THE PLAN BY INVESTORS GROUP
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You have a vision for your retirement. But do you know how much your retirement paycheque will be, or how much you will need? Or how to ensure your retirement income will last for all your retirement years?

Creating your Retirement Paycheque™

Maximize your monthly retirement income

Investors Group

A retirement cheque-list

The sources of your retirement income and your methods of withdrawing your savings can have a significant impact on your cash flow and tax burden. We can help you calculate your current expenses, project them over your retirement, and develop the customized withdrawal strategy that works best for you. Here are most of the retirement income sources you need to consider:

Government sources

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

Employment-related sources

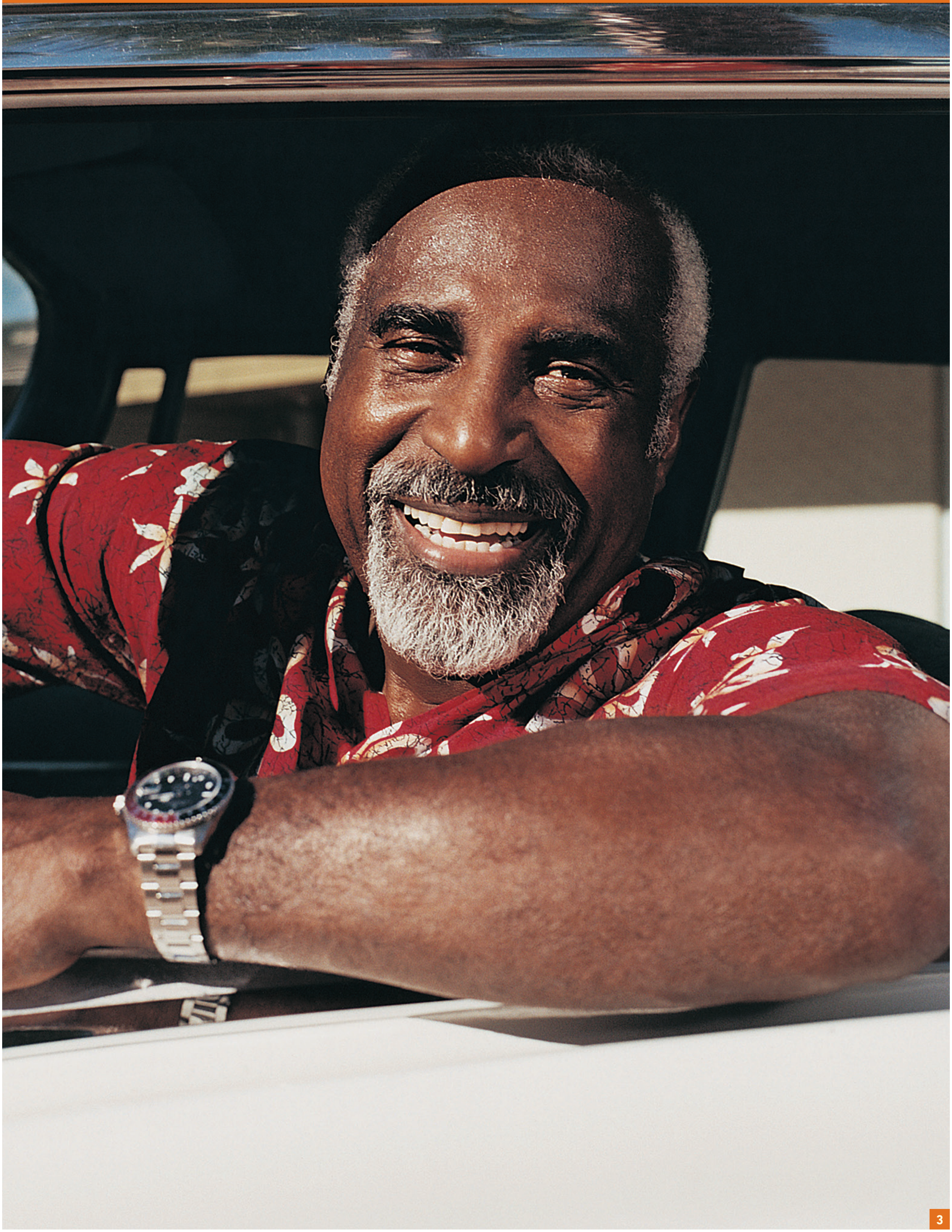
- Company pension plans
- Group RRSPs
- Defined profit sharing plans

Personal sources

- Registered investments (RRSPs, RRIFs, LIRAs, LIFs, LRIFs, PRIFs, TFSAs)
- Non-registered investments
- Guaranteed Investment Fund (GIF) policies with Lifetime Income Benefit (LIB) option
- Annuities
- Home equity

Other sources

- Part-time employment or income from a second career
- Income from rental property
- Business assets
- Vacation property equity
- Other savings



Multiple retirement income sources multiply the complexity

Throughout your career, you receive a paycheque from your employer or business. When you retire you could instead receive multiple paycheques made up of government benefits, employer sponsored plans and personal savings. The sum of all these will create your Retirement Paycheque™.

Financial management can get confusing when your income derives from multiple payment sources that arrive on different schedules and in various amounts. At Investors Group, we do things differently in order to help you cut through the confusion. We break retirement income planning down into four steps to help you get a firm grip on your retirement income and ensure your retirement vision is realized.

Step One: Understand Canada's retirement income system

Canada's retirement income system consists of three tiers. Understanding them can help ensure a financially secure retirement.

Tier one: Government benefits

Old Age Security (OAS) is available to everyone who has resided in Canada for at least ten years after the age of 18. OAS benefits usually begin at age 65 for those born prior to April 1, 1958. For those born after that date, the age of OAS eligibility will be gradually increased from 65 to 67. OAS is "clawed back" in increasing amounts as your individual net income climbs above a threshold amount, until it disappears entirely at an upper income level. This level is adjusted annually, so speak with us for more details.

The Guaranteed Income Supplement (GIS) is available to those who have little or no income apart from OAS. GIS benefits are typically based on income for the previous year and are not taxable.

An Allowance is available to low-income earners between the ages of 60 and 64 who are widowed, or the spouses or common-law partners of low-income seniors.

The Canada Pension Plan/ Quebec Pension Plan (CPP/ QPP) is available to every employee or self-employed person who contributed to the plan while working. You may choose to start receiving CPP/ QPP benefits any time between the ages of 60 and 65, but your benefit is reduced; if you start to receive CPP or QPP benefits between age 65 and 70, the amounts are increased. CPP/ QPP is intended to provide about 25 per cent of your average annual employment earnings during your working life, up to certain limits.

Tier two: Private pension plans and group RRSPs

Many Canadians belong to employer pension plans and/or group RRSPs. The retirement income from these sources will depend on the type of plan(s) you have and many other factors, such as the amount you and/or your employer have paid into the plan(s) and your years of service.

Tier three: Personal savings

Government benefits and employer pension plans are meant to provide a foundation, but your personal savings are the essential building blocks that can help provide financial security through all your retirement years. Your personal savings could include RRSPs, TFSAs, and other investments or savings accounts, cash value life insurance plans and real estate that can generate income during retirement.

All of these investments can provide various amounts of money on a variety of schedules and will often demand that you make informed decisions to keep them producing the income you need. There is a simple solution, however, and that's where The Plan by Investors Group comes in.

Step Two: Develop a retirement income plan: Your Retirement Paycheque™

You know it's important to have an effective investment strategy – and it's equally important to have a customized plan for withdrawing retirement income from the investments you've nurtured over the years. Otherwise, your retirement pay-cheque may end up being a lot less than you expected and not last as long as you need.

Establish the level of income you'll need in retirement. Some people use a rule of thumb that you'll need 70 to 80 per cent of your current household income to maintain your lifestyle in retirement. But you may need more or less, depending on your personal retirement vision. To see how much income you will need, we merge your retirement vision with the financial realities of your retirement life.

- We will help you identify expenses that can be decreased or eliminated – things like no more commuting costs and perhaps, moving from two cars to one. Your budget will break out essential expenses (the money you need to live) and discretionary expenses (the money that will fuel your "fun" activities like travel).
- We can calculate the income from government benefits plus employer sponsored plan(s) benefits you expect to receive in retirement. The gap between your expenses and this income will need to be filled by income from your personal savings.

Let us design your plan for retirement. In retirement, your personal savings will still need to grow, to outpace inflation and inevitable cost-of-living increases.

As a result, your plan needs to guard against market volatility, especially a market decline early in retirement that could significantly reduce how much retirement income can be generated from your investments. But don't get "fixated" on fixed income investments such as guaranteed income certificates (GICs) that are "safe" but deliver low returns. We can help design your portfolio to include a mix of investments that help protect against the downturns while also delivering a cash flow that will sustain your retirement lifestyle.

Your plan should create a steady income stream. Keep in mind that you may require an income for 30 years or more. Our process includes an assessment of the potential longevity of your retirement income. Once complete, we will recommend retirement income solutions to help ensure you'll have a steady income stream throughout your retirement.

When meeting with us, be sure you identify all your sources of retirement income and when you can expect to receive money from each source (weekly, monthly, yearly). Consider government benefits, registered and non-registered investments, cash value life insurance plans, income producing real estate, the increased equity in your home or vacation property, and the other assets in your total investment portfolio.

Step Three: Be tax-efficient

An effective retirement savings withdrawal plan will also allow you to take full advantage of the tax benefits, such as the age credit, the pension income credit and other tax credits, while possibly avoiding OAS clawbacks.

We will explain:

- The tax benefits of splitting income with your spouse.
- Investing in mutual funds that allow you to receive a portion of the income stream from fund earnings and a portion from a return on your initial investment that is not considered income and is not subject to tax in the year it is received.
- Withdrawing only the minimum for your RIF and other fully taxable investments.
- Non-registered investment choices that offer preferential tax treatment.
- How the TFSA can be used to help fund your retirement.
- Working part-time or consulting past your official retirement date.

Step Four: Consolidate and simplify

As you move toward retirement, start thinking about simplifying the administration of your assets by allowing us to consolidate your various investments, savings accounts and registered plans. When you have a number of investments and income sources, it's easy to lose track and miss opportunities to improve your retirement paycheque or reduce taxes. In fact, it's often possible to achieve consolidation without financial penalties or incurring capital gains tax.

We can help you simplify your various sources of retirement income, minimize taxes and develop the right retirement savings withdrawal plan for your unique situation and retirement goals. We will also revisit your plan regularly to account for potential life transitions such as caring for parents or your own health care needs.And if you'd like to continue planning your life in retirement around a regular paycheque – just as you did during your career – we can do that for you, too.

It all starts with The Plan by Investors Group

You've spent a lifetime preparing for your retirement – and you still have many important decisions to make. We will look at your complete financial life and design a comprehensive plan specifically designed to fit your cash flow needs through all the years of your retirement. Helping you turn your life vision into your life reality – that's what we do best.

Talk to us soon about creating a Retirement Paycheque™ for you.

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