

RETIREMENT INCOME PLANNING

Now may be the best time to get professional advice

Now what?

That's the question facing a growing number of baby-boomers who are preparing to retire in the next couple of years. Until now, investing and savings strategies have been simple: sock away as much money as you can and try to grow it. Soon it will be time to switch gears and start drawing down on your savings and create a lasting income stream. But that takes a different set of skills than saving and investing. Further, the consequences of making a mistake at this stage may prove more costly because you'll be taking money out of your accounts with no paycheque to replace it. That's why you may want to consider a retirement income specialist for advice for the following reasons.

MEETING INCOME NEEDS

Without a job and a steady paycheque, you'll have to make do with what you've got and stretch it out as long as possible. How much is that? It can vary dramatically from person to person depending on individual circumstances and other, potential sources of income from entitlements such as Old Age Security and Canada

Pension Plan. An advisor can help you plan correctly to try to make your money last as long as you do.

STAYING AHEAD OF INFLATION

In July 2019, Canada's annual inflation rate was 2.4% as measured by the Bank of Canada's total Consumer Price Index. If an investment return is less than 2.4%, you're losing purchasing power, which is often called inflation risk. Regardless of the level of inflation – 1% or 5% – you'll want to stay ahead of it and an advisor can assist with investment options designed to maintain purchasing power through retirement.

PROTECTING YOUR NEST EGG

We've been in a bull market for stocks since the end of the financial crisis in 2009. Although it's true that bull markets don't die of old age, they do end sometime. Although it's impossible to know exactly when, it will be important to understand your tolerance for risk beforehand, which is where an advisor can help. This is especially important for the three to five years before and after retirement because investment losses may take years to recoup.

FACTORING IN HEALTHCARE

On average, Canadians aged 70 to 74 will spend \$8,384 on healthcare each year according to the Canadian Medical Association. That number rises to \$20,917 each year for people aged 80 and older. Advisors creating retirement income streams for clients are expected to take these potential costs into consideration and plan for them providing clients with much-needed healthcare peace of mind.

PREPARING FOR LONGEVITY

Longevity risk is the risk that you may outlive their savings. A man reaching age 65 today can expect to live, on average, another 14 years (to age 79) according to Statistics Canada. Women have a life expectancy of 82 years. With so many potential years ahead, your investment portfolio may have to deliver a level of growth to keep up, which is where an advisor can help.

Ask your financial advisor for more information to help you with your retirement income planning.

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