



Are you ready for retirement?

Five questions to help you explore
how ready you are for retirement



When it comes to your retirement preparedness, it's never too early or too late to get started.

Your first thought may be, “How much do I need?” You likely can't answer that – and neither can we. The answer depends on a number of factors including your expected retirement lifestyle.

To help determine the answer to the “how much” question, take some time

to think about and answer the five questions below.

When you're ready, our advisors are here to help you implement a retirement plan so you can realize the retirement lifestyle you want. They can provide simple, practical advice based

on your goals and expectations. They can work with you one-on-one to get to know where you are financially and where you'd like to be, and then help you achieve your retirement goals.

Get more advice on retirement planning at [rbc.com/retirement](https://www.rbc.com/retirement).

Question #1

Are you ready to leave work?

Many people only think of the financial portion of their decision when deciding to leave work. But work provides more than just money. It provides a purpose, creates structure in your life and fulfills you with social connections. When you retire, you may lose or miss some of this structure and these social connections.

According to Stats Canada, social isolation of seniors can lead to health risks – both mental and physical.¹ A strong social network (no matter

how big or small) is key to your happiness and health.

You'll need to figure out how you're going to either maintain your social connections – or replace them. And give yourself a daily routine for structure. Only you can make the emotional decision on whether you're ready to leave work, and it can be a far more difficult decision than money. A money decision can be quantified. An emotional decision is far more



Question #2

What type of lifestyle do you want to live in retirement?

How do you know, or how can anyone tell you, how much money you're going to need when you haven't thought about what type of lifestyle you want to live in retirement?

We all have different retirement lifestyle dreams, which means the answer to the “how much” question will be different for all of us. And if you have a significant other, it's important to discuss with

them what type of lifestyle you would like to share in retirement.

- Do you want to stay in your home and spend time with your grandkids?
- Do you want to downsize your home and buy a winter house down south?
- Or, do you want to explore all the corners of the world?

You may have been told that you need 70%-80% of your pre-retirement income to maintain a comfortable lifestyle in retirement. This may not be accurate. The good news is that you may not need that much income to be very happy with your chosen lifestyle!

Talk to an RBC advisor to learn more about how much you may need to live the retirement lifestyle of your dreams.



Question #3

How will you spend your time?

When you total it all up, on average, we work about 2,000 hours² in a year. This means, when you retire, you'll get those 2,000 hours a year back. No matter how much money you have, those hours will be yours and you will have to figure out how you want to spend them.

The way you want to spend your time and energy in retirement is up to you, and it may change over time, but your retirement should be filled with people

and activities that you enjoy. What are your interests – volunteering, joining clubs, playing sports, travelling?

There are financial considerations behind some of these decisions.

- How often and where do you want to travel?
- Do you want to downsize your home?
- Do you want to financially help your adult children or your grandchildren?

- Will you need to help your elderly parents?
- Are you thinking of buying a vacation home?

Remember money is really a tool that allows you to live the life you wish. Think about what life in retirement looks like and plan for your 2,000 hours.

Question #4

How long will your money need to last?

This is a tough question as no one has a crystal ball that can predict how long your retirement will last. Retirement could last up to 30 years or more depending on your age at retirement

and your health. However, with the MyAdvisor® service, you can get a sense of how long your money will last.

MyAdvisor lets you try different scenarios, such as changing the length

of your retirement, to see the impact on your monthly income so you can be comfortable with your decisions.

Are you able to save?

- 62% of people with a comprehensive financial plan report they have improved their ability to save in the last five years.³
- 81% of people with a comprehensive financial plan feel on track with respect to their financial affairs.³



Question #5

Where will the money come from?

Where will the money come from once you've decided to stop working? There are three potential sources of income you can tap into during retirement.

1. Government retirement benefits

- **CPP/QPP.** It's based on your and your employer's contributions during your working years. You can start collecting CPP/QPP at age 60, but your payments will be 36% higher if you wait until you are 70. The pension is indexed so it increases as the cost of living increases over time. It's important to know that once you make your election, it's final and you won't be able to change your mind. Visit the [Government of Canada](https://www.government.ca) website to learn more.

- **Old Age Security (OAS).** This government pension program starts at age 65 and is based on your residency, not your contributions. Don't forget your OAS income is taxable, so you'll want to manage your retirement income to minimize your income tax payment.

2. Employer pension plans (if available to you)

- **Defined Benefit plan.** How much lifetime income you will receive is expressed as a percentage of your income based on your years of employment. You don't need to make contributions, but it's up to your employer to manage it properly to ensure the promised money is there when you retire.
- **Defined Contribution plan.** You choose the investments from a list

and choose a percentage of your income you would like to contribute. Your employer will match this amount, and when you retire, the payout will be based on the investment earnings.

3. Personal savings and investments

Of course, there are your own personal investments and savings accumulated during your working years:

- RRSPs, TFSA's and other investments can be turned into an income stream when you're ready, with one exception – your RRSP must be turned into an income stream by the end of the year in which you turn 71.
- If you feel you're not ready to leave the work force entirely, you may return to the workforce in another capacity or on a part-time basis and continue to earn an income.

Talk to us

Whether you're working and want a great savings strategy or you're retired and want to fine-tune an existing plan, take a step in the right direction.

- Call 1-800-769-2511 to book an appointment with an advisor
- Visit rbccroyalbank.com/retirement for more great advice and tools



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¹ "Report on the Social Isolation of Seniors: Consultation Highlights," Statistics Canada web page (last modified July 20, 2016): www.canada.ca/en/national-seniors-council/programs/publications-reports/2014/social-isolation-seniors/page05.html

² Based on an average 40-hour work week and two vacation weeks annually.

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