

To Retire With Enough, Plan Enough

Are you heading into your pre-retirement years? You may be wondering how, when and if you should move to safer investments. You're right to start thinking about potentially transitioning your portfolio to be more income-focused ahead of actually retiring. After all, investing heavily in stocks may be okay when you're younger and willing to take on more risk for higher returns, since you have time to rebound from market declines. But it can be an aggressive strategy that leaves you vulnerable to severe market downturns as you near the end of your working life.

That doesn't necessarily mean shunning growth altogether. A healthy 65-year old could easily live well into their 80s and beyond, and that means there's a real possibility you'll need 30 years or more of retirement income. Without thoughtful planning, you could easily outlive your savings and be left to rely on government support alone, which likely won't be enough to cover all your expenses. The key is striking the right balance between growth and security in your portfolio.

What's the right balance? It depends on your individual financial situation, including:

- Your level of savings and anticipated retirement income
- How you plan to fill the potential gap between government retirement benefits and your lifestyle needs
- Other variables specific to you, such as your tolerance for risk, short- and long-term goals and life expectancy

Living the fixed-income life

As you shift from growth to income in your portfolio, you may also need to shift your mindset. For example, investors comfortable with stocks may have a hard time adjusting to the notion that a mix of securities, such as dividend-, yield- and interest-generating investments, might better achieve their income goals – even though this more conservative asset mix doesn't provide the same return potential as equities.

Besides your investments, it's as important to calibrate your day-to-day behaviour with the change from growing your portfolio to drawing it down. How quickly you spend your money obviously makes an impact on your bottom line, so knowing your monthly expenses and budgeting accordingly can help to ensure you don't live beyond your means.

Women face unique retirement planning considerations

It's a fact, women tend to live longer and earn less money than their male counterparts – so on top of needing to make fewer dollars stretch over a longer period, most women will be solely responsible for household finances at some point in their lives. Clearly, when it comes to preparing for retirement, women have their own set of challenges. To ensure they enjoy their retirement years, women need to plan ahead, putting in place a wealth plan that's informed by sound advice and considers the financial risks specific to them.

Retirement quick stats

63.8 – Average retirement age in Canada in 2018¹

53% – Chance that a 65-year-old woman will live to age 85²

17,600 – Number of Canadians expected to reach age 100 by 2031³

Did you know? The growth rate of the Canadian centenarian population has often been one of the highest of all age groups in the last 40 years!

36.6% vs. 21.8% – For those 85 and older, percentage of women and men, respectively, who live alone⁴ \$723.89 monthly – Average amount of CPP for new beneficiaries aged 65⁵

Work with us and plan to retire well

Whether it's addressing lifestyle requirements, determining income sources or estate planning, being properly prepared for retirement demands a holistic approach that analyzes your individual financial circumstances and allows for the development of a retirement strategy focused on your needs and goals. If that sounds complex, it's because it is. However, there are places you can turn to for invaluable help. Speaking with us can make the difference between retiring, and retiring well.



INVESTED IN YOU.

¹ <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410006001>

² <https://www.soa.org/globalassets/assets/Files/Research/Exp-Study/research-2014-rp-report.pdf>

³ https://www12.statcan.gc.ca/census-recensement/2011/as-sa/98-311-x/98-311-x2011003_1-eng.cfm

⁴ <https://www.comfortlife.ca/retirement-communities/our-aging-population-statistics>

⁵ <https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-benefit/amount.html>

This article is a general discussion of certain issues intended as general information only and should not be relied upon as tax or legal advice. Please obtain independent professional advice, in the context of your particular circumstances. iA Private Wealth Inc. is a member of the Canadian Investor Protection Fund and the Investment Industry Regulatory Organization of Canada. iA Private Wealth is a trademark and business name under which iA Private Wealth Inc. operates.