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World-Class Financial Education

KBR - Special Report on Retirement

Your Exclusive Printable Resources

Print these tools and resources to help clients of all demographics with their retirement planning journey.

Included:

- Retirement Age and Its Effects on OAS and CPP Infographic
- Investment Options: Non-Registered vs RRSP Comparison Factsheet
- Pre-Retirement Worksheet
- HBP Factsheet (featuring changes introduced through the 2019 Federal Budget)

Become a Retirement & Succession Services Specialist

"The MFA designation was my educational path to changing the way I provide advice to clients. This new knowledge enabled my team and I to realize the power in providing truly integrated advice as a Real Wealth Management advisory team. The key to success today is to have a clearly defined financial planning process, and financial planning standards and benchmarks, that can then be easily communicated to clients. We have been using this approach for close to 10 years now. During this time our business has grown considerably, thanks in large part to the things we learned in this program. I would definitely recommend the MFA™ program to anyone who wishes to be a serious financial professional into today's dynamic environment."

- DOUGLAS V. NELSON, B.Comm. (hons), CFP, CIM, MFA™, RWM™

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Retirement Age and its Effects on OAS and CPP

RETIREMENT AT AGE 65

COLLECTING AT AGE 65

Raymond is 60-years-old and earns $75,0000 annually.

OAS PAYMENTS

Based on a retirement age of 65 and no deferral of OAS and CPP payments, Raymond will receive approximately $8,000 of OAS payments annually.

CPP PAYMENTS

Based on a retirement age of 65 and no deferral of OAS and CPP payments, Raymond will receive approximately $9,000 of CPP payments annually.

RETIREMENT AT AGE 70

COLLECTING AT AGE 70

Raymond is 60-years-old and earns $75,000 annually.

OAS PAYMENTS

Based on a retirement age of 70 and delaying his OAS and CPP payments until the age of 70, Raymond will receive approximately $12,000 of OAS payments annually.

CPP PAYMENTS

Based on a retirement age of 70 and delaying his OAS and CPP payments until the age of 70, Raymond will receive approximately $16,600 of CPP payments annually.

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NON-REGISTERED VS RRSP FACT SHEET

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Investment Fact Sheet		
	Non-Registered Investment	RRSP
Age Limit to contribute	None	0 - 71
Annual contribution Limits	None	Formula driven based on earned income
Tax deductible contributions	No	Yes
Claim capital losses	Yes	No
Deductibility of interest to invest	Yes	No
Taxable withdrawals	Capital gain - Yes GIC - No	Yes – Fully taxable
Withdrawal Limits	No	Mandated to withdraw a minimum at age 71
Choice of investments	No	Restricted
At Death	There is generally a deemed disposition on nonregistered assets on the death of the investor but only 50% of capital gains will be subject to tax.	The full value of the RRSP is normally taxed as income on the death of the planholder, often at the highest marginal tax rate.
Access to savings	Investors may have unrestricted access to funds, subject to the liquidity of their investments selected	Restricted - Access to savings is discouraged because of the immediate tax consequences of withdrawals and permanent loss of contribution room.

*Comparison table excerpted from Tax Efficient Retirement Income Planning

FOUR REASONS TO INVEST IN NON-REGISTERED ACCOUNTS

1. **To take advantage of the dividend tax credit.**
2. **When money is borrowed to invest.**
3. **When clients have maxed-out their tax-sheltered accounts (RRSP, TFSA) and still have funds to invest.**
4. **Emergencies**

PRE-RETIREMENT PLANNING WORKSHEET

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- ☐ **Retirement Period.** What is your anticipated retirement period, based on your life expectancy?

- ☐ **Inter-Spousal Pension Income Plan.** Does your retirement vision match your spouse's? What will combined income levels be? How will capital preservation plans be impacted by each spouse's vision?

- ☐ **Required Pension and Investment Income level.** What is the required income level for your anticipated retirement period? (identify how to fund basic needs and lifestyle wants with a budget and tax estimation for income).

- ☐ **Income Risk Management Plan.** What expectations do you have for return on your investments in both the short and long term, and how much risk are you willing to take to achieve that?

- ☐ **Anticipated Growth in Capital.** How much additional savings can you expect to create by taking a tax-efficient approach to the accumulation, growth, preservation and transition of your capital? Will preparing a new budget for anticipated needs and wants help? Can debt management help?

- ☐ **Capital Encroachment Strategy.** What is the precise amount of withdrawal you are prepared to make to fund needs or wants? This is important because withdrawing too much income, in the wrong hands, can put you into a quarterly tax remittance profile, which you will definitely want to avoid if you didn't need the money in the first place. Overpaying the government won't help preserve your capital pools.

*Checklist excerpted from *Essential Tax Facts, 2019 Edition*

HOME BUYERS PLAN FACT SHEET

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ELIGIBILITY

1. Be a first-time homebuyer. If you've never owned a home before, you are a first-time homebuyer and can make use of your RRSP savings tax-free.
2. If it has been four years since either you, your spouse, or your common-law partner have owned and inhabited a home, you may qualify as a first-time homebuyer again.
3. Persons with a disability who require a home to better suit their needs can also be eligible to use their RRSP savings.
4. And, an individual helping a person with a disability with the purchase of a property if they require a home to better suit their needs. To qualify, this person must be related by blood, marriage, common-law partnership or adoption.
5. After 2019, those who experience a breakdown of a marriage or common-law partnership may be eligible to utilize the Home Buyers Plan.

WITHDRAWAL

1. Until March 19, 2019 the maximum withdrawal was $25,000. After March 19, 2019 the maximum withdrawal is increased to $35,000.
2. The individual must be a resident of Canada at the time of the withdrawal.
3. Funds cannot normally be drawn from a locked-in RRSP or a group RRSP
4. RRSP contributions must remain in the RRSP for at least 90 days before they can be withdrawn under the Home Buyers Plan.
5. You must use the funds to purchase or build a qualifying home before October 1st of the following year. For example, if you were to withdrawn funds in January 2020, you must purchase or build a home by October 1st, 2021.

REPAYMENT

1. Money must be reinvested into the RRSP within 15 years.
2. There is a minimum amount that must be reinvested each year.
3. If the minimum amount is not reinvested, the outstanding amount must be added to taxable income.
4. You can reinvest more than the required amount in a year, you will still have to make payments yearly until the balance is zero, but the required amount will be reduced in subsequent years.
5. There is no RRSP contribution deduction for repayment. It is reported as a repayment.