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Take Control
of Your Retirement Income

Investment Planning Counsel®

FINANCIAL SOLUTIONS FOR LIFE

Take Control of Your Retirement Income

The Financial Landscape is Changing

Turbulent markets, uncertain employment, shifting demographics and ever-changing retirement saving options can make planning a challenge.

More Canadians are retiring

By 2020, one in five Canadians will be retired.[1] This means fewer working Canadians will be contributing to public pension plans, and it may mean a strain on some seniors' services. Would you be able to pay for services that are no longer publicly funded? Will your retirement plan reflect the latest legislative changes?

Pension structures are changing

Government-sponsored retirement support, such as Canada Pension Plan (CPP) and Old Age Security (OAS) are changing, at the same time as employers are taking a second look at company pension plans. Do you know how much you will need to save for your retirement?

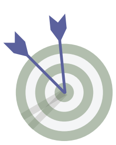
Market conditions are uncertain

Interest rates continue at historic lows, forcing some investors to consider higher risk alternatives to achieve the necessary returns. Do you have an investment plan that can see you through changing market conditions?

How Much Will You Need?

Everyone's retirement income needs will be different. In general, you will require between 50% and 70% of your pre-retirement income to maintain your standard of living. How much you will need to save depends on a variety of factors, including:

Your target retirement age



A recent survey found that while 46% of retirees left the workforce on their own schedule[2], nearly half retired earlier than planned, due to circumstances beyond their control, and about half of these retirees (48%)[2] said they were struggling financially. Just 8%[2] of the group that retired as planned reported financial difficulties. In an unpredictable job market, you should consider mapping out different work departure scenarios.

Income sources

While some workplace pensions should cover living expenses, even when these are combined with government-provided benefits, most Canadians will still need additional savings to cover life's other necessities.[3]

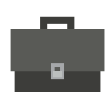
Retirement Lifestyle

Life after work means different things to different people. Whether your plan is to travel or pursue a favourite hobby closer to home, you should consider the lifestyle you want for your retirement years.

Inheritance planning

If you intend to share some of your wealth with your family or a favourite charity, you will need to have a clear and realistic plan for your legacy. This can include the timing of your gifts and tax planning for both you and the recipients. Timing your gifts properly is key to ensuring you have enough to cover your expenses throughout your retirement years.

Access to financial advice



Regardless of what they earn, people with financial advisors tend to have higher household savings and substantially greater assets than those who had received no financial advice.[4]

Your health

The older we get, the more we are likely to spend on health care expenses such as medications and eyewear. In fact, about one-third of retired and still-working Canadians are concerned that health issues could hold them back in retirement.[5]

Managing Your Retirement Income

Your retirement income will likely come from a variety of sources. It's important to understand all of your sources of income so you can create a comprehensive plan that will meet your needs. Common sources of retirement income include:

Private Pension

Only one in eight Canadians working in private companies belongs to a pension plan[6], and those plans are being scaled back as employers reduce costs. In most cases, you will need retirement income beyond your private pension.

CPP/OAS

The federal government is making changes to the Canada Pension Plan (CPP) and Old Age Security (OAS) that will have significant implications for Canada's retirees in coming years. CPP changes include increased contribution rates for employees and employers, resulting in increased benefits for future retirees.[7] However, studies show that government-provided benefits will not be enough to cover basic everyday expenses.[8]

RRSPs/RRIFs

Registered Retirement Savings Plan (RRSPs), which must be converted to Registered Retirement Income Funds (RRIFs) in the year you turn 71, are an important tool for retirement income, yet Canadians had $885 billion in unused RRSP contribution room in 2013.[9] Be sure you are maximizing your savings through this tax deferral strategy.

TFSAs

Tax-Free Savings Accounts (TFSAs) are another good way to set aside tax-free retirement savings while you are working. Canadian tax filers are missing a good opportunity to save for retirement with an average of $13, 547 per person in unused TFSA contributions in 2013.[10]

Non-Registered Savings

Many people also use their regular bank accounts, investment certificates and other savings as retirement income.

Home Equity

Your home equity can be a part of your retirement income; however, it likely won't be enough on its own to fund retirement. Even in combination with government-provided benefits, you may need other sources of income.[11]

Inheritance

According to Angus Reid only about 5% of Canadians expect to derive some income from an inheritance.[12] Depending on your circumstances, counting on an inheritance alone may be risky.

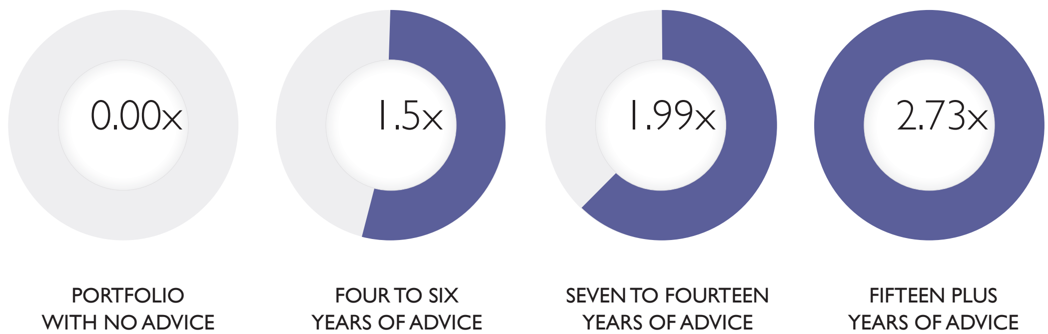
Many factors affect how you fund your retirement.
Careful planning and expert advice will help create the right plan for you.

Getting The Right Advice

Now more than ever, Canadians need expert advice.

With comprehensive analysis and experience, we can build you a solid retirement strategy – one that includes the right mix of solutions and aligns with your goals, objectives and risk tolerance.

Advice can have a significant positive impact on the growth of your financial assets. Studies show that just four to six years of advice can increase your assets more than one and half times that of people who received no financial advice, nearly two times the assets after seven to 14 years and almost three times after 15 years of advice.[13]



Don't leave your retirement to chance.

Speak to us and learn how we can help you take control of your retirement income.

Sources:

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