

# Never Think VOL. 3 | NO. 1 NEVER



## Your Retirement: All a Matter of Planning

*At Desjardins, we believe that your retirement income should be equal to about 70% of your average gross annual income during your last three working years to assure you a comfortable retirement. Of course, this is merely a rule of thumb, and everyone's situation is different.*

*While saving up capital is important, planning for your retirement is as just as important – if not more so. In fact, retirement is more than simply a financial issue but a life plan that requires several years develop.*

*Whether your retirement is still a far-off notion, coming up soon or already here, it's never too early or too late to implement a strategy that will allow you to achieve your retirement goals while protecting your valuable assets. It's up to you to create for yourself a retirement that will meet all your expectations.*



### The Various Stages of Retirement Planning: The savings and diversification years

In your early forties, retirement seems like nothing more than a distant dream. As the years go by, however, it's important to focus on what you want to achieve so you'll be able to afford to make those dreams come true.

We often assist our members through this process. Here are some key questions that we examine together:

- **Do I have specific retirement plans?**

Traveling, buying a house or a cottage, spending part of the year abroad, volunteering, opening a small business, going back to school; if your idea of a happy retirement is based on a specific project, it's best to plan your financial and tax strategy today, to make sure you can carry it out.

- **Will I have financial obligations?**

Maybe you'll have to finance your children's education or support a family member who's having trouble. Those obligations must be considered and be part of your planning process.

- **What are my sources of retirement income, and can I maximize them?**

RRSP and non-RRSP investments, employer pension funds, severance pay, government pension plans, sale of your business; all income sources must be evaluated. If you have unused RRSP contribution room, an RRSP loan might be an option. If you have a pension fund at work, you may be able to retroactively buy back years of service to increase your retirement benefits. The net value of your home could also become a source of financing.

The purpose of this exercise is to think very specifically about your dreams and understand the implications of living them out. Then it's up to us to help you find the best strategies to reach your goals.

**To make your dream retirement come true, it's a good idea to choose a strategy that's consistent with your plans; it's the best way to stay on the right track, with an overall plan for your savings, for protecting your assets<sup>1</sup> and for your retirement budget. Make any necessary adjustments as you go along, and be sure to stay the course!**

<sup>1</sup> Offered by a Desjardins Financial Security, Financial Services Firm financial security advisor

## The Various Stages of Retirement Planning: The consolidation and management years

Once you've retired, it's up to you to take up the delicate task of managing the majority of your assets. Here again, Desjardins can give you a valuable helping hand. Through the years, we've supported a lot of people who, like you, had a plan or dream to fulfill. Here are a few clear answers to some common questions about retirement.

- **How am I going to manage my various sources of income?**

The way your portfolio is managed will change when you retire, since the ultimate objective is now to allow you to draw income while prolonging the portfolio's life expectancy as far as possible. We've developed personalized income-management solutions, specifically adapted to your needs, that will mitigate the risk of seeing your capital run out sooner than expected.

- **Do I need life and health insurance?**

An illness or disability can have a major impact on your lifestyle and that of your family. You can protect your assets with insurance that allows you to take care of unexpected expenses, such as equipping your home for special needs following a serious accident or for illness-related expenses.<sup>1</sup>

- **Have I thought about how I want to bequeath my assets?**

More and more, investors are expressing specific needs with respect to the transfer of their estates. Perhaps that's also the case for you, and you would like your heirs to receive part of the capital you have accumulated over the years. There are several strategies that may be right for you, whether you are a salaried employee, self-employed or a business owner. We have a multidisciplinary team of lawyers, accountants and tax specialists standing by to support you through this stage.



## Three retirees, three different strategies

All your holdings must be considered when planning your retirement income – properties, employer pension, etc. Although the example below is somewhat simplified, it provides an illustration of how the same amount of capital can be used in different ways for retirement. We'll help you analyze different scenarios, so you can choose the one that best meets your needs.

### CASE STUDY

Peter, Claire and Maria, each 60 and newly retired, want to convert their \$100,000 RRSPs.

### STRATEGY

Peter wants to manage his savings himself when he retires. We recommend that he convert his RRSP into an RRIF so that he'll receive a fixed regular income over the next 20 years.

Claire wants to control part of her savings to be sure she has some flexibility and also wants to have a stable guaranteed income for the rest of her life from the remaining portion, for added security. We suggest she convert half her RRSP into an RRIF and the other half into a 15-year guaranteed life annuity.<sup>1</sup> Through her RRIF, she chooses to receive a fixed monthly income of \$400.

Maria would like to receive a regular, stable guaranteed income until the age of 90. We suggest she convert her RRSP into a fixed-term annuity.<sup>1</sup>

Here's what each of these annuitants will get:

	Selected retirement income option	Capital invested	Monthly income
<b>Peter</b>	Fixed 20-year RRIF	\$100,000	\$707/month for 20 years. After that time, his RRIF will be exhausted.
<b>Claire</b>	RRIF:Fixed \$400 payment/month	\$50,000	\$400/month for 16 years, 1 month. After that time, her RRIF will be exhausted.
	15-year guaranteed life annuity <sup>1</sup>	\$50,000	\$300/month for the rest of her life
<b>Maria</b>	Fixed-term annuity <sup>1</sup>	\$100,000	\$589/month for 30 years, i.e. until her 90th birthday

NOTES: The nominal rates used for calculating the RRIF, 15-year guaranteed life annuity and the fixed-term annuity are 6%, 4.45% and 6% respectively. Those calculations were established at the end of the period and are provided for reference purposes only.

<sup>1</sup> Offered by a Desjardins Financial Security, Financial Services Firm financial security advisor



Money working for people

### COME MEET WITH US TODAY.

You'll rest easy because you'll be setting up a more solid means of reducing the risks of seeing your financial security compromised post-retirement. We'll work together to develop YOUR strategy!

Printed in spring 2008  
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