

Dealing with Employment Transitions

Whether you are taking on early retirement or have been displaced by corporate restructuring. You will soon be facing a number of important decisions.

Even positive career transitions are not easy

You've just been offered an early retirement package. While you've always thought it would be great to retire early, you've never been certain you could actually afford it. Even now, with the company offering you a sweetened package, you are still not sure what you should do.

Or perhaps you've lost your job due to corporate restructuring. Even if it wasn't a complete surprise, it's a difficult time. While you are trying to adjust to all of the personal ramifications, you are also being asked to make some important financial decisions that will affect your future security. Your company has given you an outline of your options – maybe you've even attended a seminar – but you've still got more questions than answers. The problem is that even though you've been told your choices, you aren't sure which one is right for you.

Whether you've lost your job or been offered an early retirement package, you need someone who can show you how the termination options integrate with your other financial resources. Once you have the complete picture, you can decide whether you'll need to find another job or have the resources to go back to school, launch a second career, start your own small business or begin a leisurely retirement.

It's the whole picture that is important

Whatever your situation, if you are at a career transition point, we can help. We understand that you are facing many decisions which are difficult to make unless you can see the big picture. We also understand that not all of the decisions are about money. However, once your financial situation is clear, you can begin to resolve the other issues.

BMO Nesbitt Burns Investment Advisors have both the professional skills and analytical tools to help you make informed decisions. Your BMO Nesbitt Burns Investment Advisor will analyze your various termination options and show what impact they will have on your overall personal financial situation.

A severance or early retirement package usually includes several elements – everything from your sick pay credits and company savings programs to retiring allowances and complicated choices about what to do with your pension plan. Each element will have income tax as well as current and future cash flow implications. Your net worth and the value of your estate may also be affected. By working with your Investment Advisor to complete net worth and cash flow statements, you will gain a greater insight into the implications of making various choices.

Your Investment Advisor will also show you the difference between your various pension plan payment options, purchasing a life annuity, or rolling the commuted value of your pension into a Locked-in Retirement Account (LIRA), Life Income Fund (LIF), Locked-in Retirement Income Fund (LRIF) or prescribed RRIF. This will help clarify your options and allow you to make an informed decision about which alternative would be best for you.

Invest wisely to protect your future

Once you've determined how much money you will be receiving from all sources and whether the various segments will have to remain tax sheltered or not, your next major decision will be how to invest the funds you receive.

If you've been laid off and have some concerns about paying the bills or are unsure what your future plans may be, you'll want to maintain investment flexibility until you see how things sort themselves out. Your Investment Advisor can provide you with advice on secure, liquid investments that offer better rates of return.

If your path is more certain, this is the ideal time to completely review your investment strategy. You may want to review your longer term goals and then integrate your new financial situation into your investment program to ensure that your goals will be met.

If you are unsure whether your present investment strategy is appropriate, your Investment Advisor will review your portfolio in light of your current circumstances. An important step in reviewing your investment program is to determine how you should allocate your investments among the various asset classes: cash, bonds and equities. Asset allocation takes into account the current economic environment and the outlook for the economy and investment markets, then overlays your objectives and investment temperament.

If early retirement is a possibility, you will want to incorporate all of your current and future sources of retirement income into your overall investment plan. Your Investment Advisor can help you integrate your government and company pension plans, RRSPs, TFSAs and other investments, tax rates and inflation into your analysis. You need to be sure that there will not be a shortfall between your lifestyle expectations and your financial ability to support them.

You only have one chance to make the right decision

Whether you are taking an early retirement or have been displaced by corporate restructuring, you have a lot of important decisions to make. Your BMO Nesbitt Burns Investment Advisor can help take the guesswork out of your transition planning. Together, you can determine a plan that is right for you.

Talk to your BMO Nesbitt Burns Investment Advisor to learn more.