

## Protect Against Inflation

Consumers have been experiencing the impact of rising prices in their daily lives with significant increases in the cost of everyday essentials such as food and gas. They are also experiencing the bite of higher interest rates. The average credit card interest rate, for example, has risen above 20%<sup>1</sup>, which is especially hard on consumers that use credit cards to help finance their household budgets.

So, how can consumers protect against inflation?

### Why does that matter?

On a personal level when prices go up, but your income stays the same, you can't buy as much as you used to. This is known as a decrease in purchasing power.

If wages go up, that could impact manufacturing costs, leading to higher prices - and more inflation and volatility.

### Keeping up with inflation

For example, if you were earning \$100,000 a year, after 20 years you would need to earn 50% more a year - or \$148,594 - to maintain the same purchasing power.

#### Amount of income required to maintain purchasing power with 2% annual inflation\*

Current Income	5 Years Later	10 Years Later	20 Years Later	30 Years Later
\$50,000	\$55,204	\$60,950	\$74,297	\$90,568
\$100,000	\$110,408	\$121,899	\$148,594	\$181,136
\$150,000	\$165,612	\$182,849	\$222,892	\$271,704

\* Annual average inflation rate from 2002 to 2022 = 2.01%.  
Source: Bank of Canada, Inflation Calculator, February 28, 2022.

### Inflation and interest rates

The economy is managed through two main avenues:

- Fiscal policy - government decisions with regards to taxes and spending
- Monetary policy - central bank either increasing or decreasing money supply and interest rates

In an environment when inflation is going up, interest rates will be increased to encourage higher savings and lower spending, which in turns slows the economy and inflation.

### How are investments impacted by inflation?

For equity investments, some sectors do well during periods of rising inflation. These are the goods and services that you have to buy regardless of how much they cost. However, the discretionary sectors (representing the items you can cut from your budget) obviously don't do well during these times.

With regards to fixed income investments, remember that the central banks tend to fight inflation by raising interest rates. When interest rates rise, bond prices fall.

Allocations to alternative asset classes and strategies may help dampen volatility as they tend to behave differently than typical equity and fixed income investments.

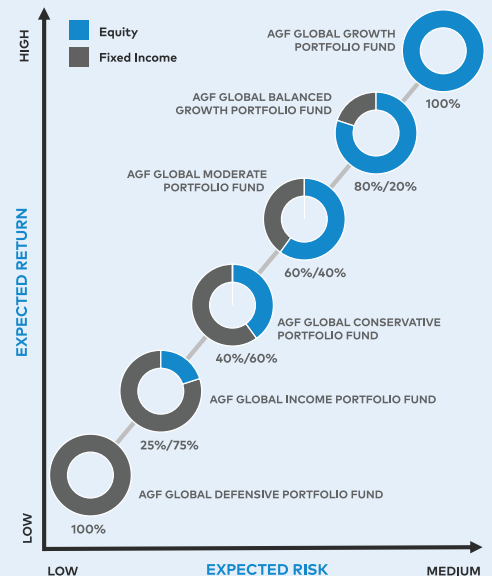
## Solutions for Mitigating Volatility

Investing in a globally diversified portfolio that includes traditional asset classes and alternatives can help reduce the impact of volatility.

### AGF Managed Solutions Suite

#### Key Reasons to Invest

1. **Global Diversification** - Multi-level diversification across investment styles, sectors and countries to help reduce the risks associated with holding only one type of investment.
2. **Risk Management** - Strategic allocations to AGFiQ ETFs and alternative asset classes for investment style diversification and volatility management.
3. **Active Management** - A dedicated Investment Oversight Committee responsible for the asset mix oversight and quarterly rebalancing changes.
4. **Responsive** - Ongoing monitoring with the flexibility to adjust to changing markets to take advantage of potential opportunities and manage risk.



**Contact your Primerica Representative to find out which portfolio aligns best with your financial goals and risk tolerance and start protecting against inflation.**

<sup>1</sup> Source: Bloomberg LP, using historical data from the U.S. Federal Reserve and recent data point from Lendingtree. As of June 26, 2022

# Decumulation Phase & Managing Cash-flow Needs

When an investor retires, their investment focus switches to cash flow and the preservation of their portfolio's value.

A Systematic Withdrawal Plan (SWP) enables you to make regular withdrawals from your investment, creating a regular cash flow while allowing the rest of your money to stay invested and grow.

The amount of the withdrawal, combined with the investment's rate of return will determine how long your money will last.

The tables below show different rates of return and withdrawal amounts for an initial investment of \$100,000. In each scenario, there is still money left over at the end of the 20-year period.

## \$200/Month

## \$500/Month

Interest Rate	3%	5%	7%	Interest Rate	3%	5%	7%	
Total Withdrawals	Value			Total Withdrawals	Value			Year
	\$100,000	\$100,000	\$100,000		\$100,000	\$100,000	\$100,000	0
\$4,800	\$101,223	\$105,436	\$109,814	\$12,000	\$93,793	\$97,849	\$102,065	2
\$9,600	\$102,521	\$111,442	\$121,099	\$24,000	\$87,204	\$95,472	\$104,440	4
\$14,400	\$103,900	\$118,079	\$134,074	\$36,000	\$80,207	\$92,845	\$107,170	6
\$19,200	\$105,363	\$125,412	\$148,993	\$48,000	\$72,778	\$89,943	\$110,309	8
\$24,000	\$106,917	\$133,515	\$166,147	\$60,000	\$64,890	\$86,736	\$113,919	10
\$28,800	\$108,567	\$142,468	\$185,871	\$72,000	\$56,515	\$83,193	\$118,069	12
\$33,600	\$110,319	\$152,361	\$208,549	\$84,000	\$47,623	\$79,278	\$122,841	14
\$38,400	\$112,179	\$163,292	\$234,625	\$96,000	\$38,182	\$74,952	\$128,328	16
\$43,200	\$114,154	\$175,369	\$264,607	\$108,000	\$28,157	\$70,172	\$134,637	18
<b>\$48,000</b>	<b>\$116,251</b>	<b>\$188,715</b>	<b>\$299,081</b>	<b>\$120,000</b>	<b>\$17,514</b>	<b>\$64,891</b>	<b>\$141,891</b>	<b>20</b>

Source: AGF Investments Inc. SWP is taken out monthly over the time period and the hypothetical annual interest rate is compounded monthly. Only every other year is shown for illustrative purposes. **The tables above are both for illustrative purposes only. All of the rates and values referenced above are hypothetical and do not reflect actual investment or past performance, nor do they guarantee future performance.**

**Through every life-stage I can help you define your goals and stick to a plan. Contact me for a Financial Needs Analysis to help you stay on track for your financial goals.**

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Date of publication: September 28, 2022