

the home stretch

THINGS TO CONSIDER:

Playing catch up
Developing your income plan
Transitioning into retirement

Welcome to the OH MY GOODNESS, I'M (ALMOST) DONE WORKING years! Pretty exciting, isn't it? Now is the time to make sure you have everything you need to easily transition into retirement. This includes budgeting your income and expenses, topping off any RRSP contributions and working out a strategy for living off the income you have set aside.

It sounds pretty straightforward but there are a lot of things you need to do (and consider) before taking the plunge into retired life, but don't worry... we're here to help.

RETIREMENT CHECKLIST

To make sure you can retire when and how you want, here are four simple steps to prepare financially for your retirement:

1. ASSESS YOUR ASSETS

One of the first things you can do in preparing for your retirement is review your portfolio and evaluate how much you have saved. Look at your investments and decide if you are comfortable with the amount you have set aside. Do you need to save more? If so, you may want to devise a plan to save what you need before you plan to retire.

You can also take this time to review your portfolio and ensure your investments reflect your savings goals. For example, the closer you get to retirement the less likely you are to invest in higher risk investments. At this point, you are more likely to choose something with less risk or even a guaranteed rate of return. If you are unsure if your investments reflect your financial objectives, one of our Sunova Financial Services advisors can help you review your portfolio and ensure you are on the right track.

2. DETERMINE YOUR RETIREMENT EXPENSES

The next step you can take in preparing for your retirement is to make a budget of your monthly expenses and get a better idea of how much income you will need to retire. Make sure to budget for everything including housing expenses, car payments, food, clothing, monthly gym memberships and entertainment costs. If it will cost you money, budget for it! Don't forget to take into account maintenance and repair costs. It may seem like overkill to budget for absolutely everything but the more you prepare for your retirement, the better off you'll be once you're living on a fixed income.

3. MAKE AN INCOME PLAN (PENSIONS / CPP / OAS / RRSP)

Once you have a budget in place, take a few minutes to review your expected income. This can include your employee pension, CPP (Canadian Pension Plan) and OAS (Old Age Security)

payments from the government, RRSPs and other annuities.

When preparing your income plan, make sure to include when you will start receiving these payments and the approximate amount each month. Once you have your total monthly income, compare this to your retirement expenses and determine if you have enough money set aside to cover your monthly expenses. You might also want to look at how many years you will have this income. If you are concerned that you do not have enough money set aside, you may want to look at making additional contributions to your savings plan as well as possibly reducing some of your debt and minimizing your monthly expenses.

4. REVIEW HEALTH BENEFITS AND INSURANCE COVERAGE

One last thing you will want to do before you retire is review your health benefits and insurance coverage. Do you know if you have health benefits from your employer once you retire? If not, how do you plan on paying for things like dental check-ups, prescriptions or any other possible health expenses?

You will also want to review your life and disability insurance coverage before you retire to make sure that if something were to ever happen to you, your family is taken care of. By planning ahead, you are able to make sure that you are never without insurance coverage and that your health expenses will always be covered.

The sooner you are able to go through this retirement checklist (even if you aren't planning on retiring for another couple years) the better! The earlier you plan, the more time you will have to save and ensure you've got everything in place.

Once you are retired, make sure to review your plan on an annual basis and adjust it as needed. And just because you are retired, it doesn't mean you need to stop investing.

TRANSITIONING INTO RETIREMENT

Some people love the idea of no longer having to get up and go to work on a regular basis, while others find it incredibly scary. Planning and saving is one thing, but how do you plan to adapt to every day being a Saturday?

Retirement can often leave many people feeling lost. While some people feel they lose their identities once they stop working, others have a hard time adjusting to no longer seeing colleagues and friends from work. Once you've decided on a retirement date, you might want to consider talking to your employer and devising a plan leading up to your retirement. For example, you can start by taking some additional holidays prior to your retirement so you can slowly adjust to spending less time in the office.

If you have concerns about what you are going to do with all of your free time once you retire, you might want to consider doing some research and decide if there are any hobbies or activities you are interested in trying. Similarly, if you are concerned about no longer seeing friends or old colleagues, talk to them about scheduling get-togethers on a regular basis to catch up. Another option to consider is volunteering or even taking on a part-time job that will not only give you the chance to interact with new people but will also give you some extra income to help cover some of your monthly expenses.

There are lots of options to consider as you approach retirement, just make sure whatever you choose fits your individual situation and financial goals.