

New Portfolio Manager for Ethical Income, Ethical Balanced and Ethical Growth Funds offered by CUMIS

The Ethical Funds Company has announced that Guardian Ethical Management Inc. (“GEM”) has been appointed to provide investment management services to the Ethical Income Fund, Ethical Monthly Income Fund, Ethical Balanced Fund and Ethical Growth Fund (the “Funds”). GEM, in turn, has appointed Guardian Capital LP (“Guardian”) to act as the portfolio manager for the Ethical Income Fund, replacing Co-operators Investment Counselling Limited. Guardian has also been appointed to act as the portfolio manager for the Ethical Balanced Fund, replacing Greystone Managed Investments Inc. GEM has continued to entrust Guardian with portfolio management responsibility for the Ethical Monthly Income Fund and Ethical Growth Fund. The portfolio management transitions for the Ethical Income Fund and Ethical Balanced Fund will occur on or about October 27, 2005.

About the Ethical Funds Company

Launched in 1992, The Ethical Funds Company is Canada’s original and largest manager of socially responsible mutual funds. In addition to evaluating all investments according to their financial, social, and environmental performance and outlook, The Ethical Funds Company promotes corporate accountability – making good companies better – and gives investors a voice in encouraging sustainable business practices. www.ethicalfunds.com

About Guardian Capital

Guardian Capital LP (Guardian) is a Canadian-based investment management organization providing investment management services to both institutional and retail clients. Guardian offers balanced fund mandates, specialty Canadian equity and fixed-income expertise and, through affiliates, investment management for U.S., International and Global mandates. Products are offered on a segregated and pooled fund basis. www.guardiancapital.com

About Guardian Ethical Management (GEM)

GEM is a joint venture between The Ethical Funds Company and Guardian Capital LP. GEM combines the investment management experience of Guardian Capital with Ethical Funds’ expertise in socially responsible investing (SRI). It will be the first company to provide institutional investors with a dedicated team of professionals who manage investments based upon rigorous financial criteria in addition to comprehensive social and environmental criteria.

Pension Watch is intended to provide general information only.
It is not intended to provide specific advice or recommendations for any individual.

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PENSION WATCH is produced for CUMIS Life Retirement Clients



Pension Watch

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The last edition of Pension Watch looked at “Market Volatility”.
This edition looks at “Retiring”.

Retiring

Life is a series of milestones. Some are joyous occasions and others are more serious events, but each carries financial implications. Sometimes we become so wrapped up in the events that we fail to adequately consider the associated financial obligations.

The following is designed to help you add better financial planning to your life events. When you plan well, you can enjoy each phase of your life a little more. Each person’s life experience is unique, and your financial planning should be customized to fit your needs. The following will give you a starting point — things to think about so you can build a more financially secure future. To develop an individualized plan matched to your specific experiences and lifestyle, you may want to consult a financial professional.

Retiring — Once you’ve reached this big turning point in your life, you’ll need a careful plan to help ensure that your accumulated money will be there for you. Congratulations, you’ve reached a big turning point in your life. During your working life, you’ve probably saved a substantial nest egg. Now it’s time to begin reaping the rewards, but you’ll need a careful plan to help ensure that your accumulated money will be there for you. Remember, if you retire at age 65, you could live another 20 years or more, which means you should still be in a long-term planning mode.

Things to Consider:

Re-examining your investment strategy

Until now, your strategy has probably been focused on long-term wealth accumulation. Now that you’re retiring, some of your goals will change. You’ll be withdrawing money from your retirement accounts, rather than accumulating, so you’ll probably need to reallocate some of your assets to investments designed to meet your short-term needs. But some of your needs are still very long-term, maybe 20 years or more, so you needn’t entirely abandon your long-term investment approach.

Balancing your risk tolerance and your future needs

Sometimes retirees become risk averse. Without a steady income from a job, they worry that their nest egg will erode unexpectedly, and they react by seeking very low-risk investments. Before you change the overall mix of your portfolio, remember that your goal during retirement is to maintain your financial independence for your entire lifetime. This means inflation is your enemy, and your investment strategy should be designed to at least outpace inflation, if not continue to build your nest egg.

Choosing your retirement lifestyle

You’ll still need a budget during retirement. To estimate what your monthly expenses will be, choose the lifestyle you want to live and then make cost estimates. If you plan to continue living your current lifestyle, a rule-of-thumb estimate is 80% of your current expenses. This estimate is based on the assumption that your cost of living will drop when you no longer have work-related expenses such as commuting costs, dry cleaning, and restaurant lunches.

Some financial professionals suggest, however, that you plan to maintain 100% of your current costs, or more. Some retirees will actually need more money because they plan to travel, play extra rounds of golf, or participate in other expensive recreation. The choice is personal, but you’ll need a budget to keep from spending too much of your accumulated wealth too quickly.

If you determine that your retirement income will not support the lifestyle you have chosen, you may need to make some adjustments. Many retirees plan to supplement their retirement incomes by working part time or turning a hobby into a small business, for example. If your nest egg appears to be a little short, the best time to find out is when you still have time to add supplemental income or even decide to work full time for an additional five years to help provide a budget cushion.

Adding to your life expectancy

Life expectancy depends on a lot of factors, including the state of your health, heredity, and even luck. Taking all of this into consideration, you’ll need to estimate how many years you’ll need to budget for. Your goal is to maintain your financial independence, so the best approach may be planning for an exceptionally lengthy retirement. On average, a 65-year-old retiree could probably expect to need to live on retirement savings for at least another 20 years. For retirees with particularly long-living relatives, a 30-year life expectancy, or even longer, could be more accurate. You’ll need to make this estimate based on your personal circumstances and then budget accordingly.

Preparing for emergencies

A long bout of illness or other unexpected expense during your retirement years can alter your planning. To prepare, you might consider purchasing long-term care insurance or catastrophic health care coverage to help protect your accumulated wealth. You might also want some additional assets in an emergency fund, perhaps invested in short-term investment options, so you can tap that money whenever necessary.

CUMIS MARKET-BASED FUNDS

	Gross Annualized Rates of Return as at September 30/2005				
	3 Months (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
Money Market					
Canadian Money Market Fund ^(PH&N)	0.7	2.6	2.7	3.1	4.0
30 Day T-bills	0.6	2.5	2.5	3.0	3.7
Fixed Income					
Retirement Security Fund ^(CUMIS)	1.3	5.3	5.5	5.8	6.7
Universe Bond Index Fund ^(BGI)	0.1	9.1	7.3	7.9	8.2
Income Fund ^(Ethical)	0.3	8.5	7.5	7.8	N/A
Fixed Income Fund ^(McLean Budden)	-0.1	9.0	7.2	8.0	8.5
Short-Term Bond & Mtgage Fund ^(PH&N)	0.0	4.8	5.1	6.3	6.7
Bond Fund ^(PH&N)	0.5	9.3	7.8	8.2	8.5
ScotiaMcLeod Universe	0.1	9.0	7.3	7.9	8.2
Balanced					
Balanced Fund ^(Ethical)	4.2	16.9	12.1	3.5	N/A
Balanced Core Fund ^(McLean Budden)	3.4	13.1	12.6	5.8	N/A
Balanced Fund ^(PH&N)	3.6	14.8	13.3	4.3	9.2
Active Balanced Fund Benchmark	4.3	15.4	12.9	3.0	8.5
Canadian Equity					
S&P/TSX Composite Index Fund ^(BGI)	11.6	29.3	23.5	3.0	11.2
Canadian Equity Fund ^(Bissett)	8.0	27.4	19.5	N/A	N/A
Growth Fund ^(Ethical)	7.3	22.1	17.2	3.7	N/A
Special Equity Fund ^(Ethical)	8.5	30.5	N/A	N/A	N/A
Canadian Small Cap Fund ^(Franklin Templeton)	N/A	N/A	N/A	N/A	N/A
Large Cap Canadian Equity Fund ^(Mawer)	10.1	29.5	21.7	12.4	13.9
Small Cap Canadian Equity Fund (Mawer)	7.0	24.8	26.3	25.1	18.7
Canadian Equity Core Fund ^(McLean Budden)	10.5	24.2	21.9	9.1	N/A
Canadian Equity Value Fund ^(McLean Budden)	10.5	24.2	19.8	12.5	16.5
Canadian Equity Fund ^(PH&N)	7.6	23.8	20.3	5.1	12.1
S&P/TSX Composite Index	11.6	29.3	23.4	3.0	11.2
NB Small Cap Universe Index	8.6	19.4	26.2	9.1	7.8
Dividend					
Dividend Income Fund ^{(PH&N) (1)}	4.9	20.5	20.9	13.1	19.1
S&P/TSX Composite Index	11.6	29.3	23.4	3.0	11.2
U.S. Equity					
U.S. Equity Index Fund ^(BGI)	-1.9	2.6	4.7	-6.8	7.7
American Equity Fund ^(McLean Budden)	-4.1	1.4	7.6	-1.6	N/A
U.S. Equity Fund ^(PH&N)	-3.2	-2.0	2.0	-7.8	4.6
S&P 500 ^(SCdn)	-1.8	2.9	5.2	-6.5	7.9
Foreign Equity					
EAFE Equity Index Fund ^(BGI)	4.3	14.9	12.3	-2.1	4.3
International Fund ^(Bissett)	2.0	15.2	15.1	N/A	N/A
International Equity Fund ^(Ethical)	4.4	15.0	N/A	N/A	N/A
Non North American Equity Fund ^(Mawer)	7.9	24.3	16.0	3.2	10.5
Global Equity Fund ^(McLean Budden)	-0.2	6.6	8.6	-2.6	N/A
Overseas Equity Fund ^(PH&N)	2.5	11.8	10.0	N/A	N/A
Growth Fund ^(Franklin Templeton)	2.8	14.6	12.8	N/A	N/A
MSCI EAFE ^(SCdn)	4.6	15.3	12.3	-2.0	4.3
Actively Managed Asset Allocation Funds					
LifePoints Balanced Income ^(Frank Russell)	2.6	12.5	10.0	5.6	9.5
LifePoints Balanced Growth ^(Frank Russell)	4.5	16.2	12.8	4.3	9.7
LifePoints Long-Term Growth ^(Frank Russell)	7.0	20.9	16.0	3.8	10.5
LifePoints All-Equity RSP ^(Frank Russell)	6.0	18.4	N/A	N/A	N/A
Index Managed Asset Allocation Funds					
Conservative Balanced Index Fund ^(BGI)	1.8	10.2	8.8	3.3	7.6
Moderate Balanced Index Fund ^(BGI)	4.0	14.8	12.5	2.9	9.1
Aggressive Balanced Index Fund ^(BGI)	6.2	18.7	15.5	1.7	9.5

Note: All performance data is shown on a gross or "pre-fee" basis except for Retirement Security Fund

- (1) Retirement Security Fund charges 1.2% in Investment Management Fees. The returns shown above for RSF are net of fees.
- (2) Current benchmark composition: 35% S&P/TSX Capped Composite Index, 25% MSCI World ex Canada Index, 35% SC Universe Bond Index, 5% SC 30-Day T-Bill Index.
- (3) Pooled funds are not guaranteed, their values change frequently and past performance may not be repeated
- (4) The Ethical Funds charge an expense management fee against the fund up to a maximum of 20 basis points
- (5) Mawer Investment Management charges expenses against the funds and are not included in the above fees

NEWS FROM THE GOVERNMENT

OLD AGE SECURITY

Old Age Security (OAS) benefit rates are increased for the October to December 2005 quarter.

Basic OAS benefits, paid to people age 65 and over, are \$479.83 per month. The Guaranteed Income Supplement is \$570.27. The Spouse's Allowance and the Widowed Spouse's Allowance are increased to \$851.29 and \$939.84 respectively for the October to December 2005 quarter.

NEWS FROM CUMIS

Name Change for CUMIS LifePoints All Equity RSP Portfolio

The elimination of the Foreign Property Rule has removed the need for "RSP" or clone funds. RSP or clone funds are designed for investors who want to invest more of their investments in foreign securities than the allowable percentage. The CUMIS LifePoints All Equity RSP Portfolio invested up to the maximum allowed foreign content (30%) via direct holdings and the rest by indirect exposure with derivatives such as future indices. Frank Russell Canada Limited, the investment manager, has merged the LifePoints All Equity RSP Portfolio with their LifePoints All Equity Portfolio. With effect from September 20, 1995, the name of our portfolio is the CUMIS LifePoints All Equity Portfolio as a result of this change in the underlying assets of the fund.

Process

Below is an overview of the investment manager's process of merging the two funds:

Step 1 – LifePoints All Equity RSP Portfolio removes the derivative plug and increases its holding in the underlying fund

Frank Russell Canada Limited has had 32% (approximate market value) holdings of various indices liquidated. The proceeds from this disposition were used to purchase additional holdings of the underlying Russell holdings in the LifePoints All Equity RSP Portfolio. The ending target (which is identical to the continuing fund – LifePoints All Equity Portfolio) is:

Russell Canadian Equity Fund	40%
Russell US Equity Fund	20%
Russell Overseas Equity Fund	20%
Russell Global Equity Fund	20%

Upon completion of this step, the composition of the Terminating Fund, LifePoints All Equity RSP Portfolio, is identical to the Continuing Fund, LifePoints All Equity Portfolio.

This step was completed on August 2, 2005.

Step 2 – Distribution of Gains in the Continuing Fund

Calculate the amount of distributions, if any, payable to all unitholders. This special distribution was scheduled to occur, if required, on September 16, 2005.

Step 3 – Suspension of Purchase of Units

Purchases of LifePoints All Equity RSP units was suspended as of the close of business day September 15, 2005. The right to redeem units continued up to the close of business on September 19, 2005.