



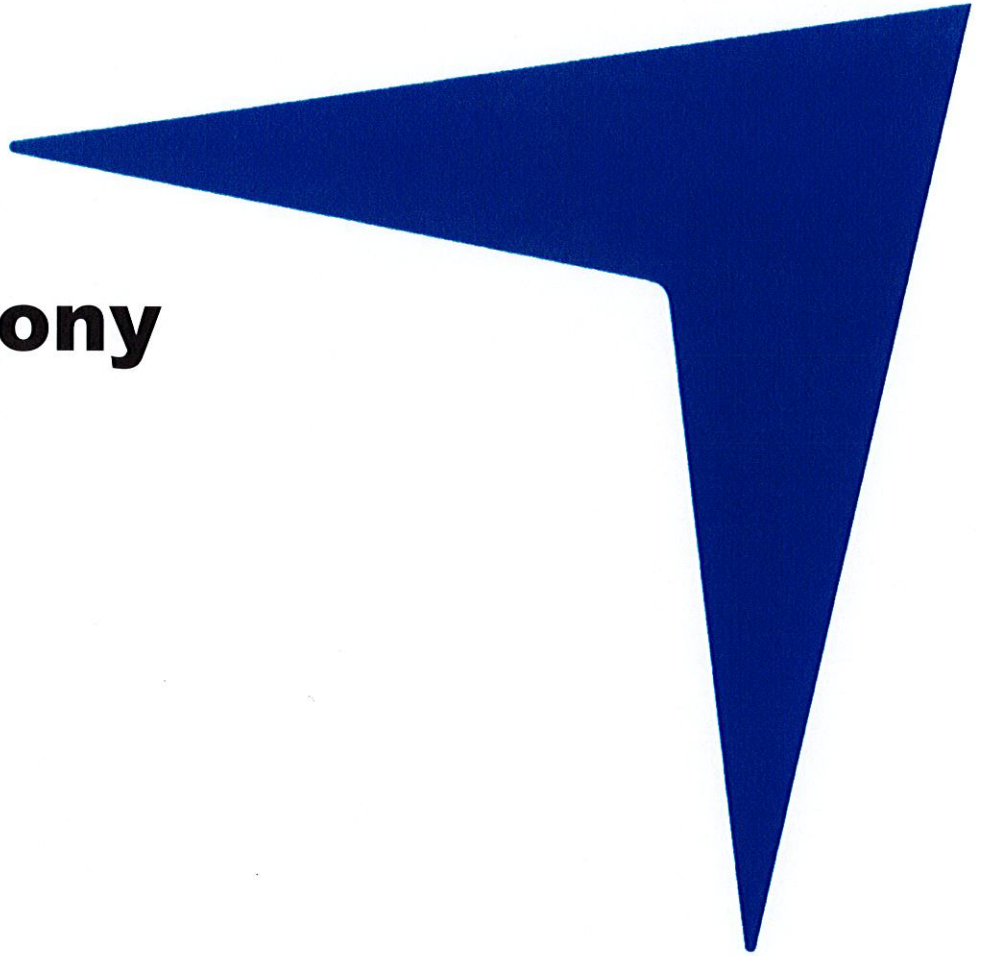
The Musicians Pension Fund of Canada

RRSP comparisons

July 2019

 Segal Consulting

Small Local Symphony



Small Local Symphony: MPFC vs RRSP

Participant Information

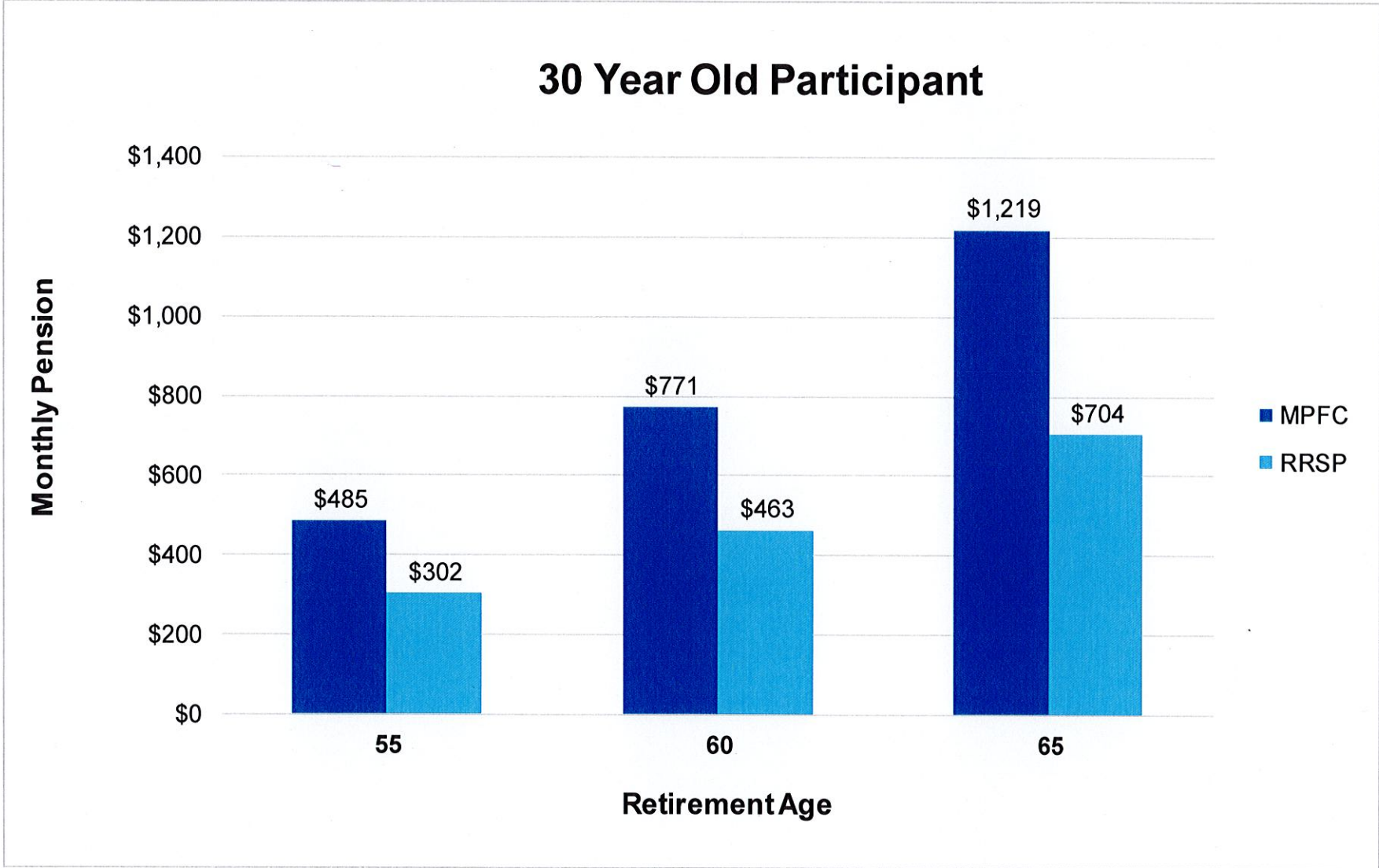
- Annual income: \$30,000
- Contribution rate: 5% per annum
- Contributions start at ages 30/40/50

Economic Assumptions

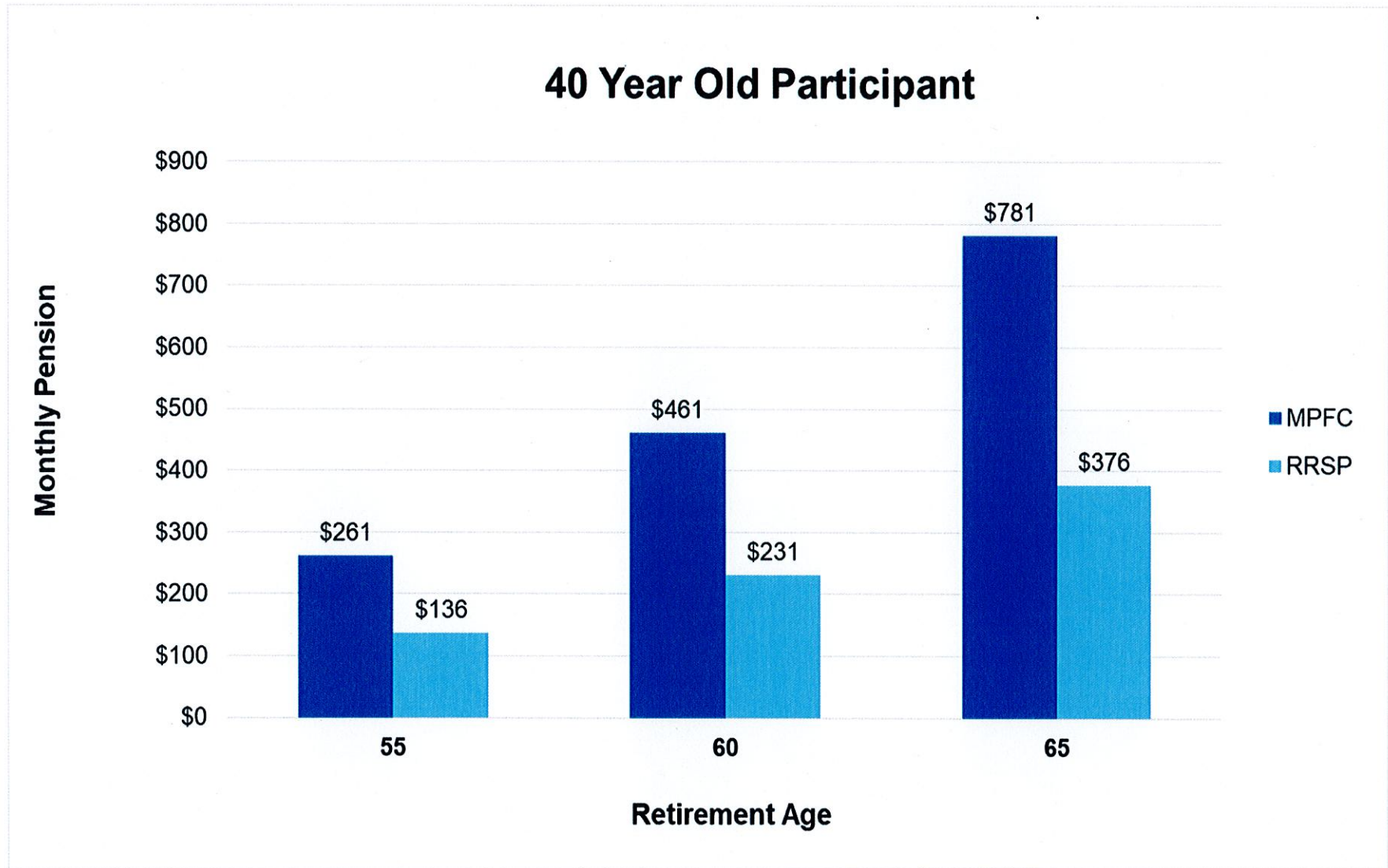
- Annual salary increase: 2% per annum
- RRSP net rate of return: 4% per annum
 - 6.5% gross less 2.5% management expense ratio (MER)
- Annuity purchase/conversion pricing rate: 2.67% per annum

In the following charts, we show the expected pensions at various retirement dates, for each start age, based on the above assumptions and the benefit rate applicable in the MPF at July 2019.

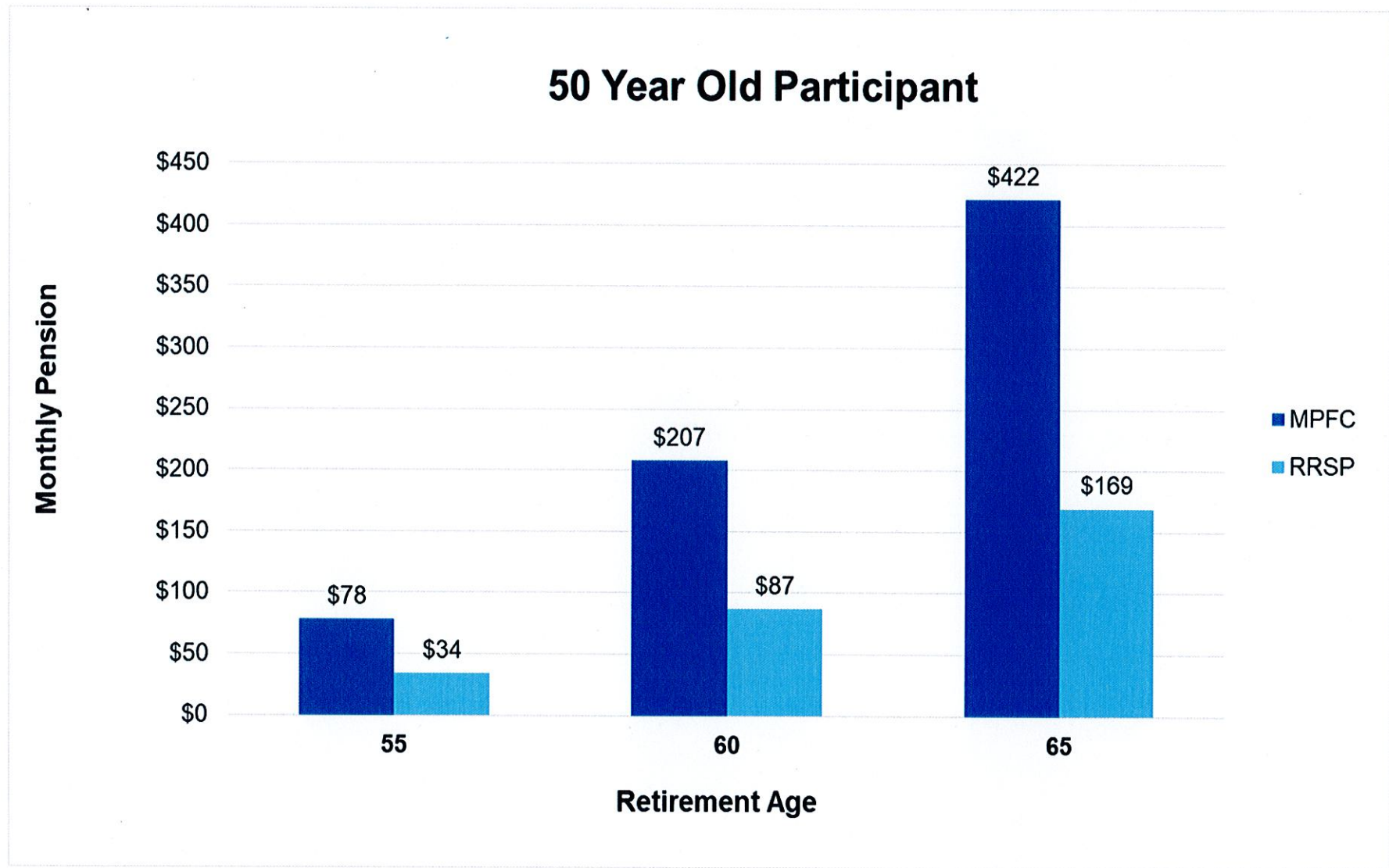
Small Local Symphony: MPFC vs RRSP



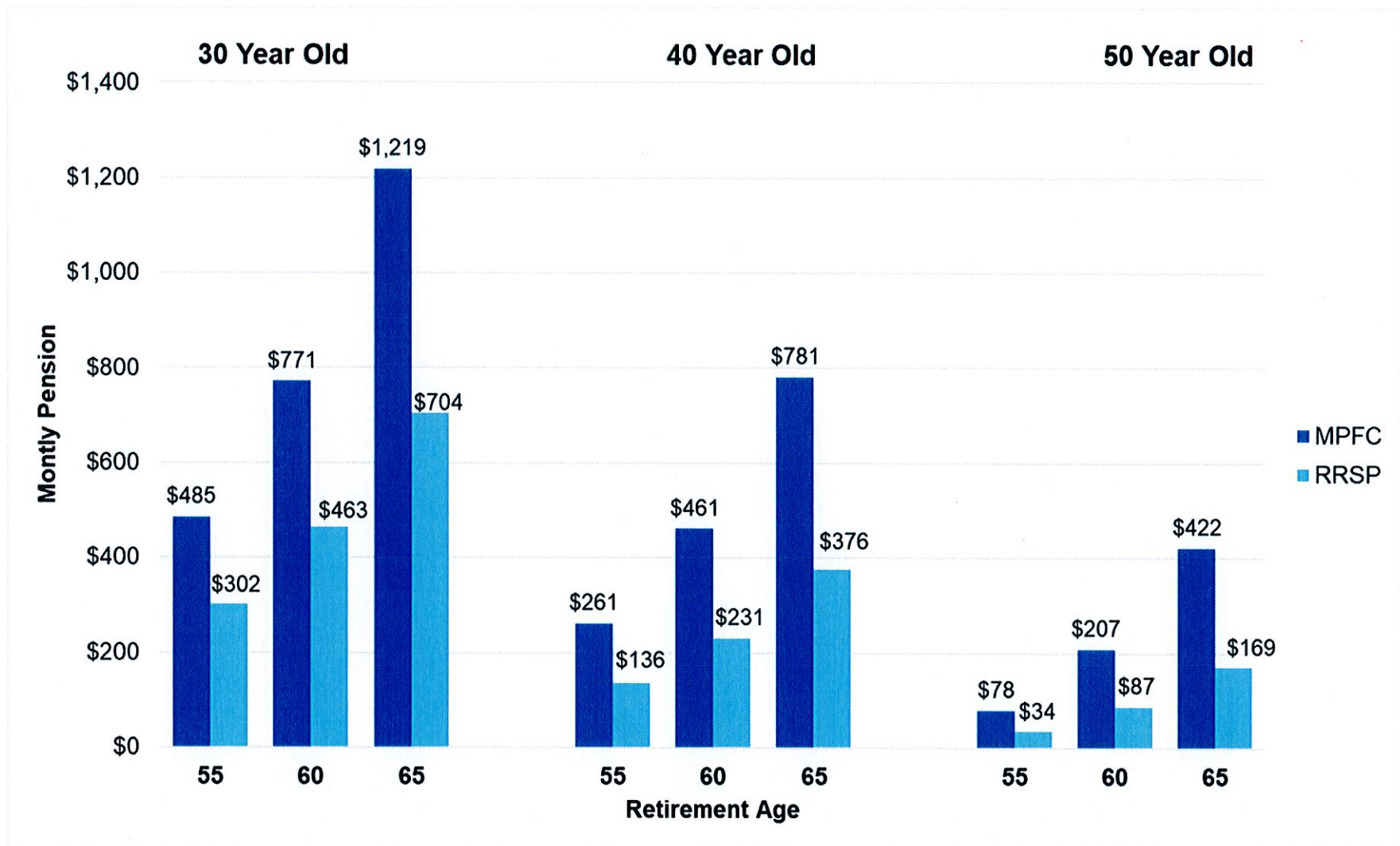
Small Local Symphony: MPFC vs RRSP



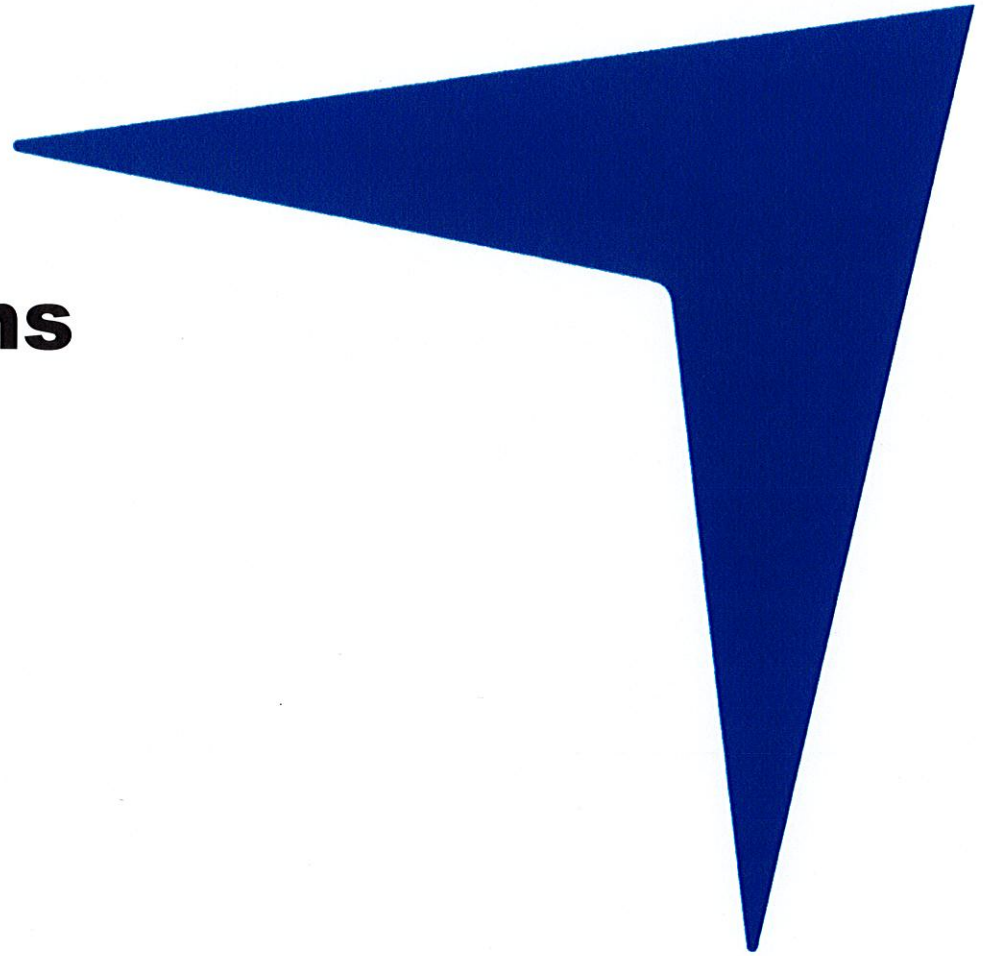
Small Local Symphony: MPFC vs RRSP



Small Local Symphony: MPFC vs RRSP



Freelance Musicians



Freelance Musician: MPFC vs RRSP

Participant Information

- Annual income: **\$15,000**
- Contribution rate: 10% per annum
- Contributions start at ages 30/40/50

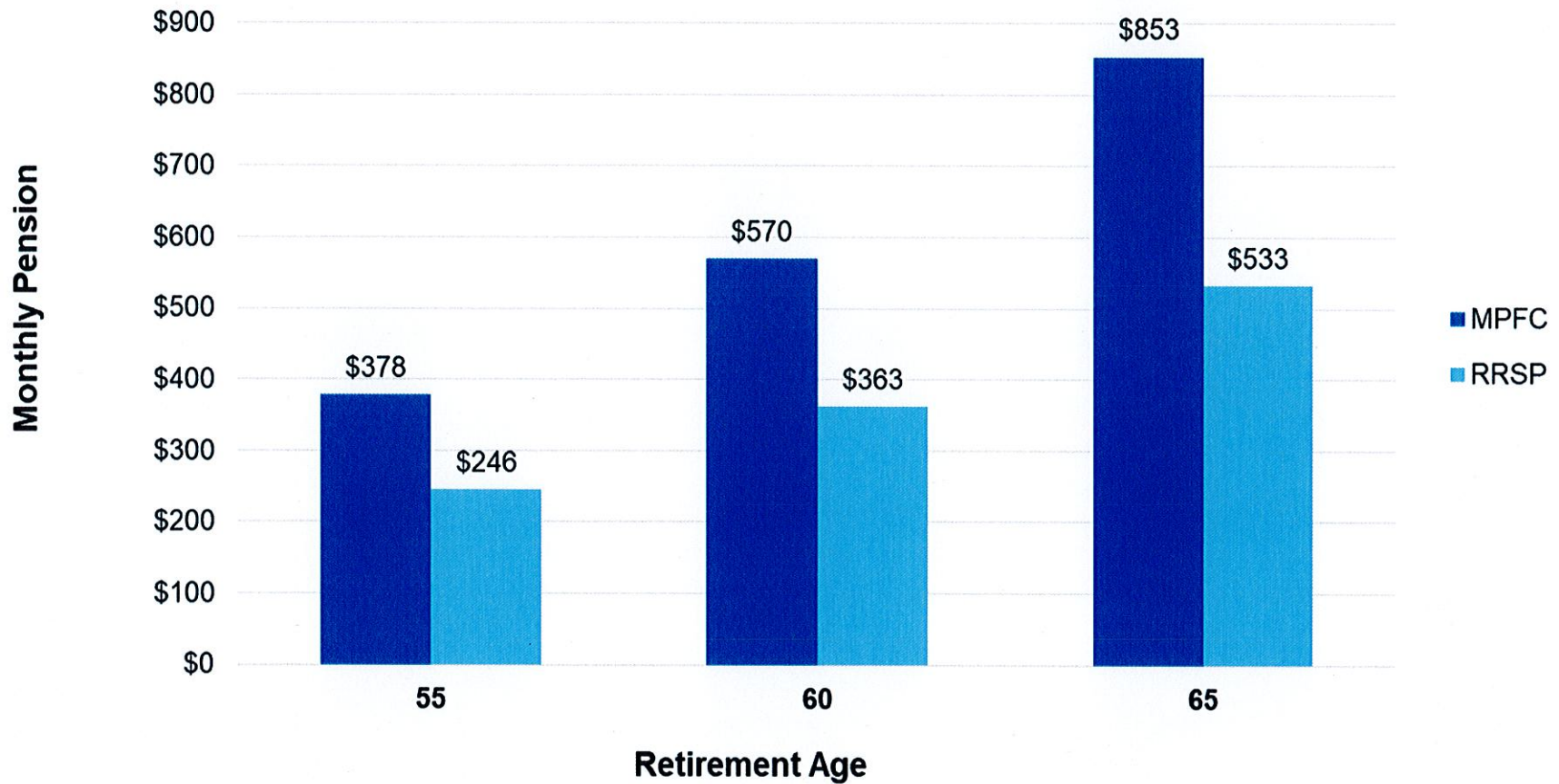
Economic Assumptions

- Annual salary increase: None assumed
- RRSP net rate of return: 4% per annum
 - 6.5% gross less 2.5% management expense ratio (MER)
- Annuity purchase/conversion pricing rate: 2.67% per annum

In the following charts, we show the expected pensions at various retirement dates, for each start age, based on the above assumptions and the benefit rate applicable in the MPF at July 2019.

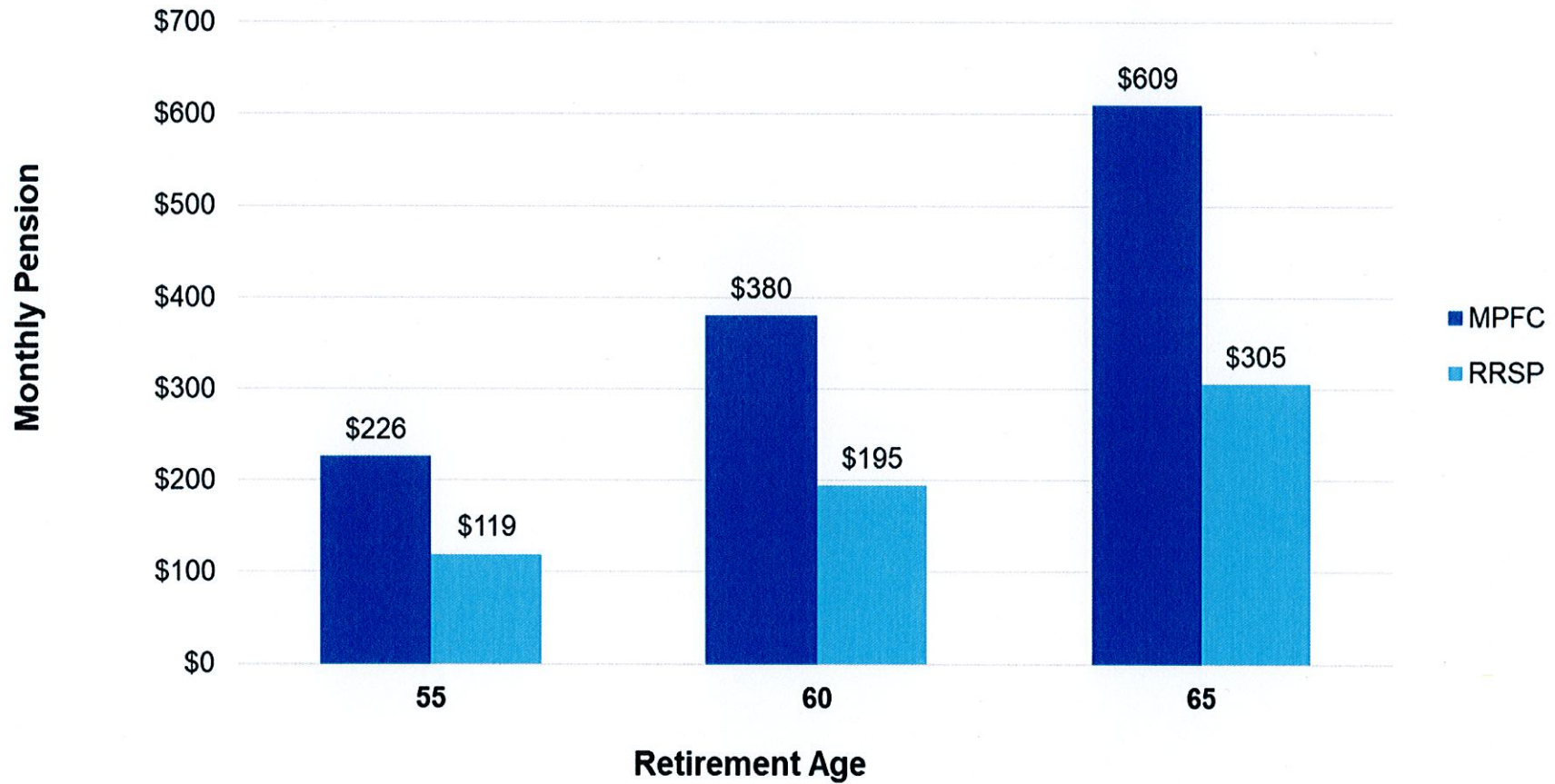
Freelance Musician: MPFC vs RRSP (@ \$15,000)

30 Year Old Participant



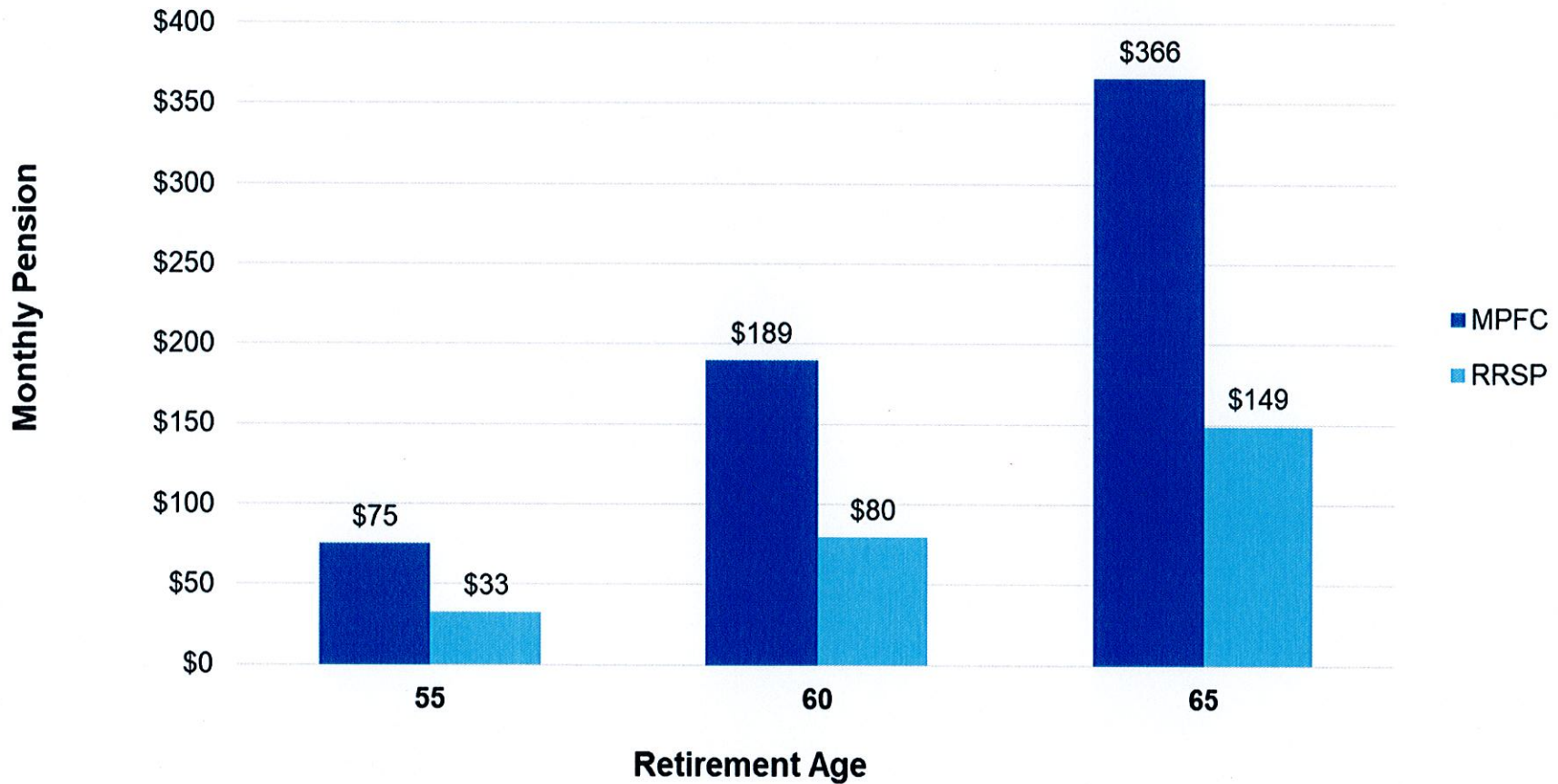
Freelance Musician: MPFC vs RRSP (@ \$15,000)

40 Year Old Participant

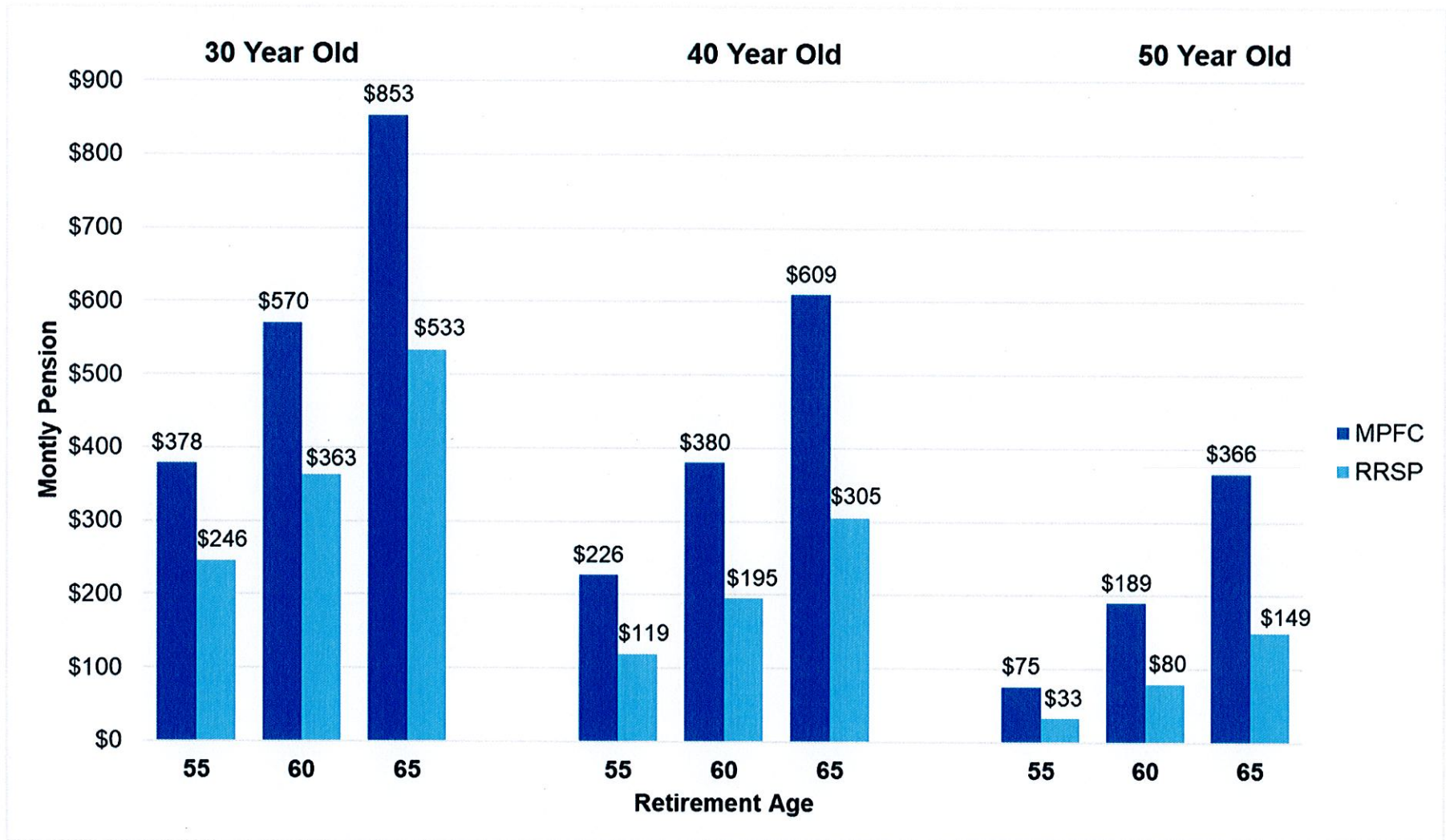


Freelance Musician: MPFC vs RRSP (@ \$15,000)

50 Year Old Participant



Freelance Musician: MPFC vs RRSP (@ \$15,000)



Freelance Musician: MPFC vs RRSP

Participant Information

- Annual income: **\$20,000**
- Contribution rate: 10% per annum
- Contributions start at ages 30/40/50

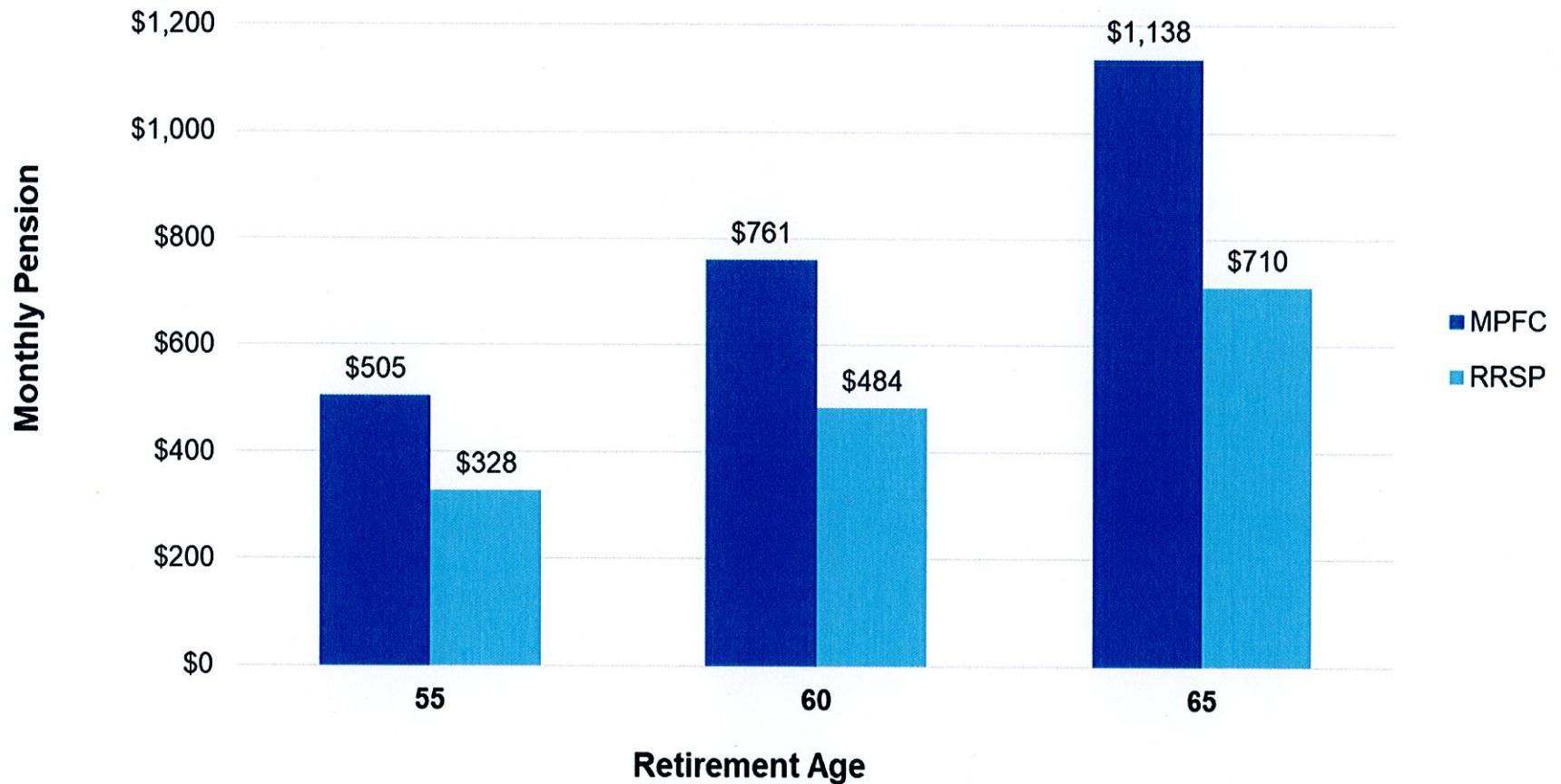
Economic Assumptions

- Annual salary increase: None assumed
- RRSP net rate of return: 4% per annum
 - 6.5% gross less 2.5% management expense ratio (MER)
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In the following charts, we show the expected pensions at various retirement dates, for each start age, based on the above assumptions and the benefit rate applicable in the MPF at July 2019.

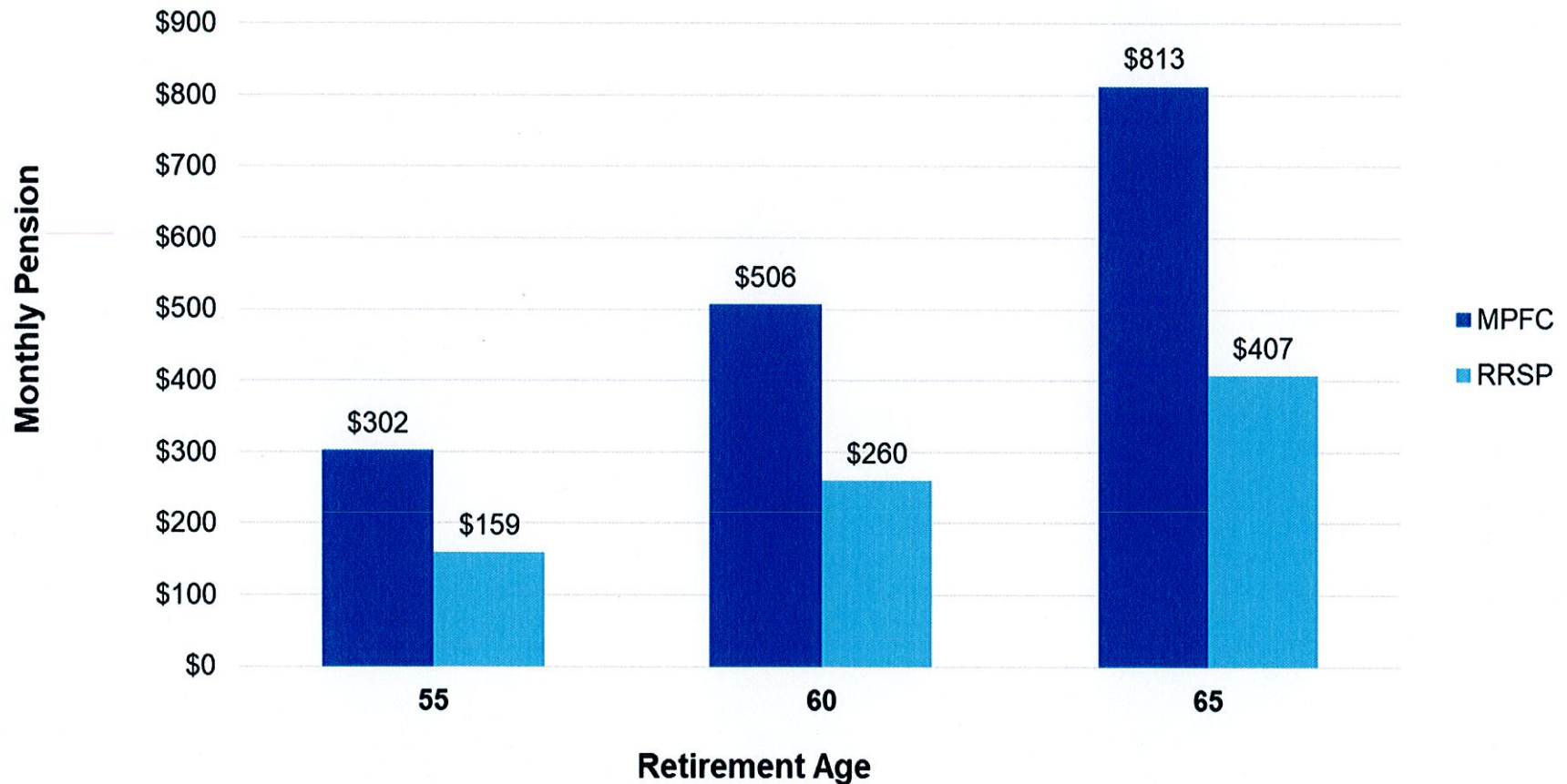
Freelance Musician: MPFC vs RRSP (@ \$20,000)

30 Year Old Participant



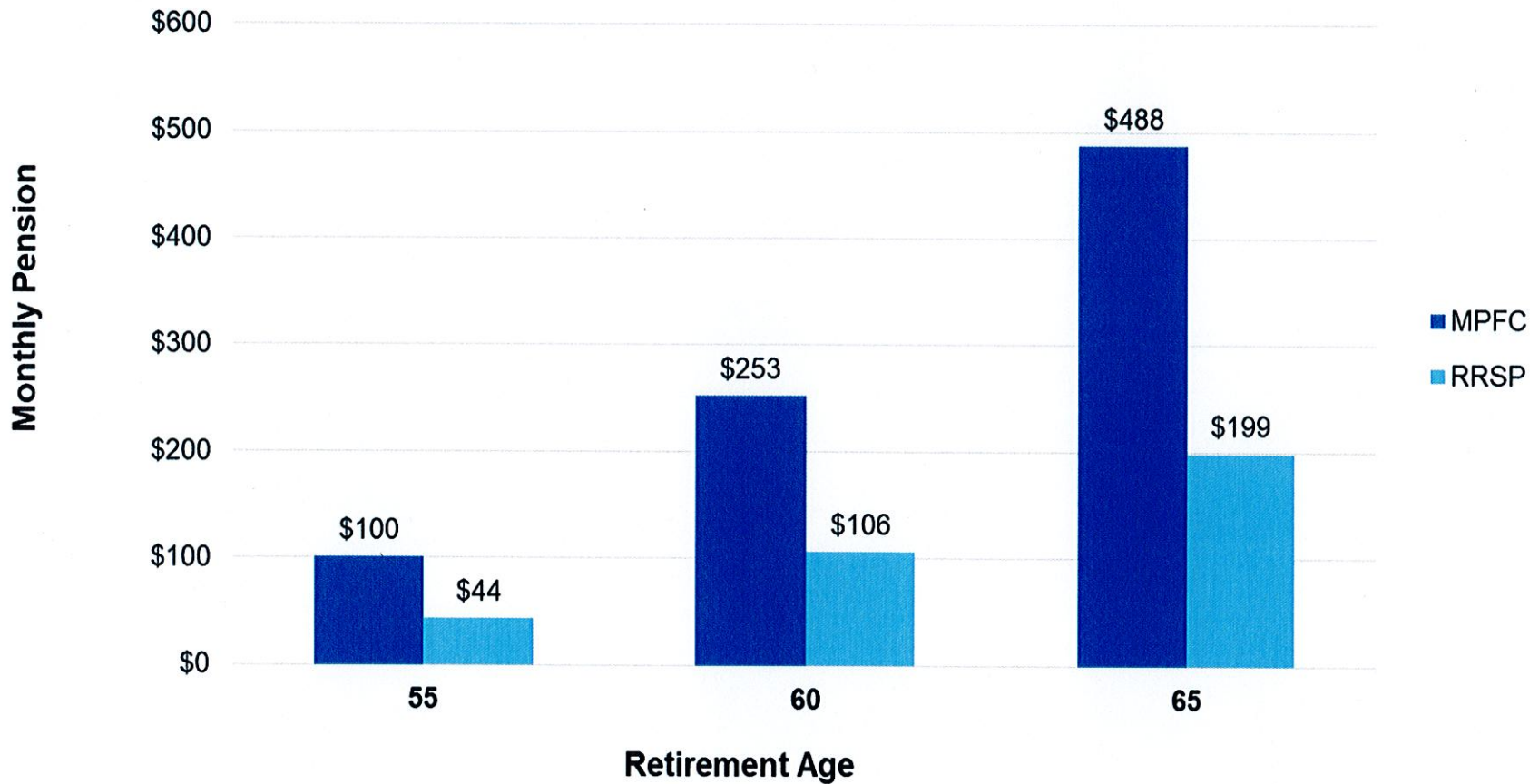
Freelance Musician: MPFC vs RRSP (@ \$20,000)

40 Year Old Participant

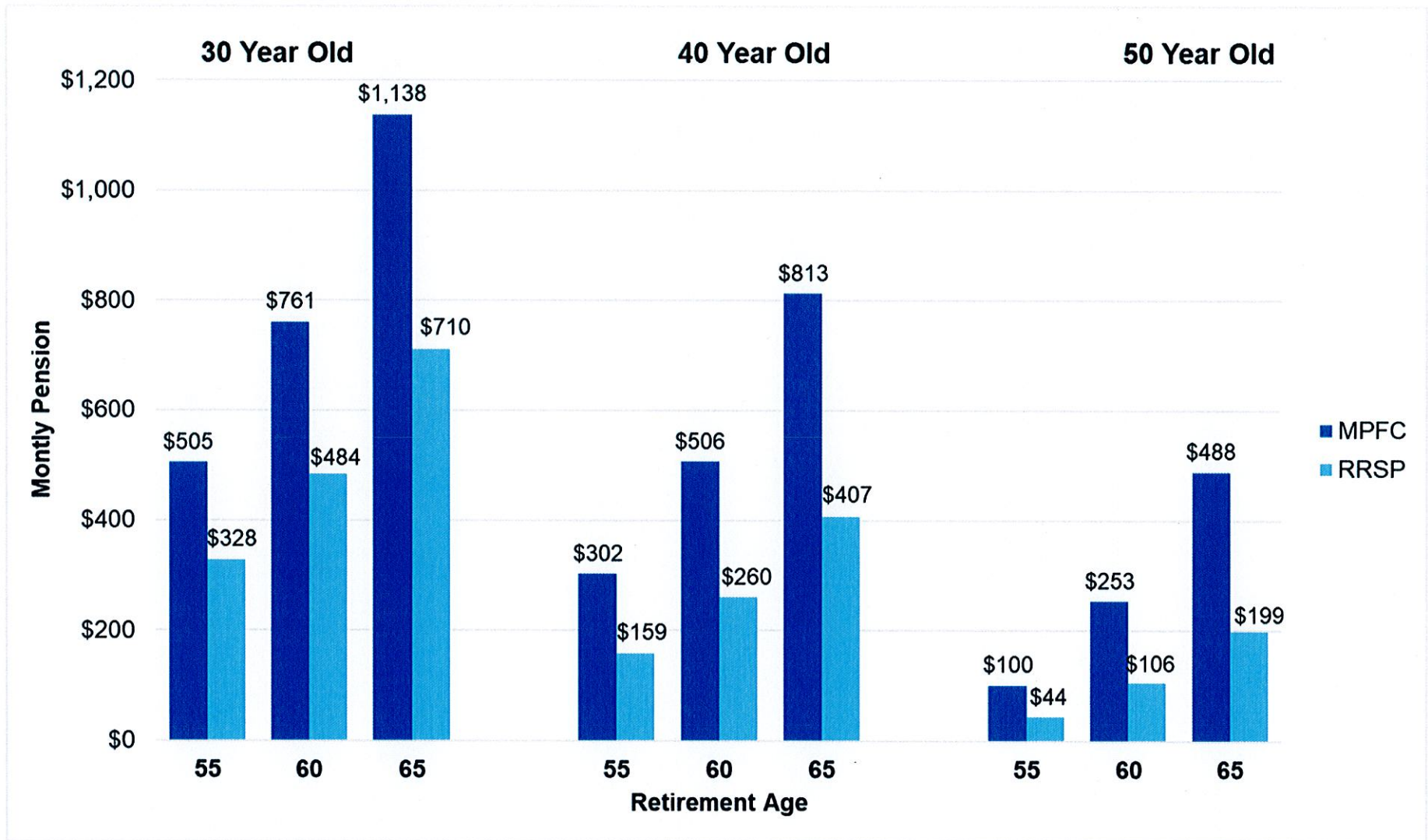


Freelance Musician: MPFC vs RRSP (@ \$20,000)

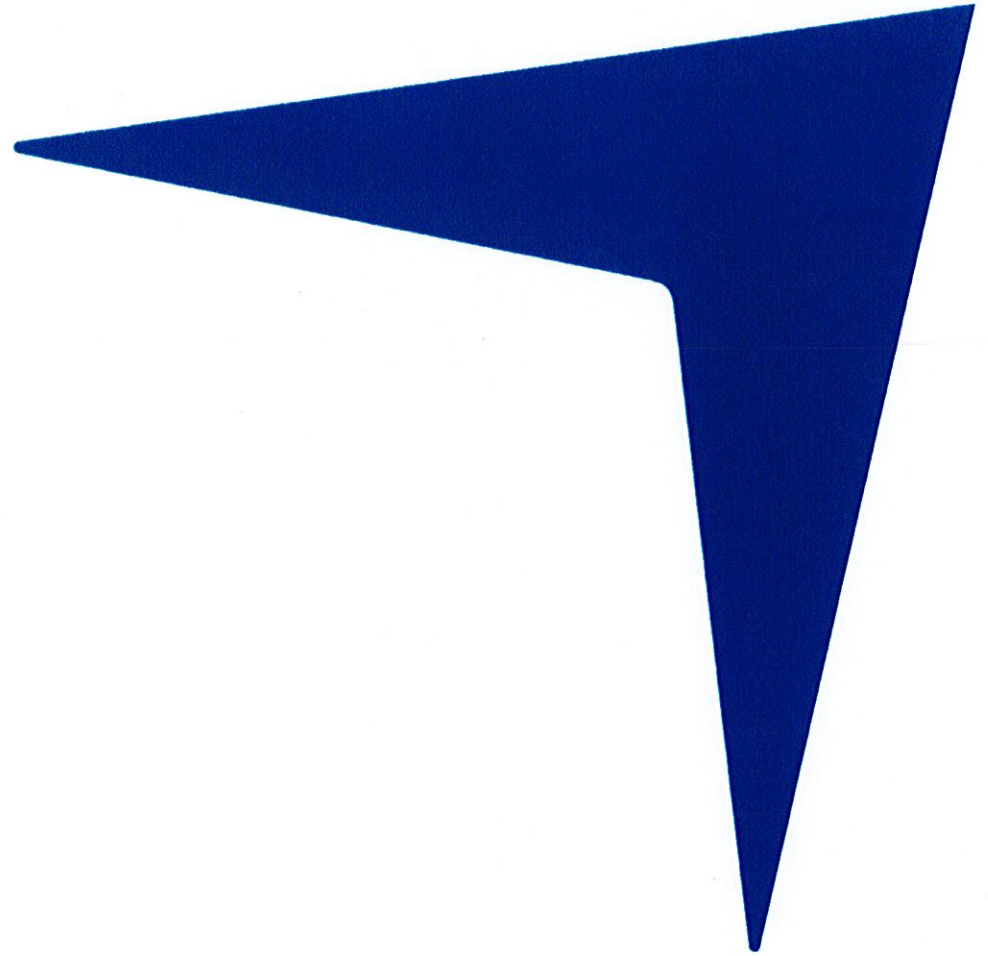
50 Year Old Participant



Freelance Musician: MPFC vs RRSP (@ \$20,000)



Steady Musician



Steady Musician: MPFC vs RRSP

Participant Information

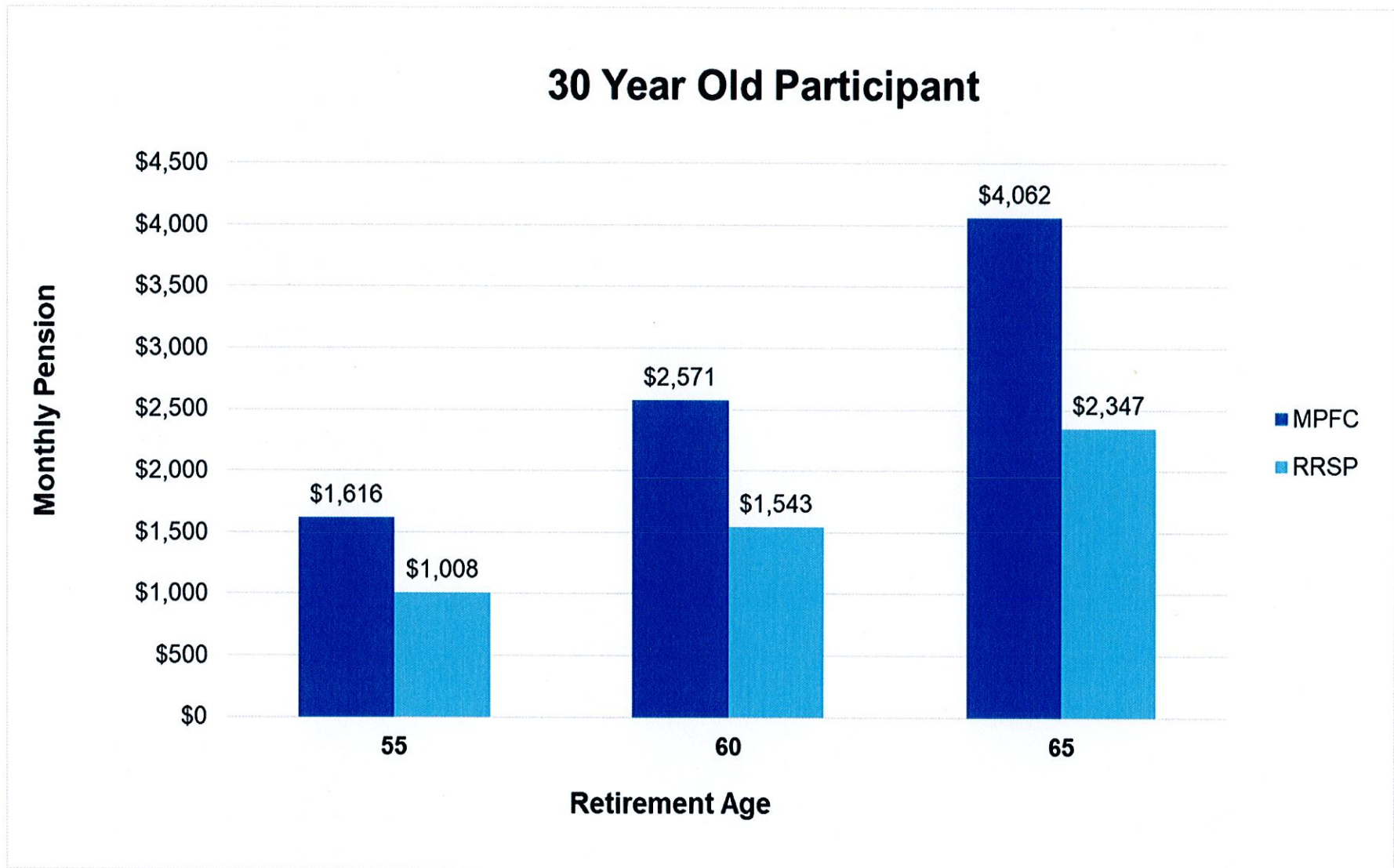
- Annual income: \$50,000
- Contribution rate: 10% per annum
- Contributions start at ages 30/40/50

Economic Assumptions

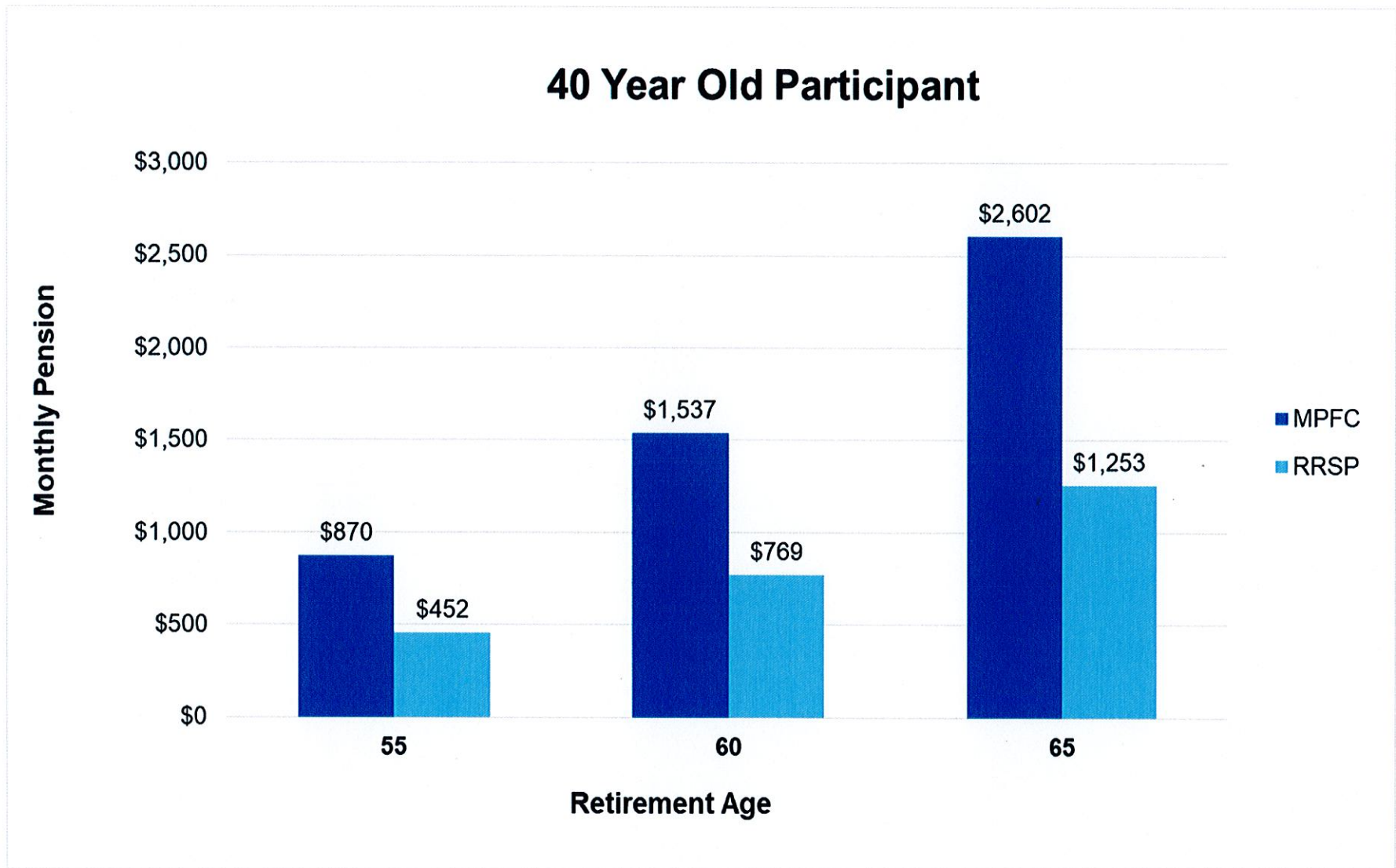
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In the following charts, we show the expected pensions at various retirement dates, for each start age, based on the above assumptions and the benefit rate applicable in the MPF at July 2019.

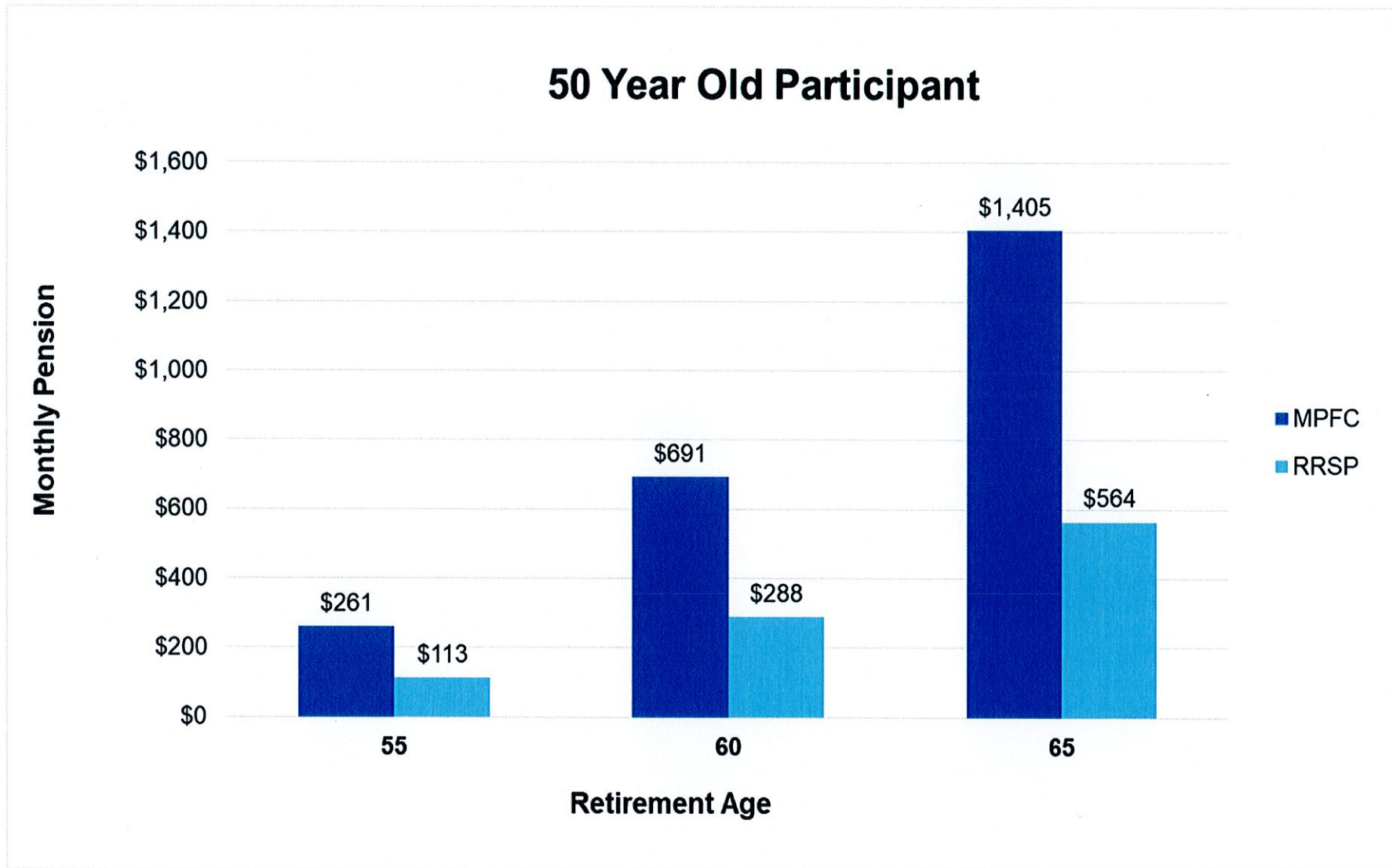
Steady Musician: MPFC vs RRSP



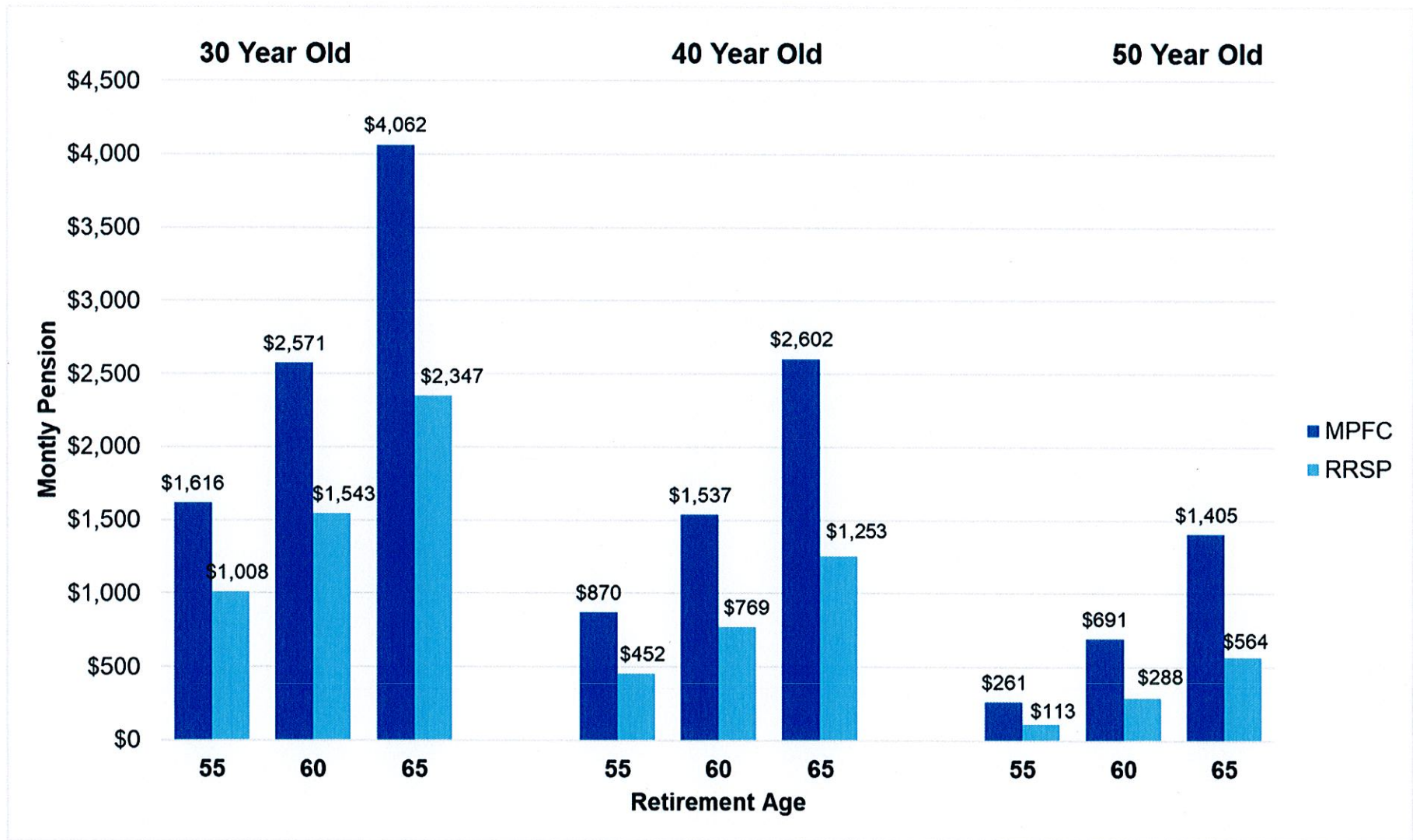
Steady Musician: MPFC vs RRSP



Steady Musician: MPFC vs RRSP



Steady Musician: MPFC vs RRSP



A word on RRSPs and MERs

- The management expense ratio (MER) of 2.5% used in our calculations is based on a recent BNN Bloomberg study.
- We note that the MER could be significantly reduced in two scenarios.
- First, where the member has the time and expertise to execute their own day-to-day trades and uses a suitable platform to do that.
- Second, where the member selects only index tracking funds. In this scenario we note that our return assumptions are based on active management and so a lower RRSP return should be applied in this scenario.