

It's true retirement planning is an ongoing process, and this year, I decided I should start to think about my future. So I went to see Mrs. Rizzo at my local bank...

If I start saving now, I assume that I have missed the boat on Freedom 55, but maybe I can catch freedom 65.

I don't need a million dollars... I just want to live comfortably. 30K seems like a reasonable amount.

Since 1992, the rate of inflation in Canada has fluctuated around 2 per cent, which is what this calculation is based on. Mrs. Rizzo seemed unconcerned about the oil bubble bursting.

Introduction

Retirement planning is an on-going process. Whether or not this is the first review of your current financial situation, you have taken an important step toward achieving your retirement goals by having this analysis prepared. The purpose of this analysis is to help you assess the attainability of your desired retirement income, expressed in terms of what today's dollars will buy, after allowing for taxes and adjusting for inflation, from today forward and throughout the retirement period. This analysis has been prepared especially for you and is based on the assumptions and information that you have supplied.

Planning Information and Assumptions (Today's \$)

Brenda Goldstein

Current Age: 35
Retirement Age: 65
Analysis Period: Age 35 To Age 99
Retirement Period: Age 65 To Age 99
The overall inflation rate used is 2.50%

Expenses	Age Start	Age End	Amount	Index Before	Index After
Net Income Required	65	99	30,000	2.50%	2.50%

Income	Age Start	Age End	Amount	Index Before	Index After
Brenda					
Salary	35	64	20,000	0.00%	2.50%
CPP/QPP	65	99	10,615	2.50%	2.50%
Old Age Security (Clawback On)	65	99	6,028	2.50%	2.50%

RRSP/RRIF Account Contributions	Age Start	Age End	Amount	Index Before	Index After
Brenda					
Registered Contribution	35	64	2,000	0.00%	0.00%

Investment Account Rates of Return	Age Start	Age End	Rate
Brenda			
Rate of Return	35	99	8.00%

RRSP/RRIF Account Rates of Return	Age Start	Age End	Rate
Brenda			
Rate of Return	35	99	8.00%

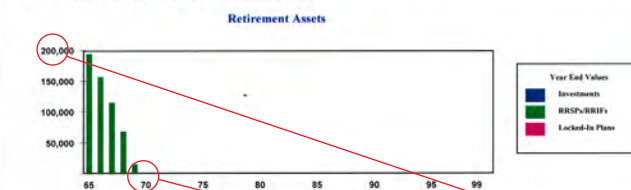
Locked-In Account Rates of Return	Age Start	Age End	Rate
Brenda			
Rate of Return	35	99	8.00%

Tax Rates

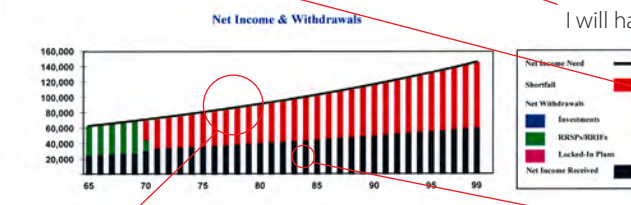
This has been a pretty good year for me. I have cleared over 25K. In an average year, I'm lucky to make 20K. According to a study by Hill Strategies, I'm doing great: the average visual artist makes 18.6K. After rent and paying down my debts, etc., I think I can manage to save about \$160 a month.

2,000 yr. Retirement Sav.

The retirement analysis illustrates whether your retirement incomes and retirement assets will be sufficient to meet your retirement goal. The first graph illustrates the year-end value of the various retirement assets during the analysis period. The second graph illustrates how net income received (government benefits, defined benefit pensions and other incomes) and net withdrawals from your retirement assets (Investments, RRSPs/RRIFs and Locked-In plans) are used to fund your retirement income goal (net income need). When your retirement assets are depleted a shortfall may occur.



Wow! By the time I have retired I will have accumulated \$200,000!



...but by the time I am 70 I will have used up my savings.

For a numerical summary of these graphs, please refer to the **Net Income & Withdrawals** table.

Year-End Values: The value of retirement assets after investment income is added and payments or withdrawals are subtracted at the end of the year. Contributions may be made either at the beginning or end of the year.

Net Income Need: The amount of net or after-tax income needed during retirement, adjusted for inflation.

Shortfall: Investment, RRSP/RRIF, and locked-in assets are used to fund the net income required. When these assets are depleted and the LIF maximum has been reached, a shortfall may occur.

Net Withdrawals:

- Investments:** Net withdrawals made from investment assets to provide additional income to fund your net retirement income goal.
- RRSP/RRIF:** Net withdrawals made from RRSPs and RRIFs to provide additional income to fund your net retirement income goal. Minimum RRIF payments are included starting in the year following the specified conversion age.
- Locked-In Plans:** Net withdrawals made from locked-in assets to provide additional income to fund your net retirement income goal. Minimum or maximum LIF/RRIF/Prescribed RRIF payments are included starting in the year of the specified conversion age. Also includes estimated annuity income after age 79 resulting from the required wind-up of a LIF (if applicable).

Net Income Received: Total net or after-tax income received from CPP/QPP, OAS, defined benefit pension plans, salaries and other income.

Luckily I have been paying into CPP (Canada Pension Plan) so I will receive \$10,615 a year. I will also be entitled to a yearly \$6,028 from Old Age Security.

The red here is the shortfall between what I want to live on (\$30,000.00 a year) and what I am left with after my savings run dry. Mrs. Rizzo tells me that in order to live at that level, I am going to have to accumulate \$1,173,085.00 by my 65th birthday.

Mrs. Rizzo has some advice... "In order to meet your goals you are going to have to start saving now. Is there any future way you can stop paying rent?" she asks. She tells me I should get a part-time job, especially if I want to consider buying a home in downtown Toronto. She suggests waitressing or bar work, something where I can make a lot of money, in cash. "Maybe art should be the part-time job," she suggests.