

# Creating a comfortable retirement

You've spent time building enough income to retire on, and are embarking on this new stage of your life

These considerations can help you maximize your retirement income and enjoy the fruits of your labour.

- Order your sources of retirement income. At the time you retire, your tax rate is generally higher than later in retirement when you have less taxable income.

Generally, if you're in a higher tax bracket, it makes sense to begin withdrawing lesser-taxed assets before those that trigger greater taxes. For example, income drawn from your RRIF is fully taxable at your marginal rate, while capital gains and eligible dividends drawn from your regular non-registered account receive favourable tax treatment. As a result, it may make sense to draw more income from your non-registered accounts first, and draw only the minimum required amount from your RRIF. That way, you allow more of your RRIF assets to continue growing on a tax-deferred basis, and you may be in a lower tax bracket when you eventually start making larger RRIF withdrawals (which are fully taxable at your marginal rate).

- Make arrangements for RRIF income payments. When you convert your RRSP to a RRIF, you must receive at least a minimum payment from the plan each year. But if you don't yet need this income, you can contribute it to your TFSA so that it can continue to grow tax-free. If you have a spouse younger than you, you may choose to base your minimum annual RRIF withdrawal on your spouse's age in order to minimize the amount of the annual withdrawal, thereby keeping more assets in your RRIF to grow tax-deferred.

- Find your balance. Whether it's to continue earning some extra money for retirement, or to simply ease in to the next stage of life, many people become semi-retirees before they become retirees. Think about whether you want to transition into retirement gradually instead of all at once, for example by consulting, working part-time or training your successor.

- Think beyond the money. Your financial well-being is important, but so is your mental and physical well-being.



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ing. People who are active in their communities have higher self-esteem, a brighter outlook on life and better health, according to a 2008 Statistics Canada study. As you near retirement, think about what you'd like to accomplish with your time – perhaps volunteer at a local organization or on a Board of Directors, or support a charity that's close to your heart.

## GET READY TO RETIRE

- Determine your employer pension options. Ask your employer about your pension options on retirement, including the option to transfer

the value of your pension to a locked-in RRSP. Consider whether it is possible to split your pension payments with a lower income spouse.

- Apply for Canada Pension Plan (CPP) or Quebec Pension Plan (QPP) benefits. Avoid delays by filing for CPP or QPP benefits at least six months before you are eligible to receive them. If your spouse is also eligible, consider applying for CPP/QPP “sharing” to reduce your total tax burden.



- Review your asset allocation. Speak to us about tailoring your registered and non-registered investments to your retirement income needs. As you make the transition into retirement, you will probably want to move from a more growth-based investment approach to one that preserves your capital and enhances your income.

To learn more about protecting your legacy for the next generation, please contact Connor today at [connor.ryan@rbc.com](mailto:connor.ryan@rbc.com), or by phone at 905-895-4102.

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