



## PLAN FOR RETIREMENT...AND LIFE

Whether retirement is years away or around the corner, you've probably thought about *when* you'll retire. But have you thought about *how long* retirement may be and your goals for this life chapter? If you think that retirement's simply a brief period of time, think again. Canadians are living longer and your retirement could last 30 years or more—that's about one-third of your life.

This reality means it's time for retirement planning to evolve into life planning. Think of it as three steps: Plan. Prepare. Retire.

Let's examine your life and financial situation at each step, and what you can do to help realize your retirement dream. Share these insights with your loved ones so you can all enjoy this unique journey.

### Plan

At this stage, you may have children in school, a mortgage and a fair amount of debt. The focus is on your children and your career, leaving little time to plan for tomorrow.

While paying your mortgage and covering everyday expenses are more immediate concerns, you can still prioritize saving for the future. One of the best ways to achieve your financial goals is to "pay yourself first".

"Putting some money aside right now to use in your future puts time on your side," says Jennifer Hubbard, Managing Director, CIBC Financial Planning and Advice. Time can impact your nest-egg's growth and can help you take advantage of compounding. The earlier you start investing, the more your money grows over time through compounding.

Pay yourself first by setting up an automated transfer between your bank and investment accounts.

### Prepare

At this stage, you likely want to keep a close eye on your investments. While you may be knowledgeable about the stock market, saving and investing, you want to improve your financial situation by examining your retirement preparation.

Conventional wisdom says you will need about 70% to 80% of your current income to maintain a similar lifestyle after you retire. But keep in mind that there are no set rules—this is all about your situation today, tomorrow and in the future. The amount of money you'll need depends on the lifestyle you plan to enjoy while retired and your ability to generate the cash required to pay for it.

Ask yourself:

- How many years until I retire?
- What do I want to do when I'm retired?
- Will I have other income like a pension plan, a part-time job or personal savings?

"Dream out your retirement plan," says Jennifer. "Understand what you want to accomplish. Then, work with your advisor to map out a savings and investing plan that works but still allows you to live your life today."



## Retire

At this stage, your children are probably in university or have careers of their own. After years of financial diligence, you're comfortably retired. Now's the time to draw down your investments.

If you're at the age to draw money from a RRIF, or you have a TFSA or other potential sources of income (such as a holding company), you can remain nimble. This is highly important when

you're on a fixed income. Consider your anticipated tax rate in the current year and in future years. Also account for the type of income you'll receive like capital gains, dividends or interest income, and how they'll impact your overall financial situation. We can help you build a plan for drawing down your investments, considering potential tax implications.

### You asked...we answered

Plan. Prepare. Retire. These three steps evolve retirement planning into life planning. Here we answer questions from people at different stages of their life and financial journey. Their situations may help answer your questions.

#### **Q: We're not sure what our retirement will look like. How do we plan for it?**

Did you know that about 43% of retirees believed they planned and saved enough for retirement, yet only 15% are living their retirement dreams?<sup>1</sup>

The gap between what's expected and what actually happens isn't always about how much money people have. It's important to discuss your retirement aspirations with us—where you'll live and what you'll do with your time. Discuss saving for unexpected costs or unplanned opportunities. Through these discussions, you'll uncover your true goals which will help develop a plan to achieve them.

#### **Q: Are we emotionally ready to retire?**

Being financially prepared for retirement is only part of the equation. Paying attention to your emotions and keeping an open line of communication with your family, close friends and professional advisors is the other part.

What will you do to stay happy and engaged in retirement? It's a crucial question to consider and your answer may have an impact on your finances as well.

#### **Q: How can we arrange our investments to help minimize taxable income and address short-term market risk?**

In retirement, tax and market volatility may matter more than ever. The old adage "every dollar counts" rings true when you rely on pensions, government benefits and investment income. Investing in securities that provide capital gains or Canadian dividends can generate tax-efficient income; investing in lower-volatility mutual funds can help manage market volatility. We'll help you decide the best approach to managing these key concerns.

*Your vision for the future is unique. Contact us to help you see where your retirement might take you. Also, check out our [retirement planning web page](#) for more information.*

<sup>1</sup> *Canadians close to retirement not prepared, 50plus.com*