

Retirement Readiness

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In my role as a Financial Planner at G&F, I am often involved in working with members of the credit union through one of the most important – and scariest – transitions they will face in contemplating their retirement. Whether it is working through detailed planning with the retiring individual(s), or speaking to groups in the community about the topic, the questions I receive are consistently similar: "how much do I need to retire?" or, more specifically, "when can I retire?" This question is very individual and is answered by going through the process of retirement planning. A personal retirement plan is a forecast of what retirement may look like with your current resources matched to your goals for retirement, identifying areas that need attention to see you succeed in retirement. In this article, we identify the resources you should be planning for when considering your retirement.

The topic of 'retirement readiness' can best be broken down into two areas: **financial resources** and **social resources**. My experience is that most individuals plan more for the financial component of their retirement and less for the social resources needed to support their retirement goals.

The amount of **financial resources** and income available at retirement will be very different than during years of employment. We are used to receiving one pay cheque. When we retire, that pay cheque will likely turn into four or five different forms of income. Retirement income is generally a balance of **government** assistance in the form of the Canada Pension Plan (CPP) and the Old Age Security (OAS), **company** pension plan in the form of a Defined Benefit Plan, a Defined Contribution Plan or a Group Retirement Savings Plan, and our **own resources** of savings during our working years, generally in a 'registered plan' (RRSP, TFSA) or in a 'non-registered plan' (cash).



The word 'balance' is key when planning for when and how to tap into each of your financial resources to make sure they compliment each other. In my experience, individuals often let the worry of taxes be the guiding force when planning their retirement streams of income. More often, looking at smoothing out the tax burden through proper income planning and looking far down the road at avoiding large, potentially negative tax events will help you make good income planning decisions today and in the future.

Defining the **social resources** you require to support your goals in retirement is where things get a little trickier. We all know what we are retiring from, but what are we retiring to? This is about setting intentions of who you will be in retirement. Your intentions may be to do more of one thing and less of another: "spend less time on social media and more time with friends and family," or, "more time traveling and being active and less time at home watching Netflix". Those are great intentions, but how will you support them? If we state something like, "I want to be active in retirement" does this mean play golf five days a week, have a personal trainer or go for an hour walk each day? Each of those activities are very different and carry varying costs that need to be considered. Do you have the financial resources to cover golf five days a week? If you were to walk every day, would you need someone to walk with to stay engaged? Do you have people surrounding you that will support you in your goals to be active? All of these components are integral to consider when setting up social resources to support your retirement lifestyle.

In a recent BDO survey, over 69% of Canadians felt they would not have the financial resources to last through their retirement. Marrying together your required financial and social resources in a solid retirement plan will better prepare you for success during your retirement years.

At G&F, we engage in this process with our members on a regular basis. We encourage you to meet with someone from our Wealth Management team to check in on your retirement readiness!