PLANNING FOR
Retirement
June 2024
SEVENTH-DAY ADVENTIST CHURCH RETIREMENT PLAN FOR CANADIAN EMPLOYEES

IN EVERY SITUATION JESUS BRINGS BLESSINGS: FEELING READY AND EXCITED ABOUT RETIREMENT

Retirement is a significant milestone, and it's essential to approach it with thoughtful planning and consideration. Whether you're at the beginning, middle or end stages of your working years, it's always a good time to think about what you can do to chart the path to a rewarding retirement.

HOW DO YOU KNOW WHEN IT'S THE RIGHT TIME TO RETIRE?

Financial readiness is primary. It's important to have a robust financial plan that ensures your retirement income sources can sustain your lifestyle throughout retirement. This includes understanding your potential expenses and ensuring you have a steady and sufficient income stream to cover these costs without financial strain.

Supportive relationships are another vital component. The transition to retirement is not just a financial change, but a social one as well. Having strong ties with family and friends can help you navigate this transition more smoothly. These people can provide emotional support and enhance your life with meaningful interactions and activities.

Excitement about new hobbies or interests also plays a role in determining the right time to retire. Engaging in new or existing hobbies can provide significant mental and emotional benefits, keeping you active and engaged in your community. Whether it's pursuing a long-neglected passion or diving into something new, these activities can greatly enrich your retirement years.

Lastly, good physical and mental health is crucial. It's important to consider your health needs – and the financial costs associated with them – to ensure you're able to actively enjoy your retirement. Regular health check-ups and a focus on maintaining your health can help ensure you are in good shape to enjoy the years ahead.

ALL ABOUT OUR GRRSP AND NEW TFSA!

Did you know that alongside your defined benefit (DB) pension, the Church offers a Group Registered Retirement Savings Plan (GRRSP) and a Tax-Free Savings Account (TFSA)? The Church GRRSP and TFSA are optional accounts you can open with us to further your retirement savings and financial goals.

With both, you decide how to invest the money in these accounts, choosing from a range of professionally managed funds. They also offer a distinct advantage compared to regular RRSPs and TFSAs offered at your local bank: lower-than-retail investment management fees. This means you keep more of your money growing in your accounts. With the GRRSP, you even get a matching employer contribution!

The following table will help you understand the main differences between the two accounts:

	GRRSP	TFSA
Purpose	Grow your retirement savings	Save for any purpose, short- or long-term
Employer matching contribution	Up to a possible 3% of your eligible earnings	No match (some exceptions apply)*
Tax advantages	Contributions are tax-deductible, which reduces your taxable income Invested contributions grow tax-free until withdrawal	Contributions are made with after-tax dollars No tax is applied thereafter, including on any investment gains
Contribution limits (check your Notice of Assessment for your RRSP contribution limit)	18% of your earned income from the previous year, up to a dollar maximum ($31,560 for 2024) + Any unused contribution room from previous years	Set limit each year ($7,000 for 2024) + Any unused contribution room since 2009 or the time you turn age 18 – whichever is later
Withdrawals	Employee contributions can be withdrawn at any time; employer contributions cannot Subject to withholding tax and income tax at your current tax rate	Permitted at any time No tax upon withdrawal

* Matching contributions to the TFSA, up to 3% of eligible earnings, are only available to new Church employees who do not have RRSP contribution room, and to working Church employees over the age of 71.

Withdrawals: Consider the long-term impact

Withdrawals from either account reduce the potential for future growth of the remaining funds. Withdrawn amounts from your TFSA can be re-contributed in future years, but with a GRRSP withdrawal, you will lose that contribution room permanently.

Enrol today

You can contribute to the GRRSP and TFSA through regular payroll deductions or by making lump sum payments. You can also change your contribution level and investment choices at any time through iA Financial. To get started, **ask for GRRSP and TFSA enrolment packages** from your payroll department and **sign up** at **www.ia.ca/enrolnow**!

THINGS TO KEEP IN MIND IF YOU WANT TO RETIRE ABROAD

Retiring abroad can be an exciting prospect, but it requires careful consideration to ensure a smooth transition.

One of the primary advantages of retiring overseas is the potential for a lower cost of living, which can extend the purchasing power of your retirement savings. Additionally, experiencing a new culture can add a refreshing and enriching dimension to your retirement years. However, there are also challenges, including the distance from family and friends.

Visa requirements are a critical aspect to consider. Each country has its own regulations regarding residency for retirees, which can involve proving financial independence or making specific investments in the country. It's important to research and understand these requirements well in advance.

Medical coverage is another consideration. As a Church retiree, you will not qualify for the retiree Health Allowance if you move out of country. For this reason, we would strongly recommend that you purchase coverage to ensure you have access to healthcare in your new home country.

Lastly, the tax implications for your Church pension and government benefits must be carefully examined. Different countries have different treaties with Canada regarding taxation, which can affect the net amount of your Church pension and government benefits. Understanding these implications will help you avoid unexpected financial burdens.

NEXT ISSUE

Topic idea? Let us know.
We welcome suggestions.

BEST RETIREMENT SAVING PRACTICES BY DECADE

Planning for retirement is important at every stage of your life. Here are some simple tips to help you save effectively in your 30s, 40s, 50s, and 60s.

SECURING YOUR FINANCIAL FUTURE IN YOUR 30s AND 40s

Envision what you want your retirement to look like. Do you see yourself traveling, pursuing hobbies, or moving to a faraway place? Determining your retirement lifestyle will help you estimate how much money you'll need to fund it comfortably. Once your goals are set, it's time to review and update your budget. A budget isn't just a monthly necessity; it's a strategic tool that guides your financial journey. Ensure your budget reflects a dedicated savings line for retirement, and don't forget to review it regularly to accommodate changes in your financial situation and keep you on track with your retirement goals. Then, begin contributing to the Church GRRSP, TFSA or other retirement savings vehicles as soon as you can. Even modest amounts can grow exponentially over time thanks to compound interest.

STRATEGIES FOR MAXIMIZING RETIREMENT SAVINGS IN YOUR 50s

As you navigate your 50s, you may wish to prioritize high-yield investments to maximize your retirement savings. Many experts recommend a diversified portfolio weighted more heavily towards stocks. These types of investments typically offer better returns compared to more conservative options such as bonds.

Another effective investment strategy is to utilize Target Date Funds. These funds are designed to simplify your investment process. They start out being more heavily weighted toward growth-seeking investments and gradually shift to more conservative investments as you approach your retirement date. This built-in adjustment mechanism helps manage risk without requiring you to make frequent changes to your investment allocations. Target Date Funds are a good option for those who prefer a more hands-off approach to their retirement planning, ensuring that their savings evolve appropriately as they move closer to retirement.

It's also advantageous to ensure you are maximizing contributions to your savings accounts, including making use of unused contribution room from previous years. This can help you boost your retirement savings in any RRSPs or TFSAs, particularly if you started saving later or experienced interruptions in your savings plan.

PROTECTING YOUR WEALTH IN YOUR 60s

As you transition into your 60s, it's often recommended that you shift your investments to a more conservative mix that favours bonds over riskier options like stocks. This approach helps safeguard your accumulated savings against potential market downturns as you near retirement. Alongside adjusting your investment strategy, it's crucial to plan for withdrawals from your retirement accounts. Thoughtful consideration of the timing and method of withdrawals can ensure that your savings sustain you throughout retirement while minimizing any associated taxes and fees.

Just remember, whatever your age, it's important to align your investment choices and financial strategy with your overall goals, personal risk tolerance and the time you have until retirement.

Common retirement saving mistakes to avoid at any age:

- **Delaying saving:** Start saving as early as possible. The longer you wait, the harder it will be to accumulate enough funds for a comfortable retirement.
- **Overestimating government benefits:** Don't rely solely on government benefits like Old Age Security (OAS) and the Canadian/Quebec Pension Plans. These benefits will likely not be enough to cover even basic expenses in retirement.
- **Withdrawing retirement savings too early:** Avoid taking money out of your retirement accounts before you retire. Early withdrawals often come with penalties and reduce the amount you'll have in the future.

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:

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