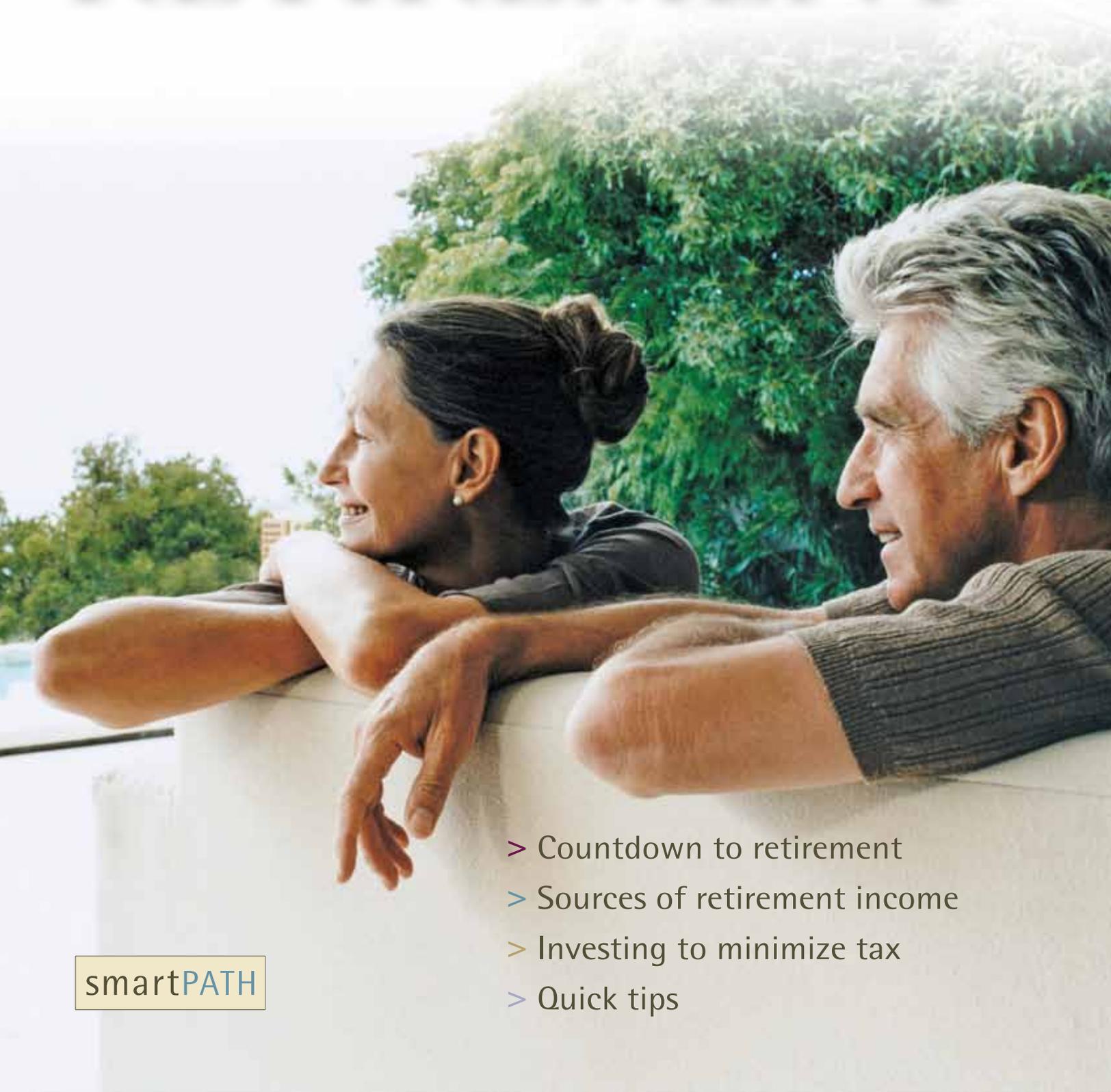


SMART RETIREMENT



- > Countdown to retirement
- > Sources of retirement income
- > Investing to minimize tax
- > Quick tips

smartPATH



Make it a SMART RETIREMENT

Preparing for retirement is a lot of work. That's one of life's great ironies.

It's also one of the best investments you'll ever make. Like most worthwhile exercises, a smart retirement requires careful planning and sound financial management.

True to its name, this *Smart retirement* guide will help you prepare for retirement. More to the point, it will help you make informed financial decisions – decisions that can and will have a positive impact on your retirement plans.

Whether you're just starting to consider retirement or you've been preparing for some time, this guide offers some important information and practical insights into a number of key issues, including:

- The important milestones as you count down to retirement
- Ways to reduce your investment risk as you near retirement
- How to turn your savings into retirement income
- Possible tax implications

We urge you to read this guide and use it as a reference for a better understanding of retirement financial planning.

For more information about any of the specific topics in this guide, please contact one of our investment and retirement specialists. After all, when it comes to your retirement plans, we're here to help!

This guide has been prepared for informational purposes only. It is not to be construed as providing you with legal, tax, financial or other professional advice. Independent advice should be sought. You are solely responsible for the investment allocation and any other decisions you make. While every attempt has been made to ensure all information is accurate at time of publication, changes to legislation or in the marketplace may render parts of this guide to be misleading or invalid. Great-West Life, London Life and Canada Life will not be liable for any loss, or damage whatsoever, whether directly or indirectly incurred arising out of the use or misuse of this information.

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Countdown to RETIREMENT

What you need to know – and do – for a trouble-free transition to retirement

Most of us see retirement as a worthwhile destination. But like many destinations, just getting there can be a challenge.

It requires careful planning so that you get there via the best route and arrive with everything you need.

The following article outlines the factors you need to consider in the years and months leading up to retirement. It even provides a checklist, so you don't miss any important steps along the way.

Three to five years before retirement: Will you have enough to retire?

Review your retirement plans so you know ahead of time if you need to save more, adjust your expectations, or if you can go ahead and buy those new golf clubs.

Review your investment portfolio

Revisit your investment strategy. As your retirement date approaches, you have less time to recover from any significant investment losses. With that in mind, you may want to start shifting to more conservative (lower-risk) investments. To learn more, read *Smart investing for a smart retirement* on page 10 of this guide.

Know your retirement savings plans

Putting money away for retirement is one thing. Putting it to good use once you retire is another. Most registered plans have rules, such as when you can start withdrawing money, how much or how little you can withdraw, and how often. Some plans have to be converted to an annuity by the end of the year in which you turn age 80. Make sure you know the rules, and factor them into your retirement plans.

Re-evaluate your lifestyle needs

What will you do differently in retirement and how much will it cost (or save) you? Sit down and think about your retirement lifestyle. Ask yourself the following questions:

- Is your current home suitable, or will you move?
- Does your home need any renovations or improvements?
- Do you have hobbies or travel plans?
- Are you planning to work part-time?

Estimate your living expenses

To estimate what it will cost you to retire, you need to know how much you're spending now. Track everything you spend for the next year or so and then use that information to estimate your retirement income needs and develop a realistic budget. When estimating your future expenses, don't forget about inflation. Even a modest level of inflation over time can have a significant impact on your expenses. Although it may seem like a lot of work to track and project your expenses, you'll have a good idea how much you really need to maintain your lifestyle.

Find out what your home is worth

Your home is an important asset. In fact, it could be your single largest asset. You may want to sell it and use some of the proceeds to supplement your retirement income. If so, hire an appraiser or talk to a local real estate agent to find out what your house is worth. Don't forget, however, that you still need someplace to live. If your house is paid for, you may discover it's better to stay put than to rent.

Estimate your retirement income

Chances are your retirement income will come from three sources: personal savings, a company retirement plan, and government benefits. Take an inventory of all potential sources of income, including RRSPs, pensions, bank accounts, investment funds, stocks, bonds, guaranteed investment certificates, rental properties, etc. Don't forget to take into account pensions from your current and past employers. For more information, see *Sources of retirement income* on page 7.

One year to go: Getting your affairs in order

Verify your retirement milestones

To avoid unpleasant surprises, make sure you don't miss any important milestones. For example, if you're retiring early, make sure you meet any age requirements for receiving company or government pensions. Similarly, if you're planning to convert registered pension plan funds to a life annuity, life income fund (LIF) or locked-in retirement income fund (LRIF), make sure you'll be the required age (55 in most provinces).

Review your insurance needs

Your insurance needs may change in retirement. You might find you can get by with less life insurance or home ownership insurance. Your auto insurance premiums may also go down if you're no longer driving as much. On the other hand, you may be less able to handle big deductibles or recover from a loss, or you may have a permanent need for life insurance that can be met by converting term life insurance or group life insurance.

Think about estate planning

Do you have a will? Is it up-to-date? Do you have an executor? Sit down with professionals to review your will, powers of attorney, and investment plans. Make sure your powers of attorney for health care and financial matters reflect your wishes. You may also want to think about life insurance to cover the taxes that will cut into any inheritance (such as a family cottage, registered or non-registered investments) you leave to loved ones.



Six months to go: The home stretch

This is it! You've planned and budgeted, organized and reviewed; now you just have to tell everybody.

Update beneficiary information

Remember to update your beneficiary for company pension plans, insurance policies, etc. Keep in mind that generally for pension plans, LIFs and LRIFs, your spouse is automatically your beneficiary, unless he or she signs a waiver. And be aware that the definition of who qualifies as your "spouse" can vary from one province to another.

Apply for government pensions

If you're eligible for Canada pension plan and/or old age security benefits, and you want to start them as soon as you retire, contact Service Canada. You can reach them at 1-800-277-9914, or visit their website at: www.servicecanada.gc.ca for details. To start Quebec pension plan benefits, contact the Régie des rentes du Québec at 1-800-463-5185, or visit their website at: www.rrq.gouv.qc.ca for details. The government needs about six months to process a request for benefits. For more information, read *Sources of retirement income* on page 7.

Apply for company pensions

If you're eligible for a pension from a current or previous employer, be sure to let them know in advance when you want to start receiving your pension. You'll probably have to fill out several forms, and it may take awhile to start receiving your pension.

Helpful resources

As you count down to retirement, there's a lot to think about, and some tough decisions to make.

The good news is there are resources to help you. This guide is a good start. Your local library and the Internet are other good sources of information. And, of course, you can always sit down with a financial advisor.

Set some time aside now to start mapping out the milestones ... and make sure your road to retirement is a smooth one.

As you count down to retirement, there's a lot to think about, and some tough decisions to make. The good news is there are resources to help. This guide is a good start.

Sources of RETIREMENT INCOME

Some people say that retirement is a second chance at childhood.

It seems fitting, then, that we use a tricycle to describe how the different sources of retirement income work together:

- The first wheel of the tricycle is the company pension.
- The second wheel is the income from government pensions.
- The third wheel is income from personal savings and investments.

The wheels work together to provide a stable financial “vehicle” that you get to ride ... and, more importantly, steer toward retirement.



Company pensions

Ideally, your company pension will be a significant part of your retirement income. But it likely won't meet all of your needs. Even the most generous company-sponsored pension plans provide a lifetime pension equal to only 70 per cent of your earnings near retirement – and that's after 35 years of membership in the plan.

The reality is that most pension plans are designed to replace closer to between 40 and 50 per cent of your pre-retirement income. Still others have no income replacement targets at all; they're simply designed to help you save for retirement.

If you don't belong to a company pension plan (more than half of all working Canadians don't), it doesn't pose a problem because the tricycle simply turns into a bicycle. The two remaining wheels may need to be a bit bigger and might not be quite as stable, but with a little planning and some balance, you can still get where you want to go.

The truth is, most of us will need more than our company pensions and personal savings and government pensions can help make up the difference.

Government pensions

There has been speculation about how secure these are, however, it's probably safe to assume that government pensions will be around when you retire. What's less clear is how much you'll get.

In any event, you shouldn't rely on government pensions to be your sole source of income. They're designed to provide for the basic necessities – food, shelter and clothing. In fact, statistics show that government pensions make up only about 40 per cent of the income of the average retiree.¹

How much will you get?

The Canada/Quebec pension plan (CPP/QPP) is intended to replace roughly 25 per cent of your earnings, but only up to a certain limit and only if you have contributed for about 40 years. How much you get will depend on how much you earned during your working life and how long you've contributed. As of 2011, the maximum CPP/QPP benefit for someone retiring at age 65 is \$960.00 a month (or \$11,520.00 per year), although the average monthly payment is only \$512.38 (or \$6,148.56 per year).²

Benefits are payable at age 65, or on a reduced basis from as early as age 60. If you start your pension early, it's permanently reduced by a set per cent for each month before you turn 65. From 2012 to 2016, this early pension reduction will gradually increase from 0.5 per cent to 0.6 per cent each month. This means that, by 2016, if you start receiving your pension at age 60, your pension amount will be 36 per cent less than it would have been had you taken it at age 65 (60 months x 0.6 per cent). If you start your pension later, it's increased by a set per cent for each month after you turn 65 and when payments start, up to age 70. From 2011 to 2013, this late pension will gradually rise from 0.5 per cent to 0.7 per cent each month. This means that, by 2013, if you start receiving your pension at age 70, it will be 42 per cent more than it would have been if you had taken it at 65.

The amount of old age security (OAS) you receive (if any) will depend on your income in retirement and the length of time you have lived in Canada. For each complete year of residence after age 18, you earn 1/40 of the full OAS benefit. In 2011, the maximum OAS benefit is roughly \$533.70 per month (or \$6,404.40 per year).³

Pensioners with net incomes above a certain level (\$67,668 in 2011) must repay part or all of the OAS benefit. In 2011, the full OAS pension is eliminated when a pensioner's net income reaches \$110,038. Repayments are normally deducted from monthly OAS benefits before they're issued.

¹ Statistics Canada

² Government of Canada website

³ Government of Canada website

To get an idea of how much CPP and OAS pension you can expect to receive, call Service Canada at 1-800-277-9914 or visit their website at: www.servicecanada.gc.ca. For QPP benefits, contact the Régie des rentes du Québec at 1-800-463-5185, or visit their website at: www.rrq.gouv.qc.ca for details.

Personal savings

Your personal savings could make the difference between *surviving* your retirement years and *living* your retirement dream. In Canada, there are two kinds of personal retirement savings plans: registered and non-registered.

While registered pension plans have a specific retirement income objective, most Canadians require both forms of personal savings to supplement their retirement income.

A registered retirement savings plan (RRSP) is a tax-deferred savings vehicle that has been registered with the Canada Revenue Agency (CRA). It also exists in the form of an employer-sponsored group RRSP.

You can contribute up to 18 per cent of your prior year's earned income to the plan, up to a certain maximum (\$22,450 in 2011),⁴ less any pension adjustment (PA) you receive for that calendar year. What's more, all income generated inside an RRSP grows on a tax-deferred basis until it's withdrawn from the plan.

You may also have a locked-in retirement account (LIRA). This is similar to an RRSP, but is set up mainly for lump sum transfers from registered pension plans, usually when you change jobs.

Non-registered savings is a "catch-all" phrase for all other forms of savings and investments. For most people, the most significant of these non-registered assets is the family home. But it can also include savings in bank accounts, stocks, bonds, accumulation annuities, real estate, collectibles (such as art), and even some life insurance policies.

Part-time work

There are good reasons you shouldn't rule out working part-time during your retirement. While not having a job may sound good now, a part-time job can be a nice way to fill some of your time and gives you an opportunity to try something new. More importantly, it's a good way to supplement your retirement income on a relatively tax-effective basis. Think of it as the fourth wheel that adds even more stability to your retirement vehicle.

As you ride down the road to retirement, make sure it's not on a unicycle. Think "tricycle" – or at the very least, bicycle – to ensure your retirement income is both stable and sufficient. That means making your personal savings an integral part of your retirement plan.

The way of the PA

If you belong to a registered pension plan, you'll receive a pension adjustment (PA) each year. The PA represents the deemed value of the pension benefit you build in a year. Keep in mind that your RRSP contribution room in a given year is reduced by the amount of your PA for the previous year.

⁴ Income Tax Act

Smart investing for a SMART RETIREMENT

Time-tested strategies to protect your retirement nest egg

You're almost there. You've saved your money, invested wisely and have a nice retirement nest egg set aside. Retirement is within your grasp.

But now, as you near retirement – or perhaps you've already arrived – you have to invest that nest egg to ensure it's there when you need it. You want to be sure you get the retirement income you've worked so hard for.

When you're 20 years from retirement, the occasional dip in the market probably won't do much harm. But as you get closer to retirement, those dips can feel a lot bigger ... and the effects can be a lot worse. You just don't have as much time to recover from an investment faux pas or a market decline.

The good news is that there are some time-tested strategies you can use to help protect your retirement nest egg, increase your earnings potential, and reduce your taxes.

Shift your risk

Different investments offer different levels of financial reward – and carry different levels of risk. Generally, the greater the potential for reward (or the higher the return), the greater the risk.

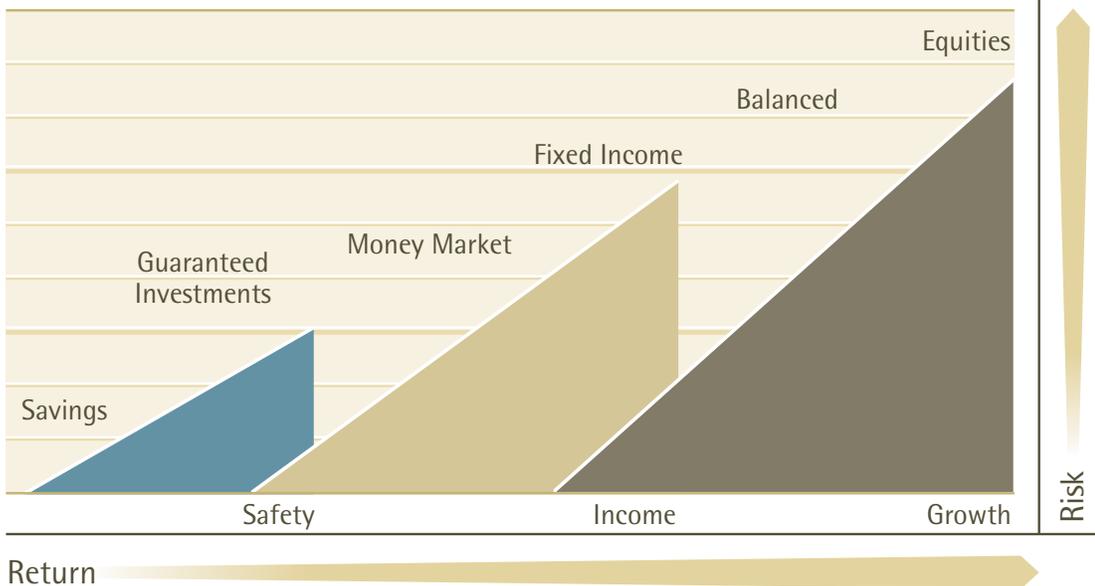
Because the time available to recoup losses decreases as you get closer to retirement, it makes sense to periodically review your investment portfolio and, where necessary, “shift your risk.” This simply means moving some of your assets to more conservative or less variable investments. (Please note that for non-registered investments, switching out of equities may produce taxable capital gains.)

What's risky and what's not? Let's start with some basics. There are three types of assets you can invest in – each with a different risk-reward potential.

- **Cash equivalent assets** – include cash and cash-like investments such as Canada Savings Bonds, treasury bills, and short-term deposits. They're often referred to as “liquid assets” because they can be readily converted to cash. These assets offer a high degree of security, however, returns are potentially lower.
- **Fixed income assets** – include bonds, guaranteed investment certificates (GICs), guaranteed interest accounts in accumulation annuities, mortgages, and debentures. These assets combine relative safety of principal with a regular income stream. But once again, safety comes at the expense of potentially lower returns. There are some risks from interest rate fluctuations and inflation with fixed income assets. For example, an increase in interest rates can undermine the market value of an existing bond, while lower interest rates can reduce your income from new GICs and mortgages.



Investment options and the risk/return relationship



The graph to the left lays out, in general terms, the relative risk and potential reward of several popular investment alternatives.

- **Growth assets** – usually in the form of common or preferred shares (i.e., stocks) in a company. Each share represents a small ownership piece of that company. Stocks offer the potentially highest returns, so are associated with asset growth. At the same time, however, their market values are more variable. Other types of equities are mutual funds and interests in segregated funds which provide investment management expertise and diversification that can reduce the variability found with single stocks.

As a general rule of thumb, you can very roughly determine how much of your investments should be lower-risk by simply putting a percentage sign after your age. For example, if you're 60, you might want to have about 60 per cent of your money in more conservative investments.

Defining "risk"

When it comes to the investment game, risk simply refers to a given investment's volatility – that is, the potential that the value of the investment will rise or fall in the short term. In investment terms, stocks tend to be "riskier" (i.e., more volatile) than, say, savings bonds. Historically, these "riskier" investments have tended to provide better rates of return over the long term.

Of course, everyone is different. What's right for you will depend on when you plan to retire, your investment goals, and your risk tolerance. You should consult with a financial security advisor to decide which asset mix best meets your needs.

Diversification

One of the most important strategies for protecting your retirement nest egg is diversification, or investing your money in different types of investments.

This will help to minimize the impact of a decline in any one asset. There are a number of ways to diversify, such as:

- **Asset type** – investing in a combination of assets, such as guaranteed investments, stocks, bonds, and investment funds (i.e., mutual funds, pooled funds, and segregated funds)
- **Risk factor** – spreading your investments among low-, medium-, and high-risk investments
- **Geographic region** – investing in the economies of different countries or regions
- **Market sector** – investing in different economic sectors, such as resource, manufacturing, consumer goods or financial services

“Don’t put all your eggs in one basket.” When it comes to investing, truer words were never spoken.

Tax-effective investing

Diversification will help reduce your investment risk, however, you also need to invest wisely to minimize your taxes. The most basic tax-saving strategy is, of course, to put your money into a registered plan such as an RRSP. Unlike non-registered savings plans, registered plans allow your investments to grow on a tax-deferred basis until withdrawn.

If you invest outside your RRSP, keep in mind that not all investment earnings are treated equally when it comes to tax. Different types of investment earnings receive different tax treatments. Interest income is taxed at a higher rate than dividends from Canadian corporations, which are taxed at a higher rate than capital gains. See the article *Investing to minimize tax* on page 26 for more details.

With all this in mind, you may want to think about keeping your interest-bearing investments inside your RRSP (where interest income is tax-deferred), and holding investments that produce dividends and capital gains in your non-registered portfolio if you can’t or don’t want to put everything in your RRSP.

The staggering strategy

One more investment strategy to consider is to stagger the terms of your guaranteed investments so they don’t mature (come due) at the same time.

Why is this important? You don’t want to risk renewing all your guaranteed investments when rates are low because this would reduce the income generated by those investments.

Just for the “fund” of it

As you near retirement, it’s more important than ever to protect your nest egg; it’s not the time to be testing your market savvy. You should probably think about leaving the bigger investment decisions to the professionals. One way to do that is to invest in investment funds.

An investment fund is just that – a fund in which the money of different investors is pooled together, invested in a variety of assets, and managed by a professional money manager. Investment funds include mutual funds, pooled funds, and segregated funds.

In addition to professional management, investment funds offer a number of advantages such as ready-made diversification, greater convenience, easier access to your money, and lower investment costs.

There are thousands of different investment funds to pick from – ranging from money market to aggressive growth. Each fund offers a different risk-reward potential. So whatever your investment goals or risk comfort, you can probably find a selection of funds to meet your needs.

Although there are advantages, there are also some disadvantages to investment funds. There are investment fees, which can add up. You also give up the opportunity for the potential “big score” of investing in a single security that suddenly jumps in value (of course, the big score can just as easily turn into “the big loss” if the value of that security goes down). There are no principal guarantees with investment funds and they’re not insured or guaranteed by the federal government.

At the end of the day, however, investment funds can provide a convenient way to stay invested up to, and into, retirement – with the added bonus of professional investment managers.

Don’t go it alone

Finally, don’t forget your financial security advisor. Managing your investment portfolio is an important task and sometimes it helps to get a little expert assistance. When it comes to protecting your retirement nest egg, you can’t afford any cracks.

How much IS ENOUGH?

Will you have enough to retire?
It depends.

As a general rule of thumb, many retirement planning experts say you need between 50 and 70 per cent of your pre-retirement income during retirement.

You may need more or less than that. It depends on a number of factors, such as when you retire, your retirement lifestyle, life expectancy, inflation, and how much income your savings generate.

The good news is that many of your current expenses will likely decrease once you stop working. You probably won't be spending as much on clothing, commuting costs, lunches, and union or professional dues. If you're an empty-nester, you may decide to downsize and move to a smaller home to possibly free up money and lower your housing costs.

At the same time, some new costs could surface. You may want to travel more or take up new hobbies. Your health care and dental costs might increase as you get older. You may also find that you need to hire people to look after some of the household chores – such as lawn care or painting.

The inflation factor

It's also important to factor inflation into your calculations. By inflation, we mean the overall increase in the cost of living caused by a rise in prices. Inflation can have a devastating effect on your retirement income. For example, in the past two decades, we've experienced an inflation rate of almost 2 per cent a year.⁵ Assuming the same average inflation rate, in 20 years your current dollar's buying power will be decreased by about 40 per cent.

Life expectancy is another key factor to consider. Canadians are living longer. According to recent Statistics Canada data, the average 65-year-old male lives to be 83, while the average 65-year-old female lives to almost 86.⁶ These are averages and 50 per cent of people who are 65 will live longer.



Nailing it down

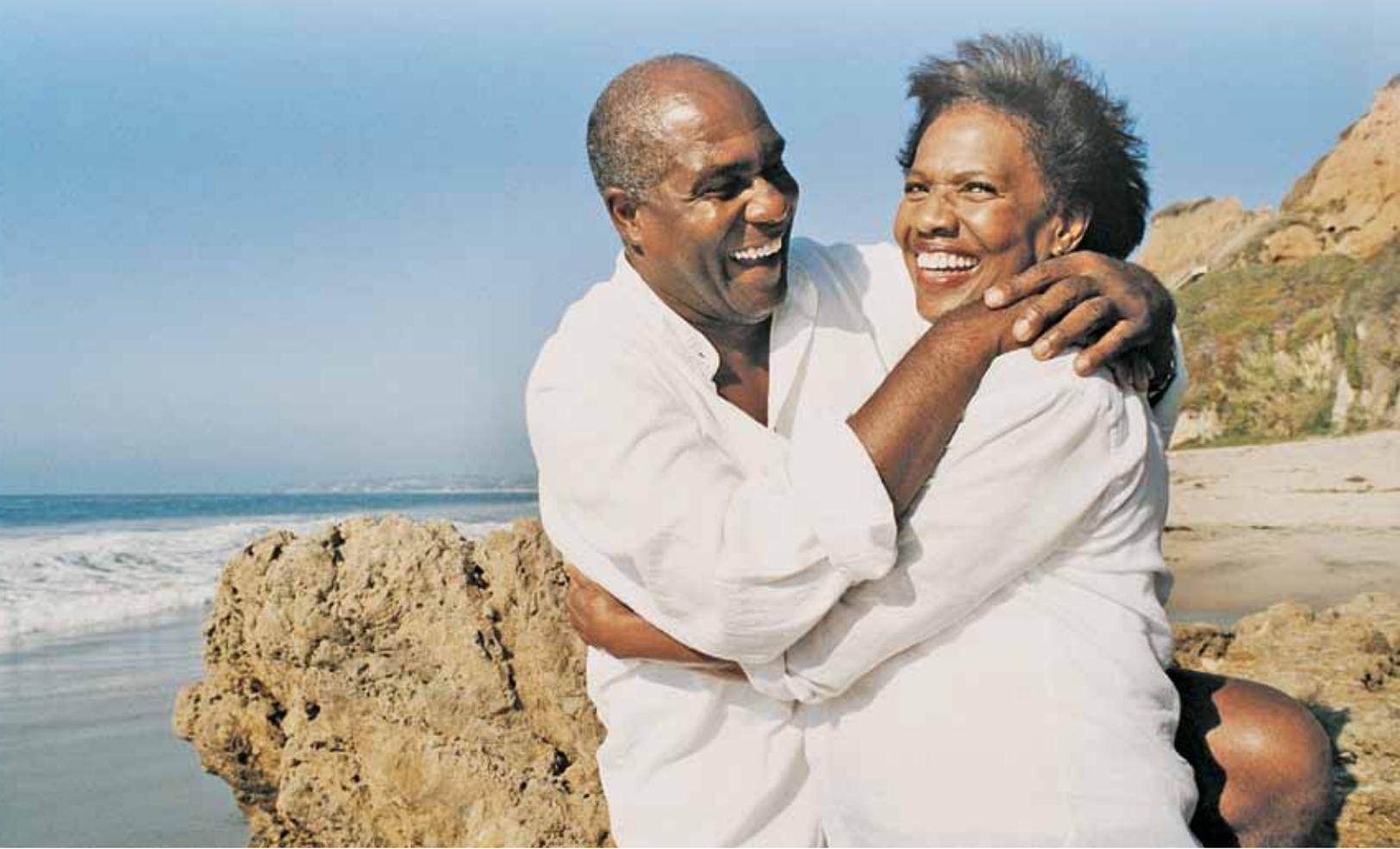
Your best bet is to sit down and draw up a detailed budget of what you think your post-retirement expenses will be. The best way to do that is to track your expenses for an entire year to find out where your money goes.

If you think you might not have enough saved for retirement, you might want to continue working part-time or consider downsizing your home. If you own your own home you may want to consider a reverse mortgage. This is simply an arrangement that allows you to draw on the equity you've built in your home. In any event, you'll want to closely monitor how much you withdraw from your retirement savings once you retire. Taking too much too early can leave you short down the road. When it comes to calculating whether you'll have enough in retirement, be generous. It's better to end up with too much money than too little because you don't want your retirement years to be anything but golden.

⁵ Bank of Canada's Inflation Calculator at www.bankofcanada.ca

⁶ Statistics Canada (as of February 2010) statcan.gc.ca

INCOMING!



How to turn your retirement savings into retirement income

You've spent a lifetime preparing for your retirement. You've saved. You've invested. And you've built a nice little nest egg. Now that you're about to retire what should you do with your money?

There are several options to consider, such as:

- Turning the money into a regular stream of income
- Continue to manage the money through a registered retirement income fund (RRIF), a life income fund (LIF), or a locked-in retirement income fund (LRIF)
- Take the money as a cash lump sum (subject, of course, to taxes)

Depending on where your money is sitting now, you can use any combination of these three strategies to meet your retirement needs.

It's your choice – and not one that should be taken lightly. What you choose to do with your retirement savings – and when you choose to do it – can have a dramatic impact on your financial situation down the road.

Option 1: Annuities

For many people approaching retirement – particularly those on the conservative side of the fence – annuities are an attractive option. After all, these products provide a guaranteed income for a defined period, alleviate ongoing investment risk, and require no investment management by you.

An annuity is a contract you sign with a life insurance company. Under the terms of this contract, you make a lump-sum cash payment to the insurer – whether it's from your defined contribution pension plan, RRSP, RRIIF, LIF, LRIIF, prescribed RRIF (PRRIF) deferred profit sharing plan (DPSP), or non-registered savings.

In return for this one-time payment, you receive a guaranteed income stream (like a pension) payable for a specified period or as long as you live. Depending on the type of annuity you choose, the payments may continue to your spouse or other beneficiary after your death.

The actual monthly income you receive from your annuity will depend on a number of factors, including:

- **The amount of money used to purchase the annuity** – All things being equal, the more money you convert, the larger your income will be. For example, \$500,000 will buy you a much larger annuity than \$100,000.
- **Your age** – Generally speaking, the older you are when you start to receive your annuity, the higher your annuity income will be. Younger retirees receive less annuity income each month because they're expected to live longer.

- **The type of annuity you purchase** – Different annuities offer different features. Some features are quite valuable and, in exchange, result in a lower monthly income. The different types of annuities are described in *The annuity advantage* on page 20.

Another important factor that will have a material impact on the size of your monthly annuity payments: the interest rates in effect at the time you annuitize (convert) your savings. Generally speaking, the interest rate used at the time of conversion is fixed for the lifetime of your annuity payments.

If you purchase your annuity when interest rates are very low, your income will be lower than you might hope. If interest rates are high when you make the purchase the annuity income will be higher. Unlike when you get a mortgage or car loan, it's one of those times when high interest rates work in your favour. Once the annuity is purchased the payments are fixed and usually the contract can't be cancelled or amended.

Interest rates shouldn't necessarily be a factor in determining if you should buy an annuity, but they may be a factor in determining when you should buy an annuity.

Payments from annuities purchased with funds from a registered plan are 100 per cent taxable while only a portion of the payments from an annuity purchased with non-registered funds is taxable.

Option 2: RRIFs, LIFs, LRIFs and PRRIFs

Despite the different acronyms, RRIFs, LIFs, LRIFs and PRRIFs all work in much the same way: to help you convert your retirement savings to retirement income.

These products give you an opportunity to manage the investment of your remaining assets – and to bear the risk of your investment performance – during your retirement years.

The product you choose will depend primarily on where your savings are coming from for some products – whether it's a defined contribution pension plan, a personal or group RRSP, a DPSP, or a locked-in retirement account (LIRA) – and your province of employment.

Registered retirement income fund (RRIF)

This option turns the accumulated value of a registered savings plan – typically an RRSP – into retirement income.

You can transfer your RRSP savings to a RRIF on a tax-free basis at any time up to the end of the calendar year in which you turn 71. Put another way, you must transfer your RRSP savings by Dec. 31 of the year in which you turn 71. You must begin receiving that retirement income no later than the end of the following calendar year.

You won't pay any taxes at the time you transfer your money because you're not immediately withdrawing the money in cash. The income paid from the RRIF, however, is taxable in the year you receive it.

Unlike the annuity income, the income from a RRIF is extremely flexible. You can choose the payment amount, subject to a required minimum that's based on the value of the RRIF and your age at the beginning of each year. You can also vary the income from one year to the next to help meet your changing income needs or financial obligations. You might, for example, choose to have your income increase from one year to the next to help combat inflation.

With flexibility, however, comes responsibility. The more income you take out in the short term, the less money you'll have left in the long term. There are no guaranteed payment periods. Whether the money lasts a lifetime or only for a limited number of years is strictly up to you. Combining RRIFs and annuities helps to reduce the risk that you'll run out of money by withdrawing too much.

Large lump sum withdrawals can also have an impact on your marginal tax rate for the year – which increases the amount of income tax you'll pay. See the article *Do the math with the other half* on page 22 for a more detailed description of tax issues.

Life income fund (LIF)

A LIF is used to pay out the accumulated value of a locked-in RRSP, LIRA or locked-in amounts under a registered pension plan.

Under current pension legislation, money contributed to a pension plan on your behalf is generally “locked-in.” Unlike the money you contribute to your personal RRSP, this money must be used to fund a retirement income.

Although a LIF is very similar to a RRIF, it's designed to provide an income that will last for a lifetime, so the payment schedule is not quite as flexible. Under most circumstances, you can't, for example, cash out your LIF. Governments set both a minimum and maximum for the payments you can receive each year from your LIF. Within this range, you can choose whatever payment stream you want.

Generally you can convert locked-in savings into a LIF any time up to the end of the calendar year in which you turn 71 provided your plan permits. Again, you must start receiving that retirement income no later than the end of the next calendar year.

Currently, only Newfoundland requires any money remaining in your LIF to be used to buy a lifetime annuity by the end of the year in which you turn 80. In Ontario, Manitoba, Quebec, British Columbia, Nova Scotia and Alberta you can maintain your LIF for the remainder of your life. In New Brunswick, your LIF is paid out in full by the end of the calendar year in which you turn 90. The various jurisdictions change the requirements from time to time, and it's best to contact us or your financial security advisor for the most up-to-date rules at the time of your retirement.

Locked-in retirement income fund (LRIF)

An LRIF serves as an alternative to a LIF. Newfoundland and Labrador is currently the only province that permits this option.

Generally you can convert locked-in savings into an LRIF anytime up to the end of the calendar year in which you turn 71 provided your plan permits.

Again, you must start receiving that retirement income no later than the end of the next calendar year. You can then continue payments for your lifetime with no need to transfer its value to an annuity.

The government sets the maximum and minimum payments allowed each year.



Prescribed registered retirement income fund (PRRIF)

In Manitoba and Saskatchewan, PRRIFs are available and designed to provide retirees with even greater flexibility in managing their retirement savings.

In Manitoba, if you're at least 55 years of age you can make a one-time transfer of up to 50 per cent of the balance in your LIF to a non-locked-in PRRIF. Once transferred, your funds can be cashed out, transferred to another PRRIF or to a life annuity contract. In Saskatchewan, subject to spousal consent, you may transfer money to a non-locked-in PRRIF from an LIRA at the earlier of age 55 or the early retirement age established by the plan where the money originated. You may also transfer money to a non-locked-in PRRIF from your LIF plan. In addition, if your pension plan provides, you may directly transfer your pension money to a PRRIF when you reach retirement age. There is no maximum withdrawal limit under the PRRIF.

Unlocking funds and tax implications

Unlocking funds in a LIF or LRIF due to financial hardship and non-resident status of Canada is available in certain provinces under applicable legislation. Please contact us for specific information.

By requesting your account be registered as a RRIF, LIF, LRIF, PRRIF or annuity, you're requesting it to be registered under the Income Tax Act, and if necessary, the Taxation Act in Quebec. This account must be used to provide an income.

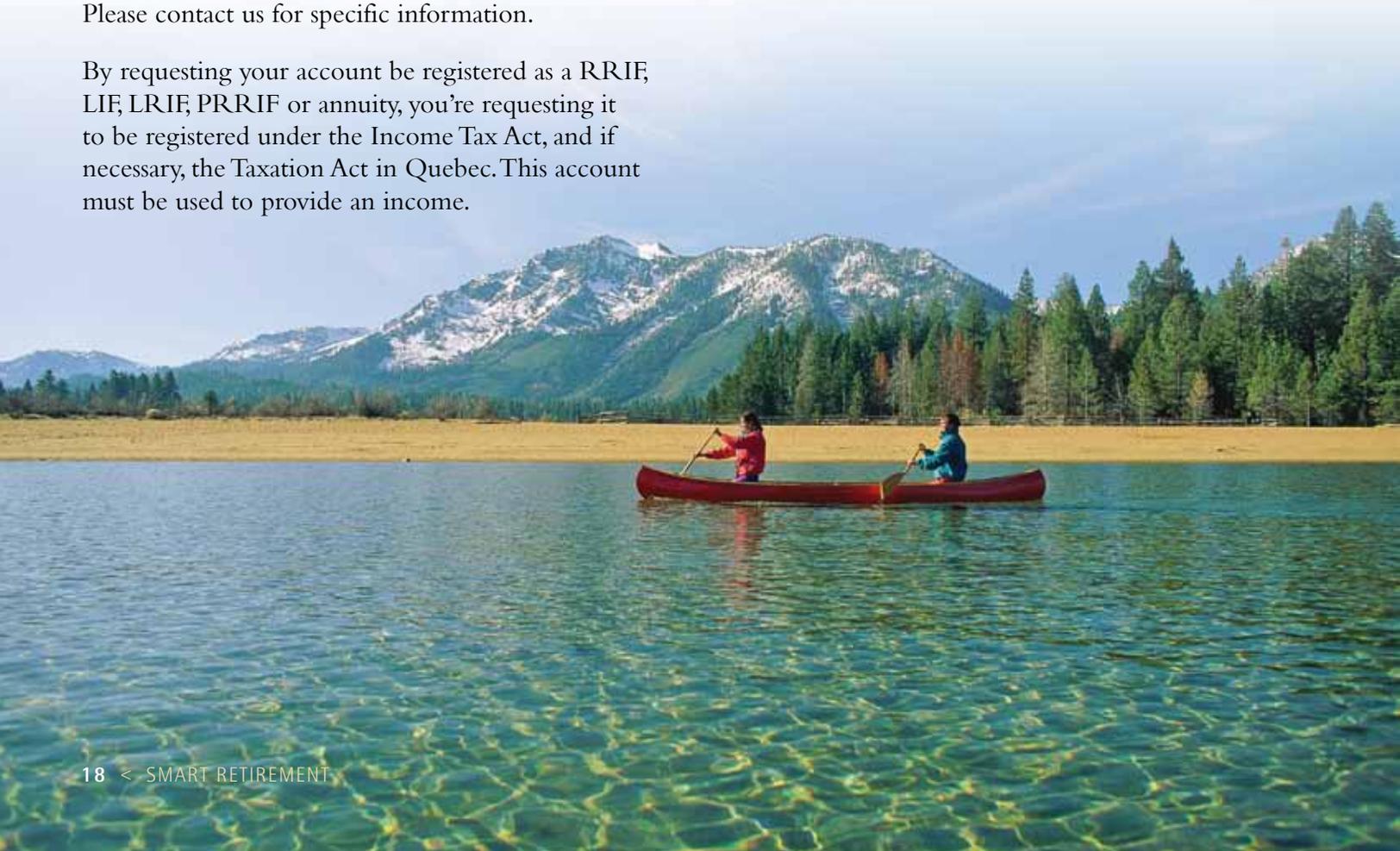
Option 3: Show me the money

As you approach retirement, you can always choose to withdraw your non-locked-in savings in cash from your group retirement plan. This also applies to money from your own personal RRSP, as well as any "non-registered" investment savings you might have accumulated over the years.

Bear in mind, any cash withdrawals you make from your RRSP will be taxed as income in the year they're received. In many cases, you'll also need to report any realized capital gains or losses arising from making withdrawals from your non-registered investments.

For more detailed information about tax consequences, see the article *Do the math with the other half* on page 22.

Deciding which option, or combination of these income options, will work best for you is no simple task. In all cases, we recommend that you consult with a professional before making your decision.



Your income options at a glance

You have a number of income options to consider as you approach retirement. In most cases, those options are determined by the type of plan in which your retirement savings have accumulated, and in the case of LIFs and LRIFs, the location where the funds accumulated.

		Retirement plan type				
		Registered pension plan (RPP) Funds must be converted to a LIF, LRIF, LIRA or a life annuity by the end of the calendar year in which you turn 71.	Registered retirement savings plan (RRSP) Funds must be converted to cash, an annuity or a RRIF by the end of the calendar year in which you turn 71.	Locked-in retirement account (LIRA) or locked-in RRSP Funds must be converted to a LIF, LRIF, PRRIF or a life annuity by the end of the calendar year in which you turn 71.	Deferred profit sharing plan (DPSP) Funds must be converted to cash, used to purchase an annuity, or transferred to a RRIF by the end of the calendar year in which you turn 71.	Non-registered savings There are no restrictions on withdrawing or investing funds. Funds don't have to be used to provide a retirement income.
Income Option	Life annuity	An option at age 55*	Allowed at any time	Allowed at age 55*	Allowed at any time	Allowed at any time
	Annuity certain	Not an option	Allowed at any time	Not an option	Allowed at any time	Allowed at any time
	Registered retirement income fund (RRIF)	Not an option	Allowed at any time	Not an option	Pending legislation would allow at any time	Not an option
	Life income fund (LIF)**	An option at age 55 or later*	Not an option	An option at age 55 or later*	Not an option	Not an option
	Locked-in retirement income fund (LRIF)***	An option at age 55 or later*	Not an option	An option at age 55 or later*	Not an option	Not an option
	Prescribed RRIF (PRRIF)****	An option at age 55 or later*	Not an option	An option at age 55 or later*	Not an option	Not an option

* Plan provisions and provincial legislation may vary.

** Available in all provinces except P.E.I. and Saskatchewan.

*** Available only in Newfoundland and Labrador.

**** Available only in Saskatchewan and Manitoba.

The annuity advantage

During the high-flying 1980s and 1990s, annuities fell out of favour with investors. Low interest rates and high rates of return on equities conspired to make annuities look like an overly conservative and inflexible way to manage retirement savings.

Thanks to increasingly volatile stock markets and extended life expectancies, annuities are making a comeback – in a big way. Annuities offer today’s shell-shocked investor a much-needed “sure thing” – a guaranteed income stream that’s unaffected by market conditions.

Just as important, annuities now come in a broad range of shapes and sizes. The following is a description of some of the more popular annuities, together with some key considerations that could help you determine whether an annuity makes sense for you. (Please note that not all the annuities described here can be purchased with registered funds.)

Life annuity

The basic life annuity provides you with an income for as long as you live. Convenient and practical, a life annuity ensures you’ll never outlive your money.

Annuity certain

For RRSP and DPSP funds, the annuity certain provides you with a set number of payments until age 90 (or until your spouse reaches 90 if you base the annuity on a younger spouse). Payments from annuities purchased with DPSP funds can’t exceed 10 years. In the case of an annuity certain purchased with non-registered funds, payments may be selected for any period over five years.

Joint-and-last survivor annuity

This is payable while either you or your spouse is living. When one spouse dies, the survivor can continue receiving the same income stream (the “continuing in full” option) or a reduced income stream (the “reducing on the first death” option or the “annuitant’s death” option).

Cashable annuity

This annuity provides a guaranteed payout equal to at least your original premium (i.e., what you paid for the annuity). If you die before you receive an income stream totalling at least your premium, your beneficiary will receive a lump sum equal to the difference.

Impaired annuity

An impaired annuity takes into account any serious medical condition that’s expected to shorten your life expectancy and pays out an enhanced benefit. In other words, it recognizes that you probably won’t live as long as the average person, so your benefits are increased.

Variable annuity

Variable annuities offer you the potential for a greater return on your investment (and risk of a lower return). Monthly payments can increase or decrease depending on the performance of the underlying funds. You can choose among professionally managed funds, each with different objectives and risk levels.

Indexed annuity

Indexed annuities enable you to offset inflation by increasing your income payments at a fixed annual rate.

Life annuity with guarantee

This provides you with a specified income for life; if you die during the guarantee period, payments continue to your beneficiary until the end of the guarantee period.

Despite their many benefits, annuities aren’t for everybody. But they’re certainly worth exploring. In many cases, annuities serve as the retirement income foundation. With this solid income base in place, it’s often easier to allocate your remaining savings to less conservative investments or investment products. Before purchasing an annuity, it’s important to understand that you’re making a large (and often irreversible) commitment. Once again, we urge you to consider and to understand your options before making your choice.

The alternatives to annuities

Annuities have their place. But so do RRIFs, LIFs, LRIFs and PRRIFs. After all, these retirement income vehicles have their advantages, including:

- **Flexibility** – You have a certain amount of flexibility in determining how the money is invested and how much you withdraw. On the flip side, if you buy an annuity, you have stability of income but lose flexibility.
- **Continued returns** – Funds in a RRIF, LIF, LRIF or PRRIF have the potential to continue generating returns. That could mean more money for you – or your estate – in the long run.
- **Estate preservation** – If there's money left in your RRIF, LIF, LRIF or PRRIF when you die, it goes to your beneficiaries or estate (although it will be subject to taxes unless it goes to your spouse or common-law partner). With an annuity, you give up your money in return for a guaranteed income stream.

Of course, “annuitizing” doesn't have to be an all-or-nothing decision.

If you have sufficient assets, you may want to consider purchasing an annuity with part of your assets and investing the rest in a mix of RRIFs, LIFs, LRIFs or PRRIFs. The idea here is that the annuity provides a no-stress, guaranteed income stream, while the balance is invested in registered plans, which offer income and investment flexibility.

Another possibility is to gradually increase the amount you have in annuities as you get older and your desire or ability to manage your investments diminishes.



When deciding which way to go, don't forget to take into account any pension income you're receiving from a company-sponsored defined benefit (DB) pension plan. This plan is, in many ways, like an annuity – it provides a guaranteed income stream. As a result, if you have a sizeable DB pension, you may not need or want to annuitize as much of your registered funds. You may be better off allocating more to your RRIF, LIF, LRIF and/or PRRIF.

Annuity versus RRIF, LIF, LRIF or PRRIF. At the end of the day, it all boils down to two things – balance and personal preference.

Do the math with THE OTHER HALF



Income splitting and other ways to save tax in retirement

As we all know, there are only two sure things in life ... one being taxes.

We pay taxes on the income we earn as active employees. In most cases, we'll also pay taxes on the income we receive in retirement – whether it's from our company pension plan, government-sponsored programs, or personal savings.

The bottom line is we have very little control over whether or not we pay taxes. We do, however, have some control over how much we'll pay ... and when we'll pay it.

As with most things in retirement, it's all a matter of planning.

The power of RRSPs

The easiest and most prudent way to manage taxes during your active work life is to make contributions to an RRSP. Consider the advantages:

- Contributions to your RRSP are tax-deductible (subject to Income Tax Act limits) – that is, they'll actually reduce the amount of income tax you pay each year. The more you contribute, the less tax you'll pay.
- RRSP contributions will grow on a tax-deferred basis. Unlike the interest you earn, for instance on your bank accounts, you don't pay tax on positive investment returns as long as the money remains in the plan. Thanks to the magic of compounding, this important feature can dramatically increase the amount you accumulate over time.
- RRSPs can help you manage the marginal tax game. Most of us will make contributions when our marginal tax rate is at its highest levels – and make RRSP withdrawals when our marginal rate is lower. The difference, from your perspective, is like a tax-free bonus.

In short, RRSPs allow you to reduce your annual tax burden while building retirement savings.

Making the most of your opportunities

Under current tax law, you can contribute up to 18 per cent of your previous year's earned income less any pension adjustment you receive, to the dollar maximums shown in the following chart.

Maximum RRSP contribution ⁷	
2010	\$22,000
2011	\$22,450
2012	\$22,970
2013	indexed

You can also carry forward any unused contributions from previous years. This gives us all an opportunity to make up for those years when we didn't – or couldn't – make contributions.

If you're currently in a 40 per cent marginal tax bracket, a \$10,000 RRSP contribution would reduce your current year's income tax by \$4,000. Looking at it another way, it only costs you \$6,000 to save \$10,000.

Honey, I shrunk the tax

While you can't avoid paying tax, you can manage – to a certain extent – how much you pay. But it requires smart saving, wise investing, careful planning ... and a touch of ingenuity.

To ensure you keep as much of your money as possible, talk to a professional.

⁷ Income Tax Act

At retirement

At retirement, you simply use the money in your RRSP to provide some form of payment or income. You can:

- Use the money to purchase an annuity (that will provide you with a regular income)
- Convert your RRSP to a RRIF and continue to invest/manage the money
- Withdraw the money in cash

These payment options are discussed in detail in the section entitled *Incoming* on pages 14–21 of this guide.

Regardless of the option you select, the payments will be taxable. However, the amount of tax you pay can vary significantly depending on the choice you make.

Canada has a progressive tax system. The more you earn in a given year, the more tax you'll pay – both in absolute terms and percentage terms (see *Understanding marginal and effective tax rates* on page 25 for a more detailed description of marginal tax rates). If you withdraw the money in one lump sum payment, there's a good chance that much of the payment will be taxed at a higher marginal tax rate than if you spread the income or related withdrawals over an extended period (perhaps your total retirement). If you withdraw the money when you're in a lower tax rate than when you contributed it you're ahead of the game.

Saving on tax by splitting your income

One of the best ways to win the marginal tax game is to split your income in retirement. Most income splitting strategies originate from the same basic idea: dividing your income among family members so that, as a family, you pay less overall tax. The government has put restrictions into the *Income Tax Act* to eliminate any tax advantage for most types of income splitting. The restrictions are called the attribution rules.

An easy way to split income that is still permitted is through a spousal RRSP – an RRSP opened in your spouse’s name. You still get the tax deduction, but the plan is in your spouse’s name. More importantly, in most cases, the RRSP income received during retirement is taxed in your spouse’s hands – and at his or her marginal tax rate. The exception is that you, not your spouse, will be taxed on any withdrawals up to the amount you contributed to any spousal RRSP in the current or preceding two years.

For a simplified example, assume you earn \$100,000 and your spouse earns nothing. You fall into a high marginal tax bracket while your spouse pays no taxes at all. But if the income were split so that you each earned \$50,000, you would both fall into lower tax brackets. As a couple, you would pay less tax. This is what you would like your retirement to look like.

If your total retirement income will be much larger than your spouse’s, you might want to consider contributing to a spousal plan now in order to help balance out your retirement income and reduce your overall tax bill.

Pension income splitting

Beginning in 2007, Canadian residents who receive income that qualifies for the existing pension income tax can allocate up to one-half of that income to their resident spouse or common-law partner.

For income tax purposes, the allocated amount is deducted from the transferor’s income and included in computing the income of the transferee. In many cases, the transferee’s tax payable will increase so both must agree to the allocation in their tax returns for the year in question.

The pension income that’s allocated will retain its character and be treated as income of the lower-income spouse for all purposes under federal income tax rules. This means that some couples may receive a second pension income tax credit where previously only one was available. In addition, splitting pension income could mean higher old age security entitlements for some couples.

Eligible pension income

For individuals aged 65 years and over, the major types of qualifying income that can be allocated are:

- A pension from a registered pension plan (RPP)
- Income from an RRSP
- Annuity
- Payments out of, or under, a RRIF

For individuals under 65 years of age, the major type of qualifying income that can be allocated to a spouse or common law partner is income from a pension from an RPP.

Taxes and clawbacks

There’s another reason for splitting your income where possible. In 2011, OAS benefits start to be clawed back if you earn more than about \$67,668 in annual retirement income. Once your retirement income reaches \$110,038, you lose all your OAS benefits.

Careful planning can help couples avoid the clawback.

Split CPP/QPP payments

CPP/QPP benefits are taxed as regular income. If you’re 60 or older, you can choose to have up to half of your CPP/QPP payments paid to your spouse, as long as he or she is also at least 60.

This strategy won’t help if both you and your spouse qualify for the maximum payments. But you may find it useful if you’re entitled to a much higher CPP/QPP benefit than your spouse, or if your spouse is receiving no benefits at all. If your spouse receives lower benefits than you and is also in a lower tax bracket, you can transfer up to half of your CPP/QPP benefits to your spouse to reduce tax payments. If you make this election when your spouse chooses to receive CPP, such payments must be split with you. Please note that you can only split benefits that were earned while you were married or in a common-law relationship.

Understanding marginal and effective tax rates

Canada has what is known as a progressive tax system. In simplest terms, the more you earn, the more you pay. More to the point, the more you earn, the greater the percentage of that income you will pay in tax each year.

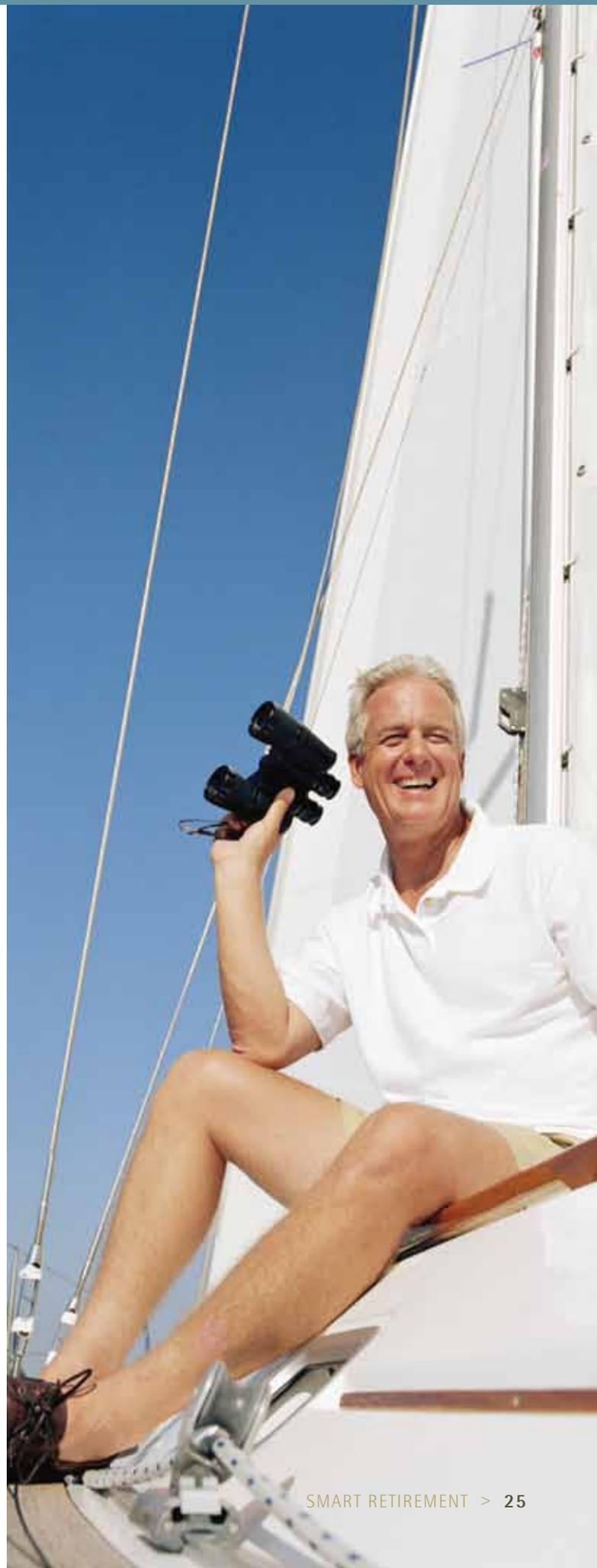
Your effective tax rate refers to the average tax rate you pay on your total income. Your marginal tax rate is the rate at which your last dollar of income is taxed. Why the difference? It stems from the fact that you pay less tax on the first dollars you earn than you do on the last dollars. This is because the federal government breaks your earnings up into chunks called “income brackets.” You pay a different tax rate for each bracket. The higher the bracket, the higher the tax.

Of course, the provinces also apply their own tax rates and brackets. When all is said and done, someone with \$128,800 of income in a year can – depending on what province they live in – have a combined marginal tax rate that is up to 48.22 per cent.

Higher income earners in Ontario, P.E.I. and the Yukon pay a surtax: an additional tax calculated as a percentage of basic personal tax beyond a specified amount.

Understand the fine print

The income splitting strategies described in this article are simplified to provide you with a quick overview of the basic ideas. As with all tax strategies, you should make sure you’re familiar with the law and fine print that apply before you put these strategies into action. For more information, contact a professional or the Canada Revenue Agency (CRA).



Investing to MINIMIZE TAX

Depending on your personal financial situation and marital status, you may find that there's very little tax relief available to you.

If that's the case, then congratulations! It probably means you're retiring with a significant income by Canadian standards – an income, no doubt, generated through years of hard work and good financial management.

Your challenge now, is to manage that income to your best advantage.

As an investor, you may be aware that different kinds of investments receive different tax treatment by the Canadian government. For tax purposes, investment income outside registered plans falls into one of three categories: interest/other income, dividends from Canadian corporations, and capital gains.

Of the three, interest/other income is the most heavily taxed. As a result, you need to earn significantly more interest/other income than you do capital gains or dividends from Canadian corporations to end up with the same after-tax income.

For example, based on the top combined federal/provincial tax rate in Ontario, you would have to earn about \$1,400 in interest income to achieve the same after-tax return as you would get from \$1,000 in capital gains.

Calculating tax on interest/other income

Interest income is what you earn when you invest in bonds, T-bills and even savings accounts. Other income is what you earn from GICs, dividends from non-Canadian companies, Canada Savings Bonds, some of the distributions from income trusts, guaranteed interest accounts of accumulating annuities, etc. The formula for calculating the tax you pay on interest income is simple: the income is taxed at your full marginal tax rate, which can be as high as 48.22 per cent depending on what province you live in.

Calculating tax on dividends from Canadian corporations

Dividends from Canadian corporations are a more effective way to earn investment income. Because dividends are paid out of a company's after-tax profits, you get a credit for the tax that has already been paid by the company. In other words, you get a tax break on dividend income from Canadian corporations. This treatment doesn't apply to dividends from foreign corporations.

Calculating tax on capital gains

Even more tax effective than dividends are capital gains. In its simplest form a capital gain is simply the difference between what you pay for an investment and what you sell it for. Investors have to pay tax on 50 per cent of their capital gains.

Smart strategies

With all this in mind, you may want to think about keeping your interest-bearing investments inside your RRSP, where the interest income is tax-deferred, and hold the investments producing capital gains and Canadian dividends in your non-registered portfolio if you can't or don't want to put everything in your RRSP.



For more information on income tax

The Canada Revenue Agency's Tax Information Phone System (TIPs) provides information over the phone. Check in the government listings index in your phone book (under the keyword heading "Taxes") for the number to call in your area, or visit their website at: www.cra-arc.gc.ca

Government income plans

For information, contact Service Canada at: 1-800-277-9914, or visit their website at: www.servicecanada.gc.ca. For details on the Quebec pension plan, contact the Régie des rentes du Québec at: 1-800-463-5185, or visit their website at: www.rrq.gouv.qc.ca.

Company retirement plans

Contact your employer's human resources department or the human resources department of any company you have worked for when you were a member of their retirement plan.

QUICK TIPS



Put your house to work

If your retirement income doesn't meet your needs and you own your own home, you may want to consider a reverse mortgage. This is simply an arrangement that allows you to tap into the equity you've built in your home.

Here's how it works. Instead of you making mortgage payments to a bank, the financial institution that holds your reverse mortgage makes payments to you. The amount you owe on the reverse mortgage grows over time as you receive more payments. When you die (or move out of the house), the house is sold and the proceeds are used to pay back the money you received, plus interest. What's left, if anything, will go to your heirs.

There are no income or health requirements. However, you have to be at least 62 and the home generally has to be your principal residence.

The upside is you get to continue living in your home and, at the same time, receive untaxed income. But there are some negatives:

- The amount you can receive from a reverse mortgage ranges from a minimum of \$20,000 to a maximum of \$500,000 of your home's appraised value. The amount available to you will depend upon a number of factors, including your age, and the age of your spouse, where your home is located, and the type of dwelling.
- The upkeep of the house is your responsibility. That means paying the taxes and insurance, as well as any repairs.

- There are fees associated with getting a reverse mortgage and, of course, interest is charged on the money you receive.
- The interest rates charged tend to be higher than on regular mortgages.
- Depending on the location of your house, you may not qualify.
- If you intend to leave your home to your children, they may end up with little or nothing.

That said, if the money crunch comes, a reverse mortgage may be an option worth considering.

Independent financial advice should be sought when considering a reverse mortgage.

Review your beneficiaries

It's important that you periodically review and, if necessary, update your beneficiaries for company pension plans, RRSPs, RRIFs, insurance policies, etc. because a beneficiary could have died, or you could have a change of heart about who should be your beneficiary.

Keep in mind that for most pension plans, generally, your spouse is automatically your beneficiary, unless he or she signs a waiver. Also be aware that the definition of who qualifies as your "spouse" can vary from one province to another.

The facts about tax

You may be retiring ... but the taxman isn't. Pension payments, annuity payments, interest from guaranteed investments and withdrawals from RRSPs will all be taxed as personal income.

Dividends from Canadian corporations and capital gains generated outside a registered savings plan will also be taxed, although at a lower rate than regular income.

Although taxes are a fact of life, you can – with a little planning – control how much tax you pay. For details on how to minimize your taxes, read *Do the math with the other half* on page 22 of this guide.

Life expectancy: what to expect

How long will you live? Knowing the answer to that question would make retirement planning a whole lot easier. There would be a lot less chance you would save way too much or, worse, way too little for retirement. However, no one knows exactly how long they'll live.

Canadians are living longer these days. Quite a bit longer. Fifty years ago, the life expectancy at birth for a male was approximately 66 years; for a female it was closer to 71.⁸ By comparison, the life expectancy at birth of a male today is approximately 78 years; for a female it's closer to 83.⁹

Keep in mind that these figures include all those people who die before retirement. So if you've made it this far in life, chances are you'll beat the median age – possibly by quite a bit.

According to recent Statistics Canada data, the average male who is 65 lives to be 83, while the average female who is 65 lives to almost 86.¹⁰ These are averages and 50 per cent of people who are 65 will live longer.

The bottom line: you need to realize that you might live two or three decades after leaving the workforce, so you need to plan accordingly.

⁸ Statistics Canada (as of February 2010)

⁹ Statistics Canada (as of February 2010)

¹⁰ Statistics Canada (as of February 2010)

Snowbirds: make a soft landing

Some retirees are so eager to escape our chilly Canadian winters that the snow “blinds” them to the many pitfalls that can crash-land a snowbird’s flight.

If you plan to spend part of your retirement in warmer climates (or, for that matter, any other country) keep in mind the following:

- Health insurance is a necessity. One day of intensive care in a U.S. hospital can cost as much as \$10,000 US.
- Minimum health insurance coverage may save you money in the short run, but wipe you out financially in the long run. You need to ensure that any coverage you buy will meet your needs ... both expected and unexpected.
- Before you leave Canada, make sure you know all the tax implications with respect to your length of stay in another country.
- Taking up permanent residence in another country will trigger a deemed disposition of all your Canadian property. That could result in a hefty tax bill. Consult a lawyer or accountant who has experience with cross-border tax and financial issues.
- U.S. securities laws may restrict your ability to manage your Canadian investments. Make sure you understand all local laws governing securities.
- Canadian legal arrangements may not be valid outside of Canada. For example, a Canadian power of attorney is not valid in the U.S.

Consolidate for convenience

While you can have as many different investment vehicles in as many different financial institutions as you want, it can get pretty complicated. However, if you consolidate your investments with just one or two financial institutions, keeping track of your finances and budgeting will be a lot simpler.

Put your affairs in order

While it’s sometimes hard to appreciate, life does go on for others after you’re gone. Getting your affairs in order now will make it easier on those people. It will also help avoid unnecessary misunderstandings, mistakes and taxes.

Here are a few tips to help you get your affairs in order and ensure those affairs are settled as you intended:

- Make sure your will is up-to-date.
- Give your executor a copy of your will, as well as a list of your financial, legal, and tax advisors, assets, insurance policies, and important documents.
- Leave a detailed memorandum with your will that indicates who gets certain household effects (such as family heirlooms) and why. This can help prevent hurt feelings and family rifts.
- Discuss your funeral arrangements in advance with family and friends.
- Leave a paper trail to your financial records (including tax returns, bank records, investment statements, etc.), safety deposit boxes, and personal documents (health card, driver’s licence, social insurance number, passport, etc.).

The time you spend getting your affairs in order will dramatically reduce the time and frustration at the other end of the process. And that can only help endear you in the memories of others.



Stay in touch

Life can sometimes get a little hectic – especially if you’re in the middle of a move. But it’s important that you take time out to let people know.

If you change your address, don’t forget to tell your financial institution, insurance company, and employer(s) (past and present), so that they continue to send you important documents, such as cheques, statements and renewal notices.

Similarly, if you have annuity or pension payments that are being deposited directly into your bank account, don’t forget to tell the organization(s) making those payments. A quick letter will help to make sure your retirement income continues without any unnecessary interruptions.

smartPATH

Follow the *smartPATH*
retirement education program
to make your retirement dream
a reality.

The information provided in this guide is accurate to the best of our knowledge as of the date of publication, but rules and interpretations may change. This information is general in nature, and is intended for educational purposes only. For specific situations you should consult the appropriate legal, accounting or tax expert.

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