

Preparing for retirement



"Think about and plan for retirement." Great idea. It's hard to disagree that spending a little time and effort on this is important. Right? Well that's the theory, anyway. In practice, it's not as easy as it sounds. Between going to work, doing the groceries, preparing meals, taking yoga classes, and doing the laundry, everyday life just seems to use up all our time.

However, since we're living longer, healthier lives, retirement is an opportunity to make your dreams a reality. Travel the world, start a new career, develop your skills as a pianist—it warrants some thought and even a few hours here and there for planning. Because your time is valuable, you can come and see us. We'll take care of the numbers, you write that bucket list, and retirement, here you come!

In 2019, only 28% of Canadians who hadn't done any planning expected to have the retirement lifestyle they hoped for. On the other hand, 68% of Canadians with a retirement savings plan felt confident. The message couldn't be more clear—get planning!

**According to a survey by the Financial Consumer Agency of Canada*

Preparing for retirement: Take some time to dream!

According to Francine Loyer, one of our former Bank colleagues, "You shouldn't think of retirement as an end in itself." Life isn't over—far from it. Instead, this is the time to draw up what Francine calls an "I always wanted to" list. Go back to school, volunteer, travel, or take up horseback riding: the possibilities are endless. That's nice, but you need to think about how you'll pay for all these wonderful projects.

You'll find this item on the "I should have" list of Madeleine Watson, another former colleague. "Everyone should take the time to sit down with their employer and the person who takes care of their finances," she recommends. "Even though I worked in Finance, there were concepts I wasn't familiar with. I wish I'd known more about what to expect, for example, how much money I would need."

Preparing for retirement: Draw up a balance sheet!

Popular opinion is that we should save approximately 10% of our gross salary (before taxes and other deductions) for retirement. We also hear that to live comfortably, we'll need a retirement income equivalent to 70% of the income we had when employed. True or false?

Actually, it's neither one nor the other. The answer is more complicated than that. It depends on several factors, like your retirement lifestyle, age, projects, life expectancy, and how much you've already saved. Do you have RRSPs, a TFSA, company pension plan, or property you want to sell? And how much will you be receiving from government plans?

Just ask us if you want to be sure. Since every person is unique and their dreams and projects are too, the answer should be made to measure.

Preparing for retirement: Set your strategy in motion

Have you just realized that you haven't put enough aside? No need to panic. We have lots of ideas to help put you on the right track. For example, this could be the right time to add more to a systematic savings plan.

The important thing is not to bury your head in the sand. The sooner you know where you stand, the less painful the adjustment will be. It's like having a toothache. The sooner you see the dentist, the less you'll suffer and the less hefty the bill will be.

You should also select the right type of investment (RRSP, TFSA, etc.), since the type you choose can help maximize your savings. In addition, your investments will need to be adjusted to your risk profile and projects.

And don't forget to update your plan at least once a year. To use the dentist analogy again, it's like going for your yearly check-up, but (I'm sure you'll agree), a lot more pleasant. Since, as Ms. Loyer says, "you only retire once," it's impossible to draw on personal experience to prepare, so look to an expert for advice.

Preparing for retirement: Your checklist

1. Think about everything you want to do and accomplish! In addition to the daily rigours of commute-work-sleep-repeat, find some time to dream a little.
2. Pay a visit to your advisor or financial planner. Together, you can figure out what you'll need. Rest assured, they know how to crunch the numbers.
3. Set your strategy in motion. Now you know how much you need to save and how to do it. Let us help. We can set up an automatic withdrawal of the required amounts directly from your account, every pay day, for example.
4. Do you have a huge expense? Your project plans change after the plan is already well established? No need to panic. We're here to help you adapt your plan.
5. Everything's set. So, sit down, relax, and count down the days until you retire.

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