



# INVEST IN YOUR FUTURE

Investing and your Pensions



Wise Financial Thinking for Life

# NO BETTER TIME THAN THE PRESENT: Investing and Your Pension

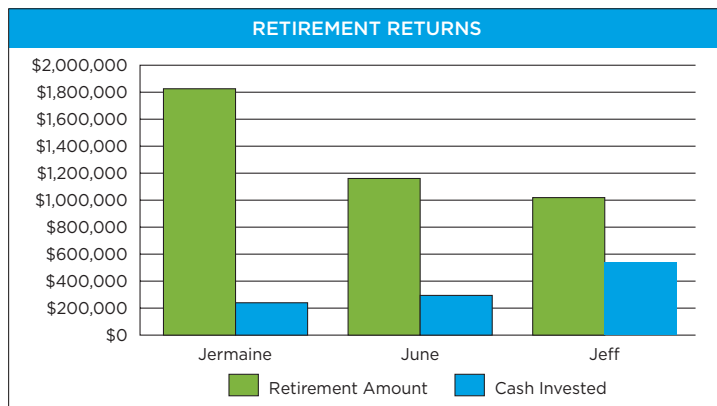
The sooner you start investing, the better off you will be. Taking an early interest in your finances for the future, and your pension plan will determine whether you live 'well' or 'very well' during your retirement years. After 40 or so years of work, we all deserve to live 'very well' during retirement. The actions of today can affect your life in the future.

Whether we can invest ONE DOLLAR a day or ONE THOUSAND DOLLARS, due to the compounding of your investments' returns, the most conservative of investments can show favorable performance.

Example:

Some years ago, John and Joan were the proud parents of triplets.

- Child 1: Jermaine left school at 16, spent two years as an apprentice and went to work as a mason. He was able to invest \$100 a week in a Sagicor Fund with an expected return of 7% per year for his retirement at 65.
- Child 2: June went to university and gained an MBA. She became a manager at a construction company and when June reached 30, she began to invest \$700 per month in a Sagicor Fund with an expected return of 7% per year for her retirement at 65.
- Child 3: Jeff was an entrepreneur, and invested his time and money in real estate and construction. He invested all of his money into his business in the early years. When Jeff reached 47, he began to invest \$30,000 per year in a Sagicor Fund with an expected return of 7% per year for his retirement at 65.



	Jermaine	June	Jeff
Cash Invested	\$235,200	\$294,000	\$540,000
Retirement Fund	\$1,819,195	\$1,161,190	\$1,019,971

## 1. The Impact of Inflation:

Inflation reduces the value of money over time and is a key reason for persons to want to invest for their future. Even at a low rate of 3% annual inflation, a dollar today is only worth 47 cents in 25 years. In fact in 45 years that same one dollar would only be worth 25 cents. You would need \$788 to purchase what could be bought today with \$200. To prepare for the future and reach your investment goals, you need to consider the impact of inflation.

## 2. It is Within Your Reach:

You don't need a large amount to start investing. Regardless of your level of financial know how a starting investment of \$100 per week can show great accumulations of wealth in the future.

## 3. Consistency is More Important than Expertise:

You do not need to be a financial guru to invest. All you need is the discipline to ensure you can contribute money consistently, the attentiveness to keep an eye on your investments' progress, and an investment manager that you can trust i.e. Sagicor; Jeff, June, and Jermaine did this in the last example.

The following example highlights these points.

John Jones Jr. and Earl Ealing Esq. took two very different approaches to investing. John knew about the effects of inflation and tried to warn Earl, but Earl would not listen.

John saved \$400 a month to put towards his pension in a Sagicor Fund, at a rate of 8%. In 45 years when he retired, he had \$1.86 million to spend.

Earl saved \$400 a month, stuffed it in a pillow and hid it in his basement. In 45 years when he retired, he had \$216,000. This amount was 8 TIMES LESS than John's savings. In fact, with 3% inflation, Earl's figure dropped to a value of less than \$120,000 of today's dollars.

## Investment/Retirement Strategy:

### 1. Know Where You are Now -

Start planning your future with good information about your own financial situation and a sound knowledge of how your public and company pension plans/investment plans work. Look at your level of savings and calculate your net worth (your assets minus your liabilities).

## 2. Decide Where You Want to Be -

Put some thought into your broad retirement/investment goals. At what age do you want to retire? What level of investments do you want to have 15 years into the future? What do you want to do in your retirement years and at what stage will your spouse and family be at this time?

### *How much income do you need at retirement?*

Much consideration must be given to determining the type of lifestyle you want to enjoy when you retire. Give thought to the level of expenses you expect to have at retirement. These expenses may relate to your mortgage, dependents, medical circumstances, and traveling desires. Expenses are generally estimated to be approximately 65% to 75% of your current income, therefore careful planning and sound execution will determine whether you live 'well' or 'very well' at retirement.

## 3. Determine Your Risk Tolerance -

Can you live with the risk that your investments may temporarily decline in value at some point in time? Your tolerance for risk and volatility are part of your personality. If you are a conservative person or a person with limited funds, you may choose to invest with a different strategy than a person who likes risk or someone who has a lot of excess cash to spend.

## 4. Plan a Way to Get Where You Want to Be -

### *How do you expect to fund your desired lifestyle?*

The National Insurance Scheme (NIS) may provide benefits for retirement but is this sufficient revenue to secure your desired lifestyle? Careful attention should be given to any additional sources of income for retirement including your employer pension, individual life insurance policies, rental property, etc. Estimate the amount of income you expect to derive from these other sources.

Any short fall between the NIS benefit and additional sources will have to be supplemented through your savings, and registered retirement savings plan (if any). The short fall should guide the level of savings necessary to secure your desired lifestyle. REMEMBER! You must continuously monitor your situation to ensure that you remain on your desired goal. This journey may seem intimidating but a company like Sagicor can guide you through the process.

Now that you are ready, contact Sagicor and we can help you put together a plan that takes into account your public and company sponsored pensions, and regular savings plan with an investment strategy to suit your risk tolerance and goals.

The Sagicor Eastern Caribbean Fund is a unit trust established in April 2001 for the investment of pension assets on behalf of institutional pension plans within the Eastern Caribbean. The investment policy of the Eastern Caribbean Fund is based on long-term capital market expectations. The funds received from institutions represent the total pension contributions on behalf of their employees. Therefore, each and every individual

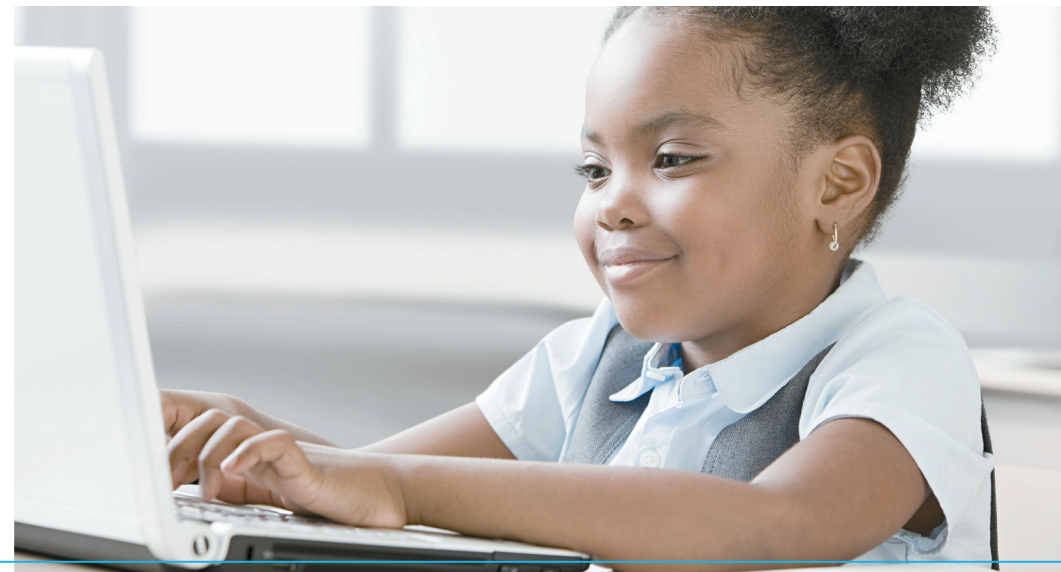
employee within the institution automatically becomes part owner of the Fund. Owners of the Eastern Caribbean Fund are called unit holders.

### **The Segregated Fund:**

The Eastern Caribbean Fund is also a Segregated Fund. The premise behind the Segregated Fund is that you will be investing in an instrument that will allow you to 'pool' your money with other investors for the sole benefit of the unit holders of the Fund. Fund units that are credited to you represent your proportionate stake of ownership in the Segregated Fund. Therefore, the value of the units issued to you is commensurate to your claim on the underlying assets of the Fund. The Fund in turn uses that 'pool' of cash from unit holders to purchase securities such as:

- Stocks:- represent ownership in leading public companies that are traded on local, regional and international stock exchanges,
- Bonds:- you lend money to companies and governments who pay you interest for borrowing your money (like a bank loan - except YOU ARE THE BANK). They are not as risky as stocks,
- Real Estate:- represent ownership of local parcels of land and properties,
- Mortgages:- includes a mixture of residential and commercial mortgages,
- Money Market Instruments:- are interest bearing securities that are very stable in value, and
- Mutual Funds:- a diversified investment instrument.

The term "segregated" means that investment in the Fund is held separate and distinct from the general assets of Sagicor. Therefore the Eastern Caribbean Fund's assets are safeguarded and managed accordingly to its specific objectives.



With Sagicor, the unit holder will benefit from:

### 1. Professional Management:

With over 170 years of financing and investing experience, Sagicor boasts a proud investment history and portfolio of investments, with knowledgeable Investment Managers, and Analysts, who will monitor your assets to help you achieve your financial objectives.

### 2. The Ability to Diversify Your Risk:

Another important aspect with investing with Sagicor is that we will not “put all of your eggs in one basket”! In keeping with our commitment of “[Wise Financial Thinking For Life](#)” we spread your investments over a wide range of companies, industries, and asset classes that can help lower your risk of significant loss if a particular company or sector does not do well. That is because as a few investments perform poorly these are offset by others that perform well.

### 3. Convenient Investing:

Sagicor (Eastern Caribbean) Fund allows unit holders to buy units on an ongoing basis. The ability to buy with ease is very important. Purchasing units in the Segregated Fund is as easy as increasing your contribution via the voluntary contribution option related to your respective pension plan. Once purchased, units are locked into the Fund and can only be redeemed upon an event of resignation, retirement, termination or death. The terms and rules governing your Plan in accordance with the respective governing pension regulations, will determine what options are available to you or your beneficiary on cessation of employment and any applicable tax implications.

Over the course of your participation in your company’s pension plan and by extension the Segregated Fund, the price per unit will fluctuate in tandem with the market price of the underlying securities held within the Fund. Unit holders share in any investment income or capital appreciation on the underlying investments of the Fund, proportionate with their quantity of units held in the Fund. Please note! Unit holders will not receive increments in the quantity of units credited to them as a result of income allocation or capital appreciation of the Fund’s underlying assets. The price of the existing units will increase to reflect the allocation of income or increase in market price.

### 4. A Little Today, A Lot Tomorrow:

The Fund is excellent for those individuals who may find it difficult to invest excessively large amounts of money. The Segregated Fund is a long term investment and gives the assurance that a little can go a long way.

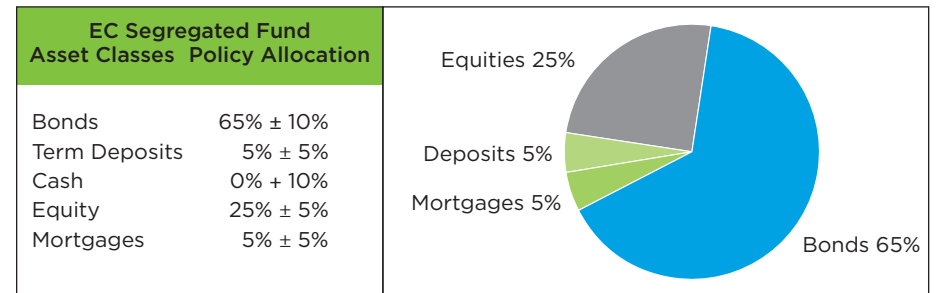
### 5. Taxation Benefits:

The Fund is exempt from taxation within the Eastern Caribbean territories in which it operates. This benefits the unit holders because the performance of the Fund is not reduced through local taxes. However, through geographical diversification of the Fund’s assets, certain countries impose withholding tax on the Fund’s assets held within those countries.

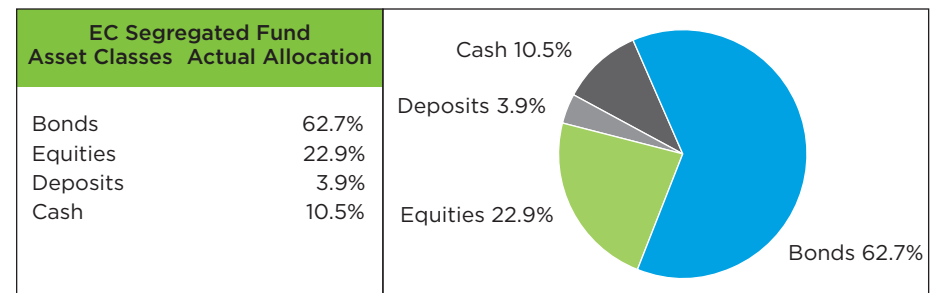
## THE FUND:

**Sagicor (Eastern Caribbean) Fund** – A Fund that offers a mix of regional and international fixed income securities (such as bonds) with further diversification through equities, and money market securities. The primary objective of the Fund is to balance risk and return with the aim of achieving consistent long-term returns. Through the implementation of its balanced investment mandate, the Sagicor (Eastern Caribbean) Fund seeks to achieve capital appreciation balanced with income generation and capital preservation. There is no guaranteed rate of return for the Fund; however, as at December 31, 2014 the Fund returned 4.4% for the year and its average return since inception stood at 4.8%.

**Policy Asset Allocation  
Sagicor (Eastern Caribbean) Fund**



**Actual Asset Allocation  
Sagicor (Eastern Caribbean) Fund  
as at September 30, 2015**



## RISK AND REWARD

Every day we face risks. There is a risk crossing the street, changing jobs, choosing a life partner, etc. Investing and planning for your retirement are no different. Investing works under the basic tenet that if you want more rewards, you have to undertake more risk to achieve it. With Sagicor, you will be able to successfully minimize your level of risk whilst maximizing your potential return.

**Past performance however is no indicator of future growth.**

Information is valid as of January 2016.

## Warnings

The price of units may go down as well as up.

The Trustee acting in the best interest of the unitholders has a discretion to suspend the redemption of units during periods of emergency in which it is not reasonably predictable for the trust to fairly determine the NAV.

### Contact your Sagicor representative today.

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