SOME DAY 2019

A Practical Guide for Nurses to Retire **Time For High Adventure!**

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Preliminary Group Questions:

- 1. How many of you have some anxiety concerning retirement?
- 2. What might be some anxieties or even fears?
- 3. How many have started a serious game plan for preparing to retire?



Introduction: Practical Guide to Help Preserve your Lifestyle

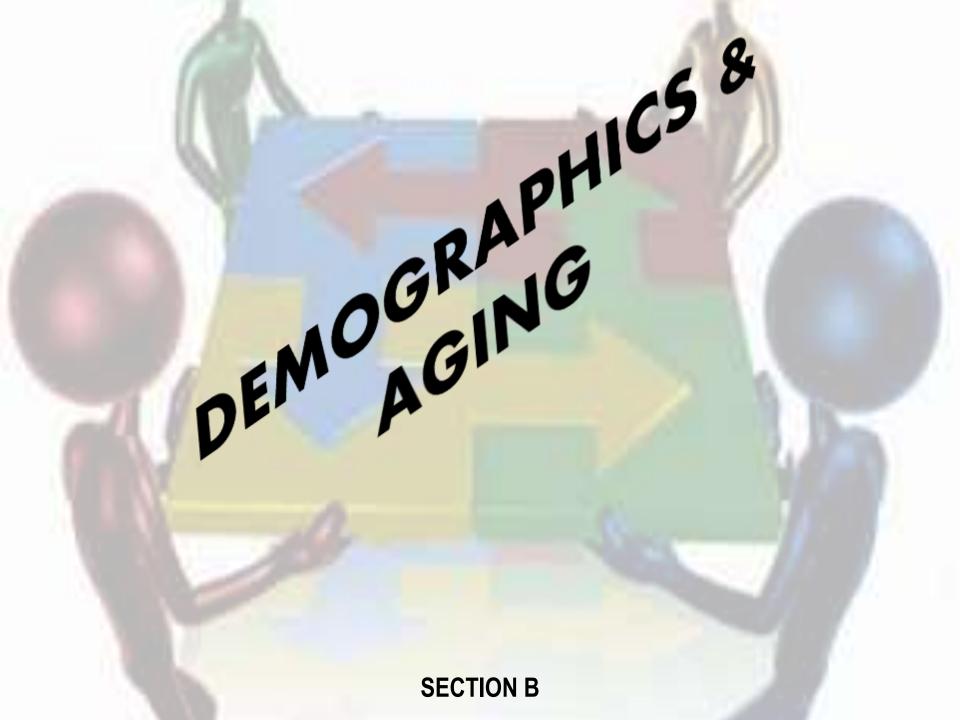
- Pensions and Retirement is a high priority of Nurse Unions
- Nurses work life spans 30-35 years
- Nurses deserve a decent retirement
- Health, dignity, independence & financial security
- Focus of this seminar is on the Average Nurse
- Retirement is not about the money Health and independence

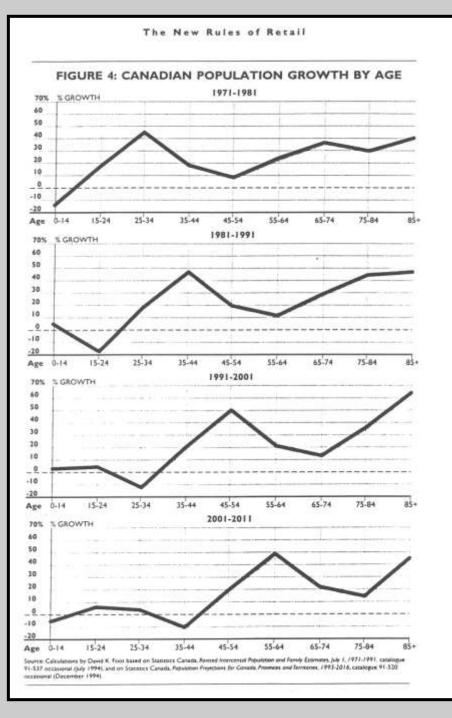
PRACTICAL OBJECTIVES OF THIS SESSION

- BROAD UNDERSTANDING OF THE CANADIAN DEMOGRAPHIC & AGING PERSPECTIVE
- BASIC UNDERSTANDING OF HOW RETIREMENT PLANS WORK
- FROM WHAT SOURCES DO NURSES RECEIVE INCOME
- WHAT ARE THE PARAMETERS OF NECESSARY RETIREMENT INCOME
- HOW TO ASSESS WHETHER YOU ARE "READY TO RETIRE"
- WHAT ARE THE PRACTICAL & REALISTIC EXPECTATIONS OF RETIREMENT
- HELP YOU TO DEVELOP A RETIREMENT GAMEPLAN TO PRESERVE YOUR
 LIFESTYLE

PRACTICAL OBJECTIVES OF THIS SESSION CONT'D...

- HOW TO GET APPROPRIATE & COMPETENT FINANCIAL ADVICE
- REVIEW A BRIEF OUTLINE ON WILLS & ESTATE PLANNING
- OVERVIEW OF NUTRITION, EXERCISE & LIFESTYLE PLANNING
- REALIZING THE IMPORTANCE OF PHYSICAL / MENTAL HEALTH PLAN
- REVIEW HOUSING OPTIONS
- PROS AND CONS OF WORKING AFTER RETIREMENT
- REVIEW THE CHARACTERISTICS OF "A MASTER RETIREE"



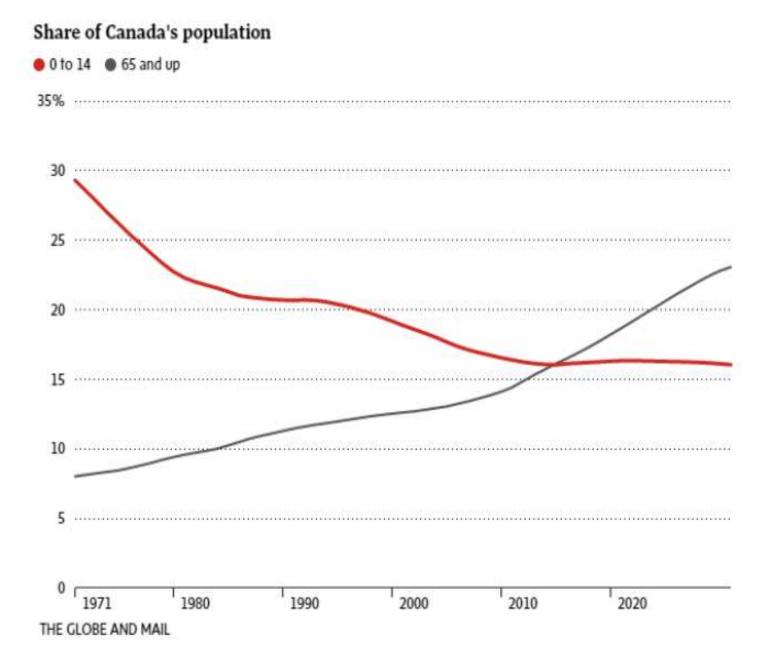


Baby Boomer Tidal Wave Moves Through the Decades:



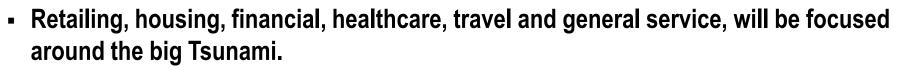
- Driving the economy look at each of the decades.
- Boomers a major force in retailing, health and services.
- Want service now, providers are all younger.
- Caution: Treat the next generation well. Huge demand, low supply.

SECTION B



Prosper from the Trends Resist at Your Peril

- 2010 10+ Million Canadians turned 55 years old.
- Health focus for Baby Boomers Ophthalmology, Arthritis, Heart Disease and Anti-aging.
- Steady growth of financial institutions to help save and spend boomer money.
- Increase focus on phasing of retirement.
- Increase trend to convenience Individual/Couples.
- Retirees will on average live well into 70's and longer.
- Many will be retired longer than they worked.



- Large pressure to pull back into workforce, casual, etc.
- Costs of retirement and delayed retirement support will increase i.e., Pensions, Disability, Group Health, Healthcare and social services.

SECTION B

- Back lash from echo generation.







How Do Retirement Plans Work?

3 Types of Retirement Arrangements for Nurses Across Canada

DEFINED BENEFIT PLANS (FORMULA)

DEFINED COUNTRIBUTION (IE GROUP RRSP)

HYBRID OR TARGET BENEFIT

How Important are Pensions?

- SACRED TRUST
- THEY ARE OFTEN MEMBERS LARGEST ASSET
- KEY WAGE COMPONENT AFTER RETIREMENT
- MANY NURSES WILL BE RETIRED LONGER THAN THEY
 WORKED

EXAMPLE: SOME PENSION PLANS GENERATE 10's OF MILLIONS OF DOLLARS A DAY IN DEFERRED WAGES (PENSION)

- FUNDS ARE USUALLY IN THE BILLIONS OF DOLLARS
- PENSION PLANS HAVE TO LOOK OUT 10, 20 & 30 YEARS

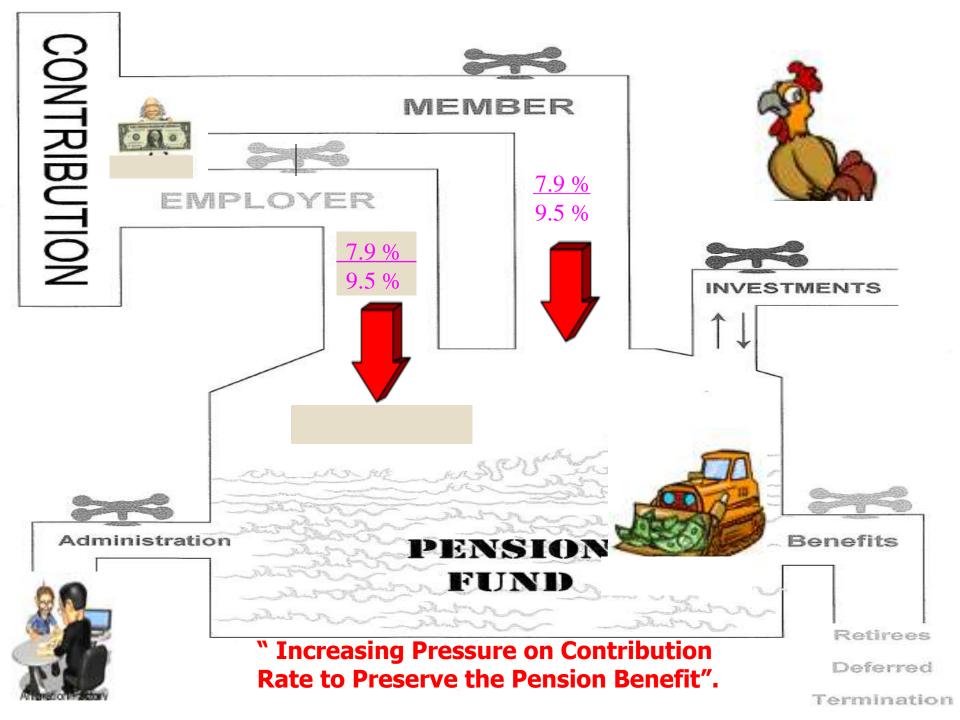
Defined Benefit Pension Plan Characteristics

- Most nurses are in a Defined Benefit Pension Plan
- Based on a formula from the Governing Board or Employer
- Contribution or funding rate defined and recommended by Plan Actuary

- Usually Employer and Member's contribution rate are defined
- May have components above and below YMPE (Set by CPP)
- May or may not be equal
- May be negotiated
- Can be 8-9% ER & EE or higher

Defined Benefit Pension Plan Characteristics CONT'D...

- Usually benefit based on years of Pension Contribution and a Salary Component
- Pension Benefit is not vulnerable to daily market fluctuation(Key)
- Pension Plan as a whole must keep fully funded
- Key component is immediate enrollment upon hire
- Longer pensionable service = larger pension
- Want immediate vesting all contributions
- Payback of member contributions via pension is about 4-5 years
- Value can be \$600,000 \$900,000+



Some nurses pension plans are

employer governed

Some pension plans are jointly

governed union/employer

- Some have negotiated
- contribution levels

liabilities

Some have negotiated benefit levels
Key is enough assets to pay

GOVERNANCE & SPONSORSHIP



DEFINED BENEFIT PENSION PLANS UNDER PRESSURE

- PENSION PLANS USE A VALUATION RATE OF ABOUT 6-6.5%
- LOW INTEREST RATES (BONDS) PUT PRESSURE ON PENSION PLANS
- GLOBAL INSTABILITY AND VOLATILITY
- 75-80 PERCENT OF A DB PENSION PLANS SUCCESS ARE INVESTMENT RETURNS
- AGING WORKFORCE LEAD TO INCREASED LIABILITIES
- **RESTRICTED ENTRANTS BUDGET CUTBACKS**
- FEAR OF THE FUTURE DELAYS RETIREMENT
- INCREASED CONTRIBUTION/REDUCED BENEFITS IN PAST FEW YEARS
- PRIVATE SECTOR HAS SUBSTANTIALLY CHANGED TO DC PLANS
 SECTION C

HYBRID PENSION PLANS OR TARGET BENEFIT PENSION PLAN...

- Evolutionary as the Guarantee deteriorates
- More prominent in the Private Sector
- Less is paid as a Guarantee
- May have a blend of a DB component and a DC component
- More complicated than straight DB or DC

DEFINED CONTRIBUTION PENSION PLANS/GROUP RRSP

- Benefits are accumulated from contributions plus investment return
 - INCREASED CONTRIBUTIONS + HIGHER RETURNS = "BIGGER POT OF GOLD"
 - SMALLER CONTRIBUTIONS + LOWER RETURNS = "SMALLER POT OF GOLD"
- Federal Gov't limits total amount i.e. 18% of earned income
- Investment asset mix is overseen by professionals i.e. RRP
- Investment asset mix is overseen/directed by the individual
- Defined contribution the member takes 100% of the risk
- Conversion to RRIF / Annuity by year end age 71





An RRSP is an investment plan that is registered with the Federal Government allowing for tax deferral on the investment growth until age 71 or the funds are withdrawn.

It is wise if at all possible to maximize your RRSP contribution each and every year.

RRSP'S and RRIF's

Types of RRSP's:

- 1. Deposit Plans
- 2. Managed Plans
- 3. Self Directed Plans

TYPES OF RRSP'S

O INDIVIDUAL RRSP	Year	Contribution limit		
O SPOUSAL RRSP				
○ GROUP RRSP	2014	\$24,270		
O POOLED RRSP	2015	\$24,930		
 RRSP LIMIT IS DETERMINED BY USING 	2016	\$25,370		
18% OF A PERSONS PREVIOUS YEAR'S	2017	\$26,010		
INCOME	2018	\$26,230		

NOTE: UNUSED PORTION CAN BE CARRIED FOR UP TO 10 YEARS SECTION C



DEFINED CONTRIBUTION

WHAT DOES THE POT OF GOLD BUY?

Income Annuities

Financial Institution BMO	Age in Years	60	65	69 6556 60	70	75 ¢con 2c	80
Insurance	\$412.00	\$451.91	\$504.35	\$556.60	\$571.11	\$608.36	\$698.44
Canada Life	\$389.49	\$436.66	\$476.89	\$525.22	\$540.83	\$620.47	\$697.85
Desjardins Fin. Security	\$404.32	\$450.66	\$509.73	\$566.33	\$581.67	\$648.99	\$732.28
Equitable Life	\$406.64	\$444.79	\$495.13	\$539.33	\$551.89	\$610.83	\$665.10
Great-West Life	\$389.49	\$436.66	\$476.89	\$525.22	\$540.83	\$620.47	\$697.85
Manulife Investments	\$391.77	\$419.52	\$454.20	\$483.92	\$499.56	\$575.08	\$669.39
Sun Life Assurance Co	\$389.46	\$440.88	\$514.91	\$573.92	\$590.90	\$663.53	\$745.13
SECTION C		Monthly incom	nes based on a s	single life, male	, 10 year guara	ntee and premi	um of

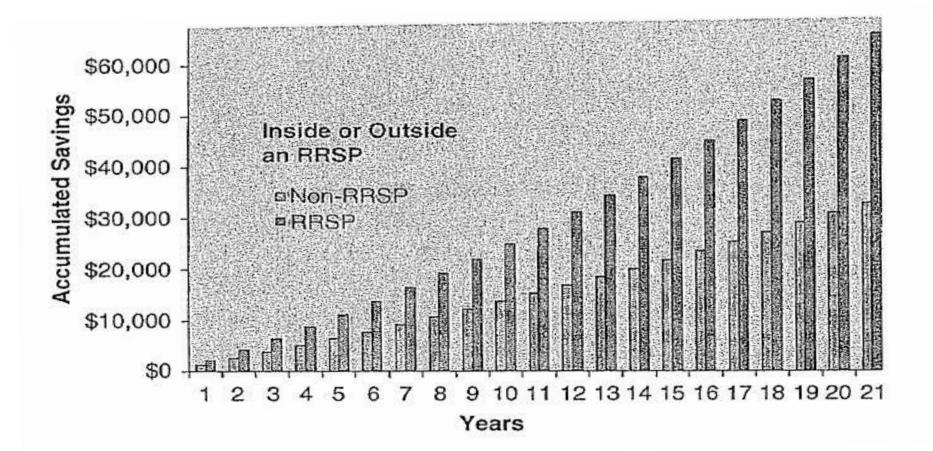
Monthly incomes based on a single life, male, 10 year guarantee and premium of \$100,000 of non registered funds.

Diversification and Compounding

It is vital to diversify your sources of income in retirement:

Age	Value of Investment with Compounded Interest				
	2 %	VS	4 %		
45	\$45,000		\$45,000		
50	\$50,000		\$55,000		
55	\$51,000		\$67,000		
60	\$61,000		\$82,000		
65	\$67,000		\$100,000		

Accumulated Savings Inside and Outside an RRSP





RRSP Income Options at Retiremen

- 1. Surrender the RRSP for cash.
- 2. Purchase an Annuity Certain to age 90.
- 3. Purchase a life annuity (single or joint).
- 4. Purchase a Registered Retirement Income Fund (RRIF).



Registered Retirement Income Fund What is it?

- Extension of RRSP
- Conversion to RRIF at end of Age 71
- Scheduled MINIMUM withdrawal each year (taxable)
- Options to manage investments of RRIF

Note: when you die there may be a tax debt on the RRIF



RRIF Minimum Withdrawal

The table below shows the RRIF minimum payout percentages for different ages. As you can see, the annual percentage payouts gradually increase to age 95.

Age At Start Of Year	RRIFs Set Up After The End Of 1992	Age At Start Of Year	RRIFs Set Up After The End Of 1992
65	4.00%	81	7.08%
66	4.17%	82	7.38%
67	4.35%	83	7.71%
68	4.55%	84	8.08%
69	4.76%	85	8.51%
70	5.00%	86	8.99%
71	5.28%	87	9.55%
72	5.40%	88	10.21%
73	5.53%	89	10.99%
74	5.67%	90	11.92%
75	5.82%	91	13.06%
76	5.98%	92	14.49%
77	6.17%	93	16.34%
78	6.36%	94	18.79%
79	6.58%	95 and older	20.00%
80	6.82%		

DEFINED CONTRIBUTION/GROUP RRSP

HOW BIG IS THE POT OF GOLD?

- What are the investment returns during your work life to retirement?
- What will it generate in return after retirement?



Example: \$100,000 x .04 = \$4000 Annual Pre-tax Income \$100,000 X .06 = \$6000 Annual Pre-tax Income



COMPARING DEFINED BENEFIT TO DEFINED CONTRIBUTION

- DB PENSION PLAN GENERATE \$3250/Month = \$39,000/Year
- DC ACCUMULATED POT OF GOLD (DC REGISTERED PENSION OR GROUP RRSP)
 - AT 4% ANNUAL RETURN = APPROX \$975,000
 AT 6% ANNUAL RETURN = APPROX \$650,000



Savings ultimately are not only a source of financial security, they also earn income for you. The following chart demonstrates the amount of savings that you need to accumulate to produce a specific monthly income at various rates of interest. For example, to earn \$200 per month when interest rates are 4% requires \$60,000 of savings.

Annual Interest Rate	Monthly Income Earned						
%	\$100	\$200	\$350	\$500	\$1000		
	REQUIR	ED SAVINGS A	ND INVESTME	NTS (IN THO	JSANDS)		
3.00%	40.00	80.00	140.00	200.00	400.00		
3.25%	36.92	73.85	129.23	184.62	369.23		
3.50%	34.29	68.57	120.00	171.43	342.86		
3.75%	32.00	64.00	112.00	160.00	320.00		
4.00%	30.00	60.00	105.00	150.00	300.00		
4.25%	28.24	56.47	98.82	141.18	282.35		
4.50%	26.67	53.33	93.33	133.33	266.67		
4.75%	25.26	50.53	88.42	126.32	252.63		
5.00%	24.00	48.00	84.00	120.00	240.00		
5.25%	22.86	45.71	80.00	114.29	228.57		
5.50%	21.82	43.64	76.36	109.09	218.18		
5.75%	20.87	41.74	73.04	104.35	208.70		
6.00%	20.00	40.00	70.00	100.00	200.00		
6.25%	19.20	38,40	67.20	96.00	192.00		
6.50%	18.46	36.92	64.62	92.31	184.62		
6.75%	17.78	35.56	62.22	88.89	177.78		
7.00%	17.14	34.29	60.00	85.71	171.43		
7.25%	16.55	33.10	57.93	82.76	165.52		
7.50%	16.00	32.00	56.00	80.00	160.00		
7.75%	15.48	30.97	54.19	77.42	154.84		
8.00%	15.00	30.00	52.50	75.00	150.00		
8.25%	14.55	29.09	50.91	72.73	145.45		
8.50%	14.12	28.24	49.41	70.59	141.18		
8.75%	13.71	27.43	48.00	68.57	137.14		
9.00%	13.33	26.67	46.67	66.67	133.33		
9.25%	12.97	25.95	45.41	64.86	129.73		
9.50%	12.63	25.26	44.21	63.16	126.32		
9.75%	12.31	24.62	43.08	61.54	123.08		
10.00%	12.00	24.00	42.00	60.00	120.00		
10.25%	11.71	23.41	40.98	58.54	117.07		
10.50%	11.43	22.86	40.00	57.14	114.29		
10.75%	11.16	22.33	39.07	55.81	111.63		

SECTION D

WHAT ARE THE SOURCES OF RETIREMENT INCOME?



Canada Pension Plan - What is it? 🌞



- The Canada Pension Plan (CPP) provides a monthly retirement pension based on your employment earnings over your lifetime.
- Max. Benefit 2018 \$1134.17/ month
- It is 25% of the last 5 years average maximum pensionable earnings
 - **Removal of Cessation Test.**
- Change in calculating average career earnings.
- Sign up at Service Canada to see your estimated CPP monthly benefit prior to retirement.



Your benefit will be reduced if you start collecting before the age of 65, and will not return to the 100% level for the rest of your life. 7.2% per year reduction from Age 60 to 65 = 36% reduction.

Beginning in 2011, the new pension increase from.50% to .57% in 2011; to .64% in 2012, for late take-up was .50% to .57% to .64% in 2012, and finally to .70% in reductions for client's collecting before age 65 will take effect. Here is a summary of the reduced and enhanced rates as follows:

Age CPP Commences	Current Pension Adjustment	2011	2012	2013	2014	2015	2016
60	-30%	-31.2%	-32.2%	-32.4%	-33.6%	-34.8%	-36%
65	0%	0%	0%	0%	0%	0%	0%
70	+30%	+34.2 %	+38.4 %	+42%	+42%	+42%	+42%

Old Age Security Benefit

The Old Age Security (OAS) plan is administered and funded by the federal government with income tax dollars. The Plan pays a monthly retirement benefit based on your age and the length of time you have lived in Canada.

The Plan includes:

- OAS Federal Government Monthly Benefit
- Citizen for 40 years after 18 years old
- Must be at least 65 years old
- Benefit 2018 \$600.85/month
- Supplement available for low income
- Claw Back 2018 approx \$74,788
- Note: Application to defer
- See Service Canada Web Page for OAS information

OTHER SOURCES OF INCOME IN RETIREMENT...

- RRSP That can be converted to income or RRIF's.
- **INVESTMENTS** That can be sold or produce income.
- INHERITANCE That can be converted to income.
- REAL ESTATE That can be sold or produce income.

SECTION E

HOW MUCH IS ENOUGH?

HOW MUCH IS ENOUGH?

- Approximate range of 50-70% of pre-retirement income all sources.
- Pension income or DC/GRRSP income + CPP + OAS + individual RRSP + investment income + other = 50-70% of a nurses pre-retirement income.

Example:

Salary General Duty Nurse (end of 2018 excluding premiums) Approx. \$80,000/year

Cross Canada Range \$75,000 - \$85,000 / year

50-70% target range is approximately \$40,000 - \$56,000 all sources of income.

How Much Money Do You Need to Retire

BASICS – No frills Bare bones

Annual Income = \$20,000 - \$27,400

Characteristics:

- OAS and Supplement = \$22,750
- One bedroom apartment
- Public Transit
- Nutritious food
- Average healthcare costs
- No cable No alcohol
- No excess savings

Annual cost = \$24,000

How Much Do I Need to Retire

Middle Class

- **Characteristics:**
- Average house
- One or two cars
- Annual vacation
- Occasional dining out
- Active hobbies; golf/ YWCA
- Small gifts for children/grandchildren/charity

Annual cost: \$40,000 - \$60,000 Need to save: \$25,000 - \$75,000 Inclusive of Pension

SECTION E

How Much Do I need to Retire

<u> Deluxe – Higher End</u>

- **Characteristics:**
- Large house/ luxury condo
- Two high-end cars
- Regular exotic travel
- Regular fine dining
- Upscale golf/boating/clubs
- Original art/ high-end entertainment
- Larger gifts for children/grandchildren/charity
- Annual cost: \$100,000 plus
- Need to save: \$1.75 Million
- NOTE: Most Canadians live reasonably comfortable on one-half their pre-retirement income

Financial Look at Retirement

Sample Only

Scenario 1 – Age 55 – has Magic 80

Annual Income = \$80,000 70 % Income \$56,000 50% Income \$40,000

- After 30 years RN Age 55
- Pension \$3,250/month
- no CPP
- No OAS

Retirement Income\$3,250Plus Supplement651 Early RetirementMonthly Pension Income\$3,900

Note: Sample only. Base Pension Formula may be higher or lower. Some plans have higher based benefit but no early retirement supplement.

Financial Look at Retirement

Scenario 2 Age 60	Full Pension
Annual Income 70 % Income	\$56,000
50% Income	\$40,000
After 30 years – RN	I Age 60

- Pension \$3,250/month
- Early CPP 665
- Plus Supplement <u>275</u>
- Monthly Income \$4190

Pension and early CPP to 65 then \$3914/month

Note: Sample only. Base Pension Formula may be higher or lower.

Financial Look at Retirement

Scenario 3 Full Pension Age 65

Annual Income = \$80,000 70 % Income \$56,000 50% Income \$40,000

After 30 years – RN Age 65

- Pension	\$3,325/month
- CPP	1,114
- OAS	<u>578</u>
- Monthly Income	\$5017

Pension, full CPP, and OAS

Note: Base Pension Formula may be higher or lower.



Estimated Length of Retirement

Age at Planned		Couple of
Retirement	Individuals	Same Age
55	28 years	34 years
60	24 years	30 years
65	20 years	25 years
70	16 years SECTION E	21 years

	Stage 1: 65	i ta 75	Stage 2: 75 and up		
Category	% of Total Expense	\$ ~	% of Total Expense	\$	
Shelter (mortgage or rent)	30	\$15,000	30	\$15,000	
Car ownership or transportation	16	8,000	10	5,000	
Food	11	5,500	10	5,000	
Pension contributions	0	0	0	0	
Utilities	7	3,500	7	3,500	
Health care	6	3,000	10	5,000	
Entertainment	5	2,500	2	1,000	
Clothing	4	2,000	2	1,000	
Household furnishing	4	2,000	2	1,000	
Education and reading	2	1,000	2	1,000	
Travel	10	5,000	2	1,000	
Personal care	2	1,000	20	10,0003	
Saving	- 3	1,500	3	1,500	

Table 4.3 Standardized Spending by Stage of Retirement

Notes to table:

¹It is assumed that in later life, the retired person uses taxis and bus transportation. ²With increasing age goes added reliance on drugs and assistance that may not be insured services.

³In old age, one tends to rely on home care services that may not be insured.

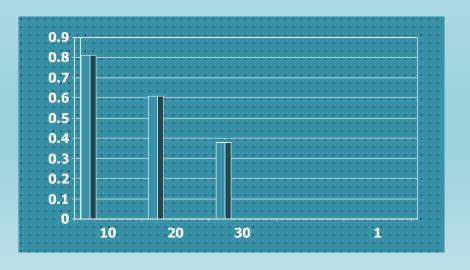
SECTION E

INFLATION PROTECTION & PENSION PLAN COLA

- INCLUDED IN MANY DB PENSION PLANS FOR NURSES
- NOT COVERED FOR DC AND GRSSP

Why Worry about Low Inflation?

This shows how 2% inflation erodes the purchasing power of \$1 over 10, 20, & 30 years.



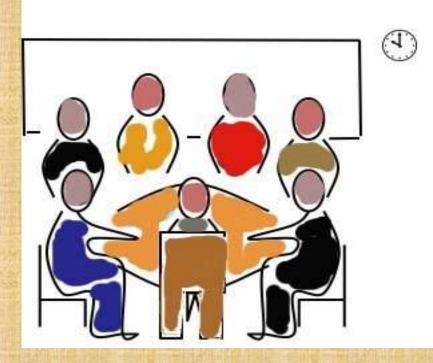


SECTION E



ARE YOU READY TO RETIRE???

Have a "Game Plan" for Retirement.
➤ Can people share their Game Plan with examples of plans they have made for retirement?



SECTION F

Why Should I Not Retire

- 1. No enthusiasm to "face the day"
- 2. Miss friends and colleagues
- 3. Lose your identity as a nurse
- 4. Lose benefit structure
- 5. Lose positive aspects of employment as a nurse
- 6. Unable to maintain your lifestyle
- 7. Have not saved enough for emergencies or health issues
- 8. Unreasonable fear about finances/ investments
- 9. Fear about making the wrong decisions

Why I Should Retire

- 1. Lost edge (burnout) decrease stress
- 2. Want the freedom to make a life change
- 3. Health issues
- 4. **Pressure to retire (age)**
- 5. Desire to be closer to children/grandchildren
- 6. Financial incentives
- 7. Wish to change careers
- 8. Positive pension benefits
- 9. Wish to phase-in retirement (P.T.)

ATTITUDE ASSESSMENT

oing to be the art of my life.	10	9	8	7	6	5	4	3	2	1	I dread every hour in the future.
abundance of cunities after retirement.	10	9	8	7	6	5	4	3	2	1	After retirement, everything is downhill. Opportunities disappear.
harge and be olved retiree.	10	9	8	7	6	5	4	3	2	1	I just want to withdraw from it all.
changes into pportunities.	10	9	8	7	6	5	4	3	2	1	I am not up to coping with changes.
d my sense of humor.	10	9	8	7	6	5	4	3	2	1	What's humorous about getting older?
antages over n our society.	10	9	8	7	6	5	4	3	2	1	Retirees have no advantages; society is cruel to them.
friends of all ages.	10	9	8	7	6	5	4	3	2	1	Nobody wants to know me. I'm obsolete.
st time of life ke new risks.	10	9	8	7	6	5	4	3	2	1	This is the time to draw back.
e my creative id contribute.	10	9	8	7	6	5	4	3	2	1	I have nothing left to give.
ave a positive ith a physical problem.	10	9	8	7	6	5	4	3	2	1	People with physical problems should give up. Why fight an uphill battle?

Retirement is going to be the most exciting part of my life

- There is an abundance of exciting opportunities after retirement.
- I want to stay in charge and be an active, involved retiree.
 - I will turn changes into opportunities.
- I intend to expand my sense of humor
- Retirees have advantages over others in our society.
 - I can make new friends of all ages
- Retirement is the best time of life to have fun and take new risks
 - Now I can use my creative talents and contribute.
 - It's possible to have a positive attitude even with a physical problem.

Total Score _

Planning for Retirement **Design** a plan **Optimistic Attitude** Set High Expectations **Take Personal Responsibility** Know What You Want Be Empowered **Expand Horizons Develop New Relationships** Aim for Balance in Retirement

FOLLOW THAT DREAM

SECTION F



What are You Happy With & What Would You Change?

- Personal Relationships (family, friends, lovers)
- Home
- Health
- Education and Career (formal/informal, achievements, accomplishments)



- Financial (income, home ownership, assets, acquisitions)
- Community Self

 (volunteering, social/service clubs, religious organizations)
- Leisure Self (recreation, entertainment, travel)
- Inner Self (creative, intellectual, spiritual)

SECTION F

REALISTIC EXPECTATIONS IN RETIREMENT

SECTION G



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SECTION G

GETTING A GAME PLAN TOGETHER!



SECTION H

Getting a Game Plan Together

- Pick a retirement target.
- Pension calculations and options from your pension plan.
- Review retirement attitudes, issues and preparedness...don't forget to include your spouse.
- Get a trusted and competent financial advisor.
- Review your financial status (assets, liabilities, income and expenses).



- Review Will and Estate Plans.
- Review lifestyle, health, nutrition and exercise plan issues.
- Where will you live and what type of housing do you want.
- Review a realistic and effective travel plan.
- Do you want to do transition phased in retirement?
 - Do you want to work after retirement?

SECTION H

Assets ii	
😌 Cash	
Onequing Account	\$0
Savings Account	\$0
🛞 Cash On Hand	\$0
⊗ Other	\$0
Non-Registered Investments (i)	
Registered Investments i	
TFSA (Tax Free Savings Account)	
Locked-In Investments i	
Cash Value of Life Insurance (i)	
Properties	
Vehicles	
Other Assets	
Total Assets	\$0
 Liabilities ① 	
Credit Card	
⊗ MasterCard	\$0
⊗ VISA	\$0
🛞 Retail Credit Cards	\$0
⊗ Other	\$0
Line of Credit	
😌 Loans	
Ortgage	
Other	
Total Liabilities	\$0

Your Net Worth ①

\$0

On the positive side, most people don't need the same gross income after retirement to maintain their standard of living. The average middle-income person will likely do well on 60% to 70% of gross pre-retirement income.

Here's Where Retirement Income Comes From	Your Estimated Monthly Retirement Income
Your employer's pension payment	\$
Your spouse's employer's pension payment	\$
Your Canada Pension Plan	\$
Your spouse's Canada Pension Plan	\$
Your Old Age Security	\$
Your spouse's Old Age Security	\$
Your Guaranteed Income Supplement	\$
Your spouse's Guaranteed Income Supplement	\$
Your RRSP retirement income	\$
Your spouse's RRSP retirement income	\$
Profit-sharing fund payout	\$
Any earned income in retirement, salary expected	\$
Rental income (net)	\$
Any other fees, payments for services	\$
Disability and/or endowment/insurance payments	\$
Business or real estate income	\$
Savings account interest (credit union, bank, trust co.)	\$
Canada Savings Bond interest	\$
Term deposits, guaranteed investment certificate interest	\$
Tax-Free Savings Accounts (TFSA)*	\$
Income from stocks, bonds, mutual funds, etc.	\$
Investment income from any expected inheritance	\$
Other net worth property, investments, which you expect to create income	\$
Other income sources: alimony; social welfare; disability insurance; El	\$

Here's Where Retirement Income Goes

Estimate Your Monthly Cost of Living

	Need	Now	Needed in Retirement		
	\$ MONTHLY	\$ ANNUALLY	\$ MONTHLY	\$ ANNUALLY	
Budget Need:			1		
(excluding savings and income taxes)					
Food:					
(including meals out)		and the second	No. 199		
Housing:					
(utilities, rent/mortgage, furnish-					
ings, property taxes, maintenance,			18 1 2 4 1 A		
homeowner's insurance)					
Transportation:					
(gasoline, auto insurance,					
licence, maintenance,			n lan an a		
public transportation)		the state of the	64 - 14 - 14 - 14 - 14 - 14 - 14 - 14 -		
Clothing & Personal Care:					
(dry cleaning,					
cosmetics, toiletries)		An and the second second second			
Medical Care:				1.2.2.2	
(drugs, dental, health insurance,		나는 것이 집에 있었다.			
other medical expenses)					
Entertainment:		52 × 1	and in Astrona	김 씨는 것	
(recreation, books, magazines)					
Other Items:	walati k		Carl Sector	20 an	
(gifts, donations, life insurance)					
TOTALS	-	1			

Expenditures	Third Quintile (\$)
Food	7,206
Shelter	13,110
Household operation	3,160
Household furnishings	1,573
Clothing	2,350
Transportation	8,645
Health care	1,930
Personal care	1,039
Recreation	3,186
Tobacco and alcohol	1,597
Education	748
Miscellaneous	1,411
Personal taxes	8,517
Personal insurance & pension contributions	3,407
Gifts of money	1,361
Total current consumption	45,955
Total expenditure	59,240

Table 5.2: Expenditures for a Typical Working Person²

What they spend	BELOW AVERAGE	AVERAGE	ABOVE AVERAGE
on the basics	SPENDING	SPENDING	SPENDING
Shelter (primary home) (2)	\$6,300	\$10,510	\$11,400
Vehicles (3)	\$5,000	\$10,565	\$8,580
Groceries	\$5,500	\$5,655	\$7,200
Health and dental	\$4,500	\$3,390	\$5,230
Home and garden (4)	\$2,500	\$3,020	\$3,000
Clothing and personal care	\$800	\$2,130	\$2,200
Phone and communication	\$1,100	\$1,300	\$3,000
Personal insurance and financial services	\$0	\$1,400	\$1,800
Local transportation	\$0	\$95	\$2,400
SUBTOTAL	\$25,700	\$38,065	\$44,810
What they spend on the extras			
Recreation, entertainment, reading (5)	\$800	\$2,780	\$2,400
Restaurants, alcohol, tobacco	\$2,000	\$2,565	\$7,200
Second home	\$0	\$0	\$3,660
Travel	\$6,000	\$1,530	\$16,000
Pets	\$500	\$270	\$0
Charitable and personal gifts	\$1,600	\$4,010	\$6,000
Miscellaneous	\$1,000	\$475	\$1,200
SUBTOTAL	\$11,900	\$11,630	\$36,460
TOTAL (EXCLUDING TAX)	\$37,600	\$49,695	\$81,270
Income taxes	\$5,000	\$7,720	\$20,000
TOTAL (INCLUDING TAX)	\$42,600	\$57,415	\$101,270

POST RETIREMENT BENEFITS

- GROUP HEALTH
- DRUGS
- AMBULANCE
- HOSPITAL CARE
- PARA MEDICAL SERVICES
- OTHER
- TRAVEL BECOMING VERY EXPENSIVE eg 3 month premium \$3000 at age 80

- DENTAL
- VISION
- LIFE INSURANCE
- TRAVEL COVERAGE

Financial Planning & Getting Competent Advice

SECTION I



Getting a Competent Financial Planner

Introduction:

It is vital you prepare and do some background checking as this is the person you will have to depend on and trust to assist you in preparing for retirement



"Make sure he or she is not one page ahead of you in the book".

Bob's Quote

SECTION I

Getting a Competent Financial Planner cont'd



Questions to Ask...

- Are you a certified CFP?
- How long have you and your firm been in Business?
- What is your specific area of expertise?
- Who will handle my account?
- Do you rely on outside investment Resources or in-house?
- What products and suppliers do you use?

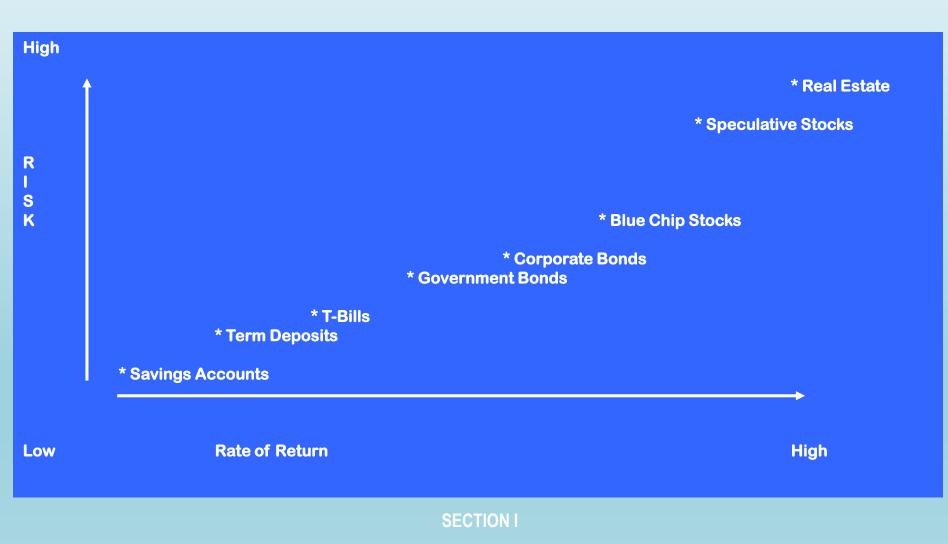
- What is time frame reporting and communication format?
- What and how are you paid and what does the services cost?
- How can I be assured I'm getting my money's worth.
- I would like at least three references.
- Make sure there is a written engagement letter clearly documenting the nature scope reporting and fee structure.
- Never too late

Safety of Investment (Risk vs. Reward)



SECTION I

Relationship Between Risk and Return



Investment Alternatives



Growth Investments:

- **Common Stocks**
- **Stock Mutual Funds**
- Variable Annuities
- **Real Estate**

Cash Equivalent Investments:

- **Savings Account**
- Term Deposits (1 year or less)
- **Treasury Bills**
- **Government Bonds**
- **Money Market Accounts**

Income Investments:

- **Term Deposits**
- Corporate Bonds Bond Mutual Funds
- Preferred Stock
- Fixed Annuities

Allocating Investments As You Age

RISK	25-Year-Old Aggressive	45-Year-Old Moderate Risk	60-Year-Old Moderate Risk
Bond fund	10%	35%	50%
Balanced fund (50% stock/50% bond)	10%	0%	0%
Blue-chip/larger company stock fund(s)	30-40%	25-30%	25%
Smaller company stock fund(s)	20%	15%	10%
International stock fund(s)	20-30%	20-25%	15%

Focus: DC and GRRSP Plans and excess funds for DB members.

SECTION I

Section J

WILL & ESTATE PLANNING

What is Estate Planning & Why Should You Do It?

Estate planning is the progress and planning of your personal assets and property to minimize taxes and simplify the settling of your estate for your beneficiaries. This will include the listing and worth of assets such as:

- RRSP's, RRIF's and Annuities
- Savings and Investments
- Valuable and Collectibles
- Life Insurance Policies
- Real Estate

Why? To Avoid Costly Probate Fees & Excess Taxes

Will Preparation Checklist

- A. Personal Information about both you and your spouse.
- B. Information about your marital status.
- c. Review your net worth.
- D. Outline of beneficiaries.
- E. Names of people in your will who will represent your interests. – Executor
- F. Review your changes Life events
- G. Assure instructions meld with Beneficiary



Self Written Will – (Software Program) Lawyer or Trust Company Written Will

Will - makes good sense
Heirs powerless without a will
Will - helps avoid costly probate fees

SECTION J

LIFESTYLE IN RETIREMENT



Lifestyle in Retirement Health, Wellness, Lifestyle & Nutrition

Keeping the Body and Mind Fit:

- Keep Active
- Eat Properly
- Moderation
- Health Access
- Managing Stress
- Safety & Security
- Using Your Mind
- Companionship & Relationships
- Appearance
- Learning, Working and Sharing

SECTION K

PURE LEISURE PREFERENCE SCALE

Most people cannot handle a life of leisure because they have trouble using all of the time available. This scale is designed to help you discover how you might cope. Circle the number that indicates where you fall in the scale from 1 to 10. After you have finished, total your score in the space provided.

I am worked out. When I retire I never want a job of any kind.	10	9	8	7	6	5	4	3	2	1	I admit I have the work ethic. I will always need to work.
After retirement I'll have all the money I'll need to live a life of leisure	10	9	8	7	6	5	4	3	2	1	It will be necessary for me to work and supplement my income.
I will never be a volunteer.	10	9	8	7	6	5	4	3	2	1	I look forward to volunteer activities.
I can organize my leisure time completely. Time will not be a problem.	10	9	8	7	6	5	4	3	2	1	I cannot plan or discipline myself. Too much time is my greatest worry.
It won't bother me to spend my life pleasing myself. I've earned it.	10	9	8	7	6	5	4	3	2	1	I'll never be happy in retirement without doing something in an organized way for others.
My psychological makeup is such that I can relax for days without any self-pressure.	10	9	8	7	6	5	4	3	2	1	Two days of relaxation and I am climbing the walls.
I enjoy sports both as a participant and as an observer. This will use a lot of my time.	10	9	8	7	6	5	4	3	2	1	I've never been much on sports. It's too late to get involved now.
I would like to spend at least half of my leisure time traveling. I have the money to do it.	10	9	8	7	6	5	4	3	2	1	I'm a homebody. I've seen all of the world I want to see. Besides, I don't have the money.
I can think of 10 leisure activities that I will enjoy.	10	9	8	7	6	5	4	3	2	1	I can't think of any leisure activity I would enjoy.
I'm positive about my ability to cope with the leisure life.	10	9	8	7	6	5	4	3	2	1	I'm negative about making leisure work.

Total Score _____

	TRAVEL	SPORTS/EXERCISE	RELIGIOUS ACTIVITIES	HOBBIES (Mechanical)	HOBBIES (Artistic)	OUTDOORS	HOME	SOCIAL	TIME ALONE	GAMES	TELEVISION	READING	INVESTMENTS	FAMILY	WORKING	VOLUNTEER WORK	CULTURE/EDUCATION	PRIVATE COMMUNICATIONS	
	-	~		4	5	و	7	-	6	10	11	12	13	14	15	16	1	18	
30																			High
25																			Interest
20				:	ł	1	1	:	:	:	1	1	1	1	1	1	1	1	
15																			Medium Interest
10		-			1	1			1	1	i	ł	1	:	}				
ů.																			Low Interest
0																			
Total																			

ACTIVITY INTEREST PROFILE

NUTRITION

- Restrict sodium
- Get enough calcium
- Control sugar intake
- Monitor weight gain or loss
- Do some basic research into more nutritious purchases
- Break up day into 5 smaller meals
- Drink water i.e., need 2 liters
 plus per day

- Moderate alcohol
- Choose menu carefully when eating out
- Balance four basic food groups
- Review food preparation How food is cooked; include raw fruits and vegetables
- Beware of propaganda; enemies of good nutrition
- Right food, right amount, right time, right balance.



SECTION K

Put a Game Plan Together Before & After Retirement

Physical Health:

- Regular physical exercise is a primary contributor to the holistic concept of wellness.
- The health benefits that come from sufficient and consistent exercise are impressive.
- Each individual must determine the most suitable, effective program to weave into his or her lifestyle.

Mental Health:

- The more your body and mind are exercised, the fewer down days you will have.
- A down period need not lead into a more serious depression.
- There are many actions we can take to eliminate or minimize periods of depression.
- Getting out of a blue mood is primarily a do-it-yourself project.
- When individuals are unable to pull themselves out of extended down periods, they should seek professional help.







Seven Living Styles For Housing

General Rules:

- Live where you are most happy, comfortable and supported.
- Weigh advantages & disadvantages to moving.
- You make the decision; don't be over influenced.
- Protect your freedom and independence with a passion.
- Consider culture shock of moving.

Options:

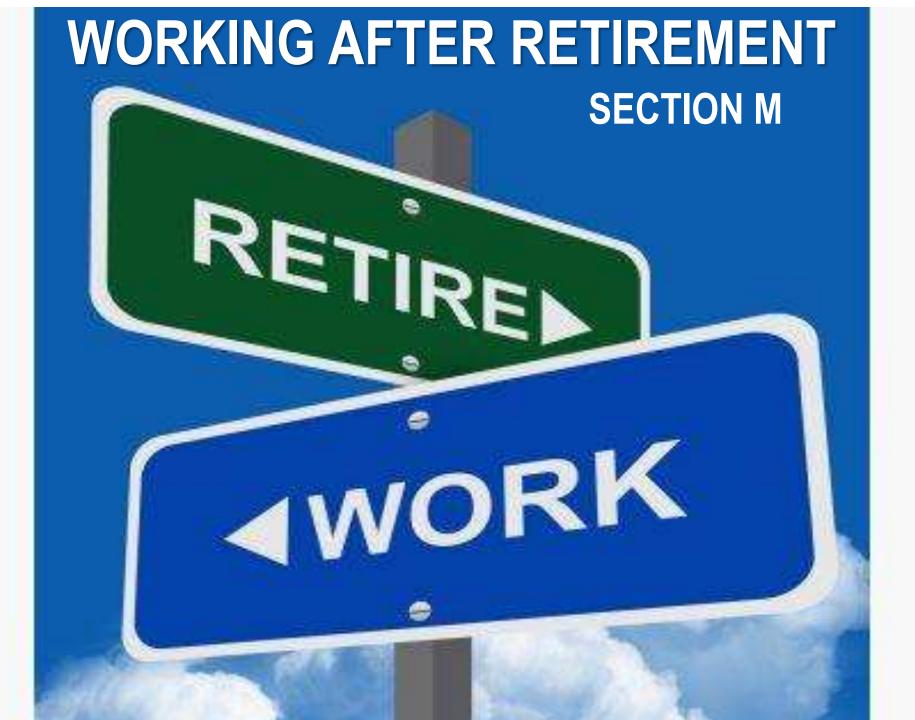
- 1. Staying in your house
- 2. **Renting**
- 3. Condominium
- 4. Mobile Home
- 5. Retirement Centre
- 6. Government Sponsored Housing
- 7. Life Lease Centres



HOUSING



- Does Your Home Have Easy Access?
- Is It Disabled Friendly Bath, Stairs, Floors Etc.
- Can You Easily Access Transit, Pharmacy, Entertainment, Groceries & Physician?
- Does Your House Need Ongoing Maintenance?
- Make Your Home support your Health & Independence.



Working After Retirement

Unless you are forced to retire, you normally have some control over when you start your passage or when you come back into the workplace. Over 80% of Canadian Retirees come back into the workplace.



Measuring The Quality Of Your Life In The Present - Exercise

In the exercise below, you are presented with 10 areas of lifestyle in which you are currently making decisions. The question is, "Am I happy with the lifestyle I have chosen at this point in my life?" Evaluate each area and give it a rating based on your personal satisfaction from a scale of one (no satisfaction) to five (high satisfaction). Totaling your score is not necessary.

Leisure — the time you make available for leisure pursuits, and the interests and activities you have chosen to pursue when leisure opportunities arise.

Housing – the type of housing you live in, its location in the community, your neighbours and the degree of maintenance and upkeep required.

Self-Worth – your sense of confidence, self-esteem and feelings of self-worth.

Health – your current health status, your personal commitment to maintaining and improving your health, and your access to health care information and resources. **Finances** – the sufficiency of your income to meet your

cash flow requirements, your ability to save, your effective use of debt and credit when needed, your understanding of the financial system, and your ability to access professional help if needed.

Quality of Significant Relationships - your perception of your relationships with those close to you including a partner, family members, friends or other acquaintances and the adequacy of your support network. Work and Career – your satisfaction with your work and the adjustments you have made with career choices in your adult life.

Balance – the degree to which your goals are being achieved at personal, family and work levels.

Adjusting to Change – your sense of how well you are managing with changes, events or transitions in your life so far.

Legal and Estate – the availability of up-to-date legal documents that allow those you have selected as administrators to effectively manage your finances and lifestyle decisions in the event of your diminished capacity or death.

Date This Exercise Was Completed _

WORK-LEISURE PREFERENCE SCALE

This scale is designed to help you discover if you would be happier after retirement with a part-time money job. You should gain additional insights by comparing the score of this scale with that of the Pure Leisure Preference Scale (Chapter 6). Circle the number that best describes your situation and total your score in the space provided.

The work ethic is in my bones and I admit it. I hope a part-time job will satisfy this need.	10	9	8	7	6	5	4	3	2	1	I've squeezed the work ethic out of my system.
I need to have a feeling of accomplishment each day; only a money job will do.	10	9	8	7	6	5	4	3	2	1	I can get a better feeling of accomplishment through a hobby, craft, or other activity.
Working for money is necessary to my ego. I need the recognition.	10	9	8	7	6	5	4	3	2	1	I can satisfy my ego in other ways.
I've got to have a money job to wake up to; I can't fill my days on my own.	10	9	8	7	6	5	4	3	2	1	I love to sleep late and then enjoy leisure activities.
Work keeps me in the mainstream and in contact with younger people.	10	9	8	7	6	5	4	3	2	1	I can keep in touch with others without a money job.
Work will keep my mind active. I . can't do it on my own.	10	9	8	7	6	5	4	3	2	1	There are many things other than work that will keep my mind active.
I need the money or I need the good feeling that earning money gives me.	10	9	8	7	6	5	4	3	2	1	I'm tired of working for money. I don't even want to think about it.
Working part time will help me enjoy my leisure far more. It's the combination I like.	10	9	8	7	6	5	4	3	2	1	Having to work for money would spoil my leisure time.
Work is pleasure for me—as long as I get paid for it.	10	9	8	7	6	5	4	3	2	2 1	I would get more pleasure out of leisure activities or a volunteer job.
Work is therapeutic; it will keep me alive longer.	10	9	8	1	6	5	5 4	. 8	1 2	2 1	Work tears me down, makes me a nervous wreck. I can't handle it.

Total Score _____

Travel After Retirement! Section N

.....

The Basics and Tips for Travel

- What are your preferences, geography, season, transportation and accommodations.
- Have you discussed this with your spouse.
- Have you thought of a game plan.

- How will this be funded.
- Can my or our health status support our desire to travel.
 - Get health coverage.
 - Seek out some professional advise.

How do I access healthcare where I am going?
How do I get home if I/Spouse are ill/injured?

Travel Tips



https://www.caamanitoba.com/travel_tips

- Have a nice trip! Chances are you will with some helpful travel tips to ensure your comfort and safety.
- Whether travelling by air, land or sea, the right information can make your journey what it should be: pleasurable, not painful.
- <u>Air Travel</u> | <u>Travelling Abroad</u> | <u>Road Travel</u> | <u>Emergency</u> | <u>Pet Travel</u>

You do not need to be a CAA member to access their Web Page for Travel Tips.

Travel Tips A Safe & Fun Road Trip



Avoid difficulties by making your vacation reservations well in advance.

Involve your family in vacation planning. Look at maps and Tour Books and watch videos about your vacation destination.

If you're travelling with a small child and plan to rent a car, make sure the rental company can provide a car seat.

Find out what amenities your hotel provides (irons, blow dryers, cribs) as this can help reduce luggage.

Take a first aid kit, as well as cleaning products such as wet wipes and paper towels.

Need an emergency kit? Travelling with pets? CAA has many more <u>informative travel tips</u> ready for you.











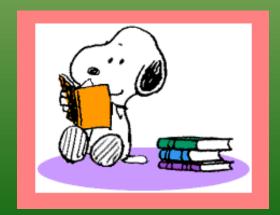
SECTION O

MASTER RETIREE









A MASTER RETIREE

- ✓ Stay in Charge
- ✓ Live with Style
- Pursue activities with vigor
- Maintain health, exercise and diet
- ✓ Continue to Learn
- ✓ Develop inner circle support system
- Contribute and support others
- ✓ Keep a sense of Humou

"Twenty years from now y be more disappointed by that you didn't do than by you did do. So throw off bowlines. Sail away from harbour. Catch the trade your sails. Explore. Dream. Discove



	of Canada	du Canada				Search Cana	ida.ca
Jobs 🗸	Immigration 🗸	Travel 🗸	Business 🗸	Benefits 🗸	Health 🗸	Taxes 🛩	More services 🐱
Home - Ber	nefits						-

Public pensions

Government

Information on the Canada Pension Plan, Old Age Security pension and related benefits, the Canadian retirement income calculator and retirement planning.



Services and information

Canada Pension Plan retirement pension

Eligibility criteria, deciding when to take your pension, how to apply online and amounts.

Old Age Security pension

A pension you can receive if you are 65 years of age or older and have lived in Canada for at least 10 years - even if you have never worked.

Canada Pension Plan disability benefits

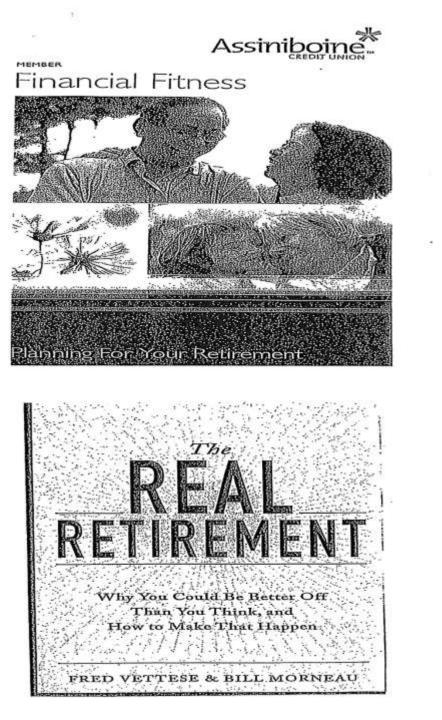
A taxable benefit you may be eligible for if you are unable to work because of a disability.

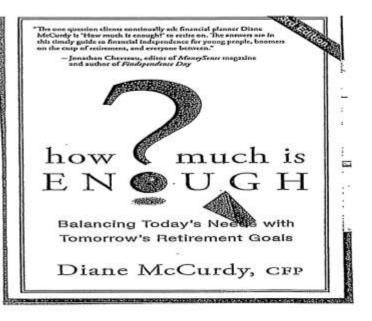
Guaranteed Income Supplement

A benefit you may be eligible to collect if you are an Old Age Security recipient with low income.

Most requested

- Retirement pension Applying online
- <u>Receiving payment of Old Age Security</u> and Canada Pension Plan pensions and benefits outside Canada
- Sign up for direct deposit
- <u>Access My Service Canada Account</u>
- <u>Canadian retirement income calculator</u>
- Old Age Security payment amounts



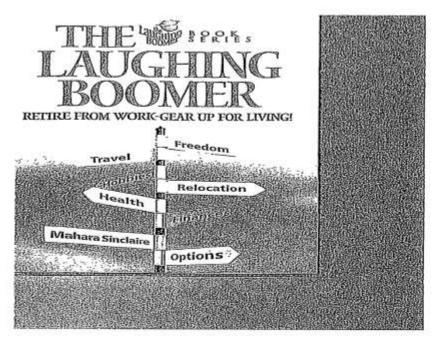


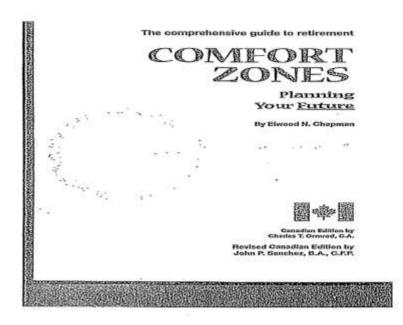


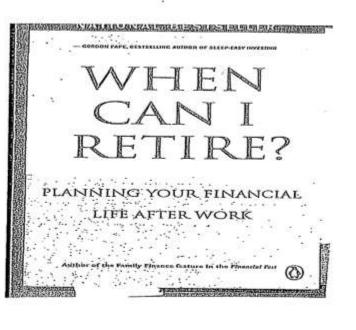
A Six Step Plan to Design and Build a Secure-Retirement-

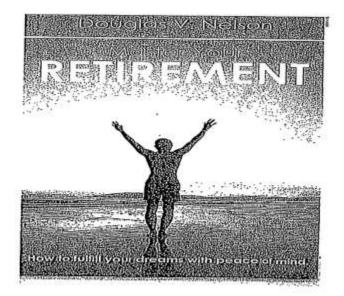
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QUESTIONS???

OPEN FORUM

