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Your Retirement Plan: Staying The Course

During the past several months, a few clients have expressed concerns about world events and the potential impact on their investments. Concerns cited have included the ongoing Russia-Ukraine war, rising interest rates, inflation, recession, and weak economic news and so on.

If you have questions about current economic news this is a good opportunity to refocus on the long-term picture. The first question to ask yourself is what are your long-term financial goals? What are your objectives over the next 5-10 years, and have they changed?

Some readers may suggest that these questions are used by financial people simply to brush off concerns or to avoid answering tough questions. But as we dig into these questions, the real concern is usually: "Is my plan still on track?"

When it comes to your overall financial plan you probably fall into in one of two broad camps. The first camp (the largest) are people still building their financial assets. They are growing their portfolios, Government or corporate pensions and other assets so that in retirement they can enjoy a desired lifestyle - without having to work for extra income.

Consumer surveys published by the financial press commonly state that average Canadians desires a \$50,000 retirement income. Assuming an ROI (return on investment) of 5%, assets of about \$1,000,000 would be needed to achieve the desired retirement income goal and maintain enough capital to help offset any future inflation or taxes increases.

Please note this is a very simplified model and if you are in the top 10% of all wage-earners, or your retirement

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income spending goals are higher or lower than \$50,000, then the math gets more complicated - but the principle remains the same.

Also, if you qualify for the maximum CPP and OAS, that indexed retirement income would be equivalent to about \$400,000 of retirement assets - assuming a 5% ROI. RRSP, TFSA or unregistered investments can then make up the remaining \$600,000 needed to reach the retirement income goal.

The second camp are those Canadians who already have enough assets to fund their retirement lifestyles or who have wealth beyond that which is needed solely for lifestyle income planning. These individuals need different advice and tactics to achieve their long-term wealth goals.

We encourage those in the first camp to keep their eye on the long-term big picture. Stick to the plan of contributing regularly to a retirement savings plan, having a cash reserve, emergency food, money, and so on - according to specific needs.

Scenario planning gets more complex as more variables are added like your age, time horizon to retirement, health, longevity expectations, inflation, taxes, etc. but having a solid written strategy can help you stay on track with your retirement plan - no matter what is happening in the world around us.

Please [contact our office](#) [1] should you want to review your specific situation.

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