
The Three Levels of Retirement Resources

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A survey conducted by a big bank some years ago* revealed that over 30% of Canadians were hoping for a lottery win to help fund their retirement. This raises the question, "*If you were to paint a picture of your retirement, what would it look like?*" Many would let dreams take over and envision lots of travel, a vacation home in an exotic location, spoiling their grandchildren, perhaps several year-long world cruises.

It is very important to have a goal in mind. You should also consider the different levels of resources required to make your retirement what you want it to be:

Essentials - These are the basics everybody needs - food, clothing and shelter. Depending on where somebody lives, this need may be met by government benefits like Canada Pension Plan (CPP) and Old Age Security (OAS). But, have you ever met anyone who wants just this level of retirement existence? Bear in mind that everyone who wants to retire from the workforce entirely will need these essentials as their financial foundation.

Lifestyle - This is where most of the 'extras' come in. It even includes things like cable or satellite television, a car, a cellular telephone and a computer connected to the Internet, things we often think of as necessities today.

The question that must be answered here is, 'What do you want to do in retirement and what will it cost?' If travel is one of your answers, be specific. Is it a trip to the Rockies or the Swiss Alps? How often will you travel and what transportation requirements will you need? How long will you travel? How much of your income today is already spent on travel? Once you have these answers, the cost can be calculated and the necessary savings plans put in place. This can be expressed as a certain percentage of your current income continuing in retirement.

Legacy - It has been said that in a perfect world, we would spend our last dollar one moment before we took our last breath, and the cheque for the funeral would bounce. Many, however, want to leave something behind for their children, grandchildren and favorite charities.

A legacy can be just what is left over, if anything, when we die, or a specific amount that is planned for. For example, Carl and Susan used life insurance to provide specific amounts for their children and grandchildren, and their charity got their RSPs.

* *Toronto Star* - January 2014

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