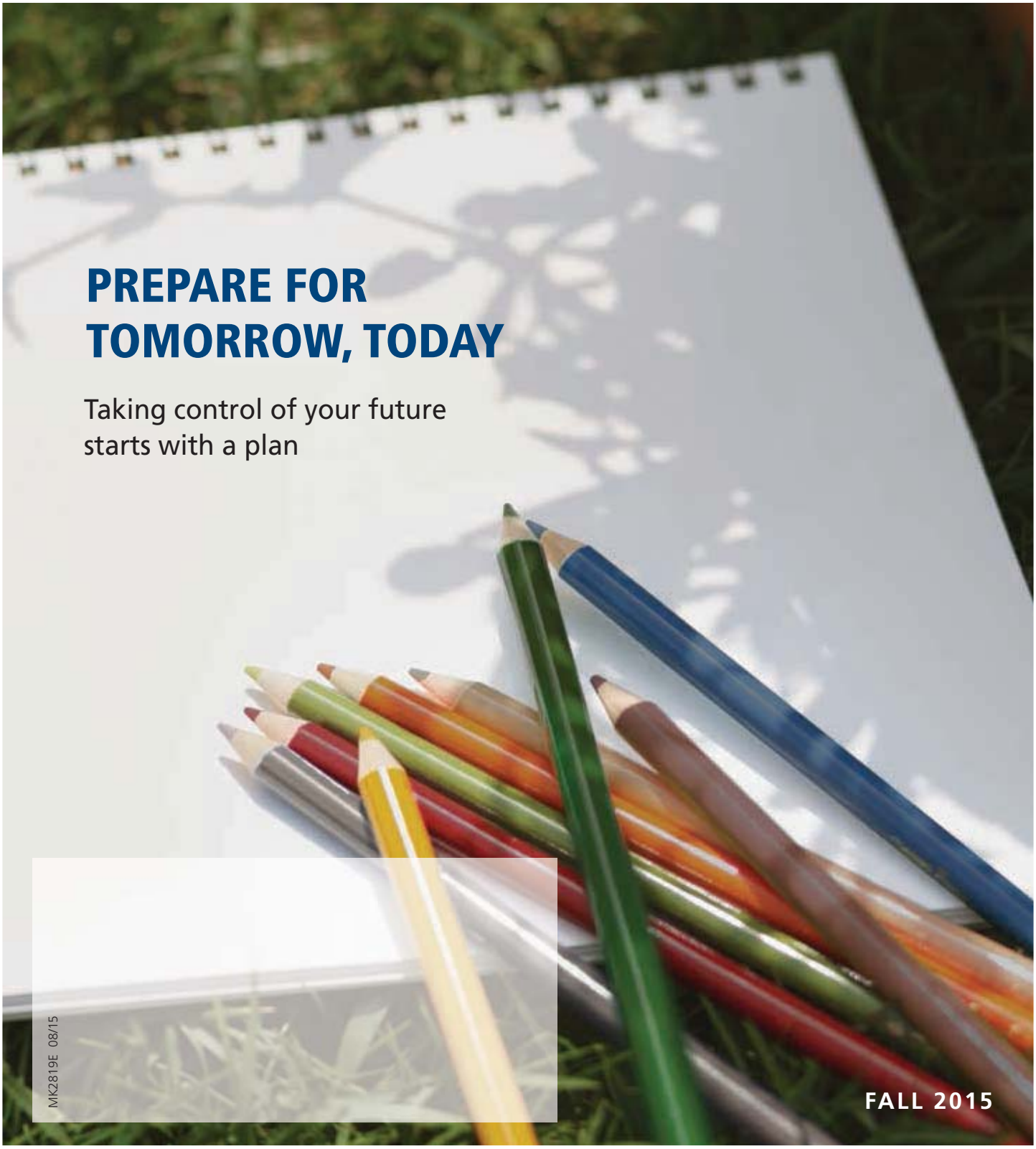
Solutions

FOR FINANCIAL PLANNING



PREPARE FOR TOMORROW, TODAY

Taking control of your future starts with a plan

MK2819E 08/15

FALL 2015


Share your financial
Success story
WE WANT TO HEAR FROM YOU!
Have you...
Reached a financial milestone?
Overcome a setback?
Accomplished a savings goal?
Email us at solutions@manulife.com.
Your story could be featured in an
upcoming edition of Solutions.

TOO BUSY TO WORRY ABOUT RETIREMENT? JOIN THE CLUB.

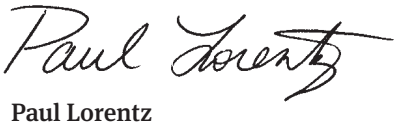
I AM TOO BUSY TO WORRY about retirement. And I am sure, when you think about it, you are too. Like you, I have a lot going on. I have a demanding career, an active family, volunteer commitments, and a regular fitness regimen. All of these are very important to me and come with their own sets of challenges.

I don't want to waste time (or lose sleep) fretting about retirement – so I don't. That may surprise you, because I work for a financial services company. It actually aligns perfectly. What's my secret? It's pretty simple. I have an advisor I trust and a solid financial plan that I diligently follow. That's it. My plan takes into account the lifestyle I want to have in retirement and includes back-up strategies for unexpected financial or personal situations.

I estimate that the time I take to consult my advisor and regularly update my plan saves me countless hours of distraction and stress in my daily life. The Manulife Investor Sentiment Index and other industry studies have shown that having an advisor has a tremendously positive influence on people's peace of mind about their financial position – now and in the future. Also, having an advisor tends to keep individuals on track with their financial goals.

I encourage you to take a few minutes now to browse the contents of this edition of *Solutions* magazine. You will find ideas that may help you build confidence in your future, so you can enjoy living today. Contact your advisor and work on your plan.

Take care,



Paul Lorentz
Executive Vice-President and General Manager
Retail Markets
Manulife



FEATURE

FINANCIAL MATTERS

WHAT'S INSIDE

SOLUTIONS FOR FINANCIAL PLANNING
FALL 2015

IN EVERY ISSUE

Matters of fact

A collection of timely tidbits, fun facts and clever conversation starters.

4,000 HOURS

of sunshine each year – in **Yuma, Arizona, the sunniest place on the planet.** Yuma's population of just under 100,000 almost doubles with the arrival of snowbirds in January, February and March.[1]

240 KPH

Looking for a rush? The world's fastest rollercoaster – the Formula Rossa at Ferrari World Abu Dhabi in the United Arab Emirates – **reaches speeds of 240 kilometres per hour.**[5] How does that compare to Formula One race cars? They can whip around the track at 360 kilometres per hour.[6]

61 DAYS

The growing season in Thompson, Manitoba, **is one of the shortest in Canada,** lasting on average from June 15 to August 16. Compare that to lush Vancouver, where the growing season is 221 days.[2]

5 CENTIMETRES

The next time you brush away a cobweb, consider this: **spider silk is so strong that a band just five centimetres thick could stop a jet in flight.** It may be thinner than a human hair, but it's five times stronger than steel with the same diameter.[3]

FOREVER

Along the Antarctic coast, pebbles are in short supply. Yet the Adélie penguins who live there need pebbles to build their nests. And so a romantic tradition emerged: **a male penguin who is interested in a female penguin will give her a pebble as a token of his affection.** If she accepts the precious gift, the two mate for life.[4]

1,000 TONNES

That's how many diamonds are created on Saturn every year – a planet where, as on Jupiter, it literally rains diamonds. The largest may be a centimetre in diameter.[7] That's big enough for a handsome ring. If Adélie penguins lived there, they could exchange very different – and much more sparkly – engagement presents.

40,000 SEARCHES PER SECOND

The next time you hit "Google Search," imagine 39,999 other people clicking at the same moment. **Google fields an average of more than 40,000 queries per second – that's 3.5 billion queries per day.** You can watch them add up in real time here: www.internetlivestats.com/google-search-statistics. A single search takes 1,000 computers and 0.2 seconds to get an answer. And searchers are creative: 16 to 20 per cent of Google queries have never been asked before.[8]

THE SCENTS OF AUTUMN ARE IN THE AIR

It's long been known that smells can trigger powerful memories. Now it's becoming clear that specific scents can improve mood, memory and even health.

You may want to linger in the kitchen if autumn inspires you to cook with these foods.

APPLE. If you like the smell of green apples, sniffing them may help ease your migraine symptoms – perhaps, suggest researchers, simply because it lifts your mood.[9]

CINNAMON. The smell of cinnamon may focus attention, enhance memory and speed up response times.[10] It may also reduce drivers' frustration and increase their alertness.[11]

OLIVE OIL. Olive oil's nutritional benefits are well known. Recent research has found that its aroma has powerful effects too. Sniffing extra-virgin olive oil makes people feel more satisfied after eating. Furthermore, simply adding olive oil's scent to food cut the number of calories people ate and enhanced their blood sugar response.[12]

ROSEMARY. At the University of Northumbria at Newcastle, 66 people were ushered into either a room scented with rosemary or a room with no scent. When tested on their ability to remember events and to remember to complete a task at a particular time, those in the rosemary-scented room performed better.[13] Hamlet's Ophelia may have been on to something when she said, "There's rosemary, that's for remembrance." ■

Tuck in your vegetable garden before the first frost

In early fall, the threat of frost can strike fear into the most seasoned gardener. A little TLC can extend the growing season and prevent damage to your crops. When frost is in the forecast:[14]

COVER. Use straw, newspapers or cotton sheets to keep crops that are close to the ground (such as cucumbers) cozy overnight. Taller plants (such as tomatoes) can be bundled up under paper or plastic bags. Uncover your plants when the frost dissipates in the morning.

WATER. A steady sprinkle of water starting as temperatures approach freezing and continuing until the ice melts can help tender plants withstand frost. Water actually gives off heat as it freezes, and this can keep your plants from freezing.

HARVEST. Harvesting before frost generally means a longer shelf life. Squash and pumpkins will keep for weeks if picked before the first frost. Green tomatoes will ripen – but only if you beat the frost.

What if frost sneaks up on you and your garden? Some plants, like peppers, probably won't make it, but others, like beans, can be picked and used quickly. Meanwhile, hardier plants such as broccoli, cabbage, cauliflower and Brussels sprouts will happily continue to grow through a light frost. ■

[1] www.visityuma.com/who_we_are.html [2] www.almanac.com/content/frost-chart-canada [3] www.mnn.com/earth-matters/animals/blogs/4-spooky-videos-of-spiders-weaving-webs
[4] blog.nus.edu.sg/lsm1303student2013/2013/04/11/the-enchantingpebble/ [5] www.ferrariworldabudhabi.com/en-gb/attractions/formula-rossa.aspx [6] en.wikipedia.org/wiki/Formula_One
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[13] www.northumbria.ac.uk/about-us/news-events/news/2013/04/rosemary-aroma-may-help-you-remember-to-do-things-1/ [14] lancaster.unl.edu/hort/articles/2008/firstfrost.shtml

Income property 101

Thinking about investing in a rental property? Here are the basics you need to know.

WHEN IT COMES TO REAL ESTATE, Canadians love to own it. Nearly 70 per cent of us own our homes[1] and many also have other properties like cottages and condos. But real estate doesn't have to involve just the places you live and spend time. Investing in it can be a great way to help build your nest egg and keep some income flowing even after you stop working full-time.

While extra income may sound like an enticing prospect, it's important to determine if this type of investing is right for you. Unlike other types of investments, real estate has unique costs and responsibilities that you need to understand before jumping in. Here are a few key points to consider.

Managing costs: When it comes to real estate investing, the key is to stay positive – cash flow positive. Your rental income needs to cover all the expenses for the property: mortgage, property taxes, insurance, maintenance and repairs. You should also plan on spending around one per cent of the property's value on yearly upkeep and miscellaneous costs.

If all those expenses add up to less than your total rental income, then your property is cash flow positive. In other words, your investment is paying you back – a highly coveted state for real estate investors.

[1] Statistics Canada, Homeownership and Shelter Costs in Canada, www12.statcan.gc.ca/nhs-enm/2011/as-sa/99-014-x/99-014-x2011002-eng.cfm (accessed April 2015). Reproduced and distributed on an "as is" basis with the permission of Statistics Canada.

Taxes: Keep in mind that rental income is subject to income tax. However, if your rental expenses are more than your gross rental income, you have a rental loss that you can deduct against your other sources of income.[2] Other deductions include any reasonable expenses you incur to earn rental income, such as mortgage interest, property taxes, insurance, utilities (if they are paid by you), maintenance costs and property management fees. Speak with a tax specialist for advice on what you can claim.

Where it fits in your financial plan: Most people look at real estate as a long-term investment. A property takes time and money to sell (think taxes and fees). Plan to hang on to a real estate investment for at least a decade to ride out any short-term price fluctuations and give yourself time to pay down any debt you have on the property.

Financing: The Canada Mortgage and Housing Corporation (CMHC) has tightened up its mortgage financing rules in recent years: you must have at least 20 per cent to put down on an investment property if you will not be living in it. On a $400,000 property, that's a down payment of $80,000. Lenders also look at your total debt ratio (your monthly expenses divided by total monthly income from all sources, including rentals). Do your research and find a lender whose financing terms work for you. You may want to consider a flexible mortgage that allows you to deposit rental income directly against the principal, potentially allowing you to pay down the mortgage faster.

Being a landlord: You will also need to decide if you have the inclination and time to be a landlord. If something goes wrong, everything from replacing an aging furnace to dealing with a broken water pipe in the middle of the night could be your responsibility. If you're handy, you can do a lot of the maintenance and repairs yourself. Alternatively, you can hire a property management firm to help.

Handling tenants: Keeping cash flow positive depends primarily on a steady flow of rent cheques, so choosing the right tenant is key. Be sure to contact references and conduct a credit check to see if candidates have a good track record of paying on time. Meet potential tenants in person and trust your instincts on whether they're a good fit for your property and for you.

WEB RESOURCES

Real Estate Investment Network
www.reincanada.com/

CMHC rental market information
www.cmhc.ca/en/corp/about/cahoob/data/data_004.cfm

Downloadable rental market statistics
www03.cmhc-schl.gc.ca/catalog/productDetail.cfm?lang=en&cat=124&itm=1&fr=1423675249623

Information on financing options
www.cmhc-schl.gc.ca/en/hoficlincl/moloin/hopr/hopr_007.cfm

GET IT IN WRITING

A written lease outlines the rights and responsibilities of the landlord and tenant. **It should clearly indicate the terms of the agreement** including: names of all tenants, rent, deposits, utilities and who is responsible for maintenance and repairs. In some provinces a lease is required by law.[3]

The right help

Having the right advice, tools and information can make owning investment property a lot easier. Whether it's access to flexible financing or systems for tracking expenses and income, it's wise to explore what kinds of services and accounts are available for managing rental properties. Work with a mortgage broker and real estate agent who specialize in rental properties. ■

Interested in a purchase south of the border? Watch for an article on U.S. investment property in the next edition of Solutions.

[2] There are a number of rules restricting the use of losses relating to real estate rentals. Individuals should speak to their tax advisor about their specific situation.
[3] www.cmhc-schl.gc.ca/en/co/reho/yogureho/fore/replli/replli_003.cfm. Individuals should speak with their legal representative about their specific situation.

Risk and investing

Understand the role risk plays in your portfolio.

IT'S ESSENTIAL TO UNDERSTAND risk in order to plan for your financial future, because risk and returns are intertwined – you can't have one without the other. In general, taking on more risk can provide the opportunity for both greater rewards and greater losses. It's important to note, too, that investment risks go beyond market ups and downs.

Some risks of "low-risk" investments

"Low-risk" doesn't mean "risk-free." Here are two examples of the risks associated with low-risk investments. The first is inflation; if your returns don't keep up with it, the purchasing power of your savings could be reduced even if you don't make any withdrawals. The second is the risk of longevity – the possibility that you could outlive your money if your investment growth does not keep up with what you spend.

Some risks of "high-risk" investments

And how about high-risk investments? Here are two examples of the risks associated with them. One is market risk – the chance that you will lose some or all of your money if the market value drops substantially. Investments outside Canada may also be subject to currency risk. For example, if you invest $100 CDN in a U.S. dollar denominated investment and the U.S. dollar declines by 10 per cent against the Canadian dollar, your investment will be worth $90 even though the U.S. investment value may not have changed.

Speak with your advisor

Risk affects people differently, so it's very important to discuss your personal feelings about risk with your advisor. Together, you can build a portfolio designed to achieve your goals within your comfort zone.

Here are three strategies to help you manage risk, while alleviating the effects of market fluctuations:

1. Dollar-cost averaging: investing a small amount regularly lets you buy at different price points and average out the cost of your investments.

2. Diversification: investing in different asset types (for example, stocks and bonds), industries and countries can help reduce the impact of underperformance in any given category.

3. Keeping pace with life's changes: meeting regularly with your advisor and adjusting your portfolio as you move into different life stages can help keep your investments aligned to your time horizon and tolerance for risk.

Talk to your advisor if you have questions about fluctuations in the value of your investments. It's important that you are comfortable with your portfolio, and that comfort can come from a better understanding of risk. ■

Ease into retirement

Not ready to retire? Think you could use some extra income? Why semi-retirement may be right for you.

AFTER 21 YEARS AS A COMMUNICATIONS PROFESSIONAL in Waterloo, Ontario, Cathy knew it was time to see what else life had to offer. Instead of taking a more traditional retirement route, Cathy made arrangements with her employer that allowed her to ease into the next phase of her life. She formally "retired," but continues to work for her company on a freelance basis.

"I loved my job and wasn't willing to give it up entirely," explains Cathy. "By freelancing, I can continue to use my skills in an environment that I'm comfortable in, while having the flexibility and income to take time off for volunteer work or to travel. It's the best of both worlds."

Cathy isn't alone. The number of Canadian seniors who are delaying retirement has been steadily increasing since the mid-1990s.[1] In January 2015, close to one in four Canadians aged 65 to 69 was still working.[2]

[1] www.carp.ca/2011/11/04/more-canadians-working-longer-into-retirement-years-statscan-says/
[2] Statistics Canada Table 282-0001 – Labour force survey estimates by sex and detailed age group, unadjusted for seasonality, CANSIM (database).

The freedom to choose

Retirement-aged workers are choosing to extend the time they spend on the job for a variety of reasons. Some want to remain mentally stimulated, maintain their social connections or try something new – some are simply not ready to retire.

For others, the reasons are financial. The extra income can help fund travel, support family or boost their retirement savings.

Many options to consider

If you're considering transitioning into retirement, you're more likely to enjoy yourself if you choose a role that's important to you and makes you happy. Get started by asking yourself:

- What type of work do I want to do?
- How much time do I want to spend working?
- Do I want to learn new skills or use a skill I have?
- How much flexibility do I want to have?
- Do I want to work for myself or someone else?
- How much money will I need to earn to do the things I want?

Here are some approaches to consider if you decide that semi-retirement is the right choice for you:

Stay in your job, but work less: Ask your current employer about the potential to work fewer hours or time-share a role with another employee.

Consult or do freelance work: This allows you to lend your expertise to projects on your terms. Your current employer is familiar with your skill set and could be an ideal client.

Work seasonally: Consider jobs like planting flowers for a nursery, ushering at your local stadium or theatre, conducting tours at a local attraction or working in retail during the holiday season.

Monetize your skills: Cooking, sewing, tutoring, cleaning, driving, giving music lessons, doing yard work, fixing things around the house – the services people are willing to pay for are endless. If you have a skill that you enjoy and would like to profit from, let your friends, family and colleagues know.

Volunteer: Giving your time, energy and skills to an association, charity, festival or event is a great way to meet people, develop new interests and give back to your community.

Speak with your advisor

Your advisor can help with the shift from full-time work to semi-retirement. He or she can help you manage your income stream and provide advice on tax efficiency. Turn to page 28 for suggestions on important questions to ask your advisor as you prepare to transition into retirement. ■

EXPERIENCE REQUIRED

Many organizations look for the extensive knowledge and experience a seasoned employee or volunteer can offer. **The following recruitment websites specialize in connecting** retirement-aged workers with willing employers:
www.retiredworker.ca
www.thirdquarter.ca

ASK YOUR ADVISOR

about retirement income solutions that can offer flexibility as you ease into retirement. **Some investment vehicles enable you to lock in a portion of your savings to create a guaranteed stream of income in retirement** – plus keep a portion of your money invested for growth opportunity.

Do you need an estate plan?

From your 20s to your 90s, estate planning is essential at any stage of life.

DO YOU HAVE AN "ESTATE"? It may sound grand, but you probably do. Your estate may include many kinds of assets – such as money, property, a bank account, investments, a car, a house or other possessions. So, if you have an estate, you would be wise to consider the benefits of an estate plan.

Estate planning is an essential part of overall financial planning. It enables you to identify your beneficiaries. It helps you protect your family. It can also reduce taxes. There's no question that it can be uncomfortable to think about mortality. But creating an estate plan can help save extra expenses, extra time and extra pain for loved ones. A well-prepared estate plan can help you leave the lasting, loving legacy you intend.

Important at every age

Estate planning is important whether you're in your 20s, your 90s or anywhere in between. That said, like the rest of your financial plan, your estate plan will shift focus as you move through life.

In your 20s and 30s, your priorities may be to put measures in place to pay debts, taxes and other expenses and to care for your children and spouse or partner. In your 40s and 50s, with more assets accumulated, you may want to ensure that your heirs receive tax-efficient bequests and perhaps allocate funds to help

pay health-related costs for aging parents. In your 60s and beyond, you may want to include provisions for grandchildren (even those yet to be born) and forgive debts from family members.

Changing priorities are the reason it's a good idea to regularly revisit your estate plan with your professional team – a group that may include your lawyer, your accountant and your advisor. Schedule an estate plan review every three to five years, or whenever any of these events occurs (this list is not exhaustive):

- You acquire or dispose of significant assets
- Your tax position changes
- You get married, separated or divorced
- You have or adopt a child
- Your child reaches the age of majority
- You, a child or a parent becomes seriously ill or disabled
- One of your beneficiaries passes away
- Income tax laws change

Answering important questions

Estate planning strives to anticipate a wide range of possible scenarios. It considers what-ifs and helps you plan for them.

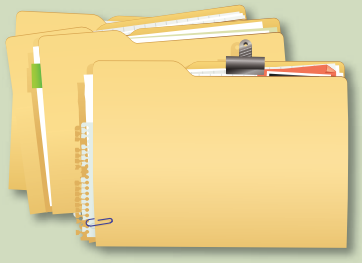
MORE THAN A WILL

An estate plan includes a will – but there's much more to it than that. **A comprehensive estate plan ensures a coordinated strategy** across many tools, such as:

- Will
- Beneficiary designations
- Power of attorney[1] for property
- Power of attorney for personal care
- Life insurance
- Trusts

Engaging experienced professionals to advise you as you develop your estate plan can help to ensure that your stated intentions are clear, consistent and carefully considered. This, in turn, can help to minimize the possibility that someone contests the will and/or other estate planning documents.

[1] In British Columbia, there are different types of powers of attorney, such as a representation agreement and an advance care plan for personal care. In Quebec, the reference is to a mandate.



It also helps answer some significant questions. Here are a few to consider:

- Who will receive your assets?
- Who will pay your debts, taxes and expenses?
- Who will care for your children?
- Who will care for your parents as they age?
- How will you protect your bequests from marital breakdown?
- What happens if you can't make decisions for yourself?

An additional benefit of going through the estate planning process is that it can clarify certain goals in your own mind – such as whether you want to make it a priority to leave a legacy to family or to charity. Then you can work with your advisor to incorporate those goals into your financial plan.

Speak with your advisor

Estate planning is not a do-it-yourself project. Your advisor can connect you with experienced legal and accounting professionals who can help you create an estate plan that is right for you and your family. Your advisor can also explain some of the more complex aspects of estate planning so you can make the best choices for your situation. ■

Helpful steps after a loss

A checklist can help ensure nothing gets forgotten during a difficult time.

AFTER A LOSS, IT CAN BE DIFFICULT to focus on handling a loved one's financial affairs. Yet with the passing of someone close to you, you may find yourself helping to manage the estate. If you are an executor, your role is more defined. If not, you may still be able to assist with these and other important steps.

1. Order copies of the death certificate
A death certificate is often required to settle the estate, collect insurance benefits or stop certain government benefits such as pension payments. The executor will need several copies. You can apply for the death certificate through the funeral home or from the appropriate provincial/territorial office. There is a cost, but it may still be worth ordering a number of copies so they are available when needed.

2. Locate the will and other key documents
The executor may need to apply for probate and is responsible for administering the estate. He or she may also need copies of the deceased's identification and other documents, such as:

- Birth certificate
- Marriage certificate(s) and divorce records
- Passport(s)
- Health card
- Driver's licence
- Social insurance number

The executor will also need a list of assets (including real estate, investments and insurance policies) and debts, as well as the previous year's income tax forms and notice of assessment. Locating these documents is much simpler if your loved one left direction on where to find them (a good practice for everyone).

3. Make a list of important contacts
The executor will need contact information for the loved one's beneficiaries, guardians (for children), advisors, accountants, lawyers, and former and current employers (for pension and benefits plans). Having this information in one convenient list can help make the executor's job easier.

4. Collect correspondence and passwords
Provide the executor with any mail that deals with your loved one's financial affairs. Part of an executor's role is to ensure that this paperwork is handled properly and confidentially. If you have them, you can also share electronic passwords, so the executor can appropriately manage electronic assets and information.

5. Protect against financial fraud
Details that are published in obituaries or on social media can be used to commit fraud. To protect against this, it's important for family members and friends to keep certain information confidential and secure, such as the deceased's birth date, address and mother's maiden name.

If you have questions about your financial situation following a death in the family, speak with your advisor. He or she can help you manage cash flow and other concerns during a difficult time. ■

Considering a move?

Whether you're upsizing, downsizing or simply moving, understanding your options can help you be prepared.

IT'S FUN TO WATCH HOME SHOWS, flip through magazines and even tour the occasional open house. But if you find yourself seriously considering a new home, take the time to think about your motivation before you hang a For Sale sign on your front lawn.

A home is not a short-term purchase, so no matter what is driving your thoughts of moving – work, family, health or simply the desire for a new space – it's important to assess the impact that buying and selling a home could have on your overall financial plan. Here are some questions to ask yourself before making the decision to move.

Is it in the budget?

You may be dreaming of a bright, updated kitchen, or perhaps you'd like more space for a growing family. The first step is to make sure a new home fits into your budget. A mortgage specialist can help you determine how much mortgage you can comfortably afford and what your regular payments will be.

Aside from the mortgage, there are many other expenses to consider. Remember to factor in real estate agent commissions, land transfer taxes, legal fees, property appraisal fees, home inspection fees and the cost of a title inspection. Finally, don't forget moving expenses, service charges for connecting utilities and the ongoing costs of your new home.

Have you done your research?

How much time did you spend researching your last car purchase or even comparing cellphone contracts? A 2014 survey by the Canada

Mortgage and Housing Corporation found that 67 per cent of repeat homebuyers polled chose to stay with their existing lender, yet only 59 per cent "totally agreed" they had a good understanding of the mortgage options available to them.[1]

For such an important purchase, you owe it to yourself to shop around. There's no doubt interest rates are important – but depending on your individual financial situation and goals, the type of mortgage you choose could help you save even more. Consider what makes the most sense for you:

Closed mortgage: Closed-term mortgages normally cannot be repaid, renegotiated or refinanced prior to the end of your selected term without paying a prepayment penalty. You may be able to increase the amount of your payment by a certain percentage each year or make lump-sum principal payments.

Open mortgage: Open-term mortgages can be repaid in part or in full at any time without paying any penalties. Due to this added flexibility, the interest rates for open-term mortgages are generally higher than those for closed-term mortgages.

All-in-one account: An all-in-one account allows you to consolidate your mortgage, other debts and savings together into a single borrowing and chequing account. This type of account gives you the flexibility to increase or decrease the amount you put towards your mortgage each month. By allocating more money towards your mortgage on a regular basis, you may be able to pay it off sooner.

The next steps

Before you take the plunge, there are some steps you can take that will help improve your purchasing experience:

Review your credit score: To avoid any surprises when talking to a lender, review your credit report and be sure to dispute any errors you find. You can request a copy of your credit report from Equifax Canada or TransUnion Canada.

Get pre-approved: Getting pre-approved for a mortgage should be one of the first steps you take when shopping for a new home – even if you have an existing mortgage or have paid off a mortgage. By doing so, you'll know what your expected mortgage payments will be. You may also be able to lock in your interest rate.

Consider your insurance needs: Your personal situation may have changed since you negotiated your first mortgage. Consider whether you'd be prepared in the event that something happened to you or your spouse. Speak with your advisor to familiarize yourself with different options such as mortgage life insurance and mortgage disability and job loss insurance (also called creditor insurance).

Know what your current home is worth: You can draw on the expertise of a real estate agent for a detailed market evaluation. This will give the best indication of how much you can realistically expect to sell your home for.

The right support

Buying and selling a home can be an exciting and challenging task. A team of trusted professionals, including an advisor and a mortgage specialist, can help guide you through the planning process. The more you understand about your options, the better the position you'll be in to make a knowledgeable, confident decision on the purchase of your next home. ■

GET INFORMED

Asking the lender questions is the best way to learn more about your options. Here are a few to get you started:

- What types of mortgage products do you offer?
- What fees are involved in setting up a mortgage with you?
- How can your mortgage help me save on interest charges?
- Would I incur prepayment penalties with your mortgage? How are they calculated?
- Can I transfer my existing mortgage to another home?
- What fees and/or penalties will I incur if I break my existing mortgage?
- What are the costs associated with bridge financing (a loan to help cover the gap between closing on a new home and the sale of a current home)?

[1] 2014 First-Time Homebuyers Survey, Canada Mortgage and Housing Corporation.

Long-term health

Planning ahead can help give you more financial flexibility.

WE ALL WANT TO LIVE long, healthy lives and enjoy a full and energetic retirement. A balanced lifestyle, including eating well and staying active, can help achieve that goal. However, lifestyle is only one part of the story. A complete retirement plan involves considering what might happen down the road so you are ready to face any challenges.

One of the most difficult things to predict is how healthy you will be in retirement. Statistics tell one side of the story. Between the ages of 65 and 74, 12 per cent of seniors say they have some limitation to "functional capacity" – which means their ability to manage basic and instrumental activities of daily living.[1] Between the ages of 75 and 84, that number rises to 27 per cent. At age 85 and over, it accounts for the majority – 57 per cent – of seniors.[2]

What statistics can't say is whether you, personally, will need assistance either at home or in a long-term care facility. They do suggest, however, the importance of appropriate planning. With your advisor, you can estimate your potential health-related costs and make arrangements to help cover them – just in case.

Plan for potential costs

You can take steps to help ensure you have the financial flexibility to get the care you need, if you need it.

One option is to earmark a portion of your nest egg for health care expenses. This money should be accessible without much notice, and it should not be used for any other purpose. You may want to specify that whatever is left after you pass away be part of your legacy to loved ones.

Another option is long-term care insurance. This insurance can help you pay for extended care not covered by government health plans, such as accommodations in a long-term care facility or in-home services like nursing care, physiotherapy or meal delivery. Types of plans vary, so work with your advisor to choose the option that makes the most sense for you and your family.

It's all about being prepared

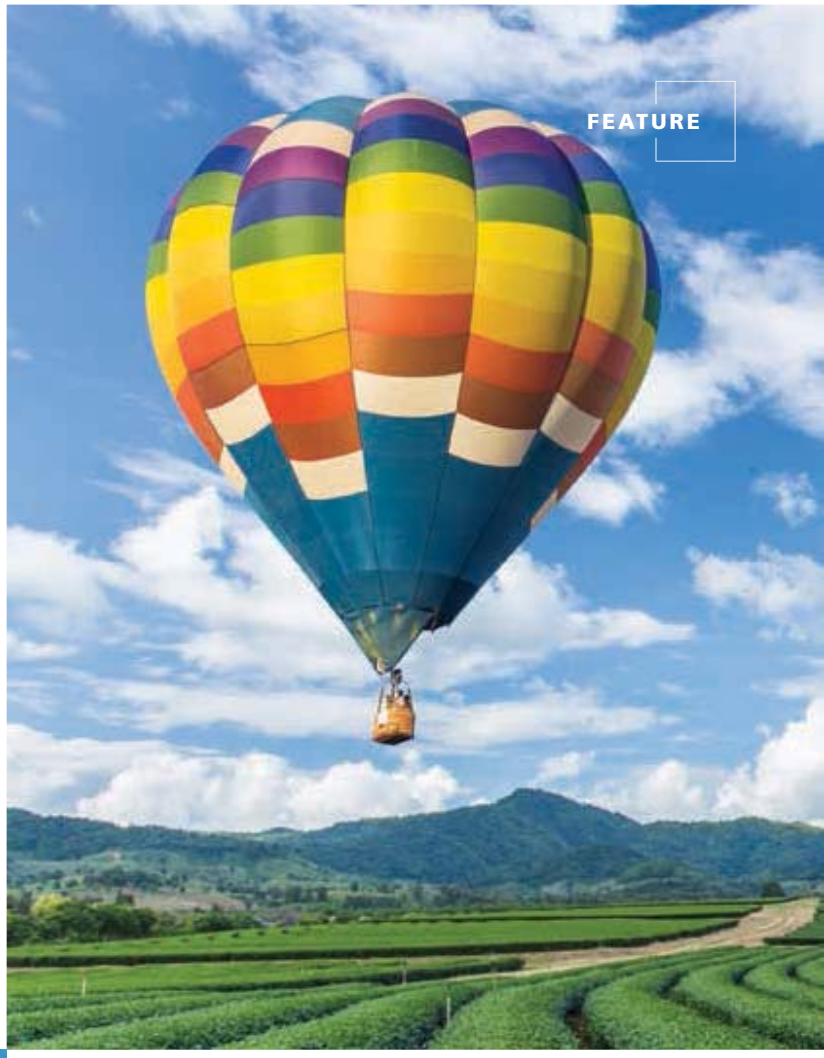
The fact is, health-related costs may end up being one of your biggest budget items in retirement – or they may not. What's important is to determine the best strategy for your personal situation. In other words, be prepared. ■

[1] Basic activities of daily living include walking, bathing, toileting, eating and dressing. Instrumental activities of daily living include shopping, housekeeping and food preparation.

[2] https://secure.cihi.ca/free_products/HCIC_2011_seniors_report_en.pdf

Dream BIG

THEN PLAN FOR IT



PLANNING TODAY can help put you on the right path towards the retirement lifestyle you want.

You've seen the ads: happy couples clinking tropical drinks under a beach umbrella, someone sending a ball soaring across an idyllic golf course, grandparents welcoming a large extended family to their cottage on a lake.

But your retirement isn't about other people's dreams – it's about yours. And whatever you envision, the best way to make sure it happens is to create a retirement plan. Most of us realize that important and complex projects require a plan, plus a commitment to execute that plan. Retirement is no different. The planning we do today can significantly broaden the options we have after we stop working – so it's well worth the effort.

Your retirement plan will help you answer one of the most important questions: When can I afford to retire? After all, you may have a retirement dream and you may have an ideal retirement age – but are they realistic? Can you afford to retire in the way you want, when you want? And do you have a backup plan in case things don't work out exactly the way you hope?

Uncertainty in any or all of those areas keeps many people up at night as they approach the end of their working lives. To help move towards greater certainty, you need to have a reasonable idea of how much your retirement will cost and how much income you can count on. Let's tackle these questions head-on.

How much will your retirement cost?

In theory, the cost of retirement calculation is simple:

cost = annual expenses × number of years in retirement[1]

In reality, it's not so simple because there are many variables at play. Expenses in retirement will depend on your chosen lifestyle, health, debt, inflation, taxation and many more factors. The number of years in retirement will depend on when you retire and, of course, how long you live.

As a starting point, complete the attached retirement budget worksheet and take it to the next meeting with your advisor. You can work together to make sure your estimates are as precise and realistic as possible. It's often a good idea to run two sets of numbers in parallel: the cost of a relatively modest retirement and then one offering greater financial flexibility. If you and your advisor plan for the second, you'll have a fallback position in case factors outside your control – such as inflation and taxation – take a bigger bite out of your savings than anticipated.

How much income can you count on?

Once you have a good sense of the cost of your retirement, discuss all potential sources of retirement income with your advisor.

Again, there's a deceptively simple formula:

retirement income = income guaranteed for life + income from savings and investments[2]

The trouble here is that while it may be relatively straightforward to project income from the Canada/Quebec Pension Plan, Old Age Security, defined benefit workplace pensions and guaranteed investments, it's much more difficult to project other income, such as defined contribution workplace pensions and savings and investments that are exposed to financial markets.

Your retirement plan will help you answer one of the most important questions: When can I afford to retire?

Your personal situation will also have many variables at play. If you own a home, you may be looking at downsizing, or relocating to a community where housing and living expenses are lower. If you're thinking along these lines, you'll need to consider real estate values now and at the time you plan to move – all numbers that are subject to market forces.

[1,2] For illustration purposes only.

Another variable is whether you intend to work part-time in retirement. Maybe you would like to start your own business, consulting in the field you used to work in or embarking on an entirely new enterprise. This extra income can give you significantly more financial flexibility.

Based on your unique circumstances, your advisor can help you work out the likelihood that you will be able to generate enough income to pay all of your expenses in retirement. The goal is to have a high degree of certainty that you're on track, that you've considered as many variables as possible and that you've done some contingency planning to help protect yourself from the unexpected. All of this should give you greater confidence about your future and the retirement you want to enjoy.

With appropriate retirement planning, you can make choices that can lead you to a retirement lifestyle that makes you happy.

Not as ready as you'd like to be?

Despite your best efforts, you may find out you're not quite as financially prepared for retirement as you'd like to be. Here are five strategies that may work for you:

1. Set aside more money now to build a larger pool of money that you can access during retirement.

2. Commit to a rigorous debt repayment plan with the aim of eliminating debt before retirement.

3. Consider delaying your retirement date to give yourself more time to save and your investments more time to grow.

4. Adjust your investment mix to allow greater growth potential, within your tolerance for risk.

5. Re-evaluate your priorities and make choices that fit within your projected budget.

In addition, ask your advisor about solutions to help you catch up. Some products offered by insurance companies provide the opportunity to accumulate bonuses[3] on top of any market returns to help boost retirement income.

Confident you're on track?

During the course of retirement planning, you may realize you are in a comfortable position with regard to your retirement plan. If you're in this situation, consider these options:

[3] The bonuses referenced are not cash deposits; they increase the basis for calculating guaranteed income.

1. Move your retirement date up and enjoy more years living your chosen retirement adventure.

2. Adjust your investment mix to help provide greater protection from risk as you transition into retirement.

3. Plan to enjoy a few more indulgences in your retirement.

4. Help out family members with their financial goals: set up a Registered Education Savings Plan for your grandchildren, or contribute to a down payment for a child's home.

You could also plan to leave a larger legacy to loved ones or to a favourite charity. If this is something you'd like to explore, you may be interested in specialized products that guarantee your beneficiaries will receive 100 per cent of your principal investment no matter what happens in the financial markets – while still letting you access your money at any time if your retirement costs more than you expect.

Prepare for the retirement you want

With appropriate retirement planning, you can make choices that can lead you to a retirement lifestyle that makes you happy and that you can sustain long after you've stopped working. Schedule a meeting with your advisor to discuss the attached worksheet and how to turn decades of diligent working, saving and investing into income to support your retirement dreams. ■

Turn the page for nine questions to ask your advisor before you retire.

WHEN DO YOU WANT TO *Retire?*

Some people have a retirement date in mind from the moment they start their careers. Others don't think much about retirement until they experience a defining moment or trigger:

AGE. Landmark birthdays may get you thinking about retirement.

HEALTH. Loved ones experiencing health issues may prompt you to retire and enjoy life to the fullest.

FINANCES. Making your last mortgage or debt payment may put you in a good position to retire.

WORK. An early retirement offer may be an attractive incentive. On the other hand, a layoff or employer bankruptcy may take the decision out of your hands.

Of course, sometimes the trigger isn't so well defined. It's simply a matter of feeling "It's time."

READY TO RETIRE? ASK YOUR ADVISOR THESE 9 QUESTIONS.

As you get ready to stop working, your advisor can help make sure you're financially prepared.

YOU'VE BEEN WORKING and saving for this moment for most of your working life – now retirement is on the horizon. But you're not done planning yet. In fact, there's never been a more important time to talk to your advisor. Start with these nine questions:

1. CPP/QPP – now or later? The amount you receive from the Canada/Quebec Pension Plan partly depends on when you take it. At 60, you'll get less than if you wait until you're 65. Ask which option is right for you.

2. How should I withdraw from my RRSP? It's time to convert your Registered Retirement Savings Plan into an income stream. Ask when to make the jump, what assets you should hold and whether there are alternatives to a Registered Retirement Income Fund.

3. What about my pension? If you have a workplace pension, how much you get and how you draw on it depends on whether it's a defined contribution or defined benefit plan. Ask what you're entitled to and how it fits with your other sources of income.

4. Can income splitting help? The tax paid on your retirement income can make a big difference in your cash flow. Ask about how income splitting can help make your savings go further. Strategies include spousal RRSPs, pension splitting and CPP/QPP splitting.

5. What's the right level of investment risk? After you retire, your nest egg can still generate returns. Ask what level of investment risk is right for you, and how to help manage that risk while growing your assets once you're no longer working.

6. What if my savings aren't enough? Do you have enough to retire, and if not, what are your options? Delaying retirement by a few years, taking on a part-time job after you retire or renting out part of your home can all help boost your retirement income.

7. How do I handle debt in retirement? If you are approaching retirement with debt, ask your advisor about the best way to deal with it, whether it's through trimming expenses, downsizing your residence or streamlining your debt repayment plan.

8. Am I covered? Your current health and life insurance benefits may end once you leave your job. If so, find out what your options are for individual coverage.

9. What about my will? If you haven't reviewed your estate plan in a while, this could be a good time to do so. Make sure your will and power of attorney are up to date, and ask your advisor or legal representative about ways to prepare your estate to maximize tax efficiency. ■

YOUR BUSINESS IS THRIVING – WHAT'S NEXT?

Strategies to help support growth and continued success.

YOUR BUSINESS'S MOVE from the start-up phase to the growth phase doesn't happen with a lot of fanfare. There may be no single, easy-to-identify moment when you relax and declare, "Now we're on our way." But as your company picks up momentum, it evolves – and it's critical that your business and financial planning keep pace with that evolution. Here are some important issues the owners of growing businesses should consider.

Business processes. Policies, procedures and systems aren't glamorous, but they're essential to managing the increasing complexity of a growing business. Having established practices can help you delegate, freeing up time and head space for strategic planning. Consider:

- Key performance indicators tracked weekly or monthly
- Formal mechanisms to collect and act on customer feedback

Cash flow. As a business matures, cash flow needs may change. You may start thinking about expansion: hiring additional employees, investing in technology or more inventory, or perhaps moving to a larger space. Cash flow, frequently supplemented by financing, can position a growing business to seize opportunities. Consider:

- Cash flow projection
- Procedures to streamline payables and receivables
- A business bank account that offers a high interest rate and electronic transactions
- An operating/revolving line of credit
- A mortgage financing solution for your business property that allows payment flexibility

Unforeseen circumstances. Could your company survive if you or your business partner were unable to work? Would your personal assets be protected from creditors if your business were to fail? Partner with an advisor, with the assistance of tax and legal professionals, to build a comprehensive and tailored asset protection strategy. Consider:

- Incorporating your business
- Personal life and health insurance
- Personal liability coverage
- Products offering creditor protection
- Spousal RRSPs to transfer wealth to your spouse – and away from creditor risk
- Key person insurance

Employee retention. In a recent survey, most business owners and managers ranked labour costs as their primary worry.[1] Flexibility, camaraderie and company culture are all reasons why people choose to work for a small business. Pair these advantages with a cost-effective benefits package to help attract and retain staff and improve productivity. Consider:

- A human resources consultant
- A group benefits plan
- A group retirement plan
- Creative perks and incentives

Personal financial planning. Sometimes focusing on the goals of your business can push your own goals down the priority list. A personal financial plan – aligned to your company's objectives – can help you enhance wealth, reduce debt, protect your family's lifestyle, develop a sustainable income stream in retirement and leave a legacy to loved ones. Consider:

- Registered Retirement Savings Plans, Tax-Free Savings Accounts, or non-registered investment accounts
- Personal insurance solutions

MEETING WITH YOUR BANK

You need access to credit to expand your business – and banks hold the key. **Choose a bank that offers innovative financing solutions and seeks to partner with business owners.** Before you schedule a meeting, speak with your advisor and research the bank's product, and lending requirements.

To secure financing for your business, you may need to provide your bank with:

- Accountant-prepared financial statements for the past three years
- Bank statements showing cash in and cash out for the company
- List of the company's investments and account values with other banks
- Personal net worth statement for each owner of the business
- Personal notice of assessment from the Canada Revenue Agency

Beyond regulated debt servicing ratios, banks look for signs of stable growth in sales, planned expenses and retained earnings, as well as documented business plans and careful planning for expansion.

Surround yourself with the right team

If you don't already have a team of professional advisors in place, seek out an accountant, lawyer, banker and advisor you trust. For more information about the specific ways an advisor can help you and your company, visit www.smartbusinessmove.ca.

Watch for our next edition of *Solutions*, where we'll explore strategies that support the continued success of established companies. ■

[1] The 2011 Manulife Financial Small Business Research Report surveyed 1,005 Canadian small business owners and senior managers across industry sectors and regions. The research was conducted by the Rogers Connect Market Research group of Rogers Publishing Ltd. in June 2011. For the purpose of this research, a "small business" was defined as having between two and 100 employees. The full report is available at www.smallbizresearch.ca/report/.

PASSING IT ON

Proper planning can help ensure your wealth transfer is carried out as intended.

EACH YEAR IN CANADA, billions of dollars in assets are transferred at death. Unfortunately, wealth transfers don't always go as planned. Here's how you can avoid some of the most common pitfalls when it comes to transferring wealth.[1]

1. Ensure you have a will

Many Canadians don't have a will that communicates their intentions and allows them – and not the government – to determine how their assets will be distributed on death. Having a will allows you to choose your estate's executor and your children's guardian(s), facilitates the administration of your estate, and can help save taxes.

2. Treat beneficiaries equally

People often want to divide assets equally among beneficiaries. However, not all bequests are taxed equally. Let's assume you leave a $1 million Registered Retirement Savings Plan (RRSP) to your oldest child, a $1 million home to your middle child and $1 million in non-registered mutual funds to your youngest child. You think you are leaving $1 million to each child, but the reality is that the youngest

[1] Many of the issues discussed here vary by province. Consult your legal advisor.

child, who is receiving the non-registered mutual funds under the will, is going to have his or her inheritance reduced by any tax your estate pays on the RRSP and the mutual funds. Assuming a 40 per cent effective tax rate, the estate will pay $400,000 on taxes on the RRSP, in addition to any potential taxes on the mutual funds (let's assume $100,000).[2] These taxes leave the youngest child with $500,000, while the first two children receive assets worth $1 million each.

3. Anticipate a spouse's decisions

You may name your spouse[3] as the beneficiary of your RRSP or Registered Retirement Income Fund (RRIF), assuming a tax-free rollover into your spouse's RRSP or RRIF – but what if your spouse takes the cash instead? Your estate will then be responsible for any taxes on the RRSP or RRIF, which means your estate beneficiaries will receive a smaller inheritance. Under these circumstances, the legal representative of the estate can make a unilateral election to deduct the amount paid from the RRSP or RRIF in the estate, which effectively transfers the income inclusion to the spouse. If you have an RRIF, you may prefer to name your spouse as successor annuitant or Joint Life so the RRIF transfers automatically to your spouse on a tax-deferred basis.[4]

4. Plan adequately for minor beneficiaries

Generally, death benefits cannot be paid directly to minor beneficiaries and must instead be paid into court or to the Public Trustee. Once the child is of age, he or she is entitled to the funds without restriction. As an alternative, consider establishing a trust to receive funds on behalf of a minor child.[5] That way, you can set out how you want funds invested and when to make payments for the child's benefit.

5. Name a beneficiary

Unless there is a specific reason to have assets flow through your estate, it's wise to name beneficiaries directly on insurance policies and investment contracts (such as segregated fund contracts), where possible. The death benefit will then bypass the estate, and beneficiaries can usually receive the proceeds shortly after submitting all necessary documents. In addition, the death benefit will avoid legal, estate administration and probate fees, and may avoid claims by creditors of the estate and challenges to the will's validity.

Plan for your wealth transfer

Your lawyer, accountant and advisor can help you create an estate plan that avoids mistakes that undermine your intentions or unnecessarily reduce the size of your legacy. If you don't have a will, meet with your lawyer to prepare one. Review your will and beneficiary designations regularly, and particularly after a life-changing event. In addition, meet with your advisor to discuss your wishes for wealth transfer and how best to accomplish them. ■

[2] It is assumed here that the home can be transferred tax-free as a result of the principal residence exemption. The general rule is that absent a tax-deferred rollover, the fair market value of the RRSP must be included in the annuitant's terminal return and taxed in the estate. [3] Meaning your spouse or common-law partner, as defined by the Income Tax Act (Canada). [4] The Income Tax Act does not allow an RRSP to name a successor annuitant. [5] Not applicable in Quebec. Consult your legal advisor for more details.

ROAD TRIP UP CALIFORNIA'S COAST

Dramatic scenery, unique flora and fauna, and three world-class cities await you.

SUN-DRENCHED BEACHES, LUSH REDWOOD FORESTS, quaint fishing villages and bustling metropolitan centres: you'll find them all along California's breathtaking coastline. If you're in search of a family-friendly road trip, choose any part of California's coastal highway, open the sunroof and shift into drive.

The sunny south: San Diego to Los Angeles

San Diego is so close to Mexico that it shares an "international metropolitan area" with Tijuana.[1] In the heart of the city is Balboa Park, with gardens, museums, theatres and the world-renowned San Diego Zoo. An aquatic alternative is San Diego SeaWorld, with million-gallon tanks and rides like the Manta, which makes you dive and twist like a ray.[2]

About 30 minutes north of San Diego is Legoland California, with rides, miniaturized cities and models used to make *The LEGO Movie*. Crossing into Orange County, you'll find the southern end of California's famous Highway 1. Pause in the surfing town of Huntington Beach and meander through the restored wetlands of Bolsa Chica Ecological Reserve.

When you reach Santa Monica, take a detour from the coast and head east along Santa Monica Boulevard through Beverly Hills and on to Hollywood. Los Angeles has world-class museums, art galleries and concert halls, but it's famous for the movies. Stroll along the Hollywood Walk of Fame and visit a studio backlot – Warner Brothers, Paramount and Sony Pictures all offer tours, and Universal Studios offers tours within a theme park.

LEFT: Keep your camera handy in California's **Big Sur.** There's a photo op around every bend in the road.

TOP: See where the movie stars work on a studio tour in **Los Angeles.**

ABOVE: The **San Diego Zoo** describes the flamingo as its unofficial ambassador.

[1] www.sandiego.com/articles/2011-07-18/about-san-diego [2] www.visitcalifornia.com/destination/spotlight-seaworld-san-diego

TOP LEFT: The average **redwood tree** lives 500 to 700 years – but some are as old as 2,000 years.[15]

TOP CENTRE: Bixby Bridge is just one of the spectacular bridges you'll cross along the Pacific Coast Highway through Big Sur.

ABOVE: Opened in 1937, the **Golden Gate Bridge** is one of the most admired bridges in the world.[16]

TOP RIGHT: Sun, sand and surfing – you'll find them all in **Huntington Beach.**

BOTTOM RIGHT: The Santa Ynez Valley is home to more than 120 **wineries.**[17]

Vineyards, wildlife and the stunning vistas of Big Sur

Hug the coast past Malibu, beach home to the rich and famous, and roll on to Santa Barbara, the self-styled "American Riviera."[3] Channel Islands National Park, on five uninhabited islands a ferry ride away from Santa Barbara, has wildlife you won't find anywhere else.[4]

Next up: the vineyards of the Santa Ynez Valley, producing chardonnay, pinot noir, cabernet franc and merlot.[5] Continue north and, looking up, you'll spot Hearst Castle, the far from modest estate of William Randolph Hearst, newspaper magnate and inspiration for Orson Welles's *Citizen Kane*.

Now you're well and truly on what *National Geographic* calls a "drive of a lifetime."[6] Between you and the rest of the continent, Cone Peak rises to a height of 1,572 metres, just five kilometres from the lapping waves of the Pacific.[7] This is Big Sur.

Photo ops abound along the 140 kilometres of twisting and turning Pacific Coast Highway between San Simeon (home to Hearst Castle) and Carmel-by-the-Sea – including McWay Falls, Pfeiffer Beach, Point Sur Lighthouse and Bixby Bridge. Stretch out this part of your drive by shopping for crafts by local artisans and bird watching in Andrew Molera State Park.

Approaching foggy San Francisco and beyond

As mayor of Carmel-by-the-Sea from 1986 to 1988, Clint Eastwood overturned a quirky law that prohibited selling and eating ice cream on public streets.[8] So enjoy a cone while you visit Carmel Mission and Mission Trail Nature Preserve.

Monterey's Cannery Row was immortalized by John Steinbeck, and its aquarium showcases more than 550 species of animals and plants.[9] Further north, step back in time on Santa Cruz's beach boardwalk with its retro rollercoasters, historic carousel and arcade games.

In charming San Francisco, ride a cable car up Nob Hill, shop Maiden Lane's high-end boutiques and, for a change of pace, tour the (nearly) inescapable Alcatraz. Before you leave, wave to the sea lions at Fisherman's Wharf.

Across the Golden Gate Bridge you'll find Point Reyes National Seashore, a dramatic peninsula of cliffs, forests and beaches. Watch for tule elk and grey whales at the tip of the park – Tomales Point.[10]

Search for the world's tallest tree

Now the redwoods are closing in. Hop on board "The Skunk" in Fort Bragg – an old-style train ride through the forest over 30 trestles and through a 342-metre tunnel.[11] Drive along the "Avenue of the Giants" to Humboldt Redwoods State Park, where a 12-kilometre trail through Rockefeller Forest takes you past trees ranked second, fourth, sixth and eighth tallest in the world.[12]

Step back in time in Ferndale, with its Victorian-era architecture, galleries, chocolatiers and craft shops, and Eureka, a state historical landmark with a still-in-use seaport that serves as the southern gateway to Redwood National and State Parks. Walk, mountain bike or horseback ride with the tree canopy 100 metres above you. Somewhere nearby, its precise location kept secret, is the world's tallest tree.[13]

The last stop in California is Crescent City. Find a souvenir of your trip – a semi-precious gemstone or two – on Pebble Beach, and reflect back on the memories you've collected on your California road trip. ■

DON'T FORGET TO PACK…

Whenever you travel outside Canada, make sure you have travel health insurance. **Medical expenses in the United States (as in many other countries) can quickly add up.** For example, one day in a U.S. hospital costs on average more than US$4,000[14] – and your government health plan may cover only a fraction of the charges.

[3] www.visitcalifornia.com/trip/highway-one-classic [4] www.santabarbaraca.com/things-to-do/channel-islands/ [5] www.visitcalifornia.com/trip/highway-one-classic
[6] travel.nationalgeographic.com/travel/road-trips/california-pacific-coast-road-trip/ [7] en.wikipedia.org/wiki/Santa_Lucia_Range [8] www.carmelcalifornia.com/fun-facts-about-carmel.htm
[9] www.visitcalifornia.com/trip/highway-one-classic [10] www.visitcalifornia.com/trip/wild-north-coast [11] www.visitcalifornia.com/trip/wild-north-coast [12] www.visitcalifornia.com/trip/wild-north-coast
[13] www.npr.org/blogs/krulwich/2011/04/08/135206497/the-worlds-tallest-tree-is-hiding-somewhere-in-california [14] www.huffingtonpost.com/2013/03/26/charts-health-care-costs-americans_n_2957266.html [15] www.nps.gov/redw/faqs.htm [16] goldengatebridge.org [17] www.visitsyv.com

HOBBIES: A FUN WAY TO BETTER HEALTH

More than just entertainment, hobbies can also improve your well-being, sometimes in unexpected ways.

KIDS, CAREERS, COMMUTES – who has time for hobbies? If you're like many people, you've got a lot on your plate – so much, in fact, that taking up a hobby may be one of the last things on your mind. But did you know that having a hobby can be just as important to your overall health as eating well, getting enough sleep and exercising regularly? The benefits may surprise you.

Stress less

Hobbies are a great way to reduce stress for people of all ages because they allow your mind to escape from the daily grind while still doing something productive. When it comes to unwinding, many people think of activities like yoga or tai chi. Both are excellent choices, but the truth is any activity that relaxes you will help ease your stress. If you love to bake, then bake. If you enjoy building model cars, then build. The key is to do something that makes you happy.

Meet new people

Staying connected and building friendships is one of the best ways to boost happiness. Consider expanding your horizons and your network by meeting people through a shared interest. The opportunities to participate in groups and clubs

are endless, from book clubs to bridge leagues to sports organizations. If you can imagine an activity, there's probably a circle of devotees who would be happy to welcome you.

Get moving

A hobby like gardening, golfing or bowling can be great for your physical health. Recent reports show many of us spend far too much of our lives sitting down,[1] which can lead to an increased risk of obesity, diabetes and other chronic health conditions – so pursuing a pastime that gets you out of your chair and moving your muscles is a worthwhile undertaking.

Taking part in physical activities can help lower blood pressure, lower cortisol (stress hormone) levels, lead to a smaller waist circumference and lower your body mass index.[2]

Exercise your brain, too

Hobbies can provide just the right amount of challenge to stimulate your mind and break up your everyday routine – without feeling like work. Taking an art class or learning a new language, for example, can offer a real sense of accomplishment as you see yourself improve.

Keeping your mind active is especially important for long-term health. Several studies show a direct link between leisure activities and an improved quality of life.[3] Pursuits that stimulate the brain, like reading or learning a craft, can help maintain cognitive ability and prevent signs of dementia in older adults.[4]

Discover something you love

Taking stock of what you already enjoy is a great place to start. If you like to cook, a sushi-making class could be right up your alley. If you're good with your hands, you may enjoy building birdhouses.

You can also look back at how you had fun when you were younger. Were there activities you enjoyed as a child that you could take up again, such as volleyball, swimming or painting? Keep in mind that as your interests change, your hobbies probably will too.

Whatever you decide, commit to getting started and pencil some "me" time into your calendar. Even an hour a week will go a long way. You may be pleasantly surprised to find a hobby that can improve your well-being now and for years to come. ■

GET INSPIRED

You can find a wide variety of programs and courses offered through your community centre. **Group buying websites also offer local activities** at deep discounts – a great incentive to try something new!

[1] www.ctvnews.ca/canadians-spend-most-of-waking-life-sedentary-statscan-1.597754# [2] stress.about.com/od/funandgames/a/The-Importance-Of-Hobbies-For-Stress-Relief.htm
[3] www.caregiverrelief.com/activities-for-senior-citizens/ [4] www.webmd.com/alzheimers/news/20130703/lifelong-reading-hobbies-might-help-stave-off-dementia

READY, SET…GO!

Active living can help keep your body healthy and your mind sharp.

WE'VE ALL HEARD THE MESSAGES about the importance of exercise. A multitude of studies show that active living is one of the best things we can do to live a better life.

Yet many of us continue to sit – for an average of nearly 10 waking hours every day. In fact, just 15 per cent of Canadian adults get the recommended minimum amount of physical activity.[1] The Heart and Stroke Foundation's report on the health of Canadians shows that boomers have every intention of growing old with vitality and living full lives. But those goals don't align with the research that shows a 10-year gap between how long Canadians are living and how long we're in good health. In other words, we're at risk of spending our last 10 years in illness.[2] The good news is that health and lifestyle habits such as active living can give you a better quality of life for longer.

Looking for extra motivation to get yourself and your family up off the couch? Here are a few more benefits of staying active as we age.

Manage weight: Along with healthy eating habits, staying active is an important component of weight management. Exercise helps us build muscle mass, burn calories and feel more confident about how we look.

Stay sharp: Exercise has been linked to better memory, brain health and mental sharpness.[3] Even moderate physical activity promotes the circulation of blood to the brain, which nourishes the cells with nutrients and oxygen.

[1] Statistics Canada, Directly measured physical activity of Canadian adults, 2007 to 2011, www.statcan.gc.ca/pub/82-625-x/2013001/article/11807-eng.htm (accessed April 2015). Reproduced and distributed on an "as is" basis with the permission of Statistics Canada.
[2] www.heartandstroke.com/atf/cf/%7B99452D8B-E7F1-4BD6-A57D-B136CE6C95BF%7D/Report-on-Cnd-Health--D17.pdf
[3] www.brainhealth.utdallas.edu/blog_page/study-finds-aerobic-exercise-improves-memory-brain-function-and-physical-fi

Sleep better: Researchers have found a "compelling association" between weekly physical activity and improved sleep quality. The relationship is so strong that adding just 10 minutes of walking to your day may be enough to improve your sleep.[4]

Stay balanced: Exercise can help protect us from injuries and falls by improving our balance and keeping us mobile and strong. Just small increases in muscle strength can make a big difference in our ability to remain independent as we get older.[5]

Prevent illness: Physical activity can help reduce the risk of developing a wide range of chronic health conditions, including cardiovascular disease, certain cancers, osteoporosis, diabetes, obesity, high blood pressure, depression, stress and anxiety. Active adults have a 20 to 40 per cent lower risk of many of these conditions than their less active peers.[6]

Have fun: Every bit as important as the other benefits, physical activity can be tremendous fun. Whether you exercise alone or with others, you can re-energize and stay young at heart.

Design your own program

The Canadian Physical Activity Guidelines recommend at least 150 minutes of moderate to vigorous physical activity per week, for periods of at least 10 minutes.[7] Here's an action plan for getting active:

1. Start right: Before you begin a new exercise program, consult your doctor. Also, if you're learning a new activity, consider taking a class or working with a qualified coach to ensure your safety.

2. Set a goal: Like many things in life, it helps to start with a goal. Make it achievable – for example, start by walking three days per week. Then, as you get going, increase the time you spend being active gradually, adding a few extra minutes each day.

3. Schedule time: Book exercise into your calendar. Treat it like any other important appointment: something you do not miss just because you have errands to run or chores to do.

4. Team up: Think about scheduling physical activity with a buddy. That can provide added incentive to honour your commitment to exercise.

5. Do what you love: Try a few different activities and see what you enjoy. Also, be open-minded: you may find you love something – like a new fitness class – after trying it a few times.

6. Track your progress: Record your measurements, weight and blood pressure once a month so you can watch your fitness level improve. Consider technological tools such as pedometers to keep you motivated.

Check out the sidebar for easy ways to be more active. And remember, active living can mean better living, with more healthy years to enjoy everything you want to do. ■

EASY WAYS TO BE MORE ACTIVE

Build activity into your regular routines and you'll be more likely to keep it up.
For example:

- Walk or bike instead of taking the car
- Choose the stairs instead of the elevator
- Park a few blocks away from your destination
- Get off the bus a couple of stops early
- Join a mall walking group

[4] news.nationalpost.com/2013/03/04/hit-the-gym-or-toss-turn-sleep-quality-tied-by-compelling-association-to-exercise-levels-u-s-experts/
[5] www.nia.nih.gov/health/publication/exercise-physical-activity/introduction [6] www.statcan.gc.ca/pub/82-625-x/2013001/article/11807-eng.htm
[7] www.csep.ca/CMFiles/Guidelines/CSEP_Guidelines_Handbook.pdf

MORNING GLORY MUFFINS

Healthy additions make these the perfect grab-and-go breakfast.

MUFFINS ARE DELICIOUS, portable and good for us ... or are they? We've been led to believe that muffins are healthy, but many store-bought and bakery muffins are higher in fat, sugar and calories than doughnuts! In many cases, a muffin is just a cupcake without icing.

If you love muffins, baking them at home is the perfect solution. Making healthy substitutions and adding wholesome ingredients such as nuts, seeds and fruit can make your muffins a nutritional powerhouse. Try these ingredients to take your baking to the next level.

Pumpkin purée: Pumpkin is packed with vitamin A and fibre.[1] Pumpkin purée can be made at home or bought canned (be careful not to get pumpkin pie filling) and can be substituted at a one-to-one ratio for oil in baking recipes.

Hemp hearts: With more plant-based protein and omega fats than the equivalent weight of chia or flax, hemp is heart-healthy, hormone balancing, immune boosting and great for digestive health.[2] Hemp seeds have a mild flavour and can be used in recipes like any nuts and seeds.

Coconut oil: Look for virgin or unrefined oil, and avoid hydrogenated. Coconut oil has taken on superfood status in the past few years. This heart-healthy oil supports hormone balance, has antibacterial and antifungal properties, and may even help with weight loss![3]

INGREDIENTS

2 cups whole wheat flour
3/4 cup sugar
2 tsp baking soda
2 tsp ground cinnamon
1/4 tsp salt
2 cups shredded carrots
1/2 cup dried cranberries
1/2 cup hemp hearts (shelled hemp seeds)
1/2 cup unsweetened coconut
1 apple, peeled, cored and shredded
3 eggs
1 cup of pumpkin purée
1/4 cup coconut oil, melted (or oil of your choice)
2 tsp vanilla extract

DIRECTIONS

1. Preheat oven to 350 degrees.
2. In a large bowl, combine the dry ingredients: flour, sugar, baking soda, cinnamon and salt. Stir in carrots, cranberries, hemp hearts, coconut and apple.
3. In a separate bowl, beat the eggs, pumpkin, oil and vanilla.
4. Add the wet mixture to the dry mixture and stir until combined.
5. Spoon into a greased muffin pan.
6. Bake for 20 minutes, or until muffins are golden and a toothpick comes out clean.

Makes 12 muffins.

Tip: These muffins can be customized with your favourite nuts, seeds and dried fruit. They also freeze well, so make a double batch and freeze half for busy weeks.

This recipe was provided courtesy of a wellness consultant from Tri Fit Inc. (www.trifit.com).

[1] nutritiondata.self.com/facts/vegetables-and-vegetable-products/2602/2 [2] www.organicfacts.net/health-benefits/seed-and-nut/hemp-seeds.html [3] www.huffingtonpost.ca/2013/10/25/coconut-oil-benefits_n_4164278.html

EXERCISE YOUR BRAIN!

Can you find the 10 differences in these two pictures?

ANSWERS (from top to bottom and left to right): There is a pie chart in the notebook; the elastic ball moved; the green mug contains green tea; there is an additional pencil in the jar; the eyeglasses have red frames; graphs were added to the folders in the middle; the woman typing is wearing nail polish; the sleeves of the man on the left are blue; the red coffee mug moved; the mouse on the bottom left moved.
