



my money after work

It's my time to retire

There's a lot to do when you're preparing to retire. Whether you're a few years away or retirement is just around the corner, this guide can help you understand the information and steps you need to take to make the transition.

We'll cover:

- **Wellness and retirement:** Helping you understand how well-being impacts the quality of your retirement, as well as the length of your retirement years.
- **Financing your retirement:** Including transitioning from your company plan and applying for government benefits.
- **Securing your retirement:** Protecting your retirement savings.
- **Getting help:** How do you get in touch with people who can assist you with your transition?



WELLNESS AND RETIREMENT



When we think about retirement planning, we think first about our finances. But retiring well isn't just about your savings.

Wellness has a huge impact on your retirement. Ignoring it can mean additional health expenses, a poor quality of life, and fewer years to enjoy your retirement.

There are six factors that affect your wellness:

- Physical
- Emotional
- Intellectual
- Social
- Environmental
- Spiritual

It's important to make sure you make a plan for each of these factors – to feed the aspects of your life that will make for a long, healthy, comfortable retirement.

It's also important to plan for periods of ill health. A major health condition may cause you to take money from your retirement savings – money that isn't easily replaced and could mean a decrease in your quality of life. Make sure you have a plan in place to deal with medical emergency costs.

Don't neglect to make a wellness plan – think now about what you'll do in retirement to feed all six factors that build your wellness.



FINANCING YOUR RETIREMENT

You'll have thought for a long time about how you are going to save enough to retire.

Now it's time to be sure you understand:

- How long your money should last, and how much you may need.
- Your lifestyle and spending habits, and how they may change in retirement.
- Your sources of retirement income.
- How you can convert your retirement savings to income.

How long does your money need to last?

While a crystal ball would be helpful, we can only make an educated guess and consider how long Canadians typically live. These days in Canada, it's not unlikely you'll spend 30 years in retirement.

How much money will you need?

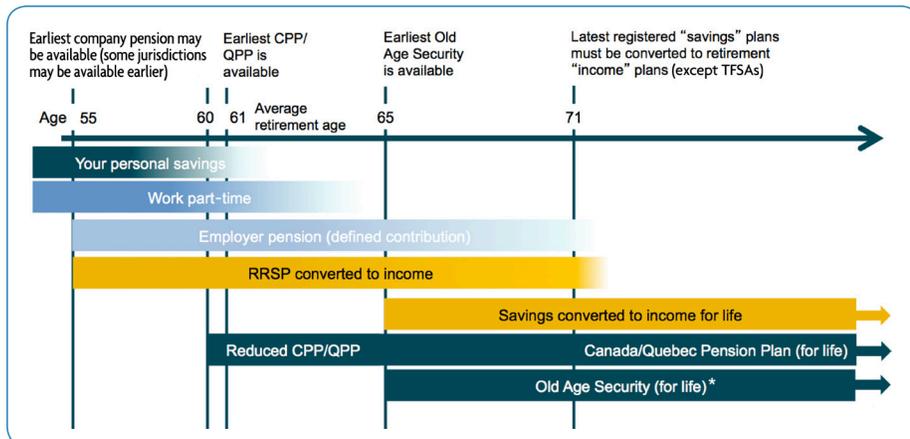
You may have heard that you need at least 70 per cent of your pre-retirement income to maintain your lifestyle in retirement. While most retirees only need 50 per cent to live comfortably, if you plan to "live your dreams" in retirement, you may need as much as 100 per cent of your pre-retirement income.

How will your income needs change throughout retirement?

While we tend to assume our needs will diminish in later years, in fact, our costs often increase the longer we live, as health and living costs often increase. Remember to factor this into your financial plan.

Where will your retirement income come from?

There are many sources – some are available to you right away, some are only available when you reach a specific age. The chart below shows the different sources of retirement income and when they typically become available.



Important resource: You can use the *Annual Expenses and Retirement Income Worksheet* in this brochure (a similar version is available online at myretirementcafe.ca) to help you look at your expenses and how you think they'll change in retirement.

Sun Life Financial's Retirement Planner is another great resource. Check the **Resources** section to find out where you can find it online.

Most retirement income sources are taxable. If you draw too much income, it may affect your Old Age Security payments. Talk to an advisor about income splitting with a spouse, and about supplementing your lifestyle with non-registered income sources.

* Old Age Security (OAS) changes impact anyone born on or after April 1, 1958.

Let's look in detail at income in retirement from:

- A defined benefit pension plan.
- Other group plans and personal savings.
- Government retirement income programs like Canada Pension Plan (or Quebec Pension Plan), Old Age Security, and Guaranteed Income Supplement.

You may be surprised to know that government programs are only designed to replace 25 per cent of your income during your retirement years.

More about...a defined benefit pension plan

If you're a member of an employer Defined Benefit Pension Plan (one that will convert to a set pension based on a formula, not based on the value of investments you have chosen), you'll need to make a request to start receiving your pension.

When should you make your request? Your employer will be able to tell you when to make the request, and what your timing options are for retirement.

Who do you talk to? Speak to your HR department to start learning about your retirement options.

What about health benefits?

You may be able to extend your workplace health benefits into your retirement. Make sure you ask your HR department about this.

If your employer doesn't allow for this, Sun Life Financial can help. Ask a Benefits Specialist about **Health Coverage Choices**.

More about...other group plans and personal savings

You may be saving through a number of different types of plans right now:

- Defined Contribution Pension Plan (DCPP)
- Simplified Pension Plan (SPP) – Quebec only
- Registered Retirement Savings Plan (RRSP)
- Deferred Profit Sharing Plan (DPSP)
- Employee Profit Sharing Plan (EPSP)
- Non-registered Savings Plan (NREG)
- Tax-Free Savings Account (TFSA)

How do personal savings convert to income at retirement?

When you want to begin spending the money you've saved, you typically have to "convert" that money into an income account or stream of some kind. In fact, you must start using your savings from some retirement products (Defined Benefit and Defined Contribution Pension Plans, DPSPs, Locked-in Retirement Accounts and RRSPs) by December 31st of the year you turn 71 years of age.

Each type of savings plan gives you a couple of choices for how you can turn it into income. We've listed the different savings plans, and their corresponding income options in this table. The income options are explained on the following page. For more information on the tax treatment for these options refer to page 8.

How I save now	Converts to the following income options (some pension jurisdictions may have different options available)
Defined Benefit Pension Plan (DBPP)	Pension paid by employer
Defined Contribution Pension Plan (DCPP)* Simplified Pension Plan (SPP – in Quebec only)	Life Income Fund (LIF) Prescribed Retirement Income Fund (PRIF) - Manitoba and Saskatchewan only and/or Annuity
Registered Retirement Savings Plan (RRSP) Deferred Profit Sharing Plan (DPSP)	Registered Retirement Income Fund (RRIF) and/or Annuity and/or Cash
Employee Profit Sharing Plan (EPSP) Non-registered Savings Plan (NREG)/personal savings Tax-Free Savings Account (TFSA)	Keep invested and/or Cash and/or Annuity

* There are unlocking provisions in certain pension jurisdictions, so you may have different income options.

Unlocking "locked-in" assets

Some funds are considered "locked-in" at retirement; in other words, you can't simply convert them to cash.

In some circumstances, you can "unlock" locked-in assets.

- Your assets may be unlocked as a result of the small benefits provision. Your financial institution will advise you if this applies to you.
- Some unlocking provisions are available depending on your pension jurisdiction. Refer to your financial institution for more information.
- Non-residents' funds may be unlocked if you are absent from Canada for two or more years, and have become a non-resident of Canada as determined for the purposes of the *Income Tax Act*. Speak to a tax professional or Canada Revenue Agency for more information.

ANNUITIES, LIFS AND RRIFs, GUARANTEED MINIMUM WITHDRAWAL BENEFITS (GMWB)

What is an annuity?

An annuity is a contract with a life insurance company to pay a fixed sum of money to an individual each year, typically for the rest of the individual's life.

There are Single Life annuities as well as Joint Survivor annuities. A Single Life Annuity applies only to one person (the "annuitant"), for the rest of their life. A Joint Survivor Annuity continues to pay the surviving spouse a percentage of the annuitant's initial amount if the annuitant dies before their spouse.

The cost to purchase an annuity is affected by interest rates and by your age when you purchase it (as well as your spouse's age if you purchase a Joint Survivor Annuity).

You can request annuity quotes for your retirement assets to help you decide if you have enough to retire.

What are LIFs and RRIFs?

A LIF (Life Income Fund) is a plan that holds savings previously in a Registered Pension Plan (for example, a Defined Contribution Pension Plan, Simplified Pension Plan or a Locked-in Retirement Account from a previous employer). You can invest in different options and your money continues to remain invested with the potential to grow. It is tax-deferred as long as the money stays in the plan. There are minimum and maximum withdrawal limits in a LIF.

A RRIF (Registered Retirement Income Fund) is a similar plan, and holds savings previously in a Registered Retirement Savings Plan (RRSP) or Deferred Profit Sharing Plan (DPSP). There are minimum withdrawal limits in a RRIF but no maximums per year.

What are Guaranteed Minimum Withdrawal Benefits (GMWB)?

This is insurance coverage you can add to your LIF or RRIF to provide guaranteed income for life; in other words, to ensure you don't go below a certain level of income from your investments.

More about...government retirement income programs

There are three key government retirement income programs you'll want to be familiar with:

- Canada Pension Plan (CPP)/Quebec Pension Plan (QPP)
- Old Age Security (OAS)
- Guaranteed Income Supplement (GIS)

You may have heard of these, but not know much about them. Here are some key facts. We try to keep our information up-to-date, but you'll want to use this as a guideline and confirm all facts with the government's own publications and websites (see the **Resources** section of this guide).

	CPP/QPP	OAS	GIS
What is it?	A monthly payment to retirees who contributed to CPP/QPP in their working years. It is taxable income.	A monthly payment to eligible Canadians aged 65 or older*. It is taxable income.	The GIS provides a supplement to Old Age Security for lower-income seniors. Not subject to income tax.
Who qualifies?	You must have worked, made at least one valid contribution, and be at least 60 years old.	You must be 65 years or older* and have lived in Canada for a specified number of years to qualify.	Lower-income seniors, 65 years and older*, may apply. An income threshold applies.
When do payments start?	You must apply to receive payments. Normal retirement age is 65 years old, but you can start receiving your CPP/QPP earlier or later than age 65. Please visit servicecanada.gc.ca or rrq.gouv.qc.ca to find out how your benefit payments are affected by your age and other factors.	You must apply to receive OAS payments. Payments begin one month after the normal retirement age of 65*. You can defer starting OAS for up to five years after you become eligible, providing you with a higher monthly payment.	
How do you apply?	You should apply at least six months before you would like CPP/QPP payments to start. You can print CPP forms online at servicecanada.gc.ca and QPP forms at rrq.gouv.qc.ca .	You should apply at least six months before you would like payments to start. You can print forms at servicecanada.gc.ca .	You can apply online at servicecanada.gc.ca , and you can re-apply through annual income tax returns.
How much are the benefits?	Benefit payments vary, depending on how long you've worked, your age and the adjustment for inflation from year to year.	Benefit payments vary, depending on how long you have lived in Canada and upon your yearly retirement income. For example: <ul style="list-style-type: none"> You may qualify for full OAS if you have lived in Canada for 40 years since you were age 18. If you have lived in Canada for 10 years, you may qualify for 25 per cent of the maximum OAS payment. Ten years' residency is the minimum to be eligible for OAS. Depending on your annual taxable income, there may be a government clawback of all or some of the OAS payment. 	Benefit payments vary based on income levels.
Is the benefit payment taxable?	Yes	Yes	No

* Note: OAS/GIS changes impact anyone born on or after April 1, 1958.

About pensions and taxable income

If you have TFSA or non-registered savings, you may be able to use a combination of taxable and non-taxable income (see examples in the table below) strategically to minimize your taxes and maximize your income-tested government benefits like Old Age Security. A professional advisor can help you set up a plan to do this.

Taxable income	Annuities RRIF/LIF CPP/QPP/OAS Working income Withdrawals from RRSP
Non-taxable savings	TFSA Non-registered (see Other taxable income) Bank account (see Other taxable income) GIS
Other taxable income	Interest Capital gain Dividends

Important resource: Refer to the *Annual Expenses and Retirement Income Worksheet* on page 11 of this booklet. It will help you list your income sources and the amounts from each and calculate your potential retirement income.

SECURING YOUR RETIREMENT



Whether you've had a financial plan in the past or not, you absolutely need one now. Sound advice, a long-term vision and contingency plans are important to safeguarding the retirement lifestyle you've worked hard for.

In fact, very few Canadians have a financial plan. Even fewer have a financial plan that covers insurance and risk management.

There are a number of common factors that could jeopardize your retirement savings if you don't plan for them:

Outliving your savings

The rate of return on your investments is important. You want them to be safe, but a small difference in your rate of return can make a big difference in how long your savings last.

Inflation

Costs have more than doubled in the past 40 years. What will inflation mean in the course of a 30-year retirement?

Market downturns

Money that is invested as retirement income is also subject to market ups and downs. Withdrawing too much too soon from shrinking investments means your money may not last as long as expected.

Unexpected events

Retirement planning is based on good health. So it's important to consider insurance in your retirement too, for long-term care, critical illnesses, or disability.

What can you do?

- Work with an advisor and/or financial planner.
- Diversify your investments; investing only in GICs won't keep up with inflation.
- Talk to your advisor about a life annuity for guaranteed income for life.
- Consider guaranteed retirement income solutions to protect you from market fluctuations.
- Consider the types of insurance you need in retirement, and find out whether you can extend your workplace health benefits following retirement, either through your employer or through your benefits provider.
- Put a power of attorney in place.

Who can help?

Your advisor or financial planner can help, and so can Sun Life Financial. Our Financial Services Consultants and Benefits Specialists are available any business day from 8 A.M to 6 P.M. ET at **1-866-224-3906** (choose option 1) to help pre-retirees and retirees find some of the products that will help secure their retirement.

Why do you need a power of attorney?

If you suffer a serious accident or illness, you may need someone to manage your affairs during the time period you're unable to. That's what a power of attorney is all about. This document – often drafted by your lawyer when you do your will – appoints someone you trust to make decisions for you should you become mentally or physically incapable of doing so.

It's important to remember that family members are not automatically authorized to act on your behalf if you become incapacitated. If you don't have a power of attorney and you become incapacitated, the court will appoint a person to act on your behalf – and it may not be the person you would have chosen.

In addition to a power of attorney to manage your financial affairs and property, most provinces also allow you to appoint a power of attorney for your personal care, sometimes called a health care directive. This document sets out your wishes as they relate to health issues, such as the kind of medical care you would prefer.



ANNUAL EXPENSES AND RETIREMENT INCOME WORKSHEET

ANNUAL EXPENSES WORKSHEET

What will my expenses be at retirement? Fill this out by adjusting your current expenses to reflect the changes inherent to retirement (inflation, reduction of transportation costs, your health and/or the need for emergency funds).

Please enter the expenses you expect to have in retirement thinking comparatively to what you spend today.		
Current age:		
Planned retirement age:		
Estimated inflation rate:	%	
Basic expenses		
Accommodations	Current Monthly	Retirement Monthly
Mortgage / rent:	\$	\$
Utilities (heat, electricity):	\$	\$
Property taxes:	\$	\$
Phone / cable / internet:	\$	\$
Maintenance repairs:	\$	\$
Insurance (home):	\$	\$
Living expenses	Current Monthly	Retirement Monthly
Groceries:	\$	\$
▶ Clothing:	\$	\$
Dependent / family care:	\$	\$
Personal care (Hairstylist, etc.):	\$	\$
Emergency funds:	\$	\$
Health	Current Monthly	Retirement Monthly
▶ Insurance (life and health):	\$	\$
Prescriptions:	\$	\$
Dentist / Chiropractor / Optometrist / etc.:	\$	\$
Transportation	Current Monthly	Retirement Monthly
▶ Car payment / lease:	\$	\$
Car insurance / registration:	\$	\$
Fuel / maintenance:	\$	\$
Public transportation:	\$	\$

Clothing costs may decrease as your emphasis shifts from business attire to casual wear.

Check to see whether the health benefits you received from your last employer will continue to you and a non-working spouse in retirement.

If you own two vehicles, consider whether you'll continue to need both in retirement.

ANNUAL EXPENSES WORKSHEET CONTINUED...

Budget for travel, hobbies, and other leisure activities if they'll be an important part of your retirement lifestyle.

An emergency fund can cover unexpected and occasional expenses.

Basic expenses		
Other/emergency	Current Monthly	Retirement Monthly
	\$	\$
Discretionary		
	Current Monthly	Retirement Monthly
Dining out:	\$	\$
Movies / theatre:	\$	\$
Newspaper / magazines / books:	\$	\$
▶ Sports activities / hobbies:	\$	\$
Travel / vacation:	\$	\$
Further education:	\$	\$
Donations / gifts:	\$	\$
▶ Other/emergency funds:	\$	\$
Emergency funds:	\$	\$

Advisors are here to make it easier and help you with the financial component of the retirement plan.

Keep in mind that expenses will change as you age. There are different phases to retirement. Early on, you will spend more on leisure but that will decrease as you slow down and your priorities change.

RETIREMENT INCOME SOURCES WORKSHEET

Please list your annual income from guaranteed sources, and your lump sum savings. If you have a spouse, please list their income and savings information as well.

	Self	Spouse	Total
Annual guaranteed income			
Canada/Quebec pension plan			
Old Age Security			
Defined benefit pension			
Annuity payments			
Total guaranteed annual retirement income			

	Self	Spouse	Total
Lump sum savings			
RRSP(s)			
Defined contribution pension plan			
Deferred profit sharing plan			
Other registered plan (RRIF/LIF/LRIF)			
Non-registered savings			
Total lump sum savings			

NEXT STEPS



Now that you've reviewed this booklet, it's time to take action.

1. Complete the *Annual Expenses and Retirement Income Worksheet* in this booklet.
2. Follow the steps in the *Sun Life Financial Retirement-Ready Checklist*:
 - Revisit your retirement savings to make sure you are on track.
 - Make sure you have a financial plan and estate plan in place.
 - Understand what you need to do with your employer.
 - Ask your employer or benefits provider if you can extend your benefits coverage in retirement.
 - Start speaking to financial institution(s) about saving products.
 - Understand what you need to do with your government benefits.

Know your responsibilities

You're responsible for making investment decisions and for using the tools and information that have been provided to help you make these decisions. You should also decide if seeking investment advice from a qualified individual makes sense for you.

RESOURCES



As you get closer to retirement, you'll have more specific questions and you may need some additional support. Here are some resources and tools to help you navigate your journey to retirement:

You may wish to contact...	How to get in touch...	Find out about...
Government of Canada	servicecanada.gc.ca T: 1-800-277-9914 (English) 1-800-277-9915 (French) 1-800-255-4786 (TTY)	Canada Pension Plan (CPP) Old Age Security (OAS) Guaranteed Income Supplement (GIS) Request a statement of contributions, helping you see how much income you'll receive from government sources.
	hc-sc.gc.ca	Canadian health-related news, including Canada's Food Guide.
Government of Quebec	rrq.gouv.gc.ca	Quebec Pension Plan (QPP). Request a statement of participation, helping you see how much income you'll receive from Quebec Pension Plan.
Sun Life Financial	myretirementcafe.ca	Online retirement planning information and calculators to help you determine your retirement expenses and income.
	mysunlife.ca You will need your access ID and password	Online retirement planning tools <ul style="list-style-type: none"> • Retirement planner • Investment risk profiler • Pre-retirement calculators • Webcasts to help you determine if you're on track, make decisions, and understand your income needs, government benefits and retirement income products.
	brighterlife.ca	Informative articles on money, health and family, including a section devoted to retirement topics.
	my money @ a glance	Our member newsletter helps you plan and save. To subscribe, sign into mysunlife.ca . From my financial centre , choose Retiring soon from the Requests menu. Select my money @ a glance then Subscribe to our RSS feeds .
	healthinsuranceincanada.ca T: 1-866-224-3906 (option 1) Any business day from 8 A.M. to 6 P.M. ET	Health benefits and retirement savings and income products.
Financial Planning Standards Council	FPSC.ca	Find a financial planner and see resources about financial planning.
Canadian Association of Retired Persons (CARP)	CARP.ca	Information, issues and quality of life articles for Canadians over age 50.

Questions?

If you have any questions about your retirement income options or your plan, please contact **1-866-224-3906** (option 1) any business day from 8 A.M. to 6 P.M. ET.

