



It's my time to retire

Pre-retirement workshop

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UNIVERSITY OF
SASKATCHEWAN



To collect a pension from the Canada Pension Plan (CPP), you must have contributed to the CPP during your working life.



TRUE.

You must have worked in Canada and made contributions to the CPP. Employee contributions are matched by the employer.



FALSE.

All Canadians automatically receive a pension from the CPP.

What are the benefits of delaying retirement? Select all that apply.

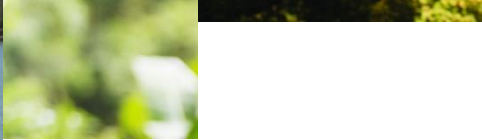
True	False	
<input type="checkbox"/>	<input type="checkbox"/>	If I delay retirement past 65 years old, my monthly CPP payment will increase by 0.7%.
<input type="checkbox"/>	<input type="checkbox"/>	There are no benefits past the age of 70 years old from CPP payments.
<input type="checkbox"/>	<input type="checkbox"/>	My investments may benefit from the compounding of returns over time.
<input type="checkbox"/>	<input type="checkbox"/>	There are no benefits.

What amount must I withdraw from a RRIF/PRIF?

Whatever I like, depending on my income needs

A minimum amount according to government mandated minimums

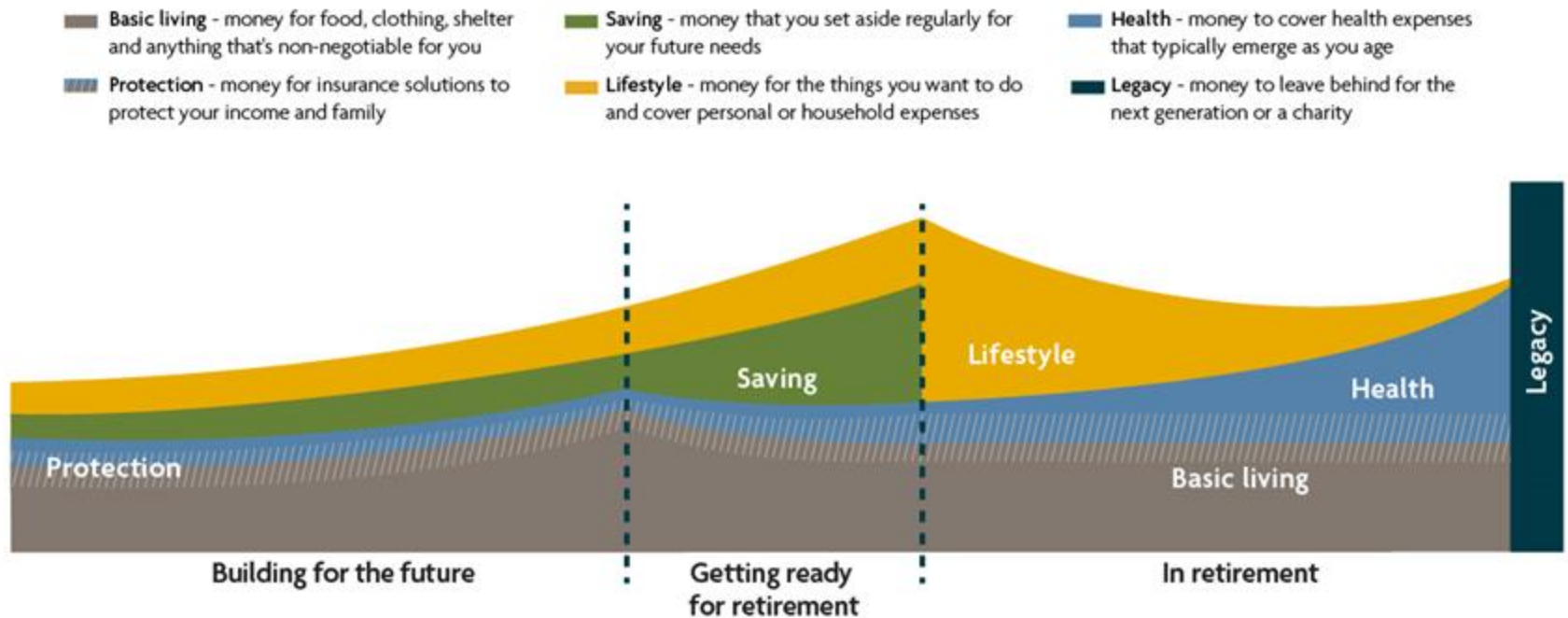
I don't have to take an income from my RRIF / PRIF



Converting dreams to reality

How much will your retirement lifestyle cost and how will you get there?

Your priorities will change



Your retirement has many parts

Expenses

Stay the same

(keeping in line with inflation)

Groceries
Property taxes
Homeowner's insurance
Utility bills
Rent
Vehicle
Life insurance




Decrease

Mortgage
Savings for retirement
Savings for pension plan
No CPP/EI payment
Commute/parking
Work-related expenses
Taxes

Increase

Hobbies
Entertainment
Travel
Health care

Value of money – historical comparison

	1980	TODAY
 A “basket” of goods and services ⁺	\$100	\$255
 Cost of a car	\$6,715	\$19,504*
 Cost of a house	\$110,292	\$444,700**



The rule of 72: 72 divided by the estimated inflation rate – that is approximately how many years it will take inflation to double your costs.

⁺ Inflation impact of the cost of groceries is measured by the CPI sub-index for food purchased from stores. Data source: Statistics Canada

Canadian MSRP for a 2014 Honda Civic Sedan DX

**Average price for a detached bungalow in Canada, as at March 31, 2014

Your retirement plan:

- A long term strategy customized to you and your family designed to identify your future retirement income
- Matches your risk tolerance
- Includes all possible sources of income
- Provides peace of mind
- Considers changes in lifestyle once retired and the estimated costs

Understand where you are today

- How are you saving
- Do you contribute regularly
- Do you “leave money on the table”
- Are your investments diversified
- Are there other saving options you should consider

How long should your money last?



65

Retirement



91

50% chance one spouse will live to age 91



95

25% chance one spouse will live to age 95

How much pre-retirement income will you need?



50%



70%



100%

my money Retirement Planner VIDEO

Sun Life Financial

Home Group Retirement Services Accounts Requests Resource Centre Quick Links

XYZ COMPANY RETIREMENT PLAN
Account No: 4527713 - 01 : AS AT: 17 Oct 2014

my money tools
Asset allocation | [my retirement plan](#) | [Retirement planner](#) | [Tools](#)

Want to find out which investment options are right for you?

My results Registered \$538,545 Non-registered \$72,026

Retirement income Retirement savings Action Plan

Estimated monthly retirement income at age 65 ?

My goal \$4,830

You are here \$3,340

Income from savings
DB income
CPP/QPP
OAS

Test the impact of saving differently: ?

Retirement age 65

Monthly contributions

Registered \$450

Non-registered \$100

Rate of return ? 3.50%

Retirement goal \$58,000

Back 1 2 3 4 5 6 7

- Determine how much you need to save now to provide you with your desired income level in retirement
- Adjust a number of variables as they change over time by updating your calculations in the Retirement planner
- Does not take the place of a real financial planner/advisor

Getting ready to retire

- Switching saving to income
- Income sources
- Life and health insurance coverage
- Understand what products are available to you
- Understand your next steps to make retirement a reality



Financing your retirement

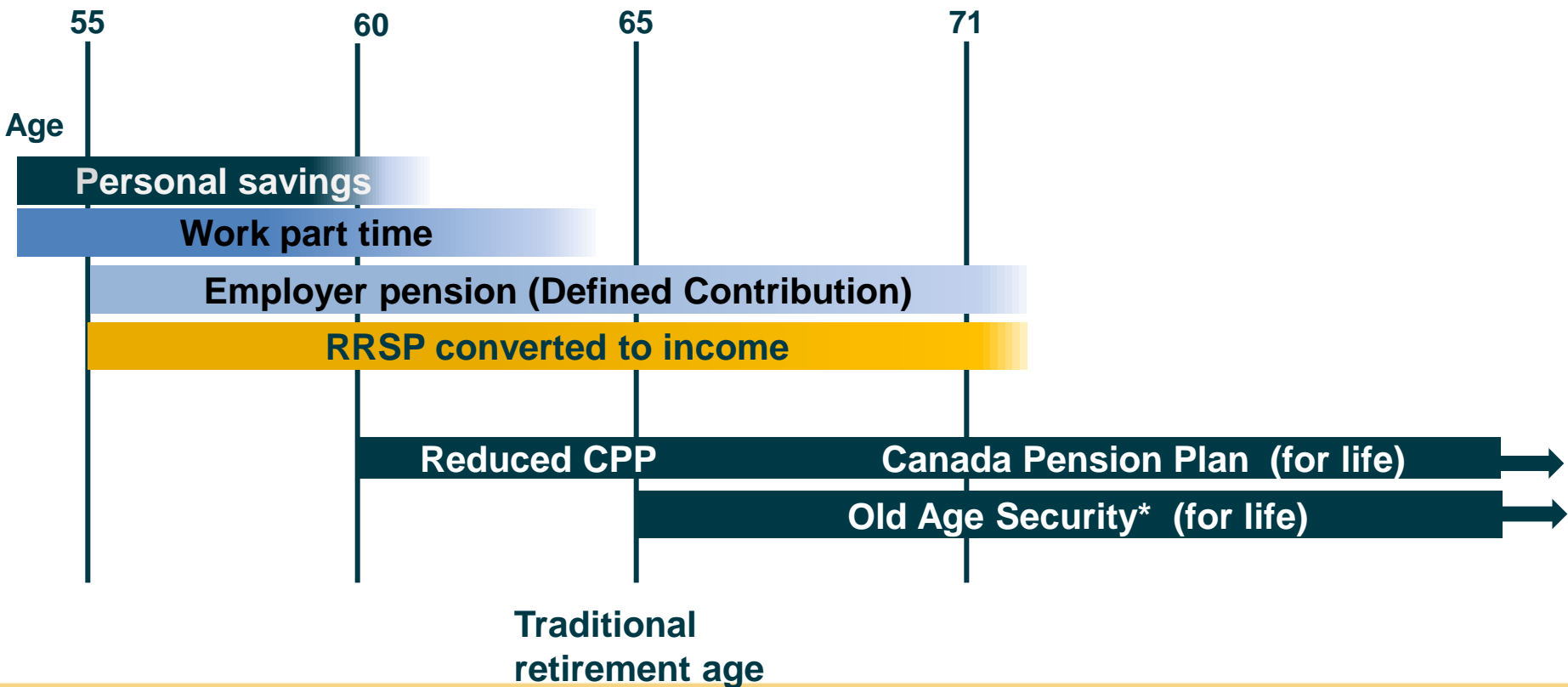
Sources of retirement income

Earliest company pension may be available

Earliest CPP is available

Earliest OAS is available

Latest registered savings plans must be converted to retirement income



*Recent OAS changes impact anyone born on or after April 1, 1958

Government programs

GIS

**Guaranteed
Income
Supplement**

OAS

Old Age Security

CPP

**Canada Pension
Plan**

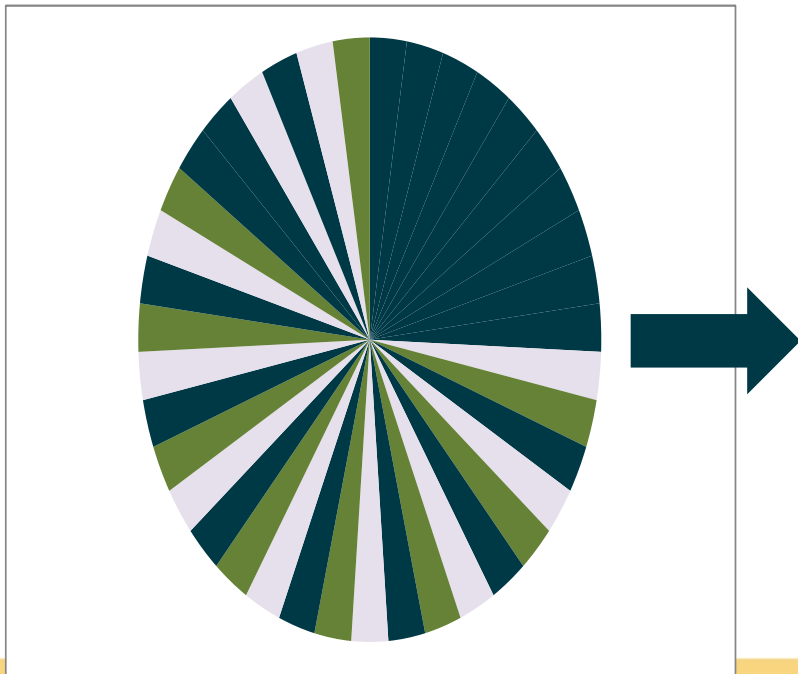
GIS Thresholds

Based on your marital status and employment income

Single	Less than \$17,088
Married/common law – spouse receiving OAS	Less than \$22,560
Married/common law – spouse not receiving OAS	Less than \$40,944

Old Age Security

2016 Maximum	\$570.52/month \$6,846/year
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Lived in Canada for at least 10 years after reaching age 18

1/40 for each year of residency since age 18

Example: If you had 10 years, you would be eligible for 25% of the OAS payment

OAS Changes

Age of eligibility changing from 65 to 67

If you were 54 and older as of March 31, 2012

If you were born after January 1962: eligible at age 67

Gradual increase for all other birth years

Voluntary deferral

Option to defer OAS up to five years from eligibility

7.2% increase per year (or 0.6% per month)

Confirm how you are personally impacted: www.servicecanada.gc.ca

2016	Canada Pension Plan (CPP)
Maximum at age 65	\$1,092.50/month \$13,110/year
Average at age 65 (October 2015)	\$629.33/month \$7,552/year

Request your CPP contributions & benefit statement from: www.servicecanada.gc.ca

CPP – Since 2012

- Changes began in 2012 and are gradually rolling out through 2016
- CPP retirement pension reduction = 0.6% per month (2016)
- CPP retirement pension increase = 0.7% per month (2013)
- “Work Cessation Test” no longer applicable

CPP – Things to consider

- Are you still earning income and are you contributing to CPP?
- How long and how much have you contributed?
- What is the amount of CPP you will receive?
- Do you have other retirement income?
- Your health

Government programs

Getting started

	GIS	OAS	CPP
When do you apply?	At least 6 months before you would like payments to start		
How do you apply?	<ul style="list-style-type: none">• Online• Complete and send form• Re-apply through annual income tax returns	<ul style="list-style-type: none">• Complete and send form	<ul style="list-style-type: none">• Online• Complete and send form

Things to consider

- Drawing too much income may have an impact on some programs (GIS & OAS)
- Determine when you are going to draw on your government programs
- Determine whether you are impacted by the changes
- Apply well in advance

Savings to income



Defined Contribution Pension Plan (DCPP)

Locked-in savings

- **Annuity**
- **Prescribed Retirement Income Fund (PRIF)**

Annuity - Overview

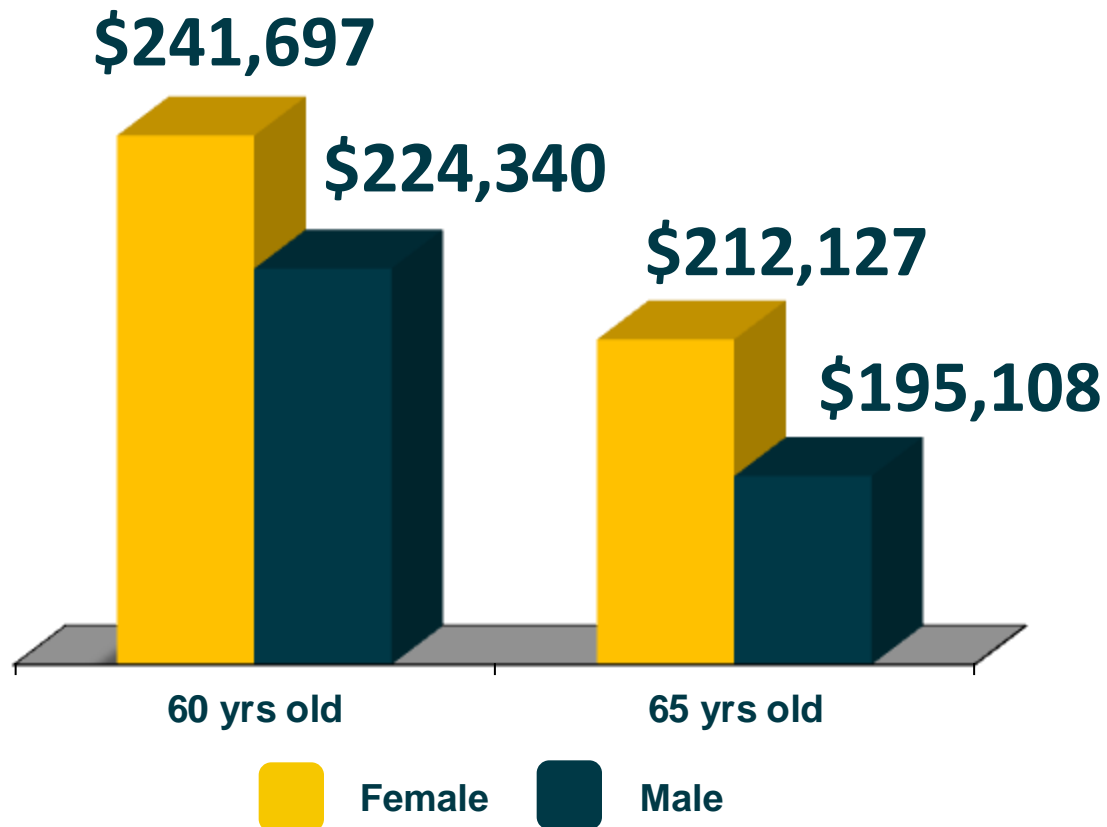
- Series of future payments in exchange for a lump sum today
- Irrevocable once purchased
- Sensitive to interest rates at time of purchase
- Once your beneficiary passes on, payments will cease under most circumstances
- Does not require active management
- Is not affected by financial markets

Annuity - Features

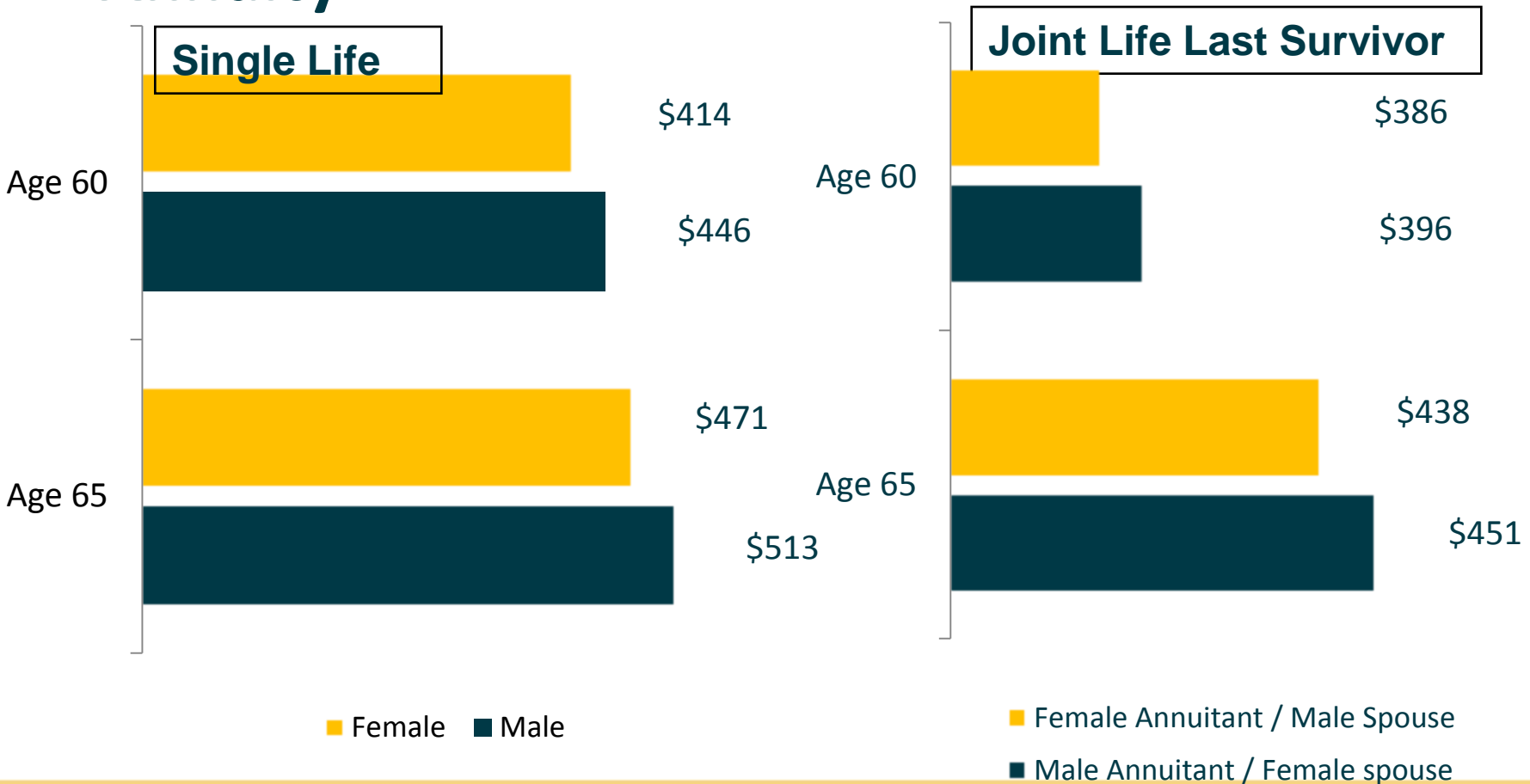
- Life annuity - Annuity continues for your entire life
- Joint life or last survivor - Includes your spouse and only ends once the last person dies
- Guarantee period - The length of time that the annuity payment is guaranteed to be paid to your estate
- Inflation protection – Increases each year by inflation to protect your purchasing power throughout retirement

Savings required to obtain a monthly income of \$1,000

Example



How much monthly income from \$100,000? Single Life Annuity and Joint Life Last Survivor Annuity



Source: my money annuity premium calculator

Assumptions: **Single Life Annuity** – Amount is guaranteed to be paid for a minimum period of 10 years. Quotation date Feb 15, 2016.

Joint Life Last Survivor – Amount is guaranteed to be paid for a minimum period of 10 years and payable at the rate of 60% of the initial amount to your spouse. Quotation date Feb 15, 2016.

University of Saskatchewan Group Retirement Fund

Savings Products	Conversion age	Income Products
DCPP - University of Saskatchewan 2000 Academic Money Purchase Pension Plan and University of Saskatchewan Research Pension Plan	<ul style="list-style-type: none"> • Minimum June 30 following age 55 • No later than Dec.31st of age 71 	PRIF
DCPP (Transfers from other provinces)	<ul style="list-style-type: none"> • Minimum age 55 • No later than Dec.31st of age 71 	LIF
RRSP	<ul style="list-style-type: none"> • Minimum age 55 • No later than Dec.31st of age 71 	RRIF

The features of a PRIF

	Prescribed Retirement Income Fund
When is it used?	When you're eligible and ready to convert your registered pension savings into retirement income, but no later than December 31st of the year you turn 71.
Eligibility	June 30th following age 55, but no later than December 31st of the year you turn age 71.
Minimum withdrawal amount (as set by the Federal Income Tax Act)	The Income Tax Act sets a minimum annual amount you must withdraw each year. You can withdraw any amount you wish over this minimum. You can use your spouse's age, if your spouse is younger.
Maximum withdrawal amount (as set by the Federal Income Tax Act)	The maximum amount you can withdraw from a PRIF is limited to the amount of money in your account.

The features of a PRIF

	Prescribed Retirement Income Fund
Spousal consent	Your spouse must sign a waiver form for you to transfer your pension funds to a PRIF.
Beneficiary information	You must name your spouse as the beneficiary of your PRIF. If you do not have a spouse, you can name a beneficiary of your choice. If you do not designate a beneficiary, your assets will default to your estate.
Death Benefit	Your spouse may elect cash or a tax shelter transfer to a RRSP/RRIF or life annuity. If you do not have a spouse, a lump sum will be paid to the named beneficiary.
Tax Implications	PRIF withdrawals are considered part of your annual income. In addition, withholding tax will apply to any withdrawals over the minimum. The minimum is taxable. You can also elect to withhold tax on the minimum withdrawal amount if you wish. However, assets remaining in the PRIF and their investment growth are tax-sheltered until withdrawn.

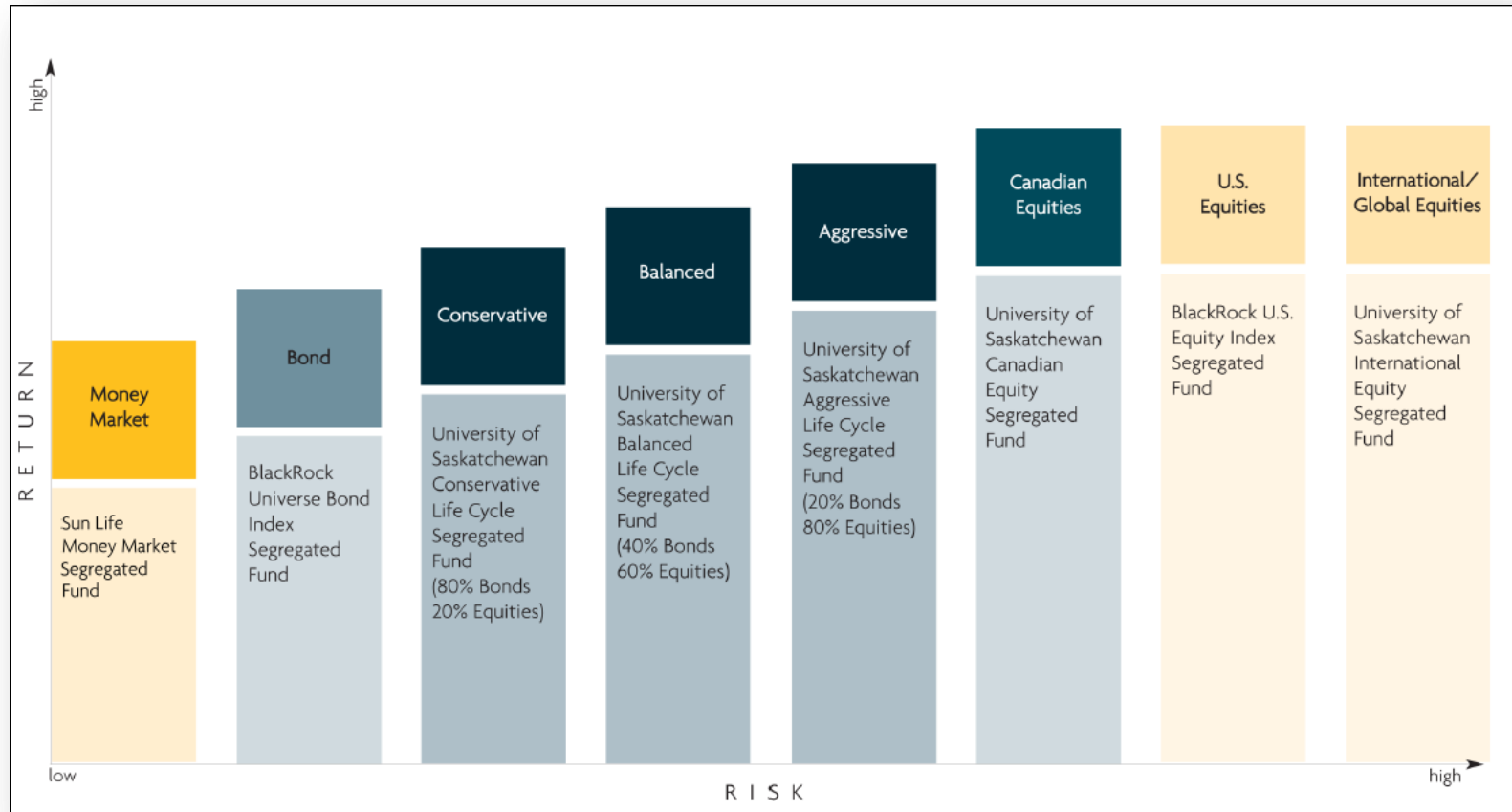
Minimum withdrawal table for PRIF

To determine the minimum annual payment, multiply the value of your prescribed RRIF as at January 1 by the rate that corresponds to your (or your spouse's) age:

Minimum withdrawal table for PRIF and RRIF

Age at January 1	Rate %	Age at January 1	Rate %	Age at January 1	Rate %
50	2.50	66	4.17	82	7.38
51	2.56	67	4.35	83	7.71
52	2.63	68	4.55	84	8.08
53	2.70	69	4.76	85	8.51
54	2.78	70	5.00	86	8.99
55	2.86	71	5.28	87	9.55
56	2.94	72	5.40	88	10.21
57	3.03	73	5.53	89	10.99
58	3.13	74	5.67	90	11.92
59	3.23	75	5.82	91	13.06
60	3.33	76	5.98	92	14.49
61	3.45	77	6.17	93	16.34
62	3.57	78	6.36	94	18.79
63	3.70	79	6.58	95 & beyond	20.00
64	3.85	80	6.82		
65	4.00	81	7.08		

Your investment options



Investment performance

- **Morningstar @ mysunlife.ca**
 - Investment performance
 - Fund objectives
 - Make comparisons

You will require your access ID and password

Your fee advantage

Fund categories	Fund lineup	PRIF Total*
Life cycle	Conservative Life Cycle Fund (80% bonds, 20% equities)	0.22%
	Balanced Life Cycle Fund (40% bonds, 60% equities)	0.34%
	Aggressive Life Cycle Fund (20% bonds, 80% equities)	0.39%
Money Market	Sun Life Money Market Segregated Fund	0.21%
Bond (fixed income)	BlackRock Universe Bond Index Segregated Fund	0.20%
Canadian equities	University of Saskatchewan Canadian Equity (Triasima and BlackRock)	0.47%
U.S. equities	BlackRock U.S. Equity Index Segregated Fund (Registered assets only)	0.20%
International equities	University of Saskatchewan International Equity Fund (Mawer International Equity)	0.71%

FMFs as at Jan 31, 2016. The FMFs do not include the applicable sales tax (which will be charged to your account)

* Does not include \$50 University of Saskatchewan annual administrative fee.

Advantages of the University of Saskatchewan Group Retirement Fund

- Access to the identical investment options that are available in the 2000 Academic Money Purchase Pension Plan and Research Pension Plan
- Retirees have access to retirement planning services from Sun Life Financial Retirement Consultants. Normally only available through financial planners in the private marketplace
- Retirees have many options for withdrawal schedules (annual, semi-annual, quarterly, or monthly) or lump sum
- Payments from the PRIF can be made directly into your Canadian bank account

Sun Life Financial Licensed Retirement Consultants

- As a retiring member of the University of Saskatchewan 2000 Academic Money Purchase Pension Plan and Research Pension Plan or as a member of University of Saskatchewan Group Retirement Fund, you enjoy access to licensed Retirement Consultants at no cost to you.
- At your convenience, the Sun Life Retirement Consultants will help you understand your conversion options and other insurance and investment plans that are available to you. They will also provide you with advice and guidance on the investment funds included in your Plan and assist you in meeting your unique retirement goals.

NEW!

VIRTUAL CONSULTATION

- **Sun Life Financial's Client Solutions Centre** has a team of licensed Retirement Consultants available at **1-855-864-5989**, any business day from 8 a.m. to 6 p.m. EST.
- *Live video chats with Retirement Consultant are also available at the request of a member any business day between 8:00am and 6pm ET. These are held in a virtual environment where they are also able to share their screen to display web pages, illustrations, online tools and forms.*
- *This allows Retirement Consultants to guide members through the retirement planning process step by step and complete any paperwork or enrollment forms together.*

Stay in touch

- Retirees and members of the University of Saskatchewan 2000 Academic Money Purchase Plan and Research Pension Plan who are thinking about retiring have access to the Sun Life Financial as follows:
 - Customer Care Centre: **1-866-733-8612**
 - Member website – **mysunlife.ca**
 - Transition Service Centre / RRIF Call Centre – Licensed Retirement Consultants : **1-855-864-5989**



Securing your retirement

Plan for the unexpected

Outliving your savings

The rate of return on your investments is important. You want them to be safe, but a small difference in your rate of return can make a big difference in how long your savings last.

Inflation

Costs have more than doubled in the past 40 years. What will inflation mean in the course of a 30-year retirement?

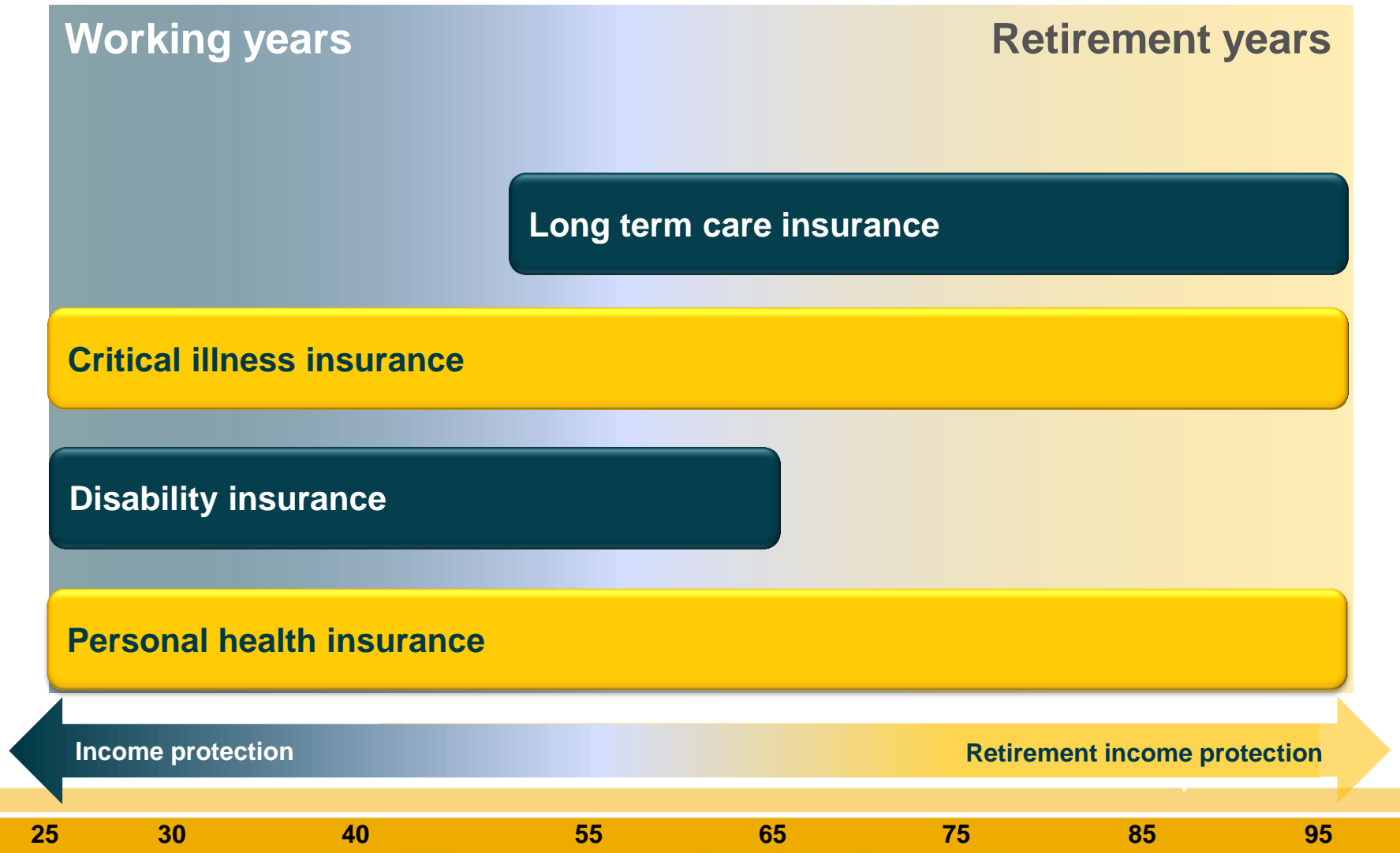
Market downturns

Money that is invested as retirement income is also subject to market ups and downs. Withdrawing too much too soon from shrinking investments means your money may not last as long as expected.

Unexpected events

Retirement planning is based on good health. So it's important to consider insurance in your retirement too, for long-term care, critical illnesses, or disability.

Understanding your insurance needs



Did you know?

- You can convert your medical/dental benefits to Sun Life Financial within 60 days of leaving your plan
- What other options are there? Check with a Sun Life Retirement Consultant at **1-855-864-5989**



Plan at a glance:

University of Saskatchewan Group Retirement Fund
 Prescribed Retirement Income Fund – PRIF
 Registered Retirement Income Fund – RRIF



YOUR RETIREMENT-READY CHECKLIST



There's a surprising amount to be done when you're approaching retirement. This checklist can help you feel sure you've got all the tasks taken care of...whether your retirement date is still a few years away, or just around the corner.

THREE TO FIVE YEARS BEFORE YOU RETIRE

1. Start your wellness plan.

- Think about and record activities you're interested in that support each of the six factors in wellness: physical, emotional, intellectual, social, environmental, and spiritual.

2. Do a financial check-up.

- Record your spending habits and consider how they will change in retirement.
 - The *Annual Expenses and Retirement Income Worksheet* will help. A similar sheet is available online at myretirementcafe.ca.
 - Eliminate or reduce debt. See the sidebar for more information on this step.
- List your sources of retirement income and the amount of income from each.
 - The *Annual Expenses and Retirement Income Worksheet* will help. Remember to include all sources of income (government benefits, employer-sponsored plans, personal savings, etc.).
- Complete online or paper retirement planning tools, such as:
 - Sun Life Financial's Retirement planner at mysunlife.ca.
 - Sun Life Financial's myretirementcafe.ca.
- If you don't already have one, work with a qualified advisor or financial planner to put a financial plan in place.

Making debt disappear

While you can't wave a magic wand to make debt disappear, it's uncanny how a focused effort to reduce debt works. And it pays to make it a priority, as the debt you currently carry as an income-earner may prove to be less affordable during retirement.

Tackle the debt with the highest interest rate first – for example, credit card balances. If you don't have the money to pay a lump sum, increasing your monthly payments can make a significant difference.

Whatever the cause of your debt, aim for as clean a slate as possible when you retire. Without that steady pay-check, you may need more of your savings for day-to-day living than you realize.

(See the **Resources** section of this checklist to find these resources.)



We'd like to hear
from you!





It's my time to retire

Thank you



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