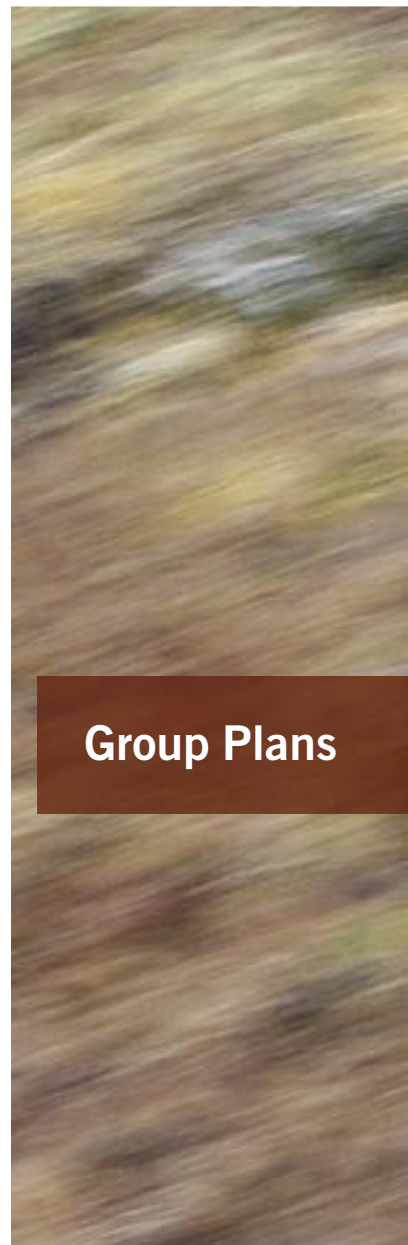


Advisor Guide



Group Plans

	<i>Page</i>	
Table of Contents	3	Why Consider the Group Plan Business?
	4	Types of Group Plans
		Group Plans for Retirement and Investment Needs
		Group Registered Retirement Savings Plan (Group RRSP)
		Deferred Profit Sharing Plan (DPSP)
		Defined Contribution Registered Pension Plan (DC pension plan)
		Individual Pension Plan (IPP)
		Supplementary Plans
		Group Non-Registered Payroll Savings Plan
		Group Registered Education Savings Plan (Group RESP)
	6	Proven Partnership
	7	The Ultimate Business Building Opportunity
	8	Case Study
	9	Securing a Group Plan in 6 Easy Steps
	10	Group Plan Management Made Simple
	11	Group Plan Fees
Back cover		Marketing and Sales Support

Why consider the group plan business?

The group plan market is growing rapidly, as more and more companies are finding that having a quality group plan helps to attract and retain high caliber employees.

This growth is providing an excellent opportunity for advisors to become active in the lucrative group plan market.

Many companies use the services of a financial advisor to set up and manage their group plan. In addition, the developing trend of providing access to a financial advisor as a group benefit is creating new opportunities for advisors.

This guide is designed to provide you with the information you need to understand group plan basics and to build your business. If you have any questions or require further information, please contact us at:

Group Plan Sales & Marketing
416-967-2077
1-888-653-7070 ext. 2077

Group Plans by the Numbers

- 1.96 million small businesses in Canada*
- Over \$63 billion in assets**
- Only 2% of advisors are active in the group retirement market***

* Source: Statistics Canada

** Source: Benefits Canada

*** Source: Mackenzie Financial Corporation

Types of group plans

Mackenzie offers a comprehensive selection of group plans designed to meet a variety of objectives, including saving for retirement, sharing company profits or accumulating funds for a major outlay such as a child's post secondary education.

Group Plans for Retirement and Investment Needs

Group Registered Retirement Savings Plan (Group RRSP)

A Group RRSP is simply a collection of individual RRSPs where members (employees) make contributions through payroll deductions. The member realizes instant tax savings because the contribution is deducted from earnings before tax is calculated.

Highlights

1. Plan sponsor (employer) contributions:
 - Taxable benefit and subject to payroll taxes
 - Voluntary
 - Vests immediately
 - Not locked-in
 - Contributions cannot exceed individual's personal limit
 - Deductible expense for the plan sponsor
2. Spousal plans available
3. No set up costs
4. Can be voluntary (only member contributes)

Deferred Profit Sharing Plan (DPSP)

A DPSP is a means to share company profits. It can be used on its own as a supplement to a Group RRSP.

Highlights

1. Plan sponsor contributions:
 - NOT subject to payroll taxes
 - Only plan sponsor contributions are permitted
 - No mandatory minimum contribution
 - Vesting period of up to 2 years of plan membership
 - Creates a Pension Adjustment (P.A.)
2. Withdrawals can be restricted to termination, death, and retirement
3. One time set up fee of \$250. This fee is waived if an existing plan is moved to Mackenzie and has total assets of \$250,000 with average assets per member of \$10,000
4. Connected persons (anyone who owns at least 10% of any class of the company's shares or does not deal at arm's length with the plan sponsor) are not permitted to participate in a DPSP
5. Contributions must be made out of profits or retained earnings
6. Maximum contribution is limited to the lesser of 18% of earned income or a dollar limit equal to one-half of the defined contribution pension plan limit

Defined Contribution Registered Pension Plan (DC pension plan)

The contributions to a DC pension plan are defined, whereas the benefit at retirement is not. Instead, benefits are dependent on the amount of contributions and the growth of the fund. Legislation requires the plan sponsor to contribute to a DC pension plan.

Highlights

1. Plan sponsor contributions:
 - NOT subject to payroll taxes
 - May impose vesting period up to 2 years of plan membership (immediate vesting in Quebec)
 - After contributions vest, all monies are locked-in
 - Minimum contribution is 1% of pensionable earnings
 - Plan sponsor may control investment decisions
 - Creates a Pension Adjustment (P.A.)
2. No redemptions allowed
3. Plans are creditor proof
4. One time set up fee of \$500. This fee is waived if an existing plan is moved to Mackenzie and has total assets of \$500,000 with average assets per member of \$20,000
5. Provincial regulatory fees apply and vary from province to province

Individual Pension Plan (IPP)

An IPP is a defined benefit pension plan designed to provide an individual with a steady stream of income in retirement. An alternative retirement savings vehicle that allows for enhanced tax relief and increased pension benefits above and beyond those available through an RRSP. IPPs are suitable for key executives, self-employed professionals or entrepreneurs. Key parameters include:

- Holder should be over 45 years of age
- Earn \$100,000+
- Have already maximized RRSP contribution
- Be an employee of an incorporated company

Note: Mackenzie facilitates the set up of IPPs with a third party IPP administrator and does not directly support Individual Pension Plans.

Supplementary Plans

Plan sponsors may wish to help members reach other major goals in life. Mackenzie offers plans for members to set aside money for a large purchase or to save for their children's education.

Group Non-Registered Payroll Savings Plan

- Contributions are deducted after tax from payroll and invested in a suitable Mackenzie mutual fund
- The member's savings are always accessible and have the potential to grow considerably faster than they would in a traditional savings account

Group Registered Education Savings Plan (Group RESP)

- A popular way for members to save for their children's education
- Contributions are not tax deductible, but the investment grows tax free until the beneficiary withdraws the funds for post secondary education

Proven partnership

Mackenzie's Proven Partnership Approach to group plans is a perfect fit for group plans of all sizes. By combining the personal financial planning services of a financial advisor with the respected investment management and record keeping services of Mackenzie, plan sponsors and members reap the benefits of top quality service and products.

Our commitment:

- Investment management and record keeping
- Comprehensive reporting
- Preparation of certain provincial or federal government filings
- Toll free customer service lines and 24-hour Access Line for members

Advisor commitment:

- Provide information, communication and education to plan members and direction to plan sponsors

The Role of the Trustee

M.R.S. Trust Company, a federally regulated trust company and affiliate of Mackenzie, is the trustee of certain Mackenzie Group Plans. The Trustee appoints Mackenzie as its agent to provide services to group plans many of which are the same services described above. These include applying to Canada Revenue Agency for registration of certain types of Group Plans, custody of Mackenzie mutual fund securities and client reporting, including account statements and tax reporting.

The *ultimate* business building opportunity

The group plan business has unique attributes that can provide impressive benefits, including:

- 1 Easy access to the high net worth market
- 2 Annuitize your business
- 3 High retention of assets
- 4 Daytime activity
- 5 Tremendous cross-selling opportunities

1 . **Easy access to the high net worth market**

Many small business owners are in the high net worth category. If you set up a group plan and the owner is impressed, business may naturally evolve into the personal financial planning arena.

2 . **Annuitize your business**

Once set up, a group plan provides steady monthly income.

3 . **High retention of assets**

Group plan assets tend to be “sticky assets”; client retention is higher than for individual accounts. Group plan members tend to be savers and stay invested through all types of markets.

4 . **Daytime activity**

Group business is typically a nine-to-five business.

5 . **Tremendous cross-selling opportunities**

Payroll deductions are just the tip of the iceberg. For every \$1 in cash flow that goes through payroll deduction, there is a **cross-selling opportunity** for an additional \$5 to \$7 in additional business.

Once you have completed your dealer’s Know Your Client forms and are familiar with each member’s financial situation, you may find opportunities to sell investment accounts, insurance products and the like.

HYPOTHETICAL CASE STUDY

Look Beyond
Payroll
Deductions to
Find the Real
Opportunities

Ultimate Manufacturing Company

50 members x \$35,000 avg. earnings = \$1,750,000 payroll

• Member contributions: 3% of earnings =	\$ 52,500
• Plan sponsor contributions: 3% of earnings =	\$ 52,500
Cash flow through payroll	<u>\$105,000</u>

Potential cross selling:

1. Potential to maximize contributions from 6% to 18%	\$ 210,000
2. IPP for top two executives @ \$100,000 each	\$ 200,000
3. Owner's account, private client option	\$ 500,000
4. Group RESP 10 x \$2,000 annually (plus grant)	\$ 24,000
5. Rollover individual RRSPs: five @ \$15,000	\$ 75,000
6. Rollover existing Group Plan (if applicable)	\$ 750,000
TOTAL POTENTIAL CROSS-SELLING OPPORTUNITIES	\$1,759,000

As you can see,
a group retirement plan
with \$105,000 in payroll deductions
can lead to \$1,759,000
in other business!

Securing a group plan in 6 easy steps

1 . **Prospecting**

1. Ask your existing clients: **Do you have a group retirement plan at work?**
 - Approach clients that own a business or clients that are a key executive with a company
 - Approach clients that are employed
2. When you complete the sales process with a company, ask for referrals.
3. Utilize local Chamber of Commerce for directory of businesses.

2 . **Convert prospects into clients**

First meeting: Fact finding

- Book a meeting with the decision-maker to assess their current situation and goals for a group plan. The approach is similar to an initial interview with a prospective new individual client
- Utilize the Fact Finding Questionnaire developed by Mackenzie. There is a series of questions for new plans and additional questions for existing plans
- Book an appointment to return and present a formal proposal

Second meeting: Formal proposal

Mackenzie can customize a proposal with two weeks notice. A Power Point presentation is also available.

Your proposal should:

- Summarize the current situation
- Discuss your expertise as well as your firm
- Recommend Mackenzie as the investment manager and record keeper
- Provide a time line for the implementation
- Close with a review of how your proposal addresses the decision maker's goals for a high quality group plan

3 . **Once the decision maker gives the OK**

Contact Mackenzie and order supplies for your upcoming member meeting.

Prepare a letter for management to send to members announcing the new plan or change to the existing plan (Mackenzie provides a sample letter). Include the time and date that you will be conducting your presentation.

4 . **Member information session**

Provide information to members about the group plan. Mackenzie can provide you with a PowerPoint presentation (also available online).

5 . **Individual member consultations**

Set up a 15-30 minute meeting with each individual to discuss his or her investment options.

6 . **Plan sponsor remits contributions or transfers plan**

Group plan management made simple

Group Plan management can be simplified using a few simple techniques. Consider the following points to effectively manage group plans:

- **Use an asset allocation program such as Keystone or Symmetry**
With just one ticket, you can provide plan members with expert portfolio management, diversification and automatic rebalancing
- **Partner with another advisor**
The old adage “Many hands make light work” applies to group plan management too
- **Focus on small to medium sized companies**
There are 1.96 million small businesses in Canada*
- **Prepopulate forms, where possible**
- **Dedicate specific time in your calendar to focus on group plans**

*Source: Statistics Canada

Group plan fees

- No Mackenzie annual account fees for Group RRSPs, DPSPs and DC pension plans
- Set-up fees are waived for larger DPSPs and DC pension plans; see the fee table below for details

Mackenzie Fees				
Plan Type	Setup	Annual Admin and Trust	Transfers / Withdrawals	Regulatory Fees
Group RRSP	\$0	\$0	Partial or Full transfers, withdrawals: No fee	none
DPSP New plans, no assets and existing plans with under \$10,000 average assets per member and under \$250,000 total assets	\$250	\$0	Partial or Full transfers, withdrawals: No fee Total plan wind-up: \$10 per member Minimum: \$500	none
DPSP+ Existing plans with over \$10,000 average assets per member and a minimum of \$250,000 in total assets	waived	\$0	Partial or Full transfers, withdrawals: No fee Total plan wind-up: \$10 per member Minimum: \$500	none
* DC pension plan New plans, no assets and existing plans with under \$20,000 average assets per member and under \$500,000 total assets	\$500	\$0	Partial or Full transfers, withdrawals: No fee Total plan wind-up: \$20 per member Minimum: \$1,000	Varies per province (payable to the Minister of Finance)
* DC pension plan+ Existing plans with over \$20,000 average assets per member and a minimum of \$500,000 in total assets	waived	\$0	Partial or Full transfers, withdrawals: No fee Total plan wind-up: \$20 per member Minimum: \$1,000	Varies per province (payable to the Minister of Finance)

Marketing and sales support

Mackenzie has a dedicated group sales team that works closely with advisors to prospect, close and implement new plans. From coaching on how to conduct the initial fact finding interview to attending meetings and/or making presentations, we offer assistance for all situations during the sales cycle.

Group Plan Collateral Support materials include:

- Prospecting letters
- A fact finding questionnaire for plan sponsors
- Group Plan proposals that can be customized by Mackenzie or advisor
- PowerPoint presentations
- InfoMack Financial Planning Software

MACKENZIE ALL-ACCESS SERVICE

To help save you time, we've made fund and account information available for you to access whenever you need through three convenient options:

ONLINE Get all of the information you require 24 hours a day, 7 days a week by logging into AdvisorAccess at mackenziefinancial.com. AdvisorAccess is a secure connection that only you can access.

For technical support, please call Client Services at
1 800 387 0614

TOUCH-TONE PHONE You also have convenient and direct access to all your fund and account information by calling the Mackenzie AccessLine at
416 922 9143 or
1 800 440 0577

FAX Request a fax transmission through the Mackenzie AccessLine at
416 922 9143 or
1 800 440 0577

GENERAL INQUIRIES

For all of your general inquiries, account details, fund information, or to order marketing literature and materials, please call:

ENGLISH 416 922 3217
1 800 387 0614

BILINGUAL 416 920 5120
1 800 387 0615

ASIAN INVESTOR SERVICES 1 888 465 1668

FAX 416 922 5660
1 866 766 6623

E-MAIL service@mackenziefinancial.com

For all your Group Plan administration inquiries please call:

TELEPHONE 416 922 7508
1 800 665 0513

FAX 416 922 5660
1 866 766 6623

E-MAIL groupadmin@mackenziefinancial.com