PLANNING FOR

Retirement

SEVENTH-DAY ADVENTIST CHURCH

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Retire When You Want

In this issue of Planning for Retirement, we'll discuss how you can retire when you want with the income you'll need to live comfortably. Sound too good to be true? By planning ahead and understanding where your retirement income will come from, you can help yourself reach your retirement goals.

Let's get started by learning when you can retire from the Church, how much income you'll need and where that income will come from.

In a recent Global Benefits Attitudes Survey, **52%** of Canadian employees indicated that they were worried about their future financial state and **45%** felt they were not confident they would have enough financial resources to live comfortably in retirement.

So what are they doing about it?

Unfortunately, saving more is not a viable option for all Canadians. Canadian employees aged 40 and under said they would try to save more, but employees aged 50 or more indicated they would work a few years longer than originally anticipated to make up for missing savings.

One solution many Canadians agreed on was the need to review their retirement savings plans:

- **48%** of all Canadian employees are reviewing their retirement savings plans
- **64%** of Canadians over the age of 50 are reviewing their plans
- **50%** use mobile applications to help manage their finances or retirement plans and **71%** say they are effective tools

When will you retire?

When you think about when you'd like to retire, you also need to think about what your target income goal is, how long your income needs to last and what kind of lifestyle you'd like to have in retirement.

For example, if you plan to retire at age 55, will your total target retirement income last for 30 years or more? Will you have enough money to do the things you want to do? And, importantly, do you know what you want to do in retirement?

While your Church pension plan allows you to retire as early as age 55, the age at which you choose to retire will depend on your financial situation and your life plans.

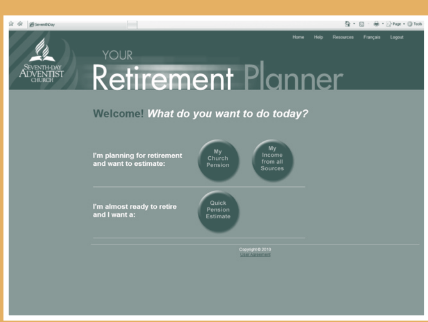
- **Retire between age 55 and 65:** Your pension will be reduced to reflect the fact that it likely will be paid for a longer time. The reduction is ½% for each month (or 6% for each year) that you retire before age 65.

  Bonus: If you retire between age 60 and 65, and your age plus years of Service Credit equal at least 95, you may be eligible to receive an unreduced pension.
- **At age 65:** Your normal retirement date is the first day of the month in which you reach age 65.
- **After age 65:** In this case, your pension is calculated using the Benefit Rate Factor, Pension Factor and Credited Service on your delayed retirement date.

When you are ready to retire, don't forget to contact the Retirement Department at least 90 days before your chosen retirement date!

Are you saving enough?

Today is a great day to review how your Church, personal and government savings plans are doing. Use the Retirement Planner to determine if you are saving enough today to meet your financial goals in retirement.



https://www.twtools.ca/SDARetirementPlanner (don't forget the "**s**" in the address – *https*).

Include your Post-Retirement Benefits!

Post-retirement benefits are an important aspect of your retirement income planning and include:

- **Retirement Allowance**, a one-time, lump-sum amount paid to you in addition to your monthly pension
- **Funeral Allowance** to help cover the costs of your or your spouse's funeral (if applicable)
- **Health Allowance** to ensure you have health and dental coverage in your retirement years

Eligibility for post-retirement benefits depends on your specific situation — review your Annual Statement found on the Retirement Planner to determine what benefits you may receive.

Target retirement income goal

Your target retirement income is the amount of money you would like to earn in retirement. Many financial planning experts estimate that people will need to replace **60% to 80%** of their pre-retirement earnings to maintain the same standard of living in retirement.

How will changes to the CPP affect you?

For more information about the changes, review your June 2011 Planning for Retirement newsletter (www.adventist.ca/departments/retirement/), visit the Canada Revenue website at www.servicecanada.gc.ca or call toll-free 1 800 0-Canada (1-800-622-6232).

The thought doesn't count when it comes to saving

Thinking about saving for retirement doesn't add up. Saving does, and every little bit helps. Starting to save for your retirement today means you are that much more likely to reach your goals in the future. Make today the tomorrow you said you'd start saving!

Whom to call

If you need general retirement information, please contact the Retirement Department at **905-433-0011** or write to **retirement@adventist.ca**.

Next issue

Be sure to let us know if there's a topic you'd like us to cover and we'll try our best to include your suggestions in future issues.

Savvy About Your Pension and Savings Plans?

Understanding how your Church-provided pension plan works, and how your personal savings and government benefits make up the rest of your future retirement income is key to a happy, healthy retirement. ***So let's see what you know!***

Do you know …

… who contributes to your Church pension plan? The Church contributes the full cost of your pension plan. You do not make any contributions.

… how your Church pension is paid? Your pension is paid in monthly instalments. If you have at least 20 years of Service Credit when you retire and you retire from active service, your monthly pension may be indexed, up to 2.5% per year. These increases will help protect your pension against inflation.

… what post-retirement benefits the Church provides retirees? If you retire from active service, you may receive a Retirement Allowance, a Funeral Allowance and a Health Allowance.

… what portion of your overall retirement income needs to come from personal savings? Experts suggest that your personal savings will need to make up approximately 25% - 55% of your total retirement income. Your Church pension plan and government benefits need to make up the rest.

… if you should borrow to save? It depends. There are risks and advantages to this strategy that depend entirely on your situation. This is a great question for a personal financial planner!

… what income splitting means? Income splitting is when a higher income-earning spouse transfers a portion of income to a lower income-earning spouse. Although the household still earns the same amount of money, the taxes owed by each person are reduced. You may split the following retirement income vehicles: the registered portion of your Church pension, Registered Retirement Income Fund, RRSP and Canada Pension Plan benefits.

… what portion of your overall retirement income needs to come from government benefits? Experts suggest that your government benefits will make up approximately 15% - 40% of your total retirement income, depending on what you'll receive from your Church pension plan and from personal savings.

… when can you begin receiving your Canada/Quebec Pension Plan (C/QPP) and Old Age Security (OAS)? You can expect to receive your C/QPP pension benefits beginning at age 65 (or at a reduced rate as early as age 60 or an increased rate after age 65). You can expect to receive your OAS benefit beginning at age 65 (scheduled to gradually increase to age 67 by 2029).

… if you will receive the maximum amount of government benefits? To receive the CPP maximum, you must have contributed the full amount for 40 years. In 2013, the maximum monthly payment was $1,012.50, but the average payment was approximately $500 per month.

To be eligible for OAS benefits, you must have lived in Canada for at least 10 years after your 18th birthday (special rules apply if you move out of the country at the time you begin receiving your OAS benefits). The maximum OAS benefit is available if you've lived in Canada for at least 40 years as an adult.

In 2013, the maximum monthly OAS payment was approximately $550, but fluctuates quarterly based on the inflation rate. However, receiving a maximum payment depends on your retirement income. If it's high enough, a claw-back provision reduces the OAS amount. In 2013, the claw-back was 15 cents on the dollar of income earned above $70,954.

… who is responsible for making sure you have the health and funds you need to live a happy healthy retirement?

You are.

Tell us what you think!

If you have any questions, comments or suggestions about this newsletter, please don't hesitate to contact the Retirement Department:

- Marilyn Pazitka, Director – 905-433-0011, ext. 2071 or pazitka.marilyn@adventist.ca
- Charisma Hodgins, Retirement Specialist – 905-433-0011, ext. 2070 or hodgins.charisma@adventist.ca

We appreciate your feedback!