SUNOVA CREDIT UNION

stuck in the middle

THINGS TO CONSIDER:

Evaluating your savings plan
Reducing your expenses and paying down debt
Maximizing your contributions
Diversifying your portfolio
Talking to your parents and kids about the future

Welcome to the sandwich years! Unfortunately they may not be as delicious as they sound. This is the time when you may start feeling the financial squeeze of saving for your retirement, helping your kids save (or pay) for their post-secondary education and possibly having to care for your aging parents.

Don't worry… we've got a plan. By reviewing your savings plan on a regular basis and making adjustments to fit your individual situation, you can get all your ducks in a row and give yourself peace of mind in knowing you have enough money to retire comfortably while still helping your family.

GET YOUR DUCKS IN A ROW

While you can't avoid it completely, now is the time to work towards paying off some of your debt. Easier said than done, right? Once you are retired and on a fixed income, the less debt you have to worry about, the better. Where many people get into trouble is with credit card debt and the high interest rates and even higher minimum monthly payments that come with it. Saving for retirement will likely be a lot easier once you've got a plan in place for your debt. Depending on your individual situation, a consolidation loan can help reduce your interest rate, monthly payment and help you pay off your debt.

Regardless of the amount of savings (or debt) you have at this stage in your life, the most important thing is to have a plan in place. Even if you are 40 and haven't saved a penny, you still have 15 to 20 years to save for your retirement which is a lot of time.

MAXIMIZE YOUR CONTRIBUTIONS

A great way to make sure you are saving as much as possible for your retirement is to take advantage of any unused contribution room in your RRSPs, TFSAs or even your pension / employee savings plan.

If you aren't doing so already, make sure you are contributing to your company's pension or employee savings plan (if available). If your employer matches your contributions, an easy way to maximize your retirement savings is to increase your contributions to the maximum allowed.

If you were a little late in starting to contribute to your RRSPs or if you haven't made your maximum contribution in previous years, you've probably got a little bit of catching up to do in order to use up any left over-contribution room to maximize your savings. You can reach your contribution limit by depositing bonuses, tax returns, a lump sum payment or one of our RRSP loans or lines of credit. Just check your available contribution room before making a contribution as you will be penalized if you over contribute.

SWITCH IT UP

As you continue to plan for your retirement, make sure to review your savings portfolio on a regular basis to ensure it continues to reflect your financial situation and goals. One important aspect of managing your portfolio is diversity and balancing your risk to meet your specific objectives.

As you get closer to retirement the risk level you are comfortable with is likely to change. What you originally invested in when you were 20 won't likely be your first choice when you are 50. Make sure to look at your assets regularly and make adjustments if needed. Depending on your situation, you may find yourself moving away from higher risk investments into ones with a guaranteed rate of return.

We're not going to lie… balancing your savings portfolio can be complicated. We have a number of financial advisors who can work with you and review your savings strategy. The Sunova Financial Services team includes Credential Securities Inc. Investment Advisors, Credential Asset Management Inc. Mutual Funds Investment Specialists and Sunova Financial Services Insurance Specialists. Our team will make sure you receive only the best financial advice and provide you access to a comprehensive selection of products and services, such as mutual funds, stocks, bonds.*

PROTECT YOUR LOVED ONES

If you haven't done so, you might also want to look at creating or updating your will and power of attorney. Again, it may not seem necessary but in the case that something unexpected was to happen, you don't want to worry about leaving your family with a financial burden.

Similarly, if you are the power of attorney or executor for your parents (or someone else) make sure to touch base with them and get all of the information you need as their executor. We have an estate planning guide that can help you track the information you need as an executor. You can also use it to get your affairs in order. We know that these kinds of conversations can be difficult but it's important to have them to make sure a plan is place so you, your parents and the rest of your family are protected in any situation.

Lastly, depending on the age of your children you can help get them started on the right track by talking to them about their savings options. They may not be ready to start saving for retirement but you can talk to them about saving for their post-secondary education and eventually putting money aside for retirement. The sooner you start talking to them about saving money, the more prepared they will be when it comes time to start investing.

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