



**FMI Edmonton Chapter Event – November 28, 2018
Sutton Hotel – 10235 101 Street, Edmonton, Alberta
“Retirement Planning for the Civil Servant”**



Summary

- The workshop was a success with a sold out crowd of 240 attending.
- The workshop brought together a panel of experts focusing on different view points of retirement.
- Books were given away to the first 100 people that registered for the workshop.
- We learn that everyone can retire but that depends on the life style you want.
- Retirement should be your preferred life style, so search what it is that you want to do and coordinate with your partner to make sure you are not going in opposite direction of the plan.
- Preparation is essential to succeed in any endeavour
- There is a joint governance of public sector pension plans taking place at this time.

Rein Sellas, Retirement Author & Educator

- Most Canadians (6 out of 10) don't have a plan for retirement and many spend more time planning their vacation holidays than their retirement.
- Everyone can retire at any time as it is depending on the life style of your choice.
- Your retirement plan needs to incorporate your partner's plan. Ensure the two plans have some co-ordination and are not the opposite of each other. How different are your retirement goals?
- The retirement plan should include: Financial Planning; Income Planning; Health Management; Leisure and Recreation; Housing Options; Legal and Estate Planning; Risk Management; and the Pursuit of Happiness & How to Arrive There.
- The retirement plan can change depending what is happening in your life at the time. It is a living document.
- Most common misconceptions is that many think your retirement earnings should be the same as my current earnings; when to collect CPP; are you eligible for OAS; and not touch your savings.
- There are 3 variables in a Retirement Plan: how much you save for retirement; the age you pick to retire; and the life style. The retirement plan needs to be flexible to allow for changes in your life.
- Retirement should be your preferred life. It needs a purpose, meaningful activities and structure.
- Retirement issues - "All retirement is personal – the partner that retires first likely have an advantage"; communication is very important; and avoid the stress of moving after retirement.

Angus Watt, Managing Director – Individual Investor Services, National Financial Bank

- Preparation is essential to succeed in any endeavour
- Statistic from the Financial Planning Standards Council (FPSC) indicates that 20% are working past age 60. This age group is concerned that they cannot afford retirement (30%) or concerned that they do not have enough savings (28%). Also 56% of this group carry at least one form of debt (i.e credit card, lines of credit, mortgage, or auto loans).
- Many Retirement plan acronyms: RRSP (Registered Retirement Savings Plan); RIF (Retirement Income Fund); LIRA (Locked-In Retirement Account); LIF (Life Income Fund); CPP (Canada Pension Plan); OAS (Old Age Security).
- If your income is over a certain amount the government will clawback some or all the OAS income.
- Income splitting strategy – Spouse may transfer up to 50% of eligible pension income to their spouse for tax purpose. Only income from a company registered pension plan (any age) or RRIF and annuity income (age 65+).
- Other income splitting strategy is the higher income earner buying spousal RRSP, and lower income earning invests their earnings plus claiming the investment income.
- Conversion of RRSP to RRIF or Annuity can be converted at any time but RRSP must be converted by Dec 31st of the year when one turns 71.

- Conversion of LIRA to LIF must be converted by Dec 31st of the year one turns 71 to a LIF or annuity. Unlike RIF, there is a maximum annual limit on how much may be withdrawn from a LIF.
- RRSP versus TFSA: TFSA is more flexible than RRSP. You can withdraw from a TFSA and it allows you to recontribute that withdraw amount later. This can be repeated. For RRSP, when you withdraw an amount, that amount is lost and cannot to recontribute again.
- Leaving a Legacy – charitable receipt will be provided at full market value.

David Mulyk, Executive Director, Pension Policy

- New governance model for employee and employers for our pension plans: Local Authorities Pension Plan (LAPP); Public Service Pension Plan (PSPP) and Special Forces Pension Plan (SFPP).
- “Stakeholders have advocated for joint governance, a model of pension governance widely adopted in other major public sector pension plans across Canada.
- Joint governance legislation – four key components: (1) *Separation of sponsor and administrator/trustee functions* – Will have Sponsor Board that sets the pension deal and Corporation Board that delivers the pension deal. Equal representation by employee and employers sponsors. Each board will have different duties and responsibilities. (2) *Selection of nominees and appointment to the sponsor and corporations boards* - Each pension plan will have a number of designated representatives from the employers and employee. (3) *Service provider retention/choice* – first 5 years – AIMCo and APS can review and renew their agreements (4) *Employment Pension Plans Act (EPPA) registration and regulation* – the plans will be registered under the Employment Pension Plans Act Bill 27. It was tabled in November 2018 and passed.
- Other Provisions – Plans continue to operate on a cost-recovery basis and costs paid from the plan fund. It will also be subject to strong transparency.