PENSION PLANNING

with the Fortress Caribbean Pension Fund

Fortress
FUND MANAGERS

Your Future. Our Business.

Your guide to preparing for the longest (and most enjoyable) holiday of your life!

Introduction

Most people will spend about 20 years in retirement. Retirement should be your longest and most enjoyable holiday. To achieve this, saving for retirement should be one of your most important goals. To stop working and enjoy the fruits of our labour, we must have an adequate pension. Relying only on our National Insurance Scheme (NIS) pension will leave us bitterly disappointed as this has been designed to provide us with no more than a "safety net" and NIS alone will not provide enough income to make the most of our retirement.

In planning for your retirement, doing nothing is your worst possible option. The sooner you start to save for your retirement and the more you save, the higher your pension and your standard of living will be when that time comes. For example, someone who starts to save $100.00 per month from age 30 can be expected to have a fund twice as large as someone who waits until age 40 to start saving the same amount.

Preparation

When you are going on a holiday, a great deal of planning takes place to ensure you enjoy it to the fullest. So, you need to put even more effort into planning for your retirement as this will be the longest holiday of your lifetime and you do not want to be running out of money sooner than expected. In addition to how much you save, the other major factor that influences how much your pension will be is the rate of growth of your pension investment over your working life and in retirement. If you are like most people, you do not know all the "goings on" under the bonnet of a car when it is started; but that does not prevent you from driving it. Similarly, you do not need to rush out and obtain a degree in economics and investments to start planning for retirement. However, you should take some time to learn how your pension works as the better informed you are, the better your decisions will be.

Investment Vehicles

There are basically four different types of investments that a retirement fund will use to invest your pension contributions:

1. **Equities**
   These are also known as shares or stocks. Shares are issued by companies to help finance their operations. They represent ownership in the company. Shares can be traded on the stock market and one can also receive dividends from these shares. While share values can go up and down, they are considered to be the best investment in achieving the highest return in the long term. They are not suitable as short term investments due to the volatility in their price movement.
2. **Fixed Income**
   These are loans or bonds issued by a government or company. The bonds have a fixed maturity date and interest rate. Because they are lower in risk than equities, the returns, in the long term, are not as high as can be the case with equities.
3. **Real Estate**
   This includes residential and commercial properties which are rented and income received from the rent charged. Generally, this investment will produce returns higher than fixed income instruments, but lower than equities.
4. **Cash**
   Represents money held in a fixed deposit or savings account at a commercial bank or financial institution, which earns interest over time. This is considered to be the safest investment but will generate the lowest return. The possibility also exists that inflation can increase at a higher rate than the interest rate being credited which has the effect of eroding the purchasing power of the account over time. In other words, you will not be able to buy as much today as you could in the past with the same amount of money.

Risk and Reward: The Choice is Yours

Risk

A definition of risk is the possibility of loss (total or partial). Risk is part of our daily life. We deal with it sometimes without even thinking about it. The key is to manage it - either by minimizing it, eliminating it or transferring to a third party, usually at a cost. Thus, we insure our homes against fire and hurricanes, we observe the speed limit while driving, we trust the airline industry to carry out all adequate safety checks before flying, etc. So, even though there are risks in these examples, we still drive cars and fly in airplanes as, over the long term, we feel that the risk we are exposed to is minimal.

Investment risk is no different. There is always a chance that you might lose some or all of your investments. However, to prepare for retirement, you must invest so your account will appreciate sufficiently over your working life to beat the rate

of inflation and to provide an adequate pension. You can minimize investment risk if you:

1. *Allow investment professionals to invest your money*
2. *Determine an investment strategy that is consistent with your investment objectives and attitudes.*

Each type of investment carries different levels of risk and reward. Basically, the higher the risk, the higher the potential for better returns, but with no guarantees attached. Generally speaking, experts advise that the younger you are, the more investment risks you can take as your retirement date is far enough in the future for your investment account to recover from any short term drop in value. On the other hand, adopting too safe a position (i.e. putting all your investments in cash) could result in your investments actually losing real value due to inflation.

However, regardless of what has been mentioned above, your attitude to investment risk will also influence what type of investor you are and how you decide to invest your money.

- Are you willing to accept a higher risk for the prospect of receiving the highest possible return in the long term?

- Do you prefer more of a balanced approach, where you will accept above average risk in the hope of receiving higher returns?

- Are you a cautious investor who wishes to take very minimal risk and accept that your returns will be low?

Your investment attitude will also change during your lifetime, so you need to review your current and future investment strategy regularly over time.

Investment Attitudes

Answering the below questions may help you decide what type of investor you are and where you should invest your pension contributions.

1. How many years do you have to retirement?
   If you have 20 or more years to go, then you should probably invest in a fund which has growth as its objective - that is, you are prepared to accept the possibility of short term fluctuations in the value of your account as you believe that the growth fund objective will bring significant capital gains to your account in the long term which will offset any short term downturns. However, with only five years to go to retirement, a fund with an objective that seeks to preserve capital for the short term might be best, as you would not want to risk any short term drop in value so close to retirement which would reduce your pension.

2. How would you react if there was a sudden drop in the stock market and the value of your retirement account reduced significantly?
   If you would be really upset and worried and then spend every day thereafter monitoring the stock market to see what it is doing, then maybe a fund with an objective that seeks to preserve capital would be appropriate, regardless of how many years you have to retirement. This means you are prepared to forego the potential of higher returns by investing in a fund with minimal investment risk.

Once you know what type of investor you are, you are in a better position to select the right type of investment fund for your pension contributions.

Fortress' Lifestyle Investment Approach

Whether you follow the generally accepted lifestyle approach to investing or you decide to invest based on your own personal investment attitude, Fortress has developed three pension investment options that you can choose from:

AGGRESSIVE ACCUMULATOR (AA)	CONSERVATIVE CONSOLIDATOR (CC)	CAPITAL SECURE (CS)
High growth for the long term (capital appreciation)	Medium growth for the medium term	Low growth for the short term (capital preservation)

Each of the above shares invests in different proportions of equities, fixed income and real estate to meet a particular lifestyle investment objective. In this way, the Fortress Caribbean Pension Fund caters to the needs of all types of employees, who all have different needs, risks and investment objectives, depending on their ages and investment attitudes.

The Fortress Pension Fund can be considered a "Fund of Funds" as all investments flow into other mutual funds. When you invest in any one of the above shares, the money is used to buy units in the share at the prevailing price of that share, which is valued every month.

You are allowed to switch between shares once a year at no cost - either by changing your investment instruction for your future contributions only or by switching your whole investment account to a new share.

With this structure, you simply select the share that meets your investment objective and leave the rest to Fortress. We have the option of changing the underlying mix of investment types (equities, fixed income and real estate) to maximize returns. This will also be done automatically on your behalf to ensure compliance with any pension legislation that may occur from time to time.

This simple structure is also available, with identical investment options, for a Fortress personal pension or Registered Retirement Savings Plan (RRSP). An RRSP can be independent from or in addition to your company's pension plan and provides an additional means of saving for your retirement. It also offers retirement planners the added benefit of claiming annual tax allowances of up to $10,000.

ASSET ALLOCATION

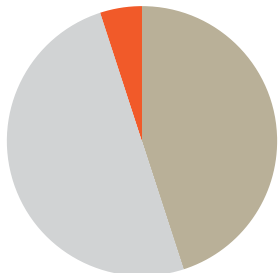
EQUITIES 55-75%
FIXED INCOME 10-30%
REAL ESTATE/OTHER 10-15%

AGGRESSIVE ACCUMULATOR SHARE

Investment objective:

High growth and capital appreciation for the long term to protect against inflation risks.

Suited to young individuals aged 20 - 40 years, who have a long time before retirement and can afford to "ride out" short term volatility in order to maximize returns.



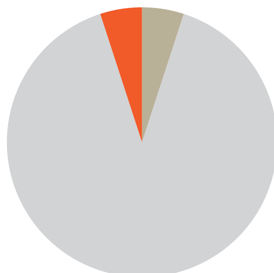
EQUITIES 30-60%
FIXED INCOME 30-60%
REAL ESTATE/OTHER 5-10%

CONSERVATIVE CONSOLIDATOR SHARE

Investment objective:

Medium growth for the medium term through reduced volatility and reduced exposure to equities to preserve capital.

The investment is for investors who are still growing their retirement assets but wish to adopt a more cautious attitude as retirement approaches.



EQUITIES 0-10%
FIXED INCOME 80-100%
REAL ESTATE/OTHER 0-10%

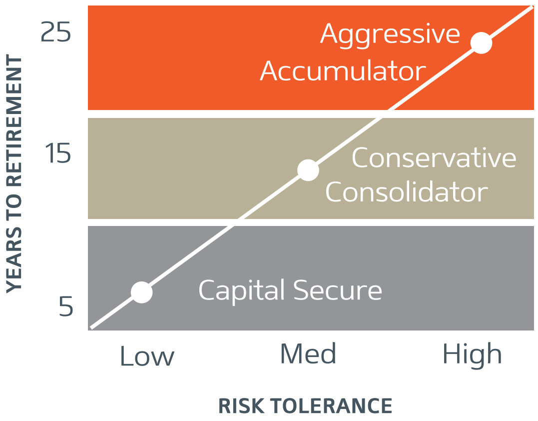
CAPITAL SECURE SHARE

Investment objective:

Low growth for the short term by achieving the highest possible return compatible with the preservation of capital using a heavier weighting towards fixed income securities.

Best suited to individuals who are at or very near retirement. The assets built up are safeguarded so as to avoid the risk of short term market fluctuations normally associated with equities.

Fortress Lifestyle Approach Recommendation



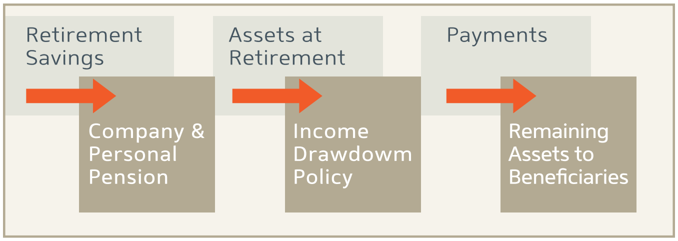
What Happens When You Retire?

After years of accumulating savings in your pension plan, here's where the holiday starts!

When you retire, you can choose to transfer your pension plan savings to either an annuity or an income drawdown policy.

A traditional fixed rate annuity provides a sum of money that is payable at fixed intervals (normally monthly) over the course of your lifetime. These payments are often based on very conservative return assumptions and are fixed for life.

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. Since your pension remains invested, the value of the fund may go up or down. You can choose, from the options available, how you want your money to be invested. Every year the investment manager applies a schedule to the investment 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.



You can easily 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.

Our Services to You

We recognize that retirement planning needs to be effective in order to maximize benefits, so we are pleased to offer the following services to assist you in your planning exercise:

- *Annual Statement* - Once a year, you will receive a detailed statement from us outlining the contributions invested on your behalf month by month and the investment performance of your retirement account.
- *Online Access* - Access your account via our company's website at any time.
- *Online Pension Calculator* - An interactive online pension calculator on our website. This is an important tool in helping you plan effectively for your retirement as it will project an estimate of your pension based on your own particular circumstances. In addition, the tool will also estimate what pension you can expect from the National Insurance Scheme (NIS).

Important reminders

Past performance is no guarantee of future results and the value of your account can go up or down depending on how your investments perform. If you are in any doubt about the contents of this brochure, you should consult your bank manager, an attorney, accountant or other financial advisor.

For more information

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