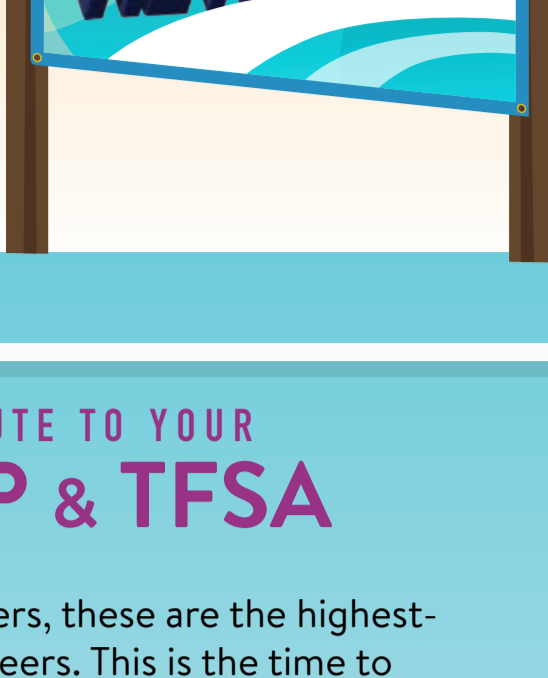


Is retirement on the horizon?

If you plan to retire within 10 years, here are a few things to tackle to ensure you are well prepared for the next chapter of your life.

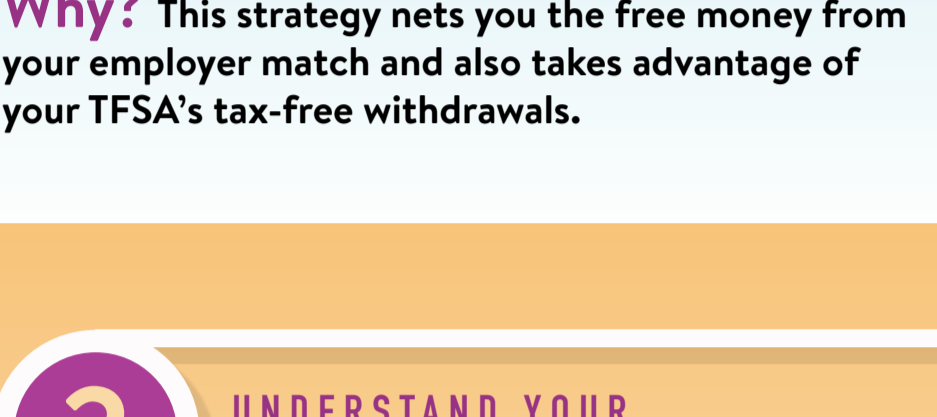
Retirement planning can be a complex endeavour. As you approach your retirement years, it becomes increasingly important to organize your financial affairs effectively.



1 CONTRIBUTE TO YOUR RRSP & TFSA

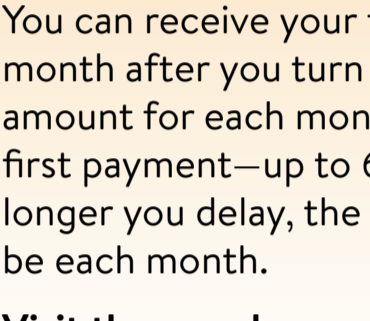
For many retirement savers, these are the highest-income years of their careers. This is the time to contribute the maximum amounts possible to your RRSP and TFSA. While these contributions will not have the years to compound as those made in your 20s and 30s, every bit helps.

Retirement savings plans are not “one size fits all”, but these steps are often recommended:



Why? This strategy nets you the free money from your employer match and also takes advantage of your TFSA’s tax-free withdrawals.

2 UNDERSTAND YOUR Old Age Security



The Old Age Security (OAS) pension is a monthly payment you can get if you are 65 or older.

In most cases, Service Canada will be able to automatically enroll you for the OAS pension. Your employment history is not a factor in determining eligibility and you can receive the OAS pension even if you have never worked or are still working.

You can receive your first OAS pension payment the month after you turn 65 or you can receive a higher amount for each month you decide to delay your first payment—up to 60 months after you are 65. The longer you delay, the larger your pension payment will be each month.

Visit the canada.ca website to see current OAS pension payment amounts and income thresholds.

3 GATHER INFO FOR ALL OF YOUR retirement accounts

These days, it’s not uncommon for someone to have worked at a half dozen or more jobs throughout their career. This can lead to a number of separate retirement savings accounts. If you’re married and your spouse works, this number can easily double. This is in addition to your Old Age Security pension.

You may have old pensions in which you have a vested benefit, old RRSP accounts that you’ve ignored over the years, plus multiple TFSA accounts and so on.



This is a good time to make sure you have a list of all of these old plans. It’s an even better time to develop a strategy to make sure that various RRSP and TFSA plans are consolidated and properly invested, and that former employers have your current contact information for any old pension accounts.

While many of these old accounts might be relatively small, if you have several, they can add up to real money for your retirement.

4 FIGURE OUT OTHER financial resources

This is also a good time to get your arms around your other financial assets that are potentially available to support your retirement lifestyle. These might include:

- Taxable investment accounts
- Annuities
- Life insurance with cash value
- Interest in a business
- Stock options from your employer

5 DETERMINE HOW MUCH YOU will need to retire

It would be nice to say that retirement planning is as easy as “save a million dollars or invest 10% of your salary and you’re going to be fine”, but retirement planning needs to be personalized. To start your planning, here are a few common rules of thumb to finding a magic retirement number.

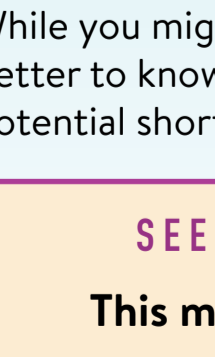
RULE OF THUMB	APPROXIMATE AMOUNT
Your pre-retirement income x 10 to 14	\$1,000,000 to \$1,400,000
70% to 80% of your annual working income	\$1,400,000 to \$1,600,000 (assuming 20 years in retirement)
Your desired annual retirement income x 25	\$2,500,000 if you want your retirement income to match your working income

Chart is for illustrative purposes only. Example uses \$100,000/year pre-retirement income.

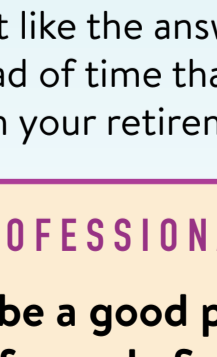
However, the amount that you need to save for retirement really depends on your situation and expectations.

For example, a teacher or someone who works for a company that offers a defined benefit pension plan may not need to save any extra money in their RRSP or TFSA. Whereas someone who works for a small company or who is self-employed will need to save a lot more in advance.

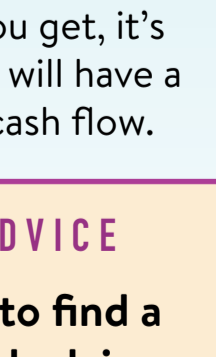
VARIABLES TO CONSIDER



Will you be moving or downsizing your house?



Will you be debt-free by the time you retire?



Will you have parents or adult children to support?

HOW WOULD YOU LIKE TO LIVE?

This is the time to start making some choices about how you will live in retirement and, more importantly, to put some dollar figures onto this lifestyle. Another way to say this is to start thinking in terms of a retirement budget.

USE A RETIREMENT CALCULATOR

There are many retirement calculators online that can give you an idea of whether your plans for retirement are realistic or not.

Most retirement projection tools will ask you to input your retirement plan assets, any pensions, Old Age Security pension and any other investments. Based on variables such as your investment allocation and other factors, these tools will give you an idea of how much retirement cash flow your resources might be able to support.

While you might not like the answer you get, it’s better to know ahead of time that you will have a potential shortfall in your retirement cash flow.

SEEK PROFESSIONAL ADVICE

This might be a good point to find a competent fee-only financial advisor to assist you. Besides their expertise, a qualified advisor can add a detached third-party perspective to your retirement planning.

Chart is for illustrative purposes only. Example uses \$100,000/year pre-retirement income.

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