



Successful Transition to Retirement

Participant Guide

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Contents

Five Emotional Stages of Retirement	4
Planning is key	5
Tips for Planning Your Time.....	6
Tips on Staying Fit.....	9
Social Environment.....	9
Physical Environment	11
Financial Planning for Retirement.....	12
Choosing a Financial Planner.....	14
Resources for Retirement Planning.....	15



Five emotional stages of retirement

1. Imagination – 6 to 15 years prior to retirement

In the 6 to 15 years leading up to retirement, people start to prepare mentally by dreaming. How will they spend their retirement years? This can be a time of great optimism. Of course, those who already have substantial savings can get more excited. And, for others, retirement may be far from their minds as they are still so busy with kids in school, careers, and life in general.

2. Anticipation – 5 years prior to retirement

The second stage is Anticipation, typically the five years leading up to retirement. The reality of making a life change is starting to set in. While there is excitement about actually achieving retirement ambitions, this is also a time when people begin to worry about how it will all work out.

3. Liberation – Retirement day and one year following

The third stage usually lasts from “retirement day” for about a year. It’s a “honeymoon” phase of excitement, relief, and hopefulness. The study found that the most important gift of retirement is “control over time.” New retirees reconnect with spouses, hobbies, traveling, and starting new businesses.

4. Reorientation – 2 to 15 years after retirement

After the initial “honeymoon” phase, many retirees in the study found they needed to adjust their expectations and plans. It’s a case of reality setting in. The study found that the loss of social connections at work is nearly twice the hardship pre-retirees expected. Just 13% of pre-retirees think this will be the hardest thing to deal with, compared to 22% of those actually in retirement.

Those who do it best are called “Empowered Reinventors.” They are doing work they enjoy, even in retirement. They are continually learning, through formal education and new careers. They’ve also done more advanced planning and preparation which helps them to reinvent themselves, overcome obstacles, and reorient to a fulfilling retirement.

5. Reconciliation – 16 or more years after retirement

Slowing down in later years often results in greater reflection. It’s only natural that people at this point have figured out what brings them contentment and have a heightened interest in personal reflection, leaving a legacy, and enjoying time with family and favourite hobbies.

Source: The 2005 “The New Retirement Mindscape” groundbreaking study conducted by Ameriprise Financial in collaboration with Ken Dychtwald Ph.D., founder of Age Wage, a leading market authority on Baby Boomers, and Harris Interactive, a leading market research firm.



Planning is key

The key to a successful retirement experience is to plan – it's never too early to start. You'll want to focus on 4 key areas:

- How you want to spend your time
- How you will stay physically and emotionally healthy
- What you want for your physical and social environment
- Your finances

Consider developing a written retirement plan. Before you embark on this, consider some of the following questions, which will help you to get in touch with your emotional feelings about retirement and bring some focus to the planning process.

The Transition

- What is something that you'll miss?
- What is something that you're looking forward to?
- What is something that may be a challenge?
- What is something that you'll be proud to have accomplished before retiring?

Securing your Identity

- What value do I bring to those around me?
- Who will I "be" the day after I retire?
- What excites me in life?
- Do I live life to the fullest today?
- If not, what am I waiting for?

What's Next for You?

- Where are you now in relation to your retirement goals?
- What skills do you have? What skills do you need to develop?
- What resources do you have? What resources do you need to gain?

The Plan

- When do you want to retire?
- What would you like to do with your time?
- What level of fitness/health do you desire?
- What are your desires in terms of your social and physical environment?
- What do you want from your financial situation?



Tips for planning your time

- The key is to **plan** your time to some extent.
- Do not plan time based on what you did for leisure and vacations while working.
- Retirement is not a prolonged vacation.
- Leisure time is not inactive time; leisure includes education, hobbies, sports, travel, entertainment and social activity.

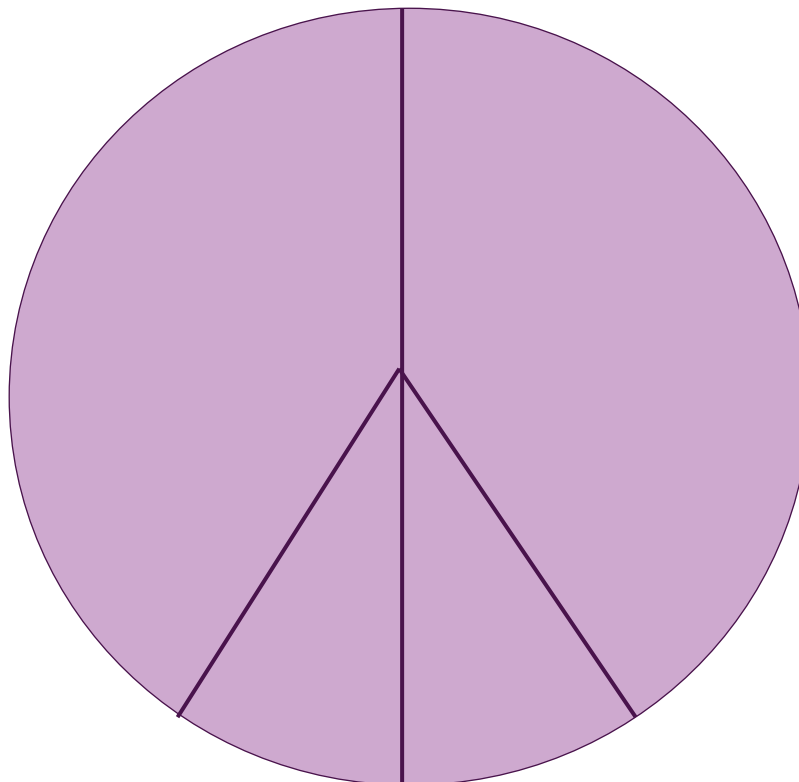
Time pie

The pie below represents twenty-four hours of your typical working day.

It has been cut into four segments:

- (1) work, lunch, and travel
- (2) sleep and meals
- (3) leisure time
- (4) Household chores

Examine this pie carefully and write down the amount of time spent in each part of the pie on a typical working day.





The science behind a happy retirement.

My ideal retirement includes the following pleasurable activities:

- 1.
- 2.

My ideal retirement includes the following engaging (flow) activities:

- 1.
- 2.

My ideal retirement includes the following meaningful activities:

- 1.
- 2.

Use time now to explore your own interests to determine what plan will be most suitable.

Volunteering:

- Join a worthy cause
- Habitat for Humanity
- Salvation Army
- A local women's shelter
- Animal hospital
- Library
- Children's hospital
- Orphanage
- Become a foster parent
- Send toys to third-world children through Operation: Christmas Child
- Go on a missionary trip through your church or local organization
- Collect toys at Christmas for your local drive
- Distribute food at Thanksgiving

- Hold and comfort premature babies
- Knit baby booties and clothes for premature babies
- Social justice and solidarity work
- Environmental activism
- Volunteer for a political party

Working:

- Part-time job at a fun store
- Part-time at previous job
- Mentoring or coaching
- Movie theatre... and get free tickets!
- Museum... and get free passes!
- Start your own small business
- Become a consultant
- Become an inventor



Clubs to Join:

- Toastmasters club
- Optimists club
- The Rotary Club
- Book-reading group
- Photography club
- Community theatre
- Shriners

Fun things to do:

- Cultivate a hobby
- Read
- Crossword Puzzles
- Play games: chess, checkers, Scrabble, Monopoly, bridge
- Write a book
- Paint a landscape
- Home decoration
- Cooking, or learning new recipes
- Carpentry
- Landscaping, decorating your garden
- Wood-working
- Go to the library and take out books
- Enjoy open-air music, free concerts
- Needlepoint
- Play/ learn a musical instrument: piano, guitar, violin, sax, drums
- Listen to music
- Go to a concert
- Go to the symphony/ ballet/ theatre
- Travel
- Go cross country in a motor home
- Learn a new language



Tips on staying fit

By remaining active and fit, you take control of your physical health and emotional wellbeing. Consider the following ideas:

- Ask your friends what they are doing to stay fit.
- Do activities with a buddy.
- Pursue activities that involve a club, or a social aspect, to build connections and stay healthy at the same time.
- Scheduling regular time for activities each week.

Social environment

Forming a support network takes effort. Everybody should have many people they can call on when in need; this includes friends, family, pets, ministers, a family lawyer and doctor, etc. Sometimes it means getting out and getting involved in various groups as a way of meeting more people. Most communities have a number of programs, which can help broaden our support networks in addition to our family and life-long friends. This effort will pay off during hard times when we find that others care about us.

Other suggestions to consider:

- *Plan to have some retirement activities that do not involve your partner/spouse.* Retirement typically requires some renegotiation with those you live with, especially if you are now together 24/7.
- *Begin cultivating bridge-building relationships with people who are not work colleagues during your pre-retirement years.* You would be surprised at how quickly those work connections can be lost and your previous work colleagues may not have a lot of time for you.
- *Try to make friends with people of different ages.* You may be pleasantly surprised to find how much you have in common with someone 15 or 20 years younger than you.
- *Spend time with grandchildren and great-nieces and nephews. Volunteer to help part-time in a local school or day-care center.* Very young children can brighten up your life with their enthusiasm and energy.
- *Learn to recognize and deal with the signs of depression.* Loss of appetite and weight, inability to sleep, loss of energy and motivation, and thoughts of suicide are all signs of depression. Your family doctor can refer you to a mental health professional for treatment.

Diversify your social portfolio

A diversified social portfolio must include activities that are solitary and others that are social and both categories must include high energy and low energy activities. An array of activities ensures that if you lose significant relationships, you have others to help you through the transition. Also, having a variety of activities to choose from protects you



against disability. In the event that your mobility is severely compromised, you can engage in solitary or social activities that are not physically strenuous.

Examples:

- High impact group = traveling, hiking, bike riding with others
- High Impact individual = gardening, exercising
- Low impact group = book club, wine tasting, playing cards
- Low impact individual = reading, using the internet, cooking

My high impact group activities

My high impact individual activities

My low impact group activities

My low impact individual activities



Physical environment

Housing:

- Location – where do you want to live? Will you live in the same location year-round, or escape the Canadian winters to warmer climate?
- Type of housing – house, condo, townhouse, rent or own?
 - Community - what kind of a neighbourhood or community do you want to live in? Consider the design of the city/town.

Transportation:

- How will you get around to events and appointments?

Healthcare:

- As we age, access to healthcare facilities will become increasingly important. Consider this early on – do you want to live close to medical facilities or a hospital?

Pollution:

- Water and air pollution are harder on seniors, whose respiratory systems are struggling more. Consider the quality of the environment you choose to live in.
- Would you prefer to experience natural environments and wilderness?
- Think "out of the box" and shift to more active aging images. Design your environment to support passionate living that keeps one alive and engaged with life



Financial planning for retirement

Canada's retirement income system has three levels. (Please refer to The Government of Canada website, www.canada.ca, the source of the following financial information.)

The first level: Old Age Security (OAS)

Old Age Security is Canada's largest public pension program. It provides a modest monthly pension to most people, starting at the age of 65. The Government of Canada pays OAS benefits from general tax revenues. You qualify by living in Canada. Generally, you must be 65 and a resident of Canada for at least 10 years after your 18th birthday to receive OAS in Canada.

The amount of OAS you receive depends on the number of years you live in Canada after you turn 18. Generally, you receive a full pension if you live in Canada for at least 40 years after 18. If you live here for less time, you may qualify for a partial pension. With a partial pension, you'll receive 1/40th of the full pension for each complete year you live in Canada after you turn 18.

The Guaranteed Income Supplement and the Allowance are only for seniors who live in Canada. They stop if you leave Canada for more than six months. If you return to Canada you must reapply.

As of April 1, 2019, a full OAS pension was about \$601 per month. Some provinces and territories also provide income supplements to low-income seniors.

The second level: Canada Pension Plan (CPP)

The Canada Pension Plan pays a monthly retirement pension to people who have worked and contributed to the CPP. The CPP also acts as an insurance plan, providing disability and survivor benefits for those who qualify. It also provides a monthly income to your surviving spouse or common-law partner and dependent children if you die. A lump-sum death benefit is available to your estate when you die. CPP contributions are tax-deductible.

Your employer deducts your contributions from your pay and makes an equal contribution. If you are self-employed, you act as both employee and employer and pay both portions. You qualify by working in Canada. Generally, all workers in Canada over the age of 18 pay into the CPP (or the QPP) and qualify for benefits. In general, your retirement pension replaces about 25 percent of the earnings on which you paid into the CPP. The exact amount depends on how much and for how long you contribute. The age at which you decide to take your pension also affects the amount you receive each month.

In 2019, the maximum CPP retirement pension is \$1,155 per month if taken at the age of 65.



The third level: Private Pension Plans

The third level of Canada's retirement income system includes private pensions and savings. The system of Registered Pension Plans and Registered Retirement Savings Plans is the primary way that the Government of Canada assists you in saving for retirement. The savings in these plans are tax-assisted - contributions are tax deductible and investment income is not taxed as it is earned. The tax is paid when funds are withdrawn from these plans or received as pension income. You may also have other personal savings. You can include in your retirement plan any asset that will grow and supplement your income.

Employer pension plans

About 40 percent of workers in Canada are covered by an employer pension plan, formally called Registered Pension Plans (RPPs). If you are in a contributory plan, your employer deducts from your pay cheque any contributions you are required to pay, and reports the total on your T4 tax slip each year. Your annual contribution is tax-deductible. When you retire, money is paid back to you from the fund that you have contributed to.

Registered Retirement Savings Plans (RRSPs)

RRSPs are the most popular method of personal savings for retirement, especially if you do not participate in an employer pension plan. RRSPs are individual, personally managed savings plans. Like employer pensions, savings in an RRSP receive tax assistance - contributions are tax deductible and investment income is not taxed as it is earned. The tax is paid when funds are withdrawn from these plans. You can set up an RRSP through most financial institutions - banks, credit unions, trust companies, mutual fund companies, insurance companies, and investment dealers or brokerage firms. You're eligible to contribute to an RRSP if you have earned income.

Other Personal Savings and Investments

There are many other ways you can set aside money for retirement. Make sure that you understand the tax treatment of the different types of investments you hold, as it can vary. This is important to remember as you develop your retirement income strategy.

The following is a list of some of the most common types of investments:

- | | |
|---------------------------------------------------------|---------------------------|
| 1. Term deposits and guaranteed investment certificates | 5. Life insurance |
| 2. Stocks and bonds | 6. Real estate |
| 3. Mutual funds | 7. Equity in a business |
| 4. Segregated funds | 8. Employee savings plans |
| | 9. Equity in your home |



Choosing a financial planner

When making your decision about who to retain as a financial planner, it is recommended to talk to three planners before choosing and look for the following information:

- *What are their credentials, formal education and professional training?* Does your planner take the time for continuing education courses to stay up-to-date with the latest information?
- *What are their fees/ fee structure?* Does your planner receive commissions through the sales of certain products like in-house mutual funds (making their opinions biased) or do they do fee-only work for the time and effort they spend working with you? Are they on an hourly rate, or a fixed one-time fee?
- *Can you meet with the planner for a free introductory meeting to get a feeling for them?* Many times, planners will offer an 'interview' type meeting where you can determine if there is a fit or not.
- *What is their process for developing financial plans?* How long will it take, what papers will they require, and how many times will they meet with you to develop the plan?
- *Ask for references of satisfied clients.* You will want to know that your planner has served people well, and that they speak positively about the quality of service and expertise they offer.
- *Ensure that you communicate with your partner about any financial plans or changes to your plans...* it may help to involve your partner in your meetings with the financial planner!



Resources for retirement planning

Books:

Schlossberg, N. (2004). Retire smart, retire happy: Finding your true path in life. Washington, DC: American Psychological Association.

Ken Dychtwald and Daniel J. Kadlec (2005). The Power Years: A User's Guide to the Rest of Your Life.

Internet:

www.canada.ca	Government of Canada website, information on OAS, CPP, & RRSP's
www.carp.ca	Official site of the Canadian Association of Retired Persons (CARP)
www.caregiver.org	Family Caregiver Alliance
www.getsmarteraboutmoney.ca	Offers financial calculators to help you plan for retirement
www.fpcanada.ca	Resource to help find a financial advisor
http://www.mealsonwheels.ca/	Meal-delivery service