

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?

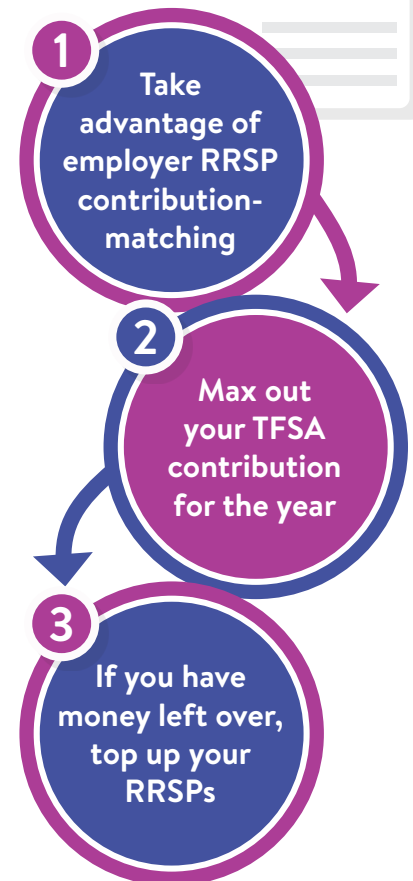


Will you have parents or adult children to support?

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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