



Retirement Planning.....When Should You Start?

Planning for retirement can be such a broad term. What does planning for retirement really mean? Does it mean saving 10% of your income as the Wealthy Barber suggest? Does it mean understanding your workplace pension plan? Does it mean staying with the same employer just so you can maximize

your pension? Does retirement planning mean making sure you have sufficient income from your savings and investments? Does it mean converting RRSPs to income? Is retirement planning about minimizing tax on your retirement income?

Retirement planning is all of these things, but retirement planning is different depending on who you are and your stage of life when you start the planning process. Not only is retirement planning different for everyone, but it is especially different if you are only 30 versus being already retired at 75.

Let's consider what retirement planning can mean depending on your stage of life:

1. More than 15 years until retirement. Many financial planners will often emphasize the importance of life retirement planning versus financial retirement planning. Life retirement planning involves giving thought to what you want to do with your time during retirement. Are you planning to work (more and more retired Canadians are)? What are your hobbies? Will you volunteer? Will you travel? The problem with most 30 year olds is that very few even know what they want 5 years in the future, let alone 20 to 30 years down the road. Retirement planning at this stage is mostly **about accumulating retirement assets. It's also about trying to get some idea of** what you might need to save for retirement. More importantly it is about just saving and putting money away for the future. Time is on your side.
2. Five years from retirement. If you are five years or less from retirement, it's time to get serious. You've probably spent 30 to 40 years of life at work and have a better understanding of what you might like to do and what you definitely do not want to do. Now's the time to do some future income projections to determine how much income you are likely to have in retirement. It's about fine-tuning your plan and

organizing your retirement assets (RRSPs, Non-Registered investments, pension plans, government plans, etc.). The closer you get to retirement, the more important it is to give serious consideration to not only how you will spend your money, but also how you plan to spend your time.

3. Just about to retire. Some of the decisions you make in the short term will have an impact for the long term. What kind of pension plan option should you choose? **Now's the time to apply for government benefits. It's also a time to discuss** converting RRSPs into income (RRIF or annuity). Now would be an appropriate time to explore the possibility of reducing income tax. This would also be a good time to review your investments, your risk tolerance and expected rates of return based on your decisions.
4. Already in retirement. Now it's about efficiency. It's about fine tuning plans you already have in place. Make adjustments to minimize tax, maximize your income **and manage your assets to ensure they last as long as you do. It's about managing** your assets for today and tomorrow.

The bottom line is that retirement planning is very important no matter your age or stage of life. You will need to pay closer attention to details the nearer you get to that retirement date