



PLAN, PREPARE, RETIRE

Can you picture your retirement? Having more time to do the things you enjoy. But wait. Retirement can also bring unforeseen events and expenses, which could potentially derail the life you envision.

Living well in retirement requires planning for the unexpected. And don't forget to share your intentions with your loved ones. Communication will go a long way in helping them understand how and why you're taking care of your finances. In fact, you may inspire them to start looking ahead to their own future. After all, the younger they start, the better!

Let's look at some strategies that can help you prepare for the life you desire in retirement.

Create and maintain your plan

It's a good thing to consider various factors including your time horizon, income, expenses, risk tolerance and taxes.

"Taxes may play a significant role in the retirement income that you keep," says Jamie Golombek, Managing Director, Tax and Estate Planning, CIBC Private Wealth Management. "Certain types of income are going to be taxable, like CPP or withdrawals from Registered Retirement Savings Plans and Registered Retirement Income Funds, while others, such as Tax Free Savings Account withdrawals, will not."

Also, keep in mind unexpected health care costs. A serious illness can threaten your finances as well as your health. The bills can be steep and may lead you to cash in retirement savings or rely on family members for financial support. If you're looking after older loved ones today, you may know firsthand what this means. So, the time to think about protecting yourself and your family from the financial risks of a serious illness is while you're still healthy.

Remember that you'll likely want to adjust your plan as life happens. A change in marital status, a new baby and emergency health situations are examples of when a review and update is important.

Pay yourself first

"Paying yourself first" can go a long way in growing savings. "Thinking of personal savings as the first bill you must pay each month can really help you build wealth over time," says Golombek.

This discipline is a lot like exercising— something many people say that they don't have time to do. Think of it this way, if you go to work and then plan to go to the gym later, you may end up not exercising. "Pay yourself first" runs on that same concept.



Manage your loved ones' expectations

Are you helping your kids with expenses beyond college, like a down payment on a house? If you're a parent or grandparent, there may be no bigger satisfaction than helping the kids in your life build their future. However, you could be jeopardizing your own future if it comes at the expense of saving for retirement.

It could also create a cycle of financial dependency. No one wants to run out of money later in life because they overspent on adult kids today. Talk to your kids about how you're managing your money now to avoid surprises. Be open with your loved ones about how much financial support you'll give them during their adulthood.

No matter what kind of retirement you envision, it's important to address the financial aspects now. Contact us anytime to discuss your plan—we can help you plan to live the retirement you want and be ready for the unexpected.

Clients are advised to seek advice regarding their particular circumstances from their personal tax and legal advisors.

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