my money @ a glance

Helping you save and plan for your future at every stage

Discover your personal RRSP strategy

In the frenzy of Registered Retirement Savings Plan (RRSP) season, there's plenty of peer pressure to "Maximize your RRSP," "Borrow to invest," or conversely, "Forget about the RRSP."

The problem: one size does not fit all and no single RRSP strategy is right for everyone.

Why develop a personal RRSP strategy? First, everyone has different needs or priorities, partly based on their life stage. For example, a young professional who has more time to build a portfolio, may want to take on more risk. On the contrary, an older worker may want to reduce risk as retirement nears.

Also, personal circumstances vary from person to person. It may make sense to get an RRSP loan if you can pay it off soon. However, someone with high-interest credit card bills should consider delaying their RRSP until they conquer their costly debts.

There may even be times when an RRSP is not right for you. For example, many Canadians debate the pros and cons of the Tax Free Savings Account (TFSA) versus an RRSP. While you can access a range of investments through either savings plan, the ability to withdraw your funds without tax penalty may be a compelling feature of a TFSA. On the flip side, an RRSP helps you save for retirement with discipline, while enjoying an immediate tax refund.

In a perfect world, you might do it all: an RRSP, a TFSA, a Registered Education Savings Plans (RESP) for the kids, pay down the mortgage, etc. Unfortunately, there are times in life when you need to make choices.

How do you decide?

- **Start with your workplace savings plan:** If you're a member of a workplace savings plan, start your homework there. Your plan at work may allow you to make payroll contributions, you could benefit from lower fees, and there may even be an employer match program.
- **Do the math, with help:** Try the online calculators and questionnaires (like those available to Sun Life Financial plan members at **mysunlife.ca**) to input your personal data and get customized RRSP advice. They can help you answer questions like, should I pay down my mortgage or invest, and which investment options are right for me?
- **Make an easy, customized plan:** With the user-friendly tools on **mysunlife.ca**, including the **Investment risk profiler** and the **Retirement planner**, you can create a savings plan in just a few hours.
- **Get expert advice:** If you need help, want to double check your decisions, or if you have complex personal circumstances, consider consulting a qualified financial professional.

So leave the generic RRSP advice on the rack and develop a personal retirement strategy that fits and helps you achieve your goals.

In this issue...

my plan

Get retirement-ready

How do you picture your transition from work to retirement? It's not as easy as going to the office on your last day to say goodbye to co-workers. There are important steps to take, ideally beginning five years before your planned exit to retirement life.

What's involved? Hopefully you've spent a good part of your working life following a financial plan. (If not, get started today!) This plan helps you identify your ideal retirement age and income needs, as well as the savings habits and investment mix you need to get there.

Although you've likely monitored your plan on a yearly basis and made adjustments as needed, now that you're within five years of retirement, it's time to review the plan in detail.

- **Look at your income sources:** Take a hard look at all your income sources, including government benefits, like Canada Pension Plan/Quebec Pension Plan, and add up your projected income from any employer pensions and your personal and workplace savings plans.
- **Calculate your post-retirement expenses:** Write down your retirement lifestyle and expenses, like housing, hobbies and costs of living. Consider any outstanding debt, ideally making plans to pay it off before you retire.
- **Adjust your asset allocation:** At this stage, you may want to reduce the overall risk of your portfolio.
- **Do some estate planning:** After years of saving, it's important to update your will to ensure that your wishes are documented, your loved ones are protected and any tax burden is reduced.

With these facts, you'll know if you are on track to achieve the retirement you imagined, or if you need to adjust your course (possibly by delaying retirement, working part-time or boosting your savings). Whatever you discover, it's crucial to consider these issues early, to put your worries to rest, or revise your plans as needed.

my money

Stuck in the middle with you

During the winter months, when we see ads for Registered Retirement Savings Plans, members of the sandwich generation may ask themselves, "What about me?"

These individuals in their mid 30s to late 40s may feel uncomfortably 'sandwiched' between tending to both their children and aging parents. At the same time, family care expenses are forcing them to sacrifice their own retirement savings.

If you're stuck in the middle, here are a few tips to help:

- **Don't ignore your own needs:** While you face many urgent family care costs, remember that your own retirement plan deserves attention too. Give yourself time to review your plan and make important decisions.
- **Take charge of expenses:** If you're racing to solve family problems and dole out cash, take a break to review your expenses and set a budget. If squeezed, you'll need to make some tough choices about what you can and can't afford.
- **Talk through solutions:** If your budget is tight, it's time to talk honestly with family members, including older children. Tell them you want to find ways to balance everyone's needs. That may mean an adult child who lives at home should find part-time work, or an elderly parent needs to give up control of assets, to help cover expenses.
- **Seek expert advice:** Talk to a qualified financial professional about ways to balance your competing financial priorities.
- **Look for financial supports:** With some research, you may find ways to stretch your budget (and re-direct some dollars to your retirement fund). For example, you can learn about caregiver tax credits, compassionate care benefits or other seniors' supports offered by the Federal Government (www.servicecanada.gc.ca).

While these tips are just a start, they show that you have some choices. With a bit of time, discipline and thought, you can make your spot in the middle of the sandwich more comfortable, and ensure your own retirement plans don't go ignored.

my life

Make the TFSA your BFF, ASAP

When we first start our working lives, we get a lot of tips from co-workers. While advice on cheap parking or what to avoid in the cafeteria is appreciated, you may not pay much attention if someone suggests: “Start saving for retirement through your workplace plan.” After all, you have no cash, and retirement is decades away.

While their advice is valid – it’s wise to start saving for retirement as soon as you can, especially through your plan at work – it may not be your biggest priority when you’re starting out.

But what about a Tax Free Savings Account (TFSA)? It’s a flexible way to save for goals near or far.

Through this Federal Government savings program, anyone over the age of 18, who has a Social Insurance Number and who is a resident of Canada, can invest up to $5,000 each year in a range of investments (if you have any contribution room from previous years, you can invest more). The beauty of the TFSA: any growth or interest earned on those investments is tax free.

Even better: You can withdraw funds from your TFSA any time, without paying tax. This is ideal for younger people who may need immediate cash for unexpected expenses. Or, use the TFSA to save for specific, short-term goals, such as a vacation, an engagement ring or a first home.

To get started, see if your workplace plan offers a TFSA and then check out the TFSA rules (visit the government website, **http://www.tfsa.gc.ca/**). It’s also important to choose the right investments that fit your goals and savings time horizon.

With that in mind, the TFSA is a terrific, flexible way to start the saving habit. Won’t that make your co-workers nod in approval?

DID YOU KNOW?

By putting aside $25 per week, you’ll stash more than $1,300 within a year.

If you have a general question or suggestion about this newsletter, please send an e-mail to ***grsmarcom@sunlife.com*** or write to **my money @ work Newsletter, Group Retirement Services Marketing, Sun Life Financial, 225 King Street West, Toronto, ON M5V 3C5**.