

# RETIREMENT CHECKLIST

## GET ORGANIZED

- Write out at least three or more major goals for the first year of your retirement. Make those goals specific and achievable.
- Using the Personal Planner, do a three to six month review of your current spending with the goal of accounting for “miscellaneous” cash flow items if they exceed \$100 per person.
- Create a binder . Go through your financial documents and look for statements that are “year-end” (reflecting all activity for the year). Include your Notice of Assessment. Make this an annual “habit”.
- Complete your net worth statement for the end of the year

## LIFESTYLE

- Based on your review of your spending, create two categories of monthly expenditures:
  1. Basic (or essential) spending that will recur over your lifetime
  2. Discretionary spending that will adjust as interests and needs change.
- Create your retirement “to-do” list and communicate this with your partner, if you have one.
- Make a list of major expenditures you see coming (e.g. renovations, car replacement, big trips). How will these expenditures impact your retirement (capital and income)?
- Plan to do a car replacement before you retire with a vehicle that you can count on lasting 10 years.
- If you are planning a move to a new community in retirement, plan a trial period to ensure that your retirement goals can be fulfilled in this new environment.
- Make an appointment with your doctor for a thorough physical to determine any specific risk management strategies that should form part of your lifestyle.

## BENEFITS

- Review your employee benefits at retirement to determine what benefits will be available or convertible at retirement including:
  - Life Insurance
  - Supplementary Health (Drugs)
  - Dental (and Vision)
  - Travel Insurance
- Look for affiliation with a group that would allow access to replacement benefits at a lower rate (see handout on tax and benefits)

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## DEBT

- Pay down your debt in the order of its cost. This could be interest cost or monthly payment cost, depending on the situation. Any debt with an interest rate greater than 7% comes first because it represents the greatest overall savings.
- Though not as effective for saving interest, it may be to your advantage to prioritize eliminating debt with substantial payments as it can more significantly ease future cash flow.
- If it is unlikely that debt can be resolved before retirement, or to get assistance with a debt repayment strategy, make an appointment with a credit or debt specialist.

## DEFINED BENEFIT PENSIONS (DB)

- If you participate in the Public Service or Management Pension plans, register with [mypensionplan.ca](http://mypensionplan.ca) and create at least two estimates based on your preferred retirement dates.
- Determine the best "option" (the amount paid to someone at your death) based on your personal circumstances.
- Examine the option of purchasing eligible leaves or optional service with a HR representative or Alberta Pension Services Corporation
- Make application for your pension 3-6 months before retirement

## DEFINED CONTRIBUTION PENSIONS (DC)

- If you or your partner are a member of a Defined Contribution Pension Plan or have a Group RRSP ask an independent financial advisor to review your current investment portfolio to determine if your investments in the plan are positioned correctly in relation to:
  - Your capacity to handle market risk
  - Your need for income
- Learn about your Retirement Options
  - Locked-in Retirement Account (LIRA)
  - Life Income Fund (LIF)
  - Life Annuity
- If you are planning to transfer funds to a LIRA, review provincial and territorial rules governing income options with a qualified independent advisor and request a written plan for re-investment of your capital.
- Begin your research not less than one year before your retirement

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## CANADA PENSION PLAN (CPP)

- Call 1-800-277-9914 and request an estimate of your Canada Pension based on your retirement date and the earliest point at which you can access the pension or
- set up an account with Service Canada and generate a pension estimate from your home computer.

## OLD AGE SECURITY (OAS)

- Determine your eligibility for OAS by testing your residence (40 continuous years since 18) and contacting 1-800-277-9914 to determine any requirements for proving legal entry into Canada, if necessary.
- Check your total income to ensure that you minimize the risk of having your OAS recovered. Clawback, or recovery, begins at personal income in excess of \$69,562 (2012).
- Applications for CPP and OAS can be done on-line but should begin six months before you want the first cheque.

## INVESTMENTS

- Meet with your financial advisor and review your investments in terms of:
  - a. tax efficiency;
  - b. the degree of risk you can tolerate/need; and
  - c. your need for income to be paid out rather than re-invested at retirement.

## TAX FREE SAVINGS ACCOUNTS (TFSA)

- What role will your TFSA play in your retirement:
  - a. Emergency funds – Find out if investments are easily converted to cash without penalties?
  - b. long term savings – Do your investment goals allow you a real rate of return (over inflation)?
  - c. Estate – can your investments be positioned to maximize the tax free value of capital in the TFSA at your death?

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## REGISTERED RETIREMENT SAVINGS PLANS (RRSP)

- Meet with your financial advisor and review your investments in your RRSP in relation to the priority your RRSPs will play in your re
  - to create a “bridge” income (using an annuity or
  - for cash withdrawals as needed
  - to convert to minimum income (for tax purpose
  - to cash out the balance.
- Request a written plan that outlines the best investm approach that would meet your priority.
- Develop a RRSP withdrawal strategy based on need

## TAX

- Determine your average tax (based on income and your provincial tax tables) and decide whether to have at least that percent- age withheld at source (using TD1 long form) or have only the minimum or no tax withheld and take personal responsibility for paying Canada Revenue Agency by December 31.
- Decide whether there is any value in making one further RRSP contribution to reduce tax based on earned income.
- What income splitting opportunities can you take advantage of?

## ESTATE PLANNING

- Ask a qualified estate practitioner to review your existing estate and legal documents:
  1. The will - to ensure a proper transfer of your assets at death.
  2. Power of Attorney
  3. Personal Directives
- If you own assets outside of the province of your primary residence, inquire whether any specific considerations should be made in your estate plan.
- Make a list of all your financial assets and debts for your executor
- Review the beneficiary designations on registered accounts and insurance to ensure that they are up-to-date and appropriate in the context of your estate plans.