

Are You Ready for Retirement?

Do your dreams of retirement involve cocktails on the beach, never-ending golf sessions or traveling around the world? If you said *yes*, you are not alone. Whether vacationing, visiting grandchildren or just simply enjoying time off, we would all like comfort and happiness in our retirement years. In order to live the life you dream of, it is important to be ready for retirement.

Despite reduced bank rates and bus fares for seniors, the majority of retirees are on fixed incomes, which makes it difficult to maintain their previous standards of living. We must all learn to depend on ourselves for financial security because we may not be able to depend on government social services, such as the Canada Pension Plan and Old Age Security. Due to growing elderly populations and these changing economic trends, experts advise us to save for retirement.

You may be asking yourself the following questions: *Where do I begin? Should I be contributing to an RRSP? Who can I talk to about retirement planning?* MOSAIC Credit Counsellor, Heather Cudmore, makes the following recommendations.

Tips for Retirement Planning

- Make a list of things you would like to accomplish or achieve during your retirement years.
- Use this list to estimate your lifestyle budget at retirement.
- Because everyone is different, be sure to find a plan that suits your needs.
- Save money for retirement "little by little" and "month by month."
- Start contributing to an RRSP.
- Include proceeds from the sale of your home or other investments in your retirement budget.



What are the Benefits of Contributing to an RRSP?

Contributing to a Registered Retirement Savings Plan is an easy way to save for the future. To create good financial habits, start making regular RRSP payments early on in life.

You can arrange for the RRSP contributions to be automatically withdrawn from your bank account, and in some cases as a direct deduction from your pay cheque. This is the best strategy for saving because most people are able to "stick with it" longer when they do not have to handle the RRSP payments on their own.

When you make payments to an RRSP, you can benefit from tax breaks. Tax receipts are issued at the end of March and December each year that indicate the total contributions into your RRSP. These amounts are calculated into your total taxable income for the year, reducing the amount you owe in taxes. When you retire, your RRSP can then be taken as taxable income.

You can also make tax-free HomeBuyers' and Life-Long Learning withdrawals from your RRSP. These withdrawals can be very helpful when buying your first home or going back to school.

According to Heather Cudmore, credit counsellor, an RRSP contributor makes an average of \$400 more per month in total retirement income than someone who never contributed to an RRSP.

For more information on retirement planning, you can talk to your financial planner, bank representative, insurance agent, accountant or bookkeeper. Finding an advisor that you feel at ease with can make retirement planning a more comfortable process.