Retirement 101

How Much … ?

Nova Scotia
Teachers Union

Disclaimer

- This presentation is for informational purposes only. It does not constitute legal or professional advice. You are encouraged to consult with appropriate professionals if you have specific questions relating to any of the topics in this presentation.
- This presentation is not complete without the intended presentation, discussion, comments, and explanations offered at the time of presentation.
- In the event of a discrepancy between this presentation and any current official document, the latter should be considered as correct.

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How much …

- … do I have now?
- … will I have in retirement?
- … do I spend now?
- … will I spend in retirement?
- … is enough?

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Assumptions

- Member:
  - Is under age 60 when working and initially retired;
  - Is single;
  - Has no other sources of income;
  - Is resident in Nova Scotia; and
  - Only claims basic tax deductions.

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Retirement 101 – How much … ?

… Do I Have Now?

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Salary (Top of Scale)

	ITC/TC5	ATC1/TC6	ATC2/TC7	ATC3/TC8
Salary	$90 865.00	$101 366.00	$107 650.00)	$113 619.00)
TPP	($10 527.99)	($11 882.61)	($12 693.25)	($13 463.25)
CPP	($4 646.45)	($4 646.45)	($4 646.45)	($4 646.45)
EI	($1 123.07)	($1 123.07)	($1 123.07)	($1 123.07)
LTD	($890.48)	($993.39)	($1 054.97	($1 113.47)
Dental Insurance*	($293.28)	($293.28)	($293.28)	($293.28)
NSTU	($925.00)	($925.00)	($925.00)	($925.00)
Income Tax	($17 769.21)	($21 168.92)	($23 203.36)	($25 143.11)
Take Home	**$54 689.53**	**$60 333.28**	**$63 710.62**	**$66 911.38**
Take Home (%)	**60%**	**60%**	**59%**	**59%**

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Retirement 101 – How much … ?

… Will I Have In Retirement?

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Income Sources

- Teachers' Pension (TPP)
- Canada Pension (CPP)
- Old Age Security (OAS)
- Personal Savings
  - Registered Retirement Savings Plans (RRSP's)
    - Registered Retirement Income Funds (RRIF's)
  - Tax Free Savings Accounts (TFSA's)
  - Non-registered savings

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Teachers' Pension Estimates

- Individual pension estimates available at https://nstpp.ca.
- Requires a username and password.
- If you do not have your login credentials or need assistance, contact NS Pension at 1-800-774-5070.
- You can determine 3 estimates at a time as many times as you like with different dates.
  - Retirement dates are always the 1st day of the month.

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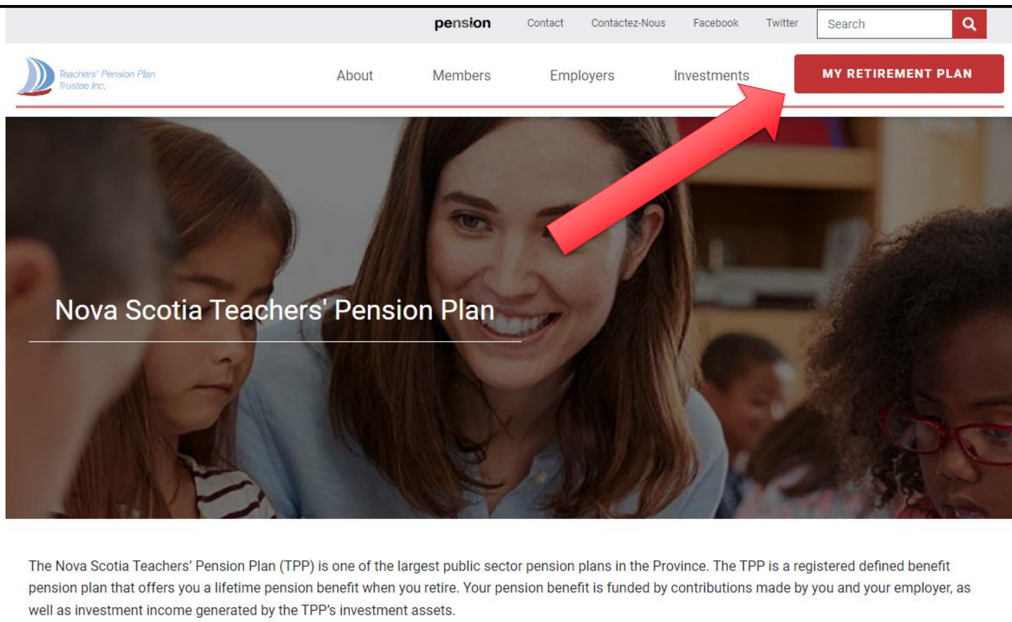

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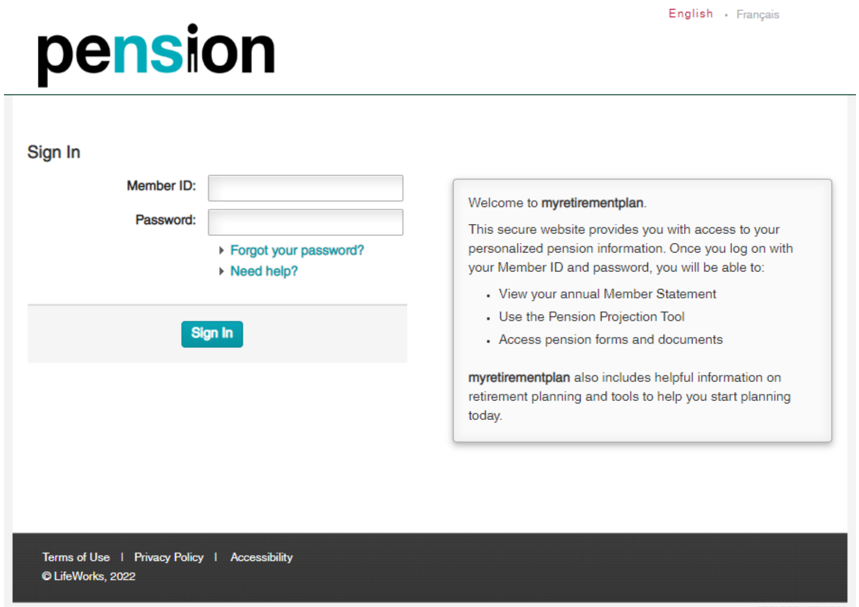

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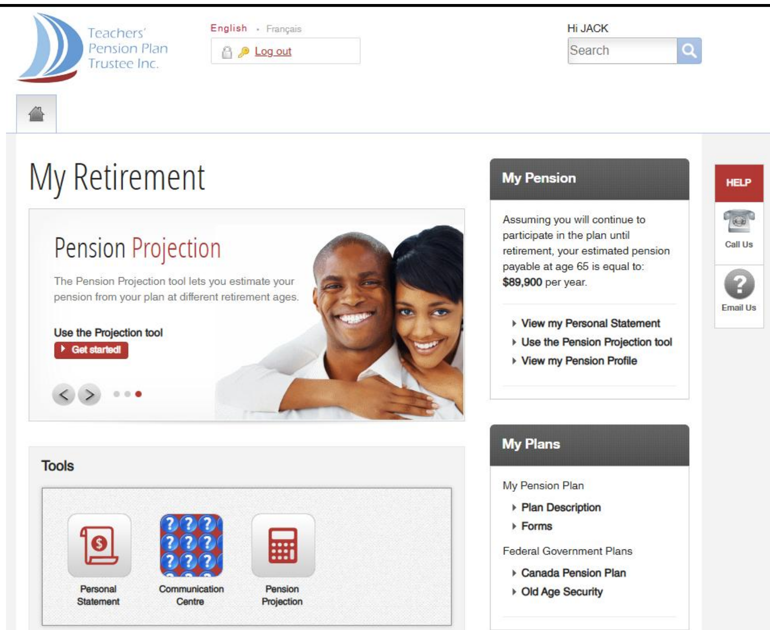

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Initial Pension
(30 Years Pensionable Service)

	ITC/TC5	ATC1/TC6	ATC2/TC7	ATC3/TC8
Salary	$0.00	$0.00	$0.00	$0.00
TPP	$51 339.48	$57 272.64	$60 823.56	$64 195.68
CPP	$0.00	$0.00	$0.00	$0.00
EI	$0.00	$0.00	$0.00	$0.00
LTD	$0.00	$0.00	$0.00	$0.00
Dental Insurance*	($610.44)	($610.44)	($610.44)	($610.44)
NSTU/RTO	($48.00)	($48.00)	($48.00)	($48.00)
Income Tax	($9 218.28)	($10 935.93)	($12 113.46)	($13 346.79)
Take Home	**$41 462.76**	**$45 678.27**	**$48 051.66**	**$50 195.45**
Take Home (%)	**76%**	**76%**	**75%**	**75%**

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Initial Pension
(35 Years Pensionable Service)

	ITC/TC5	ATC1/TC6	ATC2/TC7	ATC3/TC8
Salary	$0.00	$0.00	$0.00	$0.00
TPP	$59 896.06	$66 818.08	$70 960.82	$74 894.96
CPP	$0.00	$0.00	$0.00	$0.00
EI	$0.00	$0.00	$0.00	$0.00
LTD	$0.00	$0.00	$0.00	$0.00
Dental Insurance*	($610.44)	($610.44)	($610.44)	($610.44)
NSTU/RTO	($48.00)	($48.00)	($48.00)	($48.00)
Income Tax	($11 784.66)	($14 321.54)	($15 861.40)	($17 323.71)
Take Home	**$47 452.96**	**$51 838.10**	**$54 440.98**	**$56 912.81**
Take Home (%)	**87%**	**86%**	**85%**	**85%**

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Canada Pension Plan Estimates

- Available at Service Canada's website.
- Requires a My Service Canada Account (MSCA).
- There is an option to use your online banking sign in information.
- You can use the MSCA website to:
  - Apply for CPP/OAS.
  - Update personal information.
  - View their CPP contributions and estimated benefits.

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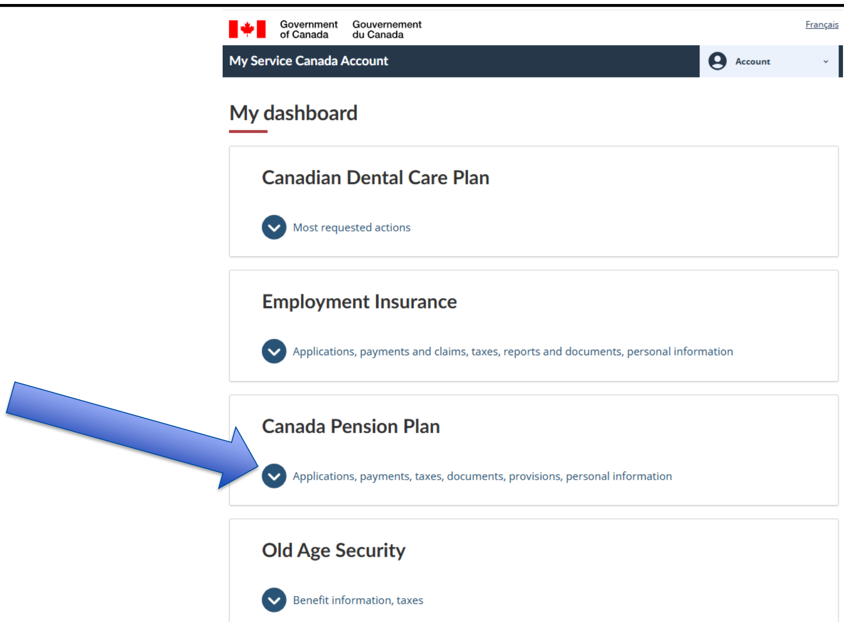

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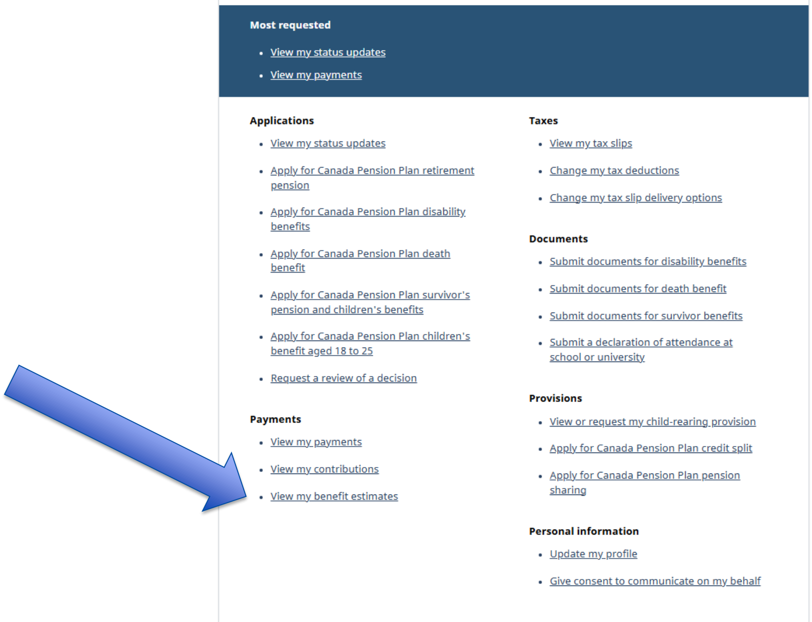

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Canada Pension and Old Age Security

- Maximum CPP (2026) is $18,091.60.
  - Teachers do not typically receive maximum CPP.
  - Teachers typically receive greater than average CPP.
- Maximum OAS (July – September 2026) is $9,023.64.
  - If you have lived in Canada for a minimum of 40 years between the ages of 18 and 65, you receive the maximum.
  - For periods less than 20 years, the amount is pro-rated.
  - Increases at age 75 by 10% to $9,926.04.

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Example 1

30 Years of Service ATC1/TC6, CPP & OAS at age 65

	Retirement – Age 60	Age 60 – 65	Age 65 – 70	Age 70+
TPP – Lifetime	$42 972.35	$42 972.35	$42 972.35	$42 972.35
TPP – Bridge	$14 300.29	$14 300.29	$0.00	$0.00
CPP	$0.00	$0.00	$18 091.80	$18 091.80
OAS	$0.00	$0.00	$8 916.60	$8 916.60
Dental Insurance	($610.44)	($610.44)	($610.44)	($610.44)
NSTU/RTO	($48.00)	($48.00)	($48.00)	($48.00)
Pharmacare	$0.00	$0.00	($806.00)	($806.00)
Income Tax	($10 935.93)	($10 935.93)	($14 703.93)	($14 703.93)
Take Home	$45 678.27	$45 678.27	$53 812.38	$53 812.38

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Pre-Retirement Take Home: $60 333.28

Example 2

30 Years of Service ATC1/TC6, CPP at age 60, OAS at age 65

	Retirement – Age 60	Age 60 – 65	Age 65 – 70	Age 70+
TPP – Lifetime	$42 972.35	$42 972.35	$42 972.35	$42 972.35
TPP – Bridge	$14 300.29	$14 300.29	$0.00	$0.00
CPP	$0.00	$11 578.75	$11 578.75	$11 578.75
OAS	$0.00	$0.00	$8 916.60	$8 916.60
Dental Insurance	($610.44)	($610.44)	($610.44)	($610.44)
NSTU/RTO	($48.00)	($48.00)	($48.00)	($48.00)
Pharmacare	$0.00	$0.00	($806.00)	($806.00)
Income Tax	($10 935.93)	($15 078.00)	($12 063.00)	(12 063.00)
Take Home	$45 678.27	$53 114.95	$49 940.26	$49 940.26

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Pre-Retirement Take Home: $60 333.28

Example 3

30 Years of Service ATC1/TC6, CPP at age 65, OAS at age 70

	Retirement – Age 60	Age 60 – 65	Age 65 – 70	Age 70+
TPP – Lifetime	$42 972.35	$42 972.35	$42 972.35	$42 972.35
TPP – Bridge	$14 300.29	$14 300.29	$0.00	$0.00
CPP	$0.00	$0.00	$18 091.80	$18 091.80
OAS	$0.00	$0.00	$0.00	$12 126.58
Dental Insurance	($610.44)	($610.44)	($610.44)	($610.44)
NSTU/RTO	($48.00)	($48.00)	($48.00)	($48.00)
Pharmacare	$0.00	$0.00	($806.00)	($806.00)
Income Tax	($10 935.93)	($10 935.93)	($11 103.00)	($15 963.00)
Take Home	$45 678.27	$45 678.27	$48 496.71	$55 763.29

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Pre-Retirement Take Home: $60 333.28

Example 4

30 Years of Service ATC1/TC6, CPP & OAS at age 70

	Retirement – Age 60	Age 60 – 65	Age 65 – 70	Age 70+
TPP – Lifetime	$42 972.35	$42 972.35	$42 972.35	$42 972.35
TPP – Bridge	$14 300.29	$14 300.29	$0.00	$0.00
CPP	$0.00	$0.00	$0.00	$25 690.36
OAS	$0.00	$0.00	$0.00	$12 126.58
Dental Insurance	($610.44)	($610.44)	($610.44)	($610.44)
NSTU/RTO	($48.00)	($48.00)	($48.00)	($48.00)
Pharmacare	$0.00	$0.00	($806.00)	($806.00)
Income Tax	($10 935.93)	($10 935.93)	($5 126.00)	($18 947.00)
Take Home	$45 678.27	$45 678.27	$36 381.91	$60 377.85

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Pre-Retirement Take Home: $60 333.28

Retirement 101 – How much … ?

… Do I Spend Now?

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What Do You Spend Money on Now?

- Rent/Mortgage
- Utilities
  - Power
  - Heat
  - Water
  - Phone/Cable/Internet
- Transportation
- Childcare
- Gifts/Donations
- Insurance
  - Car
  - Home/Tenants
  - Travel
- Medical
- Home maintenance
- Travel
- Clothing
- Entertainment

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Track It!

- Track your expenditures for a month and extrapolate.
- Think about regular expenses.
  - Weekly;
  - Bi-weekly;
  - Monthly;
  - Quarterly;
  - Semi-annually.

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Retirement 101 – How much … ?

… Will I Spend in Retirement?

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Changes

No more:

- TPP Deductions
- CPP Deductions
- EI Deductions
- LTD Deductions
- NSTU Deductions
- Working Expenses

New:

- Dental – 100% instead of 35%
- Pharmacare at 65
- Retiree Life – 100% instead of 0%
- Pension tax credit (up to $2000)
- Age deduction (at 65)
- RTO Membership

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What Else Changes?

- Housing costs?
- Dependents?
- Travel costs? (Vacation, Commuting)
- Entertainment costs?
- Food costs?
- Debt management costs?
- Savings costs?

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Budgeting

- Work on a comprehensive budget taking into account your expected expenses in retirement.

Retirement 101 – How much … ?

… is Enough?

It's Really Quite Simple …

- You need
  - Enough money to be able to fund the lifestyle you wish to live in retirement; and
  - Enough money available for unexpected non-routine expenses.
- The amount will vary for different individuals.
- The amount may vary from year to year.

Living Standards Replacement Rate

- Bonnie-Jean MacDonald (FSA, PhD) advocates for the use of the Living Standards Replacement Rate.

$$LSRR = \frac{Retirement\ Money\ to\ Spend}{Working\ Life\ Money\ to\ Spend}$$

- The LSRR is based on net income.

So What Should my LSRR be?

- There is no set answer to what this percentage will be for any individual.
- 100% would mean you have the same amount of money available to spend.
- But do you need 100%?
  - Do you need less?
  - Do you need more?

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In general, if your LSRR is:

<64%	65-84%	85-100%	>100%
You will experience a significance drop in your lifestyle	You will have to adjust to a more modest lifestyle	Your lifestyle will be similar to what it is today	You will enjoy a better lifestyle in retirement

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But it Depends …

- What expenses do you have while working that will not exist when retired?
  - Particularly:
    - Debt servicing
    - Retirement savings
- What new expenses will you have when you are retired?

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Comparison
(30 Years Pensionable Service)

	ITC/TC5	ATC1/TC6	ATC2/TC7	ATC3/TC8
Working Take Home	$54,689.53	$60,333.28	$63,710.62	$66,911.38
Pension Take Home	$41,462.76	$45,678.27	$48,051.66	$50,190.45
Difference	$13,226.77	$14,655.01	$15,658.95	$16,720.93
Monthly Difference	$1,102.33	$1,221.25	$1,304.91	$1,393.41
Bi-Weekly Difference	$508.72	$563.65	$602.27	$643.11
Replacement Rate	76%	76%	75%	75%

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Comparison (35 Years Pensionable Service)

	ITC/TC5	ATC1/TC6	ATC2/TC7	ATC3/TC8
Working Take Home	$54,689.53	$60,333.28	$63,710.62	$66,911.38
Pension Take Home	$41,462.76	$45,678.27	$48,051.66	$50,190.45
Difference	$13,226.77	$14,655.01	$15,658.95	$16,720.93
Monthly Difference	$1,102.33	$1,221.25	$1,304.91	$1,393.41
Bi-Weekly Difference	$508.72	$563.65	$602.27	$643.11
Replacement Rate	76%	76%	75%	75%

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Further Information

- Pension 101
  - An explanation of the Canadian Retirement System
- Pension 102
  - More detailed information about the Teachers' Pension Plan

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Questions?

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