

ENJOYING THE NEXT CHAPTER

Know what plans have been made, what still needs to be done
and how to best put your resources to use

FINANCIAL SUCCESS IN YOUR 60s & UP

Statistically speaking, women live longer than men. But what's interesting is that as we get older, the longer each phase of life tends to last. For example, childhood is fleeting – 15 to 20 years at best. Young adulthood about the same. Middle age, you get 20 to 25 years. But past middle age? It all depends on good health, good genes and some very good fortune, but you could get another 30 or more years in which to enjoy retirement (or something like it).

That's why it's important to prepare now for what could be the longest phase of your life. Just like a wedding, honeymoon or cherished family vacation, the better you prepare, the more you can enjoy the time without stress. And women seemingly are the masters of stress. It's amazing that women tend to live longer than men, given the degree to which many worry, fret and plan (and over-plan). This is the time to channel those great planning and organization skills toward your long-term financial independence.

To start, it's a good idea to talk to your financial advisor. Even if your husband or partner believes everything is in order, plan to participate in their meetings and see it for



yourself. Learn about your annuity, pension, CPP, and OAS payouts as well as how to withdraw from retirement accounts like your RRIF funds.. Ask questions. Think of possible scenarios your life could take and stress-test them against the established plan. If you see holes in the plan, make sure they are addressed.

Second, take a look at your lifestyle to see if you should make changes. You might be spending money now that you'll need when you're 90. Continue to work if you want to or need to. If you decide to stop working, take the time to enjoy the encore of your life: Travel, start a business or spend more time with your family. Do the things that make you happy. Just be aware of the pace of your withdrawals so you'll have enough planned income for the next 20 to 30 years.

Your advisor can help you determine how much you should be spending now. Ask him or her to calculate your projected income in retirement based on all of your income resources, and determine an appropriate withdrawal rate for now and in the future to ensure your money lasts as long as you do.

Also, put some thought into the home you live in now. For example, does it need a new roof? If you're thinking it will in a few years, consider replacing it while you or your husband or partner are still working – because that's not an expense you want to incur once you're on a fixed income.

Ask yourself if you would like to buy a second home for retirement. Consider your answer in light of the possibility that your husband or partner may die before you. Is one or two houses too much to maintain by yourself? Would you have the resources to help you keep up, or would you be interested in downsizing to a smaller home – perhaps closer to your children and grandchildren? If you do want to buy a vacation home or downsize, think about applying for a new mortgage while you're still working because a salary could help you qualify for more favorable loan terms. If you foresee a possibility of ending up completely on your own, you may want to check out nearby senior communities that offer a more social environment. That way you'll have the support of friends your own age as you get older. And finally, think about where you'd want to live – and with whom – if you're physically or mentally incapacitated or simply need more assistance.

Many of the issues you have to consider in your 60s and beyond can be unsettling – and you probably don't want to think about life after your husband or partner passes away. But the more you plan now, the more enriched your life can be in later years. If you cherish your independence now, making contingency plans for the future is the best way to help you maintain self-reliance as you get older.

The following are steps to help you ensure your long and winding road has the necessary guardrails so you can enjoy the ride.

- **Your passions** – whether you want to start a business of your own or donate money to a charity you support, determine how much you can afford to tap without compromising your future income.
- **Your asset allocation** – as you get older, you may wish to reposition assets to a more conservative allocation to help ensure you don't lose what you've accumulated.
- **Your taxes** – ask your advisor about your potential tax bracket in retirement and how minimum RRIF distributions from investments may impact the taxes you will have to pay.
- **Your CPP and OAS benefits** – time any benefit decisions with your husband; there are ways to maximize your total household benefits if your decisions are made in tandem. Your advisor can help.
- **Your health and medical insurance** – find out what health insurance you'll have in retirement, what will be covered and anticipate how much you might have to spend out of pocket.
- **Your legacy** – speak with an estate planning advisor to ensure all of your estate documents are up to date and reflect your wishes, as well as the current tax environment.

Unexpected health and long-term care circumstances can take a big chunk out of your assets, so it's important that you prepare well to have enough money for as long as you live. The decisions you make now could well affect your standard of living for the rest of your life.

The key is to learn what plans have been made, which still need to be made and how to best put your resources to use. The reason it's important to address challenging decisions now is so that you can relax and reap the rewards of a lifetime of pragmatic, prudent planning. Now isn't the time to retire to a rocking chair: It's the phase in life when you can use your time to pursue passions and enjoy close friendships and family. ■

Asset allocation does not guarantee a profit nor protect against loss.

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