Checklist

Between 2 and 10 years to retirement

A clear path to retirement requires a clear plan. If retirement is now on the horizon and no longer a distant goal, you'll want to make sure preparing for it is a priority. Using this time to continue to save and build your assets, while paying off outstanding debt can really make a difference. This is also the perfect time to put some serious thought into what your retirement will look like. This checklist will help you do just that.

Create your retirement picture

- Set an approximate retirement date (even if it's simply the year you intend to retire), and discuss it with your spouse/partner and family.
- Create a retirement picture that includes details like who you'll spend your retirement with, where you'll be living, what you'll be doing, and how your health could have an impact on your plans.
- Develop and discuss contingency plans with your loved ones regarding aging family members. Discuss your own personal wishes for later life care and support, should anything happen to you.

Make saving a priority

- Maximize your Registered Retirement Savings Plan (RRSP) contribution and consider an RRSP loan for making catch-up contributions. You will only be able to contribute to your RRSP until you turn 71.
- Consider a spousal RRSP for income splitting.
- Contribute as much as you can to your employer's pension plan, if you have one. Some employers will match your contributions up to a maximum, so be sure to contribute enough to take advantage of your employer's match.
- As you pay off your debts, redirect the payment amounts you would have made to a savings account for retirement or a Tax-Free Savings Account (TFSA).

Consider your current and future expenses

- Gather records of bank account and credit card statements for the last 6 - 12 months. Use these to calculate your average monthly spending to determine how much you will spend in retirement.
- Divide your retirement expenses into needs and wants. This will help you understand areas where you can possibly reduce expenses if needed.
- Consider consolidation loans, or selling assets you don't need anymore to pay off mortgages, loans and credit cards. This will help you reduce the amount of debt you will carry into retirement, putting less strain on your savings.
- Determine how much money you will need in retirement. You can do this by estimating your retirement expenses: calculate your current annual living expenses and think about which ones may increase, decrease or stay the same during retirement.
- Identify any new expenses you may have during retirement by planning for three stages of retirement:
  - Early stage: retirees tend to spend more, go out more and do the things they put off while working.
  - Middle stage: retirees tend to settle into a routine and spend more time with family.
  - Later stage: retirees think about estate planning issues. Health and care-giving issues may become more apparent and costly.

Continued

Determine where your money will come from during retirement

- Identify and understand where your retirement income will come from. This could include government and employer pensions, investments, savings accounts, property, the sale of a business or an inheritance.
- Create a snapshot of how much you own. Doing so will help you understand how your assets could help fund your future. For instance, an RRSP can be a source of income during retirement while other accounts can pay for a child's education or a major purchase. Calculate your net worth by taking the total value of your assets and then subtracting any liabilities you may have, such as a mortgage, car lease or credit card debt.

Protect yourself and your loved ones

- Keep your Will and Powers of Attorney documents up to date.
- Review and update the beneficiary designations for RRSPs, Registered Retirement Income Funds (RRIFs), TFSAs and insurance policies.
- Review your coverage of employer health and dental benefits, your life, disability and critical illness insurance. Consider purchasing long-term care as well as additional health and dental benefits if your existing coverage is inadequate.
- Protect your identity and personal information. Review all statements and records as you receive them, and review your credit rating annually (you can obtain a credit report from **equifax.ca** or **transunion.ca**).
- Record the locations of your family assets (including property, accounts, and investments). Give a copy to your executor and lawyer.

!

For more information, speak with your BMO financial professional.

BMO Wealth Management

We're here to help.™

02/18-24590