Retirement Checklist

Making the most of your retirement

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› Accumulating wealth and growing your assets

› Protecting your wealth by managing risk and using insurance or other solutions

› Converting your wealth to an income stream

› Transferring wealth to your heirs and creating a legacy

In addition to professional investment advice, RBC Dominion Securities Inc. offers a range of services that address your various tax, estate and financial planning needs. One of these services is an extensive library of educational guides and bulletins covering a wide variety of planning topics.

Please ask your Investment Advisor for more information about any of our services.

Please note that insurance products and, in certain instances, financial planning services are offered through RBC DS Financial Services Inc. Please refer to the back cover of this publication for additional information.

Helping you make the most of your retirement

If you are getting close to retirement, or have just recently retired, there are many financial details that you need to address — from government benefits to your registered plans. To help you address these important issues, we have created the Retirement Checklist.

The checklist includes many of the financial issues typically faced by people like you who are approaching retirement or are already retired. Depending on your individual situation, some of these issues may not be applicable, or you may have already addressed them.

Since there may be other issues you need to address that are not included in this checklist, we have provided additional space at the end of each section for you to note them.

You can go through this handy checklist to make sure you have considered important strategies for maximizing your retirement income and maximizing your estate for your family. If you need any assistance completing this checklist, your advisor at RBC® will be happy to help.

Unless specifically indicated, this checklist assumes you are not a U.S. citizen, green card holder or U.S. resident.

GOVERNMENT BENEFITS

- ☐ To avoid delays, ensure your applications for CPP/QPP retirement benefits and Old Age Security (OAS) are filed at least six months before the eligibility date.
- ☐ For an estimate of your CPP retirement benefit, call 1-800-277-9914. For an estimate of your QPP retirement benefit, contact 1-800-463-5185.
- ☐ Speak to your advisor at RBC as to whether or not you're better off taking a reduced CPP/QPP as early as age 60, or waiting until age 65 (or later) for a higher benefit.
- ☐ Consider splitting your CPP/QPP with a lower income spouse to reduce the family tax burden. CPP/QPP splitting is only available when the younger spouse is also eligible to collect CPP/QPP.
- ☐ If you stayed at home caring for children under age seven during your working years, apply for the Child Rearing Drop-Out provision so you can increase your CPP/QPP benefit.
- ☐ If you are at least age 65 and you expect your annual net income to be greater than approximately $65,000, then strategies such as income splitting or deferring income may help to minimize your OAS clawback.
- ☐ If you are entitled to OAS and your income and that of your spouse or common-law partner (if you have one) do not exceed a specified amount, you or your spouse may be eligible for the Guaranteed Income Supplement (GIS) or the OAS spouse's allowance. The allowance stops being paid at income levels of approximately $29,000, while GIS stops being paid at income levels of approximately $37,500.

If there are any other issues you need to address regarding your government benefits, you can note them in the space below.

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EMPLOYER PENSION AND BENEFITS

- ☐ Determine what options you have to receive your employer pension. You may be able to receive the pension as an annuity or transfer the commuted value to a locked-in RSP. Your advisor at RBC can help you analyze which option may be best for you.
- ☐ If you are able to transfer the commuted value of your pension to a locked-in RSP, some of the lump sum may be immediately taxable. Speak to your employer to determine if a portion of the commuted value is taxable on transfer.
- ☐ If you transfer the commuted value out of your pension plan, ask your employer if you are eligible for a Pension Adjustment Reversal (PAR). A PAR increases your unused RSP deduction room.
- ☐ Determine what post-retirement health benefits (such as drug and dental) are available, if any, through your employer. Keep in mind that the decision you make regarding your pension option may affect the level of post-retirement health benefits you receive.
- ☐ If you leave your pension with your employer, ensure that you have designated your desired beneficiary. In many cases, you may be required by legislation to designate your spouse as the beneficiary.
- ☐ If you leave your pension with your employer, you may be required to choose the percentage of your pension that you want payable to your spouse after your death. Depending on your situation, it may be better for you to choose a percentage that is more or less than the default 50% – 66%.
- ☐ If you leave your pension with your employer and you are under age 65, is there an option to receive a higher pension before age 65 and a lower pension after 65? If you are in your late fifties or older or have a long life expectancy, you may be better off forgoing this option and taking a level pension for life.
- ☐ Consider pension income splitting with your spouse to reduce the family tax cost by allocating for tax purposes up to 50% of your employer pension to your spouse, especially if they are taxed at a lower rate. Both you and your spouse, regardless of age, would qualify for a pension tax credit of up to $2,000.

If there are any other issues you need to address regarding your employer pension and benefits, you can note them in the space below.

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RSPs, RIFs AND LOCKED-IN ACCOUNTS

- ☐ Ensure that the named beneficiary of your registered plan (RSP, RIF, locked-in account) is correct. Probate tax (negligible in Alberta) can be avoided by naming a beneficiary on the plan. In Quebec, there is a flat probate or court verification fee for non-notarial Wills, regardless of the size of the estate, and it is recommended you name beneficiaries in your Will.
- ☐ If you have named a beneficiary in your Will for the assets in your registered plan, make sure the same beneficiary is named directly on your plan to avoid any confusion.
- ☐ Be careful of naming a disabled child as the direct beneficiary of the plan. The direct receipt of RSP/RIF funds by a disabled child may potentially disentitle them to provincial disability benefits. Speak to your legal or tax advisor for strategies to avoid this clawback.
- ☐ To avoid a full deregistration of your registered assets, you must convert your RSPs and locked-in RSPs to an income vehicle (such as a RIF, LIF, LRIF, RLIF, PRIF or annuity) before the end of the year in which you turn age 71.
- ☐ If you are at least 65, then you may be entitled to a $2,000 non-refundable pension income tax credit on payments from a RIF, LIF, LRIF, RLIF, PRIF or annuity. This tax credit is worth about $300 in annual federal tax savings and additional savings at the provincial tax level.
- ☐ If you have earned income, then consider making spousal RSP contributions to equalize both spouses' retirement income to minimize the family tax burden.
- ☐ If you are a U.S. citizen living in Canada, then ensure you file IRS Form 8891 related to your Canadian registered plans.
- ☐ If you own an incorporated active business and you want to boost your retirement savings, speak to your advisor at RBC about contributing to an Individual Pension Plan (IPP) instead of an RSP.

If you are an incorporated, self-employed business owner or professional looking to boost your retirement savings, or an employer looking to enhance retirement benefits for a key employee, the ideal solution may be an IPP. RBC can help make setting up an IPP easy for you. Ask your advisor at RBC for a copy of our brochure about IPPs and how this form of retirement benefit may be right for you and your business.

- ☐ If you have a locked-in RSP and have to decide whether to convert to a LIF, LRIF, RLIF, PRIF or annuity, then speak to your advisor at RBC to determine which is best for you.
- ☐ Speak to your advisor at RBC about possible unlocking provisions that may provide access to funds in excess of the regular annual maximum amount from your locked-in accounts.
- ☐ If you have a RIF, LIF, LRIF, RLIF or PRIF, consider basing the minimum withdrawals on the younger spouse's age to minimize taxable withdrawals and maximize tax deferral. You may also transfer funds from an RLIF to an RLSP if you do not wish to continue receiving the minimum withdrawal required.
- ☐ If you are at least age 65, pension income splitting with your spouse may significantly reduce your tax bill by allocating up to 50% of eligible pension income such as RIF, LIF, LRIF, RLIF, PRIF or annuity income to a lower income spouse who has a lower tax rate. If your spouse is also at least 65, they may qualify for the $2,000 pension income tax credit.
- ☐ Speak to your advisor at RBC about the appropriate asset allocation of your registered accounts in retirement. In general, from a tax-planning standpoint, your fixed-income investments should be held in your registered plans and your equity investments in your non-registered plans.
- ☐ If you are turning age 71 this year and have earned income, consider making your next year's RSP contribution in December of this year. This final RSP contribution is sometimes called the "forgotten RSP contribution."

RSPs, RIFs AND LOCKED-IN ACCOUNTS (continued)

- ☐ If you are concerned about your estate having a large tax liability related to your remaining RSP/RIF assets at death, then speak to your advisor at RBC about using insurance as a low-cost solution to pay for this tax bill.
- ☐ A rule of thumb is to withdraw from your non-registered accounts before your registered accounts in order to maximize tax deferral. However, if your income is low, in some cases, you may be better off making early withdrawals from your RSP/RIF to minimize your future tax bill.
- ☐ If you have a foreign retirement plan, such as a U.S. IRA or 401(k), then you may be eligible to contribute those assets to your RSP without affecting your unused RSP deduction room. Speak to your advisor at RBC for more details.

If there are any other issues you need to address regarding RSPs, RIFs and locked-in accounts, you can note them in the space below.

NON-REGISTERED ASSETS

- ☐ Speak to your advisor at RBC about the appropriate asset allocation for your non-registered assets as you near retirement or during retirement. Ensure you have an adequate equity component given the possibility of long life expectancy.
- ☐ Based on your risk tolerance, consider investments that earn tax-effective income such as capital gains, Canadian dividends and return of capital.
- ☐ If you have a low-income spouse, consider setting up a prescribed rate loan for income-splitting purposes.
- ☐ If you have a testamentary trust provision in your Will, then having assets held in joint tenancy with right of survivorship (JTWROS) may not be appropriate. JTWROS is not applicable in Quebec.
- ☐ If you have significant non-registered assets, consider gifting or loaning surplus assets directly or through a trust to low-income children/grandchildren for income-splitting benefits.

RBC offers both family trust and formal trust solutions. These solutions, based on standardized trust deeds, are structured primarily for the purpose of splitting investment income with low-income family members to minimize the overall tax burden on the family. The RBC Family Trust can be used to fund your children's education and expenses while providing a mechanism for income splitting. The RBC Dominion Securities Formal Trust is used primarily for gifting smaller amounts to a beneficiary for income splitting. The main difference between the RBC Family Trust and the RBC DS Formal Trust is that amounts contributed to the RBC DS Formal Trust are irrevocable gifts to a beneficiary, while with the RBC Family Trust, you have the option to loan or gift monies to the trust. If you are interested in learning more about the RBC Family Trust or RBC DS Formal Trust, speak to your advisor at RBC.

- ☐ If you are an affluent U.S. citizen, then having assets held in JTWROS (not applicable in Quebec) may not be appropriate for U.S. Estate Tax purposes.
- ☐ If you are over age 60 and would like more after-tax retirement income than what GICs offer and also want to leave an estate, then speak to your advisor at RBC about the concept of an insured annuity.
- ☐ If you have surplus assets you intend on passing on to the next generation, consider insurance-based solutions for tax-free investment growth and for maximizing your estate value.
- ☐ Consider investing in the Tax-Free Savings Account (TFSA) introduced in the 2008 federal budget. Investment earnings in the TFSA and funds withdrawn from it are tax exempt; investments in a spouse's TFSA will not trigger income attribution, and withdrawals or income earned in a TFSA will not affect income-tested benefits or create a clawback of government benefits.

If there are any other issues you need to address regarding your non-registered assets, you can note them in the space below.

ESTATE PLANNING

- ☐ Ensure that your Will and power of attorney are up to date. If you own shares of a private company, then speak to your lawyer about having a second Will in order to possibly minimize probate taxes.
- ☐ If you are in a second marriage, have disabled children and/or have significant assets, then speak to your lawyer about having a testamentary trust provision in your Will for control and income-splitting benefits.
- ☐ If you or your spouse is at least age 65, then speak to your lawyer about the benefits of rolling your non-registered assets into an alter-ego or joint-partner trust for probate avoidance and privacy of affairs.
- ☐ Speak to your advisor at RBC about getting an insurance needs analysis for estate preservation to ensure that your survivors will have adequate income and assets to meet their needs after your death.
- ☐ You may be subject to U.S. Estate Tax upon your death if you own U.S. stocks or U.S. real estate, depending on the value of your U.S. situs assets (2009 threshold $60,000) and the value of your worldwide estate (2009 threshold, $3,500,000). Speak to your advisor at RBC for information on estimating your exposure to U.S. Estate Tax and strategies that you can discuss with your tax advisor to minimize that exposure.
- ☐ Consider pre-arranging your funeral to reduce the burden on family members.
- ☐ If advantageous from a cost/benefit standpoint, take appropriate steps to minimize probate fees (negligible in Alberta and Quebec). Assets held in JTWROS (not applicable in Quebec), living trusts and lifetime gifts are common strategies.

If there are any other issues you need to address regarding your estate planning, you can note them in the space below.

GENERAL POINTS

- ☐ Speak to your advisor at RBC about having a financial plan prepared or updated to determine if you have enough assets and income to meet your expected expenses in retirement. Be careful not to underestimate your life expectancy.
- ☐ Consider consolidating your retirement and investment assets in order to reduce fees, simplify your administration and simplify your estate settlement.
- ☐ If you are retired, you may now be eligible for discounts related to your home or auto insurance premiums, so contact your insurance company. The retiree discount may apply even if you are under age 65.
- ☐ Certain eligible life insurance policies can be used to supplement your retirement income. Ask your advisor at RBC to help you determine if these policies are right for you.
- ☐ If you are concerned about rising health care costs for your parents or yourself, then speak to your advisor at RBC about the benefits of critical illness insurance and long-term care insurance to avoid depleting assets to pay for major health care costs.
- ☐ If you own your own business and plan on selling the business in the next few years, then speak to your tax advisor about restructuring the ownership of the business to minimize tax on the future sale.
- ☐ If you travel regularly to the U.S., speak to your advisor at RBC about RBC U.S. Banking packages. Also speak to your tax advisor about your U.S. tax filing obligations.
- ☐ If you have significant equity in your home and you require additional retirement income, then consider a reverse mortgage.
- ☐ If you have been named as an executor (estate trustee in Ontario or liquidator in Quebec) of an estate, consider professional agent for executor services to help you with the complexities of estate administration.

Oftentimes the role of executor (estate trustee in Ontario or liquidator in Quebec) can be overwhelming and confusing. The Agent for Executor solution offered by RBC Estate and Trust Services allows the named executor to retain the decision-making authority while having the extensive administrative duties of the estate handled by RBC Estate and Trust Services on their behalf, to the extent they desire. The Agent for Executor solution may be ideal for individuals who have been asked to act as estate executors but lack the time, desire or expertise to fulfill all of those obligations. Naming or appointing Estate and Trust Services refers to appointing either Royal Trust Corporation of Canada or, in Quebec, The Royal Trust Company. Ask your advisor at RBC for a brochure about the Agent for Executor solutions offered by RBC Estate and Trust Services.

- ☐ Ensure you have adequate prescription drug and dental coverage in retirement.
- ☐ Ensure you have appropriate travel insurance when you are travelling in retirement.
- ☐ Ensure you have an adequate emergency fund. A line of credit can also serve as part of your emergency fund.
- ☐ If you make annual donations, then consider donating shares in-kind, instead of selling the shares and donating the cash, in order to eliminate tax on the capital gain.

If you would like to create an enduring charitable legacy, consider the RBC Charitable Gift Program. This program is specifically designed for individuals and families wishing to support charitable causes in a meaningful way, without the time and cost associated with establishing a private foundation. It is an easy, convenient way to support charitable causes you care about, today and in the future, while receiving important tax benefits. Through this program, you can make initial and ongoing contributions to a charitable gift fund administered by the Charitable Gift Funds Canada Foundation (CGFCF), one of the leading charitable foundations in the country. Ask your advisor at RBC for a copy of our brochure about the RBC Charitable Gift Program and how this form of charitable giving may be right for you.

GENERAL POINTS (continued)

- ☐ If you have children or grandchildren age 17 or younger, consider making an RESP contribution for education savings.
- ☐ If you or your child is disabled, consider making contributions to a Registered Disability Savings Plan (RDSP, introduced in the 2007 budget) for savings. Income earned and payments received do not reduce federal income-tested benefits such as OAS.

If there are any other general issues you need to address, you can note them in the space below.

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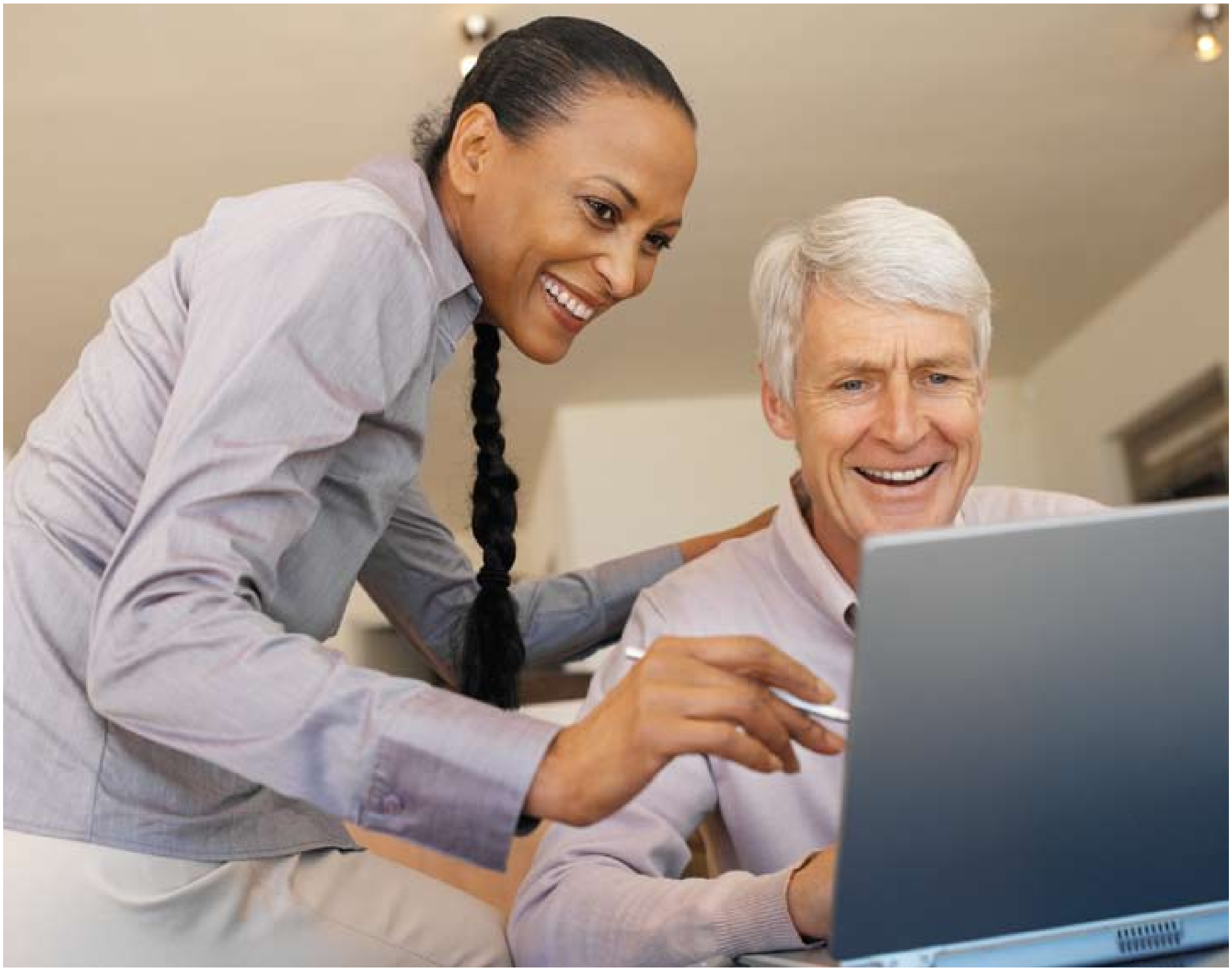

For more information, speak with an Investment Advisor
from RBC Dominion Securities Inc.

Visit our website: **www.rbcds.com**

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