MayRetire FAQ

A. General & Getting Started

1. **What is MayRetire.com?** MayRetire.com appears to be an online retirement planning calculator designed specifically for Canadians. It allows users to input detailed information about their finances (assets, income, debts), goals, and assumptions (like investment returns, inflation) to project their financial situation throughout retirement, including income sources, account balances, taxes, and potential estate value.

2. **Who is MayRetire designed for?** MayRetire is designed for individuals and couples in Canada who are planning for their retirement. It caters to users who want a detailed projection incorporating Canadian-specific accounts (TFSA, RRSP), government benefits (CPP, OAS), and tax rules.

3. **Is MayRetire a substitute for professional financial advice?** No. MayRetire is a powerful modeling tool for understanding potential retirement scenarios and the impact of different decisions. However, it cannot replace personalized advice from a qualified and licensed financial professional (like a fee-only financial planner, accountant, or investment advisor). A professional considers your complete financial picture, risk tolerance, specific goals, and behavioral aspects in a way a calculator cannot. Use MayRetire for planning and understanding, but consult professionals before making significant financial decisions.

4. **How often should I update my MayRetire plan?** It's good practice to review and update your retirement plan regularly. Consider doing this at least annually, or whenever significant changes occur in your life or finances. This includes events like salary changes, job changes, changes in marital status, receiving an inheritance, significant investment portfolio changes, updates to retirement goals, health changes, or major legislative changes affecting pensions or taxes. Keeping inputs current ensures the projections remain relevant.

5. **What basic information do I need to get started with MayRetire?** At a minimum, you'll need:

    - Your current age and planned retirement age.
    - Your spouse's age (if applicable).
    - Your province of residence (for tax calculations).
    - Starting balances for your key accounts (TFSA, RRSP, Unregistered investments).
    - Estimates of your government benefits (CPP/OAS).
    - Information on other income sources (pensions, annuities, etc.).

- Your target retirement income or spending goals. The more detailed and accurate your inputs, the more meaningful the projections will be.

6. **Does MayRetire work for single individuals as well as couples?** Yes, MayRetire is designed to work for both single individuals and couples. When planning for a couple, it incorporates details for both partners (ages, accounts, incomes, benefits) and often allows for strategies like CPP sharing and/or income attribution.

B. Inputs - Personal Information

7. **Why does MayRetire need my province?** Your province of residence is crucial for accurately calculating provincial income taxes. Canada's tax system includes both federal and provincial taxes, and provincial tax rates, brackets, and tax credits vary significantly. MayRetire uses your province (e.g., Ontario in the sample report) to apply the correct provincial tax rules to your projected income, giving a more accurate estimate of your after-tax income.

8. **How does my starting retirement age affect the plan?** Your starting retirement age is a fundamental input. It determines:

    - When you plan to stop working (affecting employment income duration).
    - The start date for drawing down retirement assets.
    - The timeframe over which your retirement savings need to last (until the end planning age).
    - The earliest point you might start collecting certain benefits (though CPP/OAS start ages can be set independently). Changing the retirement age significantly alters income needs, withdrawal timelines, and overall plan projections.
9. **What is the 'End planning age' used for?** The 'End planning age' defines the time horizon for the retirement projection. MayRetire calculates whether your resources are projected to last until this age, based on your inputs and assumptions. It ensures the plan considers longevity risk – the risk of outliving your savings. Choosing a later age provides a more conservative plan.

10. **If planning as a couple, how does my spouse's age impact the results?**

    Your spouse's age is critical for several reasons in a retirement plan created with a tool like MayRetire:

    - **Income & Benefit Timing:** It determines when they might retire, potentially stop earning income, and become eligible for or choose to start their own CPP and OAS benefits.

- **Plan Duration:** It defines their individual timeline within the overall joint plan duration (e.g., until the end planning age).
- **RRIF Withdrawals:** When converting RRSPs to RRIFs (Registered Retirement Income Funds), the minimum required annual withdrawal percentage is based on age. **Crucially, you can elect to base the minimum RRIF withdrawal calculation on the younger spouse's age.** This results in a lower minimum withdrawal amount each year, allowing more capital to stay sheltered within the RRIF for longer, which can be beneficial for tax planning or if the minimum amount isn't needed for living expenses. MayRetire would need your spouse's age to accurately model RRIF minimums if this option is chosen or modeled.
- **Tax Calculations:** While taxes are filed individually, certain credits, benefits (like Age Amount Tax Credit), or income splitting strategies might depend on combined income or spousal age.

C. Inputs - Assets & Accounts

11. **What's the difference between TFSA, RRSP, and Unregistered accounts in the context of MayRetire?** MayRetire uses the distinct tax treatments of these accounts to model your retirement accurately:

    - **TFSA (Tax-Free Savings Account):** Contributions are made with after-tax money. All investment growth (interest, dividends, capital gains) and withdrawals are completely tax-free. MayRetire assumes withdrawals won't add to your taxable income.
    - **RRSP (Registered Retirement Savings Plan):** Contributions are usually tax-deductible, reducing your taxable income in the year you contribute. Investments grow tax-deferred. However, all withdrawals made in retirement (or from the subsequent RRIF) are fully taxed as regular income at your marginal tax rate.
    - **Unregistered Account:** This is a standard, non-tax-sheltered investment account. MayRetire currently assumes this is a joint account for couples, and that all investment income (interest, dividends) and realized capital gains or losses generated within this account are split equally (50/50) between the spouses for tax calculation purposes.
        - *Capital gains* are taxed only when investments are sold (realized), with only 50% of the gain currently included in your taxable income.
        - *Dividends* from Canadian corporations receive special treatment. **Eligible dividends** (typically from larger Canadian public companies) receive favourable tax treatment through a "gross-up" mechanism (currently 38%) and a corresponding Dividend Tax Credit (federal and provincial). This system accounts for corporate taxes already paid and generally results in a lower overall tax rate on these dividends compared to interest income or non-eligible dividends. Non-eligible dividends (often from smaller private corporations) have a smaller gross-up (currently 15%) and a smaller tax credit, resulting in a higher tax rate than eligible dividends but still often

lower than interest. Foreign dividends are typically taxed as regular income without these credits.
    - **Important Note on MayRetire's Assumption:** Currently, MayRetire assumes that the dividends generated by the general "Global Dividend Yield" input applied to the unregistered account are treated as **eligible dividends** for tax calculation purposes. If you expect significant non-eligible dividends beyond specific amounts entered in the 'Additional Income' section, the tax projection on dividend income might be slightly underestimated.

  Understanding these differences and assumptions is key as MayRetire projects your after-tax income, which depends heavily on which account type your money is withdrawn from and how investment income is taxed.

12. **Why do I need to input starting balances for my accounts (TFSA, RRSP, Unregistered)?** Inputting your current (or start-of-retirement) balances for each account type is essential. These balances are the foundation upon which MayRetire builds its projections. The tool simulates the growth of these amounts based on your investment return assumptions and simulates withdrawals based on your income needs and withdrawal strategy. Without accurate starting balances, the projections of how long your money will last and your future income levels would be incorrect.
13. **What if my spouse and I have different amounts in our TFSAs or RRSPs?** That's perfectly normal and expected. Retirement planning tools designed for couples, like MayRetire appears to be, allow you to input separate starting balances for each spouse's registered accounts (TFSA and RRSP/RRIF). This is important because contribution room, withdrawal strategies, and tax implications upon withdrawal are generally tied to the individual account holder. The tool tracks these accounts separately throughout the projection. Unregistered accounts might be input jointly or separately depending on ownership and the tool's design.
14. **How does MayRetire handle initial capital gains or losses in unregistered accounts?** The input for "Initial Capital Gain/Loss for Unreg Account (%)" suggests MayRetire considers the unrealized capital gains or losses embedded in your non-registered investments at the start of the plan. This is important because when assets are eventually sold (liquidated) from the unregistered account to fund retirement spending, any accrued capital gains become taxable (or capital losses can potentially offset gains). By knowing the starting gain/loss position, the tool can more accurately model the future tax implications of drawing down these unregistered assets over time. A value of 0% likely means the starting cost base is assumed equal to the market value, implying no initial gain or loss.

D. Inputs - Government Benefits (CPP & OAS)

15. **What is the impact of choosing different start ages for CPP and OAS (e.g., 65 vs. 70)?** Choosing when to start CPP (Canada Pension Plan) and OAS (Old Age Security) significantly impacts your lifetime retirement income.

    - **CPP:** The standard age to start CPP is 65. You can start as early as age 60, but your payment will be permanently reduced by 0.6% for each month before age 65 (a 36% reduction at age 60). You can delay starting CPP up to age 70, and your payment will permanently increase by 0.7% for each month you delay after age 65 (an 8.4% annual increase, or a 42% increase at age 70 compared to age 65).
    - **OAS:** The standard age to start OAS is 65. You can delay starting OAS up to age 70. Delaying increases your payment by 0.6% for each month you defer (a 7.2% annual increase, or a 36% increase at age 70 compared to age 65). There is no reduction for starting OAS at 65 (you cannot start it earlier). MayRetire allows you to model these different start dates to see how they affect your projected income and cash flow throughout retirement. Delaying generally provides higher annual payments later but means foregoing payments in the initial years.
16. **How does MayRetire apply my CPP and OAS amounts at age 65?** MayRetire requires you to input your estimated CPP and OAS amounts at age 65. You can get personalized estimates from Service Canada through your My Service Canada Account, which are based on your actual CPP contribution history. The OAS amount at 65 is more standard, assuming residency requirements are met, but the tool still needs this as a baseline before applying any deferral adjustments.

17. **Can MayRetire model CPP sharing for couples?** Yes, the sample report includes an input labeled "Split CPP", which strongly suggests that MayRetire can model CPP Pension Sharing. This provision allows couples who are receiving their CPP retirement pensions to share a portion of their benefits, which can sometimes result in tax savings if one spouse is in a significantly higher tax bracket than the other. You would indicate in the tool if you intend to use this provision.

18. What is the OAS clawback and how does MayRetire account for it? The OAS clawback (officially the OAS Recovery Tax) is a mechanism where high-income seniors must repay part or all of their OAS pension. If your individual net world income (including OAS payments) exceeds a specific threshold set by the government each year, you must repay 15 cents for every dollar your income is above that threshold.

    - For the July 2025 to June 2026 benefit period, the clawback is based on your 2024 income, and the minimum threshold is $90,997.
    - For the July 2026 to June 2027 benefit period, the clawback will be based on your 2025 income, and the minimum threshold is $93,454. There's also a maximum income level above which the entire OAS pension is clawed back. MayRetire clearly accounts for this, as the sample report shows projected OAS clawback amounts and includes options like "adjust withdrawals to prevent OAS

clawback", indicating it models the potential repayment based on your projected income and chosen strategies.

19. **Does MayRetire consider the Guaranteed Income Supplement (GIS)?** The Guaranteed Income Supplement (GIS) is an additional non-taxable benefit paid monthly to low-income Old Age Security (OAS) recipients residing in Canada. Eligibility is based on your income (or combined income for couples) falling below specific thresholds set annually by the government. Currently, MayRetire does not directly model the Guaranteed Income Supplement (GIS). The tool primarily focuses on projecting retirement scenarios based on accumulated assets and other income sources, which often result in projected incomes above the GIS eligibility thresholds. While MayRetire doesn't calculate potential GIS payments, understanding this benefit is still relevant for Canadians anticipating having very low income in retirement.

E. Inputs - Other Income Sources

20. **How do I input additional income streams like pensions, part-time work, or rental income?** MayRetire allows you to input various types of additional income streams beyond government benefits and basic investment withdrawals. Based on the sample report, you can specify the type of income (e.g., Salary, Corporate Dividends, Foreign Pension, Annuity, Sale of real estate), the annual amount, the start year relative to retirement, and the duration (number of years or if it repeats annually). You would use these fields to model defined benefit pensions, potential part-time work income, rental income (likely entered as 'Regular Income' or similar), or other miscellaneous income sources expected during retirement.

21. **What's the difference between Eligible and Non-Eligible Dividends, and why does MayRetire differentiate them?** In Canada, dividends received from Canadian corporations in non-registered accounts have different tax treatments depending on the corporation's tax rate:

    - **Eligible Dividends:** Typically paid by larger public companies whose profits were taxed at the general corporate rate. They receive more favourable tax treatment via a higher "gross-up" and a larger dividend tax credit, resulting in a lower personal tax burden.
    - **Non-Eligible Dividends:** Typically paid by smaller private corporations (CCPCs) whose profits benefited from the lower small business tax rate. They have a smaller gross-up and a smaller dividend tax credit, resulting in a higher personal tax rate compared to eligible dividends (though still often favourable compared to interest income). MayRetire differentiates them because this distinction is crucial for accurately calculating your projected income taxes on dividends received in unregistered accounts.

22. **How does MayRetire handle foreign pension income?** Foreign pension income received by a Canadian resident is generally taxable in Canada as regular income. MayRetire allows you to input this income type separately. While Canada has tax treaties with many countries to avoid double taxation (potentially allowing for a foreign tax credit on your Canadian return for taxes paid in the source country), MayRetire might not automatically calculate this foreign tax credit. It likely includes the gross foreign pension amount in your taxable income forecast, applying Canadian tax rates. You should consult a tax professional regarding the specifics of foreign tax credits related to your pension.

23. **Can I model income streams that change over time (e.g., decrease or stop)?** Yes, the sample MayRetire report indicates you can model income streams with specific timing. For each additional income source (like Corporate Dividends, Salary, Foreign Pension, etc.), you can specify the start year (relative to retirement) and the number of years the income repeats. This allows you to model income streams that start and stop during retirement (e.g., a consulting gig for 5 years, bridge benefits for 3 years, dividends expected for 11 years). Some inputs might also allow for an annual percentage change.

24. **How is income attribution handled for couples (e.g., attributing dividends)?** Income attribution refers to assigning specific income sources to one spouse or the other for tax purposes. This is important because Canada taxes individuals, not households (though some credits/benefits consider household income). MayRetire supports this, as the sample report shows fields like "Attributed to yourself" or "Attributed to your spouse" for additional income streams like Corporate Dividends, Foreign Pension, and Preferred Stocks. This ensures the income is added to the correct spouse's projected taxable income, leading to more accurate tax calculations, especially if spouses are in different tax brackets.

F. Inputs - Investments & Returns

25. **What does 'Investment Price Appreciation (inflation adjusted)' mean?** This input represents the assumed real rate of return for your investments, specifically from price increases (capital gains), after accounting for inflation. For example, if your investments have a nominal price return of 4% and inflation is 2%, the inflation-adjusted price appreciation is roughly 2%. Using an inflation-adjusted rate helps MayRetire project the growth of your investments in terms of today's purchasing power, aligning with other real-dollar projections in the plan.

26. **How does the 'Investment Price Appreciation (inflation adjusted)' input relate to risk?** The input field "Investment Price Appreciation (inflation adjusted)" allows you to directly enter the assumed annual real rate of growth (capital gains, after inflation) for your investments. The sample report shows a value of 1.25% entered here.

Associated with this input field (likely via a slider, as shown in the sample report) are labels such as "Less risk" and "More risk". These labels provide context or guidance when you are selecting the appreciation rate.

- Entering a lower rate (towards the "Less risk" end) signifies a more conservative investment growth assumption, typical of lower-risk portfolios.
- Entering a higher rate (towards the "More risk" end) signifies a more aggressive growth assumption, typical of higher-risk portfolios which have the potential for greater long-term returns but also higher volatility.

Ultimately, the specific numerical percentage you enter in this field is the actual assumption MayRetire uses to project the growth of your investments due to price changes. The "Less risk / More risk" labels simply help frame the choice of that number.

27. **What is the 'Initial Dividend Yield' input used for?** This input represents the starting annual rate of return you expect specifically from dividends, expressed as a percentage of your investment specifically in the form of dividends, expressed as a percentage of the investment value. This is separate from 'Investment Price Appreciation'. Total return from investments typically comes from both price appreciation (capital gains) and income (dividends and interest). MayRetire uses this yield percentage to calculate the dividend income generated by your investment portfolio , which contributes to the overall growth projections and may be handled differently for tax purposes than capital gains, especially in unregistered accounts. This initial yield may not stay constant throughout the projection. MayRetire includes a 'Dividend Change Sensitivity' input (shown as a slider with a value of 50 in the sample report). This setting likely controls how the dividend yield changes over time, potentially linking dividend growth to the assumed 'Investment Price Appreciation'.

28. **How are dividends from unregistered accounts handled in withdrawals?** This depends on the setting chosen in MayRetire for "Unregistered Account Dividends Withdrawal".

    a. **"As part of unregistered withdrawal"** - dividends received in the unregistered account are assumed to be automatically reinvested by default. They are only 'withdrawn' (i.e., taken out as cash for spending) if the overall withdrawal strategy requires pulling funds from the unregistered account to meet income needs. In that case, the withdrawn amount might consist of a mix of accumulated dividends and/or the sale of capital assets. If funds are not needed from the unregistered account, the dividends are reinvested and contribute to the account's growth.
    b. **"Withdraw dividends first"** - MayRetire would prioritize using the actual cash dividends received in the unregistered account as a source to help meet your annual income needs. This strategy aims to use this naturally generated cash flow first before tapping into other income sources (like withdrawals from RRSP/RRIF, TFSA, etc).

G. Inputs - Withdrawals & Spending

29. **What is the 'Target annual income (after tax)'?** This input represents your primary goal for annual spending money throughout retirement, expressed in today's dollars (inflation-adjusted) after income taxes have been paid. MayRetire uses this target (e.g., $102,000 in the sample report) as a central piece of information to determine how much money needs to be withdrawn from your various accounts (RRSP/RRIF, TFSA, Unregistered) each year to meet your desired lifestyle spending.

30. **What does 'Flexible' income withdrawal strategy mean compared to other options?** A 'Flexible' income withdrawal strategy means the tool allows the actual annual after-tax income to fluctuate, generally staying within the 'Minimal' and 'Maximal' income range defined by the user. Instead of rigidly withdrawing the exact target amount each year, MayRetire may reduce the annual income drawn (down towards the specified Minimum income level) in order to make the retirement funds last longer. This flexibility could be particularly important if actual investment performance turns out to be less favourable than initially projected, helping to preserve capital and extend the funding duration. This contrasts with a hypothetical 'Fixed' strategy which might aim to deliver the exact target income each year, potentially depleting funds faster if returns are lower than expected.

31. **What is the 'RRSP Withdrawal Strategy'?** What does 'Custom strategy' imply? This section of MayRetire defines the rules and logic for how funds will be withdrawn from your RRSPs (and subsequently your RRIFs).
    Selecting 'Custom strategy', as shown in the sample report, means you are choosing not to use one of MayRetire's potentially pre-defined or built-in withdrawal methods. Instead, selecting 'Custom' gives you full control to define a specific withdrawal approach tailored to your unique needs and objectives. This is done by setting the various parameters shown below it, such as enabling an 'RRSP meltdown', targeting a specific 'effective tax rate', or prioritizing 'OAS clawback' avoidance.
    Furthermore, MayRetire allows you to evaluate how different RRSP withdrawal strategies (whether custom or built-in) perform under selected market sequence-of-return scenarios. This powerful feature helps you test the robustness of your chosen strategy and potentially identify an approach that is more optimal for achieving your goals across a range of possible future market conditions.

32. **What does 'RRSP meltdown enabled' mean?** Enabling the 'RRSP meltdown' activates a strategy where funds are intentionally withdrawn from RRSPs/RRIFs more quickly than the required minimums, often starting relatively early in retirement. The primary goals are typically related to tax efficiency, such as:
    - Taking advantage of potentially lower tax brackets before other income sources (like CPP/OAS) begin or increase.
    - Reducing the lifetime taxes paid on registered funds.
    - Minimizing OAS clawback later in retirement by reducing future RRIF income.

- Reducing the taxable value left in the RRIF upon the death of the second spouse.

Crucially, enabling this strategy means that RRSP/RRIF withdrawals in certain years may deliberately exceed the amount needed to meet your target income/spending for that year. MayRetire will model this excess withdrawal amount, and the plan assumes these excess funds would typically be directed towards:

- Contributing to TFSAs: If contribution room is available, moving funds from the tax-deferred RRSP to the tax-free TFSA can be highly beneficial long-term.
- Depositing into Unregistered Accounts: If TFSA room is full, the excess funds would be deposited into an unregistered account, shifting the funds from an environment where all withdrawals are fully taxed to one where future growth might be taxed more favourably (e.g., as capital gains).

This strategy essentially aims to strategically reposition assets from RRSPs/RRIFs to more tax-advantaged accounts during opportune years.

33. **How does the 'target effective and/or marginal tax rates' influence RRSP withdrawals?** Setting a 'target tax rate' provides a specific goal for the RRSP withdrawal strategy. MayRetire will attempt to adjust the amount withdrawn from the RRSP/RRIF each year so that your overall average and/or marginal tax rates stays close to this target, especially in the years when significant RRSP withdrawals are being made. This might mean withdrawing more in years where other income is low and less in years where other income is high, smoothing out the tax burden over time within the constraints of the overall income strategy.

34. **How does adjusting RRSP withdrawals to prevent OAS clawback work?** Selecting the option to "adjust withdrawals to prevent OAS clawback" instructs MayRetire to prioritize keeping your projected annual net income below the OAS clawback threshold. If the plan projects that taking a certain RRSP/RRIF withdrawal would push your income over the threshold for that year, the tool will attempt to reduce the withdrawal amount (potentially taking funds from other sources like a TFSA or Unregistered account instead, if available and consistent with other strategy settings) to avoid or minimize the clawback. This can preserve your OAS benefits but might mean drawing down other accounts sooner or accepting a lower total income in those specific years.

35. **What does the 'TFSA withdrawal rate' setting do?** This setting controls the priority or speed with which funds are withdrawn from your Tax-Free Savings Accounts (TFSAs). The slider likely ranges from 0 (Slower) to 100 (Faster).

    - Slower: This setting instructs MayRetire to preserve the TFSA funds for as long as possible, likely withdrawing from taxable accounts (Unregistered, RRSP/RRIF) first. TFSA funds would only be tapped when other sources are depleted or if needed to meet income targets while avoiding high taxes or OAS clawback from other withdrawals.

- Faster: This would instruct the tool to draw down TFSA funds earlier in retirement. Since TFSA withdrawals are tax-free, preserving them is often a preferred strategy, aligning with the 'Slower (0)' setting in the sample.

36. **What are the 'Additional Withdrawals' used for?** The 'Additional Withdrawals' section in MayRetire allows you to plan for anticipated spending needs that go above your regular 'Target annual income (after tax)'. This feature is useful for modeling temporary or varying expenses during different phases of retirement, such as:
    - Higher discretionary spending during early, more active retirement years.
    - Funding specific one-time major purchases (e.g., a new car, home renovations, significant travel).
    - Covering any other planned temporary increase in costs for specific periods.

    You can typically specify the amount, the timing (start year relative to retirement), and the duration for each distinct additional withdrawal need. It may also be possible to enter these additional required amounts as a fixed figure or potentially define them as a range, depending on the tool's input options. MayRetire incorporates these additional amounts into the total income required for those specific years, impacting the necessary withdrawals from your various accounts.

H. Outputs & Interpreting Reports

38. **How can I interpret the 'Gross income breakdown' chart?** This chart typically visualizes how your total projected gross income (before taxes) for each year is allocated. Based on standard financial charts, the bars likely represent your total gross income, and they might be segmented or compared against lines representing key outflows like spending (your target income plus additional withdrawals), taxes paid, and potentially savings (if gross income exceeds spending and taxes). It helps you see the relationship between your total generated income and how it's used year by year.

39. **How do I read the 'Income sources' chart?** What does each colour represent? This is usually a stacked bar chart showing where your retirement income comes from each year. Each coloured segment within a bar represents the amount contributed by a specific source. Based on the legend in the sample report, the colours correspond to income from: CPP (Both spouses), OAS (Both spouses), RRSP/RRIF (Yours), RRSP/RRIF (Spouse's), TFSA (Both), Joined Unregistered Account withdrawals, Unregistered Dividends, and Additional Income. This chart is crucial for understanding how your income mix changes over retirement (e.g., reliance shifts from work/unregistered accounts to RRSPs/RRIFs and eventually government benefits).

40. **What's the difference between the 'Marginal Tax Rate' and 'Effective Tax Rate' shown in the report?** The report shows both projected rates over time:
    - Marginal Tax Rate: The rate of tax paid on the next dollar of income earned. This rate typically increases as income rises through different tax brackets. It's useful

for understanding the tax impact of earning a little more income or taking an extra withdrawal.

- Effective Tax Rate (or Average Tax Rate): The total income tax paid divided by the total taxable income for the year (including TFSA withdrawal) expressed as a percentage. It represents your overall tax burden for that year. The chart shows how these rates are projected to change throughout retirement based on the plan's income and withdrawals.

41. **Why might my effective tax rate change over time?** Your effective tax rate can change year to year due to several factors reflected in the plan:

    - Changes in Income Level: As your total income fluctuates (e.g., additional income stops, CPP/OAS starts, withdrawal amounts change), your position within the tax brackets changes.
    - Changes in Income Sources: Different income types are taxed differently (e.g., eligible dividends vs. interest vs. RRSP withdrawals vs. capital gains). A shift in the mix of income sources will change your overall effective rate.
    - Withdrawal Strategy: Strategies like an RRSP meltdown or targeting a specific effective rate (as seen in the sample inputs) are designed to intentionally influence the timing and amount of taxable withdrawals, directly impacting the effective tax rate year by year.

42. **What does the 'Total Tax paid' represent?** This figure, shown in the summary section of the sample report for both yourself and your spouse, represents the projected cumulative amount of federal and provincial income tax calculated by MayRetire over the entire duration of the retirement plan (from retirement start age to the end planning age).

43. **How should I interpret the 'Projected Account Balances Over Time' chart?** This stacked bar chart shows the projected value of your different investment accounts year by year throughout retirement. Each segment of the bar represents the balance in a specific account type (Couple TFSA Balance, Joined Unreg Balance, Your RRSP/RRIF Balance, Spouse RRSP/RRIF Balance, according to the legend). It visually depicts how your assets are projected to grow or shrink over time based on investment returns and withdrawals, and how the allocation between different account types changes.

44. **Why do my RRSP/RRIF balances decline while TFSA might grow initially?** This pattern, visible in the sample chart, is typically a result of the withdrawal strategy. Many strategies prioritize withdrawing from taxable registered accounts (RRSP/RRIF) first to meet income needs, leading to their decline. TFSAs are often preserved until later because withdrawals are tax-free (the sample plan explicitly sets TFSA withdrawal rate to 'Slower (0)'). If investment growth within the TFSA outpaces the minimal or zero withdrawals in the early years, the TFSA balance can grow initially before potentially being drawn down later in retirement.

45. **What does the 'Projected Estate Over Time' chart show?** This chart illustrates the projected value and composition of your estate throughout the retirement plan. It likely shows:
    - Total Estate: The gross value of all assets considered in the plan.
    - Taxable Estate: The portion of the estate that might be subject to taxation upon death (often includes RRSP/RRIF balances and unrealized capital gains).
    - After Tax Estate: The estimated net value remaining after accounting for final income taxes payable by the estate (e.g., tax on RRIF deregistration, tax on unrealized capital gains).
    - Unrealized Capital Gains: The accumulated capital gains (primarily in unregistered accounts) that haven't been taxed yet but would likely trigger taxes upon death.
    - Estate Tax: The estimated amount of tax payable by the estate upon the death of the second spouse (at the end planning age).

46. **What is 'After Tax Estate amount'?** This figure, shown in the summary section of the sample report, represents the projected net value of your estate at the end of the planning horizon (e.g., age 95) after all estimated final taxes (like tax on deemed disposition of assets at death, including RRIFs and unrealized capital gains) have been paid. It's an estimate of the amount that could potentially be passed on to beneficiaries or charities.

47. **What do 'Total CPP collected' and 'Total OAS collected' figures mean?** These figures in the summary section represent the projected cumulative, nominal dollar amounts of Canada Pension Plan (CPP) and Old Age Security (OAS) benefits, respectively, that the plan calculates you and your spouse will receive over the entire course of the retirement projection, based on your chosen start ages and estimated benefit amounts.

48. **What does 'Total OAS clawback spouse' mean if it shows $0?** If the 'Total OAS clawback' figure for a spouse shows $0, it means that according to the plan's projections and withdrawal strategy, that spouse's annual net income never exceeded the OAS clawback threshold in any year, and therefore no OAS benefits needed to be repaid. It's important to note this could be the result of a specific strategy setting, like "adjust withdrawals to prevent OAS clawback", which actively limits income in certain years to achieve this $0 outcome.

49. **What does the 'Compound total return (adjusted to inflation, fixed)' chart represent?** This chart likely illustrates the cumulative growth of your investments over time, reflecting the total return (price appreciation plus dividends/interest), adjusted for inflation (real return). It shows how the purchasing power of your initial investments is projected to grow based on the assumed fixed real rate of return used in the plan. The "compound" aspect means it shows the total growth achieved, including the effect of returns earned on previous returns.

I. Concepts & Methodology

50. **How does MayRetire handle inflation? Are the results in today's dollars or future dollars?** MayRetire appears to primarily operate using **real (inflation-adjusted) dollars**, often referred to as "today's dollars". This is suggested by inputs like "Investment Price Appreciation (inflation adjusted)". Working in real dollars means that projected future values (like income targets, expenses, and account balances) are expressed in terms of their equivalent purchasing power today. This makes it easier to understand the true value and sustainability of the plan over long periods. To do this, the tool uses an internal inflation assumption (which might be a default rate or user-defined) to adjust values appropriately – for example, deflating fixed nominal payments or ensuring inflation-linked benefits keep pace in real terms.

51. **How should I input values for fixed debts like mortgages if the rest of the plan is inflation-adjusted?** Fixed debts like standard mortgages have payments that are constant in *nominal* dollars (the actual dollar amount doesn't change). When using a tool like MayRetire that works in *real* dollars, you should generally input the **actual nominal payment amount** for the mortgage. The tool should then internally adjust this fixed nominal payment downwards each year based on its assumed inflation rate to reflect the decreasing *real* cost (purchasing power) of that payment over time. This correctly models the diminishing economic burden of the fixed payment within an inflation-adjusted plan.

52. **What assumptions does MayRetire make about taxes (e.g., federal, provincial)?** MayRetire calculates projected income taxes using both federal and provincial tax rules, based on the province you specify as your residence (e.g., Ontario in the sample report). It applies the relevant tax brackets, rates, and non-refundable tax credits (like the basic personal amount) to your projected taxable income each year. It also accounts for the different tax treatments of various income sources (RRSP withdrawals, dividends, capital gains, etc.).

53. **What assumptions does MayRetire make about investment returns?** MayRetire does not *make* assumptions about investment returns; rather, it requires *you*, the user, to provide these assumptions as key inputs. You specify the expected 'Investment Price Appreciation (inflation adjusted)' and the 'Initial Dividend Yield', potentially modified by settings like 'Risk' or 'Dividend Change Sensitivity'. These rates are then applied to your account balances to project future growth. It is critical to understand that these are *your*

assumptions about future market performance, and the accuracy of the plan's projections depends heavily on how realistic these assumptions turn out to be.

54. **How are RRIF minimum withdrawals handled?** When RRSPs are converted to RRIFs (Registered Retirement Income Funds), typically by age 71, Canadian tax law mandates minimum annual withdrawals. This minimum amount starts at a certain percentage of the RRIF's value at the beginning of the year and the percentage increases with age. Any tool like MayRetire that models RRSP/RRIF accounts must incorporate and enforce these minimum withdrawal rules. It calculates the minimum required withdrawal each year and ensures at least this amount is taken. MayRetire also accommodates the rule allowing the minimum withdrawal calculation to be based on the younger spouse's age if elected.

55. **What is income splitting and how might MayRetire incorporate it?** Income splitting refers to strategies allowed under Canadian tax law that enable shifting income from a higher-income spouse to a lower-income spouse to reduce the overall household tax burden. Key methods relevant to retirees include:

    - **CPP Pension Sharing:** Couples receiving CPP can apply to share their pensions based on the number of years they lived together while contributing. MayRetire appears to support modeling this via the "Split CPP" input.
    - **Pension Income Splitting:** A taxpayer receiving eligible pension income (which **includes** withdrawals from an RRIF after age 65, life annuity payments from a pension plan, and certain other qualifying income) can allocate up to 50% of that income to their resident spouse or common-law partner for tax purposes. This is reported via Form T1032. MayRetire currently assumes that eligible pension income, particularly RRIF withdrawals after age 65, is optimally shared between spouses (up to the 50% limit) to minimize taxes whenever beneficial according to its calculations.

J. About the MayRetire Assistant (Custom GPT)

56. **Can MayRetire Assistant access my specific MayRetire data or report?** No. MayRetire Assistant is an AI model operating separately from the MayRetire.com website and calculator. I do not have access to your personal account, login credentials, specific inputs you have entered into the tool, or any reports you have generated. My responses are based on the information you provide in our conversation and my programmed knowledge about the likely functions and concepts of the MayRetire tool.

57. **Can MayRetire Assistant run calculations or create a retirement plan for me?** No, MayRetire Assistant cannot perform the detailed financial calculations or generate the personalized retirement plan projections that the MayRetire.com tool is designed for. MayRetire Assistant functions as an informational assistant to help you understand the concepts, inputs, and outputs related to the tool, but MayRetire Assistant cannot replicate its core calculation engine. You need to use the actual MayRetire.com calculator to create your plan.

58. **Can MayRetire Assistant give me specific financial advice on what I should do?** No, MayRetire Assistant is an AI assistant and is strictly prohibited from providing financial advice. MayRetire Assistant cannot tell you what investment choices to make, how much you should save, what specific withdrawal strategy is best for you, or make any recommendations based on your personal situation. MayRetire Assistant's purpose is to explain financial concepts and how the MayRetire tool works in general terms. For personalized financial advice, you must consult with a qualified and licensed human professional (e.g., financial planner, accountant).

59. **How up-to-date is your information on tax rules and government benefits?** MayRetire Assistant's core training includes information up to a certain point in time. While MayRetire Assistant can access and process information from documents provided to me (like this FAQ) and potentially browse the web for current information if enabled, tax rules, benefit amounts, and contribution limits change annually. Therefore, while MayRetire Assistant strives to provide accurate general explanations, you should always verify specific, time-sensitive figures (like current tax brackets, OAS thresholds, contribution limits, benefit rates) with official government sources (like Canada.ca) or consult a tax professional. Do not rely solely on MayRetire Assistant for the absolute latest figures.

60. **What should I do if I find information here that seems to contradict my MayRetire report?** Your personalized MayRetire report, generated based on your specific inputs and the tool's precise calculations at that time, should generally be considered the primary source of information for your specific plan's projections. If information provided by MayRetire Assistant seems to contradict your report, consider the following:

    - MayRetire Assistant might be providing a general explanation that doesn't capture a specific nuance or custom setting you used in the tool.
    - MayRetire Assistant's underlying knowledge about certain rules might be slightly outdated compared to the version of the tool used for your report.
    - There could be a misunderstanding of the question or the report figure. When in doubt, rely on the specific output of the MayRetire calculator for your scenario and consider seeking clarification from the MayRetire support resources or a financial professional if needed.