MILESTONES
RETIREMENT INSIGHTS

Key Considerations Examples:

Consider deferring your CPP and/or OAS.

There may be an incentive to defer your Canada Pension Plan (CPP) and Old Age Security (OAS). You will receive 8.4% more every year when delaying your CPP payment beyond age 65. That's a 42% increase by age 70. For OAS, you receive 7.2% more for each year of deferral beyond age 65, that is a 36% increase if deferred to age 70.

Investing while withdrawing is different than investing while saving.

When withdrawing funds on a regular basis for retirement income, the order (or the "sequence") in which you receive your investment returns can make a significant difference in how long that income lasts. This concept is known as the Sequence of Returns Risk. Consider reviewing the proportion of fixed income that makes up your retirement income and the value that deferred/variable annuities (aka "segregated funds") may provide with their death benefit and maturity guarantees.

When do you convert your RRSP to a RRIF?

When you reach retirement, a registered retirement savings plan (RRSP) has the option of converting to a registered retirement income fund (RRIF). To provide a sustainable retirement income and minimize your income and estate taxes, we've calculated an average annual RRIF payment of $11,655 starting at age 67. At an assumed rate of return of 5%, this investment will deplete to $0 at age 101.

Consider annual TFSA contributions.

As new Tax-Free Savings Account (TFSA) contribution room becomes available, you may save income taxes on investment income and have easier access to funds by shifting any taxable (Non-Registered) savings to your TFSA.

Consider charitable donations.

Charitable donations in Canada are eligible for both federal and provincial donation tax credits, with combined incentives of up to 53% in some provinces. You can claim charitable gifts up to an annual limit of 75% of your net income during your lifetime, and up to 100% for gifts made in the year of death and the year preceding death. In addition, in-kind donations of publicly traded securities or mutual funds may be eligible for a 0% capital gains inclusion rate, thus eliminating income taxes on appreciated securities.