

5 questions to help you prepare for retirement



It's a good idea to do some financial planning well in advance.

Anyone who's saving for retirement will likely have a vague goal in their mind for how much savings they'll need. You may have an idea of what expenses and budget items you have now that you'll still have to contend with: housing, taxes, insurance, food, utilities, transportation, discretionary spending. You will find you're paying less in some of these areas in retirement, such as taxes, commuting, and your wardrobe (not to mention retirement saving itself!), while you may spend more in others, such as travel and hobbies. Don't forget the possibility of big, one-time outlays such as a child's wedding or home improvement.

You may also have a ballpark estimate for your sources of income: Old Age Security, Canada Pension Plan, employer pension. The income (and, ultimately, principal) from your retirement savings and any non-registered assets such as an investment property will likely have to cover the rest. The crucial question is: will it be enough?

There are numerous free online budgeting tools out there, including [our own retirement calculator](#), to help you crunch the numbers. Planners also speak of the "go-go" years corresponding to the first decade or so of retirement, when people are apt to travel, as a high-spending period. That's usually followed by the relatively inexpensive "slow-go" years when people travel less and play fewer rounds of golf, but still live independently. Finally come the "no-go" years, which may call for costly long-term care.

Still, retirement planning involves more than simply creating a budget. It also requires asking— and answering—some pointed, difficult questions:

1. Does my budget forecast an income gap in retirement?
2. If so, how big is that gap?
3. How is that gap going to be closed? (Casual work in the initial years of retirement, downsizing, income from or sale of non-registered investments?)
4. Is there something I can do now to reduce that gap? (Save more, spend less, push back my retirement date)?
5. What can I do in retirement to reduce that gap? (Reduce expenses, work part-time, rent out the basement, relocate?)

It's at this point you're probably ready to consult with a financial advisor if you haven't done so already. A professional financial advisor can help you create or adjust your financial plan now to ensure you don't outlive your money in the future. They can also counsel you as your retirement date approaches—and thereafter.

Remember, unexpected eventualities will almost certainly intrude on your plans. The more time your advisor has to work with you, the more reliable their future income and expense projections will be. Don't leave it too late, and don't leave it to chance.

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