

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%*, 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.

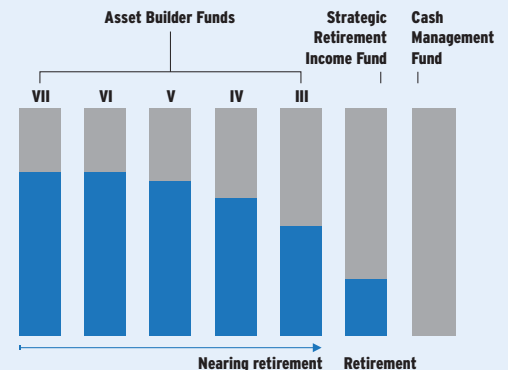
With regards to fixed income investments, remember that the central banks tend to fight inflation by raising interest rates. When interest rates rise, bond prices fall.

Common Sense Funds

Investing in a program like Common Sense Funds helps conservative investors achieve their goals by combining the benefits of professional money management and insurance protection.

Key Reasons to Invest

- **Capital Guarantee¹** - Your beneficiaries will receive the greater of the market value of your investment or 75% of the capital of your Fund upon death.
- **Creditor Protection²** - Assets held in the Fund can provide you with limited personal liability and can be protected from potential creditors.
- **Transferability³** - The Fund can be transferred to a named beneficiary and avoid probate fees.
- **Expertise** - Experienced investment management by AGF Investments Inc., an independent and globally diverse asset management firm.
- **Performance** - A quantitative approach enables the Funds to benefit from the most attractive investment opportunities.
- **Protection** - Fixed-income investment philosophy with a primary goal of meeting the future value of the guarantee.



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

* 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
\$48,000	\$116,251	\$188,715	\$299,081	\$120,000	\$17,514	\$64,891	\$141,891	20

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.**

The Strategic Retirement Income Fund is designed exclusively for Registered Retirement Income Fund (RRIF) accounts to provide a stream of investment income so investors can enjoy retirement with the security they have come to expect from Common Sense Funds.

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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¹ The sum of 75% of the amount of all contributions made to the Primerica Common Sense Funds, reduced by any partial withdrawals as described in the withdrawal of units provision in the Primerica Common Sense Information Folder.

² Subject to federal bankruptcy legislation and provincial legislation that could void transactions intended to defeat creditors. Possible creditor protection may also be subject to your particular circumstances, maturity option chosen, beneficiaries selected and the legislative requirements of the province in which you reside. For more information, you should seek independent legal advice.

³ Investments can be transferred to a named beneficiary upon death without incurring a probate fee. Contract Owners are advised to consult their own tax and/or legal advisors about their individual circumstances.

AGF Management Limited (AGF) is an independent and globally diverse asset management firm. AGF Investments Inc., is a subsidiary of AGF and portfolio manager of the Primerica Common Sense Funds.

Primerica Common Sense Funds are Individual Variable Insurance Contracts issued through Primerica Life Insurance Company of Canada. A description of the key features of the individual variable insurance contract is contained in the Primerica Common Sense Funds Information Folder. **Other than any applicable death and maturity guarantee, any part of the premium or other amount that is allocated to a segregated fund is invested at the risk of the contract holder and may increase or decrease in value according to the fluctuations in the market value of the assets of the segregated fund.** Commissions, trailing commissions, management fees and expenses all may be associated with fund investments. Dependent on the option selected, front end charges, low load charges, and deferred sales charges may apply (subject to the annual 10% free withdrawal right). Early withdrawal fees may apply to short-term trading. Please read the Information Folder before investing. Past results should not be construed as being indicative of future performance of the segregated fund.

The information contained in this document is designed to provide you with general information and is not intended to be tax advice applicable to the circumstances of the investor. Investors should consult their Primerica Representative and tax advisors prior to implementing any changes to their investment strategies.

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