PLANNING FOR

Retirement

June 2018

Under age 35

WHAT'S INSIDE:

- What you need to know about calling in a financial planner
- How to keep inflation from deflating your retirement lifestyle
- How to invest for retirement in your 20s and 30s

"When you start saving, it affects you for the first month or two, but it's almost like being on a diet. After three months, you don't even notice it."

– Linda Mackay, SVP of Personal Savings at TD Canada Trust

Visit the Financial Planning Standards Council's website at www.fpsc.ca to learn more about finding the right financial planner for you or to begin your search using their database of planners.

WHAT'S YOUR PLAN?

Having a solid financial plan is essential... and the earlier you create one, the more likely you'll be to meet your retirement goals.

What you should do:

FIRST, assess your current financial state

- Start by asking yourself some questions, such as: How much savings/debt do I have? What spending patterns do I see? Do I spend more than I earn?

THEN, determine what your future financial needs will be

- Think about what age you want to retire and what kind of lifestyle you want to have — and how much it will likely cost.
- Ask yourself what you want to save for in both the short term and long term.

FINALLY, put your plan into action and monitor your progress

- It's never too early to begin working with a financial planner. Seeking professional advice from a financial planner will help you construct a plan that will set you up for success.
- You have the luxury of time and can use it wisely by taking advantage of compounding interest; the earlier you start investing, the less you'll have to put in.
- Maximize contributions to tax-advantaged savings plans like your RRSP or TFSA.
- Review how you are tracking toward achieving your financial goals at least once each year.

Want to see how your Church pension fits into your overall saving strategy? Visit https://www.tptools.ca/SDARetirementPlanner to access the Retirement Planner.

Your annual retirement statement will show you the value of your Church retirement benefits. You can also use the Retirement Planner to determine how much you should be saving on your own so you can have the retirement you want. You can print a copy or view it online anytime.

YOU DON'T HAVE TO FIGURE IT OUT BY YOURSELF

Would you build a house without the help of an architect or contractor? When you're determining how to set yourself up for a stable financial future, do you go-it-alone or seek the help of a financial planner?

A financial planner can help you:

- Understand your current financial situation
- Determine your future goals and needs
- Steer you in the direction of the financial products that will help you meet your goals
- Keep an eye on your investments and provide ongoing suggestions

You've decided to seek the help of a financial planner, but how do you choose one?

Interview several planners before deciding!

- Ask the planner how they are paid and compare their rates with other planners
- Understand how they choose investments for you, especially if they are qualified to buy and sell investments themselves — this will avoid a conflict of interest
- Make sure they can meet your needs — for example, if you're interested in insurance, you'll want a planner with an insurance licence

How can you protect your savings from inflation?

You can't beat it without taking on some risk.

Closely watch your investments to see how they're performing against the inflation rate. If your retirement savings are invested in mutual funds and guaranteed investment certificates, consider moving a portion of your savings into equities or balanced funds. See below for more information.

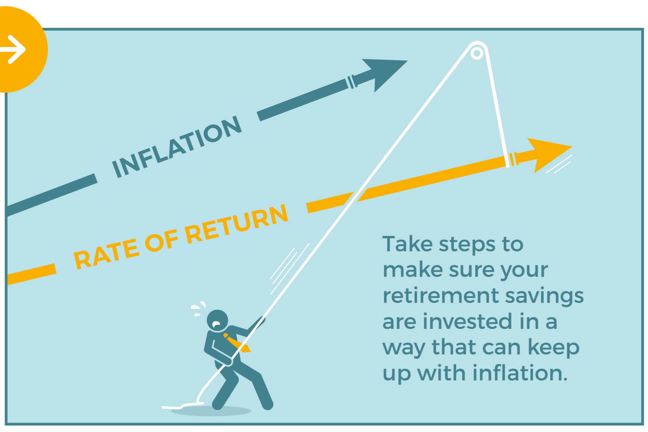
SOMETIMES BEING SAFE IS RISKY

Don't let inflation surprise you

When you're planning for your retirement, it's important to keep in mind that goods and services will cost more in the future than they do today. You'll have to take steps to make sure the money you've been saving for retirement is invested in a way that can keep up with inflation.

Inflation is measured using the Consumer Price Index (CPI), which tracks the fluctuation in the price of more than 600 goods that Canadians buy on a regular basis. The average rate of inflation over the last few years has been 2%, which means the goods and services we buy cost 2% more each year.

While a safe fund that receives a steady rate of return may *seem* like the smart place to invest, it could hurt you in the long run if that rate is lower than inflation. If a large portion of your retirement savings is getting a 1.8% **rate of return** when inflation is at 2%, you'll fall behind in your retirement savings!



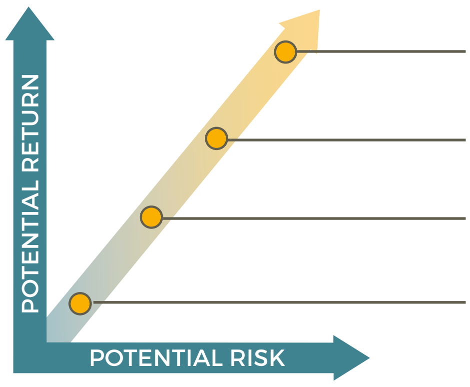
GET AHEAD OF THE CURVE

Your investment strategy should carefully evaluate how much risk you are comfortable taking. The farther away you are from retirement, the more risk you could potentially take on.

A financial planner might advise someone who is decades away from retirement that your retirement savings could be invested in riskier investments for two reasons:

1. **Greater the risk, greater the potential reward**. Riskier investments typically see higher rates of return.
2. **Time is on your side**. If that risk leads to a decrease in your savings, your investments have plenty of time to bounce back.

Quick start guide to types of investments and their levels of risk:



Equities – Funds that invest mainly in common stocks or shares of companies

Balanced – Funds that hold a combination of stocks, bonds and money markets

Fixed Income – Funds that hold mainly bonds and other investments with a fixed rate of return

Money Markets – Funds that invest in short-term securities, such as Guaranteed Interest Accounts (GIAs)

Canada

Government Benefits

For information on the Canada Pension Plan, Old Age Security, the Canadian retirement income calculator and retirement planning, visit:

https://www.canada.ca/en/services/benefits/publicpensions.html

Who will receive your Church retirement benefits if you're not around to do so?

There are two good reasons to designate – and refresh – your pension beneficiaries:

1. **PRIVACY**. Unlike a will which becomes public when it goes to probate, only the beneficiary will know about the arrangement.
2. **CONVENIENCE**. Avoid paperwork, legal fees and hassle if you name your spouse as your beneficiary.

✓ **Review your listed beneficiaries and update the form as necessary.**

NEXT ISSUE

Help us help you.
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.

WE WANT TO HEAR FROM YOU!

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

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WE APPRECIATE YOUR FEEDBACK!