Your roadmap to retirement:

When retiring is 2 to 5 years away



Retirement is becoming a reality. What are you doing to prepare?

Now that you're in the last several years of your working life, it's critical that you take the time to ensure you're ready to make the most of your retirement – and the two to five years before you plan to retire is the perfect time to do just that.

What does that mean?

While there isn't one "right" way to retire, there is definitely a right way to prepare for retirement. And that involves asking a lot of questions, having many conversations and addressing a range of important topics. Hopefully, you've already started this process with your BMO Private Wealth professional, but if you haven't, it's not too late.

If you're two to five years away from retiring, your pre-retirement planning should be focused on ensuring your financial house is in order as well as refining your vision of home. Developing a better sense of what your retirement will look like — from where you'll be living to what you'll be doing, and with who, are questions you need to explore.



Refine your vision of retirement.

When will you officially retire?
While you may have been tossing around the idea of retiring for a couple of years, it's time to set a more specific timeline. Consult with your employer to determine what makes sense, especially if you've been paying into a pension plan – you'll want to maximize your income by timing your retirement strategically. Also discuss your plans with your family members; it's important to keep the lines of communication open during this time of significant change.

Will you be supporting aging parents and/or adult children?
Early retirees often face the challenge of being part of the so-called "sandwich generation" – responsible for supporting both their elderly parents and their adult children who haven't quite "launched." Determine whether you'll fall into this category of caregiver, keeping in mind that the support you're called on to provide might be practical or emotional, as well as financial. Who will you rely on to provide that sort of non-monetary assistance when you need it?

Do you have an idea of how you'll spend your time in retirement?
Take some time to consider what you'll be doing to keep busy once you retire. It's important to make a plan for staying active, both physically and mentally. Will you travel? Take a course? Embark on a second career? The possibilities are endless; thinking about them now will help ensure you have the financial means to pursue your retirement dreams.

What will your retirement income be?
Review the full range of income sources that will be available to you during your retirement, including your Registered Retirement Savings Plan (RRSP)/Registered Retirement Income Fund (RRIF), Tax-Free Savings Account (TFSA), any pension benefits from your employment, the Canada Pension Plan, your other investments such as equities and fixed income securities, and rental properties.

What will your living expenses be, including any changes to your lifestyle needs?
In addition to determining how much money will be coming into your household during retirement, it's vital to calculate what your expenses will be, especially since they're likely to change once you stop working. Formulating a budget – even if it's just preliminary – will provide you with a realistic overview of what your retirement financial situation will be.

Does your investment portfolio need adjusting?
In these years leading up to your retirement, it's crucial to keep a close eye on your investments. Consult with your investment professional regularly to ensure that your portfolio is appropriately diversified and continues to have the right asset allocation for your shifting time horizon and income needs.

Ultimately, your goal should be to continue your pre-retirement planning by taking a closer look at your current and projected financial situations and refining your vision of home and life during your golden years. Remember, your BMO Private Wealth professional is available to help you plot your course for the journey ahead.

Contact us to learn more.

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