# Preparing for Retirement Part B

**An educational program for individuals and families anticipating or now in retirement**

## Focus on Financial Planning

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**An educational program for individuals and families anticipating or now in retirement**

Retirement is traditionally referred to as the time you terminate or reduce your employment activities after years in the workplace. A financially sound retirement will likely be determined by how well you understand your needs in retirement and your willingness to develop a plan to satisfy those needs. Without a well-constructed plan in place, it's difficult to know whether your financial resources will be sufficient to fund your lifestyle in retirement. Preparing a retirement plan well in advance of your actual retirement date will give you the time to develop and implement the necessary action plans to achieve your retirement goals.

In this workshop, we will discuss how to use the 5 essential steps that go into building a comprehensive Retirement Financial Plan.

1. Determining your financial objectives in retirement
2. Gathering and Analyzing your financial data – current information, future expenses, sources of income and surplus/ deficit possibilities
3. Preparing action plans to achieve your objectives
4. Implementing your action plan
5. Monitoring and revising the plan over time

Our workshop focus will be on steps 1 to 3. We will look at various sources of income, including government programs, and discuss taxation issues that may impact your personal planning. Savings and investment vehicles will also be reviewed. The workshop format is based on a process that walks you through a case study. The case study is based on a Typical employee (not a real one - a sample). We will build a Retirement Financial Plan for the sample employee and look at the various challenges and opportunities that the employee, and many of us, will likely face. The process should provide you with the knowledge you will need to begin building your own action plan.

*Preparing for Retirement – A focus on financial planning* is designed to enhance your knowledge and understanding of retirement financial planning. It does not, however, eliminate the need and value of professional financial advice. We believe that increased personal knowledge/understanding coupled with competent professional input will work to your advantage in the achievement of your retirement goals.

**First Sovereign Investment Management Inc.**

- Financial education and counseling
- Objective, unbiased courses
- Network of alliances with qualified professionals

**Learning Objectives**

- To recognize that planning for retirement is about funding your lifestyle
- To understand the components/ process of financial planning for retirement

## Agenda

- **Introduction**
- **Creating a financial plan**
- **Financial needs at retirement**
- **Sources of retirement income**
- **Impact of taxes**
- **Putting it all together**

**What do you want to learn in today's session? List 2 or 3 main points**

## Retirement Planning

**Organizing your financial affairs to optimize wealth at retirement**

**Given:**

- **Your personal needs, values and desires**
- **Legislative constraints/compliance e.g. progressive tax system**
- **Practical considerations**
- **Your ability to project into the future**
- **Your ability to analyze outcomes**

## Retirement Planning

Retirement Planning is a very important part of everyone’s life. However, it should be balanced with - not at the expense of - your current needs.

**First Question of Retirement Planning**
*How much is enough?*

**Second Question of Retirement Planning**
*Do I have enough?*

**Financial Planning for Retirement**

Retirement Planning is a life long exercise which should take into consideration your lifestyle requirements - in other words, how much money it will take to live comfortably given your personal needs, values and attitudes.

## The 5 step process

- **Establish your retirement objectives**
- **Gather and analyze pertinent data**
- **Evaluate alternatives and develop strategies**
- **Implement the plan**
- **Monitor and review the plan**

Our discussion will focus on the first three steps in the process.

## Case Study

- **Sample employee**
- **Within 10 years of retirement**
- **"Can I retire on my terms?"**

**Background Information**

**Tom and Mary Brown**

Tom is 53 years old and has worked for his employer for the past 16 years. He earns $70,000 a year. Tom's spouse, Mary, is 51 years old and earns $40,000 a year. She has no pension plan.

Tom and Mary have 2 children who will be completing their education within the next 4 years. Money has been put aside for this.

Their mortgage will be paid off by their planned retirement date (when Tom turns 60) and they have no other debts.

When they retire, they want to be able to maintain their current standard of living and also travel extensively. They want to live in their present home as long as possible and make every effort to leave a significant estate to their children.

Most of their non-registered assets have been set aside for their children's education. Their current retirement assets consist of Tom's RRSP, valued at $125,000 and Mary's RRSP valued at $35,000.

Tom and Mary are wondering if their retirement plans are realistic given their current financial situation and ability to save over the next 9 years.

## Step 1

**Establish your retirement objectives**

**Objectives should be:**

- **Quantifiable**
- **Realistic**
- **Agreed on jointly**

## Tom and Mary's Objectives

- **Retire in 9 years**
- **Maintain current standard of living**
- **Travel extensively**
- **Live in present home**
- **Leave an estate to children**

## Step 2

- **Gather and analyze pertinent data**
  - **Expenses**
  - **Income sources**
  - **Investments**

## Expenses

- **Current**
- **Retirement**

## Annual cash needs at retirement

| | Current Monthly | Adjustments at Retirement | New Monthly Total |
|---|---|---|---|
| **Housing** | | | |
| Rent or Mortgage | 1,000 | -1,000 | 0 |
| Condo Fees/Property Taxes | 300 | | 300 |
| Home Insurance (if paid monthly) | | | |
| Power & water & sewage | 100 | | 100 |
| Heating Costs | 100 | | 100 |
| Phone & Long Distance & Cellular | 70 | -20 | 50 |
| Cable or Satellite | 70 | | 70 |
| **Food** | | | |
| Grocery Store | 600 | -250 | 350 |
| Restaurants & fast food & lunches | 150 | -50 | 100 |
| **Transportation** | | | |
| Car Loan or Lease | 400 | | 400 |
| Gasoline | 200 | -50 | 150 |
| Parking | | | |
| Bus & taxi & car pool | | | |
| **Recreation** | | | |
| Entertainment, sports, hobbies | 100 | +100 | 200 |
| Liquor, cigarettes | 60 | | 60 |
| Babysitting | | | |
| Books, magazines, newspapers | 40 | | 40 |
| **Deductions from Income** | | | |
| CPP | | | |
| EI | | | |
| Social | | | |
| Pension Contribution | | | |
| Other (specify) (health) | 60 | -60 | 0 |
| **Savings & Investments** | | | |
| Short term goal (i.e. vacation) | | | |
| Medium term goal (car, 3 years) | | | |
| Long term goal & RRSPs | | | |
| **Debts** | | | |
| Total monthly debt payments | | | |
| **Sub Total for This Page** | **3,250** | **-1,330** | **1.920** |

| | | | |
|---|---|---|---|
| **Sub-total from previous page** | **3,250** | **-1,330** | **1,920** |
| **Miscellaneous** | | | |
| Child support | | | |
| Day Care | | | |
| Church & charities | 100 | | 100 |
| Toiletries, hair, cosmetics | 60 | -20 | 40 |
| Personal allowances | 400 | -100 | 300 |
| Bank service charges | 10 | | 10 |
| Dry cleaning, laundry | 50 | -30 | 20 |
| Pet supplies | | | |
| Christmas or celebrations | | | |
| Birthdays, other gifts | 100 | | 100 |
| Subscriptions | 30 | | 30 |
| School fees, supplies | | | |
| Professional services (lawyer, vet, etc.) | | | |
| Other (specify) ______________ | 100 | | 100 |
| Other (specify) ______________ | | | |
| **Total Monthly Expenses** | **4,100** | **-1,480** | **2,620** |
| **Annualized Monthly Expense (x 12)** | **49,200** | **-17,760** | **31,440** |

## Annual Expenses

| | Current Annual | Adjustments at Retirement | New Annual Total |
|---|---|---|---|
| **Medical** | | | |
| Health Care (incl prescriptions) | 300 | | 300 |
| Dental | 200 | +200 | 400 |
| Optical | 500 | | 500 |
| Specialists | | | |
| **Clothing** | | | |
| & shoes, jewellery, cleaning | 3,000 | -1,500 | 1,500 |
| **Insurance** | | | |
| Life & Disability Insurance | | | |
| Home or Tenant Insurance | 600 | | 600 |
| Car Insurance | 2,200 | -500 | 1,700 |
| **Memberships** | | | |
| Union & Professional dues | 400 | -400 | 0 |
| Club Dues | 1,000 | | 1,000 |
| **Car** | | | |
| Registration | 200 | | 200 |
| Tune ups, repairs, tires | 1,200 | | 1,200 |
| Driver's license | 200 | | 200 |
| **Housing** | | | |
| Maintenance, repairs | 2,000 | | 2,000 |
| Decorating, linens, furniture | 1,000 | | 1,000 |
| Property Taxes | | | |
| Gardening | 300 | | 300 |
| **Recreation** | | | |
| Sports Equipment | 300 | | 300 |
| Lessons, programs, camps | | | |
| Vacations & weekends away | 4,000 | +4,000 | 8,000 |
| Season tickets | | | |
| **Total per Year** | **17,400** | **+1,800** | **19,200** |
| **Monthly x 12 from previous table** | **49,200** | **-17,760** | **31,440** |
| **Total Annual Cost of Living** | **66,600** | **-15,960** | **50,640** |

## Income Sources

- **Company plans**
- **Personal savings**
- **Sheltered • Non-sheltered**
- **Government programs**
- **Other capital**

### Employer Pension Plans

Depending on your employer (or your spouse's), there may be several pension plan options available. Use this table to complete details on one or more pension plans available.

In this example the company has a defined benefit pension plan and a defined contribution pension plan (DCPP). For the purpose of pension calculation only in this section we will only consider the defined benefit pension option. A defined benefit plan means that the benefit you will receive at retirement is defined ahead of time.

In the sample, you may only receive a pension, either immediate or deferred, upon retirement. In some employer plans you have an additional option of taking the lump sum value as a transfer to a Locked-In Retirement Account (LIRA). This option shifts the responsibility of managing your pension value from the employer to you.

### Employer Pension Plan Summary

| | Sample Plan | Your Plan | Spouse's Plan |
|---|---|---|---|
| Pension Amount | 1.3%/yr | | |
| Retirement Options | Joint + 60%<br>Life-5 yrs | | |
| Termination Options | Deferred pension lump sum | | |
| Inflation Protection | Partial | | |
| Early Retirement Option | Reduced 4%/yr to age 65 | | |
| Transition retirement allowance | Yes | | |

**Employer Pension Calculation - Tom Brown**

Tom's pension is calculated as 1.4%/year on the first $48,300 (the YMPE) and 1.9%/year on the balance. We will simplify and say he gets roughly 1.5% on earnings. The earnings basis for Tom's pension plan is the average of the highest five years of earnings. Tom faces a 0.25% early retirement reduction for each month prior to 65.

| | Tom | Yours |
|---|---|---|
| Age at Retirement | Yrs old | |
| Years of Service | Yrs | |
| Formula | 1.5%/yr x Earnings Basis | |
| Pension % | % | |
| Earnings Basis | $ | |
| Pension Amount | $ | |
| Months Early | Mths | |
| Monthly Reduction | % | |
| Total Reduction | $ | |
| Net Pension | $ | |

**LEGISLATIVE REQUIREMENTS AT TIME OF RETIREMENT**

In most provinces, if you are married at the time of retirement, you must provide a survivor pension unless your spouse waives his or her rights to the survivor benefit. Each Province has similar legislation but the survivor benefits required may slightly differ. Some provinces require 60% survivor benefits, some 66.66%.

Spouses may waive their rights to the survivor benefit but should be cautioned against doing so. Before waiving the spousal rights to the survivor benefits several considerations should be reviewed.

Does the surviving spouse have sufficient other financial resources available to maintain his or her lifestyle in the event of the death of the partner? Is the spouse of the retiree in good health? Is the retiree's spouse in poor health with a life shortening disease? What is the age difference between spouses? Is the retiree substantially younger than his or her spouse?

These are some of the different issues you should look at before signing any waivers.

## Creating Income at Retirement

- **RRSP**
- **DPSP**
- **Annuities**
- **RRIF**
- **LIF/LRIF**

**Personal Savings**

(Complete your Net Worth Statement – Appendix)

Personal Savings generate several sources of revenue. Invested assets generate income from interest, dividends and capital gains. Registered assets generate income that is taxable the same way as employment income. Our discussion will be focused on registered funds.

**Registered Assets**

For many, the personal savings at retirement come by way of Registered Retirement Savings Plans or RRSPs. We can contribute to these plans until the age of 71.

By December 31, in the year in which we turn 71, we must convert our RRSPs to some sort of income generating account. The current types of income generating accounts approved by Canada Revenue Agency (CRA) include Annuities and Registered Retirement Income Funds (RRIF's). Prior to age 71, we may also make cash withdrawals to supplement our income requirements. There is no minimum age for cash withdrawal or conversions to income generating accounts. Some of you may have funds in a "Locked-in" Registered Plan. The funds for this type of plan originated from a pension plan of a previous employer

Under certain circumstances, pension funds may be transferred to a Locked-in RRSP or a LIRA and must be inaccessible until age 55. In the Province of Alberta it is age 50. At age 55, (or age 50 in Alberta) but no later than age 71, these funds may be converted to an Annuity, Life Income Fund or a Locked-in Retirement Income Fund.

**Annuities**

Annuities are contracts with insurance companies. Registered annuities pay you for your lifetime. At the time of purchase you also lock in your rate of return. The amount of the annuity is dependent on your age at the time of purchase and the market interest rates. The older you are at the time of purchase, the higher your monthly payments will be. The lower the interest rates at the time of purchase, the lower your monthly payments will be.

Annuities can be purchased to have a survivor benefit for your spouse. It can also have a guarantee period in the event that you and your spouse meet an early demise. Annuities may be a fixed amount for your lifetime or they can be indexed to offset the effects of inflation. Each purchase of an extension reduces the monthly payment and, depending on your personal needs and circumstances, these may be very worthwhile.

**Registered Retirement Income Funds (RRIFs)**

The RRIF is governed by the Income Tax Act. It is generally established with funds that are rolled over on a tax-deferred basis. The Income Tax Act requires that a minimum amount be withdrawn from the RRIF each year and taken into taxable income. The Income Tax Act does not specify any limitations on the maximum withdrawal.

There is no minimum age at which you may establish a RRIF. However, an RRSP annuitant- must convert his/her RRSPs to a retirement income option by December 31 of the year in which he/she reaches 71 years of age. However, for most people there is little point in converting to a RRIF prior to age 71 Withdrawals can be made from the RRSP as needed.

**Life Income Funds (LIFs)**

Life Income Funds (or LIF locked-in funds) are established with proceeds from a "Locked-in" RRSP or Retirement Account (LIRA). This account operates very similarly to an RRIF but has a restriction on the maximum amount that can be withdrawn which is based on age. In addition, when the annuitant reaches 80 years of age, the balance in the must be converted to a life annuity.

**Locked-in Retirement Income Funds (LRIFs)**

Currently available in Ontario, Alberta and Saskatchewan, this plan functions identically to a LIF with the exception that maximum withdrawals are based on investment earnings rather than on the age of the annuitant and do not require the purchase of an annuity at age 80.

**Tax Free Savings Accounts (TFSAs)**

Available as of January 2009. There is no tax on withdrawals or profits earned within the account. Unlike other tax deferral vehicles like RRSPs, there is no forced redemption schedule with TFSAs so you may elect to keep that money invested longer than your RRSPs, etc.

| Age at Start of Year | Min RRIF Withdrawal | Min LIF/LRIF Withdrawal | Max** LIF/LRIF Withdrawal |
|---|---|---|---|
| 55 | 2.86% | 2.86% | 6.45% |
| 60 | 3.33% | 3.33% | 6.77% |
| 65 | 4.00% | 4.00% | 7.26% |
| 70 | 5.00% | 5.00% | 8.02% |
| 75 | 7.85% | 7.85% | 9.34% |
| 80 | 8.75% | 8.75% | 11.96% |
| 85 | 10.33% | * | |
| 90 | 13.62% | | |
| 94+ | 20.00% | | |

*LIF must be converted to annuity or LRIF

**Amount varies from year to year

## Government Programs

- **Canada/Quebec Pension Plan (CPP/QPP)**
- **Old Age Security (OAS)**
- **Guaranteed Income Supplement (GIS)**

### Government Programs

The government social security programs are composed of two different programs: the Canada/ Quebec Pension Plan, and the Old Age Security Program.

The Canada/Quebec Pension Plan (CPP/ QPP) is based on contributions from employment. The Old Age Security Program (OAS) provides for minimum financial support for those who may not have been employed and meet certain residential requirements. The OAS program also involves the Guaranteed Income Supplement and the Spouse's and Widow(er)'s Allowance.

### Canada /Quebec Pension Plan

CPP/QPP started in 1966 and requires contributions from both the employer and employee. In case of self-employed individuals, the self-employed individual must contribute both amounts.

If you work to age 65 and your earnings have equaled the Yearly Maximum Pension-able Earnings (YMPE), you will receive the maximum retirement pension. If your earnings were less than YMPE, your pension will be less than the maximum.

You may retire and collect your CPP/QPP as early as age 60. However, your earned benefit will be reduced by 0.6% per month for each month you are under the age of 65.

If you intend to retire after age 65 and do not begin to collect your CPP/QPP benefit at age 65, your benefit will be increased by 0.7% per month after age 65 to a maximum age of 70.

CPP/QPP benefits may be assigned or split between spouses. If either you or your spouse do not receive the maximum CPP/QPP each, assigning your CPP/QPP benefits may be an opportunity to move income from a higher earner to a lower earner. This may reduce income taxes. No one is allowed to collect more than the maximum.

### Old Age Security

Old Age Security is payable to all Canadians at age 65 who have had a minimum of 40 years of Canadian residency after the age of 18. Partial and pro-rated benefits are paid after a minimum of 10 years residency.

OAS is paid monthly and is indexed to the Consumer Price Index on a quarterly basis. OAS is "clawed back" at 15% of each dollar of net income (from all sources) greater than approximately $66,733 and is completely eliminated at approximately $108,214. These amounts are indexed to inflation.

In cases of low income, the Guaranteed Income Supplement is available.

## Government Pension Programs – 2010 Data

### Canada Pension Plan (CPP)
- Maximum payout = 934.17/month,  = 11,210.04/year
- Average payout = 505/month = 6,060/year
- Depends on your lifetime contributions

### Old Age Security (OAS)
- Maximum payout = 521.62/month = 6,259/year
- Average payout = 490/month = 5,880/year
- Claw-back starts when your other income totals 66,733
- OAS disappears completely when your other income totals 108,214

### Guaranteed Income Supplement (GIS) and Allowance
- Maximum would be for a single person with less than 15096 income
- Maximum payout = 658.40/month = 7,900/year
- Average payout = 447.67/month = 5,372/year
- Allowance stops at income=29,232, GIS stops at income =37,920

Government Pensions for Tom and Mary

| | Tom | Mary |
|---|---|---|
| CPP Payout if taken at 65 | $ | $ |
| Age actually taken | | |
| Months of Adjustment | months | months |
| Adjustment Rate | % | % |
| Total Adjustment (rate * months) | % | % |
| Adjusted CPP | $ | $ |
| | | |
| OAS Expected Payout | $ | $ |

## Creating Income at Retirement

**OTHER CAPITAL**

- **Principal Residence**
- **Cottage**
- **Motor home, Boat**
- **Inheritance**

**NON-REGISTERED SAVINGS**
- **Mutual Funds**
- **Stocks**
- **Bonds**

**Other capital**

This source of retirement income may result from other investments you have or the down sizing of your principal residence at retirement or the sale of a non-revenue generating asset.

Income may come from investment income such as interest, dividends or capital gains. Income may be generated by drawing down the capital over time. In addition, there is an estimated $3 trillion that will be passing between generations in the next thirty years. Inheritance may play a large factor in your retirement plans.

## Retirement and CRA (Revenue Canada)

- **Marginal Tax Rates**
- **Special Tax Treatment**
- **Effective (Ave) Tax Rates**

**Retirement and CRA**

Income Tax was a temporary measure instituted by the Government of Canada several decades ago. This measure has lost its temporary nature, and has become a permanent fixture of our financial life. The Income Tax Act provides each Canadian taxpayer with opportunities to arrange their financial affairs in such a manner as to reduce the amount of income taxes that they pay. There are many legal ways to reduce income taxes. Unfortunately, we often do not take full advantage of these opportunities.

| MARGINAL TAX RATES* | |
|---|---|
| 46% | Above $127,000 |
| 43% | $77,000 - $127,00 |
| 31% | $41,000 – $77,000 |
| 20% | Up to $41,000 |

## Special Small Business Tax Treatment

- **Capital Gains**
  **50% of gain is taxed**
- **Dividend**
  **gross-up income 25%**
  **Federal tax credit of 13.33%**
  **Provincial tax credit of 4.5%**

Certain types of investment income receive preferential tax treatment, and as a result we have different marginal tax rates that apply to different sources of investment income:

| | INTEREST INCOME | DIVIDEND INCOME | CAPITAL GAIN INCOME |
|---|---|---|---|
| Above $127,000 | 46% | 27% | 23.0% |
| $77,000- $127,000 | 43% | 22% | 21.5% |
| $41,000 - $77,000 | 31% | 10% | 15.5% |
| Up to 41,000 | 20% | -6% | 10% |

**Effective (Average) Tax Rates**

Putting the marginal tax rates and nonrefundable tax credits together with CPP and EI deductions on employment income gives us our average, or effective, tax rates. This table makes the following assumptions:

• 2005 tax rates, credits, and statutory deductions have been used.

• We have ignored the age tax credit, which is only available at age 65 and reduces at income levels in excess of $29,619. The tax credit is eliminated for seniors earning over $56,146.

• Numbers are approximations (for illustration purposes) and have been rounded.

| INCOME | EMPLOYED NO DEPENDENT | RETIRED NO DEPENDENT | RETIRED WITH DEPENDENT SPOUSE |
|---|---|---|---|
| 20,000 | 18% | 13% | 5% |
| 30,000 | 21% | 16% | 11% |
| 40,000 | 24% | 19% | 15% |
| 50,000 | 25% | 21% | 18% |
| 60,000 | 26% | 23% | 20% |
| 70,000 | 27% | 24% | 22% |
| 80,000 | 29% | 27% | 25% |
| 90,000 | 31% | 29% | 27% |
| 100,000 | 32% | 30% | 28% |

**Net Income Comparison** *The Browns*

**Before Retirement**

| | Tom | Mary | pg ref |
|---|---|---|---|
| **Annual Gross Income** | | | 5 11 |
| **Less deductions:** | | | |
| CPP/QPP | | | 15 |
| EI | | | 15 |
| Income Tax | | | |
| Other | | | |
| **Total Deductions** | | | |
| (shortcut) | | | 19 19 |
| **Net Annual Salary** | | | |

**After Retirement**

| | Tom | Mary |
|---|---|---|
| **Expected Annual Pension** | | |
| **Plus:** | | |
| CPP/QPP | | |
| OAS | | |
| Other Income | | |
| **Total Income** | | |
| **Less Deductions/Income Tax** | | |
| (shortcut) | | |
| **Net Income** | | |

| **Combined Basis** | | pg ref |
|---|---|---|
| **Net Annual Salary** | | |
| | | |
| Annual Expenses | | 9 9 |
| | | |
| Potential Annual Savings | | |

| **Combined Basis** | |
|---|---|
| **Net Income** | |
| | |
| Annual Expenses | |
| | |
| **Surplus (deficit)** | |

## How much do we need to save?

**Retirement Annual Surplus (Deficit)** **$ ____________** (A)

**Now**

Existing Portfolio Value (p5) $ ________________ (B)

Years to Retirement ________________ yrs (C)

Expected Pre-tax Portfolio Rate of Return until retirement ________________ % (D) (p28)

-deduct inflation (Assumes taxes not paid from portfolio capital)

Existing Portfolio Multiplier in __(C) yrs (at retirement) x ________________ (E) (p21)

@ ___(D)% (See Table 1)

Existing Portfolio Value at retirement [E*B] $ ________________ (EP)

**In Retirement**

Portfolio Pre-tax Rate of Return-deduct inflation ________________ % (F) (p28)

Predicted Effective Tax Rate ________________ % (G) (p19)

After Tax Income Retention Rate [1-G] ________________ % (H)

After Tax Portfolio Rate of Return [F*H] ________________ % (I)

Annual After Tax Income from Existing Portfolio [I*EP] $ ___________ (EPI)

(Assumes no depletion)

Remaining After Tax Annual Surplus (Deficit) [A+EPI] $ ____________ (J)

Pretax Surplus (Deficit) [J/H] $ ____________ (K)

If Deficit, Additional Capital Required [K/F] $ ____________ (L)

Annual Savings Multiplier for _(C)_ years @ _(D)_% (See Table 2, p22) x ____________ (M)

Annual Savings Required for _(C)_ years @ _(D)_% (L/M) $ ___________(RQ)

Annual Savings You Can Manage (from table above) $ ____________ (N)

**Current Annual Surplus (Deficit) if You Save What You Can Manage [N-M]** $\boxed{\textbf{\$ \_\_\_\_\_\_\_\_\_ (GAP)}}$

**TABLE 1 The Future Value of $1.00**

| Years | 1% | 2% | 3% | 4% | 5% | 6% | 7% | 8% | 9% | 10% |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 1.010 | 1.020 | 1.030 | 1.040 | 1.050 | 1.060 | 1.070 | 1.080 | 1.090 | 1.100 |
| 2 | 1.020 | 1.040 | 1.061 | 1.082 | 1.103 | 1.124 | 1.145 | 1.166 | 1.188 | 1.210 |
| 3 | 1.030 | 1.061 | 1.093 | 1.125 | 1.158 | 1.191 | 1.225 | 1.260 | 1.295 | 1.331 |
| 4 | 1.041 | 1.082 | 1.126 | 1.170 | 1.216 | 1.262 | 1.311 | 1.360 | 1.412 | 1.464 |
| 5 | 1.051 | 1.104 | 1.159 | 1.217 | 1.276 | 1.338 | 1.403 | 1.469 | 1.539 | 1.611 |
| 6 | 1.062 | 1.126 | 1.194 | 1.265 | 1.340 | 1.419 | 1.501 | 1.587 | 1.677 | 1.772 |
| 7 | 1.072 | 1.149 | 1.230 | 1.316 | 1.407 | 1.504 | 1.606 | 1.714 | 1.828 | 1.949 |
| 8 | 1.083 | 1.172 | 1.267 | 1.369 | 1.477 | 1.594 | 1.718 | 1.851 | 1.993 | 2.144 |
| 9 | 1.094 | 1.195 | 1.305 | 1.423 | 1.551 | 1.689 | 1.838 | 1.999 | 2.172 | 2.358 |
| 10 | 1.105 | 1.219 | 1.344 | 1.480 | 1.629 | 1.791 | 1.967 | 2.159 | 2.367 | 2.594 |
| 11 | 1.116 | 1.243 | 1.384 | 1.539 | 1.710 | 1.898 | 2.105 | 2.332 | 2.580 | 2.853 |
| 12 | 1.127 | 1.268 | 1.426 | 1.601 | 1.796 | 2.012 | 2.252 | 2.518 | 2.813 | 3.138 |
| 13 | 1.138 | 1.294 | 1.469 | 1.665 | 1.886 | 2.133 | 2.410 | 2.720 | 3.066 | 3.452 |
| 14 | 1.149 | 1.319 | 1.513 | 1.732 | 1.980 | 2.261 | 2.579 | 2.937 | 3.342 | 3.797 |
| 15 | 1.161 | 1.346 | 1.558 | 1.801 | 2.079 | 2.397 | 2.750 | 3.172 | 3.642 | 4.177 |
| 16 | 1.173 | 1.373 | 1.605 | 1.873 | 2.183 | 2.540 | 2.952 | 3.426 | 3.970 | 4.595 |
| 17 | 1.184 | 1.400 | 1.653 | 1.948 | 2.292 | 2.693 | 3.159 | 3.700 | 4.328 | 5.054 |
| 18 | 1.196 | 1.428 | 1.702 | 2.026 | 2.407 | 2.854 | 3.380 | 3.996 | 4.717 | 5.560 |
| 19 | 1.208 | 1.457 | 1.754 | 2.107 | 2.527 | 3.026 | 3.617 | 4.316 | 5.142 | 6.116 |
| 20 | 1.220 | 1.486 | 1.806 | 2.191 | 2.653 | 3.207 | 3.870 | 4.661 | 5.604 | 6.727 |
| 21 | 1.232 | 1.516 | 1.860 | 2.279 | 2.786 | 3.400 | 4.141 | 5.034 | 6.109 | 7.400 |
| 22 | 1.245 | 1.546 | 1.916 | 2.370 | 2.925 | 3.604 | 4.430 | 5.437 | 6.659 | 8.140 |
| 23 | 1.257 | 1.577 | 1.974 | 2.465 | 3.072 | 3.820 | 4.741 | 5.871 | 7.258 | 8.954 |
| 24 | 1.270 | 1.608 | 2.033 | 2.563 | 3.225 | 4.049 | 5.072 | 6.341 | 7.911 | 9.850 |
| 25 | 1.282 | 1.641 | 2.094 | 2.666 | 3.386 | 4.292 | 5.427 | 6.848 | 8.623 | 10.835 |
| 26 | 1.295 | 1.673 | 2.157 | 2.772 | 3.556 | 4.549 | 5.807 | 7.396 | 9.399 | 11.918 |
| 27 | 1.308 | 1.707 | 2.221 | 2.883 | 3.733 | 4.822 | 6.214 | 7.988 | 10.245 | 13.110 |
| 28 | 1.321 | 1.741 | 2.288 | 2.999 | 3.920 | 5.112 | 6.649 | 8.627 | 11.167 | 14.421 |
| 29 | 1.335 | 1.776 | 2.357 | 3.119 | 4.116 | 5.418 | 7.114 | 9.317 | 12.172 | 15.863 |
| 30 | 1.348 | 1.811 | 2.427 | 3.243 | 4.322 | 5.743 | 7.612 | 10.063 | 13.268 | 17.449 |

**TABLE 2 The Future Value of $1.00 Invested Every Year**

| Years | 4% | 5% | 6% | 7% | 8% | 9% | 10% |
|---|---|---|---|---|---|---|---|
| 1 | 1.040 | 1.050 | 1.060 | 1.070 | 1.080 | 1.090 | 1.100 |
| 2 | 2.122 | 2.153 | 2.184 | 2.215 | 2.246 | 2.278 | 2.310 |
| 3 | 3.246 | 3.310 | 3.375 | 3.440 | 3.506 | 3.573 | 3.641 |
| 4 | 4.416 | 4.526 | 4.637 | 4.751 | 4.867 | 4.985 | 5.105 |
| 5 | 5.633 | 5.802 | 5.975 | 6.153 | 6.336 | 6.523 | 6.716 |
| 6 | 6.898 | 7.142 | 7.394 | 7.654 | 7.923 | 8.200 | 8.487 |
| 7 | 8.214 | 8.549 | 8.897 | 9.260 | 9.637 | 10.028 | 10.436 |
| 8 | 9.583 | 10.027 | 10.491 | 10.978 | 11.488 | 12.021 | 12.579 |
| 9 | 11.006 | 11.578 | 12.181 | 12.816 | 13.487 | 14.193 | 14.937 |
| 10 | 12.486 | 13.207 | 13.972 | 14.784 | 15.645 | 16.560 | 17.531 |
| 11 | 14.026 | 14.917 | 15.870 | 16.888 | 17.977 | 19.141 | 20.384 |
| 12 | 15.627 | 16.713 | 17.882 | 19.141 | 20.495 | 21.953 | 23.523 |
| 13 | 17.292 | 18.599 | 20.015 | 21.550 | 23.215 | 25.019 | 26.975 |
| 14 | 19.024 | 20.579 | 22.276 | 24.129 | 26.152 | 28.361 | 30.772 |
| 15 | 20.825 | 22.657 | 24.673 | 26.888 | 29.324 | 32.003 | 34.950 |
| 16 | 22.698 | 24.840 | 27.213 | 29.840 | 32.750 | 35.974 | 39.545 |
| 17 | 24.645 | 27.132 | 29.906 | 32.999 | 36.450 | 40.301 | 44.599 |
| 18 | 26.671 | 29.539 | 32.760 | 36.379 | 40.446 | 45.018 | 50.159 |
| 19 | 28.778 | 32.066 | 35.786 | 39.995 | 44.762 | 50.160 | 56.275 |
| 20 | 30.969 | 34.719 | 38.993 | 43.865 | 49.423 | 55.765 | 63.002 |
| 21 | 33.248 | 37.505 | 42.392 | 48.006 | 54.457 | 61.873 | 70.403 |
| 22 | 35.618 | 40.430 | 45.99 | 52.436 | 59.893 | 68.532 | 78.543 |
| 23 | 38.083 | 43.502 | 49.816 | 57.177 | 65.765 | 75.790 | 87.497 |
| 24 | 40.646 | 46.727 | 53.865 | 62.249 | 72.106 | 83.701 | 97.347 |
| 25 | 43.312 | 50.113 | 58.156 | 67.676 | 78.954 | 92.324 | 108.182 |
| 26 | 46.084 | 53.669 | 62.706 | 73.484 | 86.351 | 101.723 | 120.100 |
| 27 | 48.968 | 57.403 | 67.528 | 79.698 | 94.339 | 111.968 | 133.210 |
| 28 | 51.966 | 61.323 | 72.640 | 86.347 | 102.966 | 123.135 | 147.631 |
| 29 | 55.085 | 65.439 | 78.058 | 93.461 | 112.283 | 135.308 | 163.494 |
| 30 | 58.328 | 69.761 | 83.802 | 101.073 | 122.346 | 148.575 | 180.943 |

## Step 3

**Evaluate Alternatives and Develop Strategies**

**Available Options**

- **Save More**
- **Spend Less**
- **Retire Later**
- **Reduce Taxes**
- **Increase Investment Returns**
- **Re-evaluate Estate Considerations**

**Putting it all Together**

**Bridging the Gap**

As is all too often the case, after doing all the "number crunching", you realize there is a shortfall between the income you need in retirement and the income you expect to have.

How can you increase your income? We will look at 6 ways to accomplish this. The first three are fairly straight forward and potentially instrumental in accomplishing your goals. The next three require a more detailed discussion.

1) Save more
2) Spend less
3) Retire later
4) Reduce taxes
5) Increase investment returns
6) Re-evaluate estate considerations

## Reducing Taxes

**Income Splitting**

- **Spousal RRSP**
- **Lower earner invests**
- **Higher earner pays bills**

**Income Splitting**

Income splitting is the process of shifting the burden of taxation from one individual to another. The purpose of income splitting is to allow individuals to take advantage of the lower marginal tax rates of others as well as personal tax credits more efficiently. The Government of Canada has greatly tightened the opportunities for income splitting over the last 15 years. The few opportunities available are generally between spouses and in common law relationships. There are a few options for income splitting with children, but these are very limited. Let's look at why this strategy can be very important, especially in preparing for retirement.

We'll assume Spouse A has income of $55,000/yr. and Spouse B has income of $15,000. Let's look at the "before" and "after" tax impact of income splitting.

**Gross Income - Spouse A** $55,000

Taxes (Ont. '05, approx.) $12,143

**Gross Income - Spouse B** $15,000

Taxes (Ont. '05, approx.) $1,508

**Taxes payable** $ 13,651

Now let's assume that Spouses A and B have arranged their affairs so that their income equally split between them.

**Gross Income** (each) $35,000

**Taxes payable** $11,898

**Net tax savings $1,753**

## Attribution Rules

- **Spousal RRSP**
- **2 Year Rule**
- **Gifting and Related Options**

**Attribution Rules**

Attribution is the assignment of the tax burden back to the individual who has shifted income to someone else. This normally results in:

1. Income being taxed at the higher rate of the individual who has shifted income.

2. Loss of investment earnings for the individual paying the tax bill.

**Spousal RRSP**

**1.** Consider making spousal RRSP contributions. You may contribute to an RRSP registered in your spouse's name. You may contribute up to your own maximum limit to a spousal RRSP. You receive the tax deduction. At retirement your spouse will withdraw the funds and have them taxable in his or her hands. BUT BE CAREFUL! ATTRIBUTION RULES ARE AT WORK HERE. (See next page)

Spousal RRSP contributions do not prevent your spouse from making his or her own RRSP contributions based on their contribution limits.

**2.** Consider having all or most of the family's savings and investment done by the lower income earner. This reduces the overall taxes paid by the family as well as insures that income-generating assets grow in the lower income earner's hands.

**3.** Use tax-preferred investments. Remember income for tax purposes. Income from dividends and capital gains, however, is taxed at preferred rates. If you have both registered and non-registered savings, try to keep the interest bearing investments inside your RRSP and the dividend producing / growth investments outside your RRSP.

**Spousal RRSP**

Your total allowable RRSP contribution – or any part of your allowable contribution – may be contributed to a spousal RRSP. This does not, however, increase the total amount that you and your spouse may contribute to your RRSPs. Furthermore, you may only contribute to a Spousal RRSP to the extent that you have personal unused RRSP contribution room available. Any amounts contributed to a Spousal RRSP become the property of the spouse receiving the contribution.

**2 Year Rule**

Attribution applies to withdrawals from a Spousal RRSP. In order to avoid attribution, the spouse must wait **2 complete calendar years** - from the date of the last Spousal RRSP contribution - before making a withdrawal.

| | Contributor | Spouse |
|---|---|---|
| Marginal Tax Rate | 50% | 25% |
| RRSP contribution limit | $5,000 | $2,000 |
| | | Personal RRSP $2,000 |
| | | Spousal RRSP $5,000 |
| Tax Deduction | $5,000 | $2,000 |
| Tax Savings | $2,500 | $500 |

**Attribution Chart: Attribution Yes/No**

| | Resultant Type of Income | Gift | Sale at FMV | Loan at 0% | Loan at Market Rate |
|---|---|---|---|---|---|
| **Spouse** | **Interest, Dividends, Rents** | **Yes** *Note 1* | **No** | **Yes** *Note 1* | **No** *Note 2* |
| | **Capital Gains** | **Yes** | **No** | **Yes** | **No** *Note 2* |
| **Minor Child** | **Interest, Dividends, Rents** | **Yes** *Note 1* | **No** | **Yes** *Note 1* | **No** |
| | **Capital Gains** | **No** | **No** | **No** | **No** |
| **Adult Child** | **Interest, Dividends, Rents** | **No** | **No** | **No** *Note 3* | **No** *Note 3* |
| | **Capital Gains** | **No** | **No** | **No** *Note 3* | **No** |

*Note 1 - No attribution on second generation income*

*Note 2 - Interest payment must be made by Jan. 31 in the following year*

*Note 3 - Attribution will apply if sole purpose is to split income and reduce tax*

**Increase Your Investment Returns**

The following chart shows how an increase in Rate of Return can affect the growth of your portfolio and the annual income you can generate on your investments.

**Impact of Increasing Rate of Return**

Income Generated on $250,000 Investment

| Interest Rate | Annual Income |
|---|---|
| 4% | $10,000 |
| 6% | $15,000 |
| 8% | $20,000 |
| 10% | $25,000 |

Of course, the rate of return you strive for will be directly related to the degree of risk associated with your various investments. By choosing a more growth-oriented portfolio, you may be able to increase your return while assuming a moderate increase in risk.

The following Asset Allocation models are examples only. Your situation may require an asset allocation strategy that is different from these examples.

Approximate Returns on Sample Portfolios

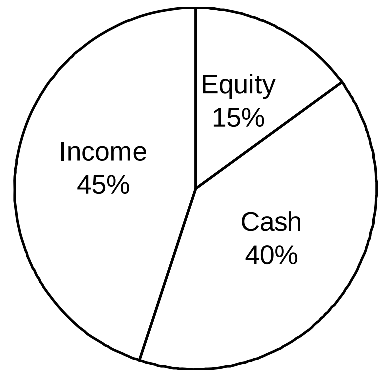
| | |
|---|---|
| Conservative | 5.6% |
| Balanced | 7.2% |
| Growth | 8.2% |

Return Assumptions:

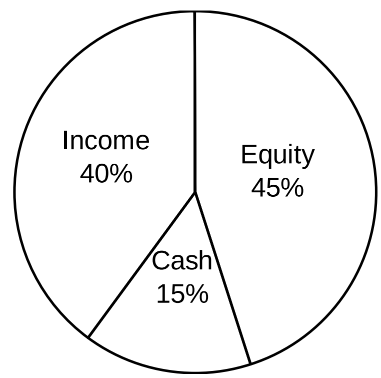
| | |
|---|---|
| Cash | 4% |
| Income | 6% |
| Equity | 9% |

**Depending on how you do your calculations, you may want to convert these nominal returns into real inflation adjusted returns. As a close approximation, you could do this by subtracting the expected inflation rate from the rate of return.**

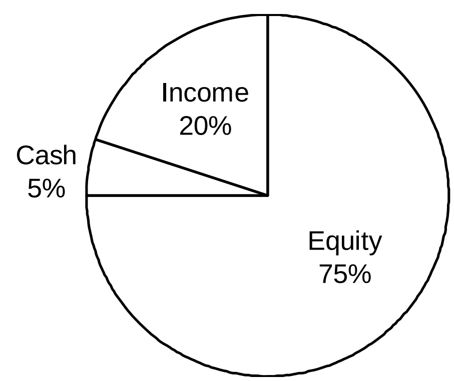
**Conservative**




**Balanced**




**Growth**



**Re-evaluate Estate Considerations**

If retirement income needs are more important than leaving a significant estate, there are ways to maximize income.

**1) Spending the Children's Inheritance**

Annual income on $250,000 @ 6% if:

You leave capital intact $15,000

You spend capital over 20 yrs $20,562

**2) Using Your Home Equity**

Assuming Home Value of $250,000

| | Estate Value @ 3% Inflation (15 Years) | Annual Income |
|---|---|---|
| No Mortgage | $389,500 | N/A |
| Reverse Mortgage $75,000 @ 8.5% 15 Years | $134,500 | $7,500 Tax free |

## Reverse Mortgage

- **Lump sum or annuity**
- **Non-taxable**

- **No repayment while in home**
- **Continue to live in home**

## Inflation

**• If you required annual income of $40,000**
**• At these inflation rates, in 10 years your income requirement will be:**

@ **2% $48,000**
@ **4% $59,200**
@ **6% $71,600**

**Inflation**

When putting it all together, the effects of inflation have to be considered. In recent years, inflation rates have been relatively low. In 2004, the Consumer Price Index rose by about 1.9%. Recent times have seen inflation rates as high as 13%. Have you included inflation factors into your retirement plan? It may be helpful to know that the inflation rate over the last 30 years has averaged about 4.8%.  One way to approximately adjust for inflation is to simply reduce your expected investment returns by the expected inflation amount.  You must also adjust pension and annuity amounts.

## Step 4

**Implementing Your Action Plan**

- **Quantify Your Goals**
- **Use Income Splitting Techniques**
- **Evaluate Your Risk Profile**
- **Set Up a Time Table**
- **Use Professional Resources**

## The Browns

**Action Plan**
- **Save More**
- **Split Income**
- **Asset Allocation**
- **Estate Considerations**

**Action Plan**

1) Increase contributions to Company Investment Plan to get maximum company match.

2) Use RRSP contributions towards Spousal RRSP.

3) Higher income earner to pay all expenses and lower income earner to invest any available income.

4) Modify investment portfolio to one that is growth oriented to increase return on investment.

5) Estate for children to be value of home. Other assets to be used for retirement living.

## Step 5

**Monitor and Review Action Plan**

- **Review annually**
- **Adjust to ensure goals are being achieved**

## Learning Objectives

- **To recognize that planning for retirement is about funding your lifestyle**

- **To understand the components/process of financial planning for retirement**

## Annual cash needs at retirement

| | Current monthly | Adjustments at Retirement | New Monthly Total |
|---|---|---|---|
| **Housing** | | | |
| Rent or Mortgage | | | |
| Condo Fees/Property Taxes | | | |
| Home Insurance (if paid monthly) | | | |
| Power & water & sewage | | | |
| Heating Costs | | | |
| Phone & Long Distance & Cellular | | | |
| Cable or Satellite | | | |
| **Food** | | | |
| Grocery Store | | | |
| Restaurants & fast food & lunches | | | |
| **Transportation** | | | |
| Car Loan or Lease | | | |
| Gasoline | | | |
| Parking | | | |
| Bus & taxi & car pool | | | |
| **Recreation** | | | |
| Entertainment, sports, hobbies | | | |
| Liquor, cigarettes | | | |
| Babysitting | | | |
| Books, magazines, newspapers | | | |
| **Deductions from Income** | | | |
| CPP | | | |
| EI | | | |
| Social | | | |
| Pension Contribution | | | |
| Other (specify) (health) | | | |
| **Savings & Investments** | | | |
| Short term goal (i.e. vacation) | | | |
| Medium term goal (car, 3 years) | | | |
| Long term goal & RRSPs | | | |
| **Debts** | | | |
| Total monthly debt payments | | | |
| **Sub Total for This Page** | | | |

| | | | |
|---|---|---|---|
| **Sub-total from previous page** | | | |
| **Miscellaneous** | | | |
| Child support | ______ | ______ | ______ |
| Day Care | ______ | ______ | ______ |
| Church & charities | ______ | ______ | ______ |
| Toiletries, hair, cosmetics | ______ | ______ | ______ |
| Personal allowances | ______ | ______ | ______ |
| Bank service charges | ______ | ______ | ______ |
| Dry cleaning, laundry | ______ | ______ | ______ |
| Pet supplies | ______ | ______ | ______ |
| Christmas or celebrations | ______ | ______ | ______ |
| Birthdays, other gifts | ______ | ______ | ______ |
| Subscriptions | ______ | ______ | ______ |
| School fees, supplies | ______ | ______ | ______ |
| Professional services (lawyer, vet, etc.) | ______ | ______ | ______ |
| Other (specify) ______________ | ______ | ______ | ______ |
| Other (specify) ______________ | ______ | ______ | ______ |
| **Total Monthly Expenses** | | | |
| **Annualized Monthly Expense (x 12)** | | | |

## Annual Expenses

| | Current Annual | Adjustments at Retirement | New Annual Total |
|---|---|---|---|
| **Medical** | | | |
| Health Care (incl prescriptions) | | | |
| Dental | | | |
| Optical | | | |
| Specialists | | | |
| **Clothing** | | | |
| & shoes, jewellery, cleaning | | | |
| **Insurance** | | | |
| Life & Disability Insurance | | | |
| Home or Tenant Insurance | | | |
| Car Insurance | | | |
| **Memberships** | | | |
| Union & Professional dues | | | |
| Club Dues | | | |
| **Car** | | | |
| Registration | | | |
| Tune ups, repairs, tires | | | |
| Driver’s license | | | |
| **Housing** | | | |
| Maintenance, repairs | | | |
| Decorating, linens, furniture | | | |
| Property Taxes | | | |
| Gardening | | | |
| **Recreation** | | | |
| Sports Equipment | | | |
| Lessons, programs, camps | | | |
| Vacations & weekends away | | | |
| Season tickets | | | |
| **Total per Year** | | | |
| **Monthly x 12 from previous table** | | | |
| **Total Annual Cost of Living** | | | |

**Net Income Comparison**

| **Before Retirement** | Self | Spouse | pg ref | **After Retirement** | Self | Spouse |
|---|---|---|---|---|---|---|
| **Annual Gross Income** | | | 5 11 | **Expected Annual Pension** | | |
| **Less deductions:** | | | | **Plus:** | | |
| CPP/QPP | | | 15 | CPP/QPP | | |
| EI | | | 15 | OAS | | |
| Income Tax | | | | Other Income | | |
| Other | | | | **Total Income** | | |
| **Total Deductions** | | | | **Less Deductions/Income Tax** | | |
| (shortcut) | | | 19 19 | (shortcut) | | |
| **Net Annual Salary** | | | | **Net Income** | | |

| Combined Basis | | pg ref | Combined Basis | |
|---|---|---|---|---|
| **Net Annual Salary** | | | **Net Income** | |
| | | | | |
| Annual Expenses | | 9 9 | Annual Expenses | |
| | | | | |
| Potential Annual Savings | | | **Surplus (deficit)** | |

## How much do we need to save?

**Retirement Annual Surplus (Deficit)** **$** ____________ (A)

**Now**

Existing Portfolio Value $ __________________ (B)
Years to Retirement __________________yrs (C)
Expected Pre-tax Portfolio Rate of Return until retirement __________________% (D) (p28)
-deduct inflation (Assumes taxes not paid from portfolio capital)

Existing Portfolio Multiplier in __(C) yrs (at retirement) x __________________ (E) (p21)
@ ___(D)% (See Table 1)
Existing Portfolio Value at retirement [E*B] $ __________________ (EP)

**In Retirement**

Portfolio Pre-tax Rate of Return-deduct inflation __________________% (F) (p28)
Predicted Effective Tax Rate __________________% (G) (p19)
After Tax Income Retention Rate [1-G] __________________% (H)
After Tax Portfolio Rate of Return [F*H] __________________% (I)
Annual After Tax Income from Existing Portfolio [H*EP] $ ___________ (EPI)
(Assumes no depletion)
Remaining After Tax Annual Surplus (Deficit) [A-EPI] $ ____________ (J)
Pretax Surplus (Deficit) [J/H] $ ____________ (K)
If Deficit, Additional Capital Required [K/F] $ ____________ (L)
Annual Savings Multiplier for _(C)_ years @ _(D)_% (See Table 2, p22) x ____________ (M)
Annual Savings Required for _(C)_ years @ _(D)_% (See Table 2) $ ___________(RQ)
Annual Savings You Can Manage (from table above) $ ____________ (N)
**Current Annual Surplus (Deficit) if You Save What You Can Manage [N-M]** **$ _________ (GAP)**

# Action Plan

-Do I need to check what pension I expect to receive?
-Do I need to check what CPP I will be getting?
-Do I need to look at strategies to increase my investment returns?
-Do I need to figure out the cost of my likely retirement lifestyle?
-Do I need to look at reducing the tax take from my income and investments?
-Which professionals do I need to be setting up meetings with?

| ACTION | DETAILS | TARGET DATE |
|---|---|---|
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## Strategic Wealth Management

**Preparing for Retirement – A - Getting Started**

"If you don't know where you're going, any road will take you there."-George Harrison. Are you on path to achieve your goals? In this workshop we focus on putting a process in place to achieve your goals. We focus on cash management strategies and the wealth management process. Secure the foundation of your financial plan.

**Personal Investing – A: Core investing components applied**

"Fads are the kiss of death. When the fad goes away, you go with it."-Conway Twitty. Understanding core concepts will help you identify and protect yourself against investment fads and build a solid investment strategy. In this workshop we talk about investment components, types of risk and how to avoid them, and the factors that contribute to your successful investment strategy.

**Personal Taxation – A: Introductory concepts in tax minimization**

"Income tax has made more liars out of the American people than golf has." –Will Rogers. Give yourself credit! Credits, that is… and deductions. This workshop looks at how our progressive tax system works and explores some of the core tax reduction strategies we should consider for LEGALLY minimizing our taxes.

**Life Insurance & Estate Planning: Understanding the importance of security & structure**

"Certainty? In this world nothing is certain but death and taxes." –Benjamin Franklin. Dying. The material impact of death is not something we really want to think about, much less talk about. But, it's something we need to know about. This workshop will look at the various components of a well-structured estate plan, including wills and will preparation, insurance (needs, amounts, types), Powers of Attorney and a brief introduction to trusts.

**Personal Investing – B: Investment planning concepts & strategies**

"More important than the will to win is the will to prepare." -Charlie Munger. Take the next step in your investment education by participating in this workshop. The session will focus on strategic investment issues such as risk reduction through diversification, asset allocation and the tax implications of various investment choices. Look at the various investment styles and objectives of the funds available to you.
Questions and discussions are encouraged and are an integral part of this workshop.

**Personal Taxation – B: Comprehensive strategies: A longer-term perspective**

"Never make anything simple and efficient when a way can be found to make it complex and wonderful." –Unknown. Now that you understand basic tax planning, you will appreciate the more advanced concepts and strategies discussed in this workshop. In this session, we will look at tax planning as a family unit, tax shelters, income splitting/ attribution, and developing an effective tax minimization plan. We aim to make simple what the government has made complex!

**Preparing for Retirement – B: Focus on financial planning**

"Retirement kills more people than hard work ever did." –Malcolm S. Forbes. To enjoy your golden years, you should take as many stressors as possible off the table. Financial worry is a big category. You have retirement dreams ahead. It is time now to focus your financial planning activity. This workshop will take a detailed walk through the 6 steps of building a solid retirement financial plan. The session will cover financial objectives and needs in retirement, income sources, identification of problem areas and corrective measures, tax & investment issues. This workshop ties together all the concepts we have learned so far. Finally, you will create an action plan.

"Plans are only good intentions, unless they degenerate into hard work." –Peter Drucker
Take action on what you've learned from these workshops

# Resources

First Sovereign Investment Management Inc.
Phone: 416-489-4843
Toll-free: 877-389-4843
info2@firstsovereign.com
www.firstsovereign.com

**Central Volunteer Agencies (Local) Publications**
Toronto: (416) 961-6880
Calgary: (403) 265-5633
Ottawa: (613) 789-4876
Peel: (905) 568-2660

**Elderhostel (Belleville, Ontario)**
(613) 530-2222

**Canadian Association of Retired Persons**
27 Queen Street East, Ste. 1304
Toronto, ON M5C 2M6
1-800-363-9376

**One Voice**
1005 - 350 Sparks Street
Ottawa, ON K1R 7S8
(613) 238-7624
(613) 235-4397

**Expression**
National Advisory Council on Aging
Ottawa, ON K1A 0K9
(613) 957-1968
(613) 957-9938

**Canadian Executives Services Overseas**
(CESCO)
175 Bloor Street East
Toronto, Ontario, M4W 3R8
1-800-268-9052

**Publications**

**Good Times**
777 Bay Street, Ste 2700, Box 148
Toronto, ON M5G 2N1
1-800-465-8443

**Sears Mature Outlook Newsletter**
Contact local Sears store for information

**United States**

**Modern Maturity**
American Association of Retired Persons
3200 E Carson Street
Lakewood, CA 90712 U.S.A.

**New Choices**
Retirement Living Publishing Co. Inc.
28 W 23 Street
New York, NY 10010 U.S.A.

## Web Sites - Specific
Focused subjects/issues

http://www.investmentcounsel.org
Information on different types of investment professionals and how to choose one for yourself

www.cfp-ca.org
Information on financial planning professionals and services

www.ccra-adrc.gc.ca
Canada Customs and Revenue Agency - Information and forms

www.sec.gov
Securities and Exchange Commission (U.S.) - Mutual Funds cost calculator

www.retireweb.com
Overview of financial and other issues dealing with retirement

## Web Sites - General
News, Education, Calculators, Etc.
www.finpipe.com
www.imoney.com
www.quicken.ca/eng/index.html