PLANNING FOR Retirement

SEVENTH-DAY ADVENTIST CHURCH IN CANADA

June 2018

Over age 50

WHAT'S YOUR PLAN?

Having a solid financial retirement 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

- Review your most recent financial information (investment statements, RRSP statements, group benefits information, pension statements, pay stubs, life insurance policies, latest tax return, bank account balances, mortgage information, etc.).
- Categorize your expenses as recurring vs. one-time only, and whether they are *nice to have* vs. *need to have*.
- Ask 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

- Consider working with a financial planner to construct a plan that will fill the gap between your current financial state and your desired future state.
- Maximize contributions to tax-advantaged savings plans like your RRSP or TFSA.
- Review your three sources of retirement income: government, Church and personal.
- Review how you are tracking toward achieving your financial goals at least once each year.

What you should *consider* doing:

- If you are approaching retirement age but aren't ready to leave the workforce, think about a part-time phase out approach.
- Get active and stay healthy – not only is kicking off retirement with aches and pain a downer, but it can also be expensive!
- Seek out other sources of retirement income. Do you have any hobbies that can lead you to a job, or a talent that you can turn into a business?

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

WHAT'S INSIDE:

- What you need to know about calling in a financial planner
- How to keep inflation from deflating your retirement lifestyle
- Investment strategies over age 50

> "More than half of Canadians are living within $200 per month of not being able to pay all their bills or meet their obligations."
>
> – Ipsos Survey, MNP Accounting

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.

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 entirely invested in mutual funds and guaranteed investment certificates, consider moving a small portion of your retirement savings into equities or balanced funds. See below for more information.

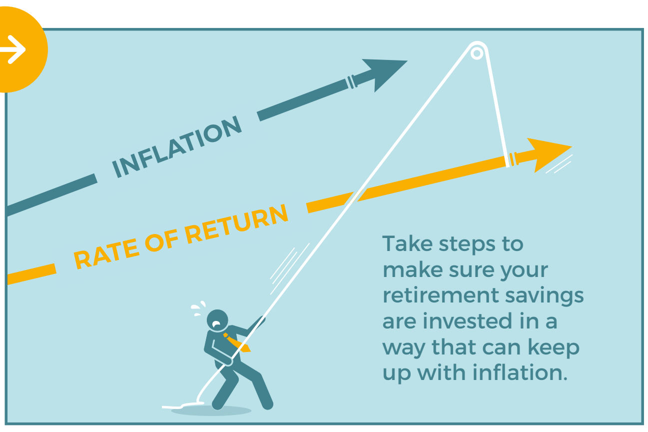
SOMETIMES BEING SAFE IS RISKY

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!



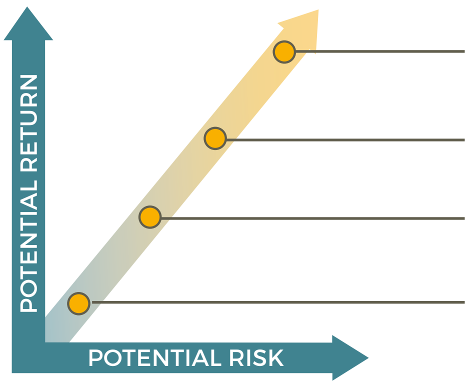
GROWING – AND PROTECTING – YOUR NEST EGG

Your investment strategy hinges on risk. The closer you are to retirement, the more closely you need to monitor the risk your investments are exposed to. As your retirement draws nearer, you'll want to think about moving a greater portion of your retirement savings to less risky investments.

As someone who is closer to retirement, a financial planner might suggest you minimize your exposure to risk as you have fewer working years left. If you have a bad year or two of returns, you have less time to bounce back.

A financial planner can help you understand how much risk is right for you.

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)

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.**

Government Benefits

Canada

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

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!