Checklist

Less than 2 Years to Retirement

Transition into retirement with confidence. As you transition into retirement, keep in mind your income could come from multiple sources at different times of the month. You'll need to know where that income will come from, how much you'll receive, and when you'll receive it. Before you retire, you'll need to complete a variety of employer and government forms. This checklist will help you move into your retirement seamlessly.

Picture every detail of your retirement

- Think about whom you'll spend your retirement with, where you want to live and what you'll be doing. Retirement can last 20 – 30 years, so consider the day-to-day details as well as any big dreams.
- Discuss your plans with your loved ones, especially those you plan to spend a lot of time with, to see if they share your views.
- Develop a contingency plan with your loved ones regarding aging family members. Discuss your own personal wishes for later life care and support, should anything happen to you.

Assess your financial situation

- Determine your annual income from savings, investments, property, government and employer pensions. If you have a company pension, determine your pension entitlements and when you can start collecting benefits. If you want to continue working, find out if your employer will allow you to work part-time or at a reduced workload.
- Evaluate how much Canada Pension Plan/Quebec Pension Plan ("CPP/QPP") and Old Age Security ("OAS") you will be eligible to receive. Contact Service Canada to find out at 1-800-277-9914.
- Know your net worth. Certain assets can be used to provide income during retirement. Calculate your net worth by adding the total value of your assets, such as bank accounts, investments and property, then subtracting any liabilities you may have, such as a mortgage, car lease, or credit card debt.
- Understand your savings and investments. A BMO financial professional can help you:
  - Determine how much income your savings and investments will generate during your retirement.
  - Review the maturity dates of your investments so that you know when you can access your money.
  - Discuss how and when it's best to convert your Registered Retirement Savings Plan ("RRSP"). You must convert your RRSP by the end of the year you turn 71. Consider consolidating multiple RRSPs into one Registered Retirement Income ("RRIF") to minimize administration fees.
  - Review your risk tolerance and ensure your portfolio reflects your comfort level.
  - Understand how different sources of income are taxed, and how you can minimize taxes on retirement income.

Know what your retirement will cost you

- Estimate your annual expenses during retirement by calculating your current annual living expenses, and identify what may increase, decrease or stay the same.
- Identify any new expenses you may incur during retirement by planning for the three stages of retirement:
  - **Early stage** retirees tend to spend more, go out more and do the things they put off while working.
  - **Middle stage** retirees tend to settle into a routine and spend more time with family.
  - **Later stage** retirees think about estate planning issues. Health and care giving may become a priority.
- Divide your retirement expenses into needs and wants. This will help you understand areas where you can possibly reduce expenses.
- Consider consolidation loans, or selling assets to pay debt. This will put less strain on your savings.

Protect yourself and your loved ones

- Establish an easily accessible emergency fund, like a line of credit or savings account. It will help you deal with unexpected costs and avoid prematurely selling investments.
- Ensure your Will is up to date in order for your estate to be distributed according to your wishes.
- Ensure your Powers of Attorney documents are up to date.
- Review and update the beneficiary designations for RRSPs, RRIFs, Tax-Free Savings Accounts ("TFSAs"), and insurance policies.
- Record the locations of your family assets (including property, and accounts). Give a copy to your executor and lawyer.
- Protect your identity and personal information. Review all statements and records upon receipt, and review your credit rating annually. Visit equifax.ca or transunion.ca to obtain a credit report.

Consider a few important things before you leave work

- Review your employer pension plan statement for accuracy. Address any discrepancies with your employer and/or pension provider.
- Determine your eligibility and coverage for health/dental benefits, insurance and employer discounts after you retire. Some benefit providers may offer a retiree plan or provide individual coverage plans.
- If your employer health/dental benefits cease at retirement, you may be eligible for group coverage if you are a member of a professional organization or union.
- Determine what retirement options are available from your employer sponsored pension plans and any lump sum payments you may receive upon retirement.

Remember that government pensions need certain documentation

- When applying for government benefits you will need to provide legal documents to prove your age, residency, or marital status. Gather all the necessary legal documents for you, your spouse and children, such as birth certificates, passports, Canadian citizenship papers, adoption records, and marriage certificates. Keep in mind that they can take a while to receive, especially if you are requesting them from another country.
- Contact Service Canada at **1-800-277-9914** or servicecanada.gc.ca and request a **CPP Statement of Contributions**. If you have worked in the province of Quebec, please visit rrq.gouv.qc.ca or call **1-800-463-5185** and request a **QPP Statement of Contributions**. Review the statement for accuracy and resolve any discrepancies.
- Apply for government benefits six months before your retirement date. You can apply for OAS if you are at least 65 years old and CPP/QPP if you are at least 60 years old.
- If you and your spouse are both at least 60 years old, and one of you is eligible for CPP/QPP, consider pension sharing. It may result in some tax savings for you.

For more information, please speak with your BMO financial professional.

BMO Private Wealth

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