

Stay ahead of the curve

Manulife Investment Management

Prepare for retirement with a smile

Preparing for your needs in retirement means that you must understand how your lifestyle and retirement spending will evolve as you hit new milestones, and encounter expected and unexpected life events. As a retiree, setting the right expectations about your money means a shift in the way you think as an investor. This change in mindset means

moving away from focusing on returns and moving towards a steady paycheck replacement. But changing your lifestyle and investing mindset doesn't happen overnight. An advisor can help you put your financial choices into perspective and help you make informed decisions today and throughout your retirement.

Food for thought

Cost for a couple to eat in retirement



2 people
3 meals a day
365 days
25 years
X \$10 per meal (no inflation)

\$547,500

The Retirement Spending Smile

How you'll spend in retirement can typically be captured in an illustration known as the "retirement spending smile." At the beginning, your spending will be high as you enjoy your hard earned savings.

In the middle, your costs will likely decline as you have fewer liabilities, such as a mortgage, car payments or other outstanding debt.

Finally, spending can go up again after age 75 as your health and long-term care costs rise. Knowing this pattern can help you plan for a lifetime of goals.

High retirement spending is focused on vacations, food and other discretionary items



48%
of parents say they are still subsidizing their 30-35-year-old children's lives.⁵

When you reach 60 years old, your life expectancy is:

M: +35 years F: +37 years

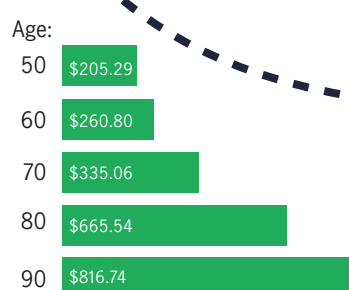
Leisure spending goes up	Age Range	55-64	65-74
Recreation ²		\$4,419	\$6,534
Gifts ²		\$1,175	\$2,744
Tobacco products alcoholic beverages ²		\$1,896	\$2,744

(average annual spending of households with \$90 - \$120K annual income)

2017 **1.1M**

In 2017, out of 11 million Canadians aged 55+ 1.1 million were divorced or separated from a marriage.³

Trip to Australia



Travel insurance coverage for a healthy non-smoker.⁴

Overall spending in retirement reaches a low



Two-thirds of people age 75 and over report having major medical problems.⁵

Out-of-pocket health care costs are \$2,000 annually for those 75 and over.⁶

1 out of 8 households spends over \$5,000 per year on medical expenses.⁶

Rising medical expenses



High spending at end of retirement is driven by medical costs and long-term care

Life expectancy based on attained age of 80 years old⁸

M: +15 years F: +17 years

Long-term care annual cost in a private 24/7 facility by professionals - \$200,000⁷

Long-term care annual cost in assisted living private facility \$40,000 - \$100,000⁷



Talk to your Manulife Securities advisor today to learn more about how the Manulife Goals-Based Investing Program can help you be prepared for the retirement road ahead.

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¹Manulife Canadian Segment GBI-Modelled Actuarial tables.

²2017 Survey of Household Spending from Statistics Canada.

³<https://www150.statcan.gc.ca/n1/pub/11-627-m/11-627-m2019036-eng.htm>

⁴An all-inclusive coverage, single, international trip for 12 days. Manulife CoverMe <https://insttrip.manulife.com/>

⁵<https://www.rbc.com/newsroom/news/2019/20190228-parental-paradox.html>

⁶<https://www.getsmarteraboutmoney.ca/resources/publications/research/financial-life-stages-older-canadians/>

⁷https://hoopp.com/docs/default-source/about-hoopp-library/advocacy/retirementsecurity-longtermcare-feb2018.pdf?sfvrsn=397a7d47_2

⁸Manulife Canadian Segment GBI-Modelled Actuarial tables.