Financial Strategies to Retire Happily – Retirement Planning

RETIREMENT PLANNING

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Retirement planning has always been important, but since Canadians are living longer it's vital to have a realistic plan in place. The combination of a longer average lifespan can translate into fewer years to save enough.
In the meantime, inflation and higher costs for just about everything can make it harder to make your money go as far in retirement.
As a result, it's more important than ever to be financially prepared so you can retire happily and securely.
Retirement planning can be quite challenging. It requires an understanding of both the sources of income and how much is needed to fund the full retirement.

Sources of Income Post-Retirement

You're likely to have three potential sources of income in retirement:

Canadian Pension Plan and Old Age Security

The Canadian Pension Plan (CPP) is funded by your contributions, and Old Age Security (OAS) is funded by the government. It's based on several factors, including your age and the number of years you've lived in Canada. Though the average Canadian will receive funds annually from these sources, the amount may fall short to cover existing lifestyle requirements or any sudden contingencies.

Employer-based pension plans

Many employers use Defined Contribution pension plans. As a worker, you can contribute to one of these plans, and so does your employer. The amount you'll receive depends on how successful the investments are. Alternatively, employers may use a Defined Benefit pension plan which provides monthly benefits upon retiring based on a workers earnings history, tenure of service and age.

Personal savings

If you have investments such as a Registered Retirement Savings Plan (RRSP), Tax Free Savings Account (TFSA) or Retirement Savings Plan (RSP), you may have additional money in retirement. The amount depends on how early you start to save and how much you put into your accounts, as well as the interest or dividends you receive on your earnings.
Through a combination of these resources, you may have some money to live on during retirement. But these funds may not necessarily be enough. Perhaps your retirement planning was hit hard by the stock market downturn. Or maybe you haven't

worked as many years as you'd planned due to health issues or layoffs. You may have been forced to spend more of your savings than you'd planned to due to these issues. There are many reasons why your retirement savings may just not be able to support you and your family during retirement.

Financial Strategies That Aid Retirement Planning

The following financial strategies for retirement planning can help your retirement be more financially secure:

Continue working

If you're planning to retire relatively young, you may want to consider putting in a few more years in the workforce. Even if you don't want to keep working full time, consider part time work as an option. Staying employed will help you earn more money and possibly increase the amount of money you have in an employer-based pension. Your CPP benefit will increase by 6 percent each year you can delay retirement, up until age 70. If your investments have taken a downturn, they may be able to bounce back some if you can delay retirement and give them some additional time to rebound.

Increase your savings

If you have several years before retirement, investing extra money each month can help get you closer to your retirement planning goals. Of course, the further you are from retirement, the more effective this may be.

Cut your debt as much as possible

Large amounts of debt can hurt any budget when you're still in the workforce. But when you retire, it can hurt even more since you may have less money coming in each month to make your debt payments and meet your other living expenses. Your retirement planning should include a strategy to help you pay off debt that will become less burdensome once you've retired.

Monitor – and modify – your investments

If you're nearing retirement, you may want more conservative investments than you've had in the past. You may have been able to weather the economy's ups and downs earlier in your career, but the closer you get to retirement, the more conservative you may need to be. Make sure that your retirement planning and investments reflect the place you are in life, making any adjustments necessary to help make sure you'll have the money you'll need to retire.

Consider a reverse mortgage

If you're nearing retirement and have lived in your house for a long time, you probably have built up a significant amount of equity or even own your home outright. Your home may be the most valuable asset you own, but you may not want to sell it. You may have emotional attachment to it or may not want to incur the significant expenses associated with moving and find another place to live.

CHIP Reverse Mortgage To Secure Your Finances

A *CHIP reverse mortgage from HomEquity Bank* and CashinMortgages is a retirement planning option that can help you get the cash you need while still being able to stay in your home and retain full ownership of it. It can help you live a more comfortable retirement lifestyle than your other savings can support. This financial product lets you borrow money against the value of your home without having to sell your family home or move out. It's available to Canadians age 55 and older and helps you get extra income by converting part of the value of your home into cash.

You can access up to 55% of the value of your home, and you won't owe any payments. You'll be able to stay until you move, sell, or pass away. The reverse mortgage will be repaid after the house is sold, and any amount remaining will go to your children or other heirs. 99% of homeowners with a CHIP Reverse Mortgage have money left over when their reverse mortgage is repaid. On an average, the amount left over is more than 50% of the value of the home.

The amount of your loan is based on several factors, including your age and your spouse's age, your home's value (including condition and location) and the amount of secured debt that you have.

A CHIP Reverse Mortgage provides flexibility, allowing you to receive the money in installments or in one lump sum, whichever you'd prefer. We don't look at your current income, medical history, credit score, or other personal information.

A CHIP Reverse Mortgage can be a sound financial solution to help fund your retirement, but you need to understand the terms and conditions to find out if it's the right choice for you. Our free guide can help you with more information, or contact us and we'll be happy to answer any questions you may have.