

Citrix Systems' GoToWebinar, a Web conferencing product, to conference with telecommuting employees, employers can know whether employees pay attention or read their e-mail. Ashley also suggests having an independent auditor come in quarterly. She's found the people who steal are those who are underpaid.

ETFs not stellar in bear markets

Exchange trade funds (ETFs) are getting kudos, but watch out: Unlike with actively managed mutual funds, bear markets might make ETFs' stellar performance hibernate. The reason: ETFs have to hold all the stocks in a particular index, even the ones that are obvious dogs.

Jeff Harris of Raymond James reminds us that actively managed funds have the discretion to pick and choose holds, which gives them a strong advantage during difficult markets.

Harris examined stock-market performance since the 1960s and says it's important to keep in mind that although the average total return for the S&P 500 over the past 50 years has been 10.72 percent, returns over certain decades varied widely, from 5.88 percent in the 1970s to 18.21 percent in the 1990s. Harris found that during challenging market cycles—the 1960s, 1970s and 2000s—"the average actively managed fund beat the S&P 500 index after deducting the higher management fees."



Canadian oil sands might fuel profits

Canadian oil sands have more than 174 billion barrels of crude oil reserves, second only to Saudi Arabia, according to the Canadian government. Most reside in Alberta; only about 30 per-

cent of its reserves have lease agreements.

Surface mining the sands aren't subject to the risk of drilling failure and are located in a politically stable country, explains Russell Croft, portfolio manager of Croft Value Fund. He's keeping an eye on the fol-

lowing three companies:

Petrobank Energy and Resources, which is traded on the Toronto Stock Exchange (TSX: PBG.CN; Price: C\$44.11), is a company that explores and produces oil and gas. It has an oil sands project in Alberta that Croft expects will benefit from a more economical extraction, already in progress, that's using proprietary technology. He believes Petrobank shares are undervalued by about C\$20.

BQI—Oilsands Quest (AMEX: BQI; Price: \$4.65) owns lands that might hold 10 billion barrels of bitumen, the substance from which crude oil is converted. Although Croft believes shares are worth approximately \$15, this investment

Information Exchange

I found the retirement piece by Dorianne Perrucci ("Retirement: New Challenges on the Horizon," Consumers Digest, September/October 2007) to be very good but a bit misleading when addressing Guaranteed Minimum Income Benefit (GMIB) riders on variable annuity contracts . . . There is a bit of misinformation coming from Julie Jason, principal of Jackson, Grant Investment Advisers. When addressing the GMIB living benefit that promises a minimum 5 percent return income for life, she categorically and incorrectly implies that all variable annuity GMIB riders give you the guaranteed return only during the accumulation phase of the contract but not during the payout/income phase of the contract. A great majority of the GMIB riders work just as she says. However, there are GMIB riders that do not force annuitization on the contract holder in order to capitalize on the guaranteed living benefit.

—Troy Webb, Cornelia, Ga.

We contacted Ms. Perrucci and Ms. Jason, and, yes, they agree that a typical GMIB is not the only game in town. Some living-benefit riders build their guarantees around withdrawals instead of annuitization. Even if the word *income* is in the title of the rider, it might be a withdrawal product, not a true GMIB. The most popular withdrawal product is the GMWB, or Guaranteed Minimum Withdrawal Benefit. Typically, you invest in a variable annuity for a term of years at the end of which you begin withdrawals. The bottom line: Living benefits have all sorts of nuances and bells and whistles, and more are on the way as the financial services industry tries to meet the needs of retiring Baby Boomers. In fact, that's what makes these products tricky for the consumer—it is very hard to do an apples-to-apples comparison of products. When investigating living benefits, be sure to read the prospectus and contract carefully to understand the guarantee and the conditions under which the guarantee doesn't hold true. Confirm what you think you are getting in writing before you make a purchase. This is not the kind of product you want to buy in a 15-minute sales presentation.