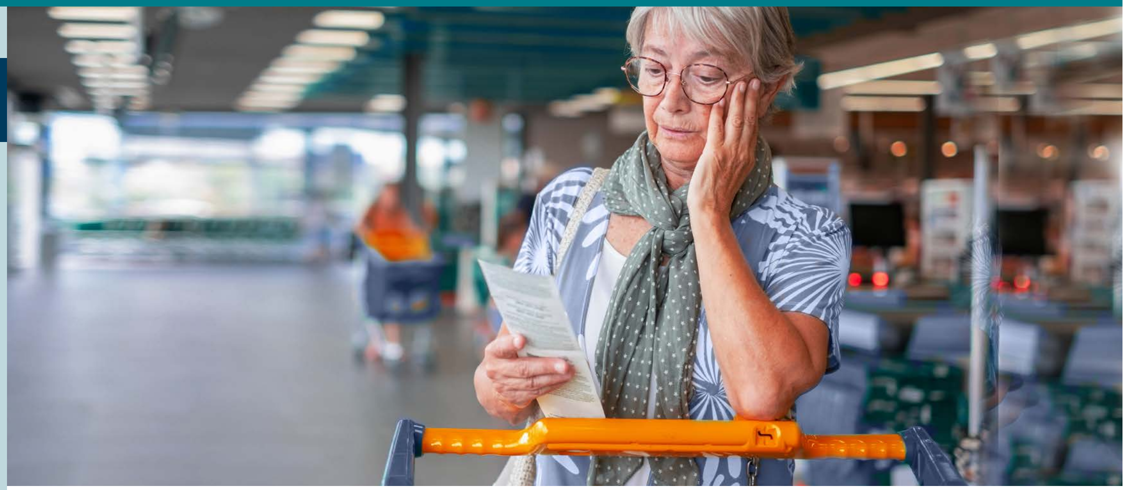
LIVING IN

Retirement

December 2022

WHAT'S INSIDE:



Reminder: your Church pension is guaranteed!

Through uncertain financial times, it's important to remember that your monthly defined benefit (DB) Church pension is guaranteed. The monthly pension payments you receive, along with government benefits like Old Age Security and Canada/Quebec Pension Plan payments, provide a **stable** and **predictable** source of income you can count on — no matter what.

Refer to your latest pension statement for more information on your Church pension entitlement.

Rediscovering your purpose, revisiting your finances

Inflation has been a topic of interest over the last few years and has affected the lives of many across the globe. With 2022 drawing to a close, the economy continues to change. These are especially uncertain times for retirees, and you may be hearing varied or conflicting advice about navigating rising inflation on a fixed income.

In this edition of *Living in Retirement*, we're providing you with some solid information on inflation, plus tips to help you not only survive the current economy, but thrive in your golden years!

Understanding interest rate hikes and handling retirement with rising inflation

2022 has been a year with a great deal of financial uncertainty. In late 2021, it was reported that goods and services were expected to become more expensive, which proved true as we entered the new year. In September 2022, the Consumer Price Index (CPI), which measures inflation by estimating the costs of goods and services, rose 6.9%. Notably, prices for food purchased from grocery stores rose by 11.4%, which was the highest increase since August 1981, where it rose by 11.9%.

In response to the high inflation we've seen in recent months, the Bank of Canada introduced several interest rate hikes this year to help bring inflation under control. In October 2022, the Bank of Canada raised its target interest rate from 3.25% to 3.75%. When the target interest rate is raised, it becomes more expensive for banks across Canada to borrow money — an expense which then gets passed onto consumers. Higher interest rates discourage consumers from borrowing money, which reduces overall spending and typically brings inflation down. However, these rate increases can affect your mortgage payments and could make borrowing money or paying off debt more difficult.

Not sure how to get started on budgeting?

The Government of Canada has a Budget Planner to help you create a customized budget in three simple steps. Visit https://tinyurl.com/canadabudget to get started today!

While a rate hike can be a sign of better times and lower inflation ahead, it can have a real effect on your life in retirement. We encourage you to consult a trusted financial advisor to determine how rising interest rates may affect you. If you don't have one, you can find a certified financial planner in your area through www.fpcanada.ca.

Living on a fixed income can be difficult when the price of day-to-day items rises and uncertainty looms. We've put together a list of four tips to help you take control of your finances during challenging times.

1 Check in on your budget or create one if you don't have one

As we emerge from the pandemic, financial priorities have changed for many. The last few years may have offered you the opportunity to save money in lieu of going out to eat or going on vacations. For others, this may not be the case. No matter what your personal circumstances are, set aside some time to check in with your budget and see if the funds you've allocated to certain expenses still resonate with your current lifestyle. If you haven't created a budget yet, now is a better time than ever to get started!

2 Identify long-term patterns in spending that you might not be aware of

Personal finances can be complicated, but a simple way to protect yourself from running short of money in retirement is by spending less. It sounds easy, but often we're not sure of where to start when it comes to saving money, especially if you're feeling like you already live a modest lifestyle. Hidden in our monthly expenditures are habits we might not be aware of. As a first step, review your bank and credit card statements and see if any of your day-to-day expenses surprise you. Then, see what works for you! You might be happy with these patterns of spending, or perhaps you'd like to make some changes.

3 Push back major expenses if possible

Though life can present unexpected expenses where we have to temporarily adjust our budgets, there are also planned – but perhaps deferrable – expenses that may have to take a back seat during this time of rising inflation. Were you planning on upgrading your car, going on a vacation or doing some home renovations this year? While these types of life upgrades can be exciting, now may not be the best time to act on them. Consider your financial priorities for the year ahead and plan accordingly.

4 Review and revisit your financial strategy

In last December's newsletter, we spoke about rising inflation and provided some tips around investment strategy that remain true today. If you're looking for advice on investments and understanding inflation, we encourage you to review this newsletter and consult a trusted financial advisor for advice on how to proceed!

Revisiting your investment strategy during a market downturn

You may have been hearing a lot about the current market downturn we're experiencing. You're likely also familiar with a stock market crash. But what's the difference between the two? An economic downturn is a general slowdown in economic activity, while a stock market crash is marked by an unexpected drop in stock prices.

Typically, a downturn becomes a stock market crash when there is a double-digit percentage drop in a stock market index over a few days. Major events in history have impacted the health of the stock market, including the 1929 Great Depression, the 2008 financial crisis and the 2020 COVID-19 pandemic. This year, global events, rising inflation and interest rates have all contributed to the downturn we are experiencing.

So, what should you do?

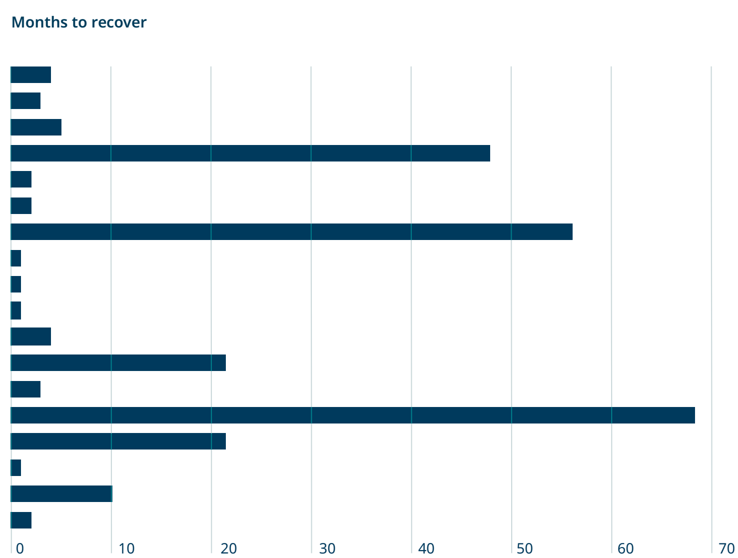
The investment advice from many financial experts is to react to economic downturns by staying the course and taking a long-term view of things. Historically, markets recover from downturns, and if you're an investor, you can stand to benefit when the market builds back up if you're able to stay invested. Below are some quick tips for staying the course through economic downturns:

- Take the time to assess your situation regularly with a financial advisor to ensure your investment portfolio is still in line with your financial goals and life situation.
- Remember that investing protects your purchasing power and is a great way to combat inflation by ensuring your money grows with the market.
- Ensure your investments are invested rather than left as cash in your Registered Retirement Savings Plan (RRSP) or Tax-Free Savings Account (TFSA).
- During times of high inflation, consider inflation-linked bonds to help protect the value of your investments.

Lastly, remember that economic downturns don't last forever. Throughout history, governments have stepped in and worked with central banks to restore economic conditions. Sometimes this happens quickly, and other times it takes a bit longer. But, as the chart below shows, recoveries happen!

Market downturns and recoveries, 1950 - 2018

Event	% change in market value after 2 years
2018: Global recession scare	/
2016: Chinese Yuan downgrade	+43%
2011: US debt rating downgrade	+52%
2009: Subprime mortgage crisis	+95%
2006: North Korean missile test	+2%
2003: Iraq War	+50%
2002: Dot-com bubble crash	+45%
2001: September 11th	+7%
1997: Asian financial crisis	+73%
1991: Soviet coup attempt	+21%
1990: Desert Storm	+37%
1987: Market crash	+54%
1980: Oil crisis	+14%
1974: Market break	+59%
1970: Market break	+60%
1963: JFK assassination	+32%
1962: Cuban missile crisis	+59%
1950: Korean War	+50%



Source: Datastream. Benchmark: S&P 500 Composite, USD return.

Can you receive a government pension if you live outside of Canada?

Retirement presents you with opportunities that might not have been available during your working years, including geographical flexibility. Maybe your dream has always been to retire in another country, or perhaps you'd like to live closer to family and friends. Whatever your reasons, it's important to understand the implications of living outside of Canada when it comes to your government benefits in retirement.

If you choose to relocate, keep in mind that there may be some changes in your government benefits. Here's how Old Age Security (OAS) and the Canada Pension Plan (CPP) differ on this score:

OAS

- Based on residency in Canada
- Canadian residents must have lived in Canada for at least 10 years after the age of 18, be 65 or older and be a citizen or a legal resident when their OAS application is approved
- Non-residents must have been a citizen or legal resident on the day they left Canada, be 65 or older and have lived in Canada for at least 20 years after the age of 18

CPP

- Based on contributions made in employment by employees
- No residency limitations

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You are not alone!

If you've experienced difficulties getting back to normal after the pandemic, you're not the only one! Many retirees are likely feeling the same way that you are. Reaching out and finding community is an important way to stay connected. Here are some quick ideas to rebuild your community post-pandemic:

- **Volunteer:** whether it's through the Church or otherwise, volunteering can increase your sense of connectedness and purpose.
- **Exercise:** build up your natural endorphins and get active! Joining a group sport or class at a local community centre can lead to the added bonus of meeting new people.
- **Connect** with friends and loved ones both. Sending prayers, voicing your appreciation or reaching out with a phone call or activity can help ease worries and improve your mood!

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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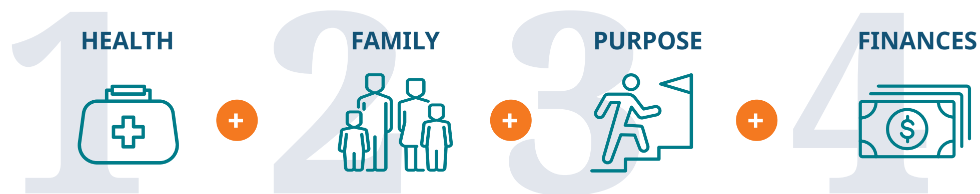
WE APPRECIATE YOUR FEEDBACK!

Rediscovering your purpose in retirement

As we step into a post-pandemic world, many of us may be feeling a little lost or unmoored after years of unusual routines and adjustments to pandemic life. And while these years have been long and challenging, it can help to remember that hardship sometimes affords us unexpected gifts. An example? The opportunity to revaluate and hopefully strengthen our sense of purpose in retirement.

Edward Jones recently released a study outlining the four pillars of living well in retirement: ***health***, ***family***, ***purpose*** and ***finances***. Their study noted that many used to see retirement as a winding down period, but in recent years, sustained purpose and contribution have become increasingly important and integral to overall wellbeing in retirement.



Here are some ideas for ways to enrich your life during retirement:

Focus on your health

Today, a longer lifespan is more common than in previous generations. Taking care of your physical health through balanced food choices and regular activity is sure to pay off in the long term and can be a fun way to try out something new! Equally important is your mental health. The study found that mental health has continued to be the most negatively impacted by the pandemic. Maintaining relationships, communicating your feelings and taking the time you need to rest are all important factors in maintaining your mental wellbeing.

Focus on your family

The study found that family was the greatest source of comfort and purpose for many retirees. Friendship has also taken on a more important role. Your relationships with your loved ones may have ebbed and flowed in your life, especially through the last few years. As we move past lockdowns and can again see loved ones who live near and far, remember to cherish these moments. The study also found that 1 in 4 respondents older than 65 have not discussed their end-of-life care preferences with anyone at all. Though this can be a difficult conversation, ensuring your wishes can be fulfilled will ease stress for your loved ones in the future.

Focus on your faith

32% of survey respondents listed their faith as the most important contributor to identity in retirement. Actively practicing your faith through prayer, services, singing and studies can help you feel more connected to God and your Church community. Additionally, ritual and prayer help your memory and can bring a sense of calm and familiarity to your everyday activities.

Teach us to number our days, that we may gain a heart of wisdom ." **– Psalm 90:12**

As this verse reminds us, each day we experience is a gift. Retirement grants us freedom and flexibility in the time we have, so why not make the most of this precious time? Whatever your wants and needs may be, it's important to connect to what drives your purpose in retirement.