
Steadyhand

The Steadyhand Retirement Withdrawal Program

The Steadyhand Retirement Withdrawal Program is designed to help retirees draw a steady income from their portfolio — a paycheck, in essence — without having to worry about selling their investments at the wrong time (i.e., when markets are down).



The Spending Reserve Strategy

A withdrawal approach that can provide greater peace of mind.

If you're retired and drawing an income from your investments, a key consideration is what part of your portfolio to tap into. Should you be redeeming growth assets (stocks), income securities (bonds), or cash-like investments? Or perhaps a combination thereof?

There's no right or wrong answer. If you're a higher-risk investor, you may have a portfolio heavily weighted in stocks and be comfortable drawing from your equity holdings in good markets and bad. Or if you're more conservative, you may have a significant portion of your portfolio in bonds and cash from which you draw on. Many investors fall in the middle: they have a balanced portfolio and draw on their stock, bond, and cash holdings.

A withdrawal approach that we've found to be effective, and which can provide retirees **greater peace of mind**, is known as the *Spending Reserve Strategy* (also referred to as the 'Cash Bucket Strategy'). It involves allocating a portion of your portfolio to cash, in the Steadyhand Savings Fund, and investing the balance according to your desired long-term breakdown of stocks and bonds, or what we call your Strategic Asset Mix (SAM).

All your withdrawals come from the cash component, as this part of your portfolio is not exposed to market volatility. Importantly, you still earn a return on this money, based on the prevailing yield of the Savings Fund. The key benefit of this strategy is that it provides you with protection from market volatility. You aren't forced to draw from your growth or income assets at an inopportune time — i.e., when stocks or bonds are down.

Market pullbacks are a natural part of investing and cannot be avoided. When they occur, the spending reserve strategy allows your portfolio time to recover while you continue to draw a regular income from it.

At this point, you may be thinking, '*When do I top up my spending reserve?*'

This is where we come in. We will advise you when to replenish your cash reserve by selling some of your equity and/or fixed income investments. Our advice is based on the three things we pay the closest attention to when evaluating the current investing environment: valuations, corporate fundamentals, and investor sentiment.

Typically, we will advise you to top up your reserve during periods of market strength and recommend that you sit tight and rely on the cash cushion you've built during periods of market weakness.

Let's take a closer look at how the program works.



How it Works

Participating in the Program is easy, and we're here to help you establish a plan tailored to your needs.

By enrolling in our Retirement Withdrawal Program (see the last section of this guide for details on how to sign up), you'll receive an **email from us every quarter** (in mid January, April, July, and October) advising you whether to top up your spending reserve or not. The email will include the number of months you have left in your cash bucket, based on your desired annual income.

If any action is recommended, you simply need to call us at 1-888-888-3147 to place the necessary trades (we recommend that you call us in a timely manner, as our advice is based on prevailing market conditions at the time the email is sent). We will work with you to determine which of your Steadyhand holdings you should sell to replenish your cash reserve, and of course help with any math. Note: we will not make any trades without receiving instructions from you, and cannot accept any trade requests via email.

The Spending Reserve

When first establishing your spending reserve, we recommend allocating two years' worth of your annual spending requirements to our Savings Fund. You can choose to hold more or less than this amount in the Fund, but we believe two years is an optimal figure, as a well-diversified, balanced portfolio often recovers any setbacks over this time frame.

If you are receiving (or will be receiving) other forms of pension income, you should factor this into your spending requirements. For example, if you determine you would like \$50,000/year in income, and will be receiving \$20,000 in government pension income (CPP/OAS), you will need to withdraw \$30,000 from your portfolio.

In this scenario, we would suggest allocating \$60,000 to our Savings Fund (\$30,000 x 2 years).

Sticking with this example, let's say your portfolio's value is \$500,000, and you've determined that our Founders Fund is a good fit for your objectives. We would recommend the following initial allocation:

- \$60,000 Savings Fund
- \$440,000 Founders Fund

Your spending reserve (money in the Savings Fund) will fluctuate over time as you draw on it. The underlying goal of the Program is to ensure that it isn't depleted.

Automatic Withdrawal Plan

When drawing from your spending reserve, you can choose to receive monthly or quarterly payments. Many retirees prefer monthly withdrawals to suit their desire for a steady flow of income, or paycheque replacement, in essence.

Once you decide on your preferred frequency and amount of withdrawals, we set up an Automatic Withdrawal Plan whereby your redemptions are electronically transferred to your bank account.

Using our above example, your redemptions from the Savings Fund would be:

- \$2,500/month, if you choose a monthly frequency
- \$7,500/quarter, if you choose a quarterly frequency

Flexibility

In investing, nothing is guaranteed and adjustments to your plan may be required from time to time. It's why we've made our Retirement Withdrawal Program flexible. You can make changes to the amount and frequency of your payments if your personal circumstances change.

A Note on Taxes

If you are drawing from a non-registered account (e.g., an account other than an RRSP, RRIF, or TFSA) and will be replenishing your spending reserve by redeeming other Steadyhand funds and investing the proceeds in the Savings Fund, you will trigger a capital gain or loss on the sale of such funds. Any net capital gains must be reported on your annual income tax filing.

How to Enroll

To enroll in the Program, simply call us at 1-888-888-3147, or [book a meeting](#) with one of our Investor Specialists.

There are no additional fees associated with the Program — we want your retirement to be as rewarding and stress-free as you do.