

RETIREMENT & SAVINGS

- IT'S A -
**MONEY
THING®**
Golden Years

How much money do you need to retire?

It would be nice to say that retirement planning is as easy as “save a million dollars or invest 10% of your salary and you’re going to be fine”, but retirement planning needs to be personalized. To start your planning, here are a few common rules of thumb to finding a magic retirement number.

COMMON RULES OF THUMB

RULE OF THUMB	APPROXIMATE AMOUNT
Your pre-retirement income x 10 to 14	\$1,000,000 to \$1,400,000
70% to 80% of your annual working income	\$1,400,000 to \$1,600,000 (assuming 20 years in retirement)
Your desired annual retirement income x 25	\$2,500,000 if you want your retirement income to match your working income

However, the amount that you need to save for retirement really depends on your situation and expectations.

For example, a teacher or someone who works for a company that offers a defined benefit pension plan may not need to save any extra money in their RRSP or TFSA. Whereas someone who works for a small company or who is self-employed will need to save a lot more in advance.

VARIABLES TO CONSIDER



Will you be moving or downsizing your house?



Will you be debt-free by the time you retire?

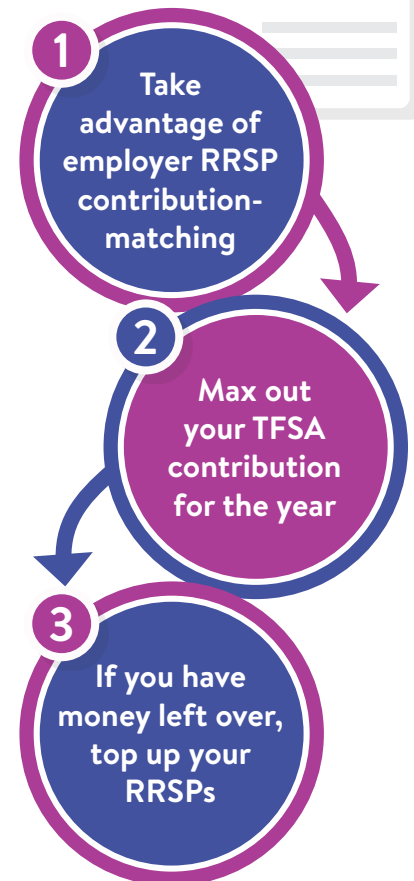


Will you have parents or adult children to support?

Factors like these make traditional savings rules or so-called magic retirement numbers irrelevant for many people.

Retirement savings plans are not “one size fits all”, but these steps are often recommended:

SAVINGS PLAN



Why? This strategy nets you the free money from your employer match and also takes advantage of your TFSA’s tax-free withdrawals.

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