



## Retirement planning guide

A guided path to help you on  
your retirement journey



Life's brighter under the sun



## Retirement planning doesn't have to be complicated

Sun Life's Money for Life Retirement Journey is a simple way for you to prepare for retirement, with ongoing support and advice from licensed experts every step of the way. We've structured this guide around the Money for Life Retirement Journey's three easy steps, to give you the information you need no matter where you are along your journey and to answer some common questions you may have about retirement.



Determine your personal retirement income goal with a licensed retirement consultant<sup>1</sup>, or on your own using our online tools.

Get ongoing support to assess if you're on track to reach your goal, monitor your progress along the way and make recommendations to help you stay on track.

Work with a retirement consultant<sup>1</sup> to design your personal Retirement Income Roadmap, which provides an overview of how your income will work for you in retirement.



**We're here to help on each step of your retirement journey.**  
**Call 1-866-224-3906, Option 1** Monday to Friday, 8 a.m. to 8 p.m. ET

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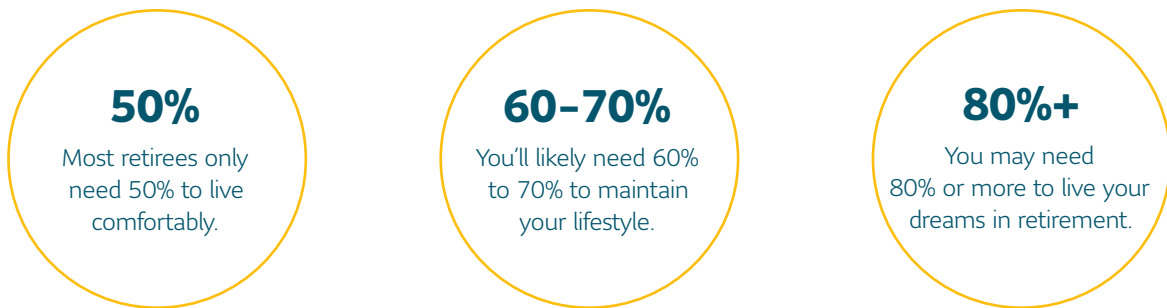
<sup>1</sup>Registered as financial security advisors in the province of Quebec (this applies to all uses of the term retirement consultant in this brochure).

## Step 1: Defining your retirement income goal

The Money for Life Retirement Journey's first step is defining your retirement income goal. This is important because you need to plan for the lifestyle you want to live during retirement.

### How much do you need?

Canadian retirees, on average, are living on 62% of what they were earning right before retirement. However, these retirees also recommend aiming for slightly more, by replacing 71% of your income<sup>2</sup>.






### What retirement lifestyle do you want to live?

Before determining your income goal, think about how you want to live and what you want to do in retirement.

- **What's important to you?** Retirement means different things to different people. Think about your needs, wants and dreams to help you define what retirement means to you.
- **What will you do in retirement?** Retirement often means spending more time doing the things you already enjoy: Travel, sports, gardening, volunteering, hobbies, family time. You might also decide to continue working part-time doing something you love. Think about the financial costs that go along with how you plan to spend your time.
- **How will your financial priorities change throughout retirement?** Some costs will stay the same in retirement, while others will increase or decrease. Think about the categories in the table below and how they'll change based on your retirement lifestyle.

### How expenses may change as you approach/transition into retirement

Stay the same 	Decrease 	Increase 
<p><b>Basic living:</b> Food, clothing, shelter and anything that's non-negotiable for you.</p> <p><b>Protection:</b> Insurance solutions to protect your income, health and family.</p>	<p><b>Saving for retirement:</b> You're turning savings into retirement income.</p> <p><b>Taxes:</b> You're generally paying less tax because your income is lower.</p> <p><b>Work related costs:</b> You'll no longer be commuting, buying lunch or 'work' clothes, or paying for dry-cleaning.</p>	<p><b>Lifestyle:</b> Things you want to do that aren't basic living expenses – travel, donations, winter home.</p> <p><b>Health:</b> Health expenses that could emerge as you age.</p>

<sup>2</sup> Retirement: Healthy, happy, free!, Sun Life, 2016.

## How do you determine your goal?

Once you've thought about the retirement lifestyle you want to live, you have options on how to determine your retirement income goal:

**Create a goal on your own:** If you prefer to complete this step yourself, you can use the **Retirement planner** on **mysunlife.ca**. Find the tool by signing in to your account and selecting **my financial centre > Resource Centre > my money tools > Retirement planner**.

**Work with a retirement consultant:** If you are within 5 years of retirement, you have the support of a Sun Life retirement consultant, who can help you create your goal. As a licensed financial expert your consultant can guide you through the goal-setting process and make sure you're creating a realistic goal based on your plans for retirement. Work with a consultant today by calling **1-866-224-3906**, select Option 1, 8 a.m. to 8 p.m. ET, Monday to Friday.

## How do you track your progress?

Whether you work with a retirement consultant, or on your own, the Retirement planner on **mysunlife.ca** helps you track your progress towards your goal.

The screenshot displays the Sun Life Financial 'my financial centre' interface. It includes a navigation bar with links like Home, Group Retirement Services, Accounts, Requests, Resource Centre, and Quick Links. The main content area is divided into several sections: 'My account' with a list of plans and their balances; 'Common actions' for each plan; a 'Go green, go paperless!' banner; a 'Mary Smith' profile section; a 'Will I have enough to retire?' section with a bar chart and a 'Retirement Planner' button; and a 'Suggested tools and information' section with various financial guides.

### A word about debt:

Retiring with debt may have a big impact on your income needs. While you should aim to pay off your debts before retirement, you will need to factor debt repayments into your retirement income goal if you cannot.

### Will I have enough to retire?

As of February 1, 2020

\$3,450 Estimated monthly income at retirement

41% Estimate of current income replaced at retirement

Your income in retirement

Your goal - \$5,000

You are here - \$3,450

Click to view [my retirement plan](#)

Retirement Planner

## Step 2:

### Assessing your retirement readiness

The next step is assessing how ready you are for retirement. This involves more than just making sure you have enough money. It's also about learning and making decisions during your working years to help you prepare for retirement.

### Where will your retirement income come from?

**In Canada, you typically have three sources of retirement income.**

**Workplace savings plans** - money you and your employer have contributed to a workplace-sponsored plan. You may also have past employer plans to consider.

**Personal savings** - money you have in personal accounts outside of Sun Life. This might include the value of your home, or income from part-time work.

**Government programs** - money from government-sponsored programs that provide a basic level of retirement income.

### What government programs are available?

There are three government programs available to Canadians:

Canada Pension Plan (CPP) Quebec Pension Plan (QPP)	Old Age Security (OAS)	Guaranteed Income Supplement (GIS)
<b>What is it?</b> A pension paid for life to anyone who made at least one valid contribution during their working years.	<b>What is it?</b> A benefit paid for life to anyone age 65 or older who has lived in Canada for at least 10 years from when they were 18 years old.	<b>What is it?</b> A supplemental benefit for lower-income seniors, age 65 or older.
<b>How do payments work?</b> You receive a monthly pension payment based on how much you contributed during your working years. You qualify for your full pension at age 65. You can take a reduced pension as early as age 60 or delay payments as late as age 70 to receive a higher monthly amount. Payments are taxable.	<b>How do payments work?</b> Your monthly benefit amount depends on how long you've lived in Canada. Some or all of your monthly payment may be subject to a 'clawback', if your annual taxable income is above a specified threshold. You can delay payments as late as age 70 to receive a higher monthly amount. Payments are taxable.	<b>How do payments work?</b> Your monthly benefit amount varies based on your income. You must be receiving OAS payments and your total annual income must be below a certain threshold to qualify. Payments are not taxable.
<b>When should you apply?</b> You should apply at least six months before you want to start receiving payments.		
<b>Where can you learn more?</b> CPP & OAS: <a href="http://www.canada.ca/en/services/benefits/publicpensions.html">www.canada.ca/en/services/benefits/publicpensions.html</a>		<b>Where can you learn more?</b> QPP: <a href="http://www.retraitequebec.gouv.qc.ca">www.retraitequebec.gouv.qc.ca</a>

# How do you turn your retirement savings into income?

Savings plan	Retirement income option
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## Registered Retirement Income Fund (RRIF)

A RRIF is like a continuation of your RRSP, but instead of contributing to your savings you withdraw money as retirement income.

RRSP  
DPSP

- Your savings are tax-deferred until withdrawn.
- You make all investment decisions.
- There is a minimum amount you must withdraw each year, based on your age. There is no withdrawal maximum.

## Life Income Fund (LIF)<sup>3</sup>

A LIF is an account much like a RRIF, but for locked-in savings.

DCPP  
LIRA

- Your savings are tax-deferred until withdrawn.
- You make all investment decisions.
- You must withdraw a certain amount each year, based on your age, but you can choose how much, between the minimum and maximum.

## Annuity

An Annuity is a contract from a life insurance company, where you make a lump-sum payment up front and receive a fixed payment for the rest of your life.

RRSP  
DCPP  
TFSA  
NREG  
DPSP  
EPSP

- For a cost, you can add enhancements like inflation protection, a guaranteed payment period, and survivor benefits.
- The life insurance company makes all investment decisions.
- Annuities bought with locked-in savings must follow the pension laws in your province or territory.

## Monthly pension payment

A DBPP provides a fixed monthly payment from your previous employer(s) based on a pre-determined formula defined by the plan. You may have the option of taking a one-time taxable cash payout instead of receiving monthly payments.

DBPP

## Cash

Many savings products allow cash withdrawals without converting your savings into income. In some cases, there are tax implications when making a cash withdrawal.

RRSP  
TFSA  
NREG  
EPSP

Legend	
DBPP	Defined Benefit Pension Plan
DCPP	Defined Contribution Pension Plan
DPSP	Deferred Profit Sharing Plan
EPSP	Employee Profit Sharing Plan
NREG	Non-Registered Savings Plan
TFSA	Tax-Free Savings Account
RRSP	Registered Retirement Savings Plan
LIRA	Locked-in Retirement Account

### A Note about Taxes:

Most retirement income sources are taxable. If you draw too much income, it may affect your Old Age Security payments. Talk to a retirement consultant about income splitting with a spouse, and about tax-efficient, non-registered income sources, like life annuities.

<sup>3</sup> Depending on the pension legislation governing your locked-in savings, you may have to use one of the following products instead of a LIF: Locked-In Retirement Income Fund (LRIF), Prescribed Retirement Income Fund (PRIF), or Restricted Life Income Fund (RLIF). Speak with a retirement consultant or financial professional for more information.

## Step 3: Designing your Retirement Income Roadmap

The final step of your retirement journey involves putting your plan into action. A licensed Sun Life retirement consultant can guide you using a personalized Retirement Income Roadmap. This includes income and investment recommendations to provide you with money for life.

### When do you plan to retire?

Your planned retirement age determines your retirement income options. In general, the later you plan to retire, the more options you'll have available for retirement income.

*Retirement income options increase with age*

	55-59	60-70	65 or later
		Canada Pension Plan / Quebec Pension Plan	Old Age Security
	Retirement savings converted to income		
	Annuities		
	Workplace pensions		
<b>Before 55</b>	Personal savings		
	Part-time employment income		

### The relevance of turning 71 and your retirement saving

Federal income tax rules say that you have to move your savings out of registered plans, like pension plans, RRSPs and LIRAs, and into a retirement income product by the end of the calendar year in which you turn 71. While you have to set up your retirement income account in the year you turn 71, you can delay your first income payment until the end of the following year.

You can consider waiting to age 71 to convert your RRSPs or LIRAs. You'll give yourself retirement income flexibility and tax-deferred savings growth, since you can make withdrawals from non-locked-in RRSPs any time, without any minimum or maximum restrictions.



## What risks do you need to consider?

There are four major risks to address, both during your saving years and during retirement. A qualified professional, like a Sun Life retirement consultant, can help ensure you're taking the right steps to deal with each one.

### Inflation risk



**What is it?** The impact of cost increases on what your savings can buy you in the future.

**How to manage it?** Choose a mix of investments you expect to provide a long-term rate of return higher than the expected rate of inflation.

### Market risk



**What is it?** The impact of investment market movements on the value of your retirement savings.

**How to manage it?** Adjust your investment mix based on how close you are to needing your money. Consider guaranteed income solutions during retirement.

### Health risk



**What is it?** The impact of unexpected health events on your income and savings.

**How to manage it?** Put the right protection solutions in place, including Health & Dental, Critical Illness, and Long-Term Care insurance.

### Longevity risk



**What is it?** The danger of running out of money because of how long you live.

**How to manage it?** Consider guaranteed income solutions, like annuities. These provide a fixed amount of income for as long as you live.

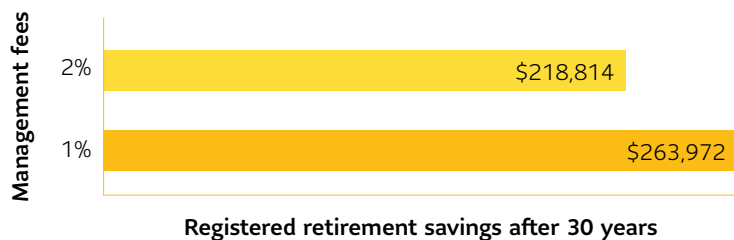
## What about investment management fees?

All professionally managed investment funds have fees. It's important to know what fees you're paying and save on fees if you can. Paying lower fees can help while you save for retirement and during retirement. When you pay lower fees, more of your money stays invested in your account. This can have a significant impact on how much you'll have for retirement and how long that money will last during retirement.

To help make the most of your money, the Group Choices Retirement Income Plan uses a tiered fund management fee (FMF) structure. This means that your opening account balance will determine your tier and the fees you pay in the plan, as outlined below. Your FMFs won't increase as you continue to make regular income withdrawals and you can always qualify for lower fees by transferring money from another institution into your income plan.

Tier	Retirement Income Plan account balance at opening	Maximum fee reduction*
1	\$0 - \$74,999.99	---
2	\$75,000 - \$299,999.99	0.05%
3	\$300,000 - \$999,999.99	0.50%
4	\$1,000,000+	0.60%

\* The fee reductions you see in this table are the maximums available under the Group Choices Retirement Income Plan. The reduction applies to all of the funds in your Retirement Income Plan except Guaranteed Interest Accounts (GIAs) and some composite funds, which are not subject to FMFs. The actual fee reduction you receive will depend on the individual investment funds in your Retirement Income Plan account.



**Saving 1% a year in fees over 30 years could mean over \$45,000 more for retirement!**

**Assumptions:** You save \$4,000 on January 1 each year, for 30 years, earn a 5.75% gross rate of return and pay your fees at year-end.



## What to consider when choosing among income options?

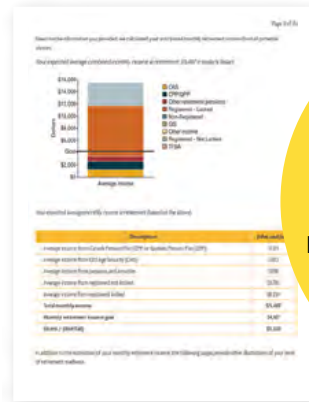
For registered savings, like DCPs and RRSPs, your retirement income decision generally comes down to a choice between a registered income solution, like a RRIF or LIF, an annuity, or a combination of these. The product or combination is an important decision.

Consideration	RRIF/LIF <sup>1</sup>	Annuity
<b>Income options</b>	Flexible. You can take income as needed (subject to annual minimums/maximums). Any registered savings and pension money accumulated in any jurisdiction can be invested in a RRIF/LIF.	Payments are a set amount each month or year. The purchase of an annuity is irreversible.
<b>Age</b>	Depends on jurisdiction.	For registered money: 18 -100 Non registered money: 0 -100
<b>Longevity risk</b>	You could outlive your money.	Your payments are guaranteed for life, which means you'll never outlive your money.
<b>Market risk</b>	Since you make all investment decisions, you benefit from gains and assume the risk of potential losses.	The life insurance company makes all investment decisions and assumes all the risk.
<b>Inflation risk</b>	You assume the risk of ensuring you earn at least as much as inflation each year.	You can choose to have your payments indexed to inflation.
<b>Death benefit</b>	Payments can continue to your spouse in the event of your death. You may be able to leave your remaining savings to your estate or beneficiary.	Joint annuities allow you to guarantee financial security and lifetime income to a spouse. You may also choose a guaranteed payment period. Otherwise, you leave nothing for your estate.
<b>Tax withholding</b>	Tax will automatically be withheld on the portion of the payment that exceeds the minimum amount. You can request to have more tax withheld.	Payments from an annuity purchased with registered savings count as income. For payments from an annuity purchased with non-registered savings, including TFSA money, only a portion of payments is taxable.  Payments from an annuity purchased with pension money will have tax automatically withheld on the full payment amount.  Payments from an annuity purchased with other types of savings will have no tax withholding.  You can request to have tax withholding.

<sup>1</sup> Depending on the pension legislation governing your locked-in savings, you may have to use one of the following products instead of a LIF: Locked-In Retirement Income Fund (LRIF), Prescribed Retirement Income Fund (PRIF), or Restricted Life Income Fund (RLIF). Speak with a retirement consultant or financial professional for more information.

## How do you bring it all together?

The best way to decide on the right income solutions for you is to work with a qualified professional, like a Sun Life retirement consultant. Your dedicated consultant looks at your entire financial picture when creating your **Retirement Income Roadmap**, so you have a detailed plan in place. You'll also get a copy of the document, which lets you review the recommendations and income projections as you get later in retirement.



**Include your spouse to see the full picture**

Your retirement consultant can create a joint Retirement Income Roadmap that includes both you and your spouse's information.

## Taking action for your future

We've covered a lot of information. It's best to take it one step at a time and know that you're not alone in your retirement journey. Support is always available to help guide you through the process.



## Contact a retirement consultant

As a licensed, non-commissioned expert on retirement, your dedicated retirement consultant can:

- Answer any questions you have about retirement.
- Work with you to create a personalized Retirement Income Roadmap.
- Explain retirement income and insurance solutions, and help you complete any forms.
- Consolidate your savings to help simplify your retirement income streams.
- Put you in touch with a Sun Life Financial advisor in your area for more in-depth needs, like estate and tax planning.



**Get started on your Money for Life Retirement Journey today.**

**Call 1-866-224-3906, Option 1** Monday to Friday, 8 a.m. to 8 p.m. ET

## Online tools to help you plan

If you prefer taking a self-serve approach, you can access online planning tools through **mysunlife.ca**:

- The **Retirement planner** shows you how much monthly retirement income you're on track to have.
- The **Asset allocation tool** helps you choose the right investment mix based on your financial goals and risk tolerance.
- The **Registered Retirement Income Fund (RRIF) calculator** shows you how much income you can expect from your RRIF.

To find these tools, sign in to **mysunlife.ca** using your sign-in/access ID and password and select **my financial centre** from the right side of the **Home** page. Then select **my money tools** from the **Resource Centre** drop down menu.

## Sun Life Group Choices Plan

When you leave your workplace registered retirement savings plan, whether that's for a job change or retirement, you'll have access to the Group Choices savings plan and Retirement Income Plan. Both are exclusive options for those leaving a workplace plan administered by Sun Life. They offer:

- Ongoing support and objective guidance from a licensed retirement consultant.
- Competitive fund management fees.
- Access to diverse and well-managed investment funds not available to the average individual investor.
- Convenient access to your account on **mysunlife.ca** and the **my Sun Life Mobile** app.

# Annual expenses and retirement income worksheet

## Annual Expenses Worksheet

What will my expenses be at retirement? Fill this out by adjusting your current expenses to reflect the changes inherent to retirement (inflation, reduction of transportation costs, your health and/or the need for emergency funds).

<b>Please enter the expenses you expect to have in retirement thinking comparatively to what you spend today.</b>		
Current age:		
Planned retirement age:		
Estimated inflation rate:	%	
<b>Basic expenses</b>		
<b>Accommodations</b>	<b>Current Monthly</b>	<b>Retirement Monthly</b>
Mortgage / rent:	\$	\$
Utilities (heat, electricity):	\$	\$
Property taxes:	\$	\$
Phone / cable / internet:	\$	\$
Maintenance repairs:	\$	\$
Insurance (home):	\$	\$
<b>Living expenses</b>	<b>Current Monthly</b>	<b>Retirement Monthly</b>
Groceries:	\$	\$
Clothing:	\$	\$
Dependent / family care:	\$	\$
Personal care (Hairstylist, etc.):	\$	\$
Emergency funds:	\$	\$
<b>Health</b>	<b>Current Monthly</b>	<b>Retirement Monthly</b>
Insurance (life and health):	\$	\$
Prescriptions:	\$	\$
Dentist / Chiropractor / Optometrist / etc.:	\$	\$
<b>Transportation</b>	<b>Current Monthly</b>	<b>Retirement Monthly</b>
Car payment / lease:	\$	\$
Car insurance / registration:	\$	\$
Fuel / maintenance:	\$	\$
Public transportation:	\$	\$
<b>Other/emergency</b>	<b>Current Monthly</b>	<b>Retirement Monthly</b>
	\$	\$

Clothing costs may decrease as your emphasis shifts from business attire to casual wear.



Check to see whether the health benefits you received from your last employer will continue to you and a non-working spouse in retirement.



If you own two vehicles, consider whether you'll continue to need both in retirement.



Budget for travel, hobbies, and other leisure activities if they'll be an important part of your retirement lifestyle.

An emergency fund can cover unexpected and occasional expenses.

Discretionary		
	Current Monthly	Retirement Monthly
Dining out:	\$	\$
Movies / theatre:	\$	\$
Newspaper / magazines / books:	\$	\$
▶ Sports activities / hobbies:	\$	\$
Travel / vacation:	\$	\$
Further education:	\$	\$
Donations / gifts:	\$	\$
▶ Other / emergency funds:	\$	\$
Emergency funds:	\$	\$

Advisors are here to make it easier and help you with the financial component of the retirement plan.

Keep in mind that expenses will change as you age. There are different phases to retirement. Early on, you will spend more on leisure but that will decrease as you slow down and your priorities change.

## Retirement income worksheet

Please list your annual income from guaranteed sources, and your lump sum savings. If you have a spouse, please list their income and savings information as well.

	Self	Spouse	Total
<b>Annual guaranteed income</b>			
Canada / Quebec pension plan			
Old Age Security			
Defined benefit pension			
Annuity payments			
<b>Total guaranteed annual retirement income</b>			

	Self	Spouse	Total
<b>Lump sum savings</b>			
RRSP(s)			
Defined contribution pension plan			
Deferred profit sharing plan			
Other registered plan (RRIF / LIF / LRIF)			
Non-registered savings			
<b>Total lump sum savings</b>			

## Disclaimer

We present this material as a general guideline for retirement income planning purposes, and it is current as of publication date July 2020. Market conditions and other factors change over time, and this will affect either positively or negatively one or more asset classes. The investment assumptions we've used are based upon historical investment returns, and past returns may not reflect future investment performance.

In order to identify an asset allocation model that's appropriate for your individual circumstances, you should contact a retirement consultant or a qualified professional who is familiar with your personal financial circumstances and understands your tolerance for risk.

We've made every effort to ensure the accuracy of the information provided in this package. However, in the event of a conflict, the provisions of the official plan document, the Master Service Agreement, and /or the official Group Annuity Policy will apply.



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