



WHAT'S INSIDE:

WHAT INFLATION
MEANS FOR YOU



TRAVEL INSURANCE
AMID UNCERTAINTY



TIPS FOR DRAWING
DOWN YOUR SAVINGS



STAYING ACTIVE
THIS WINTER



Inflation: A persistent rise in the average level of prices over time, which can decrease the purchasing power of money. For more information on how inflation works, visit www.bankofcanada.ca/2020/08/understanding-inflation/.

Consumer Price Index (CPI): A tool used to measure inflation by estimating the cost of goods and services consumed by a household and comparing these prices to a previous time.

Curious about inflation in the past? Check out the Bank of Canada's inflation calculator to see how the cost of a fixed "basket" of consumer purchases has changed over the years, from 1914 all the way up to today: www.bankofcanada.ca/rates/related/inflation-calculator/.

Adjusting to new ways of living, thinking of the future

The last years have had profound impacts on all of our lives. And while the initial crisis of the pandemic may be behind us, we continue to cope with new normals and the changes they bring.

This edition of *Living in Retirement* is dedicated to exploring some of the new realities we're facing, from changes in inflation, to travel in the age of COVID, and staying active and connected with your community in the winter.

What inflation means for you

You may have been hearing a lot lately about inflation. Just this October, Statistics Canada reported that the annual pace of inflation had risen to 4.7%, the fastest pace since 2003. Over the next year, costs for goods and services including gasoline, housing and food are projected to continue to rise.

For many Canadians, this can be concerning because it means that money can't buy as much as it used to, which puts a strain on budgeting and finances. This can be especially worrying for retirees who live on fixed incomes. But the news is not all bad. Many experts see the current rate of inflation as temporary.

Inflation and your Church pension

It's important to remember that your Church pension is a protected benefit. Your basic monthly defined benefit (DB) payment is guaranteed. And, depending on your individual circumstances, you may be entitled to **indexation**. This means your monthly pension amount will increase to help protect it against inflation. We encourage you to refer to your latest pension statement for more information on your entitlement and to find out if you are eligible for indexation.

AN EXAMPLE:

Age	Monthly pension amount
58	\$551
63	\$623
68	\$705
73	\$798
78	\$903
83	\$1,022

Patricia had at least 20 years of service credit when she retired directly from active Church employment in 2015. This means she is entitled to an indexed Church pension that increases up to 2.5% per year in line with the Consumer Price Index.

Patricia begins her pension at age 58. Assuming inflation is at least 2.5% per year, the table above shows how Patricia's pension will increase over time.

Checklist before you travel

- Consult travel advisories while planning your trip and before you leave. Up-to-date information is available at travel.gc.ca/travelling/advisories.
- Check the requirements to enter your destination by visiting their official government website. Requirements may include quarantines and COVID-19 testing. Acceptable tests – and when you need to take them – vary by country.
- Consider additional costs for COVID-19 antigen or PCR testing. Tests are readily available at major drug store chains across Canada, with rapid antigen tests starting at around \$40. Travellers returning to Canada must have a negative PCR test taken within 72 hours of arrival. The per-test cost for a PCR test is roughly \$250.
- Remember that travellers returning to Canada must use the ArriveCAN app for re-entry into Canada. More information on the app is available at tinyurl.com/EntrytoCanada.
- Keep in mind that requirements are changing frequently. Check the above sources often and keep up to date with the news.

Your investments

It's always a good time to review your investment strategy. But you may be wondering now about the impact of inflation and what you can do to protect your savings. One option financial experts cite to counter the effects of inflation are **inflation-linked bonds (ILBs)**. ILBs are issued by the government and each country has a different name for them. In Canada, they're called Real Return Bonds (RRBs).

Bonds are among the most secure investment options available because they provide a guaranteed return. With ILBs, not only is your return guaranteed, it will adjust and increase in line with the Consumer Price Index, similar to the indexation you may receive with your Church pension. This helps to preserve the purchasing power of your investment.

Let's say you have an investment portfolio that returns 5%. If the rate of inflation is 3%, then your real return is about 2%. ILBs help to keep your real returns high by increasing in value when inflation sets in.

Traditional bonds versus ILBs

While ILBs tend to be a safe option during periods of inflation, the value of your return could decrease in a time of deflation. A key point when deciding between traditional bonds and ILBs is called the breakeven inflation rate. This term compares the difference between the return on a traditional bond and an ILB of the same maturity. If inflation exceeds the breakeven level, ILBs would provide a higher return than traditional bonds. If inflation is lower than the breakeven level, traditional bonds will outperform ILBs. This is why it's important to consider how long you intend to keep your bonds and projections for inflation during this time period.

The bottom line

Your investment strategy and portfolio will depend on your level of comfort with risk and your personal financial goals. Remember to always work with a trusted financial advisor to discuss what's right for you!

Travel insurance amid uncertainty

Like many Canadians, you may be thinking a lot about travel these days – whether to visit family and loved ones, to volunteer or attend Church events, or just to take a vacation! Travel insurance is an important part of the planning process, but it's often overlooked. With travel restrictions changing regularly, details like insurance are more important than ever before. Just like you wouldn't drive a car without car insurance, it's important to purchase travel insurance before setting off on your next trip.

Why do I need travel insurance?

Whether you're travelling abroad or out of province, travel insurance can help with unexpected events including cancelled flights, lost luggage, and emergency health and medical coverage in the event of an accident, injury, or sickness. It can also offset financial loss if you have to cancel your travel plans for an insured reason. It's important to note that not all plans will cover COVID-related problems or cancellations.

How do I know what travel insurance is right for me?

➔ Consider your personal needs

What are your top priorities when it comes to being insured? Consider asking yourself these questions: Is your plane ticket refundable? What is the status of your health and your travel partners' health? What is the value of your luggage? How many times do you plan on travelling this year? What other coverage do you already have? Knowing what is most important to you will help you find the plan and coverage best suited to your needs.

➔ Shop around to compare providers and coverage options

There are plenty of options out there, which can sometimes be overwhelming. While it might be easier to simply purchase the first plan you come across, not every travel insurance plan is made the same.

Many providers offer seniors' discounts, annual plans for frequent travellers, extended plans for longer trips and coverage for pre-existing conditions. You can buy travel insurance through your travel agent, insurance broker, insurance provider or credit card company.

Check out some of these travel insurance companies offering coverage specifically tailored to seniors:

- TD Travel Insurance: tinyurl.com/TDInsurance
- RBC Travel Insurance: tinyurl.com/RBCTravel
- Allianz Travel Insurance: tinyurl.com/AllianzSenior

➔ Focus on the fine print

No matter where you decide to travel, your insurance policy should always cover medical evacuation, pre-existing medical conditions and repatriation in case of death. Ensure you know the terms of the policy and contact the insurance company if you have any questions.

For more information on what to look for when buying travel insurance, consult the Government of Canada's resources: <https://travel.gc.ca/travelling/documents/travel-insurance>.

There will always be risks when you travel, but travel insurance helps mitigate many expenses that come with these risks. Make sure you do your research, ask questions, and think about what really matters to you.

Tips for drawing down your savings

For many years of your life, you relied on regular income to provide for yourself and your family. You may even have been saving to fund your retirement. Now your situation is a bit different because you've switched from earning and accumulating to spending.

That's where **decumulation** comes in. Decumulation is the process of spending your savings in retirement over time – to ensure you have funds available across all of your retirement years. And you may be wondering about how best to do this.

The change from accumulation to decumulation goes beyond hard numbers. It can also bring about changes in your lifestyle and spending habits. Everyone will have different goals depending on the life they want to lead in retirement, but achieving balance is a common principle. You'll want to spend enough today to ensure you're comfortable, while making sure you have enough to continue to live the life you want in the years to come.



Check out some resources for inspiration on your finances and wellbeing:

1. Book: *Purposeful Retirement: How to Bring Happiness and Meaning to Your Retirement* by Hyrum W. Smith
2. Book: *Retirement Income for Life: Getting More Without Saving More* by Frederick Vettese
3. TED Talk: *Less Stuff, More Happiness* by Graham Hill www.ted.com/talks/graham_hill_less_stuff_more_happiness/

Tell us what you think!

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

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**WE APPRECIATE
YOUR FEEDBACK!**

Regardless of your goals, here are some questions to consider for refining your decumulation strategy:

- What kind of lifestyle do your savings support, both for today and down the road?
- What is your current health status? Do you anticipate increased medical expenses in the coming years? If so, how much of your savings do you need to reserve for this?
- For how many years do your savings need to last?
- What do you want to leave behind for family or Church?

Keeping these questions in mind, it's helpful to determine your annual spending budget and then review it every few months. This way, you can keep on track with any changes in circumstances and prepare for upcoming expenses. You'll also want to look at all of your savings accounts and sources of income and decide where to withdraw from – and how much – as this can affect how your savings get taxed. A trusted financial advisor can help you navigate these considerations, while giving you important direction to further your financial goals as you progress through your golden years.

Staying active this winter

With the warm days of summer behind us, we now face colder days... and shorter ones, too! Whether you're a fan of colder weather or you just can't wait for these months to pass, winter weather can pose some unique challenges for staying active.

Activity goes beyond just physical exercise. Colder temperatures can result in more time spent at home, and for some, this may mean being isolated or feeling a bit lonely. It's important to take care of your mental wellbeing as much as your physical. Here are five ways to stay physically active and emotionally connected this winter:

1. On milder days, go for outdoor walks. Consider walking with a loved one and be sure to keep an eye out for ice.
2. As the snow starts to come down, opt for indoor activities. Take your walks indoors on a treadmill, practice gentle daily stretches, follow along with fitness videos, or consider indoor fitness facilities.
3. Serve the mission of the Church in different ways by participating in both in-person and online events, volunteering and attending regular services. Learn more about events in your area by visiting your local conference website at www.adventist.ca/conferences/.
4. Get creative and pick up a new hobby. Maybe you've always wanted to take up knitting or attend a virtual book club. Not only are these great ways to get your creativity flowing, they also might introduce you to new people in your community.
5. Spend time with loved ones. Whether it's a phone or video call, or maybe even an in-person visit, the time you spend with loved ones is precious.

Developing a fulfilling routine that incorporates physical and mental activity with social connection is the key... it's proven to have positive effects on your overall wellbeing!

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.
