

When Should You Stop Working?

by Dr. Sherry Cooper



You would never know it from media reports, but the concept of retirement is relatively new. Only in the past two generations have people expected to live long after stopping work, because they retired only when they physically had to. When the Canada Pension Plan (CPP/QPP) and U.S. Social Security mandated retirement at 65, life expectancy was 62 years for women, 57 for men. Today longevity is higher and rising. Boomers are the healthiest, wealthiest generation ever, and BMO surveys suggest many dream of a new retirement, a period of transition and regeneration with various work scenarios and lifestyle possibilities.

HEALTH

Wellness makes a huge impact on your retirement decision. If you have to drag yourself to work, you may need rest and care. If you're still healthy, however, you should consider two options. Retiring earlier could leave you many healthy years to enjoy as you please. Or you may choose not to retire while you're still raring to go. You could work for a few more years to save for a well-off retirement.

JOB

Job satisfaction is another major factor. A 2005 U.S. Gallup Poll reported that 87 per cent of private sector employees enjoy their jobs. A significant 12 per cent don't. In 2006, Gallup found 33 per cent of working adults fear a loss of purpose after retiring. There is a trend toward a longer working life, which also shows up in Canadian surveys.

Wireless Internet and video conferencing enable you to work from almost anywhere. Most employers now face talent shortages, so your skills and expertise could allow you to work as much or as little as you want.

Numerous boomers are "rewiring" rather than retiring and embarking on new careers. Many will start businesses, new jobs or a mix of activities – some paying, some not. You might want to teach or mentor. If you have a passion or hobby, you could turn it into a business. There are many resources for creative solutions; outplacement firms and a host of books counsel those over 50 on career transition. *continued on page 4*



Experience one of the 8 New Wonders

BMO InvestorLine is your passport to the 8 New Wonders this RSP season.

Simply open a new account or transfer an account to BMO InvestorLine for your chance to win the escape of a lifetime or \$10,000.

With 8 weekly draws, winning is easy. Choosing is the hard part.

See the back page for more.

BMO LifeStage Plus Funds

INVESTING FOR GROWTH WITH LESS RISK

For too long, investors have had to trade off growth potential for security. This can be a challenging balancing act – maintaining the growth to meet your goals without risking what you've accumulated. And it becomes increasingly important as you get closer to when you want to start using your money. Fortunately, there's an innovative solution to this common investing dilemma.

BALANCING YOUR INTERESTS

Lifecycle funds, such as BMO LifeStage Plus Funds, are professionally managed portfolios ideally suited for date-driven investment goals – your retirement or a child's post-secondary education, for example.



These portfolios are designed for a range of time horizons, automatically balancing growth potential and capital preservation to ensure your money will be there when you need it.

ALL UPSIDE AND NO DOWNSIDE

What makes BMO LifeStage Plus Funds unique is the Guaranteed Maturity Amount,* which lets you benefit from the upside of growth potential without worrying about the downside. With this feature, you receive the highest daily unit value reached during the life of the fund, as long as you stay invested until the fund's target end date.

WORKS FOR ALL STAGES AND PHASES

Available in four distinct portfolios with fixed target end dates of 2015, 2020, 2025 and 2030, BMO LifeStage Plus Funds are perfect for a variety of life's

goals, including building your first portfolio, saving for a child's education or investing for retirement. BMO LifeStage Plus Funds can provide you with that

"The Guaranteed Maturity Amount lets you benefit from the upside of growth potential without worrying about the downside"

elusive combination: investing for growth with less risk. To learn more about these innovative investments, visit bmoinvestorline.com.

*To receive the Guaranteed Maturity Amount, clients must remain invested until the fund's target end date. If a client redeems any of his or her units of the fund prior to the target end date, he or she will receive only the net asset value per unit on the date of redemption, which may be less than the Guaranteed Maturity Amount. Please read the fund's prospectus before investing and for important information regarding the Guaranteed Maturity Amount.

YOUR 2008 ECONOMIC OUTLOOK IS AVAILABLE ONLINE

Start the year with the information you need to help you make smart investment decisions. Sign in to your account at bmoinvestorline.com and read Dr. Sherry Cooper's latest commentary on the economy.





> FREEDOM OF CHOICE: EXPLORING YOUR RSP CONTRIBUTION OPTIONS

When you're ready to contribute to your BMO InvestorLine registered account this year, you have numerous ways to do so – quickly and easily.

1) USE ONLINE OR TELEPHONE BANKING

You can top up your RSP as easily as you pay bills online. Just use your Internet or telephone banking service to add BMO InvestorLine to your list of payees. Contribute as much and as often as you wish.

2) SET UP PRE-AUTHORIZED CONTRIBUTIONS

Enrolling in a pre-authorized plan offers many advantages. For starters, you avoid the yearly rush to make the RSP deadline. You can set a convenient payment schedule that suits your needs. And you benefit from dollar-cost averaging, rather than trying to time your contribution to the markets.

Just complete the Pre-Authorized Contribution Form (PARC), and we'll take care of the rest.

3) TRANSFER YOUR RSPS FROM OTHER FINANCIAL INSTITUTIONS

By consolidating your investments with BMO InvestorLine, you simplify your investing activities and gain a consolidated view of your portfolio. You can download a transfer form at **bmoinvestorline.com**.

4) DEPOSIT CASH, CHEQUES OR SECURITIES AT ANY BMO BANK OF MONTREAL BRANCH

You can stop by the nearest BMO Bank of Montreal branch to make a deposit. To deposit securities into your BMO InvestorLine account, simply complete the Power of Attorney to Transfer Stock or Bond (LF255) form, and return it with the endorsed certificates to BMO InvestorLine or a BMO Bank of Montreal branch.

5) APPLY FOR AN RSP LOAN

If you are short on cash and still want to contribute to your RSP this year, you can apply online for an RSP

loan. Visit the RSP Centre under the Education Centre at **bmoinvestorline.com** to apply now.

To access any of the above forms, visit the Apply Now page under Quick Links at **bmoinvestorline.com** and download General Forms.

Coming Soon: Online RSP Contributions

We're updating our site to make it even easier for you to contribute to your RSPs. Soon you'll be able to make deposits to your RSPs (including Spousal RSPs) online, as often as you'd like, by using funds from your BMO InvestorLine cash or margin account, or from your account at BMO Bank of Montreal.

Best of all, you'll see your account updated the next business day so you can start trading right away.

Watch for changes at **bmoinvestorline.com**.

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GOALS

Astute financial planning can fulfill dreams you never had the means to realize: travel, old and new hobbies, learning a language, building your dream home, taking courses, writing a book, enjoying grandchildren and friends – the possibilities are endless.

Location is crucial in determining your financial needs and part-time job options. You might want to split your time between locations; many Canadian retirees wish to live in a warmer climate.

Outside of large corporations or the public sector, RSPs provide the sole private pension, and CPP pays far less than U.S. Social Security.

A separate 2006 U.S. poll found that 60 per cent of those relatively unconcerned about finances would keep working. An impressive 71 per cent of employed adults with postgraduate education would continue to work past retirement, compared with 64 per cent with some college and 60 per cent with none. Canadian surveys concur.

All this predicts a major cultural shift. Boomers will be “retiring” retirement as their parents’ generation knew it, adding healthy and productive years to their lives, well into their eighth decades. Success for most retirees will mean staying active in body and mind and enjoying financial independence, with vitality and a sense of purpose.

“Assess your tolerance for uncertainty. One person’s adequate living standard might cause sleepless nights for another”

Consider your partner, if you have one. Even mates differ on when and at what age to retire. Some find a new locale exciting; others miss loved ones too much to move away. Friends may relocate together for part of the year. Being near children and grandchildren is wonderful, but they could move with their careers or education, so you probably shouldn’t base your decision solely on them.

WEALTH

Finances represent the biggest hurdle. Assess your tolerance for uncertainty; one person’s adequate living standard might cause sleepless nights for another. Some are highly risk averse, others more laid back. Know what feels right.

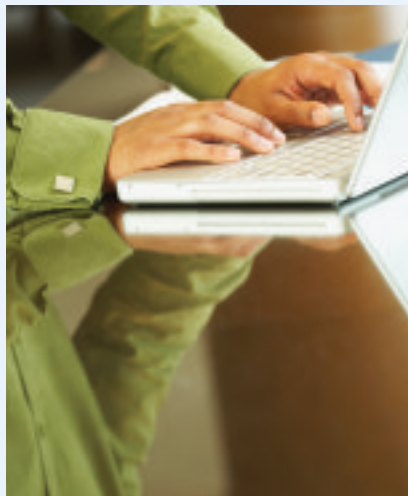
A 2006 U.S. Gallup Poll found 60 per cent of Americans worry about funding retirement. Just 50 per cent of working adults in the U.S. expect to live comfortably after retiring, down from 59 per cent in 2001. Canadian statistics are mixed, but U.S. numbers appear slightly higher, as more Canadians have defined-benefit pensions.

Sherry Cooper’s latest book, *The New Retirement: How It Will Change Our Future*, shows you how to ensure physical and financial independence in your senior years. Go to bmoinvestorline.com, select the Education Centre, Expand Your Knowledge, and click on the InSite Newsletter to read the full article.



Dr. Sherry Cooper is Executive Vice-President of BMO Financial Group and Chief Economist for BMO Capital Markets.

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Cashable GICs can be fully redeemed within the cashable period up to 30 calendar days prior to maturity.

In addition, you can go online and **view your estimated accrued interest** on all your GICs.

Sign in to your account at **bmoinvestorline.com** and check out the updates in the Fixed Income Trading section.



GET THE POWER OF 8 WHEN YOU INVEST WITH THE BEST

As a BMO InvestorLine client, you enjoy access to a wide spectrum of innovative online tools and resources designed to help you manage your portfolio more effectively. But have you experienced the Power of Eight lately?

To help you plan carefully and invest strategically, we encourage you to spend a few minutes exploring the following tools:

1) RETIREMENT PLANNER

Develop your own customized retirement plan that takes into consideration your current financial situation, risk tolerance and retirement goals.

2) ASSET ALLOCATOR

Construct a portfolio that corresponds to your Investor Profile type and helps you achieve your investment goals.

3) PORTFOLIO REBALANCING

Bring your portfolio in line with your plan. See where you are, where you want to be (based on your plan), and how to get there.

4) BENCHMARK COMPARISONS

Compare your portfolio against nine key indexes, including the DJIA, MSCI World, S&P TSX 60 and S&P 500.

5) SUPERIOR RESEARCH

Access the latest investment research from highly ranked third-party experts, including GlobeinvestorGOLD, Standard & Poor's, BayStreet.ca and Briefing.com.

6) MODEL PORTFOLIOS

Take advantage of third-party expertise and benefit from a mix of investments that suit your specific risk tolerance and investment objectives to maximize returns and minimize risk.

7) STOP ORDERS

Protect your profits and minimize downside risk with Trailing Stop Orders, Hard Stops and Sell on Stop Orders.

8) MYLINK

Receive one-to-one customized, relevant and timely notifications to help you make more informed investing decisions.

Take control of your investments today. Visit **bmoinvestorline.com** and access the comprehensive lineup of tools and resources available to help you manage your investment portfolio successfully.

8

NEW WONDERS

8 CHANCES TO WIN.

WINNING IS EASY.

CHOOSING IS THE

HARD PART

Now is your chance to experience one of the great new wonders of the world or pocket \$10,000.*

From January 2 through March 26, BMO InvestorLine will award 8 lucky clients and their guests an all-expense paid escape to the wonder of their choice.

For your chance to win, simply open a new account or transfer an account to BMO InvestorLine. **What's more, we'll even cover your transfer fees – up to \$200!**

EXCITING WAYS TO EARN A BALLOT

- One ballot for every transfer or deposit of \$10,000 into your BMO InvestorLine account (submit your transfer form by February 21, 2008, to ensure you get a ballot)

- One ballot for every trade (maximum 8 ballots)
- One ballot to sign up for eStatements
- Double ballots for 5 Star clients

BONUS!

There are 8 weekly draws, and ballots carry over each week. So the earlier you enter, the more chances you'll have to WIN in the following weeks.

DON'T MISS OUT. LOG IN TO YOUR ACCOUNT AT BMOINVESTORLINE.COM AND START EARNING BALLOTS TODAY

Contest ends March 26, 2008.

*Find full contest details online at bmoinvestorline.com/8newwonders.



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