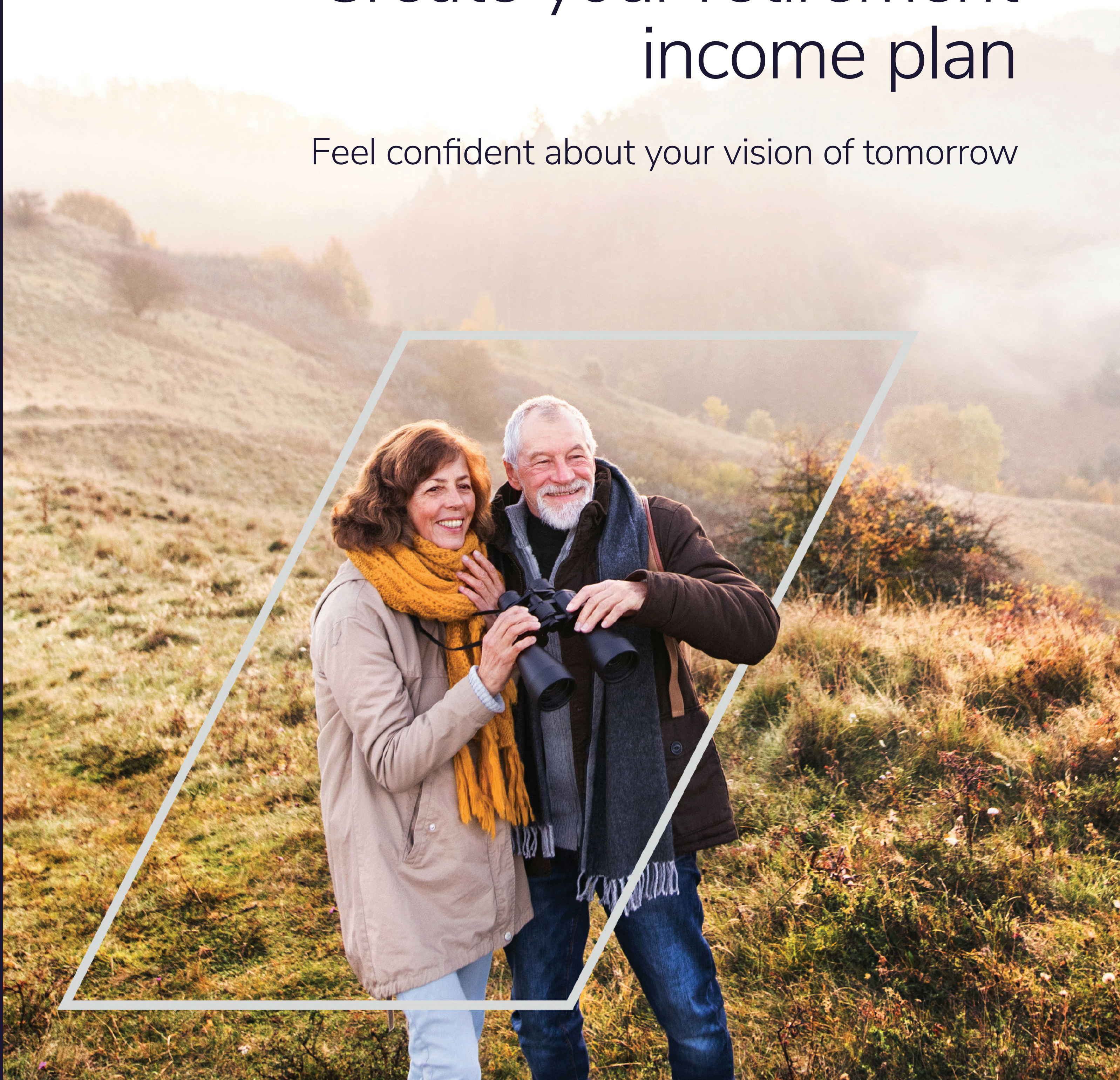
IG PRIVATE WEALTH MANAGEMENT

Create your retirement income plan

Feel confident about your vision of tomorrow



You have a vision for your retirement. But do you know how much retirement income you will have, or how much you will need?

A retirement checklist

The sources of your retirement income and your strategy for withdrawing your savings can have a significant impact on your cash flow and tax burden. We can help you calculate your current expenses, project them over your retirement, and develop the customized withdrawal strategy that works best for you.

Here are some retirement income sources you need to consider:

Government sources

- Old Age Security (OAS)
- Guaranteed Income Supplement (GIS)
- Canada Pension Plan / Quebec Pension Plan (CPP/QPP)

Employment-related sources

- Company pension plans
- Group RRSPs
- Deferred profit sharing plans

Personal sources

- Registered investments (RRSPs, RRIFs, LIRAs, LIFs, PRIFs, TFSAs)
- Non-registered investments
- Annuities

Other sources

- Part-time employment or income from a second career
- Income from rental property
- Business assets
- Other savings

Multiple retirement income sources multiply the complexity

Throughout your career, you very likely have received a paycheque from your employer or business. When you retire, you could instead receive multiple paycheques made up of government benefits, employer-sponsored plans and personal savings.

Financial management can be challenging when your income is from multiple sources. At IG Wealth Management, we break retirement income planning down into four steps to help you get a firm grip on your retirement income and ensure you live your retirement on your terms.

Step 1: Understand Canada's retirement income system

Canada's retirement income system consists of three tiers. Understanding them can help ensure a financially secure retirement.

Tier 1: Government benefits

Old Age Security (OAS) is available to everyone who has resided in Canada for at least 10 years after the age of 18. OAS benefits can begin at age 65, although the government allows for the voluntary deferral of OAS benefits for up to five years to receive a higher annual benefit. OAS is "clawed back" in increasing amounts as your individual net income climbs above a threshold amount, until it disappears entirely at an upper income level. The OAS amount and claw back threshold are is adjusted annually, so speak with us for more details.

The Guaranteed Income Supplement (GIS) is available to those who have little or no income apart from OAS. GIS benefits are typically based on income for the previous year and are not taxable.

An allowance is available to low-income earners between the ages of 60 and 64 who are widowed, or the spouses or common-law partners of low-income seniors.

The Canada Pension Plan / Quebec Pension Plan (CPP / QPP) is available to every employee or self-employed person who contributed to the plan while working. You may choose to start receiving CPP/QPP benefits any time between the ages of 60 and 65, but your benefit is reduced; if you start to receive CPP or QPP benefits between ages 65 and 70, the amounts are increased. CPP / QPP has historically

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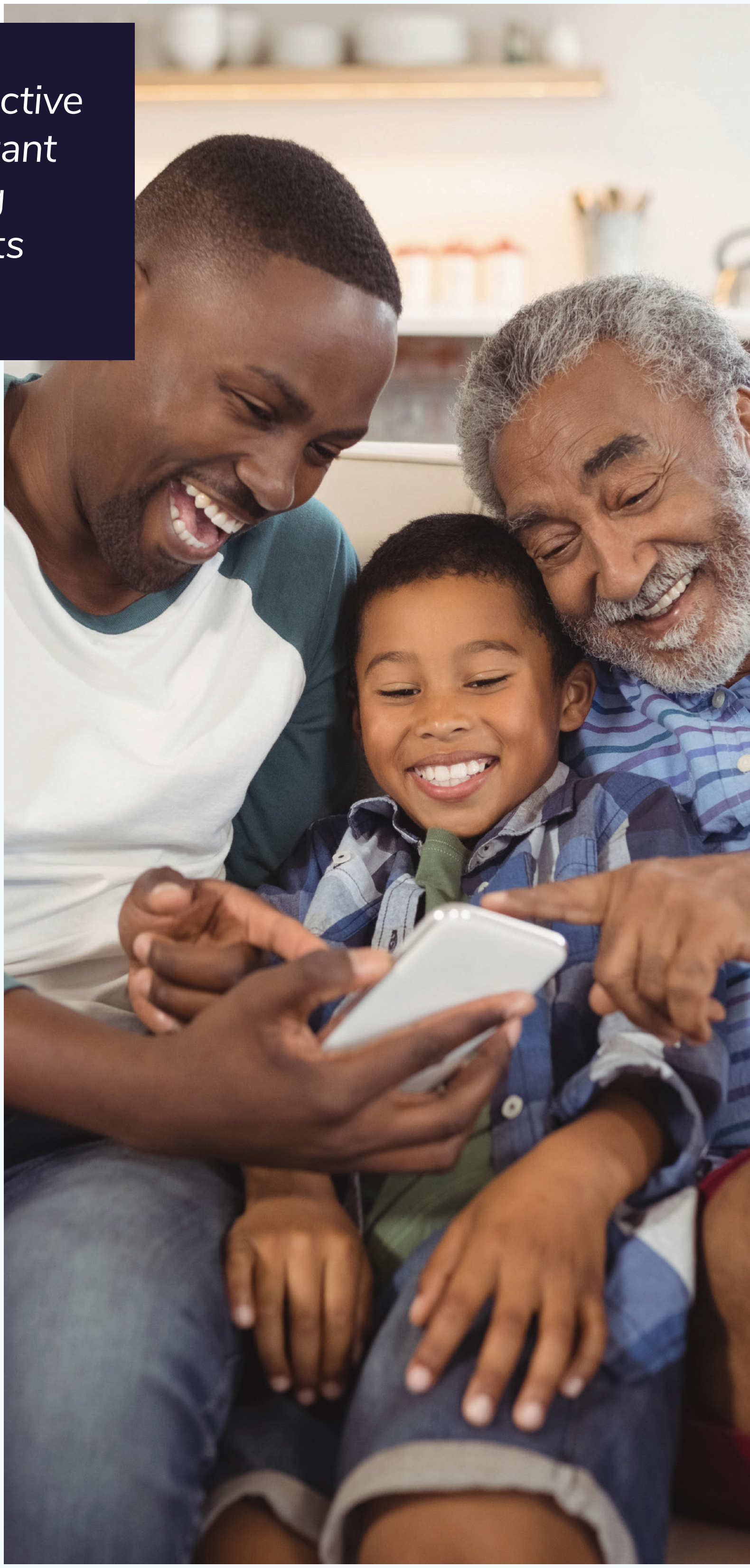

intended to provide about 25 per cent of your average annual employment earnings during your working life, up to certain limits. Starting in 2019, the 25 per cent has been gradually increasing to eventually reach 33 per cent after a number of years.

Tier 2: Private pension plans and group RRSPs

Many Canadians belong to employer pension plans and/or group RRSPs. The retirement income from these sources will depend on the type of plan(s) you have and many other factors, such as the amount you and/or your employer have paid into the plan(s) and your years of service. Some pension plans provided a guaranteed income payment for life, while retirement income provided by group RRSPs and other types of pension plans will depend on the amounts accumulated in the plans.

Tier 3: Personal savings

Government benefits and employer pension plans are meant to provide a foundation, but your personal savings are the essential building blocks that can help provide financial security through your retirement years. Your personal savings could include RRSPs, TFSAs, other investments or savings accounts, cash value life insurance plans and real estate that can generate income during retirement.

All of these investments can provide various amounts of money on a variety of schedules and will often demand that you make informed decisions to keep them producing the income you need.

In retirement, your personal savings will still need to grow and to outpace inevitable cost-of-living increases.

Step 2: Develop a retirement income plan

You know it's important to have an effective investment strategy. It's equally important to have a detailed plan for withdrawing retirement income from the investments you've nurtured over the years. Otherwise, your retirement income may end up being a lot less than you expected and not last as long as you need.

Establish the level of income you'll need in retirement. Some people use a rule of thumb that you'll need 70 to 80 per cent of your current household income to maintain your lifestyle in retirement. But you may need more or less, depending on your personal retirement vision. To see how much income you will need, we merge your retirement vision with the financial realities of your retirement life.

- We will help you identify expenses that can be decreased or eliminated – things like commuting costs and, perhaps, moving from two cars to one. Your budget will break out essential expenses (the money you need to live) and discretionary expenses (the money for your fun, activities such as travel).
- We can calculate the income from government benefits plus employer sponsored plan(s) benefits you expect to receive in retirement. The gap between your expenses and this income will need to be filled by income from your personal savings.

Let us design your plan for retirement. In retirement, your personal savings will still need to grow and to outpace inevitable cost-of-living increases.

At the same time, your plan needs to guard against market volatility, especially a market decline early in retirement that could significantly reduce how much income can be generated from your investments. This doesn't mean relying only on fixed income investments such as guaranteed income certificates (GICs) that are "safe" but deliver low returns. We can help design your portfolio to include a mix of investments that help protect against the downturns while also delivering a cash flow that will sustain your retirement lifestyle.

Your plan should create a steady income stream. Keep in mind that you may require an income for 30 years or more. Our process includes an assessment of the potential longevity of your retirement income. We then recommend retirement income solutions to help ensure you'll have a steady income stream throughout your retirement.

When meeting with us, be sure you identify all your sources of retirement income and when you can expect to receive money from each source (weekly, monthly, yearly). You will want to ensure your guaranteed income sources meet your essential expenses where possible, giving you peace of mind that your retirement is secure.

Step 3: Be tax-efficient

An effective retirement savings withdrawal plan can allow you to take full advantage of tax benefits, such as the age credit, the pension income credit and other tax credits, while possibly avoiding OAS claw backs.

Here are a few of your options:

- Splitting income with your spouse when possible can help not only increase tax credits, but may also shift income to a lower tax bracket.
- Investing in mutual funds that allow you to receive a portion of the income stream from fund earnings and a portion from a return on your initial investment.Your capital is not considered income and is not subject to tax in the year it is received.
- Withdrawing only the minimum for your RIF and other fully taxable investments or, depending on your age, withdrawing just enough to maximize the value of the pension income credit.
- Non-registered investment choices that offer preferential tax treatment.
- Knowing how to manage TFSA withdrawals to provide a tax-free source of cash flow in retirement.
- Working part-time or consulting past your official retirement date.

Step 4: Consolidate and simplify

As you move toward retirement, start thinking about simplifying the administration of your assets by consolidating your various investments, savings accounts, registered plans, and insurance plans. When you have a number of investments and income sources, it's easy to lose track and miss opportunities to enhance your retirement income or reduce taxes. It's often possible to achieve consolidation without financial penalties or incurring tax on capital gains.

We can help you simplify your various sources of retirement income, minimize taxes and develop the right retirement savings withdrawal plan for your unique situation and retirement goals. We will also revisit your plan regularly to account for potential life transitions such as caring for parents or your own health care needs. And if you'd like to continue planning your life in retirement around a regular paycheque – just as you did during your career – we can do that for you, too.

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Your personal retirement plan

You've spent a lifetime preparing for your retirement – and you still have many important decisions to make. We will look at your complete financial life and design a living plan designed to fit your cash flow needs through all the years of your retirement. Helping you turn your life vision into your life reality – that's what we do best.

Talk to us soon about creating your retirement income plan.

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