March 2012

LIVING IN Retirement

Welcome to your first edition of *Living in Retirement*!

As an active employee at the Church, you received valuable information about your Church pension plan and how to save for retirement. Now that you're retired, we want to provide helpful tips and tricks on how to manage the money you saved and maybe some fun ideas on how to spend it wisely!

For example, in your first edition of *Living in Retirement*, we'll outline RRSP rules that apply to retirees, how to spend and save in retirement and other helpful information that we hope helps you really **live** in retirement!

More RRSP info?

For more information about RRSP rules and regulations, visit the Canada Revenue Agency (CRA) website at **http://www.cra-arc.gc.ca/menu-e.html**. (You can read about how to get the most out of your tax return, tax-free savings accounts, and much more.)

You may also wish to contact your personal financial planner or your local financial institution.

Your RRSP in Retirement

Now that you are retired, you have options for your RRSP, and a few new rules to understand.

Your RRSP and your age. Did you know that there is an age limit to making RRSP contributions? There is, and it's 71. December 31 of the year you turn 71 is the last day you can contribute to your RRSP. After that, subject to minimum and maximum limits, you must withdraw your funds, transfer your funds to a registered retirement income fund (RRIF) or a life income fund (LIF), or use your funds to purchase an annuity (you can also do this any time before age 71).

Your RRSP and your contribution room. Did you know that you can only make RRSP contributions if you are earning an income (this does not include earning a pension) or if you have unused contribution room from previous years?

Your RRSP contribution room is based on your previous year's earned income (as shown on your T-4 slip). This means that, in your first year of retirement, you'll be able to make contributions based on your previous year's income.

Or, if you have unused contribution room from previous years, you'll be able to make RRSP contributions until that limit is met or until you reach age 71, whichever comes first.

Your spouse's RRSP. If you do not have personal RRSP contribution room but your spouse is earning an income or has contribution room from previous years, you may contribute to your spouse's RRSP.

Get smart!

Looking for a book on retirement? There are enough of them! By visiting **www.chapters.ca**, we found a lot of retirement-themed books (3,441 to be exact). Here are a few of the top-rated books:

- *How to Retire Happy, Wild and Free* by Ernie J. Zelinski for a holistic view of how to generate a purpose and follow your dreams in retirement.
- *52 Ways to Wreck Your Retirement and How to Rescue It* by Tina Di Vito to learn how to better manage your finances — at any age.
- *The Worried Boomer. No Pension? Not Wealthy? Here's Your Plan!* by Derek Foster to make a simple plan to achieve a worry-free retirement.

Have a book recommendation? Send an email to Marilyn Pazitka or Charisma Hodgins (see next page for contact details) and we may feature your recommendation in our next newsletter!

Spend and Save in Retirement

For most of your career, you are advised to save for retirement and — lucky you — now it's time to start spending, wisely! You still need to make sure you have enough retirement income to last all your retirement years.

Spend. This is the easy part. Spending includes paying for life: bills, food and entertainment. We're all pretty good at spending.

But, in retirement, you may have more time for entertainment, and you'll need to budget how much money you can spend on travel, classes, hobbies or whatever it is you want to do with your time. It's really up to you!

Make Your Money Last. This is the hard part. But, it's important, and it will help ensure that you have enough retirement funds throughout your retirement years.

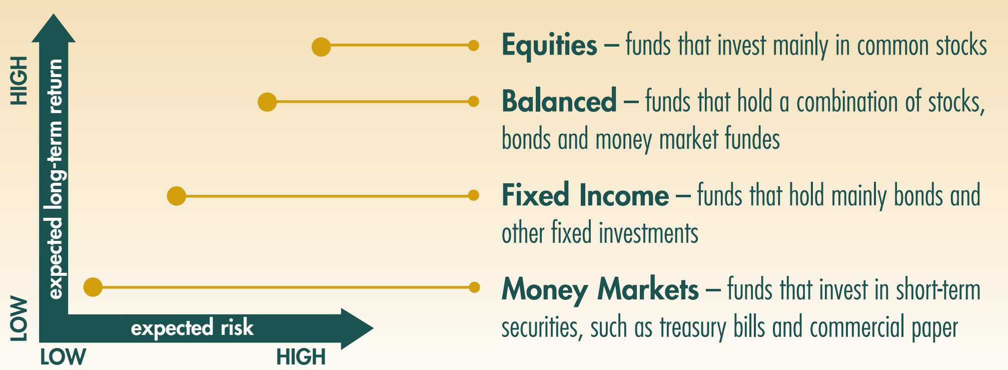
Generally speaking, in retirement you are in maintenance mode. Experts may recommend that you ensure your nest egg remains safe within more conservative investment vehicles, for example, money markets, bonds and GICs. There is a lower chance of experiencing larger gains with these types of investments, but there is also less chance of experiencing major losses.

It's about managing the risk versus the return. For example, as shown below, equities have a higher risk of loss and return over the long-term (maybe too risky for many retirees), whereas money markets have a lower risk of loss and return over the short-term (a safer bet for many retirees).

Your best bet? Your best bet is always making informed decisions. Discuss with a professional financial planner what portion of your income to invest and in what types of investment vehicles.

Risk vs. Return

The following illustration shows the typical relationship between risk and return of different investment options, also known as asset classes.



Seven Tips to Saving Money

1. **Budget!** Understanding where your money comes and goes, and understanding how long your money will last, will help you save the appropriate amount and feel more secure about what you are spending.

2. **Keep household costs low.** Look online for easy energy saving tips, such as unplugging your small appliances like your toaster or hair dryer to help ensure you pay only for the energy you use!

3. **Purchase your vehicle**, if you can. The fewer monthly bills you have and the fewer interest payments you'll be making, the better.

4. **Purchase generic drugs** instead of brand name drugs. This includes your prescriptions and shelf items, such as pain management pills and cold medicines. Generic drugs undergo the same rigorous testing as brand name drugs and are a fraction of the cost.

5. **Find travel deals** (see *Senior discounts!*). Ask your friends, ask your travel agent and shop around online for the best plane tickets, hotel reservations and resort package prices.

6. **Eat in.** Not only are you more likely to eat healthier foods if you cook at home, but you'll save money as well.

7. **Save your change** (toonies and loonies count!). Get into the habit of putting your change into a change jar each day. When you get to a certain level, reward yourself by using the money to pay off bigger bills or to purchase something special.

Senior discounts!

Saving money is important if you want to make the most our of your retirement dollars. Here are just a few ways to have fun and save a few bucks:

- Via Rail offers a 10% discount for senior (60+) tickets and a free second ticket for your accompanying spouse, child or friend!
- Shoppers Drug Mart offers seniors (55+) 20% off purchases on the last Thursday of each month.
- Avis Car Rentals offers seniors (50+) up to a 10% discount on car rentals.

P.S.: When did 50+ become *senior*?

Do You Perform Your Own Dental Work?

Of course not. You make an appointment with a professional — your dentist. The same rule applies to financial planning. Instead of guesstimating your finances, a professional financial advisor can provide you with concrete strategies to help you achieve your long-term savings objectives and help you stay on track, even in retirement!

A professional financial advisor can help you:

- Assess your investment strategy
- Create a personalized budget
- Find ways to minimize your taxes
- Determine your risk tolerance

Visit the Financial Planners Standards Council at http://www.fpsccanada.org for unbiased service finding a professional financial planner in your area.

Stay informed

You'll also want to stay informed. Check out the many websites available to you, such as:

- Canada Revenue Agency at http://www.cra-arc.gc.ca/menu-eng.html
- Government of Canada at http://www.canada.gc.ca/home.html
- TaxTips.ca at http://taxtips.ca/

Visit these websites regularly as they contain information on how to better manage, invest and save your money.

Changes to the Canada/Quebec Pension Plan

You may have heard that changes to the C/QPP will take place over the next five years (2011-2016). However, note that:

- Current retirees between the ages of 65 and 70, working or not working, will not be impacted by the changes unless they choose to continue contributing to the C/QPP until age 70.
- Current retirees over age 70, working or not working, will not be impacted by the changes.

If you would like more information about the changes, please contact the Canada Revenue website at http://www.servicecanada.gc.ca/eng/isp/cpp/postrtrben/main.shtml or call toll-free 1 800 O-Canada (1-800-622-6232).

What do you think?

If you have any comments or suggestions about this newsletter, contact us:

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We appreciate your feedback!