Wealth Management
Royal Trust

Living to 100: Planning for your longevity

Ce document est aussi disponible en Français.
This document is also available in French.

Retirement planning has typically focused on how we want our retirement to be in our healthy years. With our life expectancy increasing—meaning more years in retirement—it is important to plan for what happens if and when an unforeseen life event, or health issue changes the trajectory, including the possibility of outliving our savings.

The responsibility on most Canadians is to save for their retirement rather than relying on government programs to fund a level of lifestyle that we wish to have. Being financially ready for retirement includes planning to make your money last during the later years when you may require care. While there is no single solution, there are numerous factors to consider when planning for your longevity.

Did you know?

- **There are risks to living longer.** Unforeseen events can increase the risk of outliving your savings like illness requiring care earlier than expected.
- **Your expenses may increase as you age.** A good financial plan should include unexpected costs like home care or long-term care.
- **What you spend now may impact your retirement.** Things like helping your children finance their home, taking on more debt closer to retirement, and supporting the care costs of older loved ones, may decrease the amount you have for your retirement.
- **There are opportunities to optimize your wealth.** Making decisions like maximizing your company matching pension plan contribution, and delaying claiming your CPP can make a notable increase in your retirement income.
- **At any stage, you need to keep your future self in mind.** Most of us underestimate how long we will live, and so our retirement strategies tend to focus on the short term. When planning for your retirement, have empathy for your future (possibly 100-year-old) self and what basic needs you may need to fund as you age.

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If you are close to or recently retired, talk to your financial advisor about:

- ☐ **Employer pensions.** You may be able to receive your employer pension as an annuity or transfer the commuted value to a locked-in RRSP.

- ☐ **RRSPs, RRIFs, locked-in accounts and TFSAs:** You must convert your RRSP and locked-in RRSP to an income vehicle (such as a RRIF, LIF, LRIF, RLIF, PRIF or annuity) before the end of the year in which you turn age 71; withdrawals or income earned in a TFSA are tax-exempt and will have no impact on federal income-tested benefits and credits.

- ☐ **Non-registered assets:** Ensure you have an adequate equity component given the possibility you will live a long life. Based on your risk tolerance, consider investments that earn tax-effective income such as capital gains and Canadian dividends.

- ☐ **Government benefits.** There are different strategies that may be right for you regarding when to claim your CPP, and other government benefits you may be eligible for.

- ☐ **Estate planning:** A Will and powers of attorney help make certain that your wishes will be met for your health care, your property and your legacy. It is important to review these documents and update them as necessary every few years.

It is important that your financial plan reflects the retirement you want to have, and takes into account potential costs of your future care. Review your plan and talk to your financial advisor.

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