LIVING IN RETIREMENT

Regularly assessing your retirement plan is important to ensure you have the income you need for a comfortable retirement.

RAYMOND JAMES®

IN RETIREMENT, YOUR NEEDS AND GOALS CONTINUE TO CHANGE AND EVOLVE.

Balancing your lifestyle and finances during retirement can be daunting – and yet it's one of the most important tasks of your life. That's why you need the guidance of a financial advisor who specializes in retirement income planning – someone with proven experience and expertise to help you periodically review how your life, goals and needs are changing – and how your plan should reflect those changes.

If you already had a plan when you retired, you're off to a good start. But if not, don't wait any longer. Wherever you are in retirement, the risks, changing economic environment and volatile financial markets make it vital to actively reassess and, as necessary, readjust your plan.

Now that you are "living in retirement," you depend on the savings you accumulated over the course of your career to help fund your basic needs, as well as help you realize your dreams. You must also be ready to manage the unique risks you now face.

ALONG WITH GOALS, EXPENSES CHANGE AND EVOLVE, TOO.

When you initially transitioned out of your full-time career, you probably examined your investable assets and reliable income sources to determine the income you could expect to receive, as well as the amount you could expect to spend each year. There are some decisions you may have already made that cannot be changed – pension and government benefits, for example. But you do still have the chance to make adjustments that can make you feel more secure.

Re-evaluating Expenses

You do have some control over the expense side of the equation, including the option of adjusting costs related to:

- Mortgage/rent
- Healthcare
- Household expenses (food, clothing, utilities)
- Car(s)/other vehicles
- Support of family members
- Entertainment and travel

For example, you may choose to reduce your housing costs by moving into a smaller home. However, for many individuals – particularly those who have lived in their homes for years – this can be a very difficult and emotional decision.

If that describes you, sit down with your advisor and look carefully at options that will allow you to remain where you are. The value of your house, the equity you've accumulated, your available sources of income, whether you can afford in-home assistance – all could be factors in making your decision.

Making your retirement assets last as long as you need them may seem challenging, but careful thought and attention – and the guidance of a knowledgeable advisor – can go a long way toward helping to make your retirement years comfortable.

UNDERSTANDING NEEDS AND WANTS IN ORDER TO SET YOUR GOALS.

In the early days of retirement, expenses may rise as you make the transition and take advantage of your new freedom and the opportunity to do new things. After that, expenses may decline or flatten as your pace begins to slow – only to rise again later as healthcare costs become increasingly relevant.

MANAGING HEALTHCARE COSTS

The rising cost of healthcare will be one of the strongest headwinds impacting your ability to maintain a secure retirement. Illness and other medical issues are likely to affect the amount you'll need to spend – and could also, at some point, require you to rethink your goals. Your financial advisor can help find ways to generate the income necessary to accommodate both routine and unanticipated medical expenses.

The majority of retired Canadians expect their provincial health plan to cover their healthcare costs, but in reality, provincial health plans only pay about 70% of current medical costs, according to the Canadian Institute for Health Information. For instance, you'll still have copays, premiums and deductibles, and it doesn't cover hearing or dental, and limited vision expenditures (province-dependant). Some retirees are fortunate enough to receive a retiree healthcare benefit plan from a former employer, but that has become increasingly rare. So, many turn to supplemental insurance to cover the remaining 30%. Even with an employer-subsidized or supplemental plan, you may need to sign up – and pay premiums for private health insurance. Your province's health insurance plan also may offer some help. Available resources and information from www.hc-sc.gc.ca or www.cihi.ca can be helpful.

If you're still working even part time or considering returning to work, you may be eligible for healthcare coverage through your new employer.

We believe Raymond James advisors are different from other advisors in their focus on a sound process and creating a plan for your unique situation. We use a simple framework to illustrate how your resources work together to fund your unique goals.

First, you and your advisor will establish and quantify your needs and wants. Quite simply, needs are those things that are essential – such as healthcare. And wants are those things that are nonessential – you don't need them to live, but they would be nice to afford.

NEEDS

Examples of essential expenses

Mortgage
Insurance
Food
Clothing
Healthcare

Examples of nonessential expenses

Travel
Entertainment
Club memberships
Charitable giving
Legacy for heirs

WANTS

The next things you and your advisor will discuss are your sources of income. To meet the expenses you identified, you'll need to determine every source of reliable income, as well as identify the assets intended to provide additional income.

RELIABLE INCOME

Examples of reliable income

Government pensions (CPP, OAS, GIS)
Private pensions
Part-time employment
Rental income
Disability pensions

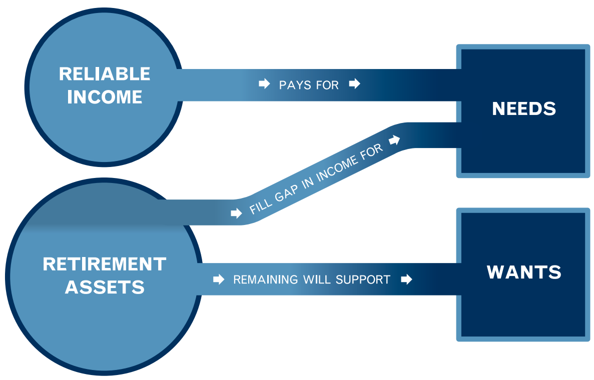
Examples of retirement assets

RRSPs
LIRAs
TFSAs
Annuities
Brokerage accounts
GICs

RETIREMENT ASSETS

Once you and your advisor have identified and totalled all the elements shown in the graphic illustration – how much your needs cost, how much your wants cost, and how much you'll have in reliable income and retirement assets – you'll have a more complete picture of your cash flow in retirement.

This framework captures your unique situation and will help you and your advisor create a spending plan specific to your situation. It highlights how much of your assets will be able to fund your "needs gap" as well as your "wants" each year – or more specifically your "withdrawal rate." Four percent is a good rule of thumb to use to quickly assess if your withdrawal rate is sustainable.



In our process, our primary goal is to ensure that you have enough income from reliable income sources and/or your assets to meet your needs and make you feel secure. Any additional retirement assets can help fund your wants.

OPTIMIZING YOUR ASSETS

If you've recently retired, explore with your financial advisor the retirement assets you should turn to first – and how much you should withdraw from them. For example, you may decide to start taking money from your regular taxable accounts first and let your tax-deferred accounts accumulate as long as possible. Be sure you fully understand the implications of your decision before taking action.

Regularly review your withdrawal rate and make annual adjustments for inflation and investment performance.

Make certain that you and your advisor have discussed all of your assets, regardless of where you hold them and how you intend to use them. A complete understanding of your total financial picture is key to an effective retirement plan.

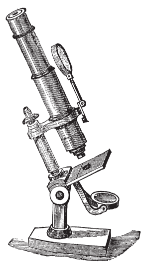
NEW RISKS LIE AHEAD – BE PREPARED TO MANAGE THEM.

In this phase of your life, you face different risks than those you faced in your primary earning years. Properly managing these risks is crucial to your quality of life in retirement. Our job is to identify them, determine how they may affect you and your unique situation, and provide you with strategies with which to deal with them effectively.

Living Longer

First, you should plan for a long retirement. Statistics show a couple aged 65 has an 85% chance that at least one of them will live past 85[1]. Outliving your assets poses a significant risk, so it's important to work with your advisor to assess your current and anticipated lifestyle – including the possibility you may need to reduce expenses to ensure that your assets provide enough income over your lifetime.

[1] Source: Annuity 2000 Mortality Tables. Created by Raymond James using Ibbotson Presentation. © 2011 Morningstar. All Rights Reserved. 3/1/2011



No detail goes unexamined in creating a comprehensive financial plan.

Things Cost More Over Time

With today's longer life spans, inflation can significantly erode your purchasing power. For instance, a 3% rate of inflation over 30 years can erode $100,000 in purchasing power in year one to just $40,000 by year 30. That means you must take steps to ensure your assets keep pace with inflation at a minimum.[2]

Running Out of Money

How do you see yourself spending the next 20 years? How much you spend is critical to ensuring that your assets do not run out before you are ready. Structuring a spending policy that reflects a sustainable withdrawal rate and sticking to it is key.

No Control Over the Markets

You cannot control the markets, but working with your advisor can help you devise strategies to minimize the risk that market cycles impact your ability to reach your goals. A consecutive sequence of poor market returns can negatively impact the sustainability of your retirement assets and withdrawals, particularly during the early years of retirement. Proper asset and product allocation[3] can help mitigate this risk.

The unknown "what ifs?"

What do you worry about in the future? You face many unforeseen risks, and it's important to consider which you can protect against and take action on early. Some unknowns are easier to protect against than others, such as the rising costs of healthcare – both long-term and acute. Your advisor has the experience and the resources to help you in this process.

[2] Past performance is no guarantee of future results. This is for illustrative purposes only and not indicative of any investment. Created by Raymond James using Ibbotson Presentation Materials. © 2011 Morningstar. All Rights Reserved. 3/1/2011

[3] There is no assurance that any investment strategy will be successful. Investing involves risk and investors may incur a profit or a loss. Asset allocation and diversification do not ensure a profit or protect against a loss. Past performance is not indicative of future results.

RAYMOND JAMES CAN HELP YOU STAY IN CONTROL.

Even after you've retired, retirement planning is a dynamic, evolving process. Although no one can predict, much less control, the ups and downs of the economy or the financial markets, you can do a lot to help safeguard your financial future.

Retiring comfortably may take a bit of work – but you don't have to go it alone. Your Raymond James financial advisor is ready to work side by side with you to make it happen.

You and your financial advisor should periodically review your circumstances to determine whether:

Your understanding of your retirement finances is accurate and up to date

You can take steps to improve your financial situation

Your priorities have changed – or should change

Your retirement savings are growing or at least stable

You're on track to continue a comfortable and secure retirement

YOUR FINANCIAL INVENTORY

STEP 1: Look at your monthly income sources.

Income	Monthly
Canada Pension Plan *(person 1)*	$
Canada Pension Plan *(person 2)*	$
Defined Benefit Pension payments *(if any)*	$
Current Annuity Income*	$
Other	$
Total Income Monthly	**$**
Total Income Annually *(x12)*	**$**

**Income stream you receive from an annuity*

STEP 2: Review and list all of your assets.

Indicate which of your financial assets are available and designated for funding your retirement by checking the box in the right-hand column.

Financial Assets	Owner	Location	Value	Designated for Retirement?
Chequing Account 1			$	☐
Chequing Account 2			$	☐
Bank Savings			$	☐
GICs			$	☐
Brokerage Account 1			$	☐
Brokerage Account 2			$	☐
Corporate Savings			$	☐
RRSP 1			$	☐
RRSP 2			$	☐
TFSA 1			$	☐
TFSA 2			$	☐
LIRA 1			$	☐
LIRA 2			$	☐
Other			$	☐
Total Financial Assets:			**$**	

Step 2: Review and list of your assets... next page

Step 2: Review and list of your assets continued...

Financial Assets	Owner	Location	Value	Designated for Retirement?
Residence			$	☐
Business			$	☐
Other: *(e.g., investment property)*			$	☐
		Total Financial Assets:	**$**	

STEP 3: Determine your monthly expenses.

Categorize each item as either essential expenses (needs) or non-essential expenses (wants). If you categorize an item as both a need and a want, include separate amounts for each and total them.

Expenses	Needs	Wants	Total
Mortgage or Rent *(including taxes, insurance, dues)*	$	$	$
Utilities and Household Maintenance	$	$	$
Auto Maintenance and Fuel	$	$	$
Major Home Improvements	$	$	$
Groceries	$	$	$
Dining Out	$	$	$
Entertainment *(movies, plays, etc.)*	$	$	$
Recreation *(club dues, golf, spa, hobby, etc.)*	$	$	$
Clothing	$	$	$
Gifts	$	$	$
Travel	$	$	$
Health Insurance Premiums and Prescription Expenses	$	$	$
Life Insurance Premiums	$	$	$
Debt Payments Excluding Mortgage *(auto loan, personal)*	$	$	$
Charitable Causes	$	$	$
Other	$	$	$
Other	$	$	$
Other	$	$	$
Total Monthly	**$**	**$**	**$**
Total Annually (x12)	**$**	**$**	**$**

STEP 4: Answer the following questions regarding key considerations that may impact your retirement.

If you are unsure whether you have planned or saved enough for each item, please indicate "no" so that you can have a more detailed discussion with your financial advisor.

Risk Management

Do you have a cash reserve in place in case of emergency or for the unexpected expenses throughout retirement?

☐ Yes ☐ No

Do you have a life insurance policy in place to provide for surviving significant others and/or beneficiaries?

☐ Yes ☐ No

Do you have a long-term care policy in place to cover in-home, or out-of-home assisted living expenses?

☐ Yes ☐ No

Benefitting Others

Do you regularly provide financial support for family members or others in your life?

☐ Yes ☐ No

Do you regularly contribute, or donate money to organizations you care about?

☐ Yes ☐ No

Do you wish to leave a legacy upon your death?
(assets to be gifted to individuals or organizations when you die)

☐ Yes ☐ No

NEXT STEPS

Once you have filled out your financial inventory, you and your financial advisor can work together to create a personalized retirement plan that takes into account all of these important factors.

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