

# Retire On Purpose

Creating the Life You Want in Retirement



## Agenda

- The Financial Plan for Retirement
- Budget
- Investments
- Pensions
- Debt
- Life Insurance
- Estate Planning
- Taxes
- Tips for a Good Financial Plan
- Questions



# Thinking About Retirement



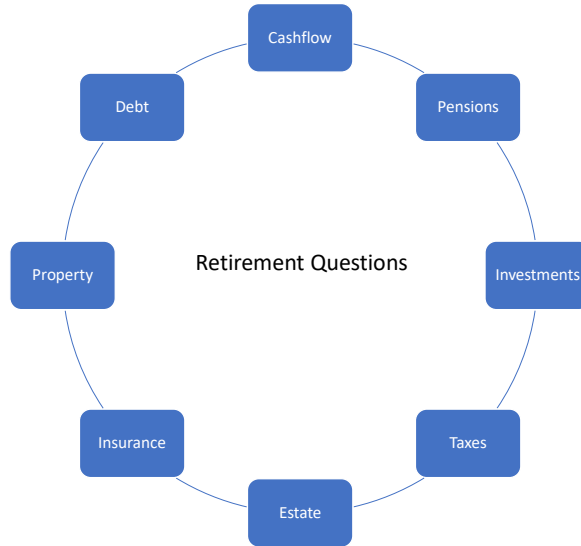
## Let's Get Started



Let's look at some of the many components of your financial plan to create a to-do list



# Financial Planning For Retirement



## Budget and Cashflow

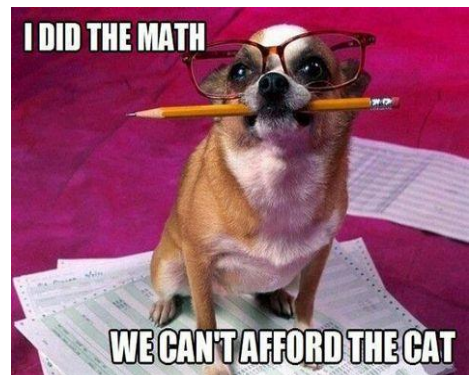
Do you budget now - poll?

Budget is simple: Money In – Money Out > or = \$0

Convenient Spending

Paying Attention = Staying on Track

Use apps or paper and pencil



## Budget and Cashflow Cont'd

Knowing how you are doing now – net worth

How will costs change in retirement?

Do you have good money management skills and habits?

Spend time working on your budget



## Investments

The two most important factors about your savings:

Is it registered or non-registered?

How is it invested?



# Registered Plans

## RRSP's:

Spousal/Non-Spousal, HBP/LLP, tax receipt when invested, taxable when de-registered/withdrawn  
Contribution room based on income

## RRIF's:

Rollover from RRSP by 71, min. required withdrawal, taxable when de-registered/withdrawn

## LIRA's:

From pension plan, locked until age 55, min and max withdrawal amounts, taxable when de-registered/withdrawn

## TFSA's:

After tax dollars invested, no tax on growth, no tax when withdrawn, contribution maximum set annually



# Investment Options



Principal guaranteed  
No or low fees  
Flexible access to money  
Lower interest  
Unfavorable tax treatment

- Savings
- GIC's/Terms
- Mutual Funds
- Stocks/Bonds
- Derivatives



Principal at risk  
Potential investment fees  
Limited access to funds  
Potential higher return  
Favorable tax treatment



# Pensions

## Teachers Pension Plan:

1. Does it make sense to wait for unreduced?
2. How does bridging affect income?
3. Inflation/Indexing

## CPP/OAS

1. CPP available between ages 60 to 70
2. OAS available between ages 65 to 70
3. Additional benefit for waiting
4. Incomes are indexed by gov't



# Debt

## Debt is one of the biggest concerns for people preparing for retirement

Having debt does not mean you cannot retire. The goal should be to avoid adding to debt in retirement

Strategies for dealing with debt as you prepare for retirement:

1. Home Equity Line of credit – PROS & CONS
2. Complete large purchases/renos prior to retirement (to avoid adding debt in retirement)
3. Time debt to match retirement date (car loan/trailer loan)
4. Consolidation loan



# Consolidation

<u>Cost of Borrowing Comparison</u>	<u>Balance O/S</u>	<u>Int. Rate</u>	<u>Pay'mt</u>	<u>Mths to Payout</u>	<u>Total Int. Cost</u>
<b><u>Name of Credit Card</u></b>					
Wal-Mart Visa	\$ 2,000.00	28.80%	\$ 60.00	68	\$ 2,028.80
Home Depot	\$ 2,000.00	29.90%	\$ 60.00	73	\$ 2,241.18
Scotiabank Visa	\$ 2,000.00	19.90%	\$ 60.00	49	\$ 937.13
Canadian Tire MasterCard	\$ 2,000.00	21.99%	\$ 60.00	52	\$ 1,118.95
Capital One	\$ 2,000.00	24.00%	\$ 60.00	56	\$ 1,342.96
<b><u>Total</u></b>	<b><u>\$ 10,000.00</u></b>	<b><u>24.92%</u></b>	<b><u>\$ 300.00</u></b>	<b><u>60.00</u></b>	<b><u>\$ 7,669.02</u></b>

## Your Credit Union

<b><u>Teachers Plus Credit Union Loan</u></b>	<b><u>\$ 10,000.00</u></b>	<b><u>10.0%</u></b>	<b><u>\$ 322.67</u></b>	<b><u>36</u></b>	<b><u>\$ 1,616.20</u></b>
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# Life Insurance



Easy to get approved  
 Less expensive  
 May not last  
 No investment component

- Group Insurance
- Creditor Insurance
- Term Insurance
- Whole Life
- Universal Life



Often requires medical  
 More expensive monthly  
 Lasts well into retirement  
 Investment/CSV



# Estate Planning

- Wills, Powers of Attorney, Personal Care Directives (Living Wills)
- Tax planning for your estate
  - Making a family member joint or transferring property/investments
  - Establishing a trust
- Name beneficiaries



# Tax Planning

Marginal Income Tax Rates

Annual Taxable Income	2024 Combined Marginal Income Tax
\$25,001 - \$29,590	24.32%
\$29,591 - \$55,867	30.48%
\$55,868 - \$59,180	35.98%
\$59,181 - \$74,999	37.70%
\$75,000 - \$93,000	37.17%**
\$93,001 - \$111,733	38.00%
\$111,734 - \$150,000	43.50%
\$150,001 - \$173,205	47.00%
\$173,206 - \$246,752	50.32%
Over \$246,752	54.00%





## Tips for a good retirement plan

- Try to payout debt before retirement – and plan to avoid adding debt in retirement
- Have a strategy to combat inflation – delay government pensions? Use investments or proceeds from sale of asset to bolster un-indexed retirement income?
- Make a de-registration plan for RRSP's that maximizes cashflow and minimizes income tax
- The decision to start CPP/OAS should be part of your overall retirement plan
- Estate planning – start thinking early about life insurance/how assets are held
- Establish beneficiaries and have a will
- Pension split for income tax benefit
  
- Rely on the advice of experts (insurance/investments/taxes/estate)
- Credit unions and banks provide help with formulating a plan



# Questions?

