the past year she has made a minimal $100 monthly contribution to her employer retirement savings plan.

"I was tempted to stop entirely," she admits, "but because they match a portion of my contribution I wanted to put at least something in each month."

"One of the biggest challenges for people in their 40s is the cost of saving for retirement," says Michael. "The key is not to overextend yourself. When you're feeling more established, I'd suggest making it a habit to save more. But, for now, I would suggest starting small — say, with $200 a month altogether. You do have 15 to 20 years until retirement and a lot can be done in that time."

Sean has been back at work for three months now. His new position is both challenging and rewarding. And, with some sound advice from Michael, Sean and Patricia feel well on their way to getting their finances in order.

Speak with your advisor

If you'd like to find out whether debt consolidation could help you achieve your individual financial goals sooner, speak with your advisor.

> While many people have their debt organized in a similar manner, it's simply not effective. By changing how you structure your debt, you can gain better control over your cash.

Forget about the headlines and focus on the fundamentals

EQUITIES REMAIN AN IMPORTANT COMPONENT OF MANY INVESTMENT PLANS

There is little doubt that volatile markets have led many to question their exposure to equity investments. Emotionally speaking, it can be easy to forget about the benefits of investing in equities these days when newspaper headlines continue to remind us that the global economy is less robust than it should be. Yet it's important to remember that diversification is one of the cornerstones of successful investing.

Retaining some exposure to equity investments remains an important consideration if you are looking to grow your savings over the long term.

Buy a company, not an economy

When you invest in equities, you are buying shares of a company, and not the economy as a whole. And, in general, although economic downturns tend to depress equity markets broadly, a number of companies are in better shape from a financial perspective than today's headlines may lead you to believe.

Strong business fundamentals
Many quality companies enjoy solid management, have competitive advantages in their industries, have a history of paying dividends and currently report strong cash positions — all potential signs of excellent financial health.

Attractive buying opportunities
Buying criteria such as price-to-earnings, price-to-book and return-on-equity — measurements used by portfolio managers to help determine the value of a share — indicate that many companies appear to be attractively priced and may represent good value.

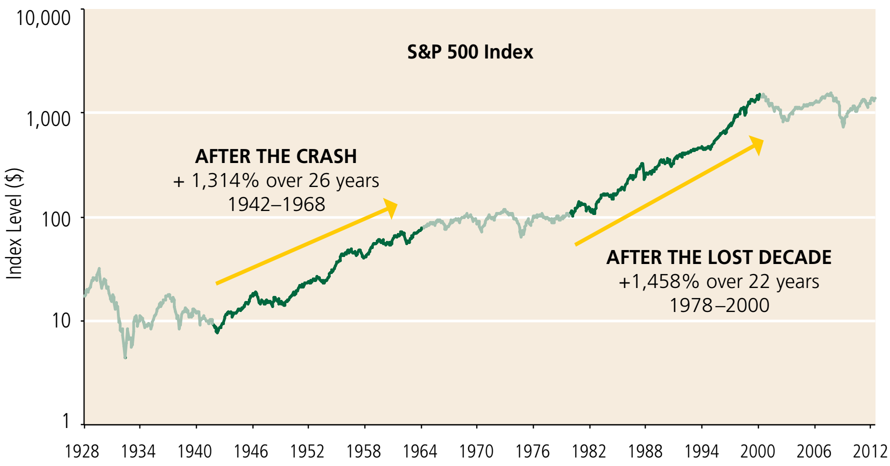
The combination of well-run companies at attractive prices could indicate that equities continue to represent an excellent solution to consider for long-term growth.

Remember what history has shown us

History has shown that, over time, the stock market has provided attractive long-term growth potential. The concern is that periods of growth can be interrupted by periods of weaker performance. That's where many investment professionals and economists believe we are today.

The good news is that periods of weak performance tend to be followed by periods of strong growth. Chart 1 helps illustrate this pattern. While no one can predict when today's volatile markets will return to a period of more consistent growth, it is important that you stay invested. Otherwise, you may miss out on upswings when markets do recover.

Chart 1: Stocks over the long term



Source: Bloomberg, as of January 31, 2012. For illustration purposes only. Performance histories are not indicative of future performance.

Consider blue-chip equities for long-term growth

If you consider yourself to be a conservative investor, there are a number of ways to increase your exposure to equities without taking on undue risk. The first step is to work with an advisor to achieve appropriate diversification. Your advisor can help determine the most appropriate allocation to equities — a mix that aligns with your risk tolerance and makes sense for your portfolio.

An actively managed mutual fund investing in equities is one way to gain this exposure within your portfolio. A broad range of equity mutual funds are available, many of them providing access to portfolio managers with strong track records for delivering outperformance and managing risk.

One type of equity mutual fund you can invest in focuses on large, blue-chip, dividend-paying companies. These types of companies can prove to be less volatile, due either to the sectors of the economy in which they do business or the strong competitive positions they hold relative to their peers. In addition, they can potentially provide investors with an ongoing income stream, as well as the opportunity for growth of capital.

INVESTMENT TERMS

Investment professionals often use the following ratios to determine the value of a company's stock:

Price-to-earnings: A valuation ratio of a company's current share price compared to its per-share earnings. In general, a high ratio suggests that investors are paying a higher share price for a given level of earnings.

Price-to-book: A ratio used to compare a share's market value to its book value (the value of the company, or share, as indicated on its financial statements).

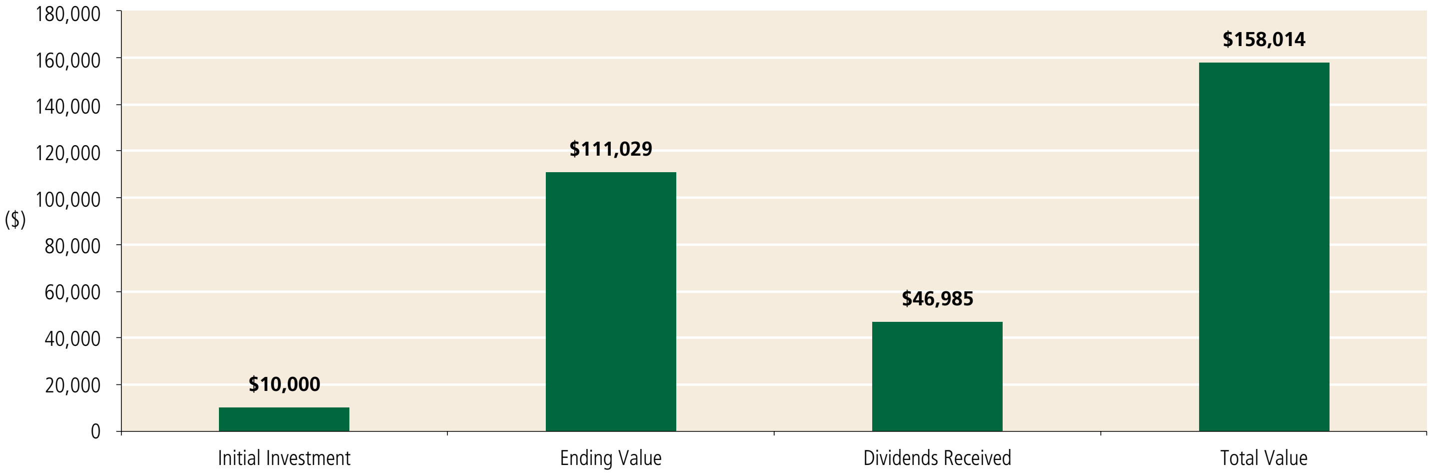
Return-on-equity: A measure of profitability that reveals how much profit a company generates with the money shareholders have invested.

Even in turbulent markets, well-managed companies continue to grow

To illustrate the long-term growth potential of a stable, well-managed multinational company that an equity mutual fund portfolio manager may seek to invest in, let's take a closer look at a company whose products are found in households across the globe: the Johnson & Johnson Family of Companies.[3]

Chart 2 illustrates how the underlying growth of the company has led to outstanding returns over time. As we can see, a US$10,000 investment in Johnson & Johnson stock 25 years ago would have appreciated to US$111,029[2] by July 31, 2012. If we add the dividend payments of $46,985[2] received over the same period, the

Chart 2: Johnson & Johnson and the benefits of stocks over the long term (1987–2012)



Source: Bloomberg as of July 31, 2012. For illustration purposes only. Total vlaue does not account for taxes and fees. Performance histories are not indicative of future performance.

total value of the investment would equal US$158,014.

As our example of Johnson & Johnson illustrates, dividend payments provide you with a source of regular income and can also contribute significantly to the total return of an investment over time. Fortunately, a number of high-quality, blue-chip companies that pay dividends have proven to be excellent investments over the long term (see Table 1). The fact that these large companies often diversify their businesses geographically can also be highly advantageous, since not every economy grows the same way at the same time. By spreading their businesses across the globe, such companies have the potential to improve their ability to generate profits, which can lead to more consistent performance over time.

Table 1 highlights the performance of a $10,000 investment over a 25-year period in a number of well-known multinational companies.[3]

Table 1: Blue-chip equities over the long term (1987–2012)

Company	Initial Investment	Ending Value[1]	Dividends Received[2]	Total Value
Procter & Gamble	US$10,000	US$101,002	US$32,504	US$133,506
Exxon Mobil Corporation	US$10,000	US$69,759	US$38,771	US$108,530
IBM	US$10,000	US$46,562	US$12,250	US$58,812
The Coca-Cola Company	US$10,000	US$127,848	US$115,443	US$243,291
TD Bank	CDN$10,000	CDN$97,553	CDN$54,215	CDN$151,768

Source: Morningstar Direct[1] and Bloomberg as of July 31, 2012. For illustration purposes only. Total value does not account for taxes and fees. Performance histories are not indicative of future performance.

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[2] Bloomberg, as at July 31, 2012. For illustration purposes only. Returns do not account for taxes and fees. Performance histories are not indicative of future performance.

[3] It should not be assumed that an investment in the securities identified was or will be profitable. This is not a recommendation for the purchase or sale of these securities.

Remember – time and diversification are key

While it is impossible to predict how an individual company will perform in the future, a diversified portfolio of blue-chip stocks can help mitigate the risks of any single investment that is underperforming. And, for many, the most convenient way to invest in a diversified portfolio of stocks is through an equity mutual fund.

Mutual funds provide equity investors with some important advantages. They tend to be managed by investment professionals with deep experience who, as a result, are often in a better position than many individual investors when it comes to identifying large, multinational companies that are well positioned for future growth. Mutual fund managers often have significant resources at their fingertips and conduct research to get a better perspective on a company's future earnings potential. Mutual fund managers may also diversify their pool of capital across multiple companies in different sectors of the economy, which can help to reduce the portfolio's overall volatility and help to produce more consistent returns over time.

It is important to remember that not every investment in a dividend-paying company will provide attractive returns over the long term. But it is equally important to remember that the growth potential of equities and a buy-and-hold approach to investing have the potential to provide attractive returns over time. That's why the combination of time in the market and proper diversification remain key components of any investment strategy focused on long-term growth.

One way of assessing the dividend yield of a company like Johnson & Johnson is to relate it to the price you paid for the stock when you purchased it. For example, if you had purchased the stock 25 years ago, you would have paid US$6.23 per share.[2] If you had continued to hold the stock until July 31, 2012, you would have received dividend payments of $2.32 per share over the previous 12-month period.[2] As a percentage of the cost of your shares when you bought them, your dividend yield would have risen to 37.24 per cent. This is just one example of how significant an investment in a dividend-paying company can be when held over a long time period.

Speak with your advisor

Mutual funds that invest in equities can be an important part of your portfolio, with the potential to deliver both attractive returns and steady income through dividends. If you would like to capture the long-term growth potential of equities, speak with your advisor to review your current portfolio.

> If you consider yourself to be a conservative investor, there are a number of ways to increase your exposure to equities without taking on undue risk. Your advisor can help determine the most appropriate allocation to equities—a mix that aligns with your risk tolerance and makes sense for your portfolio.

[2] Bloomberg, as at July 31, 2012. For illustration purposes only. Returns do not account for taxes and fees. Performance histories are not indicative of future performance.

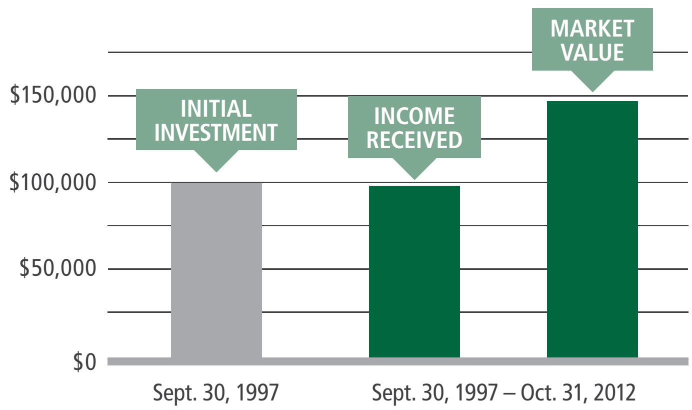
The Manulife Monthly High Income Fund

CELEBRATES 15 YEARS

of outstanding performance

The **Manulife Monthly High Income Fund** has a 15-year track record of exceptional performance, and seeks to provide investors with long-term growth potential and a steady flow of monthly income. Since its inception,* the Fund has been managed by Alan Wicks and the Canadian Value/ Income Equity team at Manulife Asset Management, and the portfolio managers have focused on capital preservation to manage risk and to seek positive absolute returns.

Income and Growth: All in One

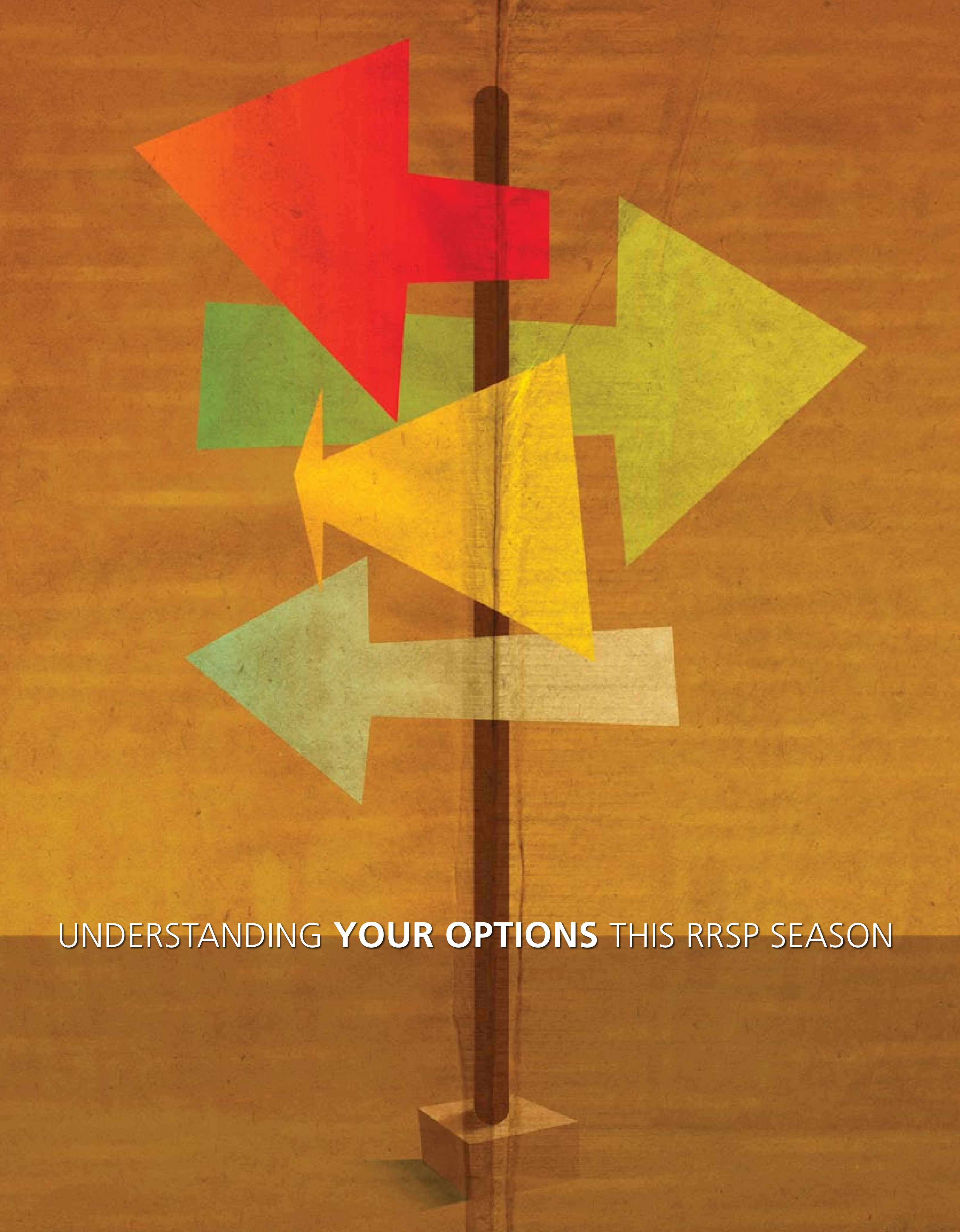


This chart illustrates that taking an initial investment of $100,000 at inception (September 30, 1997) and receiving a 5 per cent–annualized monthly Systematic Withdrawal Plan (SWP) based on month-end market values of the Fund would have generated $99,986 in income ending October 31, 2012. And still, the market value of the Fund after withdrawals would have grown to $148,780 at the end of that period.

Source: Morningstar Direct as of October 31, 2012. The information in this chart presents a hypothetical illustration for informational purposes only and is not indicative of present or future results. Individual results will vary. The SWP was taken out at month-end. Assumes no other withdrawals or deposits. Fees may apply. Past performance is not indicative of future performance. The historical annual compounded total rates of return as of October 31, 2012 for the Manulife Monthly High Income Fund are as follows: 1 yr: 8.1%, 3 yr: 7.0%, 5 yr: 2.0%, 10 yr: 7.3%, 15 yr: 8.2% & since inception (September 1997): 7.9%.

For more information, contact your advisor or visit **manulifemutualfunds.ca/MHIF**

*Inception date September 30, 1997. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in share/unit value and reinvestment of all dividends/distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Distributions are not guaranteed and may fluctuate and should not be confused with a fund's performance, rate of return, or yield. Distributions paid as a result of capital gains realized by a fund and income and dividends earned by a fund are taxable in the year they are paid. Manulife Funds and Manulife Corporate Classes are managed by Manulife Mutual Funds. Manulife, Manulife Mutual Funds, the Manulife Mutual Funds For Your Future logo, the Block Design, the Four Cubes Design and Strong Reliable Trustworthy Forward-thinking are trademarks of The Manufacturers Life Insurance Company and are used by it, and by its affiliates under license.



UNDERSTANDING **YOUR OPTIONS** THIS RRSP SEASON

CONSIDER MUTUAL FUNDS AND SEGREGATED FUND CONTRACTS

You've likely heard it before: you should regularly contribute to a Registered Retirement Savings Plan (RRSP) to prepare for retirement. And perhaps you do. However, out of almost 93 per cent of Canadian tax filers who were eligible to contribute to an RRSP for the 2010 tax year, only 26 per cent actually made contributions.[1]

So maybe you're among the majority that did not contribute? If this is the case, keep reading to learn why it's so important to contribute to an RRSP, and what some of your options are.

What is an RRSP?

An RRSP is a retirement plan registered with the Canada Revenue Agency (CRA) and that you or your spouse[2] makes monetary contributions to. These contributions, up to your personal limit, are deductible from your income, meaning that they can be used to reduce the total tax you pay in a given year. As well, any growth in an RRSP is exempt from tax while your money remains inside the plan. These are incentives the CRA uses to help ensure Canadians take an active role in preparing for their retirement.

What happens if you need to access the money in an RRSP before retirement?

An RRSP can be completely cashed out before retirement and the proceeds paid to you. You may also take partial withdrawals without terminating the plan. However,

HOW AN RRSP CAN HELP YOU

1. The deduction available on your contributions will lower your tax bill.
2. It offers tax-deferred growth on investments in the plan.

[1] As reported on the Statistics Canada website, published Friday, December 2, 2011, in "The Daily" report.
[2] Includes a spouse or common-law partner as defined by the *Income Tax Act* (Canada).

either of these scenarios will result in the withdrawals being taxed at your marginal tax rate in that same calendar year. And when you withdraw money from an RRSP, you'll have that much less saved for retirement. If you can, it's best not to touch your RRSP until you retire.

An important part of your savings plan

The following chart highlights how important RRSPs can be to your retirement savings. Just look at the after-tax value of the savings of someone who did not invest in an RRSP, versus someone who did.

RRSPs are available from financial institutions, including banks, trust companies, mutual fund companies, life insurance companies and stock brokerages. A number of investment options are available, such as GICs,[3] stocks, bonds, annuities, mutual funds and segregated fund contracts. Specifically, mutual funds and segregated fund contracts can provide important advantages when accumulating wealth for retirement, especially when held in RRSPs, which can enhance their inherent benefits.

Let's look at the options of holding mutual funds and segregated fund contracts as part of an RRSP in more detail.

The basics of mutual funds

When you invest in mutual funds, your money is pooled together with other investors' money. You own units, which represent your portion of the holdings in the fund. Mutual funds invest in a broad range of securities and are typically managed by a team of investment professionals. Mutual funds range from being very conservative to aggressive, offering different levels of growth potential and associated risk, so it's important to understand the characteristics of the mutual funds in which you invest.

Your investment in a mutual fund can grow:

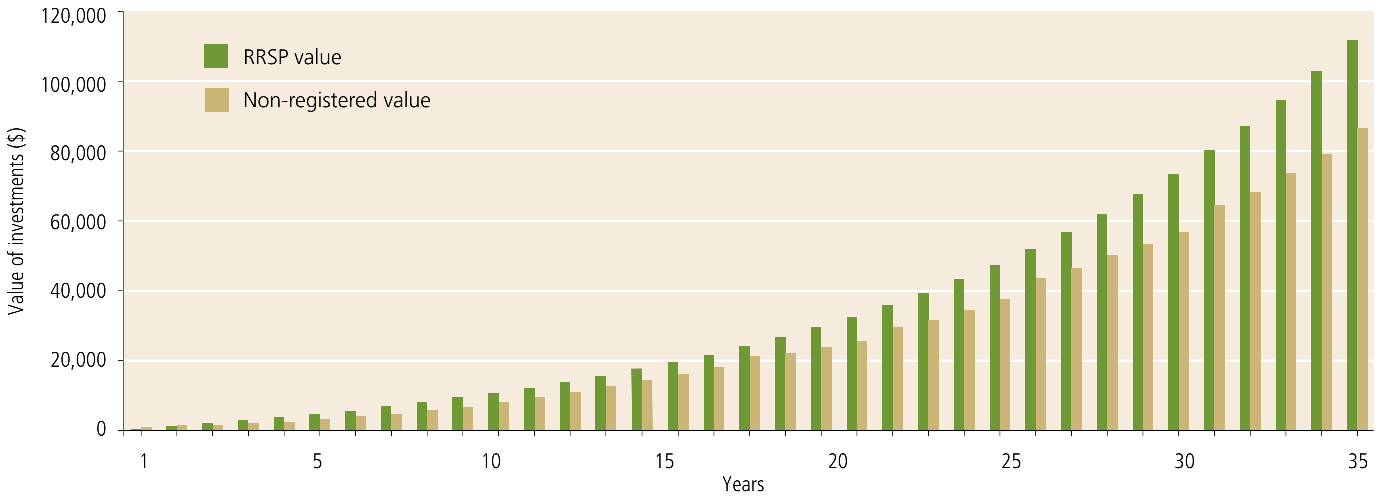
1. When the fund earns income, such as dividends on stocks and interest on bonds.
2. When the fund's securities experience market growth.

The advantages of investing in mutual funds

Diversification: When you're diversified by investing in a large number of assets, as is the case when you invest in mutual funds, a loss in any particular investment can potentially be minimized by gains in others.

How your savings can grow

After-tax value of registered vs. non-registered savings*



* Based on annual contributions of $1,000 at the beginning of each year, an eight per cent annual rate of return and a marginal tax rate of 40 per cent. Assumes 25 per cent of investment income is taxed annually at 28 per cent and paid from the account for the non-registered plan. For illustration purposes only. Rates of return will fluctuate and are not guaranteed. Past performance histories are not indicative of future performance.

[3] GICs can refer to Guaranteed Interest Contracts offered by insurance companies and Guaranteed Investment Certificates offered by banks and other financial institutions.

Professional management: Investors purchase mutual funds because they do not have the time or the expertise to manage their own portfolios. The portfolio fund managers make all of the decisions and do the monitoring for you.

Liquidity: You can redeem your funds at any time. However, if your mutual fund is held in an RRSP, you may want to consider obtaining the money you need from another source as you will be taxed on the withdrawal and certain fees and charges may apply.

Simplicity: Most companies offer pre-authorized chequing plans so that money can be invested automatically on a monthly basis.

Economies of scale: Mutual fund managers buy and sell large volumes of securities at a time; therefore, you have the opportunity to access a fully diversified portfolio at a significantly lower cost, versus constructing your own portfolio, security by security.

The basics of segregated fund contracts

A segregated fund is a pool of assets held by a life insurance company, but the pool or fund is "segregated," or kept separate from the general assets of the insurer. The fund may comprise stocks, bonds, mutual funds or a combination of these and other assets.

You invest in a segregated fund through the purchase of a segregated fund contract. The contract offers investment management and growth potential, just as mutual funds do, but there are also protective guarantees provided by the insurer. There are many types of segregated fund contracts that vary in complexity and features, but all offer death benefit and maturity guarantees.

The advantages of investing in segregated fund contracts (in addition to many of those offered by mutual funds)

Death benefit guarantee: In the event of death, your named beneficiaries are guaranteed to receive the greater of the market value of the contract or the death benefit guarantee, which is a minimum of 75 per cent of all deposits made into the investment, less any withdrawals on a proportionate basis.

Maturity guarantee: Segregated fund contracts also offer a maturity guarantee. On the maturity date of your contract, typically December 31 of your 100th year,[4] you are guaranteed to receive a minimum of 75 per cent of all the deposits you have made (reduced proportionately by withdrawals), even if market downturns have reduced the value of your contract to a value less than the 75 per cent.

With all of the advantages of holding mutual funds and segregated fund contracts in an RRSP, both can be powerful options to help accumulate wealth for your retirement years.

What happens to your RRSP when you turn 71?

You don't necessarily have to cash out an RRSP immediately upon retirement. Rather, the CRA has mandated that RRSPs must mature before the end of the year in which you turn age 71. At this time, you can take a lump-sum payment, on which you would have to pay tax at your marginal rate. However, a better alternative is to convert the RRSP to a Registered Retirement Income Fund (RRIF) or a registered annuity, either of which provides you with a series of payments over time and is therefore more tax-efficient.

Additional benefits of RRSPs and RRIFs

Creditor protection: Federal provisions provide creditor protection to all RRSPs and RRIFs, except to contributions made in the last 12 months. This means that, in the event of bankruptcy, these assets are protected, ensuring that retirement savings remain intact. Federal legislation does not override provincial laws dealing with creditor protection, such as the provincial *Insurance Acts* or where full provincial protection is already available.

Estate planning: Settling an estate can be a lengthy and expensive process. If there is a named beneficiary other than the estate, RRSP and RRIF assets are not subject to many of the delays, fees and other costs often associated with estate settlement. Instead, the assets can pass privately and directly to the named beneficiaries.[5]

Choosing what's right for you

This article touches briefly on two sound investment options that may be good choices for an RRSP. Many other options are also available. Speak to your advisor about the RRSP choices that could work best for you and your unique situation. ●

SOMETHING ELSE TO CONSIDER — THE SPOUSAL RRSP

A spousal RRSP is a plan opened in your spouse's[2] name to which you make contributions. The advantage of a spousal RRSP is that it can provide you with opportunities to split income with your spouse before and after retirement to generate tax savings. Tax savings can be realized when the spouse who is in a lower tax bracket takes income from the spousal plan. The net effect is that, collectively, you and your spouse could pay less tax than you would have if only the spouse in the higher tax bracket had taken income.

[4] The maturity date may be earlier where legislation requires.

[5] In Saskatchewan, jointly held property and insurance policies with a named beneficiary are included on the application for probate, despite the fact that these assets do not flow through the estate and are not subject to probate fees. Probate is not applicable in Quebec.

Proven strategies to

improve your finances

THE FUTURE YOU BUILD TODAY IS THE FUTURE YOU'LL ENJOY TOMORROW

Would you feel better knowing you were on track for your retirement and prepared for any emergency? And would it comfort you to know that, if you died unexpectedly, your family would be well taken care of?

Here are some strategies that can help you achieve your financial goals, no matter what your age or income level. They are simple, practical concepts that really work. Now is the time to take control of your finances and prepare for your future.

1 Know where you stand today – start with a budget

Where does the money go? Every good financial plan needs a budget that answers that question. Budgeting can help guide you towards good decisions when it comes to saving, spending and investing. The challenge is to find balance. Balancing a budget means figuring out how to spend less than you make to break the debt cycle.

Action: *Get into the habit of tracking your income and your expenses. This will help you better understand your current financial situation.*

2 Get organized – be prepared for emergencies

Are all your personal and financial documents and information in order? Are your records easy to find? Is your family prepared?

It's important to keep your family's key financial and personal information organized and available, bringing together your personal records, investment statements, insurance policies, wills, powers of attorney and vital medical and legal information. Store everything in a safe and private location and make sure family members know where to find it. Consider keeping an up-to-date list of accounts, contracts and other important documents in a secure location outside your home — for example, in a safety deposit box.

Action: *Ask your advisor for a copy of Manulife Financial's personal and financial organizer, "Get organized," and complete it today.*

3 Protect your family from the unexpected – get adequate insurance

One of the most important things you can do to protect your family is to make sure you have adequate insurance for their needs.

Insurance products ranging from life insurance to protection in case of disability or critical illness are available to suit your requirements and budget. New "combination insurance" combines different types of insurance in one package.

Action: *Ask your advisor which type of insurance might be best for you and your family, given your specific circumstances. Plus, learn about your options and how much insurance you may need by visiting InsureRight.ca*

4 Plan your legacy – create a will and estate plan

Every adult should have a will, but not everyone does. A will, which is usually quick and easy to create with the help of a lawyer, generally sets out:

- Directions for the distribution of assets after your death
- The beneficiaries of the estate
- The executor(s) who will administer your estate
- Guardians for any minor children

Estate planning is the process of structuring your affairs to preserve wealth and plan for the orderly administration and distribution of your remaining assets according to your wishes. Good legal and financial advice can help relieve stress on your family and help your estate pay as little in taxes as possible.

Action: *If you don't have a will, work with a lawyer to create one. Keep your will and estate plan current. Any time you experience a major life change, make sure you update your will so it continues to reflect your intentions.*

5 Reduce what you owe – become debt-free more quickly

Turn your dream of financial freedom into reality:

- Consolidate loans at one low rate

- Pay off debt, focusing on debts with the highest interest rate first
- Pay credit card bills in full each month
- Examine recent credit card bills — what are "needs" vs. "wants"?
- Consider an all-in-one account, which allows you to combine all your loans, savings and income into a single account

Action: *Use the ideas that best suit your personal situation to start actively reducing your debt today.*

6 Invest for the long term – reap the benefits of compound investment returns

When is the best time to start investing? As soon as possible, because the power of compound investment returns can help you achieve your long-term goals. Compound interest and/or compound investment returns arise when profits from an investment are added to the principal, so that from that moment on the profit that has been added also has the potential to earn additional profits.

Keep in mind you should start investing early, make investing a habit and stay invested. Also remember that mutual fund investing provides you with professional money management, diversification, choice, liquidity[1] and convenience.

Action: *Talk to your advisor about the specific investments that can best help you capture the benefits of compound investment returns.*

7 Balance your time horizon and risk tolerance – get asset allocation right

Asset allocation refers to the percentage of money you put in various asset classes, such as stocks, bonds or cash. The right asset allocation mix can potentially lower investment risk and increase returns. So how should you allocate your investments? The two most important considerations are your time horizon and your risk tolerance.

Action: *Discuss your time horizon and risk tolerance with your advisor, and then develop an asset allocation plan that works for you.*

8 Prepare for a long retirement – take advantage of Product Allocation strategies

Is your nest egg large enough to meet your needs, and will it last as long as you live? Can it keep up with the increasing cost of living and endure poor market conditions?

In retirement, you need to shift gears and start drawing an income from your savings. Product Allocation from Manulife™ can help you create a sound retirement income plan. It's a strategy that places your retirement savings into a number of income-generating investment categories, in specific proportions that tap into unique guarantees and features to help achieve sustainable retirement income.

Action: *Before you retire, start thinking about the sources of guaranteed and non-guaranteed income that you expect to receive. As you approach and enter retirement, develop a retirement income plan with your advisor that incorporates Product Allocation.*

[1] Fees may apply.

9 Buy low and sell high – use dollar-cost averaging

"Buy low and sell high" may be the best way to accumulate wealth. But what's the best way to "buy low"? Consider dollar-cost averaging, where you invest a fixed dollar amount on a regular schedule — for example, using the same amount to buy mutual funds every month, regardless of the unit price. When you do this, you buy fewer units when prices are high and more units when prices are low.

Action: *Set up a Pre-Authorized Chequing (PAC) plan to make investing "automatic" and take advantage of dollar-cost averaging.*

10 Pay yourself first – contribute the maximum to retirement plans

Paying yourself first by maximizing retirement contributions ensures that your most important goal receives the funding it deserves. It's a matter of priorities. After you pay yourself first, you can budget for your other expenses.

Employer-sponsored retirement plans are a convenient way to save for retirement. They often offer:

- Pre-tax contributions — contributions are made before taxes offering a reduction in the amount of tax you pay now as well as providing saving opportunities
- Matching contributions — if you work for a company that offers matching contributions, take full advantage of them
- Tax deferral — tax benefits and compound growth make regular contributions grow faster than you might think
- Automated savings — saving regularly through an employer-sponsored pension plan or a Group Registered Retirement Savings Plan (RRSP) is one of the easiest and most convenient ways to save

Whether or not your employer offers a retirement savings plan, or if you're self-employed, your advisor can help you set up a systematic investment program. Your contributions can be automatically deducted from your bank account on a monthly basis.

Action: *Learn about your employer-sponsored retirement plan, if you have one, and maximize your contributions and matching contributions from your company. Talk to your advisor about supplementing these savings, or replacing them if you don't have access to an employer-sponsored retirement plan, with a systematic investment program.*

11 Work with your advisor

According to a recent study, on average, households that have an advisor will have more assets than households that do not have an advisor.[2] Advisors are professionals who focus on building the right plans and combination of products for each of their clients, to reflect their individual goals and needs.

Action: *When financial advice is needed, turning to a professional should be your top priority.*

Implementing these simple strategies can help you achieve your financial goals.

[1] CIRANO Study 2012 – Econometric Models on the Value of Advice of a Financial Advisor,© Claude Montmarquette, Nathalie Viennot-Briot. CIRANO is an inter-university research center bringing together over 190 professor-researchers active in a variety of disciplines. Survey based on feedback received from 3,610 Canadian households. All participants were between the ages of 25 and 65 and had at least $1,000 in financial assets and a household income of less than $250,000.

More income, less risk

With the Manulife Principal Protected Annuity™

Turn your retirement savings into more income that's guaranteed for life, regardless of what happens to interest rates or equity markets. And that's not all. Unlike some annuities, your principal is protected. Any principal[1] not paid as income will go to beneficiaries in the event of premature death.

Incomes* based on a $100,000 deposit:

Age at Purchase	MALE		FEMALE	
	Monthly ($)	Annual Payout %	Monthly ($)	Annual Payout %
65	477.51	5.7	456.70	5.5
70	526.81	6.3	498.11	6.0
75	586.05	7.0	555.98	6.7
80	662.20	7.9	627.14	7.5

Contact your advisor to learn about an annuity that offers more income and less risk.

strong reliable trustworthy forward-thinking

Manulife Investments

For your future™

[1]Principal not already paid is defined as total premium less total payments paid to date. *Annuity incomes as at October 25, 2012. Based on a single life, registered deposit with monthly payments starting one month after purchase. Annual payout percentages represent the sum of 12 monthly income payments divided by the initial premium. The Manufacturers Life Insurance Company is the issuer of all Manulife Annuities. Manulife, Manulife Investments, the Manulife Investments For Your Future logo, Manulife Principal Protected Annuity, the Block Design, the Four Cubes Design, and Strong Reliable Trustworthy Forward-thinking are trademarks of The Manufacturers Life Insurance Company and are used by it, and by its affiliates under license.

A LITTLE ADVICE can go a long way

AN ADVISOR CAN HELP YOU REACH YOUR FINANCIAL GOALS

Determining what your financial goals are, let alone achieving them, can be overwhelming. Seeking support and advice from a professional can go a long way towards helping you define and reach your objectives.

Some people don't seek the advice of an advisor when they make decisions that affect their long-term financial well-being. Why? They may be unaware of all the services and resources these professionals provide.

Let's start by dispelling the myth that advisors are only for rich people. Whatever your net worth, and whether you are just starting out in the workforce or beginning to think seriously about retirement, you can benefit from consulting an advisor.

An advisor begins by completing an analysis of your financial situation. Based on that assessment, the advisor can create a comprehensive plan of action to help you meet your financial goals. A good financial plan will include a review of many things, including life insurance, disability coverage, critical illness protection, wills, estate planning, debt management, investments and retirement savings.

An advisor can only do an effective job if he or she has a complete picture of your finances. You are sharing very confidential information, so the relationship between you and your advisor should be comfortable and trusting. Ideally, it should also be an ongoing one that lasts for many years.

It's also important for you to be realistic about your expectations. Seeking help from an advisor doesn't mean you'll get double-digit investment returns or magically eliminate your debt. A continuing financial review should be part of your lifestyle, just like your annual check-up with your family doctor.

Take a few minutes to meet with your advisor to ensure your financial plan is on track. And if you don't yet have a financial plan, it's never too late to create one.

HOW DO ADVISORS GET PAID?

Your advisor should put in writing how he or she is paid for the services he or she provides. Advisors can be paid in a number of ways:

Commission: In some cases, the suppliers of financial products, such as an insurance company, pay the advisor a commission. In other cases, you pay the commission. For example, if you buy shares of a publicly traded company through your advisor, you pay a commission that is usually a percentage of the amount invested.

Salary: Some advisors work for a company that pays them a salary. The advisor's employer may get its revenues from fees paid by clients, or from commissions paid by clients making a purchase or the suppliers of financial products.

Fee-for-service: Advisors paid on a fee-for-service basis may charge an hourly rate, set a flat rate for a specific service or be paid a fee based on a percentage of your assets or income.

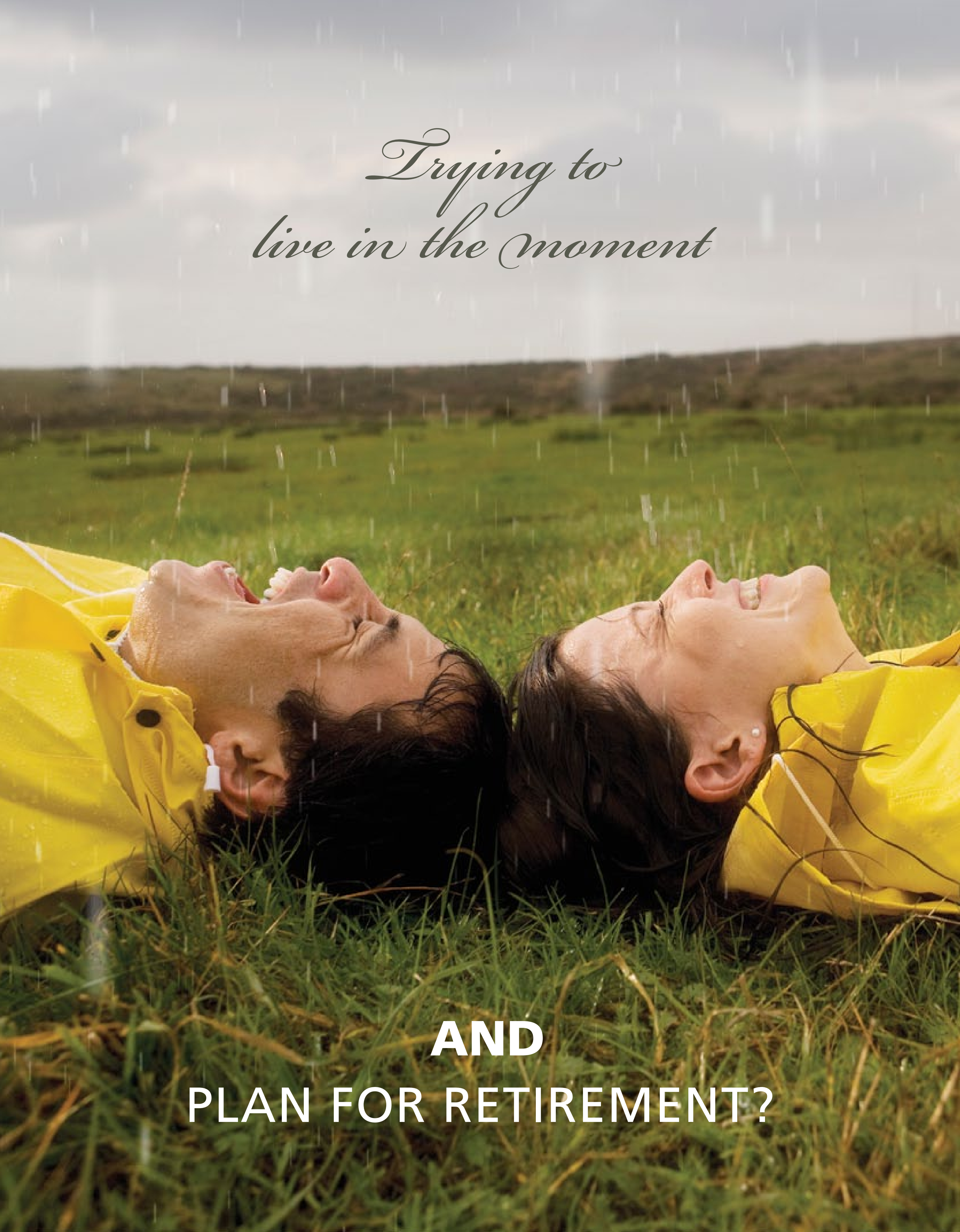
In some cases, an advisor's compensation can be a mix of fees and commissions. You should ask if the advisor or organization receives any benefit other than commissions, such as advertising and promotion subsidies, from suppliers of financial products.

THE VALUE OF ADVICE

(based on a recent survey[1])

- On average, advised households (those with an advisor) will have more assets than non-advised households (those without an advisor), and the longer they have advice, the greater the percentage increase in assets over non-advised households becomes
- A significant number of non-advised households believe they must have more than $50,000 in assets in order for an advisor to work with them
- 71 per cent of advised households got an advisor when they had less than $50,000 in investable assets
- Advised households averaged a 5.9 per cent higher savings rate than non-advised households
- Advised households are more likely to believe they'll be prepared for retirement

[1] CIRANO Study 2012 – Econometric Models on the Value of Advice of a Financial Advisor,© Claude Montmarquette, Nathalie Viennot-Briot. CIRANO is an inter-university research center bringing together over 190 professor-researchers active in a variety of disciplines. Survey based on feedback received from 3,610 Canadian households. All participants were between the ages of 25 and 65 and had at least $1,000 in financial assets and a household income of less than $250,000.


Trying to
live in the moment
AND
PLAN FOR RETIREMENT?

IF YOU'RE IN THE "SANDWICH GENERATION," AN INSURED RETIREMENT PROGRAM MAY HELP

Like many in the Accumulator stage (typically between the ages of 40 and 55), you may be trying to strike a balance between living in the moment and planning for your retirement.

What does this mean? Well, you may need to pay for your children's education or help your aging parents move to a retirement home… or you may have purchased a vacation property. All the while, you're also starting to look to the future and save for your retirement. You're caught in the middle. That's why it's also called the sandwich generation.

There's good news. The Insured Retirement Program was designed to help Accumulators like you. It's a concept that:

- Provides you with life insurance protection
- Creates cash value that grows on a tax-deferred basis
- Provides security for a loan
- Allows you to borrow money tax free
- Uses your policy's life insurance proceeds to repay the loan when you die

Who is it for? Meet Ryan and Sara

Ryan is 46 and Sara is 44. They've been married for 17 years and have two teenage children. Both work full time. Ryan is an engineer and Sara is a nurse. Each year they maximize their RRSP (Registered Retirement Savings Plan) and pension plan contributions. They currently own some term insurance, but worry they don't have enough coverage. They're also concerned because they know that, as time moves on, the cost of getting more insurance will increase. There's even a real possibility they might not be able to get more coverage if their health changes.

The couple's kids — Jason and Megan — are both in high school and they're thinking about university. Ryan and Sara realize they'll soon be empty nesters. They want to make sure they plan now, while they're working, for a secure retirement.

They've been putting additional money into a variety of investments and they're hoping this will go a long way towards helping Jason and Megan with the high cost of university. They figure they only have so many working years left, so they're managing their investments to balance their risk tolerance with their need for growth — but they realize they may need to earn a higher rate of return to get where they want to be. This could mean investments that carry more risk than they're comfortable with.

Their current strategy may be a perilous one because, as the economy recently proved, the market can be volatile.

Another thing Ryan and Sara don't realize is that their plan's success depends on their investment's rate of return — or how much it earns — *and* the fact that any money they earn is taxable. It's a catch-22: the higher the return, the more tax they'll have to pay.

It's the "after-tax" rate of return that ultimately determines how much you'll have for your retirement.

Ryan and Sara have options

Ryan and Sara want to make sure they have a plan that helps them achieve their retirement goals. They have a couple of options:

1. They can continue as they're doing and pay tax on the income earned by their savings.
2. They can invest the funds in an Insured Retirement Program.

The Insured Retirement Program is designed to meet their dual need for life insurance protection now and a healthy retirement income in the future.

Let's take a look at what happens to their money with both options.

Running the numbers

Ryan and Sara plan to set aside $15,000 per year for 15 years. After Sara turns 65, they'll begin withdrawing money each year to supplement their retirement income.

With the Insured Retirement Program, Ryan and Sara invest the same funds and are able to access the same amount of money to supplement their income during retirement. But this strategy *also* helps them create a much higher estate value.

It's easy to see why this is a great solution for Ryan and Sara. They get the best of both worlds — the life insurance protection they need plus a tax-efficient way to save for retirement.

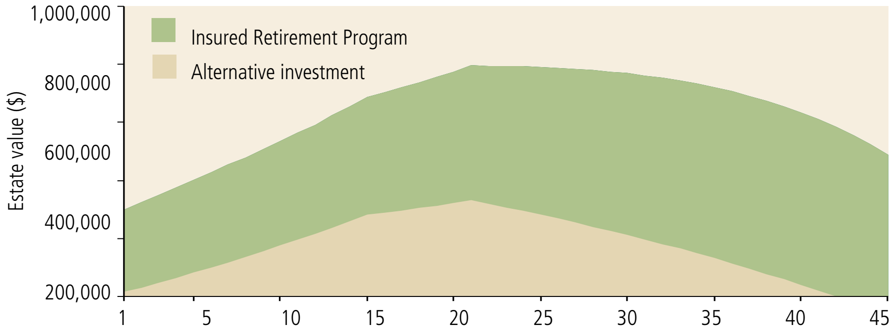
Understanding the Insured Retirement Program

With the Insured Retirement Program, Ryan and Sara purchase an exempt life insurance policy and create cash value by putting more money into the policy than is required to pay the policy charges. When they retire, the policy may be used to secure a line of credit loan from their bank.[1] Ryan and Sara can access the line of credit as needed and receive the borrowed money tax free to supplement their retirement income.

An important benefit of the Insured Retirement Program is that, if done properly, the bank will not require any loan payments of interest and principal until Ryan and Sara die. When they do, their estate uses the proceeds of the life insurance policy to repay the line of credit. Any money left over goes to their beneficiaries.

It seems simple, doesn't it? With the Insured Retirement Program,

Building estate value



The assumptions used for this illustration are not guaranteed. A change in assumptions will impact the benefits available under the Insured Retirement Program. Whole life insurance pricing is based on joint last-to-die coverage for male (age 46) and female (age 44) non-smokers.

Here's a summary of the assumptions and data:

	Insured Retirement Program	Taxable investment
Annual deposit (for 15 years)	$15,000	$15,000
Annual after-tax withdrawal (beginning after Sara turns 65)	$20,440	$20,440
Insurance illustration rate/ investment rate of return	Current less 1%	5%
Marginal tax rate	45%	45%
Bank loan rate	6%	n/a
Death benefit at life expectancy	$1,590,345	$0
Loan balance at life expectancy	$1,100,991	$0
NET ESTATE VALUE	**$489,354**	**$0**

you have the permanent life insurance you need to protect you now plus access to tax-free money during your retirement years.

Is the Insured Retirement Program right for you?

The Insured Retirement Program isn't right for everyone. It may be right for you if you are:

- Living in Canada and paying taxes
- Healthy
- Between the ages of 30 and 55
- Able to maximize your RRSP and pension contributions and still have extra funds available to invest
- Okay with long-term planning strategies
- Not afraid of debt

Talk to your advisor

If you're ready to plan for your retirement, but still want to live for today, find out how the Insured Retirement Program can work for you. Talk to your advisor for more information.

[1] The ability to secure a loan is subject to credit approval by the financial institution and having an insurance policy does not guarantee loan approval.

Should I contribute to a TFSA, RRSP, or both?

With the availability of Tax-Free Savings Accounts (TFSAs), does it still make sense to contribute to a Registered Retirement Savings Plan (RRSP)? Determining which plan, or combination of plans, is best depends on your personal situation and your objectives.

The tax assistance provided by a TFSA is, in many ways, the opposite of that provided through RRSPs:

- RRSP contributions are tax-deductible, with both the contributions and the investment earnings taxable upon withdrawal. Withdrawals are included in income and affect eligibility for federal income-tested benefits and tax credits
- TFSA contributions are made from after-tax income, with both the contributions and the investment earnings exempt from tax upon withdrawal. Withdrawals will not affect eligibility for federal income-tested benefits and tax credits

Generally, an RRSP is used for saving for retirement, while a TFSA can be used for both saving for retirement and other shorter-term needs. Because TFSA withdrawals are added back to your available TFSA contribution room in the following calendar year, there is very little downside to using TFSA savings for mid-sized to large purchases.

If you are in a low tax bracket, saving in a TFSA may be more advantageous than saving in an RRSP, since TFSA withdrawals have no impact on federal income-tested benefits and tax credits such as child tax benefits and Old Age Security. If you are in a high tax bracket, you will probably consider using both types of plan. RRSPs may be a better option if your tax rate at the time you contribute is higher than when you withdraw your savings. You'll benefit from a tax deduction when you make your contribution and withdrawals will be taxed at your lower future rate. If the reverse is true, a TFSA can provide better results.

Whether to save in a TFSA, an RRSP or both may depend on your savings needs, your eligibility for income-tested benefits and your current and expected future financial situation and income level. Anyone saving outside an RRSP should consider contributing to a TFSA first.

Talk to your advisor

Your advisor can help you determine the amount you need to save to achieve your goals and the most appropriate investments for your risk tolerance. He or she can also help you take advantage of the tax-advantaged investment strategies that are available to Canadian investors of all ages.

Comparison of savings options

	Non-registered	RRSP	TFSA
Annual contribution limit	Unlimited	Yes – based on earned income	Yes – no earnings requirement
Legislated minimum age to contribute	No	No	Yes – age 18
Legislated maximum age to contribute	No	Yes – end of year you turn age 71	No
Carry-forward of unused room	n/a	Yes	Yes
Tax-deductible contribution	No	Yes	No
Monthly penalty on excess contributions	n/a	Yes – on excess at month end	Yes – on highest excess during month[1]
Tax-deferred/tax-free investment growth	No	Yes – tax-deferred	Yes – tax-free
Taxable on withdrawal	Taxable disposition	Fully taxable	Tax-free – except for growth after death if spouse not successor holder
Withdrawals added to contribution room	n/a	No	Yes – but not until the following calendar year[2]
Withdrawals impact federal income-tested benefits and tax credits	Yes	Yes	No
Interest deductible on loan to invest	Yes	No	No
Available for use as collateral for a loan[3]	Yes	No	Yes
Tax-deferred/tax-free transfer to spouse[4] on death	Yes	Yes	Yes – if successor holder or value at date of death
Tax-deferred/tax-free transfer to second generation on death	No	No – fully taxable unless financially dependent	Yes – investment income after date of death is taxable
Loss denied on transfer-in-kind to plan	Yes	Yes	Yes

[1] Any income attributed to deliberate over-contributions will be taxed at 100 per cent.

[2] The withdrawal of amounts in respect of deliberate over-contributions, prohibited investments, non-qualified investments, asset transfer transactions and income related to those amounts does not create additional TFSA contribution room.

[3] You should be fully aware of the risks and benefits associated with investment loans since losses as well as gains may be magnified.

[4] Includes a spouse or common-law partner as defined by the *Income Tax Act* (Canada).

EXERCISE YOUR BRAIN!

Solutions (from page 39)

Easy

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

Puzzle by websudoku.com

Medium

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

Puzzle by websudoku.com


Lighten
your
spirits

MINIMIZE THE STRESS IN YOUR LIFE

The days are shorter. The skies are stormier. The roads are slushier. Add to that the crush of holiday commitments and winter can be a stressful time of year.

Yet taking steps to minimize stress in your life can keep you healthier — specifically, helping to protect you from heart disease, mental illness and possibly even Alzheimer's. If you have diabetes, it can help you control your blood sugar levels.[1] So it's worth considering how to ease tension today and over the long term.

Here are some strategies you may want to try.

Beat stress today

Step outside

Bundle up, head out the front door and brave the bracing temperatures. Focus on physical sensations — toes wriggling inside boots, cozy hands tucked into mittens, a snowflake on your nose. Let the fresh air energize you. On a sunny day, soak in the calming light. On a snowy day, throw a few snowballs to let out steam. Also, think about visiting a local park. Surrounding yourself with nature has been shown to boost serotonin levels, reduce pain and speed up recovery from illness.

Get active

Physical exercise can be an excellent stress-buster, so walk, run, skate, ski, dance and enjoy the rush. Why does it work? Research cited by the American Psychological Association suggests that physically active people are less likely to suffer from anxiety or depression than sedentary people because their bodies have more of an opportunity to practice dealing with stress. For bonus points, get active with a good friend and add in the stress-relieving benefits of positive social interaction.

Seek higher ground

When you're in the thick of a stressful situation, it's hard to see the forest for the trees. Visit a local lookout to get perspective. Study the scene in detail — the scrubby brush in the foreground, the clouds in the sky, the hills on the horizon. Then take a few minutes to photograph or sketch the landscape so you can bring home a visual reminder. You'll be able to refer to that image, and more easily imagine yourself back at the lookout, when the pressures of daily life press in.

[1] www.hc-sc.gc.ca/hl-vs/iyh-vsv/life-vie/stress-eng.php

Start laughing

Laughter really can be the best medicine. A good laugh stimulates circulation, helps muscles relax and boosts the production of endorphins. Over the long run, it can improve your immune system, relieve pain and make it easier to cope with tough circumstances. So see a funny movie, get tickets to a comedy show or hang out with a friend who makes you giggle. Looking for the humour in situations you encounter is also a good way to defuse stress.

Breathe deeply

Babies breathe from their abdomens, not their chests, but many people unlearn this skill as they grow up. Put your hand on your abdomen and take a few calm, deep, slow breaths, watching your hand move in and out. Maximize the stress-beating effect by throwing in the scent of essential oils or a steaming cup of herbal tea. Keep in mind that deep breathing can have a positive effect on your heart, brain, digestion and immune system too — so there are lots of side benefits.

Beat stress long-term

Break your routine

Routines can be comforting — but they can also make you feel trapped. Set yourself free by taking up a new, creative, hands-on hobby like pottery or baking. Or acquire the basics of a new language in preparation for your next trip to a foreign country. Learning can boost your confidence and activate new mental pathways that help you come up with fresh approaches to problems. It may also keep your mind sharp and improve your memory. For inspiration, check out continuing education calendars from local schools.

Clear the clutter

Somewhere in the back of your mind, are you wondering when you'll have time to sort through old newspapers and magazines, piles of paperwork or any of the other things that seem to multiply on their own in our houses? Even hidden out of sight in cupboards, drawers and attics, disorder can be distracting and increase stress. So the task of clearing the clutter isn't too overwhelming, tackle one room at a time, organizing and streamlining as you go.

Meditate or write in a journal

Meditation can give you a sense of inner calm. In addition, researchers from the Massachusetts Institute of Technology (MIT) and Harvard have proposed that, by teaching you how to control certain brain waves called alpha rhythms, it can help you manage how you react to what's going on around you. Meanwhile, journaling can help you think through solutions to challenging situations. You'll likely find that the very act of writing down your thoughts often clarifies them.

Stay healthy

Get enough sleep and eat sensibly. Sleep deprivation, even over the short term, has been shown to boost both blood pressure and levels of stress hormones. It also affects the immune system, making it more likely that you will get sick — and illness can be another source of stress. When it comes to your diet, try to cut back on the usual suspects — caffeine, alcohol, sugar and salt. Foods that have been proven to reduce stress, among others, include walnuts, oatmeal, salmon, tea and spinach.

Be kind to yourself

Don't let your stress reduction efforts stress you out! Set realistic, achievable resolutions, and give yourself permission to take the time to follow through. Managing stress is a long-term project — but your commitment has the potential to pay off in better health, a more positive mood and greater enjoyment of life.

ARE YOU STRESSED?

According to Health Canada, you may be over-stressed if you are experiencing:

- Feelings of irritability, sadness or guilt
- Change in sleep patterns
- Change in weight or appetite
- Difficulty in concentrating or making decisions
- Negative thinking
- Loss of interest, enjoyment or energy in something you used to enjoy
- Restlessness

Source: www.hc-sc.gc.ca/hl-vs/iyh-vsv/life-vie/stress-eng.php

FUN & FOOD

Exercise your brain!

Sudoku puzzles are a great daily workout for your brain. They're fun, challenging and addictive — and good for you too! Here are two Sudoku puzzles — one easy and one at a medium level of difficulty.

To solve: 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 on page 35.

Easy

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

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Medium

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

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Turkey Cannelloni

Ingredients

1 small onion, finely diced

4 tbsp (60 ml) butter

3 tbsp (45 ml) flour

1 cup (250 ml) milk

½ cup (120 ml) white wine

1 tsp (5 ml) thyme leaves

5 sage leaves, finely chopped

1/8 tsp (60 ml) grated nutmeg

Salt and pepper to taste

6 fresh lasagna sheets

12 asparagus spears, blanched

1 turkey breast, cooked and sliced

½ cup (120 ml) dried cranberries

2 cups (500 ml) old cheddar cheese, grated

Method

1. Pre-heat oven to 350 F (180 C)
2. In a medium saucepan, sauté the onions in the butter until tender and translucent. Stir in the flour and cook for a minute. Gradually add the milk and wine, whisking throughout to ensure the sauce is smooth and creamy. Add the thyme, sage and nutmeg and adjust seasoning with salt and pepper. Set aside.
3. Bring a large pan of water to simmer over medium-high heat. Soften each lasagna sheet by dipping them one at a time in the water for one minute or less. Place two asparagus spears in the middle of each sheet, divide the turkey, cranberries and half of the cheese among the six sheets and roll.
4. To assemble, place half the sauce on the bottom of an 8" by 12" baking dish. Lay the cannelloni on the sauce, seam side down, top with remaining sauce and cheese. Bake in the pre-heated oven until the top is bubbling and light brown – approximately 20 minutes.

This recipe is reprinted with permission from the Turkey Farmers of Ontario (www.turkeyrecipes.ca).