



More Than Retirement Planning

Becky Wong

It comes as no surprise to hear Canadians are living longer and longer. The average Canadian's life expectancy at birth is 81.7, up from 57 in 1921, according to a July 2014 report from Statistics Canada. There are more centenarians than ever before. Gerontologists believe age 120 may be the maximum lifespan, though there are cases of some people living longer. What does this all mean to us physically, mentally, financially?

Let's consider our "normal age of retirement" to still be age 65. If you do live to 105, that is another 40 years of living while potentially not actively working. Where will the money come from? Should we not spend more time in retirement planning than what most of us do? According to Standard Life of Canada's quarterly report, they used the following formula for a longer retirement: $3 \times I + P$

In other words, INCOME x INVESTMENT x IDEAS + PLANNING. Apparently this is the formula that can help us move towards an enjoyable longer retirement. Let's have a closer look.

Consider what your sources of income will be during retirement. There are several, such as,

- Registered pension plan (from your employer)
- Canada/Quebec pension plan
- Old Age Security
- Guaranteed Income Supplement
- Registered retirement savings plans
- Foreign pension plans
- Annuity
- Home Equity (reverse mortgage)
- Salary for work continuation or part-time work
- Inheritance
- Tax free savings plans

It's important to think about your investments today. Are you putting enough aside? If so, are they allocated in the correct asset classes? Are you properly diversified? Are

you taking advantage of global opportunities as they become available? Are you utilizing tax-efficient investment vehicles to minimize taxes as much as you can? Do you have liquidity in the event of an emergency?

Whenever I teach about retirement, I always ask each of the students what "retirement" means to them individually. What are your hopes and goals during retirement? Each of you will have your own idea as to what retirement means to you. Is it to travel more? Is it to do volunteer work versus "having to work"? Is it to move to another country where the cost of living is much lower than, in my case, British Columbia? As a couple, will your sources of income drop significantly should one of you predecease the other or perhaps you have to use "retirement funds" for medical expenses?

Hopefully, we can see that retirement isn't a single facet of just having enough money. It is quite multi-faceted because we all have different ideas of those next 30-40 years once we have finished working. In essence, all of us want to have the choice to play, to work or to learn. To make retirement a reality takes planning and discipline and patience. This is much easier when investors decide to work with a financial advisor. According to the 2014 Fidelity Retirement Survey Report, pre-retirees and retirees who work with a financial advisor are more confident and more likely to achieve their desired retirement lifestyle than those who do not. Did you know that of retirees who have an advisor, 71% have the type of retirement they were hoping for? Of retirees who do not have an advisor, only 53% have the type of retirement they were hoping for.

As we enter into another "RRSP season", are you working with a trusted advisor to help guide you towards an enjoyable longer retirement?

Becky Wong, B.Comm (Hons), CFP, FMA, Independent Financial Planner, Richmond, BC, (778) 227-7087, becky.cfp@shaw.ca, www.beckywong.com