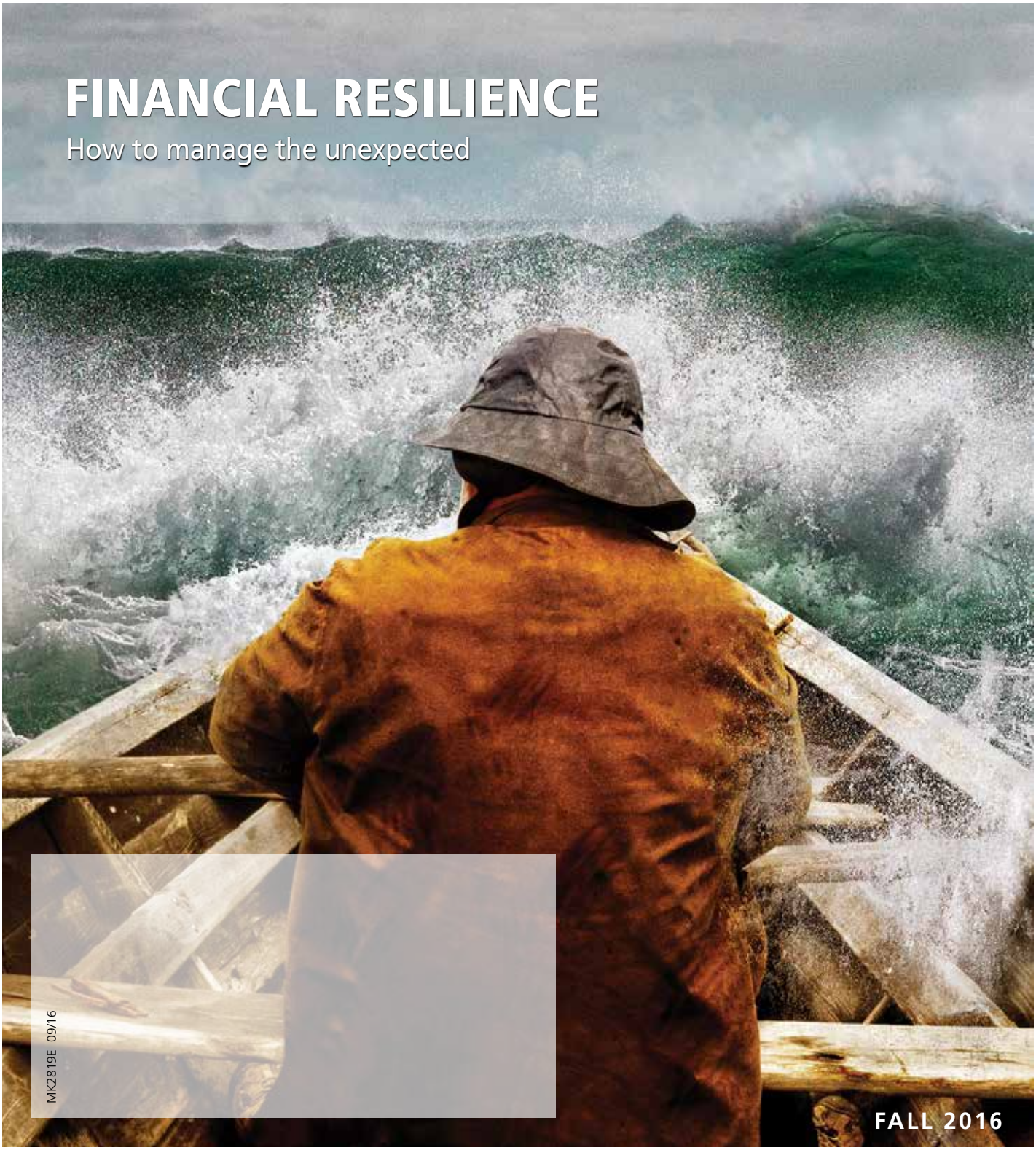
Solutions

FOR FINANCIAL PLANNING



FINANCIAL RESILIENCE

How to manage the unexpected

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FALL 2016

ARE YOU READY?

In a recent poll, 73 per cent of homeowners surveyed believe they're somewhat or completely prepared financially to deal with unexpected costs such as a major car repair or furnace replacement. However, 38 per cent were "caught short" – unable to cover expenses – at least once in 2015.[1]

HOW FINANCIALLY PREPARED ARE YOU?

Do you have an emergency fund? Have a retirement plan? Feel confident in your financial future?

JOIN THE CONVERSATION!

Look for #BuildingMySavings on Facebook, Twitter and Instagram this fall and share your financial readiness tips and tricks. Your comments could be featured in an upcoming edition of *Solutions*!

To learn more, read the article on page 12 and take the quiz to find out how prepared you really are.

[1] Manulife Bank Homeowner Debt Survey, November 2015

PLANNING FOR THE UNPLANNED – AN ESSENTIAL PARADOX

AS MUCH AS WE'D LIKE TO, we can't always predict what life will send our way. Preparing for what we know about is one thing. Like getting ready for the change in seasons as we move from summer to autumn, trading in sprinklers and lawnmowers for rakes and leaf blowers.

In much the same way, we prepare for life's important milestones, such as getting married, moving into a first home, having and raising children and eventually retiring. We can also plan for smaller events – saving for vacations or maybe a new vehicle. But what about being prepared for the unexpected?

Lessons we learn in past situations form a huge part of how we prepare for future events. We learn by seeking information but also from our own mistakes and from the experiences of others. However, there is no life guide or instruction manual telling us how to handle unforeseen circumstances that are often accompanied by significant financial impact.

One thing is certain – by planning for the unplanned, these types of setbacks can be more easily handled. Turning to professional advice is the best way to tackle the unknown factors. Advisors have the knowledge and the experience to help us in setting up a plan.

From a financial perspective, 88 per cent of customers surveyed say they wouldn't be where they are today without the advice they receive.[1] That's a great indicator of successful preparation and planning, and demonstrates the value of working with a professional to better position us for the unplanned.

This issue of *Solutions* magazine is focused on helping you get ready for unanticipated financial situations. Take our readiness quiz and browse the articles for some ideas on how to financially prepare for the unexpected. Your advisor can help build a holistic plan that includes contingency funds for situations you may not be counting on.

Take care,

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

[1] Survey of 1,739 clients of Advocis members, www.advocis.ca/pdf/Consumer-Voice-2015.pdf

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FALL 2016

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

8 EMOTIONS

Psychologist Robert Plutchik says we build our complex emotions out of eight more basic emotions: joy, trust, fear, surprise, sadness, disgust, anger and anticipation.[1]

1/15TH TO 1/24TH OF A SECOND

That's the fleeting length of time a "micro expression" flashes across a face when someone is trying to hide a strong emotion.[2]

25 PER CENT

People who trust their emotions predict the future 25 per cent more accurately than those who don't – whether they're guessing who will win an election, what movie will top the box office or what tomorrow's weather will be. The "emotional oracle effect" even produced 25 per cent more accurate forecasts of future stock market index levels. Why? Researchers suspect that people who trust their emotions have a "privileged window" into their own knowledge and information about the world around them, which analytical reasoning can block.[3]

3 CONTAGIOUS FEELINGS

Researchers have found that both loneliness and stress are contagious. Luckily, there's a third more positive feeling that also passes from one person to another: joy, and with it, laughter.[4]

18 SMILES

There are 18 distinct types of smile, according to psychologist Paul Ekman, but only one conveys true happiness.[5]

3,000 WORDS

The English language has 3,000 words to describe various human emotions.[6] Even so, we may sometimes experience feelings we can't find the words for. Here are five elegant, efficient ways other languages express feelings many of us have experienced.[7]

1. **Gigil** *(Filipino)* – the urge to pinch or squeeze something that is irresistibly cute.
2. **Hygge** *(Danish)* – the pleasant and intimate feeling associated with sitting around a fire in the winter with close friends.
3. **Koi no yokan** *(Japanese)* – the sense upon first meeting a person that the two of you are going to fall in love.
4. **Tartle** *(Scots)* – the panicky hesitation just before you have to introduce someone whose name you can't remember.
5. **Waldeinsamkeit** *(German)* – the feeling of being alone in the woods.

Teach your body a new language

Your body language reflects how you're feeling – but deliberately changing your body language can have a powerful effect on your mood, your confidence and the people around you.

Even when you force a smile, your brain releases dopamine, endorphins and serotonin that can relax you, cheer you up, and reduce your heart rate and blood pressure. Others watching you smile tend to think you're more attractive, reliable and sincere – and, unless they're making a conscious effort not to, they'll start smiling too.[8]

Arranging your whole body into a dominant pose – one that takes up as much space as possible with arms away from the body and legs uncrossed – for as little as two minutes has been shown to increase levels of confidence-boosting testosterone and reduce levels of the stress hormone cortisol in men and women.[9] Projecting relaxed confidence at an interview may win you the job. Meanwhile, lower cortisol levels can improve your ability to learn and remember, enhance your immune function and increase your life expectancy.[10]

It may seem unnatural to let your body lead your feelings, rather than the other way around – but the potential health benefits are compelling enough to give it a try.

Sometimes gestures speak louder than words

Gestures can help us communicate, especially with people who speak a different language. Just be careful which gestures you choose.

A thumbs-up is a positive sign in Canada, the United States and much of Europe – but it's considered rude in Asia and the Middle East. Touching your thumb to your index finger may mean "perfect" or "everything's good" to you, but it means "zero" in Australia and is insulting in Latin America and France. The "come hither" index finger curl could lead to your arrest in the Philippines – it's a gesture used only for dogs and is considered very insulting.[11]

Even a nodding head isn't a universal way to say yes. In Bulgaria and Albania, it means no. And in Turkey, a very similar gesture – a nod up and back – is used for no.[12]

[1] whatis.techtarget.com/definition/Plutchiks-Wheel-of-Emotions [2] www.businessinsider.com/how-involuntary-micro-expressions-can-reveal-your-true-emotions-2015-2 [3] www8.gsb.columbia.edu/newsroom/newsn/1957/the-emotional-oracle-effect and www.jstor.org/stable/10.1086/663823 [4] www.medicaldaily.com/catch-me-if-you-can-4-things-you-didnt-know-are-contagious-278732 [5] www.paulekman.com/wp-content/uploads/2013/07/Not-All-Smiles-Are-Created-Equal-The-Differences-Bet.pdf [6] www.popsci.com/science/article/2013-01/emotions-which-there-are-no-english-words-infographic [7] mentalfloss.com/article/50698/38-wonderful-foreign-words-we-could-use-english and sobadsogood.com/2012/04/29/25-words-that-simply-dont-exist-in-english/ [8] www.psychologytoday.com/blog/cutting-edge-leadership/201206/there-s-magic-in-your-smile [9] harvardmagazine.com/2010/11/the-psyche-on-automatic [10] www.psychologytoday.com/blog/the-athletes-way/201301/cortisol-why-the-stress-hormone-is-public-enemy-no-1 [11] www.buzzle.com/articles/hand-gestures-in-different-cultures.html [12] www.telegraph.co.uk/education/educationadvice/10055769/International-body-language-a-language-with-no-words.html

The right fit

Finding the ideal advisor can go a long way towards helping you reach your financial goals.

EVER NOTICE HOW MANY OF LIFE'S BIGGEST GOALS have some financial component? Sure, you can master a foreign language or run a marathon without making a significant financial commitment. But try buying a home, starting a family or helping your kids go to university. Same goes for retiring early or leaving a legacy. Without disciplined planning and saving, these goals can just slip away.

If you're juggling a job and a busy family life, you probably don't have time to figure it all out for yourself. Then again, like many Canadians, you may feel you don't have the expertise to tackle the complexities of your financial affairs alone. That's when turning to professional advice is a huge advantage. In fact, getting the right person on board can be the decisive factor in helping you meet your goals. Good advice might even help you *surpass* them. Surprised? According to a recent study (see sidebar on page 10), of those surveyed, Canadians with advisors financially outperform those without.[1]

It's okay to have high expectations

Given the high personal stakes, you should have equally high expectations of your advisor. A solid advisor will do three things:

1. Learn about you. This includes assessing not just your finances, but also your family situation, short- and long-term goals – even your hopes and dreams. Just as important, your advisor will establish your

[1] www.ific.ca/wp-content/uploads/2015/11/Advisor-Insights-Advice-Creates-Strong-Value-for-Canadians.pdf/12051/

risk profile. Are you the button-down type of investor that avoids risks? Or do you relish the thrill ride of stock markets, with their potential big payoffs? Perhaps, like most of us, you fall somewhere in-between.

2. Build your plan. This is the all-important "advice" part. Your advisor should deliver a plan that's actionable – things you can do immediately. It should also have milestones along the way, so you can gauge your progress. A complete plan will most likely include:

- Disciplined savings – amounts to put aside on a regular basis
- Investment portfolio – based on your risk profile, a diversified portfolio can help to protect and grow your money
- Debt management – this should be part of every financial plan
- Tax strategy – to help minimize taxes, of course
- Risk management – life, disability and critical illness insurance, to help protect your family
- Retirement plan – depending on your age and goals, the plan may include projections of when you can expect to retire, and with how much money

3. Adjust your plan. Life is all about change – often unexpected change. This means your plan should be flexible and subject to a regular review, generally once a year. That's when you'll sit down with your advisor to check your progress, revisit your goals and, if necessary, reset your course.

Not just about retirement

Some Canadians start thinking about talking to an advisor in their 40s or 50s, when retirement first peeks over the horizon. Life-changing events such as buying a house or having a child can also trigger a financial reckoning and the need for advice. But your goals don't have to be that large. Saving for a car or a once-in-a-lifetime trip might also be a good reason to start talking to an advisor.

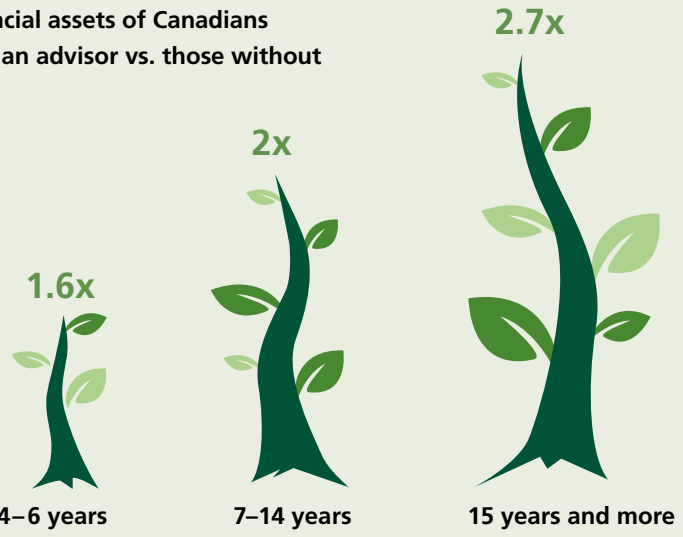
The point is, you call the shots on what you want from your advisor – from helping you plan your estate and create a comprehensive roadmap to just being a sounding board.

Be prepared, as well, to hold up your end of the relationship with some basic knowledge about the financial world. Start by reading the business section in your paper or following financial experts on social media. You don't have to be an authority. But the more you know, the more you can be involved in some of the most important decisions in your life.

DOES ADVICE PAY?

Actually, it seems to do exactly that. Research suggests that Canadians who have an advisor are more likely to have a financial plan and be more confident about their money. What's more, a 2015 study by the Investment Funds Institute of Canada found that investors who work with advisors accumulate significantly more in savings than comparable investors without advice.

Financial assets of Canadians with an advisor vs. those without



Source: www.ific.ca/wp-content/uploads/2015/11/Advisor-Insights-Advice-Creates-Strong-Value-for-Canadians.pdf/12051/

Finding the right fit

Like you, every advisor is a unique individual, and each brings a different professional and personal skill set to the table. But there's also that "gut feeling" that can tell you you've found the right professional for you and your family.

So where to find that special person? If you have no candidates in mind, ask family and friends for recommendations. You can also search online through the Financial Planning Standards Council website, fpsc.ca (in Quebec, L'Autorité des marchés financiers at lautorite.qc.ca).

Before making first contact, take a look at the advisor's own website or LinkedIn profile – both can provide information on their accreditations and services. And when you are ready to meet an advisor face-to-face, approach it as a job interview, and plan on meeting at least three prospects before deciding.

The interview

A lot is riding on the relationship, so ask plenty of questions about an advisor's education, experience and philosophy. See the sidebar on this page for some questions you might want to ask an advisor.

Think about practical matters, too. Will his office location work for you? Is she willing to meet you at your home or office? How accessible is the advisor, say, online or over the phone?

DO YOUR DUE DILIGENCE

Here are some handy questions you can ask when you're interviewing potential advisors.

- What's your education and training? Which certifications do you hold?
- How long have you been practising, and what kind of clientele do you serve?
- Can you summarize your approach to investment and client service? What differentiates your approach from other advisors?
- Do you have legal, accounting and other professional associates you call on for added advice, if needed? Are there others in your office whom I can reach if I have questions?
- How are you compensated? (Tip: It's a good idea to compare candidates' answers to this question.)
- Can you show me a sample financial plan? (Ask yourself: Does it hit all the important points, such as savings, investment, taxation and insurance? Is it clear and easy to follow?)

Consider the advisor's age and background. If you're a baby boomer you may be more comfortable with an advisor closer to your age. Similarly, if you're in your 30s or 40s, you may prefer someone who "gets it" when you talk about your goals.

And most certainly give the advisors you meet plenty of opportunity to ask about you. It's a good sign if they ask not only about your financial goals, but also about your family, lifestyle and life goals.

Tie up the loose ends

Once you find the right advisor (and chances are, you'll know pretty quickly), it might be a good idea to ask for a signed agreement that outlines the scope of services and nature of your relationship, to help set clear boundaries and expectations. Beyond the agreement, your advisor should be easy to talk to and give you a good feeling of trust and comfort. After all, you'll be sharing a great deal of personal information with him or her over a long period of time. And a rewarding relationship is one that benefits you both today and well into your future. ■

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Be prepared

Anticipate and include emergency expenses when developing a financial plan.

IF A MAJOR EARTHQUAKE EVER HITS Nanaimo, B.C., Pam and Bill Merriweather* will be ready. They have two backpacks equipped with water, emergency rations, copies of their passports and other ID, and a small amount of cash in case they need to evacuate. They live by the slogan Be Prepared.

And just as they keep first-aid kits in their vehicles and a stash of candles at home in case the power fails, they're also ready to deal with financial emergencies. They've set up a savings account that holds the equivalent of three months of their basic living expenses (the rule of thumb is to have enough to cover three to six months). And they have access to a low-cost line of credit that would cover several more months of expenses in the event that, for example, one of them loses their job, or they need to cover an unexpected home repair.

Were the Merriweathers always so well prepared? Not financially, at least. As newlywed graduates, they just wanted to pay off their student debt and live within their means. Their only other specific financial goal was the vague thought that they'd like to buy a house. In fact, they didn't have a formal budget until they started house hunting 20 years ago – tight finances meant they had to take a clear-eyed look at how and where they were spending their money. They balked at saving the suggested amount to cover emergencies when there were so many other demands on their finances.

Still, they understood the what-ifs that come with owning a house. What if the washer and dryer pack it in at the same time? What if that

*Names have been changed.

funny smell in the basement turns out to be mould? What if a raccoon nests in the attic?

It was time to consult an advisor, who confirmed they should budget for unexpected expenses as part of their overall financial plan. Based on the advisor's recommendations, they:

- Opened a savings account and set up an automatic transfer to ensure the funds were available as needed
- Applied for a home equity line of credit

In the years since that initial meeting with their advisor, they've had to draw on their emergency savings more than once. From cleaning up after a windstorm took down four trees on their property to hiring a personal support worker when Bill broke his leg skiing, they've come through various emergencies without derailing their overall financial plan. Each time, they rebuilt their cash savings and paid off their credit line efficiently so they would be ready to deal with the next unexpected event.

The Merriweathers meet regularly with their advisor to review their financial plan, which includes looking at the amount they're committing to their emergency savings, as well as towards their retirement and other long-term goals.

Although it might feel more appealing to save for something more fun, like a vacation or a new car, the Merriweathers value the sense of security that comes from knowing they have financial resources in place to deal with the unexpected.

So how does your financial readiness stack up? Find out by completing the quiz included with this article. It can provide valuable insights on what you're doing well and where you could use some help. Then talk to your advisor about your results and how to develop a plan that prepares you for whatever life throws your way. ■

ARE YOU PREPARED?

Half the households polled in a recent survey have $1,000 or less in emergency savings, or simply don't know the actual amount.[1] However, when you consider the impact of a job loss or the cost of replacing a roof or a furnace, it becomes clear that $1,000 won't go very far. In addition to the more obvious "unexpected" expenses, you may wish to consider two others:

PET HEALTH CARE. While you probably budget for food and annual checkups, unexpected health care expenses can pack a hefty financial wallop. Are you prepared for a $1,200 dental bill for your aging cat? Or a $750 trip to the emergency vet after your puppy eats its entire stash of dog treats?

AGING PARENTS. If a provincial health plan doesn't provide the level of care an aging parent needs following surgery or a health crisis, you may need to help cover the shortfall. If you live a distance away, do you have the money available for last-minute travel in case of an emergency?

PERCEPTION VERSUS REALITY[2]

- **73 per cent** of homeowners believe they're somewhat or completely prepared financially to deal with unexpected costs such as a major car repair or furnace replacement.
- However, **38 per cent** were "caught short" – unable to cover expenses – at least once in 2015.
- **24 per cent** don't know if they have an emergency fund; 13 per cent don't have one at all.
- Another **13 per cent** have $1,000 or less saved for emergencies.
- While **33 per cent** use a line of credit to manage shortfalls, 32 per cent use credit cards and 23 per cent use savings.

[1,2] Manulife Bank Homeowner Debt Survey, November 2015.

Five smart money moves

Whether you pay off debt or invest, some strategic planning can help your money go a long way.

IT'S THE BEST KIND OF SITUATION – you have some extra money. Perhaps you've saved diligently throughout the year, or it's arrived all at once as a tax refund. What's the best way to make use of your windfall?

Of course, the answer depends on your personal circumstances. This article will take a look at a reasonable figure – $5,000 – and some strategies that can help you make the most of it.

Two strategies that can move you closer to debt freedom

More than three-quarters of Canadian homeowners surveyed (77 per cent) say that being free of debt is a top priority.[1] If it's a priority for you too, one of the best ways to help eliminate debt is to put as much as you can towards debt repayment.

1. Pay off consumer debt

Consumer debt (which includes credit cards, loans and lines of credit) often comes with a higher interest rate than your mortgage, so that's

[1] Manulife Bank Homeowner Debt Survey, November 2015.

a good place to start. Canadians were carrying an average of $21,164 in non-mortgage debt in mid-2015.[2]

Check your statements to identify your highest-interest debt and consider applying a substantial amount of your extra money towards that balance. Paying off a $3,000 credit card balance charging 19.99 per cent, for example, can save you nearly $560 in the first year. By contrast, if you continued making only minimum payments, it would take more than 17 years to pay off the balance and cost close to $3,500 in interest.[3]

2. Pay down your mortgage

The biggest debt for many is often a mortgage. Across Canada, the average mortgage balance is about $175,000.[4] If your mortgage allows lump-sum prepayments, consider allocating the extra funds towards the principal. You could save hundreds or even thousands in interest and be a step closer to paying off your mortgage.

Three savings strategies that can help you achieve your dreams

What financial habit do Canadians find most stressful? In a recent poll, 43 per cent answered "not saving money."[5] If saving is important to you, set some cash aside for one of these objectives.

3. Save for retirement

Money can grow quickly inside a Registered Retirement Savings Plan (RRSP), because you don't have to pay any tax on investment growth until you make withdrawals.

Assuming you have contribution room available, $5,000 invested in an RRSP today, earning an average rate of return of six per cent and compounded annually, will grow to almost $29,000 in 30 years. That's a tidy sum to put towards your retirement lifestyle.

Don't forget you also get a tax deduction based on your RRSP contribution, which may mean a refund the next time you file your taxes – and another windfall.

4. Save for a short-term goal

Many of us have a mix of short-term goals. You may be saving for a down payment on a home, a new car or a dream vacation. Or you may want to build up an emergency fund.

Consider stashing extra cash in a Tax-Free Savings Account (TFSA) for these types of goals. Any investment growth accumulates tax-free, and the money can also be withdrawn tax-free. One of the best features of a TFSA is that you can take out money to finance a short-term goal and then recontribute the same amount in the following calendar year. In other words, you don't lose your contribution room when you withdraw.

5. Save for education

If you're saving for a child's post-secondary education, you can get a head start by investing in a Registered Education Savings Plan (RESP). An RESP offers what is essentially a guaranteed rate of return in the form of Canada Education Savings Grants (CESGs), which match 20 per cent of up to $2,500 in contributions each year.

CHATTER BOX

SAVINGS TIPS

Set up an automatic transfer of 5% or 10% to a separate savings or investment account as soon as you're paid.
– A. via Twitter

I have RESPs for my kids, and put extra money into a savings account.
– B.P. via Instagram

Auto save every pay into TFSAs and RRSPs.
– P.M.K. via Instagram

If you didn't contribute last year, and you contribute $5,000 this year, you could receive $1,000 in CESGs. Over 10 years, earning an average rate of return of five per cent and compounded annually, that $6,000 could grow to over $9,700.

Speak to your advisor

The best approach for you will depend on your financial situation and your priorities. Your advisor can help you decide which strategy, or which combination of strategies, can help make your extra money go further. ■

[2] www.consumer.equifax.ca/about-equifax/press-releases, September 15, 2015. [3] For illustration purposes only. Assumes minimum payments are made (the greater of $10 or three per cent of the balance monthly). [4] Manulife Bank Homeowner Debt Survey, November 2015. [5] www.newswire.ca/news-releases/not-saving-money-is-top-financial-stressor-for-canadians-survey-528805521.html

Not your parents' life insurance

How the process of buying life insurance is changing for the better.

LET'S FACE IT, YOU'D BE HARD-PRESSED to find someone who says they really look forward to buying insurance. As a result, more than six million households across the country acknowledge they don't have enough life insurance, according to a recent study. That's 45 per cent of Canadian households – up from 38 per cent in 2006 and 33 per cent in 1999.[1] One reason is a widespread perception that the process of choosing and applying for appropriate coverage is difficult and time-consuming.

That may have been a problem in the past, but it's no longer the case. Like many other purchases, obtaining life insurance is getting easier, faster and more flexible, dramatically improving the customer experience. So, if you've been thinking about insurance but have been hesitating to buy it, there's no time like the present to explore new solutions with your advisor.

[1] LIMRA, 2013 Canadian Life Insurance Ownership Study.

Applications are easier

Streamlined application processes, including less intrusive requirements and electronic submissions, mean it's become much easier to get the "paperwork" done. Many products don't require medical evidence, such as blood tests, saving time, inconvenience and discomfort. In some cases, everything can be wrapped up in one meeting.

Decisions are faster

With simpler and more streamlined processes in place, insurers can approve policy applications – and provide coverage – more quickly. If you need term insurance, for example, you may be able to have your coverage in place in as little as one business day after you apply.

Choices are flexible

Life insurance has evolved a great deal, and can now be tailored to your specific needs. One of the most exciting developments is the introduction of policies that let you earn rewards and save on premiums when you make healthier lifestyle decisions. As insurers continue to innovate, you can expect more choices and greater flexibility.

Value was never a question

In a recent survey, 54 per cent of respondents were concerned about providing for their family if they died unexpectedly, and 43 per cent said that a top reason to have life insurance was that it was good, wise or necessary. One-third (33 per cent) said that if the family's main breadwinner died, was disabled or became critically ill, they would have immediate trouble meeting everyday expenses.[2]

ASK BEFORE YOU BUY

Here are some of the most important questions to ask your advisor before you buy life insurance.

- How much insurance do I need to protect my family?
- What's the best kind of insurance for me – term or permanent?
- Will this always be the right choice? If not, when will we review my needs again?
- What do I have to do to apply? Are there lots of forms? Do I need to give blood?
- How quickly will I find out if my application has been accepted?
- What happens if my health changes after I buy the policy?
- Is there any flexibility if I can't afford the premiums at some point in the future?
- Should I consider any riders – for example, to protect other family members too?

What's been standing in the way, for many, is the impression of complexity. But the reality is, with support from your advisor, getting the life insurance coverage you need isn't a hassle. In fact, buying life insurance may be the simplest part of implementing your overall financial plan. For more information, talk to your advisor about your personal situation and the protection you need. ■

[2] LIMRA, 2013 Canadian Life Insurance Ownership Study.

Seeking shelter in stormy seas

Segregated fund contracts are designed to help offer a safe harbour for Canadians worried about volatile markets.

MANY CANADIANS ARE APPREHENSIVE about investing. And who can blame them? Between plunging oil and commodity prices, and the Canadian dollar's free-fall, the economy has taken a big hit. So has investor confidence. Market volatility, together with economic uncertainty, is the new normal – at least for now.

But even in a tough investment environment, diversification, with at least some exposure to stock markets, may be one way to stay ahead of inflation. This is precisely why today's turbulent conditions are leading some investors to take a second look at segregated fund solutions.

What is a segregated fund contract?

A segregated fund contract combines the growth potential offered by a broad range of investment funds with the unique wealth protection features of an insurance contract. Segregated fund contracts can help minimize exposure to risk through various guarantees, such as income, death and maturity guarantees, potential creditor protection features, and estate planning benefits – all from a single product or insurance contract.

The value of a guarantee

For risk-averse investors, a segregated fund contract's most appealing attributes are its guarantees. After all, life doesn't come with too many guarantees.

With a segregated fund contract, you're sure to receive at least 75 per cent of your deposits (or 100 per cent, depending on the contract), less any withdrawals, when the contract matures. This is known as a maturity guarantee, and it applies at the maturity date (which occurs after a minimum number of years has elapsed or at a contract set date,

for example, age 100 of the annuitant), even if markets decline during the period. And if markets rise, you have the opportunity to grow your savings. Some contracts even let you "reset" your maturity guarantee to lock in growth. So you get the opportunity to protect your capital, while also enjoying growth potential.

Segregated fund products demystified

An important thing to know about segregated fund contracts is that they're actually insurance products. Only insurance companies can offer them, and only licensed insurance representatives can sell them.

Segregated fund contracts also vary widely. They offer different guarantees, features and fees. Your advisor can explain the differences and recommend various options available to you.

Who might choose a segregated fund contract?

Segregated fund solutions typically appeal to conservative investors, especially during turbulent markets. For investors who don't want to lose sleep over the market roller-coaster ride, the guarantees that come with segregated fund contracts can provide some peace of mind. They also appeal to people for whom estate planning advantages or potential creditor protection is top of mind (see the sidebar).

Death benefit guarantee

Segregated fund contracts also include a death benefit guarantee. The guarantee can be up to 100 per cent, depending on the type of contract selected and the age of the annuitant when the product is purchased. Your named beneficiary gets the death benefit in the event of death. Your beneficiary can be anyone – a family member, a friend or a charity.

The costs

Keep in mind that the guarantees are a type of insurance, which you're paying for. Segregated fund costs include management fees, insurance fees, operating costs and applicable sales tax. A contract might also include a charge for early withdrawal. Ask for all the fees and costs to be clearly itemized, so you can make an informed decision.

The reset

So what happens if your segregated fund contract maturity guarantee is 100 per cent of your initial deposit (let's say $10,000), but the underlying investment grows five per cent within the first year? Some segregated fund contracts allow you to lock in this growth, so your new guaranteed amount is higher – 100 per cent of $10,500 (unless, of course, you withdraw money). Insurance companies that offer segregated fund contracts call this a "reset." Resets are a great feature in volatile markets, since you can take advantage of the peaks to reset without descending to the valleys.

Depending on the product, resets may be automatic, or you may initiate them yourself. They may affect the maturity guarantee and/or the death benefit guarantee, and they can happen annually or more frequently. Certain conditions apply to elect a reset, and these are specific to the contract you are purchasing.

DID YOU KNOW?

Segregated fund contracts offer other benefits, including:

Ability to bypass the estate
In the event of death, the proceeds of the contract have the ability to pass quickly and privately[1] to designated beneficiaries (other than an estate), without legal, estate administration and probate fees.

Potential creditor protection
Investments held with an insurance company are generally protected from creditors in bankruptcy and non-bankruptcy situations provided an appropriate beneficiary is named.[2] Another requirement is that there cannot be a fraudulent conveyance. In other words, the investments cannot have been deposited into an insurance investment merely to avoid existing creditors. This feature can be of interest to professionals and business owners looking to protect their personal assets from professional liability.

Decisions, decisions…

That's a lot to mull over. Segregated fund contracts could be just the answer for investors looking to help minimize risk, and given the ups and downs of today's markets, they deserve a close look. The best advice? Discuss with your advisor whether segregated fund contracts are right for you. ■

[1] In Saskatchewan, jointly held property and insurance policies with a named beneficiary are included on the application for probate despite the fact that these assets do not flow through the estate and are not subject to probate. [2] In jurisdictions other than Quebec, the beneficiary designation must be irrevocable or the beneficiary must be a spouse or common-law partner, child, parent or grandchild of the annuitant. In Quebec, the contract must qualify as an annuity contract and have a named beneficiary in one of these categories: a married or civil union spouse (not common-law spouse), ascendants or descendants of the owner, or anyone named as an irrevocable beneficiary.

RECOVERING FROM

A FINANCIAL SETBACK

Events that negatively affect finances can happen to anyone. Overcoming a challenging situation – whatever form it takes – requires determination, patience and good planning.

IN LIFE, EVERYONE **EXPERIENCES SETBACKS.**

These can run the gamut from losing a job to going through a divorce, to recovering from a serious illness. Then there are the unexpected expenses life throws your way. They happen all the time. A leaky roof, a flooded basement, a car breakdown – any one of these may cost thousands of dollars to fix, with the money required right away.

Sometimes, more than one of these difficult situations occur at once. It goes without saying that challenging circumstances can affect your finances – but just how do you recover and get back on track? Here are some tips.

1. GET PROFESSIONAL ADVICE

Whether a financial setback is big or small, a professional perspective can be invaluable. Your advisor can work with you to assess the impact on your short-term and long-term plans, to adjust or create goals, and to develop a plan of action that helps lead to recovery. Getting advice early can help you avoid making rash decisions – for instance, racking up a large credit card balance – that could be difficult to unwind after the fact. Your advisor should make you feel comfortable and offer constructive ideas on how to address your problem.

2. TIGHTEN YOUR BUDGET

Any budget usually has some slack. Whether your income has dropped or your expenses have risen, it's time to eliminate that slack to get your budget back in balance. Take a hard look at your discretionary (or non-essential) costs – everything from entertainment to travel. Are there free or lower-cost alternatives, such as books, magazines and videos from the library, activities in a local park or at a community centre, or a staycation instead of a vacation? You may even be able to negotiate a better deal on certain products and services (think bulk purchases and bundled discounts) without cutting back.

3. EXPLORE BIG-TICKET COST SAVINGS

If the financial setback looks as if it could last a long time, and cost a great deal, you may need to make significant lifestyle changes – changes that go beyond trimming. Examine the biggest line items in your budget. Can you move to a smaller home in your area, or a similar-

sized home in a more affordable area? If you have two cars, can you make do with one and sell the other? Such changes are difficult to make, but they may be essential to help protect your future financial well-being.

4. EARN EXTRA INCOME

Can you bring any more money into your household? Perhaps you can sell something of value – art, antiques, collectibles. Or maybe you can work more hours (for example, moving from part-time to full-time) or even take a second job. Of course, if you're caring for children or a family member and would have to make alternative arrangements so you can work more, run the numbers to ensure your after-tax income will more than pay for those costs.

5. TALK TO YOUR MORTGAGE PROVIDER

If you have a mortgage, you may be able to reduce your monthly costs by negotiating more manageable terms with your mortgage provider. For example, you could switch from accelerated to standard payments, reducing the annual amount you have to pay towards your mortgage. If you were on an accelerated payment schedule, or if you've made lump-sum prepayments in the past, your provider may even be willing to give you a short-term holiday from payments. You may also want to ask about lengthening your mortgage's amortization and adding any payments you've missed to your mortgage balance so you can pay those amounts gradually.

Avoid these pitfalls following a financial setback

Try not to…	Instead…
Panic	Focus on solutions
Feel trapped	Evaluate your options
Make rash decisions	Pause to weigh pros and cons
Compound mistakes	Cut your losses
DIY	Get professional advice

6. TALK TO OTHER CREDITORS

Rather than letting bills slide, call your creditors, explain your situation and ask if it's possible to lower your interest rate, reduce your payments or defer your payments for a period of time. This can give you breathing room to get through the worst of a setback and help to protect your credit rating – which will suffer if you simply stop making required payments. Another option to explore with your advisor is debt consolidation, which brings all your debts into one lower-interest-rate account with a single payment due every month.

7. BORROW SENSIBLY

If you can't find ways to spend less or earn more, and you've run through your emergency fund, take the time to research the lowest-cost sources of borrowed money in order to secure some extra funds. For homeowners, this is usually a secured line of credit. In some cases, a personal loan may be a good choice because it requires repayment according to a set schedule – so you know when you'll be free of that particular debt. Your advisor can help you identify the best solution for your personal situation.

Look beyond the immediate problem

Recovering from a financial setback is a journey. It may take many months or even years to return to a place where you're as comfortable financially as you used to be. But, in many cases, it can be done. What it takes is determination, patience and good planning.

As your financial situation starts to improve, try to stick to a streamlined budget so you can put extra money towards your debts. Gradually, start building a substantial emergency fund so you have resources available the next time you run into a financial setback.

Once you are in a stronger position, with more of a surplus, look at other ways to help protect yourself from future shocks to your finances, such as health and dental, critical illness and/or disability insurance.

Set some money aside for the future once you are able to take a longer-term view. That may include saving in a Tax-Free Savings Account (TFSA), Registered Retirement Savings Plan (RRSP), Registered Education Savings Plan (RESP) and/or non-registered account.

When you have enough distance from the event, look back and consider if you might have done anything differently to soften the effects of the setback. Your goal should be to learn from the experience, without assigning blame to either yourself or your partner. What happened, happened. The key is to make sure you're in a stronger financial position in case another difficult situation occurs.

For tips on preparing *before* a financial setback, see page 12. And, if you're currently in the midst of managing a financial setback, speak with your advisor. ■

THE BIG 3

These life-changing events can significantly affect your finances.

SERIOUS ILLNESS

About eight per cent of full-time employees are away from their jobs for part or all of any given work week due to illness, disability, or personal and family responsibilities. Each of those people misses an average of just over nine days at work during a year.[1] Illness can be acute (and over relatively quickly) or chronic (and long-lasting). And whether illness affects you or a close family member, it may lead to unpaid absences from work as well as a wide range of expenses that aren't covered by provincial health plans or employer benefits.

JOB LOSS

In 2015, the Canadian economy created 151,000 full-time jobs. On the surface this looks like good news, but it doesn't tell the whole story. The unemployment rate rose by 0.4 per cent to 7.1 per cent during 2015, with 110,000 more people looking for work at the end of the year than the beginning of the year.[2] Some of those people were new to the workforce – but others were established workers who had lost their jobs. Job loss can sweep through a specific industry, as it did with manufacturing in Ontario and energy in Alberta. Or it can happen individually. Sometimes, workers are offered a severance package; other times, they receive nothing and families face an immediate drop in income.

DIVORCE

About 70,000 divorces are finalized every year in Canada – not including the breakdown of common-law relationships.[3] Separation and divorce may be the culmination of years of discord, or it may happen suddenly when a new, unresolvable issue emerges. Either way, it's more expensive to support two households than one, and there are often significant legal costs.

[1] Statistics Canada, "Work absences in 2011," www.statcan.gc.ca/pub/75-001-x/2012002/article/11650-eng.htm, last modified January 8, 2016 (accessed February 29, 2016). [2] Statistics Canada, "Labour force survey, December 2015," www.statcan.gc.ca/daily-quotidien/160108/dq160108a-eng.htm, last modified November 27, 2015 (accessed February 29, 2016). [3] Statistics Canada, "Divorces, by province and territory," www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/famil02-eng.htm, last modified November 18, 2008 (accessed February 29, 2016).

DECISION-MAKING FOR YOUR SMALL BUSINESS

Focus on the choices that matter the most.

EVERY DAY, WE MAKE COUNTLESS DECISIONS. Some are fairly trivial, such as what colour shirt to wear or what to have for lunch. Others have much bigger consequences. If you're a business owner, these may include how to manage your cash flow, how to protect your company with insurance, and how to choose the right benefits plan to attract and retain the best employees.

If you have ever struggled to make an important decision, you are not alone. Researchers have found that each of us has limited decision-making resources, with "decision fatigue" setting in as the day wears on.[1] As the hours roll by and the day's decisions pile up, our tired brains start looking for the easy way out. Sometimes that means postponing decisions. Other times that could mean making decisions recklessly just to get them over with.

One way to manage decision fatigue is to eliminate certain choices. Two of the world's most successful entrepreneurs simplified their wardrobe decisions by wearing the same thing every day: Steve Jobs was famous for his black turtlenecks, and Mark Zuckerberg favours grey T-shirts.[2] Another strategy is to devote time to important decisions earlier in the day, before an onslaught of minor choices makes it harder to come to the best conclusion. It may help to schedule an hour every morning to consider some of the big choices you need to make for your business.

[1] www.nytimes.com/2011/08/21/magazine/do-you-suffer-from-decision-fatigue.html [2] www.businessinsider.com/barack-obama-mark-zuckerberg-wear-the-same-outfit-2015-4

Identify your make-or-break decisions

Decisions related to cash flow are high on any business owner's priority list. A recent survey found that 59 per cent of small business owners are concerned about cash flow, and 20 per cent are seriously concerned. Yet almost two-fifths of the respondents (38 per cent) were wrestling with cash flow issues on their own, without guidance from an external advisor.[3] One of the biggest advantages an advisor can bring to the table is the ability to help with decision-making regarding cash flow management. For example, an advisor can put together an optimal mix of bank accounts and lines of credit to maximize short-term returns and cushion the business from cash flow crunches.

Another important decision-making area for business owners relates to risk management. A clear risk management goal – say, building a diversified customer base or diversified revenue streams – can help you make strategic business planning decisions that move you in the right direction. When it comes to insurance, delays in decision-making can increase your exposure to risk. It's wise for business owners to make it a top priority to research and then finalize policies, from general liability and business interruption insurance for the business to critical illness, disability and key person insurance for owners.

There's another area of risk management-related decision-making that isn't always top of mind for most business owners – but should be. If you have employees, you understand how much your business relies on their productivity and loyalty, and you're probably aware of how much turnover costs. Yet the small business research cited above revealed that just 17 per cent of business owners consider group health benefits and retirement savings plans to be a strategy to reduce risk.[4] Even a simple, entry-level benefits plan can do wonders for retaining and attracting employees. And since these plans are tailored for small businesses, the complex decisions have already been made for you – you simply have to decide yes or no.

FIVE RESOURCES TO SUPPORT YOUR DECISION-MAKING

www.smartbusinessmove.ca

www.canadabusiness.ca

www.ic.gc.ca

www.bdc.ca

www.thelaunchplan.ca

Seize opportunities by making decisions guided by good advice

Postponing important financial decisions may mean missing out on opportunities to grow, develop and protect your business. So if you've been mulling without deciding, consider what you need to move forward. Ask yourself:

- Am I considering all of the available options?
- Do I know enough about each one to make an informed choice?
- Can my advisor, peers, employees or an advisory board offer valuable input?
- What barriers are standing in the way?
- Can I break down the decision into smaller pieces?
- Would it help to set a deadline?

Small business owners are busy, so anything that can streamline the decision-making process and make it more effective and efficient helps. One important resource you have available is your advisor, who can provide clarity, give you a big-picture perspective and guide you towards decisions that benefit your company in the short and long term. ■

[3,4] www.smallbizresearch.ca/wp-content/uploads/2015/09/MSBR_Report_2015_ENG-11_Approved.pdf

THE CLAWBACK CONUNDRUM

How to help reduce your reported income to maximize benefits in retirement.

WHEN CANADIANS AGE 65 OR OLDER think about their overall retirement plan, most focus on ensuring their savings, investments and other forms of income are appropriately managed. But most people's retirement income also includes a range of valuable benefits available from the government, two of the most familiar ones being Old Age Security and the Age Credit. And a critical feature of these benefits is that they're highly connected to your taxable income. They can be clawed back or forfeited altogether if your reported income (line 234 of the federal tax return) is too high.

Therefore, in order to avoid reducing the government benefits you receive, you may want to think about ways to reduce your reported income. Here are a couple of straightforward approaches you can take.

1. Effectively structure non-registered investments

It's important to understand that each type of income from non-registered investment sources is treated differently for tax purposes. For example, only half of net capital gains are included in your taxable income, whereas interest income from investments, such as GICs,[1] is fully reported as income.

Dividends received from Canadian corporations are another consideration. Although the dividend tax credit does provide for preferential tax treatment, it is the grossed-up amount that is reported as taxable income and that is used to determine eligibility for income-tested benefits (such as Old Age Security).

[1] Refers to guaranteed interest contracts from insurance companies and guaranted investment certificates from other financial institutions.

This is where proactive management of your income-generating investments comes into play. Knowing how different investments affect reported income can help you identify opportunities to structure your investments in tax-advantaged ways to help reduce clawbacks and preserve your wealth. As demonstrated in the table below, some options to consider include prescribed annuities, withdrawals from a mutual fund or segregated fund contract, or distributions from a Series T mutual fund.

Consider the amount reported on your tax return (Income of $10,000)

Source	Included on tax return (%)	Amount reported ($)
Eligible dividends*	138	13,800
GICs or bonds	100	10,000
Capital gains	50	5,000
Prescribed life annuity	15†	1,500
Mutual fund or segregated fund contract withdrawals	2.5‡	250
Distributions from Series T mutual funds	0§	0

*Dividends paid from income that has been subject to the general federal corporate tax rate (e.g., paid by public corporations) qualify as "eligible dividends" and are included at 138 per cent. Other dividends, or "non-eligible dividends," are included at 117 per cent for 2016. † Taxable percentage is approximated for a 65-year-old female. ‡ Taxable percentage in year one; grows to 20 per cent in year 10. Assumes a five per cent rate of return on an investment of $200,000. Does not take into account year-end distributions or allocations. § Distributions are considered return of capital (ROC) until the adjusted cost base (ACB) of the investment falls to zero, at which point they are considered capital gain. This percentage does not take into account year-end distributions.

2. Optimize tax deductions

From a tax perspective, the arrival of retirement means that many familiar tax deductions are no longer available, such as Registered Retirement Savings Plan (RRSP) contributions, pension plan contributions, child care expenses and union dues. But you do have other options for generating deductions.

Maximizing RRSPs: If you have any RRSP room left, making a lump-sum contribution before you convert it to a Registered Retirement Income Fund (RRIF) can be advantageous – the resulting deductions can be spread over a number of years.

Borrowing to invest:[2] For those who have additional income over and above what's required for living expenses, coupled with a higher comfort level with investment risk, a borrowing strategy may be worthwhile. Specifically, a tax deduction can be created when you use RRIF or other discretionary income to pay interest on funds that were borrowed to invest.

Speak to your advisor

Whether you're nearing or already in retirement, it's worthwhile to contact your advisor and tax specialist for more information. They are the best resources for information on how to help avoid clawbacks and how to maximize government benefits. ■

[2] Borrowing to invest is 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. Your investment will vary and is not guaranteed. However, you must meet your loan and income tax obligations and repay your loan in full. Please ensure you read the terms of your loan agreement and the investment details for important information. 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.

SUN, SAND AND SO MUCH MORE

Discover Caribbean cultures and exhilarating adventures.

EVERY FALL, WATCHING FLOCKS OF BIRDS start their annual migration, many Canadians start planning their own escape to sun-kissed lands. The most popular Caribbean island destinations for Canadian travellers are Jamaica and the Dominican Republic.[1] Within and beyond those countries await unique adventures that can take you off the well-worn tourist path for a rich and memorable experience. Here's inspiration to help you create the summer-in-winter trip of your dreams.

Listen to the sounds of the islands

Looking for human accompaniment to the nightly serenade of the Caribbean's musical crickets and frogs? Explore reggae in Jamaica, calypso in Trinidad and Tobago, salsa in Cuba and bluesy bachata in the Dominican Republic.[2] If you time your trip right, you can attend a music festival, such as the World Creole Music Festival in Dominica (late October), the classical Festival Casals in Puerto Rico (late February to early March) or the Saint Lucia Jazz and Arts Festival (late April to early May).[3]

Enjoy the shade of a cool museum

Island beats don't get much cooler than the soothing sounds of reggae legend Bob Marley, and in Jamaica his former home has been converted into the Bob Marley Museum. For the visual arts, check out the Museo de Arte de Ponce's collection of

LEFT: St. Lucia's Petit Piton (pictured) and Gros Piton offer challenging hikes up volcanic slopes.

TOP: The historic Pietermaai district in Curaçao is a colourful mix of hotels, restaurants, bars and shops.

ABOVE: Get up close and personal with turtles and other marine life off the coast of Barbados.

Photo left: Saint Lucia Tourist Board. Photo top right: Curaçao Tourist Board. Photo bottom right: Barbados Tourism Marketing Inc.
[1] tiac.travel/_Library/documents/The_Canadian_Tourism_Industry_-_A_Special_Report_Web_Optimized_.pdf [2] worldmusic.about.com/od/genres/f/What-Kinds-Of-Music-Come-From-The-Caribbean.htm [3] www.travelandleisure.com/articles/top-music-festivals

TOP LEFT: Dive to picturesque shipwrecks near the U.S. Virgin Islands' St. Croix.

TOP RIGHT: Tobago's Argyle waterfall splashes down three levels and 54 metres through lush tropical greenery.

ABOVE: Sway to the musical beat of steel drums throughout the Caribbean.

OPPOSITE LEFT: Enjoy patio dining year-round with friendly locals.

OPPOSITE RIGHT: Kitesurf, riding the waves and the wind, under a warm Caribbean sun.

14th- to 21st-century masterpieces in Puerto Rico, or the more specialized Musée Paul Gauguin in Martinique. Step back in time at the National Archaeological Museum Aruba, displaying 5,000-year-old Amerindian artefacts, or the Barbados Museum and Historical Society, housed within a former military prison.[4]

Savour the region's foods

Each island in the Caribbean has its own food specialties. If you have an adventurous palate, try fungee (a paste made from okra and cornmeal) and pepperpot (a mix of meats and vegetables) in Antigua and Barbuda, seasoned conch and dumplings in St. Maarten, or stewed salt fish with a side of spicy plantains in St. Kitts and Nevis.[5] You can also get up close and personal with a ripening harvest on a banana, coffee, cocoa or spice plantation tour. The Caribbean is famous for its rum too, of course – learn how it's made at a local distillery.

Choose your own adventure

If you're looking for an adrenalin rush, how about driving into a steaming volcanic crater on St. Lucia, swinging from tree to tree through a Puerto Rican rainforest or mountain biking to Tobago's tallest single-drop waterfall? In the blue-green waters offshore, experience the thrill

TRAVEL TIP: When travelling outside of Canada, it's always a good idea to have travel health insurance. Thinking of taking part in adventurous activities? Carefully review your policy to ensure your insurance covers the activity you're planning.

Photo top left: U.S. Virgin Islands Department of Tourism. Photo top right: Tobago Division of Tourism & Transportation.

[4] caribjournal.com/2014/04/07/10-caribbean-museums-to-visit-in-2014/ [5] www.caribbeanandco.com/national-dishes-of-the-caribbean/

of swimming with dolphins and stingrays in Grand Cayman, kayaking through a mangrove forest in Bonaire or paddleboarding through the Turks and Caicos backcountry.[6]

Island hopping

Can't decide among the Caribbean's more than 7,000 islands?[7] A cruise is an all-inclusive resort on the move that lets you sample different destinations without unpacking, repacking and lugging suitcases around. Cruise lines make sure there's plenty to do on board and, when you're docked, a little advance research can allow you to slip away from the crowds and get a more authentic impression of the culture and food at each stop.

Financially, cruises can be an excellent deal because they offer a complete package of accommodation, food and entertainment. However, it's important to make sure you budget for everything that's not included in the cruise price – from airfare to excursions, drinks and service tips.

Design your own vacation

Whether you choose a do-it-yourself trip or opt for an all-inclusive vacation on land or at sea, the Caribbean islands have lots to offer. Of course, if all you really want is a comfortable chair under a palm tree, far from Canada's sleet and snow – well, they have that too. ■

WHAT ISLANDS MAKE UP "THE CARIBBEAN"?

The Caribbean islands, also referred to as the West Indies, comprise:

The Greater Antilles: Cuba, Jamaica, Hispaniola (Haiti and Dominican Republic), Puerto Rico

The Lesser Antilles: Virgin Islands, Anguilla, St. Kitts and Nevis, Antigua and Barbuda, Montserrat, Guadeloupe, Dominica, Martinique, St. Lucia, St. Vincent and the Grenadines, Barbados, Grenada

North American continental shelf islands: Bahamas, Turks and Caicos

South American continental shelf islands: Trinidad and Tobago, Aruba, Curaçao, Bonaire

Source:
www.britannica.com/place/West-Indies-island-group-Atlantic-Ocean

Photo top left: Jamaica Tourist Board UK. Photo top right: Barbados Tourism Marketing Inc. [6] caribjournal.com/2013/06/27/the-10-best-caribbean-adventures-2013/ [7] traveltips.usatoday.com/trivia-caribbean-islands-108371.html

REAP THE REWARDS OF READING

How losing yourself in a good book can boost your overall well-being.

READING IS ESSENTIAL IN EVERYDAY LIFE – we use it to communicate via email or text message, pay bills and even navigate traffic. But did you know that reading for personal enjoyment and learning is not only good (and low-cost!) entertainment, but can also bring a whole host of other benefits? Here are some ways reading may positively impact your life.

Helps sharpen the mind

Regardless of age, the more the brain is exposed to, the more it can adapt, learn and remember. Research shows that neurons in the brain have the ability to change structurally in response to new experiences,[1] and reading ranks as a top strategy for continued and ongoing improvement in knowledge, vocabulary and intelligence.

Additionally, keeping your brain active engages new or little-used mental pathways, potentially reducing the risk of cognitive decline. In fact, a recent study found individuals who frequently participated in intellectual pastimes, such as reading, over the course of their lifetimes had an approximately 32 per cent slower late-life cognitive decline than those who engaged in these activities less often.[2]

Helps reduce stress and improve well-being

With today's constant connectivity and on-the-go lifestyles, finding effective ways to relieve stress is highly important. Enter reading. A summary report from Canada's National Reading Campaign notes that among traditional relaxation strategies, reading ranks number one, reducing stress levels by 68 per cent. What's more, it only

[1] www.livescience.com/505-adult-brain-cells-growing.html [2] www.prevention.com/mind-body/emotional-health/reading-has-hidden-health-benefits

takes six minutes of reading to effectively slow the heart rate and ease tension in muscles.[3]

Reading is linked to other positive physical and social effects. Research has found that book readers are 28 per cent more likely than non-readers to report very good or excellent health, and 15 per cent more likely to report a very strong satisfaction with life.[4]

Additional social benefits exist for fiction lovers, as there's evidence that reading fiction helps to promote empathy, boost self-esteem and improve social skills. Identifying with the emotions of a novel's characters and following their relationships with other characters activate the same areas of the brain we use when experiencing real-life issues.[5]

Helps children succeed in life

Studies show that parents who read to their children can positively influence how much their kids like to read. That's important, because reading for fun enhances a child's comprehension, vocabulary and attention span, and increases children's confidence as readers and their motivation to read throughout their lives.[6]

Reading levels among youth are also a key indicator of future success in both education and life. A report by Statistics Canada found those in the top reading level at age 15 were 20 times more likely to attend university than those in lower reading levels.[7] Another study indicates that children with higher reading skills went on to have higher incomes and more professional roles in adulthood.[8]

So, pop in to your local library or bookstore and see what catches your interest. You might be pleasantly surprised to discover a page-turner that you just can't put down – plus a rewarding endeavour that is oh so good for you! ■

PRINT BOOKS VS. E-READERS

For many, the choice largely depends on personal preference. Here are some pros and cons to each format.

PRINT BOOKS

Pros

- Physically flipping pages can boost comprehension
- May help improve sleep, as part of a bedtime routine

Cons

- May be more expensive than the e-book version
- Take up more physical space to store in your home

E-READERS

Pros

- Compact and portable for storing a number of publications on one device
- Some e-books are free to download. You can also check out e-books from the library

Cons

- Some screens are not easily readable in sunlight or give off a white glow that may interfere with sleep
- Reading onscreen may slow some individuals down by 20 to 30 per cent

Source: www.wired.com/2014/05/reading-on-screen-versus-paper/ and www.ischool.utexas.edu/~adillon/Journals/Reading.htm

[3] www.nationalreadingcampaign.ca/research/reading-matters-the-facts/ [4] hillstrategies.com/content/arts-and-individual-well-being-canada [5] www.cea-ace.ca/education-canada/article/power-engaged-reading [6] www.scholastic.com/readingreport/Scholastic-KidsAndFamilyReadingReport-5thEdition.pdf [7] www.conferenceboard.ca/hcp/provincial/education/stu-highread.aspx [8] www.cea-ace.ca/education-canada/article/power-engaged-reading

HELP PUT INSOMNIA TO BED

Not getting enough shut-eye? Here are eight strategies that can help improve your sleep.

"YOU SNOOZE, YOU LOSE," goes the old saying, but when you don't get enough sleep, nobody wins. When we're tired, we're a lot less likely to exercise and eat right. We get more irritable and stressed and are more prone to getting sick.[1] And we don't work as well when we're tired; it's estimated that sleep deprivation costs Canadian businesses $15 billion a year in lost productivity.[2]

So how do you get the rest you need? Try these strategies to help you get a better night's sleep.

Create a pre-bed ritual

Go to bed at the same time every night and get up at the same time every morning, even on the weekend. Establish a pattern of calming bedtime activities such as a bath, reading, meditation or writing in your journal to train your mind and body that it's time to settle down.

Step away from your smartphone

The blue light from your phone or tablet suppresses the production of melatonin,[3] the sleep-inducing hormone, which is why people who spend a lot of time looking at a screen before bed tend to have trouble nodding off. If you like to read e-books, try using a reader that isn't backlit – there are a number of options that mimic the experience of reading a paper book. Can't stay away from that phone before lights-out? Try a screen cover that minimizes blue light.

[1] healthysleep.med.harvard.edu/healthy/matters/consequences/sleep-and-disease-risk [2] www.yourworkplace.ca/poor-sleep-affecting-accuracy-and-attitude/ [3] www.scientificamerican.com/article/q-a-why-is-blue-light-before-bedtime-bad-for-sleep

Take the pressure off
Poor sleep is our number-one response to stress. And it's a double-edged sword — not getting enough shut-eye increases stress. So how do you break the cycle? Find ways to recharge throughout the day. Take ten minutes to go for a walk, practise mindfulness exercises, try yoga or download a deep breathing app. Small changes can make a big difference.

Cool it
Our body temperature naturally drops as we're falling asleep, so a cool room can help that process along, while an environment that's too warm may actually inhibit drifting off. Ideal bedroom temperatures range from 18 to 22°C (65 to 72°F)[4] – experiment to see what works best for you.

Lose the light
Darkness triggers melatonin production, and too much ambient light can suppress it. The darker your bedroom, the more likely you are to sleep well. Install blackout curtains to block streetlights, and cover or remove electronics with light-up displays.

Move more
People who exercise consistently tend to sleep better. Working out three or four times a week can make a real difference over time. Just don't hit the gym too close to bedtime, or the adrenalin from your workout could end up keeping you awake.

Eat to sleep
Did you know that certain foods can help you nod off at night? Your body needs vitamin B6 to make melatonin, so eating B6-rich foods like fish, bananas, chickpeas, nuts and lentils can help.[5] A recent study has also shown that drinking tart cherry juice, which is a natural source of melatonin, can help alleviate insomnia.[6]

GO-TO SCENTS

A little aromatherapy can help you ease tension and drift off to dreamland.

Lavender. This sleep-friendly scent is scientifically proven to help you rest. Researchers at Wesleyan University found that people who sniffed it before bed slept more soundly and felt more energized the next day.

Chamomile. People have been using this fragrant flower to relax for generations. Try sipping a cup of chamomile tea before bed and inhaling its delicate scent, or give chamomile essential oil a try.

Vanilla. This sweet, nostalgic scent is calming and comforting – studies have shown that it lowers stress in anxiety-inducing situations.

Source: www.canadianliving.com/health/sleep/four_sleep_friendly_scents.php

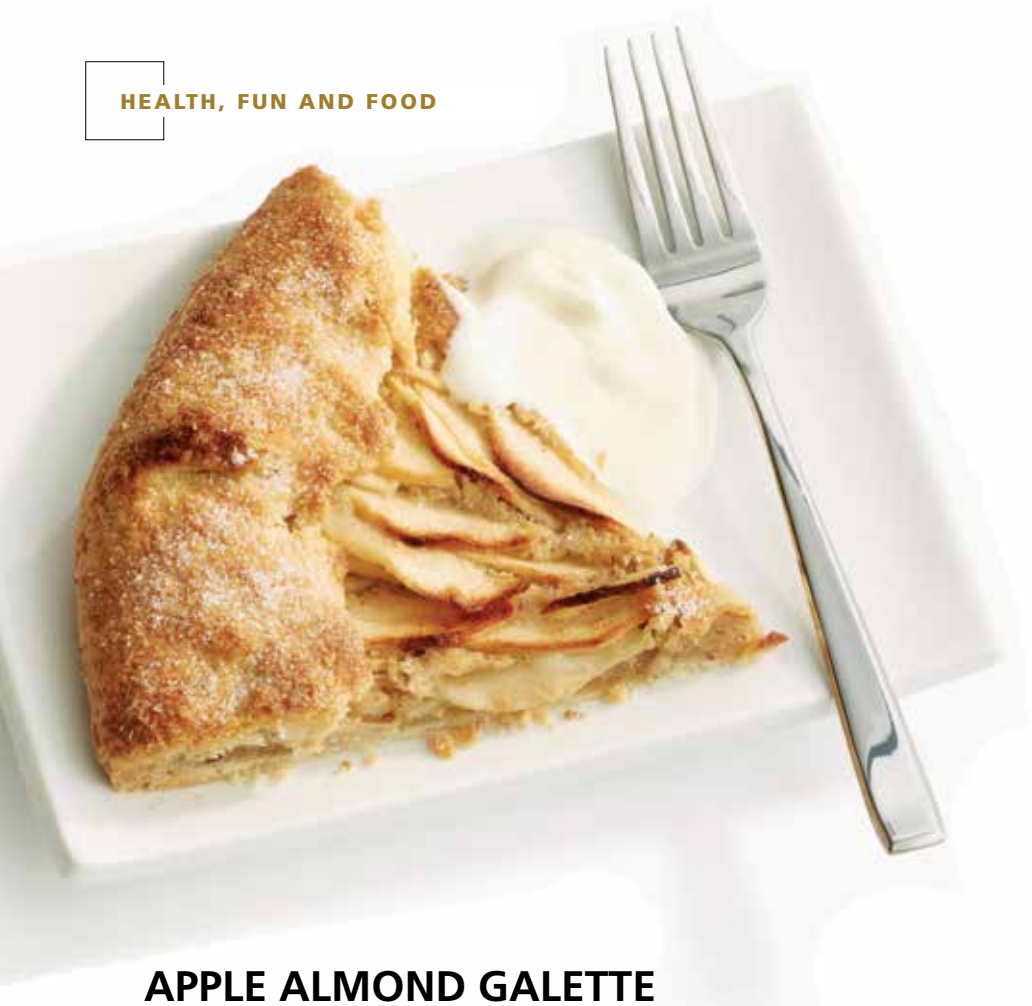
Avoid alcohol
It's no surprise that cutting back on caffeine can reduce wakefulness. But did you know that alcohol inhibits sleep, too? Yes, that glass of wine may help you drift off, but as its effects wear off, you're more likely to wake up.[7] You may want to avoid over-hydrating before bed, too – it will mean fewer trips to the bathroom.

Still can't sleep?

Try not to stress about it. Short bouts of insomnia happen to almost everyone. But if you're tired all the time, talk to your doctor to rule out sleep apnea or any other underlying causes. It's also a good idea to get the go-ahead from your doctor to ensure these strategies are right for you. ■

This article is written in consultation with a wellness leader from Tri Fit Inc. (trifit.com).

[4] www.webmd.com/sleep-disorders/features/cant-sleep-adjust-the-temperature [5] www.dietitians.ca/Your-Health/Nutrition-A-Z/Vitamins/Food-Sources-of-Vitamin-B6-(Pyridoxine).aspx [6] www.prevention.com/health/sleep-energy/tart-cherry-juice-increases-sleep-time [7] health.clevelandclinic.org/2014/12/why-you-should-limit-alcohol-before-bed-for-better-sleep/



APPLE ALMOND GALETTE

A galette sounds fancy, yet it's just a rustic pie that requires only a rolling pin and a baking sheet. This easy pastry and luscious almond frangipane filling are the perfect way to dress apples up for entertaining!

Ingredients

Pastry

1 3/4 cups (425 mL) all-purpose flour

2 tbsp. (30 mL) granulated sugar

1/2 cup (125 mL) cold butter, cubed

1/3 cup (75 mL) 35% whipping cream

Filling/Topping

1/2 cup (125 mL) whole almonds

4 cups (1 L) thinly sliced peeled cooking apples (about 3 large)

1 tbsp. (15 mL) orange juice or lemon juice

1/2 cup (125 mL) granulated sugar, divided

2/3 cup (150 mL) 35% whipping cream, divided

1/2 cup (125 mL) all-purpose flour

1 egg

Preparation

Pastry: In food processor, combine flour and sugar; sprinkle with butter cubes; pulse until fine crumbs. Drizzle in cream and process until dough clumps together. Gather dough into a disk. Wrap in plastic wrap and refrigerate for 15 min. or until chilled.

Meanwhile, prepare filling: Preheat oven to 425°F (220°C). Spread almonds on a baking sheet; toast in oven for about 4 min. or until fragrant. Transfer to food processor bowl; let cool. Move rack to bottom third of oven and leave oven on.

In a bowl, combine apples and juice; toss to coat. Set aside 1 tbsp. (15 mL) each sugar and cream separately for topping.

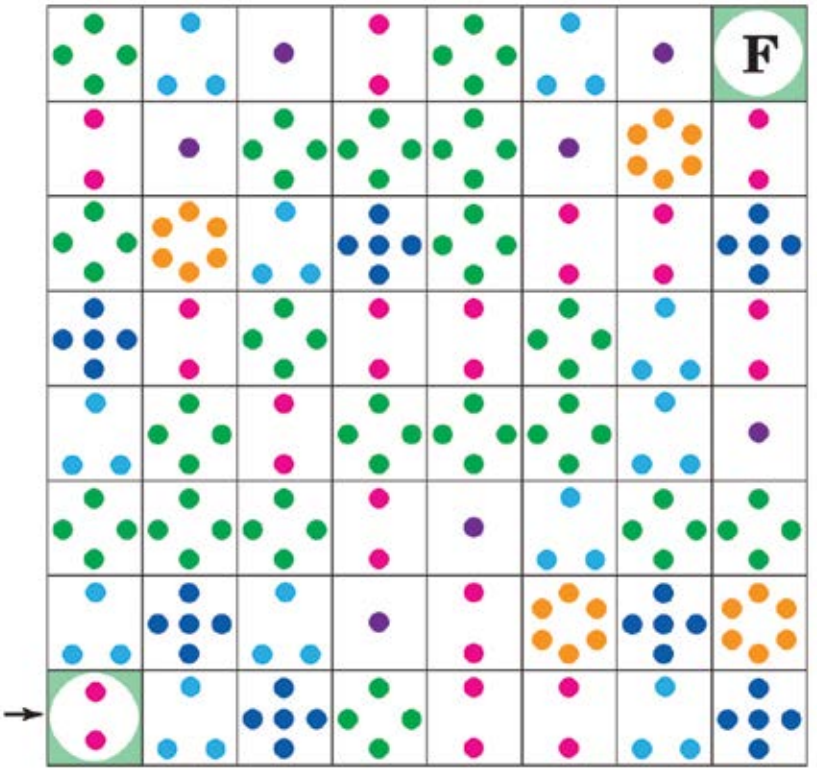
Add remaining sugar and flour to food processor; pulse until almonds are finely ground. Add remaining cream and egg; process until blended.

On a large piece of lightly floured parchment paper, roll out pastry to a 14-inch (35 cm) circle, dusting with flour to prevent sticking. Slide parchment and pastry onto a large baking sheet.

Spread almond filling in a circle in the centre of pastry, leaving a 3-inch (7.5 cm) border. Arrange apples on top, overlapping as necessary. Gently fold edges of dough towards the centre over apples, pleating as necessary, leaving about 5 inches (12.5 cm) in centre exposed. Brush pastry with reserved cream; sprinkle reserved sugar over pastry and apples.

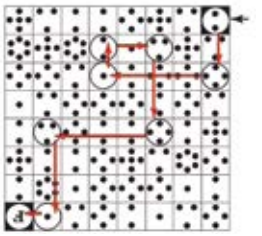
Bake in bottom third of oven for 20 min. Reduce temperature to 375°F (190°C); bake for 20 to 25 min. or until crust is golden and apples are tender. Let cool and serve slightly warm.

Recipe and photo provided by Dairy Farmers of Canada. For more recipe ideas, visit dairygoodness.ca.

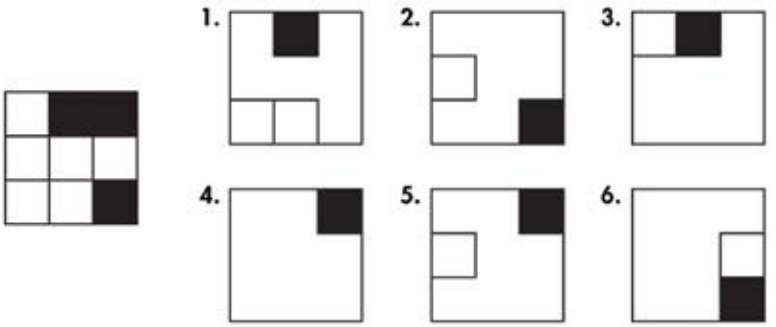


CROSS PATHS

Start at the arrow. There are two circles in that box, so move two boxes, either across or up. Each time you land in a box, move the number of dots in that box in only one direction, up, down, or across until you reach Finish (F). You may cross your own path, but do not retrace it.



ANSWER



STACKED UP

The box on the left can be formed by three of the numbered boxes superimposed on top of each other; do not turn them in any way. Can you figure out which three work?

ANSWER
Boxes 1, 5 and 6