

Ready, set, retire!

As you approach retirement...

This quick reference guide summarizes the key "to do" items covered on our "Retiring Soon?" site. For more complete information and links, consider returning to the relevant sections of the site (www.clhia.ca/retiringsoon).

Know your income and expenses

Retirement isn't just about money, but being confident in your finances is sure to help. Here are some money questions you should answer.

Where will the money come from?

Your retirement "pay cheque" will likely come from more than one place, including:



(A) Government sources:

- Canada (or Quebec) Pension Plan benefits, available to workers who have paid into C/QPP. Apply six months before you want benefits to start.
- Old Age Security (OAS) benefits. If you're eligible, you'll get a letter from Service Canada the month after you turn 64.
- Additional benefits for low-income individuals, like the Guaranteed Income Supplement.

(B) Your **workplace pension plan** and/or your **RRSPs**:

Depending on your plan type, specific rules apply to the income options you can take. You will be taxed on any income you receive each year.

Registered Plan Types:

Defined Benefit Pension Plan (DBPP)



Defined Contribution Pension Plan (DCPP)
Locked-in Retirement Account (LIRA)
Locked-in RRSP



Registered Retirement Savings Plan (RRSP)
Deferred Profit Sharing Plan (DPSP)



Income Options:

You'll receive a **lifetime income** paid from the plan.

You must choose a **locked-in option**:

- Annuity (life or fixed-term)
- Life Income Fund (LIF)
- Locked-in Retirement Income Fund (LRIF)

You'll have to start taking income no later than the **end of the year in which you turn 71**.

- Annuity (life or fixed-term)
- Registered Retirement Income Fund (RRIF)
- Cash

(C) Other **personal savings**, such as TFSAs and non-registered investments that you can turn into income.

Where will the money go?

Figure out what your fixed expenses (**needs**) and discretionary expenses (**wants**) will be. A budget tool can help with this.

How long will you need retirement income?

If you knew exactly how long you were going to live, it would be easy to figure out how to manage your savings to produce retirement income that would last just the right amount of time.

The reality is that nobody knows how long their retirement will be, but you can **ensure that you have income that lasts for your lifetime.**

Do you have enough predictable income to cover your regular expenses?

If not, you might consider using an annuity to secure part of your retirement income.

What is a life annuity?

A life annuity is a contract with a life insurance company.

You pay a lump sum to the insurance company and it pays you a guaranteed income for the rest of your life.

You transfer two types of risk to the insurance company:

1. **Longevity risk** (the risk of outliving your savings)
2. **Market volatility risk** (the risk of markets dropping and reducing your savings)



An annuity may be right for you if:

- You're concerned about **outliving your income**
- Your predictable **retirement income falls short** of your predictable expenses
- You don't want the responsibility or **worry of managing** your assets to produce income

Remember that fraud strikes retirees too

No matter who you are, or how careful you are, it can happen to anyone. Be alert, and know what to do if it happens to you.

Organize your personal and family documents

If you haven't done this already, consider organizing your personal and family documents as your first retirement project! Tools like **Your Virtual Shoebox Guide** can help you record key information in one place.

And **now's the time to get or update your will**, living will and power of attorney, and to share these documents with the right people.

Talk to a financial advisor

If you've never used a financial advisor, now's a good time. The decisions you make now can affect you for the rest of your life.

Financial advisors are able to **provide you with advice and products** according to the licence(s) or registration(s) that they have, their training and specialized designations. They may call themselves an investment advisor, an insurance advisor, or a financial planner.

Depending on your needs, you may need more than one type of financial advisor.



The different kinds of advisors are:

- ① An advisor who can **assist with mutual funds or with a portfolio of stocks and bonds** will be registered with their provincial/territorial securities regulator or the Mutual Fund Dealers Association of Canada.
- ② An advisor who can **assist with life annuities, segregated funds and the use of insurance for estate planning** purposes will be licensed with their provincial/territorial insurance regulator.
- ③ A financial planning advisor with a specialized designation like **Certified Financial Planner (CFP)** or **Chartered Financial Consultant (CH.F.C.)** is trained in a **cross-section of financial planning matters** including estate planning and taxation.

You worked hard for this. Enjoy it!

Enjoy your friends, family and community through every stage of your retirement.