Retirement Checklist

Making the most of your retirement

Wealth Management

RBC Wealth Management

RBC Wealth Management® provides comprehensive services designed to address your multi-faceted financial concerns, simplify your life, give you the freedom to pursue your other priorities and provide you with the confidence that your goals will be achieved.

Whether you need assistance managing your family's wealth, maximizing your business investments or providing stewardship for non-profit assets, RBC Wealth Management brings together the solutions you need in key areas such as financial planning, private banking, investment management and estate and trust services.

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- Accumulating wealth and growing your assets
- Protecting your wealth by managing risk
- Managing the affairs of a loved one
- Converting your wealth to an income stream
- Transferring wealth to your heirs
- Creating an enduring legacy

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To help you understand your choices and make informed decisions, RBC publishes a wide variety of financial, tax and estate publications, written by leading authorities on wealth management for high-net-worth Canadians. Please ask your RBC advisor for information about other RBC Wealth Management publications.

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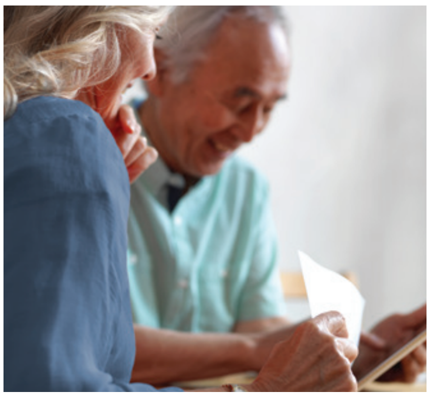

If you are getting close to retirement, or have just recently retired, there are many financial details that you need to address, such as applying for government benefits and converting your registered plans to provide you with pension income. To help you address many of these important issues, we have created this Retirement Checklist.

The checklist includes a comprehensive list of many of the financial issues you may face if you are approaching retirement or have already retired. Depending on your individual situation, some of the items on the list may not be applicable to you, or you may have already addressed them.

If there are 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.

This checklist may serve as a handy tool to make sure you have considered important strategies for maximizing your retirement income. The checklist also provides a number of items for you to consider when estate planning. If you need any assistance completing this checklist or addressing any of the items you checked off, your RBC advisor will be happy to help you.

Note: 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 Canada Pension Plan (CPP) or Quebec Pension Plan (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 Service Canada at 1-800-277-9914. For an estimate of your QPP retirement benefit, contact Retraite Quebec at 1-800-463-5185.
- [ ] Speak to your RBC advisor about 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.
- [ ] If you take CPP before age 65 and continue to work, you and your employer are required to contribute to CPP until you are at least age 65. You will be entitled to a post-retirement benefit that will supplement your regular CPP retirement benefits.
- [ ] If you take CPP at age 65 and continue to work, you can voluntarily continue to contribute to CPP to earn post-retirement benefits.
- [ ] Consider applying for CPP/QPP sharing with a lower income spouse to reduce the family tax burden. CPP/QPP sharing is only available when your 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.
- [ ] At age 65, you may be eligible for OAS if you lived in Canada for at least 10 years. You could receive a higher amount of OAS by choosing to receive your OAS after age 65 and before age 70.
- [ ] Consider income splitting or income deferral strategies to keep your income below the OAS recovery tax (clawback) threshold.
- [ ] Low income earners receiving OAS may also be entitled to the Guaranteed Income Supplement (GIS). If you are receiving OAS and GIS, your spouse may be eligible to receive an allowance if they are between 60 and 64 years of age. Speak to your RBC advisor regarding eligibility requirements.
- [ ] If you have lived or worked in another country, you may be eligible for social security benefits from that country, from Canada or from both countries. Contact International Operations at Service Canada at 1-800-454-8731 for more information.

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 RRSP. Your RBC advisor 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 RRSP, some of the lump-sum may be immediately taxable. Speak to your pension administrator to determine if a portion of the commuted value is taxable.
- ☐ If you transfer the commuted value out of your pension plan, ask your employer if you are eligible for a Pension Adjustment Reversal (PAR). If you are entitled to a PAR, your employer will issue you a tax slip, indicating your PAR amount. A PAR increases your unused RRSP 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, your spouse is automatically entitled to spousal benefits on your death. If you do not have a spouse, you may want to name a beneficiary on the plan.
- ☐ Most employer pension plans are required by pension legislation to offer a 60% survivor benefit to your spouse. Some plans allow you to elect an amount that is greater or lesser than 60%. Consider your situation carefully when choosing your option as your decision cannot be changed after the pension begins to pay you.
- ☐ Consider splitting up to 50% of your employer pension income with your spouse to balance your taxable incomes which may reduce the family tax bill. Additionally, this may allow both you and your spouse to take advantage of the $2,000 federal pension tax credit. Please note that in Quebec, you must be at least age 65 in order to split qualifying pension income with your spouse.

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

RRSPs, RRIFs, locked-in accounts and TFSAs

- [ ] Consider naming a beneficiary on your registered plans. Doing so may allow you to reduce probate fees. In Quebec, there is a flat probate or court verification fee for non-notarial Wills, regardless of the size of the estate, and beneficiaries need to be named in your Will not on the plans.
- [ ] Ensure that any beneficiaries named in your Will do not conflict with beneficiaries named on your registered plans. This may help you avoid unnecessary legal expenses and conflicts.
- [ ] If you are naming a disabled child as the direct beneficiary of a registered plan, you should be aware that the direct receipt of RRSP/RRIF funds by a disabled child may potentially disentitle them to provincial disability benefits. Speak to your legal or tax advisor for strategies to deal with this issue.
- [ ] To avoid a full deregistration of your registered assets, you must convert your RRSP and locked-in RRSP to an income vehicle (such as a RRIF, LIF, LRIF, RLIF, PRIF or annuity) before the end of the year in which you turn age 71.
- [ ] At age 65, withdrawals from a RRIF, LIF, LRIF, RLIF, PRIF or annuity may entitle you to the $2,000 federal pension tax credit. This tax credit is worth about $300 in annual federal tax savings and there may be additional savings at the provincial tax level.
- [ ] If you and your spouse have unequal incomes, consider having the higher income earner contribute to a spousal RRSP for the lower income earner. This may allow you to income split and lower the overall family tax burden.
- [ ] If you are paying yourself a salary from your incorporated business, you may be able to boost your retirement savings by setting up an Individual Pension Plan (IPP). Speak to your RBC advisor for more information on IPPs.
- [ ] If you have a locked-in RRSP and have to decide whether to convert it to a LIF, LRIF, RLIF, PRIF or annuity, speak to your RBC advisor to determine which is best for you.

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

- [ ] Speak to your RBC advisor about possible unlocking provisions that may provide access to funds in your locked-in accounts, in excess of the regular annual maximum amount.
- [ ] If you have a RRIF, LIF, LRIF, RLIF or PRIF, consider basing the minimum withdrawals on the younger spouse's age to minimize taxable withdrawals and maximize tax deferral.
- [ ] If you or your spouse is at least age 65, pension income splitting may help reduce your family tax bill. The higher income earner may want to split up to 50% of their income from a RRIF, LIF, LRIF, RLIF, PRIF or annuity to equalize your incomes. Additionally, if both of you are at least 65, the split income may help you and your spouse qualify for the $2,000 federal pension income tax credit.
- [ ] Speak to your RBC advisor about the appropriate asset allocation of your registered accounts in retirement. Consider the liquidity of your investments and the different ways different types of income are taxed.
- [ ] If you are turning age 71 this year and have earned income, consider making your next year's RRSP contribution by overcontributing in December of this year. The amount of tax you can save is usually greater than the amount of penalty you would pay for one month. This final RRSP contribution is sometimes called the "forgotten RRSP contribution."
- [ ] If you have a foreign retirement plan, and you intend to retire in Canada, you may be able to collapse the foreign pension plan and contribute the funds into your RRSP without affecting your RRSP contribution room limit. Speak to your RBC advisor for more details.
- [ ] Consider investing in a Tax-Free Savings Account (TFSA). Investment earnings in a TFSA and funds withdrawn from the plan are tax-exempt, and withdrawals or income earned in a TFSA will have no impact on the federal income-tested benefits and credits you may be entitled to (e.g. GIS, GST, CPP, OAS).
- [ ] Consider how to maximize your after-tax retirement income. For some, withdrawing from your non-registered accounts before your registered accounts will maximize the tax deferral. Consider whether making tax-free withdrawals from your TFSA rather than drawing from taxable income sources can help you defer tax longer. If instead, your income is low, you may be better off making early withdrawals from taxable income sources, such as an RRSP, to minimize your future tax bill.
- [ ] If you are concerned about your estate having a large tax liability related to your remaining RRSP/RRIF assets at death, then speak to your RBC advisor about using insurance as a solution to pay for this tax bill.

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

Non-registered assets

- [ ] Speak to your RBC advisor 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 you will live a long life.
- [ ] Based on your risk tolerance, consider investments that earn tax-effective income such as capital gains and Canadian dividends.
- [ ] Consider setting up a prescribed rate loan to even out the income between your family members from your non-registered assets, which may lower your family tax bill.
- [ ] If you have a testamentary trust provision in your Will, ensure that you are not holding the assets that you intend to go into the trust in joint tenants with right of survivorship (JTWROS). JTWROS is not applicable in Quebec.
- [ ] If you are over age 60, would like more after-tax retirement income than what GICs offer, and also want to leave an estate, speak to a life licensed advisor about the concept of an insured annuity.
- [ ] If you have surplus assets that you intend to pass on to the next generation, consider insurance-based solutions for tax-free investment growth and for maximizing your estate value.

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 are in a second marriage, have disabled children and/or have significant assets, speak to a qualified legal advisor about having a testamentary trust provision in your Will to help ensure the assets are properly managed after your death.
- [ ] If you or your spouse is at least age 65, consider speaking with a qualified legal advisor about whether setting up an alter ego or joint partner trust makes sense for your family.
- [ ] Speak to a life licensed advisor about getting an insurance needs analysis for estate preservation to ensure that your beneficiaries will have adequate income and assets to meet their needs after your death.
- [ ] If you are a U.S. person or you own U.S. situs assets, you may have a U.S. estate tax liability on death. Speak to your RBC advisor for information on U.S. estate tax and strategies 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). Some common strategies include making lifetime gifts and putting assets in living trusts.

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 RBC advisor 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 the administration of your investments 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. Consult with a life licensed advisor 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 a life licensed advisor about the benefits of critical illness insurance and long-term care insurance to avoid depleting your 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, speak to your tax advisor about restructuring the ownership of the business to minimize tax on the future sale.
- [ ] If you have significant equity in your home and you require additional retirement income, consider whether a reverse mortgage is appropriate for you.
- [ ] 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.
- [ ] Consider private health insurance to ensure that 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, 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 have children or grandchildren age 17 or younger, consider making an RESP contribution; they may be entitled to government grants that can significantly boost their education savings.

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

Tailored to your individual needs by your RBC advisor, RBC Wealth Management provides the specific services you need, today and in the future.

For more information:

- Speak with an RBC advisor
- Visit our website at **rbcwealthmanagement.com**

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