Time Matters

A retirement Outlook for Women

Participant Workbook

Your Name: _____

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Time Matters:
Retirement Outlook for Women

PROGRAM SYNOPSIS

Time Matters: Retirement Outlook for Women is a 50-minute educational program that shares perspectives on financial concerns facing women who are getting ready for or have recently transitioned to retirement. The presentation shares retirement income strategies, including perspectives around government benefits, withdrawal and reliance rates. It also addresses how to prepare for the unexpected, including market and inflation risks, and the rising costs of health care and long-term care.

OUTLINE & SUGGESTED TIMING	
Retirement Ready Quiz: Where Am I Today?	7 minutes
Retirement Vision	5 minutes
Time Matters	4 minutes
All About Income	2 minutes
Outside Sources of Income	10 minutes
Savings and Investment Sources of Retirement Income	4 minutes
Preparing for the Unexpected	10 minutes
Our Value Proposition & Team Approach	5 minutes
Recap	3 minutes

Retirement Ready Quiz

For each statement, identify how strongly you relate. “10” means that you find the statement true and it applies to your situation. “1” means that the statement doesn’t apply to you.

1. I understand my/our current financial situation.

10 9 8 7 6 5 4 3 2 1

2. I’m responsible for my/our finances.

10 9 8 7 6 5 4 3 2 1

3. I will manage my/our finances in the future.

10 9 8 7 6 5 4 3 2 1

4. I’m looking forward to my/our retirement.

10 9 8 7 6 5 4 3 2 1

5. I/We have a clear picture of what I/we want to do during retirement.

10 9 8 7 6 5 4 3 2 1

6. I/We have a retirement income strategy.

10 9 8 7 6 5 4 3 2 1

7. I/We have a handle on my/our debt (mortgage, loans, other consumer debt).

10 9 8 7 6 5 4 3 2 1

8. I/We understand the role CPP/QPP/OAS will play.

10 9 8 7 6 5 4 3 2 1

9. Inflation will impact my/our retirement.

10 9 8 7 6 5 4 3 2 1

10. The cost of health care will impact my/our retirement.

10 9 8 7 6 5 4 3 2 1

Retirement Vision

When do you plan to retire?

What are your spending goals?

What are your key concerns?

What are your retirement expectations regarding income sources?

Plan for the Expected

EXPENSES

Necessary:

Mortgage	$ _____
Utilities	$ _____
Food	$ _____
Insurance (Health, Auto, Life)	$ _____
Out-of-pocket Health Care	$ _____
Debts	$ _____
Taxes (Property, etc.)	$ _____

Discretionary:

Travel and Entertainment	$ _____
Other	$ _____
TOTAL	**$** _____

OUTSIDE SOURCES OF INCOME

CPP/QPP/OAS	$ _____
Pension	$ _____
Part-time Employment	$ _____
Rental Income	$ _____
Annuities	$ _____
TOTAL	**$** _____
INCOME GAP	**$** _____

Use the Retirement Estimator at www.canada.ca to estimate your potential CPP/QPP/OAS.

Expenses
\- Outside Sources of Income
Income Gap

Your income gap – the difference between your expenses and outside sources of income – is the amount your savings and investments will need to cover.

Outside Sources of Income

INSIGHTS:

Women typically live longer than men, so their retirement income may need to last longer. Individuals who survive to age 65 can expect to live longer with many women living to the oldest ages. The share of the female population comprised of seniors 65 and over varies across the country. The national average is 17.5% with the highest population of senior women found in eastern Canada.[1]

Women are often caregivers, providing some type of care to a family member or friend with a long-term health condition, disability or aging need. On average, women aged 45 and older report having spent about 5.8 years providing care throughout their lives, compared with 3.4 years for men.[2] One in seven of all employed caregivers report that they reduced their paid work hours to provide care. Women cut back their hours by an average of 10 hours per week.[2] Over their lifetimes, 30% of employed women caregivers report missing at least on full day of work, 6.4% retired early, quit or lost their paid job, and 4.7% turned down a job offer or promotion because of difficulties balancing care and paid work.[3]

Lastly, consider the situation for women who lose a spouse or experience a divorce. House hold income could drop significantly in some situations.

Remember, government benefits were never intended to provide for everything during retirement. You will be responsible for whatever portion of your retirement income your benefit doesn't provide. That's why we recommend having a strategy in place prior to retirement to help ensure your retirement security.

1. *Source: https://www150.statcan.gc.ca/n1/pub/89-503x/2015001/article/14316-eng.htm
2. Janet Fast, "Caregiving for Older Adults with Disabilities: Present Costs, Future Challenges," Institute for Research on Public Policy Study, no. 58 (December 2015), http://bit.ly/2jAH6yv
3. Research on Aging, Policy and Practice (RAPP), "Employment Consequences of Family/Friend Caregiving in Canada," Fact Sheet (April 2011), http://bit.ly/2mJRg1F.

Canada Pension Plan/Quebec Pension Plan

Women typically live longer than men, so their retirement income may need to last longer. You are eligible to receive 100% of your CPP/QPP/OAS benefits at age 65.

As a general rule of thumb, the sooner you start your benefits, the less you will receive on a monthly basis. You can take a reduced benefit as early as age 60. However, if you begin taking your CPP/QPP benefits before age 65, your benefits will be permanently reduced. Your benefits are reduced by up to 36% if you claim before age 65, but can be increased by up to 42% if you delay until age 70.

- **Taking the benefit early:** If you take it at age 60, you will be choosing to take your CPP/QPP 60 months early (5 years x 12 months), thus, your payments will be reduced by 36% (60 months x 0.6% per month).
- **Delaying the start of the benefit:** If you delay your pension, your monthly payment will increase by 0.7% for each month after age 65 that you delay receiving it up to age 70 (8.4% per year). This means that, an individual who starts receiving their retirement pension at the age of 70 will receive 42% more than if they had taken it at 65

Withdrawal and Reliance Rates

Initial Withdrawal Guidance

		More Conservative	Less Conservative
Age in Retirement	Early 60s	3.0%	4.0%
	Late 60s	3.5%	4.5%
	Early 70s	4.0%	5.5%
	Late 70s	5.0%	7.0%
	80s+	6.0%	8.0%

Calculating Portfolio Withdrawal and Reliance Rates

A. Expected spending	**$50,000**
B. Outside sources of income	**$20,000**
C. Income gap: Income from investments (A - B)	**$30,000**
D. Total investment portfolio	**$750,000**
Initial portfolio withdrawal rate (C ÷ D)	**4%**
Portfolio reliance rate (C ÷ A)	**60%**

Preparing for the Unexpected

MARKET AND INFLATION RISK

Incorporate vs. Insure

HEALTH CARE AND LONG-TERM CARE COSTS

Incorporate vs. Insure

Recap

AS YOU STAGE YOUR RETIREMENT:

- Plan on living longer than you think
- Start smart with your spending through a solid retirement income withdrawal strategy
- Anticipate rising costs, including inflation and health care

REMEMBER THE THEMES OF TIME FROM OUR DISCUSSION TODAY, INCLUDING:

- *Longer life spans* and the implications for retirement
- Strategies for your "outside" sources of retirement income, including *the timing* of your CPP/QPP and OAS benefit, viewing your decision through a LENS
- Strategies to help your savings and investment retirement income sources last *(for as long as you need it)*
- Incorporating versus insuring against market risk, inflation risk, and health care and long-term care costs – all of which have the potential to *lessen your portfolio's life span*

Glossary

APY (Annual Percentage Yield) – The rate of return on an investment for a one-year period.

Asset Allocation – The process of dividing a portfolio among major asset categories such as stocks, bonds or cash. The purpose of asset allocation is to help reduce risk by diversifying the portfolio.

Beneficiary – A person or an organization whom you designate to receive property or income, usually at your death. Life insurance policies, retirement plans, and certain bank and investment accounts ask you to name one or more beneficiaries.

Compounding – Interest earned on an investment is added to the principal so that interest can be earned on that interest.

Diversification – A method to reduce investment risk by putting funds in several investment categories (i.e., growth, growth and income, and income). Diversification among stocks can be by industry or by geographic location.

Dividend – Payment from a company to its shareholders, historically based on its earnings. Dividends are usually paid quarterly in the form of cash and sometimes stock. Payments are in proportion to the number of shares an investor owns.

Earnings – Revenue minus cost of sales, operating expenses and taxes over a given period of time.

Growth-and-Income Investments – Investments that offer potential growth through rising earnings and provide income through dividends. The prices of these securities can be more volatile than those of income investments, but their dividend income typically provides greater price stability than with growth investments.

Growth Investments – Investments such as stocks or mutual funds with strong earnings and/or revenue growth potential. Because they pay little or no dividends, their prices can be more volatile than those of income or growth-and-income investments.

Income Investments – Designed to provide regular payments, such as from stock dividends, mutual fund distributions, bond interest and annuity payouts.

Liquidity – How easily one's assets can be converted into cash. For example, a security that can't be redeemed for 10 years is not considered liquid; however, money that can be withdrawn from an account at any time has a high degree of liquidity.

Glossary

Principal – The amount you invest, on which you have a gain or loss. Principal also refers to the balance of a debt, separate from interest.

Systematic Investing – A method of investing a fixed dollar amount on a regular basis.

Tax Deferral – Postponing income or capital gains tax that would otherwise be due on investment earnings or sales until sometime in the future, usually when you retire. Tax-deferred accounts include Registered Retirement Savings Plan, Group Retirement Savings Plans, cash-value life insurance and annuities.

Trust – A legal entity you (as a grantor) create, giving title to the property in the trust to a trustee, who is required by law to administer the trust in the best interests of the beneficiaries you name.

