Solut!ons

Winter Edition 2011/2012

for financial planning • Manulife Investments

FACE RETIREMENT WITH CONFIDENCE

Build a retirement income stream that can last a lifetime

FIND YOUR COMFORT ZONE

Putting risk into perspective is the key to long-term investing success

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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.

Finding the right balance for you

There is no question that it is difficult to be an investor these days. The financial markets have been highly volatile in response to global economic concerns. If you are feeling anxious about your financial plan, this edition of *Solut!ons* provides you with ideas on how to find a balance that's comfortable for you.

In *Financial planning 101 - Face retirement with confidence*, we take an up-close look at an investor who is seeking a secure way to create income for his retirement. As this article reveals, a new guaranteed income solution is now available that can help meet this need.

Market volatility is a big concern for those saving for retirement. In *Find your comfort zone*, you'll learn how to determine your risk tolerance with greater accuracy and gain insight on how to select investments that help control investment risks.

Meanwhile, *The gender divide* provides women with suggestions on how to get more involved in their finances.

For more than 120 years, clients have looked to Manulife for strong, reliable, trustworthy and forward-thinking solutions for their most significant decisions. After reading this edition of *Solut!ons*, I invite you to speak with your advisor to discuss ways to help control the risks associated with investing. When you combine professional advice from your advisor with practical solutions from Manulife, you may be surprised to learn that being prepared financially may be a lot easier than you think.

Sincerely,
J. Roy Firth, Executive Vice President
Individual Wealth Management, Manulife Financial

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FACE RETIREMENT WITH CONFIDENCE

FINANCIAL PLANNING 101

BUILD A RETIREMENT INCOME STREAM THAT CAN LAST A LIFETIME

How will a generation of workers turn a lifetime of savings into a reliable income stream? Gone are the days when the majority could rely on their company's defined benefit pension plan for guaranteed income to last their lifetime. In fact, only one in four working Canadians has access to a defined benefit pension plan[1]. Today, most Canadians save for retirement through personal savings and other types of investment plans and are left on their own to deal with the financial risks they might face throughout retirement.

In the following story we learn how financial planning can help someone plan for his retirement years through a combination of current savings, future savings and investment products that are designed to provide guaranteed income for life.

David is looking forward to his retirement, but wonders if he is saving enough. He lives a comfortable life and over the years, he has put aside some savings.

However, David recently met up with Tom, his older cousin. On the verge of retirement, Tom had mentioned how glad he was that he worked for a company that still offers a defined benefit pension plan, because it will provide him with a retirement income he can count on.

"I don't envy people without them. What's happened in the stock market over the last couple of years, it has a lot of people stressed. After all, when it comes to retiring, you're pretty much on your own these days. I've got a lot of friends without pensions and they're all pretty concerned, and I'm glad I don't have to worry about that," Tom said.

After his conversation with Tom, David scheduled an appointment with Ron, his advisor, to see where he stands.

Client overview:

WHO: David, age 50, single

HIS FINANCIAL GOALS: Retire at 65, without having to be too concerned about money; ensure his savings will adequately pay for his day-to-day expenses, with enough left over so he can enjoy his retirement

THE PLAN: Work with an advisor and discuss investment options that will help him attain his financial goals

CURRENT MONTHLY NET INCOME: $5,600

ASSETS: House, $400,000

SAVINGS: Non-registered account $25,000; RRSP $200,000; TFSA $10,500

LIABILITIES: Mortgage $50,000; Secured line of credit $10,000; Credit card $1,200

MONTHLY EXPENSES: Mortgage $1,300; Household expenses $800; Property tax $300; Car loan $360; Credit card $350; Miscellaneous $500

TOTAL MONTHLY EXPENSES: $3,610

TOTAL FREE CASH FLOW: $1,990

For illustrative purposes only. This is a fictional scenario.

[1] Source: Statistics Canada, Pension Plans in Canada and Labour Force Survey, April 2009

During their meeting, David tells Ron that he has three issues he wants to discuss. He wants to:

1. Ensure he can cover his day-to-day expenses when he retires.
2. Estimate how long of a retirement he should plan for.
3. Have enough money to pursue his hobbies and interests.

FORTUNATELY, THERE ARE SOME NEW PRODUCTS AVAILABLE IN CANADA THAT CAN PROVIDE RETIREES WITH GUARANTEED INCOME FOR LIFE.

THE ESSENTIALS COME FIRST

Firstly, David wants to ensure he can cover his essential monthly expenses in retirement. He expects to be mortgage-free in a few years and, based on his current expenses, Ron estimates that David's monthly costs will be roughly $2,500 a month, or $30,000 a year when he turns 65. This means he will need approximately $33,000 of income before tax.

Ron then estimates that when David retires, if he has no gaps in his employment record and a good salary, he will receive approximately $1,400 a month, or $17,000 a year, from the Canada Pension Plan (CPP) and Old Age Security (OAS).

"We need to build a plan to cover the difference between your fixed monthly expenses and your government benefits – which, according to my calculations, is approximately $16,000 a year," Ron states.

"That's what I'm most concerned about," David confirms. "Tom's pension is enough to ensure that all his fixed monthly costs are covered, so he never has to worry. Knowing what I'll get from government plans, is there a way to make sure I can cover the gap – that other $16,000 – and have that peace of mind?"

"I am confident there is a way to do that. We also have to plan for some discretionary money. But let's focus first on covering your monthly expenses with a dependable income that you can count on – we don't want to take any chances with this. Once we have a strategy to pay these essential costs, we can plan to grow your other savings so you can have some fun in retirement, too," Ron replies.

Ron goes on to ask, "Could you invest an extra $1,000 per month? If so, we can take half of your current RRSP savings, or $100,000, and $500 per month of your new contributions to cover your fixed expenses."

Considering this, David answers, "I think I could manage that. But, we're going to put it in something secure, right – like a GIC? It's my heat and electricity we're talking about after all."

"I understand your concern. Yes, we could invest that money into Guaranteed Investment Certificates (GICs). However, with the low interest rates today, we could earn a guaranteed rate of return of approximately 2.5 per cent. With a $100,000 deposit, plus your $500 per month, and interest over the next 15 years, you will accumulate just over $250,000 by the time you retire. Assuming interest rates stay the same, this solution will provide you with approximately $6,500 of interest income per year, which is a long way from the $16,000 you need."

As David ponders this outcome, Ron continues. "The only way to get a GIC to cover that income gap is to take the additional amount from the principal. If you do that, you will risk depleting your savings and jeopardize the likelihood the money will last throughout your retirement."

Ron shows David that using the GIC to cover the full income gap of $16,000 means he'll run out of money by age 84.

HOW LONG WILL I LIVE?

David shifts in his chair, and says, "What are the chances of me living that long anyway?"

"Actually, life expectancy is getting better all the time," Ron replies. "Statistically, there is a 57 per cent chance a healthy 65 year old male will live to age 84, and a 17 per cent chance he will live to age 95."[2]

"That's why I want to try another approach. A better than 50 per cent chance of living beyond age 84 is significant enough. We'll want to account and plan for that. Fortunately, there are some new products available in Canada that can provide retirees with guaranteed income for life. They're

[2] Source: Annuity 2000 Mortality Table, Society of Actuaries

THE SOONER YOU MAKE THE INVESTMENT – AND THE LONGER YOU LEAVE IT ALONE AND REFRAIN FROM TAKING INCOME – THE LARGER THE AMOUNT OF RETIREMENT INCOME THAT WILL BE MADE AVAILABLE TO YOU WHEN YOU RETIRE.

a great supplement to existing government pensions, and I believe they're really what you're looking for. Let me run some numbers."

THE SOLUTION: GUARANTEED INCOME FOR LIFE

A minute later Ron turns to David and says, "I've got another solution for you. If we take that same $100,000 and your $500 per month and invest it in the latest generation of retirement income products, you can generate the approximately $16,000 you need and it will be guaranteed to last as long as you live."

"But what's the catch? You say this approach will pay me the $16,000 a year and it's guaranteed for life – this option must entail higher risk," David responds.

"Actually, this product has been designed specifically to provide the kind of benefits that retirees are looking for to supplement other retirement income sources. There's no set interest rate, but you do get guaranteed lifetime income.[3] Plus, it is a conservative investment. For people in your shoes, it's a great solution to consider," replies Ron.

Ron continues, "With this type of investment, you'll get a dependable stream of income that you can rely on for as long as you live, the flexibility to choose when you begin taking income, and the ability to withdraw all of your money if an emergency comes up."[4]

"That sounds like it could be a great solution to cover my expenses, but should I invest now or wait until I'm closer to retirement?" David asks.

"These products have been designed to help Canadians prepare

[3] Certain conditions apply
[4] Fees may apply

for retirement well ahead of time. In fact, because of the way the product works, you'll actually have a higher income available to you the earlier you invest. In other words, the sooner you make the investment – and the longer you leave it alone and refrain from taking income – the larger the amount of retirement income that will be made available to you when you retire," Ron says.

"It can be an ideal way to make sure that you have enough money to cover your retirement expenses, and you don't need to invest in more volatile equities to meet your objectives. Best of all, it's guaranteed for life."

"This sounds great. It's nice to know I won't need all of my savings just to cover my expenses. What about the remaining savings in the RRSP and the other $500 per month?" David asks.

"You have another 15 years to go before your retire. Let's continue investing that money in a well-diversified portfolio of mutual funds to help it grow."

"OK, that sounds good, Ron. Thanks for your help with this."

David is now looking forward to his retirement with confidence. Because he expressed his concerns to his advisor, Ron was able to develop a plan to cover David's essential expenses and leave money for his interests and hobbies. With his concerns behind him, David can focus more on what he hopes to do with all the free time he will enjoy someday.

SPEAK WITH YOUR ADVISOR

If you have questions about how you are going to pay for your retirement years, please speak with your advisor. He or she can provide you with the help you need to ensure you are financially ready for retirement when the time comes. •

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	499.95	6.0	484.01	5.8
70	551.25	6.6	527.25	6.3
75	622.01	7.5	592.13	7.1
80	716.39	8.6	678.94	8.1

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

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[1]Principal not already paid is defined as total premium less total payments paid to date. *Annuity incomes as at October 14, 2011. 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.

FIND YOUR COMFORT ZONE

PUTTING RISK INTO PERSPECTIVE IS THE KEY TO LONG-TERM INVESTING SUCCESS

There is no question that the global financial markets have been volatile over the last few years. For many investors, there is increasing frustration in the wake of the 2008 financial crisis as the markets continue to fluctuate based on the news of the day. This may have led some investors to consider parking their money in their bank accounts.

Some investors can tolerate larger swings in market value when it comes to their retirement savings, while others may feel frustrated and concerned that they will not achieve the objectives of their financial plan. If you fall into the second group, there are a number of factors to consider when reviewing your financial plan with your advisor to help ensure you are comfortable with the level of risk in your investments.

WHAT'S YOUR TOLERANCE FOR RISK?

Global financial markets were relatively stable during much of the 1990s and, after a significant sell-off late in the decade, returned to growth for the early part of the millennium. Since 2008, however, global markets have remained volatile, giving many investors pause. Some may now be re-evaluating their tolerance for risk as they have become less comfortable with their exposure to certain types of investments.

Understanding the significance of reducing the impact of volatility is important. Table 1 illustrates the cumulative returns necessary to break even when an investment loses value. As you can see, it can take a considerable amount of time to recover from an investment loss. This chart may provide insight into your own tolerance for risk that you can discuss with your advisor.

Table 1: Amount of time to recover from an investment loss

Initial investment: $100,000				Years needed to break even at these rates of return			
If investment is down…(%)	Current value ($)	Amount needed to break even ($)	Return needed to break even (%)	2%	6%	10%	12%
10	90,000	10,000	11.1	5.32	1.81	1.11	0.93
20	80,000	20,000	25.0	11.27	3.83	2.34	1.97
30	70,000	30,000	42.9	18.01	6.12	3.74	3.15
40	60,000	40,000	66.7	25.80	8.77	5.36	4.51
50	50,000	50,000	100.0	35.00	11.90	7.27	6.12

For illustration purposes only.

HOW HAVE DIFFERENT ASSET CLASSES PERFORMED OVER TIME?

The Canadian mutual fund universe is split into a number of different asset classes. Table 2 illustrates how a number of them have performed since January 1, 2006. By taking a closer look at the swings in performance during a time period characterized by higher volatility, you can see that not all investment options react in the same way to a given market environment. It's important to note that some categories are much more volatile than others.

STEP 1: UNDERSTAND THE IMPORTANCE OF ASSET ALLOCATION

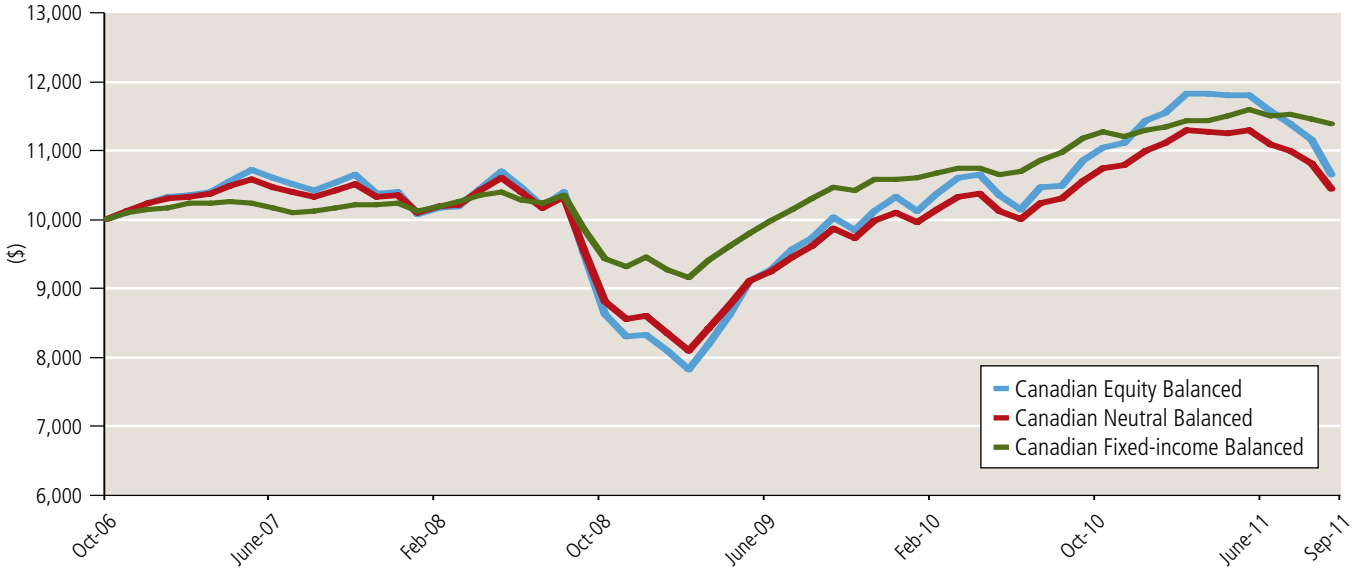
Once you understand your tolerance for risk, it is important to define the appropriate asset allocation. In other words, understand how your savings are currently divided into the various asset classes of mutual funds that invest in stocks, bonds and cash – and discuss this with your advisor. Because it is impossible to predict which asset class will outperform in

Table 2: Returns of various asset classes in volatile markets

Asset class	Annual return 2010 (%)	Annual return 2009 (%)	Annual return 2008 (%)	Annual return 2007 (%)	Annual return 2006 (%)	Five-year annualized return (%)	Five-year standard deviation
Canadian money market	0.24	0.37	2.48	3.59	3.11	1.65	0.44
Canadian fixed-income	5.79	7.42	3.22	2.26	2.86	4.92	3.53
High-yield fixed-income	10.79	27.94	-15.15	-1.81	7.63	5.13	8.73
Global fixed-income	2.87	-0.85	17.30	-4.42	3.81	4.27	8.28
Canadian dividend and income equity	11.90	24.74	-24.08	3.09	12.63	3.31	13.41
Canadian equity	15.00	33.24	-34.63	7.35	15.08	2.91	16.56
Canadian small/mid-cap equity	25.06	48.40	-41.06	7.59	15.11	4.78	20.10
U.S. equity	9.45	11.23	-28.26	-8.54	11.55	-2.04	14.64
Global equity	6.83	16.36	-29.63	-5.14	17.29	-1.03	14.01
Emerging markets equity	12.79	53.05	-44.65	18.78	32.73	5.45	20.11

Source: Morningstar as of July 31, 2011. Past performance is no guarantee of future returns.

Chart 1: Lowering risk can have its rewards – Growth of $10,000 over five years



Source: Morningstar Direct as at September 30, 2011. The Canadian Equity Balanced category represents an approximate allocation of 60 per cent equities and 40 per cent fixed-income securities. The Canadian Neutral Balanced category represents an approximate 50 per cent/50 per cent allocation of equities and fixed-income securities. The Canadian Fixed-income Balanced category represents an approximate allocation of 40 per cent equities and 60 per cent fixed-income securities. For illustration purposes only. Past returns are not indicative of future results.

the future, it is a good idea to have exposure to a number of asset classes to help mitigate risk.

How you allocate your assets among asset classes will likely be the most important factor influencing the degree of volatility in your portfolio. As such, it will help you define your potential for capturing steadier, long-term returns.

Chart 1 illustrates how asset allocation can help lower volatility during periods of market turmoil. By increasing your allocation to fixed-income investments, you have the potential to weather market risk over short time periods without giving up on returns over the longer term.

STEP 2: FIND THE RIGHT MANAGERS FOR THE JOB

The next step is to determine which mutual fund managers you want within each asset class. This can be challenging as there are literally thousands of mutual funds to choose from in Canada.

Your advisor can help you select the funds that are the best fit for your portfolio and execute an investment strategy designed to handle market volatility. He or she will assess the risk of an individual fund through a number of statistical measures that include standard deviation, beta and the upside/downside capture ratio, as well as by comparing a mutual fund's relative performance to other mutual funds in the same category.

Depending on your objectives, the goal may be to find a mutual fund that enjoys a track record of strong risk-adjusted returns. Your advisor can then discuss the findings with you, explain the rationale for his or her recommendations and populate your portfolio with the best candidates for the job.

THERE ARE A NUMBER OF FACTORS TO CONSIDER WHEN REVIEWING YOUR FINANCIAL PLAN WITH YOUR ADVISOR TO HELP ENSURE YOU ARE COMFORTABLE WITH THE LEVEL OF RISK IN YOUR INVESTMENTS.

SPEAK WITH YOUR ADVISOR

When it comes to investing for your retirement, volatile markets can challenge both your patience and your willingness to stick to your financial plan. If you find yourself questioning your tolerance for risk, it's time to speak with your advisor.

Your advisor can help you by allocating your assets in a way that is appropriate for your unique circumstances, including your tolerance for risk and your investment objectives. •

DEFINITIONS THAT CAN HELP

Here are a few terms you may come across when speaking with your advisor about investment risk.

Risk-adjusted return

The risk-adjusted return takes a closer look at an investment's return by measuring how much risk is involved in producing that return. Risk-adjusted returns can be applied to individual securities and investment funds.

Upside/downside capture ratio

The upside/downside capture ratio shows you whether a given fund has outperformed – gained more or lost less than – a broad market benchmark during periods of market strength and weakness and, if it has, by how much.

Standard deviation

Standard deviation is a statistical measurement that sheds light on historical volatility. A larger number indicates how much the return on the fund is deviating from the mean return over time.

Beta

Beta is a measure of the volatility of a portfolio in comparison to the market as a whole. For example, a beta of one indicates that the security's price moved with the market. A beta of less than one means that the security was less volatile than the market. A beta of more than one indicates that the security's price was more volatile than the market.

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Stop wishing for good returns. Go with proven results.

Five of the Manulife funds managed by Mawer Investment Management Ltd. received a 4-star Overall Morningstar Rating™. These results can be attributed to Mawer's disciplined approach, which focuses on growing capital while managing risk. Leave the wishful thinking to others.

Contact your advisor or visit **manulifemutualfunds.ca**

		Rate of Return (%)				
Overall Morningstar Rating™ (as of October 31, 2011)		1 yr	3 yr	5 yr	10 yr	Since Inception
★★★★	**Manulife Canadian Investment Class**	**2.8**	**10.0**	**-**	**-**	**2.3 (June 2008)**
	S&P/TSX Total Return	-0.8	11.1	-	-	-
★★★★	**Manulife Diversified Investment Fund**	**1.4**	**7.0**	**-**	**-**	**2.6 (June 2008)**
	60% MSCI World ($Cdn)/40% Barcap Multiverse ($Cdn)	0.5	3.6	-	-	-
★★★★	**Manulife Global Small Cap Fund**	**2.7**	**17.5**	**-**	**-**	**7.5 (June 2008)**
	Global Small/Mid Cap Equity Category Avg.	-6.8	7.8	-	-	-
★★★★	**Manulife World Investment Class**	**-5.5**	**7.5**	**-2.5**	**-**	**-1.2 (Aug 2006)**
	MSCI EAFE ($Cdn)	-6.4	2.7	-4.7	-	-
★★★★	**Manulife Tax-Managed Growth Fund**	**-2.1**	**5.3**	**-0.4**	**1.6**	**1.1 (Aug 2001)**
	MSCI World ($Cdn)	-0.7	3.5	-3.4	-0.2	-

Source: Morningstar Direct as of October 31, 2011

Manulife Mutual Funds

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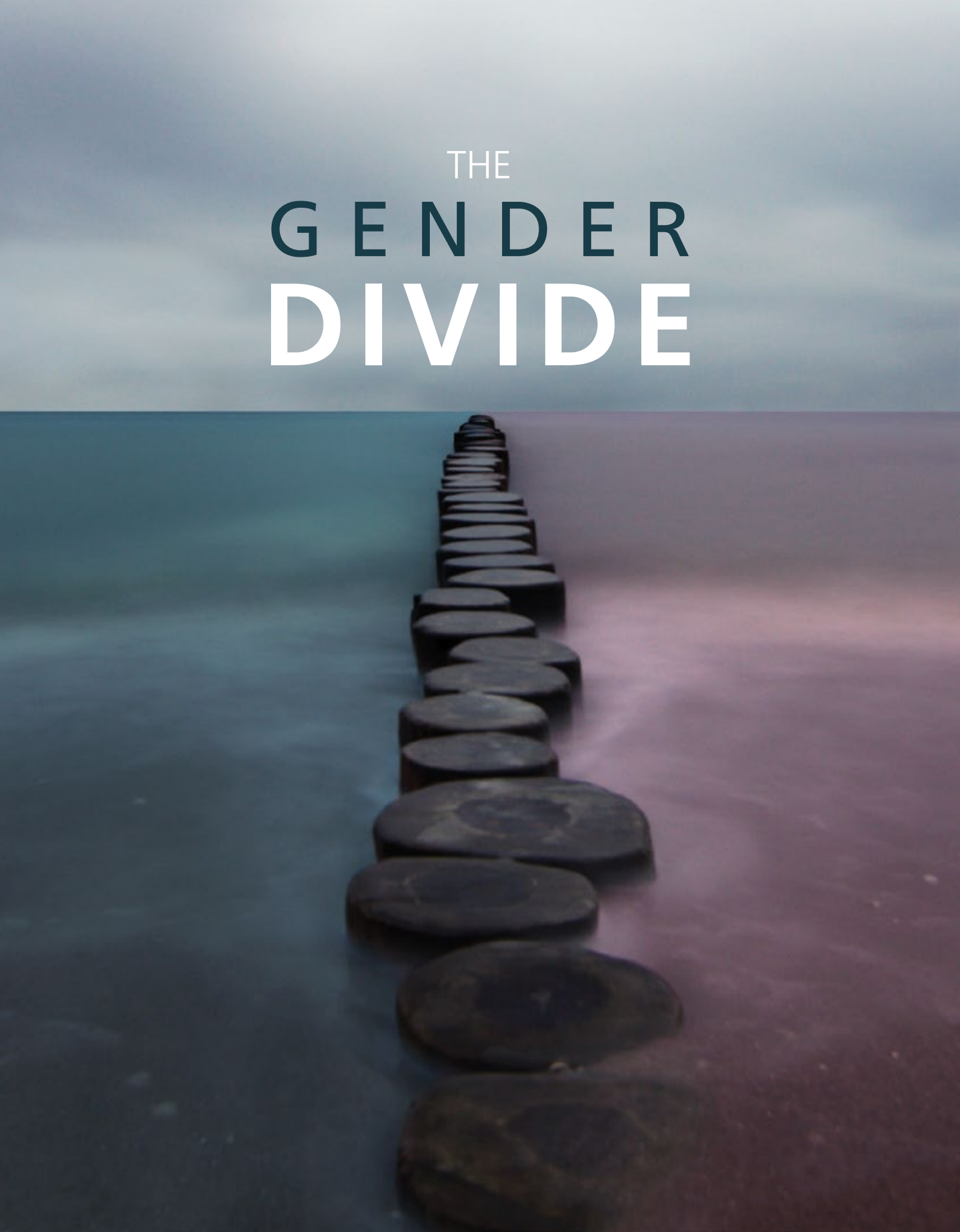
The Overall Morningstar Rating™, commonly referred to as the Star Rating, relates how a fund has performed on a risk-adjusted basis against its category peers. Morningstar calculates risk-adjusted return by adjusting total return for sales loads, the risk-free rate, and risk. Please refer to www.morningstar.ca for greater detail on the calculation of the Star Ratings. Funds are ranked by their Morningstar Risk-Adjusted Return scores with the top 10 and 22.5 percent receiving 5 and 4 stars respectively. The Star Ratings are as of October 31, 2011 and are subject to change every month. The Star Ratings for the Funds shown and the number of funds within their categories for each period are: Manulife Canadian Investment Class, within the Canadian Equity category: 1-year period, (5, 336), 3-year period, (4, 248); Manulife Diversified Investment Fund, within the Global Equity Balanced category: 1-year period, (5, 476), 3-year period, (4, 380); Manulife Global Small Cap Fund, within the Global Small/Mid Cap Equity category: 1-year period, (4, 103), 3-year period, (4, 93); Manulife World Investment Class, within the International Equity category: 1-year period, (4, 287), 3-year period, (5, 207), 5-year period, (4, 134); Manulife Tax-Managed Growth Fund, within the Global Equity category: 1-year period, (3, 753), 3-year period, (3, 603), 5-year period, (4, 325), 10-year period, (4, 132). © 2011 Morningstar Research Inc. All Rights Reserved. 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 as of October 31, 2011 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. 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.

THE GENDER DIVIDE



EXPLORING THE UNIQUE CHALLENGES FACING WOMEN INVESTORS

According to a survey about women's purchasing power, women control household purchases five times more than their partners do and are involved in nearly 90 per cent of household purchasing decisions. They drive purchase timing, do more pre-purchase research, make more decisions about brands and then, more times than not, make the actual purchase.[1]

However, some women are reluctant to become more involved in making financial planning decisions. When it comes to investing, 20 per cent would prefer to let their partner take charge and 40 per cent would rather leave things to their advisor.[1] Greater involvement in decision-making is critical because women face a number of challenges men don't.

THE WAGE GAP

More women than men in the workforce hold a university degree,[2] and there's no question women have greater access to high-paying professions than they did even a couple of decades ago. Nevertheless, women who work full-time and year round continue to earn about $0.83 for every dollar men earn. The gap is narrowing, but it is nonetheless, still a significant gap.[3]

Earning less means less opportunity to save for retirement and at least partly explains why single women age 65 and older are managing on an average income of $29,500, compared to single men age 65 or older who enjoy an average income of $37,500.[4]

CAREGIVING

Women spend an average of almost five hours a day on "unpaid work," including housework and caring for children – that's over one hour more than men. The difference in childcare responsibilities is particularly dramatic. Women who have children under age four spend an average of over six hours caring for them, compared to over three hours for men.[5]

As both women and men enter the "sandwich generation," when they must often take on caregiving duties for parents as well, it's likely the burden will fall more heavily on women. The demands of raising children and assisting aging parents may mean that women must take more time off work than men – which further reduces their lifetime income and chance to build retirement savings.

LONGEVITY

A woman born between 2000 and 2002 has a life expectancy at birth of 82 years. That's a full five years more than a man born in the same years. The gap is slightly wider if you were born between 1960 and 1962, when life expectancy at birth was 74 for a woman and 68 for a man.[6]

Greater longevity means that women may need to sustain an income in post-retirement for several more years than men. Compounded by the wage gap and caregiving issues noted above, women's pension plans are usually significantly less than their spouse's, if they have one at all. Greater longevity also means that many widowed women may not have the benefit of their husband's pension to help support them. Furthermore, if they have a low tolerance for investment risk, women may not invest in asset classes that provide sufficient growth to exceed inflation and enable them to maintain their lifestyle – for life.

CONCERNED ABOUT TODAY, NOT TOMORROW

According to the same survey, despite the challenges that may lurk down the road, many women are more concerned about the financial needs of today than laying the groundwork for a financially secure tomorrow. When asked what their biggest financial concern was at the moment, 22 per cent said paying down credit card debt and 15 per cent said paying for current necessities. Investing in their RRSP came in well down the list, at just three per cent.[1]

Interestingly, women tend to be much more confident when it comes to making banking decisions – the choices that affect their day-to-day, immediate lives – than they are at making investment or insurance decisions. The same survey found that 61 per cent of women say they feel educated enough to make their own banking decisions, compared to 21 per cent and 40 per cent who say the same about investment and insurance decisions, respectively.[1]

Probably because they are uncertain about which long-term decisions are right for them, 63 per cent are very or somewhat worried that they will not have enough money saved for their retirement[1] – and, as we've already seen, women need to plan well in advance to compensate for the wage gap, their longevity and the caregiving responsibilities that takes them away from paid work.

GOOD ADVICE HELPS

The good news is that advice from a trusted professional can help women achieve their saving, investing, insurance and overall financial planning goals. Let's look at an example of how an advisor was able to help one woman, Elizabeth, who found herself widowed at age 52 and unsure about what steps to take financially.

When she turned 50, Elizabeth felt she had it all. Her son and daughter were both off at university. Her husband, Derek, had just been promoted to vice-president of sales at his company and she was running a thriving catering business. Soon after, however, her world fell apart. Derek was diagnosed with cancer, and they both took time away from work to see him through treatment.

GREATER LONGEVITY MEANS THAT WOMEN MAY NEED TO SUSTAIN AN INCOME IN POST-RETIREMENT FOR SEVERAL MORE YEARS THAN MEN. COMPOUNDED BY THE WAGE GAP AND CAREGIVING ISSUES NOTED ABOVE, WOMEN'S PENSION PLANS ARE USUALLY SIGNIFICANTLY LESS THAN THEIR SPOUSE'S.

Then Elizabeth's widowed mother fell, broke her hip and had to be moved into a long-term care facility. By the time Elizabeth turned 52, Derek had passed away.

A few months later, her children persuaded her to talk to an advisor when she admitted she wasn't sure how to make the most of her savings now that she was easing back into

work. After interviewing with three different advisors, Elizabeth booked an appointment with her new advisor, Ramona, who came up with four concrete recommendations:

1. Create a customized investment strategy that allocates her savings across many different asset classes for diversification and growth potential – this would help maximize the money she committed to setting aside each month.
2. Create a comprehensive insurance strategy, including critical illness and disability insurance – this would help protect her net worth from future unexpected events affecting her health.
3. Use a mix of products with and without guarantees as she approaches retirement – this would help ensure that her income would be sustainable for life even though she could no longer count on her husband's pension.
4. Create estate planning solutions that would help minimize taxes and maximize her bequests – this would help make sure her children were well provided for in the future.

The most important thing Ramona gave Elizabeth, starting in that first meeting and continuing over many years as they built a strong professional relationship, was confidence. Elizabeth was now able to see beyond the short term and implement strategies that would support her long-term objectives. And she was now much more comfortable that she would be able to overcome any financial challenges that came her way, armed with a sound financial plan.

TALK TO YOUR ADVISOR

Your advisor understands the unique challenges facing women investors and has the expertise to help you plan to make the most of opportunities while managing risk. Whether you're married, widowed or single, make sure you build a good relationship with an advisor who can provide solutions tailored to your specific needs. •

[1] Her Report. Why focus on women? Exploring women's purchasing power. Survey of 867 women across English Canada in October 2010.

[2] www.statcan.gc.ca/pub/75-001-x/2011001/charts-graphiques/11394/cg00c-eng.htm

[3] *Why has the gender wage gap narrowed?*, The Daily, Statistics Canada, 2010-12-20

[4] www.statcan.gc.ca/pub/89-503-x/2010001/article/11388-eng.htm

[5] www.statcan.gc.ca/daily-quotidien/110712/dq110712b-eng.htm

[6] www40.statcan.ca/l01/cst01/HEALTH26-eng.htm

Now that you have your retirement nest egg, how can you maximize your income and help to ensure it will take care of you for life?

If you've begun to think seriously about retirement, no doubt you've dreamed of a number of scenarios: travel, time with the family... but there are also questions you need to consider. Will your savings take care of you for life? Will they keep up with the increasing cost of living? Can your investments endure poor market conditions?

Product Allocation from Manulife can help you take action. To find out how this can work for you, contact your advisor or visit us at **helpmysavingslast.ca**

Manulife Financial

For your future™

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Is borrowing to invest right for you?

INVESTMENT LEVERAGE CAN BE A POWERFUL WEALTH-BUILDING STRATEGY

As the sun sets on a cool winter day, Marcia and her husband Andrew look across their backyard with a deep sense of satisfaction. Turning towards each other, they clink wine glasses. They're celebrating because they've just returned from an appointment at the bank where they made their last mortgage payment.

"I can't believe we're finally mortgage-free," Marcia says.

"Better than that – we basically used the bank's money to buy an investment that's worth three times what it was when we bought it 20 years ago," Andrew replies. "It almost feels like we got away with something!"

Marcia smiles at him. "You know, it's funny you should say that. I met Carla for coffee last week and she told me all about another way we could use the bank's money to improve our financial situation. It's a strategy her advisor recommended and it seems to be working out really well for her."

"Your sister always seems to be one step ahead when it comes to money," Andrew says. "OK – I'll bite. What's the strategy?"

"It's called investment leverage – basically, it's borrowing to invest," Marcia answers. "Maybe we should talk to Robert about it the next time we see him."

"Borrowing to invest sounds a bit risky but, sure, let's set up a meeting," Andrew says. "After all, there's no question borrowing to invest in a house paid off for us."

HOW INVESTMENT LEVERAGE WORKS

Despite its complicated name, investment leverage is quite a simple concept, and it's something anyone who has ever had a mortgage can relate to.

When most people buy houses, they take out a mortgage and gradually pay it down while the value of the home hopefully rises. In the end, the mortgage is paid off and, with any luck, the home continues to appreciate in value. Similarly, with investment leverage, people take out a loan and make monthly interest payments while the value of the investment they purchase with the loan proceeds hopefully rises. In the end, the loan is paid off and the investment continues to have the potential to appreciate in value.

Investment leverage has two major benefits:

- Compound returns – an investment loan allows a larger amount to grow for longer, which can generate a much larger long-term return
- Interest deductibility – interest charged on an investment loan is generally tax-deductible, which may reduce the cost of the loan

That said, it's important to understand this strategy has risks associated with it. While investment leverage can magnify your investment returns, it can also magnify your investment losses. That's because it allows you to invest a larger sum of money – but no matter what happens you have to keep up with interest payments and eventually repay the loan.

EXPLORING THE PROS AND CONS

A couple of weeks after they celebrate paying off their mortgage, Marcia and Andrew meet with their advisor, Robert. They ask him if investment leverage might be right for them.

"Investment leverage can be a powerful wealth-building strategy," he tells them. "Let me walk you through an example that will show you what it could do for you."

Robert presents them with two scenarios. He knows now that they're mortgage-free, Marcia and Andrew

plan to shift their focus to saving for retirement. So he starts by explaining how a traditional investment strategy could play out for them.

"Let's assume you make a lump-sum deposit towards your retirement savings at the end of each year for 10 years and you earn an annual return of seven per cent. You deposit a total of $36,045 into your account and end up with $46,507[1] in after-tax money to use as retirement income," Robert says. "Not a bad result."

Then he shows them what could happen with investment leverage.

"Alternatively, you could borrow $100,000 at an average interest rate of five per cent and invest that money right away," Robert continues. "After tax deductions, your interest payments over 10 years will exactly match the $36,045 you could have set aside in savings. If you earn the same annual return of seven per cent, you could end up with $82,208[2] in after-tax money to use as retirement income."

"A much better result," says Andrew. "And you said that's based on our paying exactly the same amount, either in deposits to our investment account or interest on the loan?"

"That's right," says Robert. "But what you have to keep in mind is that this example assumes your investment grows at a rate of seven per cent each year. If it dropped in value, the investment leverage strategy would magnify your losses. That's why the concept of a 'break-even' return is so important. In the example I just gave you, the break-even return for the investment leverage strategy would be 3.73 per cent. In other words, as long as you earned a minimum of 3.73 per cent each year, you would be better off borrowing to invest."

"So, if we decide to go with this strategy, we would have to choose investments that are very likely to produce more than the break-even return, and very unlikely to produce less than the break-even return?" asks Marcia.

"That's exactly right," says Robert. "I can also help you choose the right type of loan. For example, some loans require you to put some of your own money up – much like a down payment on a mortgage. Then you can borrow twice as much (a 2:1 loan) or even three times as much (a 3:1 loan). A type of loan that is even more popular with many of my clients is a 100 per cent loan. In that case, the financial institution lends you 100 per cent of the value of the investment."

Robert wraps up their discussion by explaining that investment leverage allows more money to start working for them right away in their choice of investments – and is very similar to the concept of home ownership with a mortgage. Marcia and Andrew leave the meeting with a lot to think about.

That evening, bundled up in sweaters and sipping tea on their deck, they agree that investment leverage might help them achieve their retirement goals, just as their mortgage enabled them to achieve their home ownership goals. •

TALK TO YOUR ADVISOR

Discuss these questions with your advisor to help determine if investment leverage is right for you:

- Do I have a specific financial goal in mind?
- For how long am I planning to invest?
- How much other debt am I carrying?
- How stable is my income?
- What is my tolerance for risk?

[1] Assumptions: Taxable portion of fund return is 25 per cent, tax rate on income allocations from funds is 25 per cent, and marginal tax rate is 40 per cent. All assumptions are for illustration purposes only. Results will vary slightly in Quebec.

[2] Assumptions: Loan interest is 100 per cent deductible, taxable portion of fund return is 25 per cent, tax rate on income allocations from funds is 25 per cent, and marginal tax rate is 40 per cent. All assumptions are for illustration purposes only. Results will vary slightly in Quebec.

Borrowing to invest may be appropriate only for investors with higher risk tolerance. You should be fully aware of the risks and benefits associated with investment loans since losses as well as gains may be magnified. Preferred candidates are those willing to invest for the long term and not averse to increased risk. The value of your investment will vary and is not guaranteed however you must meet your loan and income tax obligations and repay the loan in full. Please ensure you read the terms of your loan agreement and the investment details for important information. Manulife Bank of Canada solely acts in the capacity of lender and loan administrator and does not provide investment advice of any nature to individuals or advisors. The dealer and advisor are responsible for determining the appropriateness of investments for their clients and informing them of the risks associated with borrowing to invest.

The best time to start saving for the future is today.

However, it can be difficult to find the money to get your investment plan started. We can help.

A Manulife Bank Quick Loan[1] can give your investment plan the jump-start it needs to help you achieve your dreams sooner. A Quick Loan offers:

- 100% financing of up to $100,000
- No margin calls due to market volatility
- A competitive variable interest rate
- Interest-only payments

A Manulife Bank Quick Loan may be just what you need to get your investment plan started. Talk to your Financial Advisor today or visit us at manulifebank.ca.

Manulife Bank

For your future™

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BECAUSE
LIFE
HAPPENS

YOU CAN'T PREDICT THE FUTURE BUT YOU CAN PROTECT IT

John and Christa, both 34 years old and parents of five-year-old Jack, live a life typical of many middle-income Canadian families. They earn an adequate income and have a mortgage and other debts, including a line of credit. They meet their debt obligations, manage to contribute to their RRSPs and take a nice summer and winter vacation each year. But recently they had what they can only describe to their advisor, Amanda, as "a huge wake-up call."

A few months ago their best friend, Ian, was seriously injured in a car accident. He can't work right now and faces months of physiotherapy. Ian's wife's paycheque and benefits from Ian's long term disability employee benefit plan is the only regular income coming in. They've had to dip into their retirement savings to help make ends meet. Thank goodness they have family and friends to help around the house, help with Ian's appointments and with their two young children.

SHOULD JOHN AND CHRISTA BE WORRIED?

"Amanda, John and I wanted to meet with you to talk about our insurance coverage," says Christa. "To be honest, given that both of us have benefits through work, we've always assumed that if something happened to John or me, or both of us, the mortgage and other bills would be covered – that is until we saw what happened to our friends. To know that it wouldn't take much to put us in the same financial position is a big worry and it's causing a lot of sleepless nights."

"You and John are right to be concerned," says Amanda. "Let's face it, life happens and every day we face risks that could forever change our lives. Yet, while we can't predict the future, we can plan for it."

Amanda continues, "I've taken a look at your file and there's a solution I think could work well to give you that extra layer of protection you need. It's combination insurance and it includes a separate disability insurance policy, a critical illness insurance policy and a life insurance policy bundled into one plan. The advantages of bundling these policies are that there's one application to fill out, one simple underwriting process, one amount to pay and one plan to manage. Best of all, it can be a more affordable alternative to owning three, stand-alone products – an important consideration for your budget."

THE RISK IS REAL[1]

Before age 65, here's the likelihood of a 34-year-old male who is a non-smoker:

- Becoming critically ill: **28.2 per cent**
- Becoming disabled: **36.4 per cent**
- Dying prematurely: **7.6 per cent**
- Becoming critically ill, disabled or dying prematurely: **61.4 per cent**

A UNIQUE INSURANCE SOLUTION

Amanda shows John and Christa the unique combination insurance design:

DISABILITY INSURANCE

- Protection to age 65[2] if you can't work in your regular occupation because of illness or injury
- Waiting period of 90 days (or 180 days if your income is less than $15,000)
- Payments waived if you are on claim for a disability

CRITICAL ILLNESS INSURANCE

Critical illness insurance to age 65[2] for 22 covered conditions, plus:

- An early intervention benefit for the early stages of some cancers and for coronary angioplasty
- No waiting period for most covered conditions means fast access to the benefit so recovery can begin as soon as possible
- Access to an online integrated health information and resource centre and a world-class medical second-opinion service

LIFE INSURANCE BENEFIT

- Term life insurance to age 65[2]

OPTIONAL COVERAGE

- Term insurance rider for additional life insurance protection
- Term life and critical illness insurance protection riders for children up to age 25

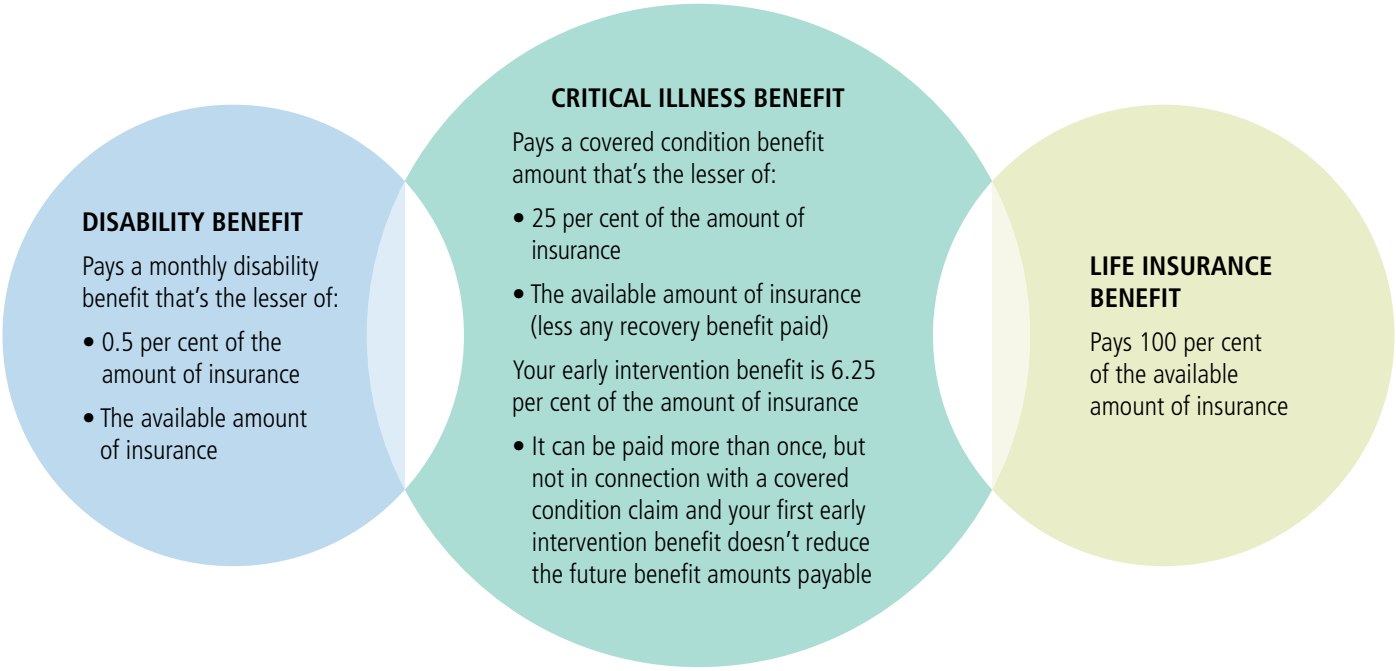
PAYMENT OPTIONS

- Level cost to age 65
- 10-year renewable cost to age 65

INNOVATIVE POOL OF MONEY CONCEPT

"At the core of the combination insurance design is an innovative pool of money concept," says Amanda. "This approach provides different benefits compared to owning three stand-alone products, but that's exactly the point. By using the pool of money concept, combination insurance can provide protection at an affordable price. Here's how it works:"

1. You can buy a minimum of $100,000 and up to a maximum of $500,000 of insurance.
2. The amount of insurance you buy creates a pool of money called your available amount of insurance.
3. Whenever a benefit is paid, your available amount of insurance is reduced by that amount.
4. You can access your available amount of insurance in three ways:



"Let me show you a simple example to help illustrate how the pool of money concept works," says Amanda.

Ryan, 32, has bought his first home and decides to buy $250,000 of combination insurance. Here's what Ryan's plan looks like prior to any claims:

Available amount of insurance: $250,000

Available monthly disability benefit $250,000 x 0.5% = **$1,250**
Available covered condition benefit $250,000 x 25% = **$62,500**
Available life insurance benefit $250,000 x 100% = **$250,000**

Nine years later Ryan is injured, can't work and claims a monthly benefit on his combination insurance disability policy. The costs for his plan are waived while he's on claim.

Over the course of his time off work, Ryan receives $15,000 in disability benefits. Here's what his available benefits look like after his claim:

Available amount of insurance: $235,000

Available monthly disability benefit $250,000 x 0.5% = **$1,250**
Available covered condition benefit $250,000 x 25% = **$62,500**
Available life insurance benefit $235,000 x 100% = **$235,000**

A FORWARD-THINKING PLAN

John and Christa like what Amanda has shown them, but John has a concern.

"I think combination insurance is definitely worth considering," he says, "but I'm worried about the coverage ending when I'm 65."

Amanda explains, "Combination insurance is designed primarily to protect families during their working years. What's great about this plan is that if you don't receive a critical illness covered condition benefit, you have the option to purchase a permanent insurance policy with any remaining available amount of insurance – without medical underwriting!"[3] She adds, "And if you purchase the term insurance rider, that coverage is fully convertible to permanent insurance up to age 65. It truly is a forward-thinking solution."

Following another meeting with Amanda, John and Christa each decide to purchase a $200,000 combination insurance plan. They're sleeping better these days, knowing they have additional financial protection to help cushion the blow should life happen. •

[1] Information is for illustrative purposes only and is intended to show the relative risks of different life events. The percentages are based on a mixture of incidence rates from studies of both the insured and general population, which do not necessarily represent the same critical illness covered conditions or definitions of disability and critical illness conditions as contained in the combination insurance disability policy and the critical illness policy and are not necessarily representative for any given insured person. Factors that may contribute to an individual's risk of critical illness, disability or death include family history, lifestyle and environment.

Data sources:

- Mortality probability based on the Canadian Institute of Actuaries' CIA9704 gender and smoker distinct mortality tables.
- Disability probability based on the 1985 Commissioner's Individual Disability Table A gender distinct incidence tables for Occupation class 2A, 90 day waiting period.
- Critical illness probability based on combined incidence rates for Cancer ("New cases for ICD-03 primary sites of cancer: 2002-2007") and the Heart and Stroke Foundation of Canada ("The Growing Burden of Heart Disease and Stroke in Canada, 2003").

The probability of dying, becoming critically ill or disabled before age 65 was determined by projecting claims experience to age 65 using these incidence rates and determining the probability of at least one event occurring. The probability of at least one event occurring is less than the sum of the probabilities for all three events, as individuals may incur multiple events.

[2] Your combination insurance solution offers protection until your available amount of insurance is zero, or to age 65, whichever is first.

[3] Available provided you have not received a critical illness covered condition benefit and is limited to the remaining amount of insurance. Also subject to minimum issue limits for the product you choose.

TAX CORNER

NOW THAT WE HAVE PENSION INCOME SPLITTING, ARE SPOUSAL RRSPs A THING OF THE PAST?

At first glance, it would appear that spousal Registered Retirement Savings Plans (spousal[1] RRSPs) are no longer needed because the pension income splitting rules allow couples to split their income anyway once their Registered Retirement Savings Plans (RRSPs) become Registered Retirement Income Funds (RRIFs). Nevertheless, there are a few situations in which spousal RRSPs can offer some advantages.

INCOME SPLITTING AT ANY AGE

Under the pension income splitting rules, you must be at least age 65 to split income and you must convert your RRSP into a RRIF. Regular RRSP withdrawals do not qualify for pension income splitting. However, with spousal RRSPs, you can split income anytime that the attribution rules don't apply. If a spousal contribution hasn't been made in the current year or the two previous calendar years, any withdrawals from the RRSP will be taxed to your spouse.

Because the attribution rules use calendar years, it is usually best to make spousal contributions within the calendar year, instead of during the first 60 days of the following year. For example, if a spousal contribution is made in February 2012 for the 2011 tax year, the income attribution will cease to apply on January 1, 2015 (provided no further spousal contributions are made). However, if the contribution were to be made before December 31, 2011, the attribution would cease to apply on January 1, 2014.

If you are making contributions regularly, another strategy would be to wait until you have three years' worth of RRSP room and then make the full contribution all at once and deduct it over the next three years. At the end of the three-year income attribution period, your spouse could make a withdrawal without attribution being applied. The following year, you could make another lump-sum deposit that maximizes all of your unused RRSP room. Because the attribution rules are applied based on when the contribution was made, not

[1] The terms spouse and spousal also include a common-law partner as these terms are defined in the *Income Tax Act* (Canada).

deducted, this provides you with a decision window every three years – to withdraw or to contribute. The only downside to this strategy is the lost investment gains because of the delayed contributions.

NOT RESTRICTED TO 50 PER CENT

After age 65, you can split up to 50 per cent of your RRIF income with your spouse. With spousal RRSPs, you determine the amount of income to split by deciding how much to contribute to the spousal RRSP.

BENEFIT FROM HAVING A YOUNGER SPOUSE

If you have a younger spouse, you can continue to contribute to the spousal RRSP until the end of the year your spouse turns 71, provided that you still have RRSP room. Also, with a younger spouse, the income from those RRSP contributions can be delayed until the year after your spouse's 71st birthday.

TAKE ADVANTAGE OF UNUSED ROOM AT DEATH

If you have unused RRSP room at the time of your death and you have a spouse who wasn't age 71 in the previous year, your executor could reduce the taxes in the estate by making a contribution to a spousal RRSP.

TAKE ACTION

As you can see, there are several reasons to continue to use spousal RRSPs. The disadvantage, of course, is that a spousal contribution becomes the property of your spouse. With pension income splitting, no assets are transferred. You and your spouse just file a joint election each year. This also means that you can choose on a yearly basis whether or not income splitting makes sense. •

EXERCISE YOUR BRAIN!

Solutions (from page 35)

Easy

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

Puzzle by websudoku.com

Medium

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

Puzzle by websudoku.com

Individuals should consult with their tax advisor.

WARM UP YOUR WINTER

WINTER FUN IN CANADA

Canada winter activities will help you enjoy the Canadian winter. Yes, temperatures can be sub-zero, and yes, there is snow, but that's half the fun.

From the unusual, like dog-sledding to the more traditional winter activities, such as skiing and skating, winter is a great time to visit Canada, especially for the adventurous. Also, Canada boasts some of the world's best and biggest winter festivals.

Try one of these 10 ways to enjoy the Canadian winter and you won't believe how good a mug of hot chocolate or glass of mulled red wine tastes afterwards.

1. VISIT ONE OF CANADA'S FAMOUS SKI RESORTS

Whistler Blackcomb ski resort in British Columbia and site of the nordic events of the 2010 Winter Olympics; Banff & Lake Louise outside of Calgary, Alberta; and Mont-Tremblant, 90 minutes north of Montreal in Quebec, are the three most famous ski destinations in Canada, though there are many more. These resorts are excellent by any standard – long runs, sharp drop offs, and spectacular scenery plus a range of activities, such as heliskiing and glacier skiing.

2. STAY IN THE QUEBEC ICE HOTEL, JUST OUTSIDE QUEBEC CITY

The ultimate winter experience! The Quebec Ice Hotel is spectacular to behold and one of the most unique visitor experiences in the world. The cathedral-like hotel is carved entirely of ice, including the furniture and even ice candelabras hanging from the 18 foot ceilings.

Quebec Ice Hotel is rebuilt each year, opening its doors from January to the beginning of April. The walls are four feet thick and insulate the hotel to a crisp but comfortable 28° to 23° Fahrenheit (-2° to –5° Celsius). Visitors may choose to just pass through for a tour and a drink at the ice bar or stay overnight.

3. TAKE THE KIDS TO QUÉBEC WINTER CARNIVAL, QUEBEC CITY

The habitants of New France, now Québec, had a rowdy tradition of getting together just before Lent to eat, drink and be merry.

Today, the Québec Winter Carnival is the biggest winter carnival in the world and is celebrated annually at the end of January until mid-February. The event is staged largely for families to enjoy and they come out in droves to embrace and celebrate the cold. Aside from accommodation, a trip to Québec Winter Carnival costs relatively little in that one $10 pass per person gets the holder access to most activities.

4. SKATE THE RIDEAU CANAL, OTTAWA

Every winter, Ottawa's Rideau Canal becomes the The Rideau Canal Skateway and at 7.8 km (just under 5 miles) the world's largest skating rink. Locals and visitors make the most of this frozen roadway in winter, using it both as a means of transportation and form of recreation.

Fast facts:

- Skateway generally opens in January/February when the canal is sufficiently frozen and safe for skaters
- Skate rental and sharpening and boot check are available
- Also available for rent are sleighs in which children can sit and adults can push along the canal

5. VISIT WINTERLUDE, OTTAWA

Canadians celebrate sub-zero temperatures and waist-high snowdrifts by staging great winter festivals, such as Ottawa's Winterlude. For the first three weekends every February, the nation's capital puts on a winter festival that features ice-skating on the world's longest rink, ice sculptures, a snow playground, concerts and more.

6. GO DOGSLEDDING

Dogsledding is one of the more memorable Canadian adventures. Whether you want to spend a few days or weeks in the outback or just try it for an afternoon, dogsledding is an activity available most anywhere in Canada that gets lots of snow.

- *Call of the Wild* is an award-winning, established adventure team that offers dogsledding excursions and year-round adventures
- *Dog Sled Canada* is a resource for finding dogsled outfitters countrywide as well as winter camping and snowshoeing

7. TAKE A WINTER RAIL VACATION, VANCOUVER – CALGARY

Sit back and soak up the majesty of the Canadian Rockies. Rocky Mountaineer offers spectacular Canadian Winter Train Vacations that range from the leisurely to the downright luxurious. Vacations include train travel to/from Vancouver/Calgary, transportation to and between Banff, Jasper, and Lake Louise plus opportunity to explore some of the magnificent scenery and two great Canadian cities.

8. TRY SNOWSHOEING

Once used by trappers and traders traversing the snow-covered terrain, snowshoeing today is mostly a form of winter recreation. Contemporary lightweight snowshoes make this traditional form of winter travel easier - and more fun - than ever.

Snowshoeing is both a wonderful way to explore the great outdoors and an effective and gentle form of exercise. Many ski resorts and winterized lodges provide or rent snowshoes for casual outings, or try a more challenging overnight adventure - maybe stay in an igloo. The truly adventurous may want to go Heli Snowshoeing, where clients are taken to beautiful and remote locations.

9. GO ICE FISHING

Ice fishing is a magnificent way to enjoy the Canadian winter and commune with nature. Not only does Canada offer the necessary climate, but it has a huge array of excellent resorts and lodges that range from basic to luxury. Canada is one of the most popular ice fishing destinations and overall, you'll find the quality of accommodation and hospitality high. Just be smart about choosing your location and be sure you have the degree of comfort you want.

10. ENJOY ONE OF CANADA'S MANY WINTER LIGHT FESTIVALS

Canadians don't hibernate over winter. We create reasons to get out and enjoy the outdoors. One way is with light festivals, which occur across the country.

- Winter Festival of Lights, Niagara Falls
- Christmas Lights across Canada, Ottawa
- Toronto Cavalcade of Lights, Toronto
- Vancouver Festival of Lights, VanDusen Botanical Garden, Vancouver
- Airdrie Festival of Lights, Airdrie (35 km or 22 miles from Calgary)
- The Montreal High Lights Festival includes wining and dining as well as a Celebration of Light festival •

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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 31.

Easy

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

Puzzle by websudoku.com

Medium

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

Puzzle by websudoku.com

Saffron yellow bell pepper soup

Ingredients:

4 large Ontario greenhouse yellow bell peppers, roasted, peeled and seeded
1 tbsp (15 g) butter
1 white onion, diced
¼ cup (65 ml) vegetable oil
1 garlic clove, minced
2 cups (300 ml) chicken stock
1 large carrot, sliced
1 small jalapeno pepper
¼ tsp (3 g) saffron threads
1 cup (250 ml) half-and-half cream
Salt and white pepper to taste

Method:

1. In a large sauce pan, melt the butter over medium heat, then add garlic and onions
2. Saute for 5 minutes
3. Stir in the stock, carrot, roasted Ontario greenhouse yellow bell peppers and jalapeno pepper. Crumble in saffron
4. Bring stock to a boil and reduce heat to a simmer. Cover for 20 minutes or until vegetables are tender
5. Puree in food processor until mixture is smooth. Strain, add cream and season to taste
6. Serve immediately with sprigs of cilantro

This recipe is printed with permission from the Ontario Greenhouse Vegetable Growers.

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