

RETIREMENT & SAVINGS

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Golden Years

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



Is retirement on the horizon?

- 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

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

1

CONTRIBUTE TO YOUR RRSP & TFSA

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



1

CONTRIBUTE TO YOUR RRSP & TFSA



SAVINGS PLAN

Why?

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



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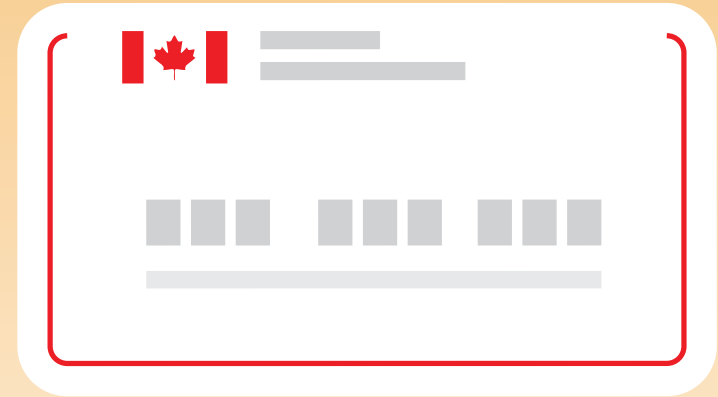
UNDERSTAND YOUR

Old Age Security

2

UNDERSTAND YOUR OLD AGE SECURITY

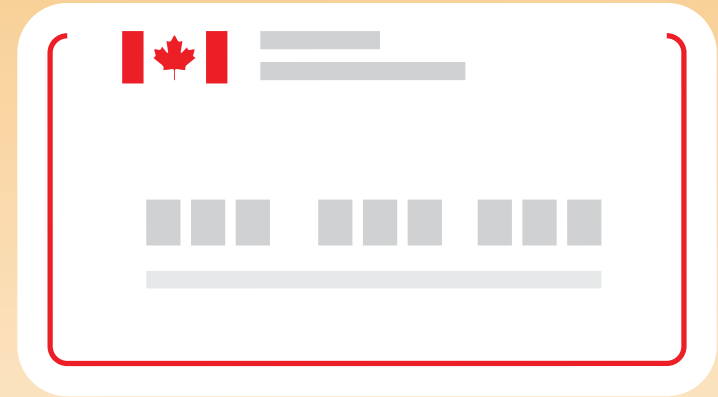
- The Old Age Security (OAS) pension is a monthly payment you can get if you are 65 or older
- In most cases, Service Canada will be able to automatically enroll you for the OAS pension



2

UNDERSTAND YOUR OLD AGE SECURITY

- Your employment history is not a factor in determining eligibility
- 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



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UNDERSTAND YOUR OLD AGE SECURITY

- 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](https://www.canada.ca) website to see current OAS pension payment amounts and income thresholds**



3

GATHER INFO FOR ALL OF YOUR
retirement accounts

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

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GATHER INFO FOR ALL OF YOUR RETIREMENT ACCOUNTS

You may have:

- Old pensions in which you have a vested benefit
- Old RRSP accounts that you've ignored over the years
- Multiple TFSA accounts



RRSPs

3

GATHER INFO FOR ALL OF YOUR RETIREMENT ACCOUNTS

This is a good time to:

- Make sure you have a list of all of these old plans
- Develop a strategy to make sure that various RRSP and TFSA plans are consolidated and properly invested
- Let former employers know your current contact information for any old pension accounts

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GATHER INFO FOR ALL OF YOUR RETIREMENT 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



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FIGURE OUT OTHER

financial resources

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

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DETERMINE HOW MUCH YOU

will need to retire

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

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DETERMINE HOW MUCH YOU WILL NEED TO RETIRE

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

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DETERMINE HOW MUCH YOU WILL NEED TO RETIRE

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

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?

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DETERMINE HOW MUCH YOU WILL NEED TO RETIRE

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

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DETERMINE HOW MUCH YOU WILL NEED TO RETIRE

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



5

DETERMINE HOW MUCH YOU WILL NEED TO RETIRE

Most retirement projection tools will ask you to input:

- Your retirement plan assets
- Any pensions
- Old Age Security pension
- 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

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DETERMINE HOW MUCH YOU WILL NEED TO RETIRE

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

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Sources: Investopia, Revenue Canada, Toronto Star

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