Saving for Your Retirement

1. To start make a wish list of how you want when you retire, think about the lifestyle your grandparents enjoy and base it off of that. List the things you want in your retirement years under the headings below.

|  |  |  |
| --- | --- | --- |
| Where do you want to live? | What do you want to drive? | What do you want to do? |
| Ex) House in town, cottage, abroad…. | Ex) used car, motorcycle, RV, Boat | Ex) Run a small business, relax on the beach, visit grandkids all over, relax in your home |

| **Old Age Security pension and Guaranteed Income Supplement amounts - October to December 2016** |
| --- |
| Your situation | Maximum monthly payment amount | Maximum annual income to receive the OAS pension [Footnote1](http://www.esdc.gc.ca/en/cpp/oas/payments.page#fn1) |
| [Old Age Security (OAS) pension](http://www.esdc.gc.ca/en/cpp/oas/index.page) |
| Regardless of your marital status | $578.53 | $119,615 (individual income) |
| [Guaranteed Income Supplement](http://www.esdc.gc.ca/en/cpp/oas/gis/index.page) (GIS) amounts for individuals receiving a full Old Age Security (OAS) pension. |
| If you are a single, widowed or divorced pensioner | $864.09 | $17,544 (individual income) |
| If your spouse/common-law partner receives the full OAS pension | $520.17 | $23,184 (combined income) |
| If your spouse/common-law partner does not receive an OAS pension | $864.09 | $42,048 (combined income) |
| If your spouse/common-law partner receives the Allowance | $520.17 | $42,048 (combined income) |

1. What sources of income will you use to pay for your retirement?

|  |  |  |
| --- | --- | --- |
| Type of pension or benefit | Average amount for new beneficiaries (July 2016) | Maximum payment amount (2016) |
| [Retirement pension](http://www.esdc.gc.ca/en/cpp/index.page) (at age 65) | $642.45 | $1,092.50 |

The Canadian Pension Plan is a mandatory retirement savings plan for those who work in Canada. Your monthly payment is based on how long your have been working and the amount of income you made while working.

1. Fill out the attached retirement budget using todays expenses, ask an adult if you do not know the expense of something.
2. Take the total expenses and incomes and calculate their future value using the compound interest formula. This will show you your monthly expenses and incomes when you retire.

FV= P(1+.02/12)^12X51

1. If you have a shortage between your expenses and your incomes you will need to plan on making additional retirement contributions to an RRSP or a TFSA. To find out how much you will need to put away, take the average shortage per month X the amount of months you will need to survive after retirement.

Ex) $400 shortage X 300 Months( survive 25 years from 65-90) = $120,000

1. Complete a Google search for an RRSP Calculator and use the first option on the website getsmarteraboutmoney.ca.

Use the following information

Amount currently in RRSP accounts $0

Annual rate of return while you’re working 4%

Contribution amount and frequency your choice

Current Age your age

Number of years until retirement 51

Estimated number of years in retirement 25

Annual rate of return while your retired 2%