



*An  
intergenerational  
approach*

# RETIREMENT | PLANNING TOOLKIT

Report prepared for  
Paul Case Study #1

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## Approaching retirement

### Financial Projection

As you approach retirement, you need to know where you stand and if your current investments will carry you into the future. The financial projection tool allows you to do so quickly and provides the ability to develop alternate scenarios with very little input.

### Increasing Life Expectancy

The good news is that life expectancy is increasing and you should plan for at least 35 years of retirement. The not so good news is that some individuals risk outliving their savings. A Standard Life annuity can help eliminate this longevity risk.

### Active investing at retirement

Whether you're approaching retirement or are already retired, you want to protect what you have spent your entire life saving. Moving all your assets into a GIC, however, could actually have a negative impact in the long run. Because you will be generating income from your investments possibly for the next 35 years and inflation will not be going away anytime soon, you should plan your asset allocation carefully with your financial advisor. Make sure you keep your investments working for you – even in retirement!

### Cover the basic expenses with annuities

Whether it's to reduce market fluctuations and uncertainties or to ensure that you will have enough to cover your expenses, there are products available to manage your financial challenges. Talk with your financial advisor to find out how a Standard Life life annuity that can cover your monthly expenses could meet your needs.

## Death in the family

### Planning

The death of a loved one is a very difficult experience. While coping with grief, financial decisions will have to be made. Investors are encouraged to plan their estate and keep it updated as their situation changes. The planning phase is important to ensure that the same level of income will be generated for your family's future. Careful planning can also greatly reduce the tax burden on your family. You may consider a Standard Life Whole Life insurance.

## Illness

### Risk management

A critical illness can have a major impact over and above one's current obligations. Aside from the obvious costs of medical treatments, there may be a need to adapt one's home and/or vehicle to deal with loss of mobility and should the person be hit with an illness or have to stop working to take care of a sick child, there is also a need to replace lost income. Standard Life Protecta Critical Illness insurance provides peace of mind so that you and your family can concentrate on getting better.

## Planning your estate

### Be proactive

A properly estate plan allows to maintain control of your assets and to determine who receives your assets.

The cost of having an estate plan is small when compared to the cost of not having one in place, especially at a time when the family is coping with the loss of a loved one.

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### Unplanned retirement

#### Revisit your goals

Since the situation was not expected, no doubt your financial plans were based on long-term goals that need to be revised. The expected company pension (if any) might not be adequate and you may need to access government benefits earlier. There are other factors to consider too. Is your spouse retiring also or already retired? Are the markets favourable or unfavourable right now? Were you planning to move at retirement? Do you still have a mortgage?

Retiring earlier usually means that you still have expenses in your working years that are greater than you thought you would have in retirement and you have less money invested. It may also mean that you might have to take an early pension at a reduced amount. Work with your financial advisor to do a projection based on your new financial situation and various sources of income at your disposal.

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## Financial Projection

Client	
<b>Personal Information</b>	
First/Last name	Paul Case Study #1
DOB	3/26/1969
Gender	M
Retirement age	65
Health condition	Excellent
Province	Ontario
<b>Annual Income</b>	
From employment	\$60,000
Other income	\$0
<b>Assets</b>	
Registered	
RRSP	\$70,000
Locked-in plans	\$35,000
Non-Registered	\$20,000
Non-Investable	\$0
TFSA	\$0
<b>Annual Retirement Income</b>	
Max. CPP/QPP	\$10,135
Max. OAS	\$5,832
Other pensions	\$0
Other income	\$0
<b>Retirement Income Needs (Net)</b>	Starting Age / Needs
From retirement age to projection age	65 / 70.0 %

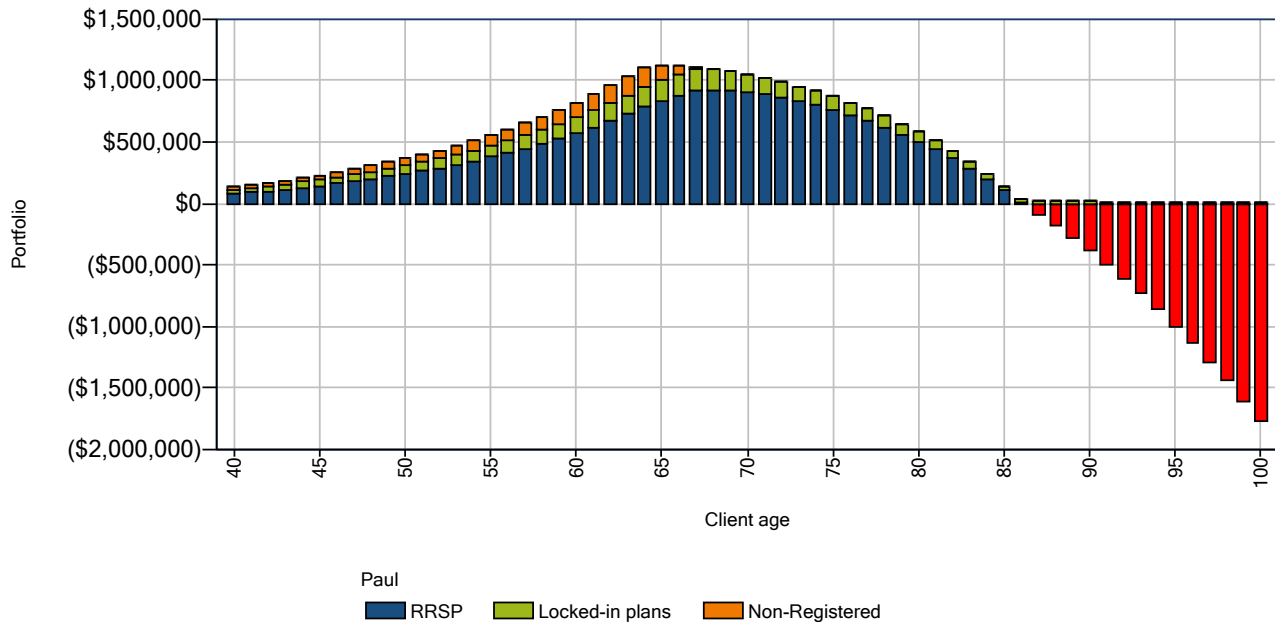
## Assumptions

Client	
<b>Inflation Rate</b>	2.5 %
<b>In Accumulation</b>	
ROR on RRSP	6.5 %
ROR on Non-Reg.	7.5 %
<b>In Retirement</b>	
ROR on RRIF	5.0 %
ROR on Non-Reg.	5.0 %
RRSP Contribution (annual) *	\$6,000
Non-Reg. Contribution (annual) *	\$1,200
TFSA Contribution (annual) *	\$0
Projected to Age	100
RRSP Contribution (lump sum)	\$0
<b>Taxation</b>	
Marginal Rate (Accumulation)	21.6 %
Marginal Rate (Retirement)	21.6 %

**Amount**

Shortfall/surplus at projection age

(\$1,771,143)



\* Indexed at inflation rate

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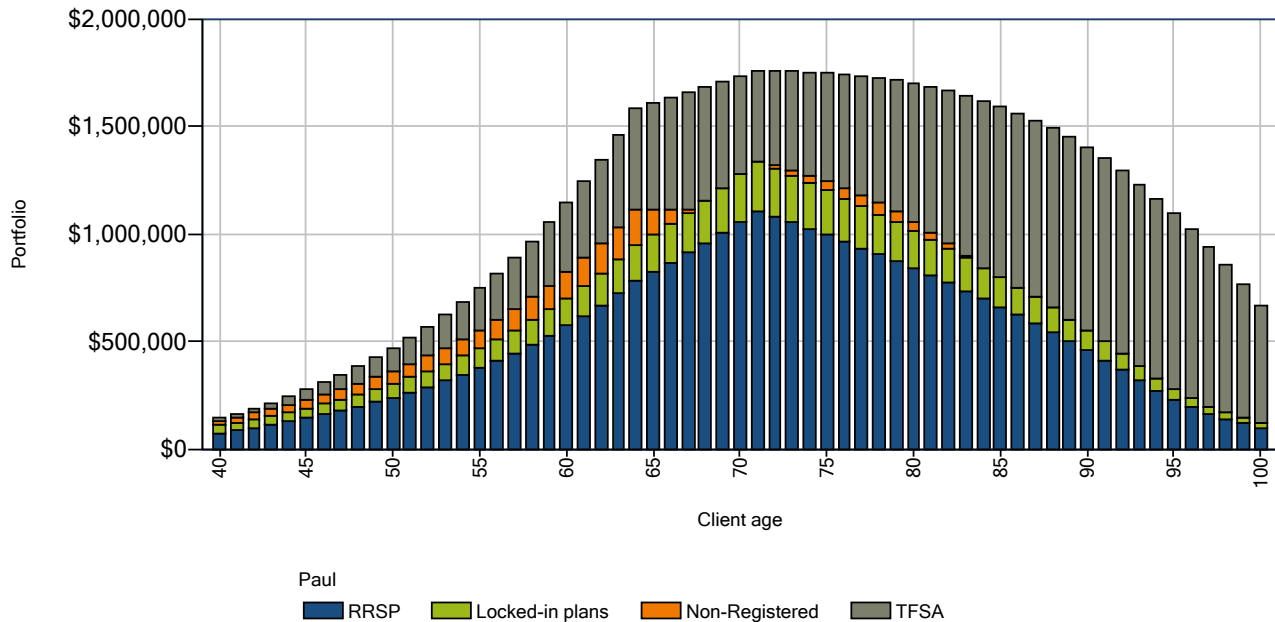
## Alternate Scenario

Client		
<b>Personal Information</b>		
First/Last name	Paul O	
DOB	3/26/1969	
Gender	M	
Retirement age	65	
Health condition	Excellent	
Province	Ontario	
<b>Annual Income</b>		
From employment	\$60,000	
Other income	\$0	
<b>Assets</b>		
Registered		
RRSP	\$70,000	
Locked-in plans	\$35,000	
Non-Registered	\$20,000	
Non-Investable	\$0	
TFSA	\$5,000	
<b>Annual Retirement Income</b>		
Max. CPP/QPP	\$10,135	
Max. OAS	\$5,832	
Other pensions	\$0	
Other income	\$0	
<b>Retirement Income Needs (Net)</b>	<b>Starting Age / Needs</b>	<b>Starting Age / Needs</b>
From retirement age to projection age	65 / 70.0 %	

## Assumptions

	Client
<b>Inflation Rate</b>	2.5 %
<b>In Accumulation</b>	
ROR on RRSP	6.5 %
ROR on Non-Reg.	7.5 %
<b>In Retirement</b>	
ROR on RRIF	5.0 %
ROR on Non-Reg.	5.0 %
RRSP Contribution (annual) *	\$6,000
Non-Reg. Contribution (annual) *	\$1,200
TFSA Contribution (annual) *	\$5,000
Projected to Age	100
RRSP Contribution (lump sum)	\$0
<b>Taxation</b>	
Marginal Rate (Accumulation)	21.6 %
Marginal Rate (Retirement)	21.6 %

	<b>Amount</b>
<b>Shortfall/surplus at projection age</b>	<b>\$641,840</b>



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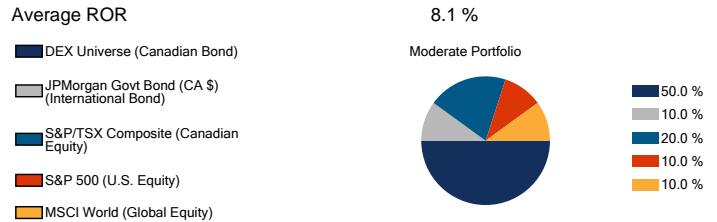
## Active investing at retirement

Client		Starting Age / Needs	Starting Age / Needs
<b>Personal Information</b>			
First/Last name	Paul O		
DOB	3/26/1969		
Gender	M		
Retirement age	65		
Health condition	Excellent		
Province	Ontario		
<b>Annual Income</b>			
From employment	\$60,000		
Other income	\$0		
<b>Assets</b>			
Registered			
RRSP	\$70,000		
Locked-in plans	\$35,000		
Non-Registered	\$20,000		
Non-Investable	\$0		
<b>Annual Retirement Income</b>			
Max. CPP/QPP	\$10,135		
Max. OAS	\$5,832		
Other pensions	\$0		
Other income	\$0		
<b>Retirement Income Needs (Net)</b>			
From retirement age to projection age		65 / 70.0 %	

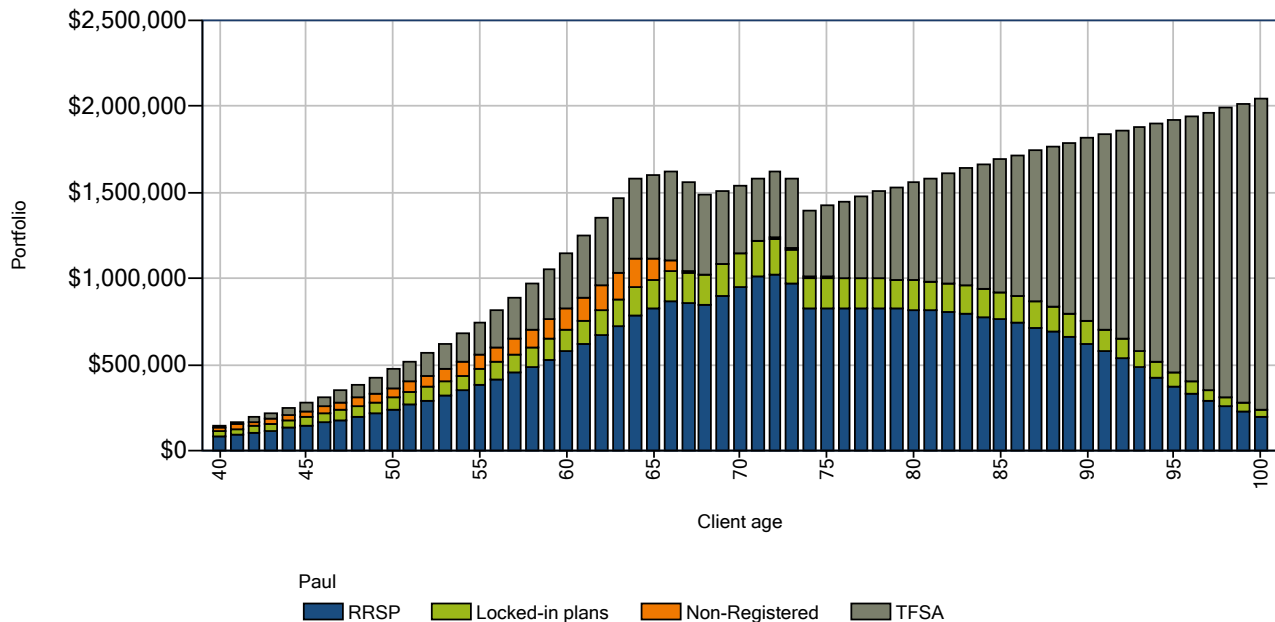
## Assumptions

	Client
Inflation Rate	2.5 %
In Accumulation	
ROR on RRSP	6.5 %
ROR on Non-Reg.	7.5 %
In Retirement	
ROR on RRIF	5.0 %
ROR on Non-Reg.	5.0 %
RRSP Contribution (annual) *	\$6,000
Non-Reg. Contribution (annual) *	\$1,200
TFSA Contribution (annual) *	\$5,000
Projected to Age	100
RRSP Contribution (lump sum)	\$0
<b>Taxation</b>	
Marginal Rate (Accumulation)	21.6 %
Marginal Rate (Retirement)	21.6 %

## Portfolio



Shortfall/surplus at projection age **Amount**  
\$1,990,173



Historical rates of return used in this tool date back to 1970. Therefore, a maximum projection of 38 full years is possible.  
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## Impact of MERs in retirement

Client	
<b>Personal Information</b>	
First/Last name	Paul O
DOB	3/26/1969
Gender	M
Retirement age	65
Health condition	Excellent
Province	Ontario
<b>Annual Income</b>	
From employment	\$60,000
Other income	\$0
<b>Assets</b>	
Registered	
RRSP	\$70,000
Locked-in plans	\$35,000
Non-Registered	\$20,000
Non-Investable	\$0
<b>Annual Retirement Income</b>	
Max. CPP/QPP	\$10,135
Max. OAS	\$5,832
Other pensions	\$0
Other income	\$0
<b>Retirement Income Needs (Net)</b>	<b>Starting Age / Needs</b>
From retirement age to projection age	65 / 70.0 %

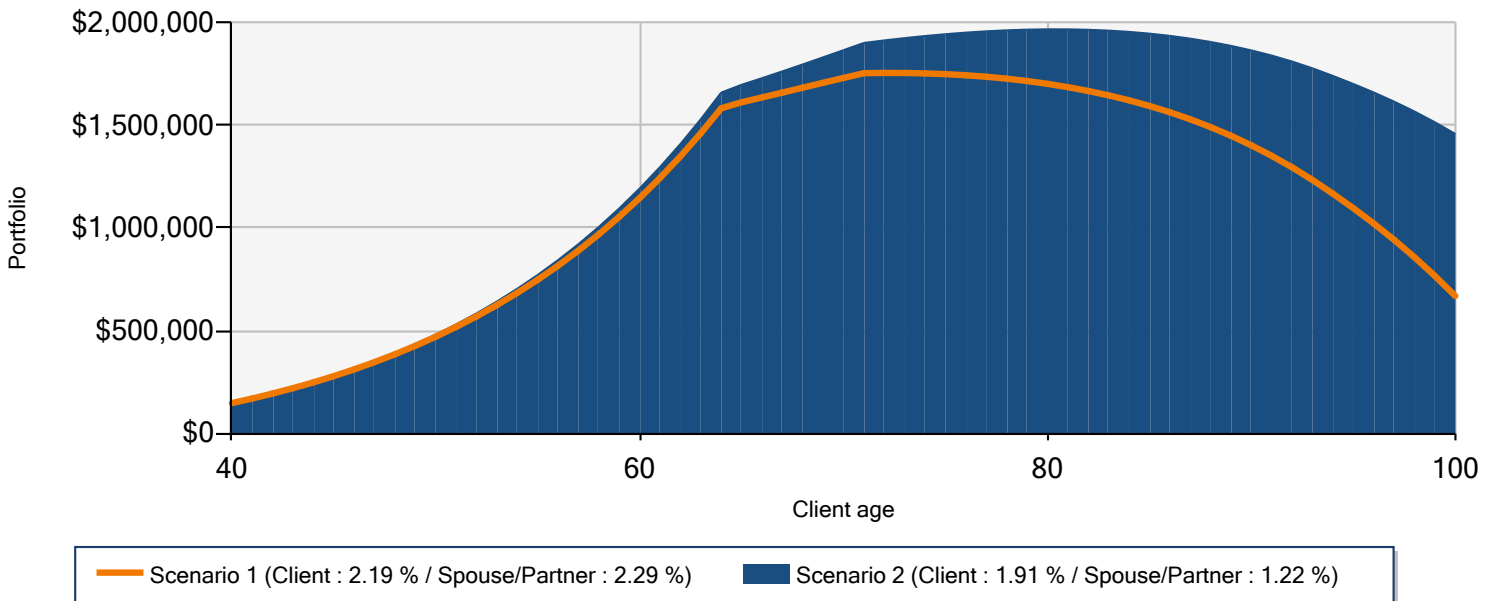
## Assumptions

	Client
Inflation Rate	2.5 %
<b>In Accumulation</b>	
ROR on RRSP	6.5 %
ROR on Non-Reg.	7.5 %
<b>In Retirement</b>	
ROR on RRIF	5.0 %
ROR on Non-Reg.	5.0 %
RRSP Contribution (annual) *	\$6,000
Non-Reg. Contribution (annual) *	\$1,200
TFSA Contribution (annual) *	\$5,000
Projected to Age	100
RRSP Contribution (lump sum)	\$0
<b>Taxation</b>	
Marginal Rate (Accumulation)	21.6 %
Marginal Rate (Retirement)	21.6 %

### Client Fund

### Shortfall/Surplus

Scenario 1	Moderate Portfolio	\$641,839.60
Scenario 2	Standard Life - Portrait Moderate Portfolio	\$1,427,412.97
Difference		\$785,573.36



— Scenario 1 (Client : 2.19 % / Spouse/Partner : 2.29 %)
 ■ Scenario 2 (Client : 1.91 % / Spouse/Partner : 1.22 %)

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