



● WHAT'S INSIDE:

**YOUR RETIREMENT SAVINGS**



**WHEN IS THE BEST TIME TO RETIRE?**



**POST-RETIREMENT BENEFITS, AN ADDED SECURITY**



**INVESTMENT STRATEGIES: RISKS EXPLAINED**



 **GOVERNMENT**

The Canada/Quebec Pension Plan (C/QPP) and Old Age Security (OAS) provide a lifetime government pension during your retirement.

 **THE CHURCH**

The Church-sponsored pension gives you retirement income based on your age and credited service.

 **PERSONAL**

Your personal savings are another important part of your retirement plan and include TFSAs, RRSPs, and other income sources.

**Want to increase your personal retirement savings?**

Remember, you have until **March 2, 2020** to contribute to your RRSP.



## START PLANNING TODAY TO MAKE THE MOST OF YOUR RETIREMENT YEARS

Every day is an opportunity to inspire and serve our community by devoting time and energy to each other. It is also our responsibility to make sure we're mentally, spiritually and financially prepared to do so, during the next phases of our lives. Getting ready requires diligence, planning, and is a long-term process that can start now.

This edition of Planning for Retirement will guide you through what to consider as you get ready for your future. You will also learn about some of the additional benefits you might be eligible for in retirement, and how to take risks into account when investing.

● **HAVE YOU EVER WONDERED WHAT MAKES UP YOUR RETIREMENT SAVINGS?**

As a full-time employee (after two years of employment), the Church will provide you with a monthly defined benefit (DB) pension starting when you retire. Your **Church pension**, when combined with **government benefits** and your **personal savings** (e.g., TFSAs, RRSPs), will make up your retirement nest egg.

### How much Canada/Quebec Pension Plan (C/QPP) are you entitled to?

Every year, both you and your employer contribute a certain percentage of your pay to the CPP or QPP, up to a maximum dollar amount. In 2020, the maximum monthly C/QPP benefit is approximately \$1,200 – but the average Canadian receives approximately \$680/month. How much you receive at retirement will depend on your age when you first access C/QPP payments, how long you contributed to it, and your average earnings through your career.

You can get an estimate of your monthly CPP retirement pension payments by logging into your *My Service Canada* account. If you don't have an account, you can register for one at [Canada.ca](https://www.canada.ca).

### When should I start collecting my C/QPP?

The standard age to start receiving your C/QPP pension is 65, but you can start receiving it as early as age 60 or as late as age 70. When you start collecting your government benefits is an important decision to make. Did you know that your C/QPP is reduced by 7.2% per year (0.6% per month) for retirement between ages 60 and 65? On the other hand, it is increased by 8.4% per year (0.7% per month) for retirement between ages 65 and 70. This means that if you start your C/QPP at age 60, your pension would be reduced by 36%, compared to starting it at age 65. If you wait to begin C/QPP payments until age 70, your CPP payments would increase by 42%.

You can continue to work while receiving your C/QPP retirement pension. If you are between the ages of 60 and 65 years old, you must still contribute to the C/QPP. Your contributions will increase your retirement income when you stop working.

If you are between the ages of 65 and 70 years old, you can choose not to make C/QPP contributions. If you decide to keep paying into the C/QPP, your employer will also have to contribute, and you will receive a larger payment when you retire.

### How is Old Age Security (OAS) determined?

OAS benefits are paid to you, provided you have lived in Canada for at least 10 years after age 18 and are a Canadian citizen or legal resident. You must also be age 65 or older (for more information, visit <https://tinyurl.com/info-oas>). The maximum (if you've lived in Canada for 40 years) OAS benefit in 2020 is \$613.53/month.

### What is a Guaranteed Income Supplement (GIS)?

GIS is a monthly non-taxable benefit to further supplement OAS payments for retirees who do not meet a certain income threshold. The amount you may be entitled to depends on your marital status and your previous year's income. As its name suggests, GIS is designed to provide a guaranteed income amount in retirement for eligible seniors who are at least 65 years old (additional criteria apply).

You can learn more about C/QPP, OAS, GIS and other government retirement benefits at <https://www.canada.ca/en/services/benefits/publicpensions.html>.

## Make it real

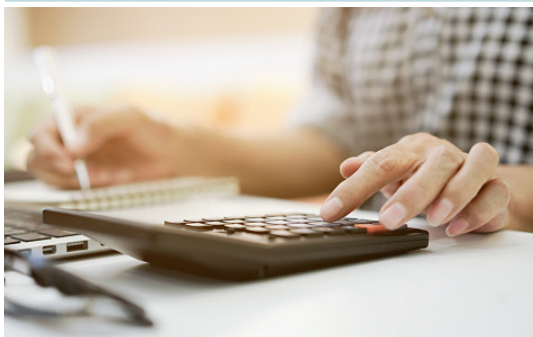
Having a realistic retirement date to work toward and knowing how much you'll need in retirement will allow you to regularly assess your progress and adjust when necessary, so you build resilience while getting excited for this next phase of your life. This will help ensure your transition into retirement is as smooth as possible.

## What's the difference between Service Credit and Credited Service?

Your Service Credit is generally used to determine your eligibility for pension and Post-Retirement Benefits; it is equal to the total amount of time you've worked for the Church, whether in Canada, in the U.S., or abroad. Credited Service, on the other hand, is the total amount of time you've worked for the Church in Canada only; it is a factor when calculating the value of the benefits you receive.

## Get financial advice

Work with a financial advisor to assess your situation and goals and choose the best strategy. To find support in your area, visit <https://www.fpccanada.ca>.



## How is my pension calculated?

Please refer to your Retirement Plan Summary ([www.adventist.ca/retirement](http://www.adventist.ca/retirement)) to learn more about how your pension is calculated.



## WHEN IS THE BEST TIME TO RETIRE?

Retirement is an important phase of your life and you need to be able to afford it. Start by asking yourself a few questions about what you expect from your retirement. Think about what you really want and what you'll need, read articles about how other people live their retirement, ask your friends and colleagues what retirement means for them, and envision yourself as a retiree.

*What will you do?*

*How will you repurpose your experiences, talents and skills?*

*What would you like to pass on to your loved ones and community?*

*What will you need to preserve a well-balanced and healthy life?*

*How will you impact others, your community, and make a lasting mark on the world?*

Think about the bigger picture and remember: retiring is a personal process and means different things for each person.

Once you know what retirement looks like for you, try to estimate how much it will cost — you can use the SDACC Retirement Planner at <https://www.wtwtools.ca/SDARetirementPlanner> to help you plan.



## POST-RETIREMENT BENEFITS, AN ADDED SECURITY

The Church offers post-retirement benefits for you and your dependants (if you qualify):

### Retirement Allowance

A one-time, lump sum payment based on your earnings and years of service credit at retirement.

### Funeral Allowance

Payable to your spouse or estate to help cover funeral expenses after your death. Note — this allowance can be paid to you if your spouse dies and you selected a Joint & Survivor form of pension.

### Health Allowance

Is available to you (and your spouse if you selected a Joint & Survivor form of pension) to help you cover medical expenses (health, dental, prescription drugs, etc.) and significant expenses.

To know if you qualify for these benefits, refer to page 9 of your Retirement Plan Summary which can be found here [www.adventist.ca/retirement](http://www.adventist.ca/retirement)



## INVESTMENT STRATEGIES: RISKS EXPLAINED

Saving and investing in a personal Registered Retirement Savings Plan (RRSP) and/or a Tax-Free Savings Account (TFSA) is an important part of your overall retirement plan (refer to page 12 of your Retirement Plan Summary at [www.adventist.ca/retirement](http://www.adventist.ca/retirement) to learn more about each savings vehicle).

As an investor, you need to understand and manage risk long-term. But, what does this mean? And what is risk?

When it comes to investing, risk refers to the possibility of gaining or losing money. When you invest, you're placing money into different funds (or mixes of funds) with different levels of risk. For instance, equities are known to be riskier funds as they're more volatile, while government bonds and money market funds are known to be more stable but generally less profitable — though there are no guarantees with any investment types.

So, how much risk are you willing to take? Your risk profile depends on your goals and your investment horizon (i.e., or the time you have left before retiring). When you retire, you'll need your money to be safe and to last, so adopting a low-risk approach may be a good idea to avoid unnecessary losses. Someone who has a longer investment horizon may be able to take on more risk in the hopes of achieving better longer-term returns, as they have some time to recover and make up for short-term losses.

Investing can be complicated so don't hesitate to work with a financial advisor to find out what's right for you. You can also visit the government of Canada's website at [Canada.ca](http://Canada.ca) (*Money and finances > Savings and investments > The basics of investing*) to learn more about investing.

## NEXT ISSUE

Be sure to let us know if there's a topic you'd like us to cover and we'll try our best to include your suggestions in future issues.



## TELL US WHAT YOU THINK!

If you have any questions, comments or suggestions about this newsletter, please don't hesitate to contact the Retirement Department:

- **Marilyn Pazitka**, Director – 905-433-0011, ext. 2071 or [pazitka.marilyn@adventist.ca](mailto:pazitka.marilyn@adventist.ca)
- **Charisma Hodgins**, Retirement Specialist – 905-433-0011, ext. 2070 or [hodgins.charisma@adventist.ca](mailto:hodgins.charisma@adventist.ca)