



People who care, Plans that perform

Perspective



Exploring the Unique Challenges Facing Women Investors

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

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

The Wage Gap

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

Earning less means less opportunity to save for retirement and at least partly explains why single women age 65 and older are managing on an average income of \$29,500, compared to single men age 65 or older who enjoy an average income of \$37,500.⁴

Caregiving

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

As both women and men enter the "sandwich generation," when they must often take on caregiving duties for parents as well, it's likely the burden will fall more heavily on women. The demands of raising children and assisting aging parents may mean that women must take more time

off work than men – which further reduces their lifetime income and chance to build retirement savings.

Longevity

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

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

Concerned about today, not tomorrow

According to the same survey, despite the challenges that may lurk down the road, many women are more concerned about the financial needs of today than laying the groundwork for a financially secure tomorrow. When asked what their biggest financial concern was at the moment, 22% said paying down credit card debt and 15% said paying for current necessities. Investing in their RRSP came in well down the list, at just 3%.¹

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

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Manulife Securities

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Probably because they are uncertain about which long-term decisions are right for them, 63% are very or somewhat worried that they will not have enough money saved for their retirement¹ – and, as we've already seen, women need to plan well in advance to compensate for the wage gap, their longevity and the caregiving responsibilities that take them away from paid work.

Good advice helps

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

When she turned 50, Elizabeth felt she had it all. Her son and daughter were both off at university. Her husband, Derek, had just been promoted to vice-president of sales at his company and she was running a thriving catering business. Soon after, however, her world fell apart. Derek was diagnosed with cancer, and they both took time away from work to see him through treatment. Then Elizabeth's widowed mother fell, broke her hip and had to be moved into a long-term care facility. By the time Elizabeth turned 52, Derek had passed away.

A few months later, her children persuaded her to talk to an advisor when she admitted she wasn't sure how to make the most of her savings now that she was easing back into work. After interviewing with three different advisors, Elizabeth booked an appointment with her new advisor who came up with four concrete recommendations:

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

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

Talk to your Advisor

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

Source - *Solutions for financial planning* – Winter Edition 2011/2012

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

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

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

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

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

⁶ www40.statcan.ca/lo1/cst01/HEALTH26-eng.htm

Tax and Estate Planning Corner

Lots of Change, but No More Pennies

By now you have probably heard about most of the changes in the recent Federal Budget. Some will impact everyone, like no more pennies, and others will impact only certain individuals, like those of us under 54 years of age, for the new age of eligibility for OAS of 67, instead of 65.

There were several other changes that affect some of the planning strategies that have been commonly used in our industry. One of the most significant changes affects exempt life insurance contracts. These policies currently allow you to accumulate significant investments on a tax-sheltered basis. It is expected that the new rules will limit this tax advantage after 2013, but right now the extent of this is unknown. Watch for more details in our next newsletter.

Contributor: *Christine Black B.Math, CA, CFP, TEP*
Arca's Tax and Estate Planning Consultant

Arca Family Announcements

We are happy to announce a new addition to our staff. Cliff Roth has joined us as a Financial Advisor. Cliff has worked in the industry for many years. Welcome aboard Cliff!

We welcome another new staff member, Ayo Oyediran. Ayo has joined the Vollmer team as an Associate. Great to have you with us Ayo!

Congratulations to Chris Osborne who obtained his CFP (Certified Financial Planner) designation. Great job Chris!

If you would like to receive the newsletter by email rather than paper, please let us know by emailing inquiries@arcafinancial.com and stating 'newsletter by email' in the subject line. We can all do our part for the environment.



Inside Arca

Please note our office will be closed on:

- Monday, May 21, 2012 – Victoria Day
- Monday, July 2, 2012 – in lieu of Canada Day
- Monday, August 6, 2012 – Civic Day
- Monday, September 3, 2012 – Labour Day

A reminder that our summer office hours of **8:00am – 5:00pm Monday to Thursday** and **8:00am – 12:30pm Fridays** will be in effect **June 4th** through to **August 31st**.

Community Business Profile



After working in the world of industrial casters and wheels for over 23 years, I found myself, like so many people in recent years, without employment. "Faultless Caster" was sold to a competitor, and there was no need for two General Managers.

After the many years of being in this business, I had made contacts in the Orient. In January 2010, I made a trip to China and a program was set in place. "Casters In Motion Canada Limited" was incorporated March 22, 2010. I am the principal owner, along with 2 partners who were salesmen from our previous employer. Another former salesman has also joined us. Together we have a combined 80 years of experience in this business.

"Casters In Motion Canada Limited" imports industrial casters and wheels, and sells them in the Canadian marketplace. End users of our product such as hospitals, school boards, and factories of all kinds, purchase our line of casters through an industrial distributor of their choice, such as "Canadian Bearings", "Facca Fasteners", "Kaiting's Bearings" and "Huron Fasteners". We sell Original Equipment Manufacturers (OEM's) on a direct basis because of the volume and price sensitivity. These are companies that make tool boxes, hospital equipment, material handling products, and display racks, etc.

Customers in our industry want more than just fair pricing and excellent quality. They demand and deserve personal service with timely deliveries. Our goal and mission in business is to have a broad range of product, and ship it the same day or next to our partners in business. They are our future, and our business depends on offering something that is currently not available.

It hasn't been easy to begin a company from the ground up in an economically challenged marketplace, but we continue to expand our customer base through previous relationships, and always focus on our dreams, while we have fun enjoying what we do best.

Ken S Alischer

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In order to offer networking opportunities to our clients and business partners, we feature one business in each newsletter. If you would like your business to be profiled, please contact Rose Frim at (519) 745-8500 or by email at rfrim@arcafinancial.com.



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*People who care,
Plans that perform*

"When I was in grade school,
they told me to write down what
I wanted to be when I grew up.
I wrote down happy.
They told me I didn't understand
the assignment,
I told them they didn't
understand life ."
- Unknown

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Lifestyle Tips

Office Chair Potatoes

It turns out that ‘couch potatoes’ and ‘office chair potatoes’ have many ominous similarities. Both ‘potatoes’ spend many hours sitting in front of a screen, and both may be stricken with similar physical ailments over time. Many of us have jobs that require sitting while we’re working on computers, restricting physical activity. Technical advances have made it practically unnecessary for us to leave the comfort of our chair throughout the day. With the click of a few computer keys, we’re speaking with our co-workers, doing our banking, shopping on the internet, or purchasing tickets for shows or travel - no need to make any physical effort to get us there. Many of us also have long commutes to and from work. After a long day of mostly sitting, we’ll sit at the dinner table, and then we may sit in front of our home computers to continue working, or catch up with friends. If we’re especially tired, we may retire to the comfort of our easy chair in front of the TV. Why does a day spent sitting, feel more tiring than a day spent doing physical labour, and what are the physical costs?

Research over the past few years has provided compelling evidence that the price we pay for our inactivity is hurting more than our backs, hips, knees and necks. Studies report that many of us sit an average of 56 hours a week! Chronic low back pain has increased significantly over the years, especially for women. Over time, the hip flexors, (the muscles at the front of the hips) and hamstrings, (muscles in the back of the legs) shorten and become tight. After sitting for as little as 30 seconds, the enzymes responsible for breaking down lipids and triglycerides (a type of fat in our bodies), switch off, leading to those extra, unwanted pounds. Our circulation is also effected, as our bodies virtually slow down on a molecular level. The risk of diabetes, heart disease, and certain cancers increases over time, and we are more prone to suffer from depression. Not only is sitting ‘unhealthy’, but many of us have a tendency to slump in our chairs, and pull our shoulders up creating more stress on the spine.

In the emerging field of "inactivity studies", Dr. James Levine, a professor with the Mayo Clinic and author of the book, "Move a little, Lose a lot", studies non-exercise activity thermo-genesis (NEAT). NEAT refers to those ‘little movements’ we make throughout the day, such as taking the stairs, parking our vehicle further away, or even pacing while talking on the phone. It appears that those ‘little movements’ make a big difference to our overall well-being. Dr. Levine’s observations have shown that people who add little bits of activity throughout their day, experience considerable improvement in weight and health compared to their workmates who remain seated. Dr. Levine invented a ‘treadmill desk’ which some companies have now implemented. It’s a standing desk that allows you to walk, at a very slow pace, while you work. The results have been gratifying. Other companies have installed alternatives, such as standing desks, or even encourage their employees to sit on yoga balls!

You won’t want to hear this part sitting down! Studies reveal that although you may work out at the gym every day, it may be doing very little to reverse the damaging effects of sitting all day. A recent study found that sitting six or more hours a day increased the risk of early death from all causes by an average 35% for women and 18% for men — even if you exercise! The results are clear – our bodies were built to move, so keep moving, stretch, and take short walks whenever you can. Here are two websites among many with more information: www.msnbc.msn.com/id/34209499/ns/health-fitness/t/your-bodys-big-enemy-youre-sitting-it/ <http://www.womenshealthmag.com/health/sedentary-lifestyle-hazards>

*Contributor: Rosemary Frim
Executive Assistant/Reception*

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