



My Retirement Plan



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Myths and beliefs about retirement

- › I'm 60 years old. I should apply for my CPP/QPP now!
- › I am paying off my mortgage first, then I will invest for my retirement.
- › My expenses should decrease during retirement.
- › Withdrawing the minimum amount from my RRIF is a good strategy to make sure I will have enough liquidity.
- › The markets are uncertain, and I'm close to retiring, I should transfer my investments into guaranteed investment certificates.
- › I can split all my income with my spouse.

Importance of a Retirement Plan

5 key risks during retirement



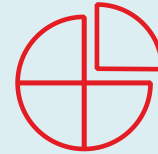
TIME



INFLATION



HEALTH CARE



**ASSET
ALLOCATION**



**WITHDRAWAL
RATE**

Should I have a retirement plan?

It allows you to:

- Set an income level that minimizes tax impact over time;
- Validate if you are ok to maintain the envisaged cost of living with the income you accumulate;
- Make the most of your government pension plans by applying for them at the most appropriate time, based on your specific situation.

**Can I pay less taxes
during retirement?**

Yes, it's possible!

Where to start?

- Your current and projected budget;
- Your goals for the next few years;
- Is splitting possible (spouse, type of income?);
- Review your portfolio allocation (by account type);
- Review key dates for government benefits and conversion of registered plans.

What should you take out first?

When should I convert my RRSP to a RRIF, and why?



Strategies: RRSP RRIF LIF

- Validate if you have unused contributions;
- Maximize your RRSP contribution before age 71;
- Validate if it is appropriate to convert your RRSP into a RRIF before age 71 in order to benefit from the possible splitting;
- Evaluate the possibility of contributing to a spousal RRSP, even after your 71st birthday (if your spouse has not yet reached that age);
- Withdraw the minimum from your RRIF and consider setting up withdrawals based on the spouse's age;
- Lock in plans according to legislation, where possible, to allow for more flexibility when making withdrawals.

Strategies: TFSA

- Contribute as much as you can each year to your TFSA;
- If you have money in non-registered accounts (taxable accounts), you may want to use these amounts to maximize contributions each year;
- Contribute early in the year to shelter returns from tax.

WHEN TO TAKE YOUR QPP PENSION?

Factors to consider



Sources
of income >



Life
expectancy >



It is recommended to withdraw early

I anticipate having **limited** additional sources of income. My gross revenue will be **lower** than the clawback threshold for OAS² at 65.

I think my life expectancy is **below average** (according to my health and family history).



It is recommended to wait a bit longer

I anticipate having **multiple** sources of income. My gross revenue will be **higher** than the clawback threshold for OAS² at 65.

I think my life expectancy is **above average** (according to my health and family history).

Elements to consider before deciding about the QPP pension

- The QPP retirement pension is a **guaranteed income until death and is protected against inflation**;
- To reduce your tax liability, **you can divide the retirement pension between you and your spouse**;
- **From age 60**: you can apply for it, but you won't get the full amount (your benefits will be reduced by 0.5% to 0.6% for each month before age 65);
- **At age 65**: you will get 100% of your pension amount;
- **After age 65, and up to age 70**: you will receive an enhanced pension, beyond 100% (0.7% bonus / month of deferral up to a maximum of 42%)

Old Age Security Pension

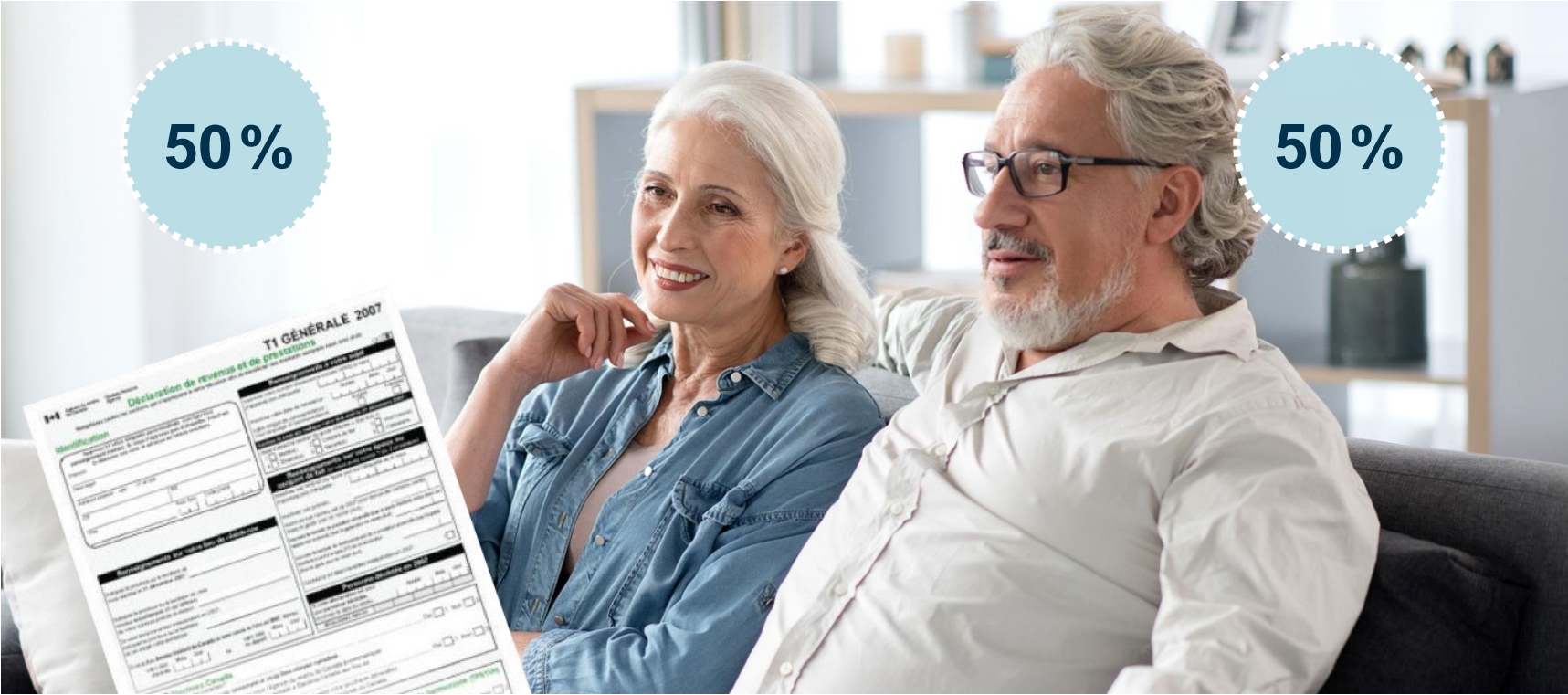
- Amount based on years of Canadian residency
- Possibility to defer between 65 and 70 years of age
- Bonus (deferral at 0.60% per month)
- The average monthly amount paid for a new retirement pension (at age 65) in July 2022 is \$737.88.

Recovery tax period	Income year	Minimum income recovery threshold	Maximum income recovery threshold	
			Age 65 to 74	Age 75 and over
July 2021 to June 2022	2020	\$79,054	\$128,149	\$128,149
July 2022 to June 2023	2021	\$79,845	\$129,757	\$129,757
July 2023 to June 2024	2022	\$81,761	\$134,626	\$137,331

Clawback of old age security pension: Possible strategies

- Splitting of eligible pension income (employer, RRIF, etc.);
- Splitting of QPP pension (if significant difference between amounts);
- Control of disbursements (withdrawals from investment accounts);
- Use non-registered capital first;
 - Make TFSA withdrawals;
 - Limit RRSP/RRIF withdrawals to the prescribed minimum.

Retirement income splitting rules



Advantages of income splitting

<u>Without income splitting</u>	Diane (+65 ans)	Peter (+65 ans)
Total income (including QPP/PPP)	\$88,796	\$7,711
Old Age Security	\$4,542	\$7,517
Taxes	\$29,173	\$-
Available	\$64,165	\$15,228
Total available	\$79,393	

<u>With income splitting</u>	Diane (+65 ans)	Peter (+65 ans)
Total income (including QPP/PPP)	\$48,253	\$48,253
Old Age Security	\$7,517	\$7,517
Taxes	\$11,728	\$11,728
Available	\$44,042	\$44,042
Total available	\$88,084	

Taxes saving	\$8,691	
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QUESTIONS?

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