



Credit Counselling Society Presents

Retirement – Are You Ready?

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We Help. We Educate. We Give Hope.



Agenda



Part I

- Have You Examined Your Retirement Finances?
 - Triage Finances
 - Taxes
 - Insurance

Part II

- Have You Examined Your Retirement Paperwork?
 - Estate preparation
 - Resources

Know Your Money

Conduct a Financial Triage - Pre and Post Retirement

Monthly Income	Work, pensions, annuities, other
Monthly Expenses	Housing, utilities, debt, personal etc.
Monthly Cash Flow Analysis	What is left and where did it all go?
Assets	House, car, RRSP's, RRIF's TFSA's etc
Debts (Short Term)	Credit cards, loans, lines of credit
Liabilities (Long Term)	Mortgage(s), vehicle loans, other long term debts
Net Worth	What is left and where did it all go?



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Sources of Retirement Income



- Part time work?
- Registered savings
 - (RRSP/RRIF)
- Tax-free savings (TFSA)
- Pensions (Work)
- Government income
 - CPP
 - OAS
 - GIS

TFSA vs. RRSP/RRIF

RRSP vs. TFSA: A Quick Comparison

Rules	TFSA	RRSP	Notes
Contribution limited – based on earned income		✓	TFSA has an annual/contribution limit decided upon by the federal government, not by earned income
Reduces taxable income		✓	
Tax sheltered	✓	✓	
Taxed at withdrawal		✓	
Forced withdrawals		✓	
Spouse can make contributions	✓	✓	If a spouse is making a contribution to an RRSP consult your Financial Planner as this is more complex than a TFSA
Carry Forward option	✓	✓	Unused contribution room can be carried forward to future years
Withdrawal re-establishes contribution room	✓		With a TFSA, withdrawals re-establish your contribution room. It is important to check with your Financial Planner when using this option.
Choose from variety of investment options	✓	✓	
Withdrawals may impact government benefits		✓	Withdrawals from RRSP count as income and as such, they may reduce benefits

**Which is the best for me? That depends!
Ask your Financial Planner.**

Canada Pension Plan

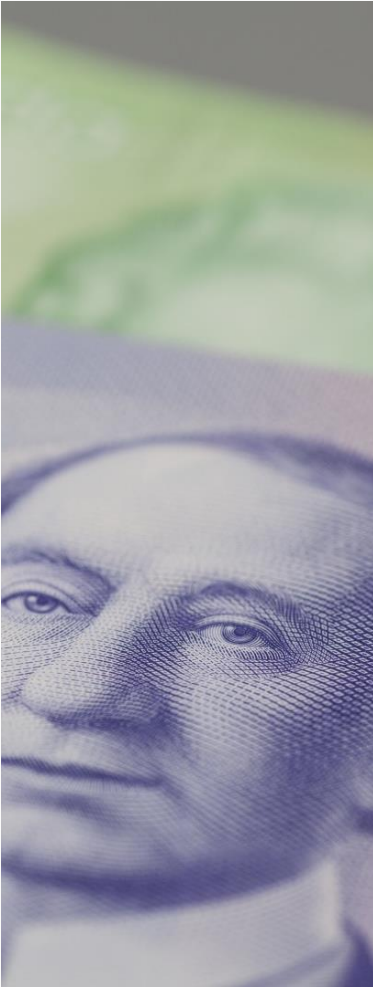


Retirement pension that provides eligible Canadians a monthly benefit

- Amount is based on how much and how long you have contributed
 - Direct Contributions – Control
 - Taxable income
 - Maximum \$1204/mos – 2021
 - Should I Delay?

● **1-800-277-9914**

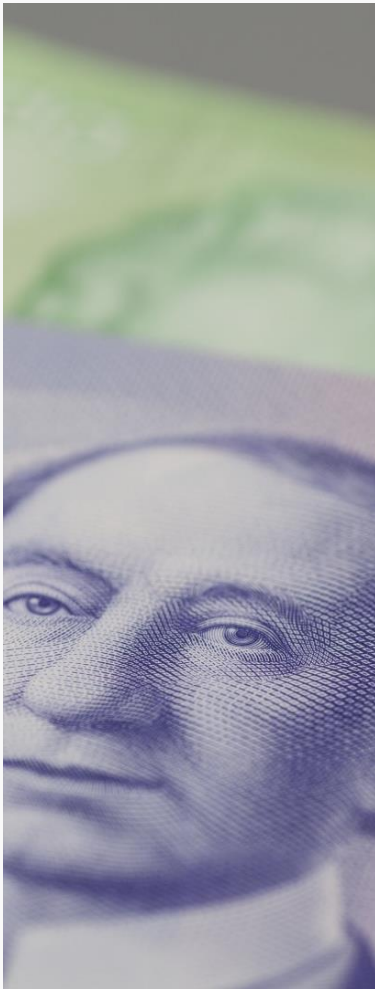
Old Age Security



Monthly payment available to most people 65 years and older

- Amount based on marital status and past income
 - General Revenues – Limited Control
 - Taxable income
 - Automatic enrollment (usually)
 - Max \$615/mos + 10% bump *(proposed)* in 2022
 - Subject to a 15% “claw back”
(\$79,054/\$128,137 net income, 5%/2%, beware of Capital Gains)
- **1-800-277-9914**

Guaranteed Income Supplement



Additional monthly benefit to low income OAS recipients

- Amount based on marital status and past year's income
 - Non-taxable income
 - Automatic application with OAS

Create a Plan



- Pay off your debt
- Manage your credit
- Reduce your expenses
- Get help if you need it
- Create a pre and post retirement

BUDGET

Start Paying Debts

Your Debt Repayment Plan

What strategies will work for you?

Do you need to reach out for help?



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Using Credit Cards Wisely

Original Balance	Interest Rate	Monthly Payment	Time to Pay Debt	Interest Paid	Total Repaid

Managing & Understanding Debt



Debt Repayment Strategies

Debt Avalanche

- Pay debts in order of interest rate
 - Start with the highest interest rate
- Focus on paying off one balance at a time
 - Make minimum payments on all other debts
- **Pay debts faster and less interest**

Managing & Understanding Debt



Debt Repayment Strategies

Debt Snowball

- Pay debts in order of balance
 - Start with the lowest balance
- Focus on paying off one balance at a time from smallest to largest
 - Make minimum payments on all other debts
- **Quick satisfaction and motivation**

Trends We're Seeing

In the year 2000, 18% of retirees retired with debt, that number is now projected to be 67%

67% of retirees continue to support their adult children

Only 43% of their adult children admit it

Trends We're Seeing

25% of retirees have delayed retirement because of debt

33% of Canadians work past the age of 65 because the need to

47% of Canadians worry about debt in retirement

51% of Canadians lie about the state of their finances

Trends We're Seeing



- The 55+ age group is the Society's fastest growing age segment
- The 65 plus group has the highest mortgage delinquency rate
- The 65 plus group has the fastest growing delinquency rate for non-mortgage debt
- Canadians have the highest household debt load among the G7

Trends We're Seeing



- More clients retiring with debt
- More clients unable to retire because of debt load
- More clients supporting adult children and grandchildren
 - Learn to say 'no' (unless an emergency)
 - Remember to put on your mask!

Remember

- When it comes to taxes:
 - It is perfectly legal to AVOID paying taxes
 - But it is completely ***illegal*** to EVADE paying taxes
 - So what's the difference?

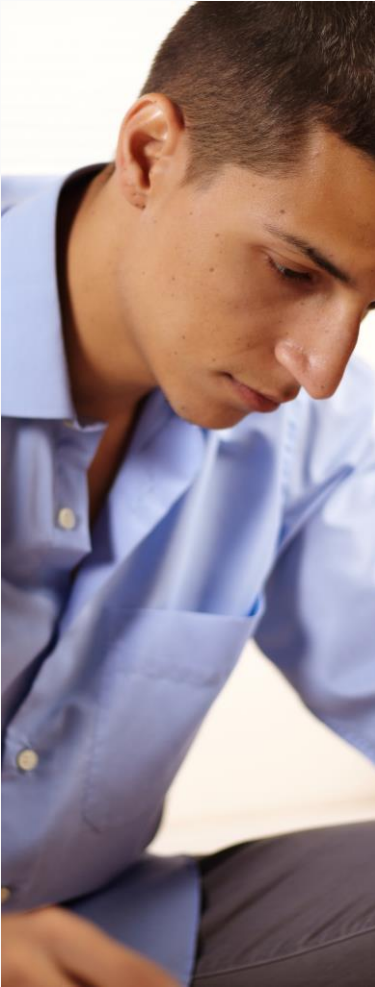


Possible Deductions



- RRSP contributions
- Professional or union dues
- Child care expenses
- Adoption expenses
- Moving expenses
- Investment expenses (HELOC/MER)
- Work from Home (\$400)

Cost of Filing Late



- 5% of your previous year's balance owing
- Plus 1% of your balance owing for each full month your return is late

Even if you cannot pay your full balance on April 30th, file your return on time

Voluntary Disclosure Program



- If you haven't filed in past years or made mistakes, you can voluntarily file or correct the return under the VDP and pay only the tax owing (plus interest) without penalty

Insurance – Protecting You and Yours

Insurance is paying money to a company for a policy that will protect you in the event something happens to you, your loved ones, or your property



Ask Yourself



- Who and what do you want to protect?
 - Yourself
 - Your family
 - Your property
 - Your income
 - Your estate

Types of Insurance



- Life insurance
 - Term, Whole or Universal (uncommon)
- Creditor insurance
- Home or renter insurance
- Auto insurance
- Disability insurance
- Travel insurance
- Pet insurance

Types of Life Insurance



- Term
- Mortgage Insurance (Death Benefit, not CMHC)

Term Life Insurance



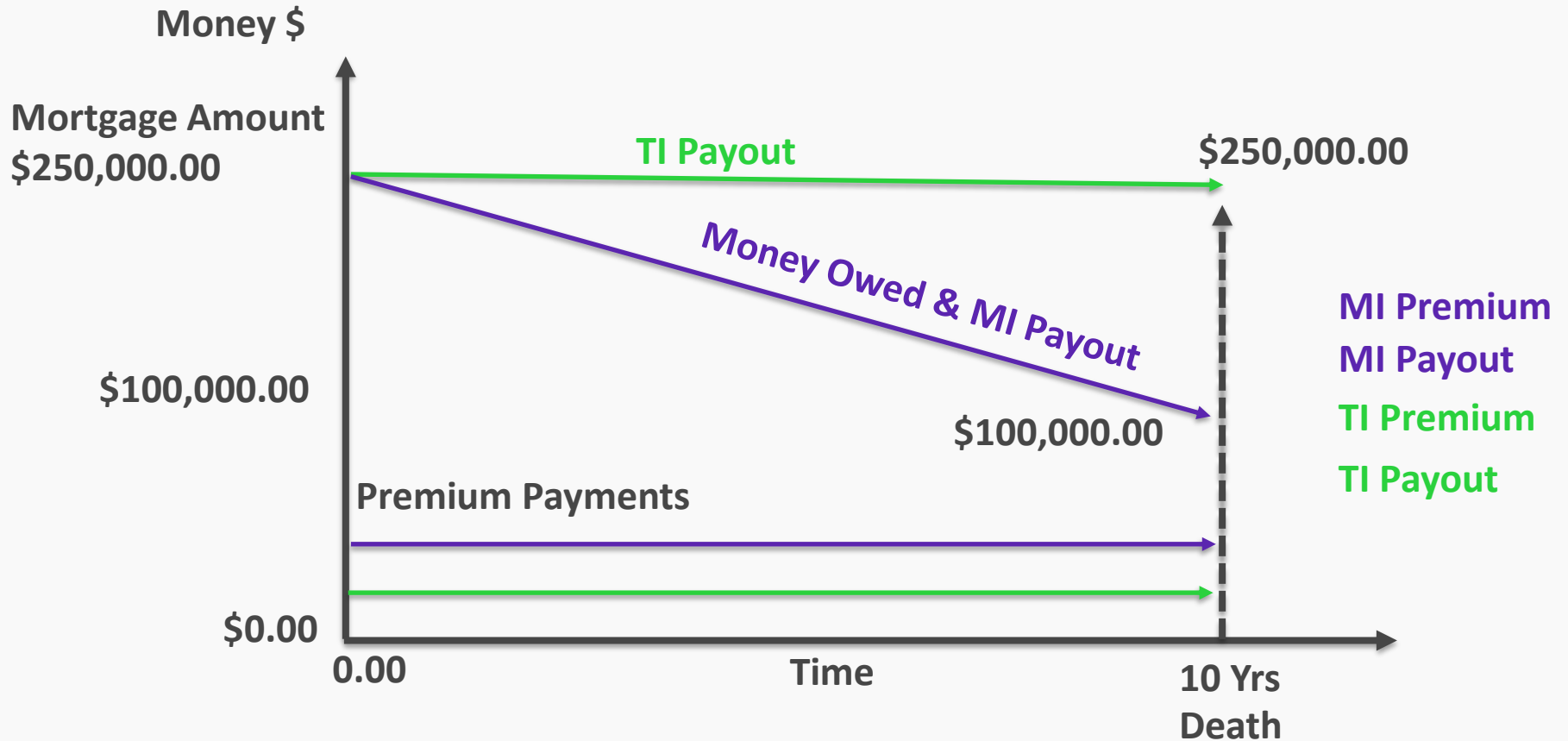
- Lowest premium for insured amount
- Premium and payout are fixed for duration of term
- Can have a renewable feature to extend the term without having to reapply
- Costs can increase as we age
- Often creditor protected/avoids probate

Mortgage Insurance



- Payment(s) are made to the financial institution (You have no control)
- Purchased through your bank/CU
- Payments are for a fixed premium against a declining payout amount
- Is Term Insurance a better option?
- Speak to an CLU professional about getting proper coverage

Term Insurance (TI) Vs Mortgage Insurance (MI)



We Want Your Opinion

QR Code



Survey Monkey



<https://www.surveymonkey.com/r/69B6FMJ>

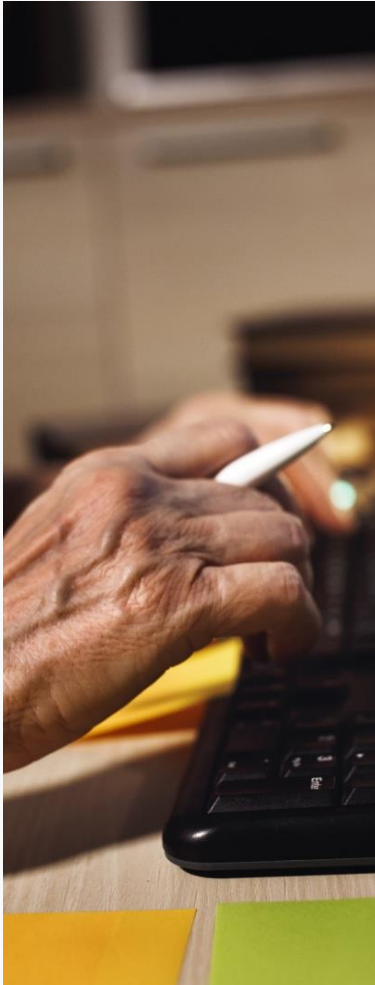
Conclusion



Now you are able to understand:

- The essentials about retirement finances
- The basic essentials of taxes

Learn More



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How We Help



Book a free financial consultation with one of our
Credit Counsellors

1-888-527-8999

Message us through our online chat

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