Fortress
FUND MANAGERS

Fortress Pension News

June 2015

Steps to Securing Your Financial Future

Over the past year the Fortress Caribbean Pension Fund continued to grow, generating solid returns for investors and welcoming a number of new companies and individual participants. The Fund now has assets of over $220 million, representing the retirement savings of more than 3,000 employees working at Caribbean companies of all shapes and sizes.

We work hard to provide excellent service to both the sponsoring companies and individual pension plan participants.

We strongly believe that financial security is an important part of life and that it takes consistent effort to achieve it. We are here to help make that happen.

If you have questions or comments related to your financial security, let us know. Email us at **invest@fortressfund.com.**

In this issue:

RESOURCES

Online Account Access

24/7 secure access to your pension account online.

The Fortress Builder™ Slide Calculator

Use the slide calculator to see what you would need to save daily, monthly and yearly in order to achieve your long term saving goals. Request one from our office.

Pension News Emails

- Receive timely updates from us about your pension.
- Get topical commentaries from the Fortress team.

5 Investing Myths

Myth 1: "I've only been working for a little while. Plus, I'm too young to be thinking about retirement!"

Since hardly anyone plans to work forever, at some point we will all need to think about retirement or rather, having money to live off of when we don't want to or can't work anymore. When you start saving early, you have the advantage of time. Time to let your money grow in to an attractive nest egg. Start saving every pay day. Even if you can only manage a small amount at first, you can increase it over time, and you will be surprised at how quickly your savings will grow.

Myth 2: "I don't have enough money to invest. I'm barely making ends meet."

Many people believe that you need large sums of money to invest. But there are many options that allow you to start with a small sum of money and build on that over time. Saving for retirement needs to be a priority since it will impact how you will live after your working years. You should also consider whether your employer makes matching contributions to your pension plan. If they do, then your investment for retirement has an added boost at no additional expense to you.

Myth 3: "The way things are nowadays with the financial markets it might be better to keep my money in my savings account or under my mattress."

The recent removal of the Central Bank of Barbados' minimum savings rate has allowed local banks to offer lower interest rates. This means that you will earn less on your savings, putting you at a disadvantage as it relates to battling inflation. We all need a good balance of cash available to pay bills, meet normal expenses and keep a substantial cushion for the unpredictable. However, beyond this amount excess funds kept in a low interest account may be far better redistributed into investments that can earn higher returns and hopefully outrun inflation over the medium or long term.

Myth 4: "Saving for retirement is good, but I have to focus on saving for a house and my children's education first."

Buying a home and funding your children's education are important goals. The difference between these goals and building retirement savings so that you have a pension to live off of later, is you can buy a house with a mortgage. An education can be funded through loans or scholarships. There's no special loan to provide an income for you to live out your later years. Remember that the sooner you start saving for retirement, you have the advantage of time. Time to save more, to get more matched contributions from your employer and to earn more returns on your savings.

Myth 5: "NIS will take care of me when I retire. They have my money in there."

First consider that your maximum National Insurance Scheme pension is just 60 per cent of your average insurable earnings in the last five years prior to retirement . How far you fall above or below this limit determines how big or small an income gap you will have during retirement. In addition, since that limit may change over time, the NIS pension you receive may also change. Secondly, current contributors to the NIS pay for the existing benefits of pensioners. In other words, the contributions you're making now aren't kept in a special place to pay you at a later date. With people living longer more money will be used to cover the benefits of long living pensioners. This combined with decreasing birth rates means fewer contributors to fund the Scheme and supply future pensions. So it's important to start saving and investing now to help ensure a comfortable retirement.

[1] The current insurable limit is $4,360 per month.

Your Pension Questions Answered

Q: "Markets up, markets down. What does it mean for my pension savings?"

A: **When we are setting aside money for retirement, we are usually hoping that the value of that money will grow over time.** This is especially important over periods of many years where inflation can eat away at the value of today's dollars. But as you may have noticed, assets that tend to grow in value over time - like stocks, bonds or real estate - also tend not to do so steadily, in a straight line. All assets change in price, and over any given period that change can be negative as well as positive. Imagine that the nice upward sloping line of our hoped-for return from an investment actually has zigs and zags around it that reflect the reality of what markets experience day to day or month to month. The net asset values of the Fortress funds move as well because their values are driven by the changing market prices of the portfolio of carefully chosen investments inside them.

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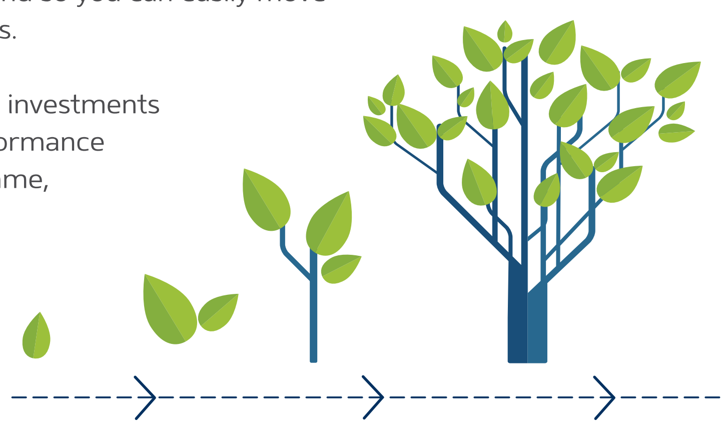
This fact of life is important for your pension savings for a few reasons. First, it means that it is important to focus on the long term. Falling prices today do not mean they will keep falling forever any more than rising prices tomorrow mean they will keep rising. Markets eventually adjust and resume their long term trends. Second, it gives you the opportunity to buy more when markets are "down" and less when they are "up" - a powerful formula for getting the most from your money. Steady monthly contributions year after year accomplish this automatically by buying more shares when they are cheap and fewer as they increase in value. Third, and last, it means that as you draw closer to the age when you will actually be spending your pension savings, it's a good idea to pay attention to this short term variability of your investments. That's why there are three classes of share in the Fortress Caribbean Pension Fund so you can easily move to a more conservative class of share when that time comes.

Up and down markets are a fact of life. Sensibly chosen investments have always performed over time, but to capture that performance requires a focus on the long term, a steady saving programme, and an awareness of how our tolerance for "up and down" gradually declines as we get closer to drawing on our retirement savings.



QUESTIONS?

Ask us - we can help! *email: invest@fortressfund.com* *tel: (246)431-2198*

What Happens After You Retire

When you retire, you stop making contributions to your pension plan, and get ready to receive the income that will help support your lifestyle. This income is your pension. But just how does this happen?

At this point you can opt to take up to 25% of your plan's value as a tax-free lump sum payment. The remaining funds must then be used to purchase an annuity or transfer your pension plan savings to an income drawdown policy.

Annuities are sold by insurance companies. They provide a sum of money payable to you at fixed intervals (normally monthly) over the course of your lifetime. These payments are often based on conservative return assumptions and are fixed for life. They don't rise to keep up with inflation nor do they fall in poor market conditions. Annuity payments usually end at death unless your purchasing agreement includes a guaranteed payment period or a second named annuitant.

... live out your retirement years in comfort.

With an income drawdown policy, you can leave all or some of your pension invested, and then take ("drawdown") a portion of the funds each year as income. Every year the investment manager applies a schedule to your account to determine your monthly drawdown amounts for the next 12 months. This is designed to prevent the funds from being exhausted no earlier than age 90 or 100, depending on which drawdown schedule you choose. Since your pension remains invested, the value of the fund may go up or down. You can leave any remaining assets to your estate if you should die before the funds in your income drawdown policy are exhausted. If the funds invested run out before you die then the drawdowns will cease.

The size of your pension is largely dependent on how much you invest during your working years and the performance of those investments. So it's important to make retirement saving a priority and start as early as possible, capitalise on any matched contributions from your employer and make additional voluntary contributions. The more you save, the more likely it is that you will have a pension, which coupled with your NIS benefits and any other savings, will allow you to live out your retirement years in comfort.

Fortress Fund Managers is a leading provider of pension management and administration services to companies of all sizes, and to individuals via the Registered Retirement Savings Plan (RRSP). In existence for more than 18 years, Fortress has developed a reputation of being a trusted manager of mutual funds, including the Fortress Caribbean Growth Fund and the Fortress High Interest Fund,which have generated annual compound returns of 9.1% and 4.9% since inception in 1996 and 2002 respectively, as at March 31, 2015.