LIFE EVENTS

PLANNING FOR RETIREMENT

PAVAN
THOMPSON
STEVENSON
WEALTH MANAGEMENT

Leroy Pavan

Investment Advisor & VP
403-317-4330
leroy.pavan@rbc.com

Bob Thompson

Investment Advisor & VP
403-317-4334
bob.thompson@rbc.com

Daryll Stevenson

Investment Advisor
403-317-4318
daryll.stevenson@rbc.com

Lorrie Wyton

Associate
403-317-4324
lorrie.wyton@rbc.com

Aric Pavan

Assistant
403-317-4348
aric.pavan@rbc.com

www.pavanthompsonstevenson.com

FINANCIAL CHECKLIST

Transitioning into retirement will mean a change in your lifestyle and some of your life goals. Your advisor can help with strategies and advice for balancing your priorities and making progress towards achieving your financial goals. Take this opportunity to review your priorities and consider asking your advisor these questions:

- How will my investment requirements change in retirement?
- What is the best way to structure my retirement income so I don't lose age benefits and credits?
- How can my spouse and I minimize taxes in retirement?
- My spouse and I both have sources of income, which should we use first?
- Does my provincial health plan cover me when I spend time in the US?
- Should I be updating my Will?
- Should I be passing on assets to my family now or should I do it through my Will?
- Should I consider a Reverse Mortgage?
- How can I reduce my financial risks due to health problems?
- What do I need to consider if I travel outside the country?

Baby boomers are redefining retirement

Even when baby boomers reach the golden age of 65, they may not necessarily pack up their desk and enjoy a quiet retirement lifestyle like their parents did. If their influence on social revolutions in the past is any indication, chances are that baby boomers are going to enjoy retirement differently.

If you're part of this influential group that is redefining retirement, you'll also need to redefine how you plan for this exciting new chapter of your life.

Different retirement lifestyles

Characteristically, baby boomers have enjoyed higher standards of living than their parents. In addition, healthier lifestyles and medical advances are leading to longer life expectancies.

RBC Wealth Management
Dominion Securities

All these factors indicate that this generation will be looking to enjoy higher standards of retirement as well. Achieving this involves careful planning so that your savings are able to provide adequate income for you to enjoy the rest of your life on your terms.

Times have changed – and so has the retirement age

Unlike their parents, baby boomers may not necessarily be working towards the goal of retirement. Many individuals have found fulfilling careers they want to continue developing past the age of 65. Some are even planning on starting a second career after "retirement."

Retiring later may mean you may be able to wait longer before transitioning to strategies that protect your nest egg. On the other hand, if your dream is pursuing a new passion or to start a small business after you "retire," you may need to save additional funds in order to avoid financial stress.

To longevity *and* good health

Living longer ultimately means very little without your health. With longer life expectancies and medical advances that allow people to recover from serious illnesses, you also need to think about building health-care costs into your retirement savings plan. By planning for these expenses, such as in-home care and specialized treatments, ahead of time by purchasing critical illness, disability and long-term care insurance, you and your family will be able to focus on your health, and not the impact recovery has on your savings.

Creating a new family tradition

Instead of focusing solely on their own needs, baby boomers place a great deal of emphasis on leaving a legacy and helping family members reach their goals. Through efficient tax and estate plan strategies, boomers are able to fulfill their own retirement objectives while making sure they can still leave a legacy to care for their families.

You've seen it before

While you've been saving for your retirement, you've experienced the ups and downs of the markets and seen generous and all-time low interest rates. After you stop working, the markets and interest rates will continue to change. With the many different demands on your retirement income, planning ahead and planning with smart strategies is important in order for you to achieve your objectives and still be prepared for economic swings.

RRSP

When it comes to saving for your retirement, you just can't beat the tax advantages offered by your Registered Retirement Savings Plan (RRSP). Here are some tips on making the most of your RRSP.

Maximize your RRSP contributions every year

Not only are your contributions tax-deductible, they also grow on a tax-deferred basis. In other words, you don't pay taxes on the investment income earned within your RRSP, until you eventually withdraw it. This can result in significantly greater growth over time.

Make your maximum contribution every year and, if you have unused RRSP contribution room from previous years, catch up as soon as possible. Also consider contributing earlier in the year, or at regular intervals throughout the year. This can result in greater growth over time compared to contributing a lump sum at the end of the year.

Reduce future taxes now – with a spousal RRSP

In Canada, the higher your income, the higher your tax rate. Because of this, it can make sense to "split" your income with your spouse, so that you have two smaller retirement incomes taxed at a lower combined rate. The spouse expected to have the higher retirement income can split income by contributing to a spousal RRSP on behalf of the lower-income spouse, who will then receive income from the spousal RRSP during retirement.