

Planning for Retirement

Presented by [presenter's name]

An Educational Session sponsored by the Chartered Professional Accountants of Canada (CPA Canada)



1

Agenda

- Why You Need a Retirement Plan
- How Much Do You Need to Save?
- Retirement Saving Strategies
- Sources of Retirement Income
- Ten Important Points about Retirement Planning
- Tools and Resources
- Q&A



2

Copyright © 2021 Chartered Professional Accountants of Canada

2

Why you need a retirement plan

- Healthiest and longest living population in history
- Government payments are not sufficient
- Ongoing changes in the financial landscape (e.g. company pensions)
- Those with long-term financial plans going in retirement are less stressed

3

Copyright © 2021 Chartered Professional Accountants of Canada

3

The Basic Questions

How much do I need to save to:

- Live comfortably
- Meet financial obligations
- Maintain/improve lifestyle
- Achieve my “Goals and Dreams”



4

Copyright © 2021 Chartered Professional Accountants of Canada

4

The Basic Questions

Factors to consider

- When do you expect to retire?
- What is my current Net Worth (Wealth)
- Your health and life expectancy – history of family longevity?
- Your family situation – taking care of your spouse and children?
- Your legacy – charitable contributions

5

Copyright © 2021 Chartered Professional Accountants of Canada

5

How much do you need to save?

70% Guideline

What are your goals and dreams?

- Living in the city or country?
- Buying a cottage?
- What are your interests/hobbies – gardening, boating, golfing, worldwide travel?
- What is your legacy?
- How much do you want to leave in your Estate?

6

Copyright © 2021 Chartered Professional Accountants of Canada

6

Retirement saving strategies

- Implement a savings strategy
- Increase your income, lower your expenses
- Work longer, retire later
- Work with a retirement planner



7

Copyright © 2021 Chartered Professional Accountants of Canada

7

Sources of retirement income

Personal Savings and Investments	Government Pension Benefits	Employer Pensions & Savings Plans
Registered accounts <ul style="list-style-type: none"> • RRSPs and RRIFFs • TFSAs (Tax Free Savings Accounts) • Spousal RRSPs 	Canada Pension Plans (CPP) Quebec Pension Plan (QPP)	<ul style="list-style-type: none"> • Defined Benefit Plan • Defined Contribution Plan
Types of Investments <ul style="list-style-type: none"> • Stocks • Bonds • Mutual Funds 	Old Age Security (OAS) pension	Deferred Profit Sharing
Annuities	Guaranteed Income Supplement (GIS)	Group RRSPs
Non-registered accounts <ul style="list-style-type: none"> • Money in savings accounts • Income from working longer 		

8

Copyright © 2021 Chartered Professional Accountants of Canada

8

Registered Retirement Savings Plan (RRSP)

- Check prior year Notice of Assessment for Contribution Room
E.g.

Contribution Room	\$10,000
Current year contribution	\$10,000
Income tax savings at 30%	\$3,000

- Invest income tax refund in your RRSP or pay off RRSP loan or other debt
- Income earned in RRSP is tax deferred until withdrawn
- All RRSP withdrawals are taxed as income
- Transfer into RRIFs at age 71

9

Copyright © 2021 Chartered Professional Accountants of Canada

9

Tax-Free Savings Account (TFSA)

- Check prior year Notice of Assessment for Contribution Room

Year	Contribution Maximums/year
2009 - 2012	\$5,000
2013 - 2014	\$5,500
2015	\$10,000
2016 to 2018	\$5,500
2019 - 2020	\$6,000

- No income tax on withdrawals (interest, dividends or capital gains)
- Contribute for spouse/partner/children over 18

10

Copyright © 2021 Chartered Professional Accountants of Canada

10

Non-registered investments

- Owned directly by the individual
- Includes (but not limited to):
 - Equities (stocks)
 - Bonds
 - Mutual Funds/Segregated Funds
 - Annuities
 - Real Property (e.g., rental home)
- Include in your Retirement Plan Income calculation

11

Copyright © 2021 Chartered Professional Accountants of Canada

11

Canada Pension Plan (CPP)

- Must apply to get CPP
- Can apply for monthly payments as early as age 60
- The longer you wait to collect, the greater the pension



12

Copyright © 2021 Chartered Professional Accountants of Canada

12

Canada Pension Plan (CPP)

- Early pension reduction by 0.6% for each month you receive it before age 65
- After age 65, monthly payment amount will increase by 0.7% for each month delayed

Note: After age 70, there is no financial benefit in delaying

13

Copyright © 2021 Chartered Professional Accountants of Canada

13

Canada Pension Plan (CPP)



- Working and aged 60 and over
 - CPP contributions are mandatory
- Working and aged 65 to 70
 - You can choose NOT to contribute
- At aged 70, contributions stop

14

Copyright © 2021 Chartered Professional Accountants of Canada

14

Canada Pension Plan (CPP)

When do I take my CPP?

IT DEPENDS!

Consider the following:

- Your age at retirement
- Contributions to CPP
- Personal savings/investment
- Retirement lifestyle
- Health
- Other income



15

Copyright © 2021 Chartered Professional Accountants of Canada

15

Old Age Security (OAS)

- Automatic enrolment to get OAS
- OAS is a monthly payment based primarily on years of residency in Canada (whether previously employed or not)
- Eligibility for OAS is age 65.



16

Copyright © 2021 Chartered Professional Accountants of Canada

16

Guaranteed Income Supplement (GIS)

- Provides incremental money to OAS for low-income seniors living in Canada
- Must apply to get GIS; file an annual tax return
- Eligibility follows the same changes as OAS with the gradual increase to age 65



17

Copyright © 2021 Chartered Professional Accountants of Canada

17

Employer Pensions & Savings Plans

Types of Pensions

- Defined Benefit
- Defined Contribution

Types of Saving Plans

- Deferred profit-sharing
- Group RRSPs

Take advantage of employer's plan

- Maximize any employer matching contribution program



18

Copyright © 2021 Chartered Professional Accountants of Canada

18

10 things to remember about Retirement Planning

1. Planned wisely, retirement can be one of the most rewarding and fulfilling stages of your life.
2. You are a member of the healthiest and longest-living population ever.
3. Government payments are not enough to fund your retirement.
4. Non-registered investments should be part of your retirement plan.
5. How much wealth you need depends on your “Goals and Dreams”.

19

Copyright © 2021 Chartered Professional Accountants of Canada

19

10 things to remember about Retirement Planning

1. A successful Retirement Plan is a realistic one. Consider using a Retirement Planner to help you.
2. Utilize Government tax deferral/saving opportunities (RRSP/TFSA).
3. You **MUST** apply for Government Plan benefits – CPP & GIS). For OAS, you will be automatically enrolled.
4. Participate in company pension plans; maximize any company matching contribution benefit.
5. Include all your assets in your retirement income calculation.

20

Copyright © 2021 Chartered Professional Accountants of Canada

20

Tools and Resources

- Download *A Guide to Financial Decisions: Planning for The End of Life* (free)
cpacanada.ca/financialliteracypublications
- Retirement Planning Checklist
canada.ca/en/financial-consumer-agency/services/retirement-planning/retirement-checklist.html
- Canadian Retirement Income Calculator
srv111.services.gc.ca/generalinformation/index
- *My Account* – Your personalized CRA account
cra-arc.gc.ca/myaccount
- Financial Consumer Agency of Canada
fcac-acfc.gc.ca



A Guide
to Financial Decisions
PLANNING FOR THE END OF LIFE



21

Copyright © 2021 Chartered Professional Accountants of Canada

21



Questions?

22

Disclaimer

- This presentation was created by CPA Canada.
- It is copyrighted by CPA Canada.
- Its purpose is to inform and educate the attendees on the presentation topic.
- While the information contained in this presentation is believed to be accurate, no action should be taken based on this presentation alone.
- It is available with the understanding that the publisher is not engaged in rendering legal, accounting or other professional services.

23

Copyright © 2021 Chartered Professional Accountants of Canada