

# Retirement Has Changed. What's Your Next Move?

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## What's On Your Mind?

Have I saved enough?

How soon can I retire?

What other things should I be thinking about?



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## Five Questions

Where am I today?

Where would I like to be?

Can I get there?

How do I get there?

How can I stay on track?



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## Where Am I Today?

- Income
- Expenses
- Assets
- Other obligations



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## Where Am I Today?

### Income

- Current income
  - Salary or salaries
  - Investment income
  - Rental property



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## Where Am I Today?

### Income

- Future income
  - Government Benefits (CPP/QPP & OAS)
  - Salary
  - Investment income
  - Pension



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## Where Am I Today?

### Expenses

- Taxes
- Housing
- Utilities
- Food/groceries
- Insurance (car, health, life)
- Car payment
- Entertainment



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## Where Am I Today?

### Assets/Savings

- Retirement savings
- Real estate
- Life insurance
- Investments
- Bank accounts
- Education accounts



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## Where Am I Today?

### Other Obligations

- Caring for a parent
- Post-secondary education support
- Inheritance
- Donations



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## Where Am I Today?

Income  
Expenses  
Assets  
Other obligations



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## Where Would I Like to Be?

Retirement goals  
Age/Number of years in retirement

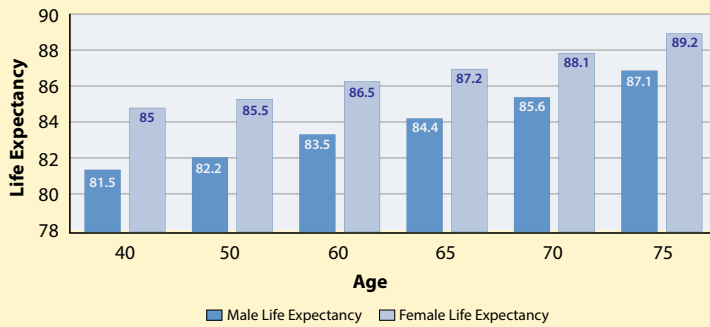


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## Canadian Life Expectancy (Males and Females)



Source: OSFI 2014 Actuarial Study. Period life expectancies are based on the mortality rates of the given attained year.  
<http://www.osfi-bsif.gc.ca/eng/oca-bac/as-ea/Pages/mpsspc.aspx#TBL6>

## Where Would I Like to Be?

Beneficiaries

SMART Goals



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## Where Would I Like to Be?

### SMART Goals

- S**pecific
- M**easurable
- A**chievable
- R**ealistic
- T**ime-specific



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## Can I Get There?

How much retirement income do I need?

Sources of retirement income

The potential effects of inflation

A new retirement reality



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## Can I Get There?

1. Life expectancy  
– Retirement age  
= **Years in retirement**
2. Retirement income  
X Years in retirement  
= **Retirement savings goal**

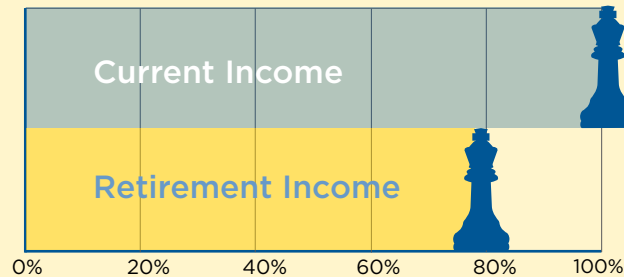


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## Can I Get There?

How Much Income Is Enough?



Source: Edward Jones.

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## Can I Get There?

### Sources of Retirement Income

- Government Benefits (CPP/QPP & OAS)
- Earnings (wages)
- Employer-sponsored retirement plans
- Pensions
- Annuities
- Retirement Plans (RRSP, TFSA)
- Personal investments



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## Can I Get There?

### Matt and Nancy - Ready to Retire?

- Desired income: \$65,000
- Both currently age 55; hope to retire at 60
- Expect to live to 90
- About \$400,000 saved
- Canada Pension Plan - age 65
- \$800/month to retirement plans



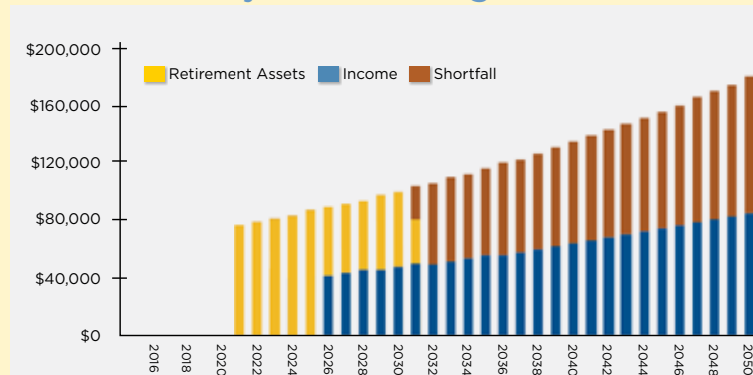
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## Can I Get There?

### Matt and Nancy - Retire at Age 60?



This calculation assumes a hypothetical 5.870% rate of return compounded annually and Government Benefits increasing at 3.0% per year. The yearly withdrawal rate is estimated \$65,000, increasing at a 3% annual inflation rate. This chart shows retirement income after taxes and assumes an average 25% tax bracket. This example is for illustrative purposes only and does not represent any investment or set tax bracket currently available. This illustration has not been adjusted for any commissions, fees or expenses that may be associated with the management of the account. This illustration does not consider any changes in market conditions or tax law that may occur. Your specific situation may differ from the example shown.

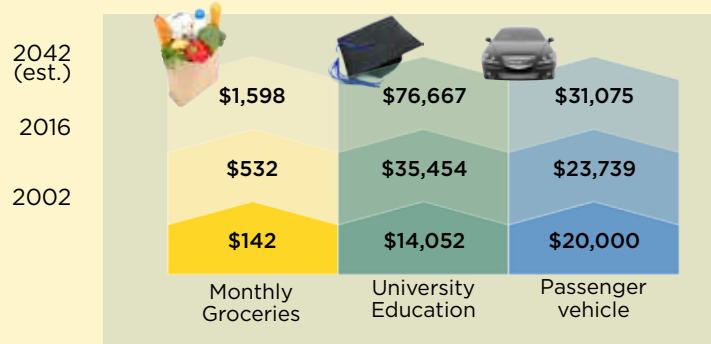
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## Can I Get There?

### Effects of Inflation



Through 2014, CPI inflation has averaged 4.19% (50 years), 4.20% (40 years), 2.51% (30 years), 1.83% (20 years), and 1.81% (10 years). The inflation rate used to calculate 2042 prices is based on historical price inflation rates from 2011 to 2016: Education = 3.13%; Education: As part of recreation, education, and reading; Groceries = 4.5%; Groceries: As part of the regular monthly CPI survey. Transportation = 1.23%; Transportation: As part of purchase, leasing and rental of passenger vehicles.

Source: Statistics Canada: Tables by subject: Consumer price indexes

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Source: Statistics Canada: Tables by subject: Consumer price indexes

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## Can I Get There?

### Proposed Adjustments

- Work five years longer
- Increase monthly savings by \$350/month
- Reduce spending goal to \$60,000

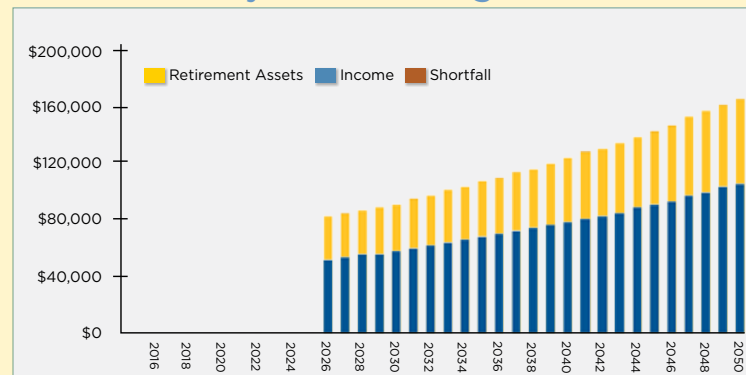


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## Can I Get There?

### Matt and Nancy - Retire at Age 65?



This calculation assumes a hypothetical 5.870% rate of return compounded annually and Government Benefits increasing at 3.0% per year. The yearly withdrawal rate is estimated at \$60,000, increasing at a 3% annual inflation rate. This chart shows retirement income after taxes and assumes an average 25% tax bracket. This example is for illustrative purposes only and does not represent any investment or set tax bracket currently available. This illustration has not been adjusted for any commissions, fees or expenses that may be associated with the management of the account. This illustration does not consider any changes in market conditions or tax law that may occur. Your specific situation may differ from the example shown.

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## Can I Get There?

Understand the Trade-offs



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## How Do I Get There?

### On Track

- Review asset allocation
- Pay off debt
- Invest in your retirement



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## How Do I Get There?

### RRSP Considerations

- Annual contribution limits
- Unused contribution room
- Earnings with the potential to grow tax deferred
- A wide variety of investment options



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## How Do I Get There?

### Not on Track

- Contribute more to retirement
- Take later retirement
- Lower retirement income
- Work during retirement



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## How Can I Stay on Track?

### Review Your Plan Annually

- Gather data
- Review your goals
- Look at where you want to be
- Evaluate your current strategy



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# Questions & Answers

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