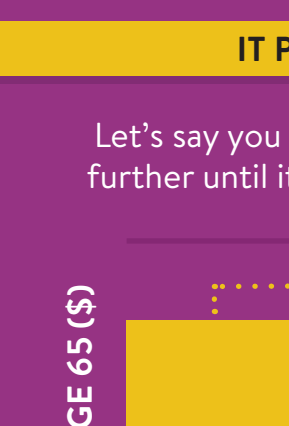


## Someday you will be an OLD PERSON

Sorry to remind you, but it's true—and the sooner you accept the fact, the more prepared you'll be to build the kind of retirement lifestyle you want.



## TIMING IS EVERYTHING



### Saving a little now is better than saving a lot later

Your retirement will likely be the longest-term savings goal of your entire life. The earlier you start saving, the more time your contributions have to compound and grow.

#### IT PAYS TO START SAVING EARLY

Let's say you put **\$10,000** in your **RRSP** and do nothing further until it's time to **withdraw the balance at age 65**:



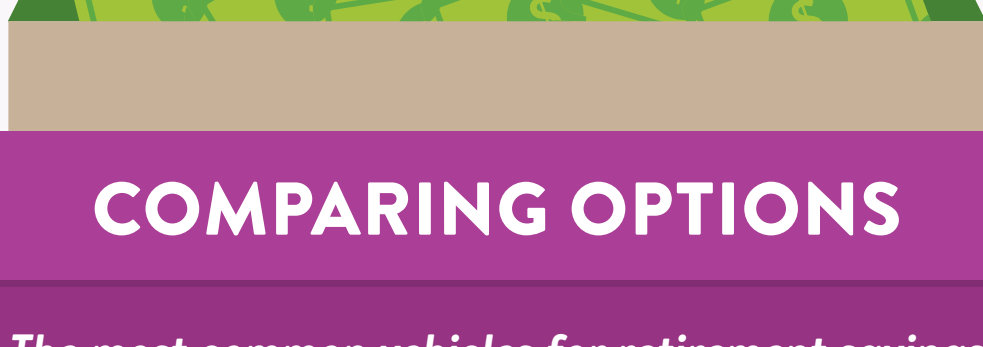
"The same investment can be worth **a lot more** when given **a little bit more** time to grow!"



## RETIREMENT ACCOUNTS

Retirement accounts are designed as an incentive to save for retirement and act like containers for your various investments.

As long as your investments remain in the container, they can grow and accumulate tax-free.



## COMPARING OPTIONS

The most common vehicles for retirement savings include **Registered Retirement Savings Plans (RRSPs)** and **Tax-Free Savings Accounts (TFSAs)**

### RRSP

### TFSA

#### Where can I set one up?

At your financial institution—RRSPs are registered by the federal government

At your financial institution

#### What are the annual contribution limits?

**\$30,780**

**\$7,000**

#### Are my contributions taxed?

**No**

Contributions are made with pre-tax dollars—contributions may be deducted from your income tax return for that year

**Yes**

Contributions to your TFSA are made with after-tax dollars and cannot be deducted from your income tax

#### When can I make withdrawals?

An RRSP must be collapsed or converted to another account type by the end of the year you reach age 71—at that point, you will be subject to mandatory minimum withdrawals

Withdrawals can be made whenever you want—you are not required to make mandatory minimum withdrawals from your TFSA

#### Are withdrawals taxed?

**Yes**

Withdrawals of investment income and contributions are taxable

**No**

There are no taxes on withdrawals of investment income or contributions

#### Are there any penalties?

**Sort of**

Early withdrawals are subject to a withholding tax (anywhere from 10% to 30%)

**No**

You can make withdrawals from your TFSA at any time

#### What makes it a good option?

Employers may offer contribution matching on RRSPs (free money!)—RRSPs also offer ways to make early withdrawals penalty-free for education or a first-time home purchase (restrictions apply)

TFSAs are not designed strictly for retirement, so they are more flexible than RRSPs—they're a better option if you anticipate being in a higher tax bracket in retirement than during the years you're making contributions

#### What should I look out for?

When you reach retirement, you'll need to be strategic about when you start making withdrawals from your RRSPs, since it can affect your tax bracket and eligibility for OAS (Old Age Security) and other government programs

The flexibility of a TFSA may make it tempting for you to raid your savings early—additionally, you can be penalized for overcontributing to your TFSA

#### JUST SO YOU KNOW...

The comparison chart above is a simplified guide. Full details and exceptions are not listed here. If you're looking to learn more, visit the Government of Canada website or get in touch with your credit union.

## STARTER PLAN

Retirement savings plans are not "one size fits all", but the following steps are often recommended



**1**

Take advantage of employer RRSP contribution-matching

**2**

Max out your TFSA contribution for the year

**3**

If you have money left over, top up your RRSPs

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

## STRATEGIC SAVING

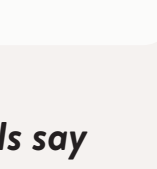
These tips will help you protect and grow your retirement savings

### Eliminate high-interest debt

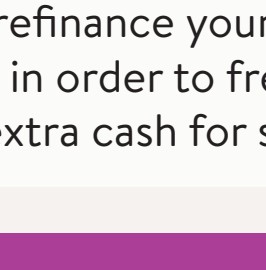


In order for your money to grow, you need to create the right environment—paying down credit cards (and other high-interest debt) should be your #1 priority

### Build an emergency fund



Life happens, but the last thing you need is an unexpected expense taking a bite out of your savings—build an emergency fund to protect your financial goals



One-third of millennials say student loan debt is delaying retirement savings

### Maximize your repayment plans



Revisit your loan terms and see if there's a smart way to consolidate or refinance your loans in order to free up extra cash for savings

### Ditch the excuses and start saving today

Time is on your side when it comes to retirement savings—start small if you have to, but start saving today



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Sources: Canada.ca, Investopedia, Money Sense, The Globe and Mail, The Motley Fool, Time Inc.