

The background features a dark blue gradient with a large, semi-transparent circular scale on the left side. The scale has numerical markings from 150 to 260 in increments of 10. Several circular arrows, some solid and some dashed, are scattered across the background, suggesting a cycle or process. The text is positioned on the right side of the slide.

RETIREMENT: THE PSYCHOSOCIAL ASPECTS OF THIS MAJOR LIFE EVENT

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QUESTIONS WE HEAR FROM PROSPECTIVE RETIREES

- Will it be easy or difficult to transition to a life that is not based on routine and work?
- What will I do to keep busy?
- What if I live until I'm 100?!
- How will I see myself?
- How will others see me?

WHERE ARE YOU?

Worried?

1. About loss of purpose and loss of a routine?
2. About your finances?
3. About your health?
4. About not knowing what to do with all your free time?
5. About new family obligations
6. About “Who am I” when I have no job role?

Happy?

1. To look forward to a new purpose and new routines?
2. That your finances will be ok?
3. To engage in new physical activities to keep healthy?
4. That you can organize your time as you like?
5. To have more time for family and and friends?
6. To have a fresh start with new objectives and life goals?

WHERE ON YOU ON THESE CONTINUUMS?

Worried about Money

I Feel OK about Money



Fear of Isolation

Lots of Things to Do



Loss of Job Identity

Ready to Move On



DO A SELF-ASSESSMENT

- What are my **SKILLS**? – Which ones do I have now? Which new skills do I want to develop??
- What are my **INTERESTS**? – What interests do I have now? What new interests do I want to develop?
- What are my **VALUES**? – What's important to me in life?

SOME RECOMMENDATIONS

- Understand your finances and the McGill Health Plan
- Plan your future based on your values, skills and interests
- Keep physically active and stay as healthy as possible
- Keep intellectually stimulated
- Keep engaged socially

SUGGESTIONS

- Keep physically active
 - Do more of what you already do
 - Learn new activities: pickle ball, cycling, yoga
 - Join McGill Athletics or a local gym
 - Walk, walk, walk
- Keep intellectually stimulated
 - Learn a new skill or take a course
 - Check out the McGill Centre for Lifelong Learning (MCLL)
 - Attend lectures or talks
 - Write!

MORE SUGGESTIONS

- Travel
- Volunteer locally
- “Get a job”!
- Get involved in MURA events:
 - cycling, book clubs, restaurant outings, lectures, walking tours, concerts, bridge, golf

COGNITIVE RESILIENCE

- The more cognitive resilience we develop, the better equipped we will be to ward off age-related declines in cognitive ability
- Keep physically active and healthy and exercise
- Eat and hydrate well
- Get rest and enough sleep
- Maintain and expand social contacts
- Engage in new experiences to stimulate your brain

CONCLUSION

- Research-based evidence shows that to live a long and happy retired life, it's important to remain engaged in life and challenge your brain
- Therefore, keep busy socially, physically, mentally and spiritually in whatever way feels right for you
- Don't take longer and longer to do less and less!
- Monitor your progress
- Because you never know what the future holds for you

HAPPY RETIREMENT PLANNING!

- McGill University Retiree Association (MURA/ARUM)
- www.mcgill.ca/mura-arum



**Pension Issues at the Time of Retirement
For Active McGill Employees**

April 2024

McGill University Retiree Association
Robert Stanley, Treasurer

Points we will discuss today

- The importance of becoming **financially literate** and aware of your options
- Making use of the various **McGill Pension Information Sessions**
- Resources - **Retraite Québec** and **Autorité des Marchés Financiers**
- Find a professional **financial planner** to assist you.
- A **caution about market exposure** of your retirement funds –
 - when you approach retirement and
 - after retirement

The Importance of Becoming Financially Literate

- You will have to decide what to do with your money at retirement.
- You should understand the risks and means to mitigate the risks of market exposure of your pension portfolio as you approach and transition into retirement.
- The McGill Pension Plan is a **Defined Contribution Plan**: (Performance is **NOT** guaranteed for those joining after Jan 1, 2009).
 - If you joined after Jan. 1, 2009 (Part B), **YOU** are responsible for overseeing the performance of the asset mix of your pension portfolio, and understanding the consequences of that performance.
- A market correction in the **months leading up to your retirement date** could cause a significant loss in pension portfolio value – a loss from which **you may not have time to generate a recovery in value.**

The Importance of Becoming Financially Literate

- If you are a member of the Hybrid Plan (having joined prior to Jan 1, 2009, (Part A)), it includes a guaranteed minimum pension. That McGill guarantee takes you up to your retirement date or the date you turn 65, **whichever comes first**.
 - McGill will establish the settlement value of your pension at that date.
 - **You assume full exposure to market fluctuations (the market risk) after this date**, with no further guarantee from McGill.
- When you retire, you may be exposed to market corrections in the weeks between your retirement date and the liquidation of your McGill pension by the pension administrator, Sun Life Assurance Company of Canada (Sun Life Financial).
 - That could be as long as **several weeks**.
- **A market correction at that time could generate a significant loss in pension value.**

The Importance of Becoming Financially Literate

Approaching retirement -

- YOU must make all of the decisions about what to do with your money in the pension fund:
 - eg . what investment mix to have;
when and if you should convert to cash,
What financial instruments best suit your retirement needs.
 - McGill Pension Management **cannot/will** not make these decisions for you.

On retirement

- McGill will ask you how your pension plan account should be liquidated – what to do with the money.
- **It is important for you to develop the financial knowledge to allow you to make the best financial choices that will meet your specific needs in retirement.**

Resources - The McGill Pension Information Sessions – A Good Place to Start.

See them online here <https://www.mcgill.ca/hr/pensions/mupp/sessions>

The screenshot shows the McGill University Pension Plan (MUPP) website. The header includes the McGill logo and the text "Human Resources" with a search bar. A navigation menu lists: Total Compensation, Benefits, Pensions, HR Info Services, Labour & Employee Relations, Recognition, Forms, and Contact Us. The breadcrumb trail reads: McGill.CA / HUMAN RESOURCES / Pensions / McGill University Pension Plan (MUPP). The main content area is titled "Information sessions" and "Upcoming Sessions". A sidebar on the left lists various MUPP topics: Information sessions, Watch a video capsule, Your account, Your contributions, Investments & Reports, Pension Administration Committee, Retirement Income Program, Pension Plan for Service Employee Union, Simplified Pension Plan, Voluntary Savings Plans, and Retiring. The upcoming sessions list includes: 8 Apr 4-Part Money Series - Workshop #4: Plan, Review, Adjust and Grow (Online); 8 Apr Retirement Information Session (online); 10 Apr MUPP: Settlement Options Information Session (online); and 15 Apr MUPP: Part A (hybrid) Information Session (online). A "VIEW MORE EVENTS" section follows, with a note for members seeking more information and a list starting with "1 Retirement Information Session".

Resources - The McGill Pension Information Sessions – A Good Place to Start

†[General information session](#)

†[Retirement information session](#)

†[Part A \(hybrid\) information session](#)


†[Settlement options information session](#)

†[Decumulation/payout phase information session](#)

Presentation slides


Copies of the slides used in the various presentations are available for your viewing. You are cautioned that the information provided in the various presentations may not adequately address your individual needs and circumstances and does not constitute financial advice. You should also consider obtaining investment advice from an appropriately qualified individual in addition to using any information contained in these presentations. You may also wish to [watch our video capsules](#) or register for one of


 [Sun Life's Financial Wellness Webinars](#).

 [General Session](#) (updated November 2023)

 [Retirement Information Session](#) (updated March 2024)

 [Part A \(Hybrid\) Session - Understanding the Defined Benefit Minimum](#) (updated June 2023)

 [Settlement Options](#) (updated March 2024)

 [Decumulation Session](#) (updated November 2023)

Resources - The McGill Pension Video Capsules

McGill | Human Resources

Search

Total Compensation | **Pensions** | HR Info Services | Labour & Employee Relations | Recognition | Forms | Contact Us

McGill.CA / HUMAN RESOURCES / Pensions / McGill University Pension Plan (MUPP)

McGill University Pension Plan (MUPP)

Information sessions

Watch a video capsule

Your account

Your contributions

Investments & Reports

Pension Administration Committee

Retirement Income Program

Pension Plan for Service Employee Union

Simplified Pension Plan

Voluntary Savings Plans

Retiring

Watch a video capsule

Available on McGill's YouTube channel, these short capsules seek to provide you with quick and easy access to information on the MUPP to help you achieve your retirement goals and objectives.

General Information

- For employees hired before January 1, 2009:
 - [Part A \(hybrid segment, 9:07 minutes\)](#)
 - [How cost-sharing works \(4:45 minutes\)](#)
- For employees hired on or after January 1, 2009:
 - [Part B \(defined contribution segment, 6:40 minutes\)](#)

Retirement Information Session Capsules

- [Planning for retirement \(15:25 minutes\)](#) - [Handout of links in the presentation](#)
- [Retirement and the McGill University Pension Plan \(11:50 minutes\)](#)

Resources - Retraite Québec

<https://www.rrq.gouv.qc.ca/en/planification/Pages/planification.aspx>



Planning your retirement

[Planning in 5 steps](#)

[Understanding the financial risks](#)

[Thinking it through with our experts](#)

[Conferences \(French only\)](#)

[I am planning! campaign](#)

[I am planning my future! campaign](#)

[Planning tools](#)

[Home](#)

Planning your retirement

Retirement is a life project warranting serious thought. It is better to start early because time can be a great ally when it comes to savings and financial planning for retirement! Take advantage of our planning in 5 steps, as well as the wealth of information and tools to help you carry out your project and ensure you have an adequate retirement income.

[Planning in 5 steps](#) →

[Understanding the financial risks](#) →

[Thinking it through with our experts](#) →

[Conferences \(French only\)](#) →

[I am planning! campaign](#) →

[I am planning my future! campaign](#) →

[Planning tools](#) →

Resources - Retraite Québec - Five Steps in Planning Retirement

Retraite QuébecQAbout us
How to reach us
Français

Home > Planning your retirement

Planning in 5 steps

To ensure a successful retirement, you must evaluate your retirement income by taking into account the various sources of retirement income available, choose how you want to leave the labour market, and do the necessary calculations to find out whether you are saving enough for retirement. You can also consult a financial planner to help you choose the best vehicles for your personal savings. Follow our 5-step plan!

- [Determine your sources of retirement income](#)
- [Find out about the best retirement strategies](#)
- [Do the math](#)
- [Consult a financial planner](#)
- [Choose your savings vehicles](#)

Almost 3 out of every 4 Quebecers have never calculated the amount of savings they need for retirement. Don't be one of them!

Other useful information

- [Tools for financial planning](#) (simulating retirement income)
- [Statement of Participation](#)
- [Public-sector pension plans \(RREGOP, PPMP, etc.\): Planning Your Retirement](#)
- [Flash Retirement capsules](#)

Planning your retirement

- Planning in 5 steps**
 - Determine your sources of retirement income
 - Find out about the best retirement strategies
 - Do the math
 - Consult a financial planner
 - Choose your savings vehicles
- Understanding the financial risks
- Thinking It through with our experts
- Conferences (French only)

2024-04-11

MURA/ARUM

21



The screenshot shows the Retraite Québec website. At the top, there is a blue header with the Québec logo and the text 'Retraite Québec'. On the right side of the header, there is a search icon and links for 'About us', 'How to reach us', and 'Français'. Below the header, there is a navigation breadcrumb: 'Home > Planning your retirement'. The main content area features a large image of a man in a cap, followed by the title 'Understanding the financial risks related to retirement'. Below the title, there is a paragraph explaining that retirement is a vulnerable period and that financial risks are often unrecognized. A section titled 'What are the main financial risks?' lists four risks: Longevity risk, Inflation risk, Rate-of return risk, and Liquidity risk. Below this, a section titled 'Managing risks' states that the ability to manage these risks depends on three elements: Financial planning of your retirement, Planning your withdrawals, and Balance sheet and annual budget. On the left side of the page, there is a sidebar with a blue header 'Planning your retirement' and several menu items: 'Planning in 5 steps', 'Understanding the financial risks' (with sub-items: Longevity risk, Inflation risk, Rate of return risk, Liquidity risk), 'Thinking it through with our experts', 'Conferences (French only)', 'I am planning! campaign', and 'I am planning my future'.

Québec  Retraite Québec  [About us](#)
[How to reach us](#)
[Français](#)

[Home](#) > [Planning your retirement](#)

Understanding the financial risks related to retirement

From a financial standpoint, retirement is probably the period during which you are the most vulnerable. The financial risks related to retirement are often unrecognized, misunderstood or underestimated. Yet, they are not exclusive to retirement. However, the solutions available in retirement, to compensate for not having enough income for example, are much more limited.

What are the main financial risks?

- [Longevity risk](#)
- [Inflation risk](#)
- [Rate-of return risk](#)
- [Liquidity risk](#)

Managing risks

Your ability to manage these different risks will depend on 3 elements:

- [Financial planning of your retirement](#)
- [Planning your withdrawals](#)
- [Balance sheet and annual budget](#)

Planning your retirement

[Planning in 5 steps](#)

Understanding the financial risks

- [Longevity risk](#)
- [Inflation risk](#)
- [Rate of return risk](#)
- [Liquidity risk](#)

[Thinking it through with our experts](#)

[Conferences \(French only\)](#)

[I am planning! campaign](#)

[I am planning my future](#)

Resources - Retraite Québec - Tools



[Home](#) > [Online services and tools](#)

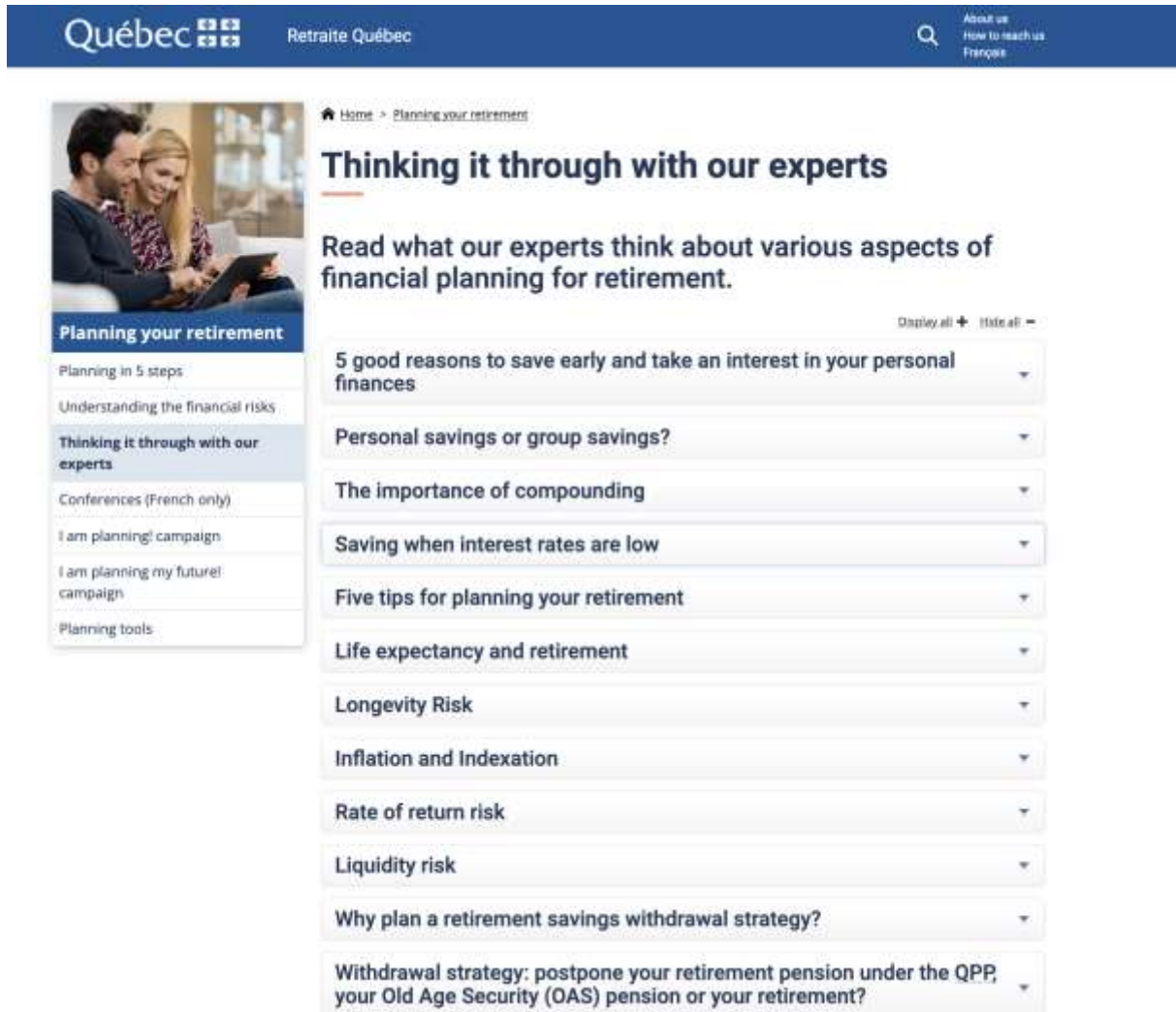
Planning tools and information sessions

Financial retirement planning tools

For individuals

SimuIR	A simplified tool that allows you to simulate your retirement income
CompuPension	A personalized tool that provides a complete picture of your financial situation in retirement and possible sources of income (clicSÉCUR account required)
Guide to Financial Planning for Retirement published by ÉducÉpargne	A comprehensive, downloadable guide to financial planning
Flash Retirement capsules	52 capsules on financial planning for retirement
Statement of Participation under the Québec Pension Plan	A statement which shows your employment earnings and provides an estimate of the benefits you or your family could receive when you retire, when you die, or if you become disabled
Publications regarding the Québec Pension Plan (QPP)	Various documents on the QPP, retirement, disability, death, the breakdown of a union, laws and regulations, etc.
Conferences on financial planning for retirement	Conferences on financial planning for retirement presented as part of the Off the beaten path conference, in replay (French only)

Resources - Retraite Québec - Thinking it Through with an Expert



The screenshot shows the Retraite Québec website. At the top, there is a blue header with the Québec logo, the text 'Retraite Québec', a search icon, and links for 'About us' and 'How to reach us' in French. Below the header, a breadcrumb trail reads 'Home > Planning your retirement'. The main heading is 'Thinking it through with our experts', followed by the sub-heading 'Read what our experts think about various aspects of financial planning for retirement.' To the left is a vertical navigation menu with the following items: 'Planning your retirement' (highlighted), 'Planning in 5 steps', 'Understanding the financial risks', 'Thinking it through with our experts' (highlighted), 'Conferences (French only)', 'I am planning! campaign', 'I am planning my future! campaign', and 'Planning tools'. To the right of the menu is a list of 14 topics, each with a dropdown arrow. The topics are: '5 good reasons to save early and take an interest in your personal finances', 'Personal savings or group savings?', 'The importance of compounding', 'Saving when interest rates are low', 'Five tips for planning your retirement', 'Life expectancy and retirement', 'Longevity Risk', 'Inflation and Indexation', 'Rate of return risk', 'Liquidity risk', 'Why plan a retirement savings withdrawal strategy?', and 'Withdrawal strategy: postpone your retirement pension under the QPP, your Old Age Security (OAS) pension or your retirement?'. At the top right of the content area, there are links for 'Display all +' and 'Hide all -'.

Resources - Autorité des Marchés Financiers

<https://lautorite.qc.ca/en/general-public/personal-finance>

The screenshot displays the website's navigation and content structure. At the top, there is a search bar and social media icons for LinkedIn, Facebook, X, and YouTube. The main navigation menu includes 'General public', 'Professionals', 'Becoming a professional', and 'Other AMF mandates'. A secondary menu lists 'Insurance', 'Investments', 'Personal finances', 'Fraud prevention', 'Calculators and tools', 'Assistance and Complaints', and 'Compensation and Deposit protection'. The 'Personal finances' section is highlighted, showing a breadcrumb trail 'General public > Personal finances' and a large header image of a family. Below the header, there are eight content tiles with icons and titles: 'Reviewing Your Personal Finances', 'Saving plans', 'Retirement', 'Mortgages', 'HBP - Home Buyers' Plan', 'Reverse mortgages', 'Credit report', and 'Inflation and its impacts on your finances'.

Resources - Autorité des Marchés Financiers

<https://lautorite.gc.ca/en/general-public/personal-finance/retirement>

The screenshot shows the website interface for the Autorité des Marchés Financiers. At the top, there is a navigation bar with the logo, language options (Français), social media icons, and a search bar. Below this is a main menu with categories like General public, Professionals, and Other AMF mandates. A secondary menu lists various financial topics such as Insurance, Investments, Personal finances, and Fraud prevention. The main content area is titled 'Retirement' and features a sidebar with a list of related topics. The central content includes a heading 'Where are you in your retirement planning?' followed by three interactive buttons: 'I'm planning for my retirement', 'I'm nearing retirement', and 'I'm retired'. Below these buttons, there is a paragraph of text and a section titled 'Retirement planning in 4 steps' with a 'Continue reading' link and an image of a man stretching.

Autorité des marchés financiers

General public | Professionals | Becoming a professional | Other AMF mandates

Insurance | Investments | Personal finances | Fraud prevention | Calculators and tools | Assistance and Complaints | Compensation and Deposit protection

General public → Personal finances → Retirement

Retirement

Personal finances

- Reviewing Your Personal Finances
- Saving plans
- Retirement**
 - 4 steps to plan for retirement
 - 7 types of documents you'll need as you approach retirement
 - Asking someone to manage your affairs
 - Age-related cognitive decline
- Mortgages
- HBP – Home Buyers' Plan

Where are you in your retirement planning?

To help you prepare or review your retirement planning strategy, choose the situation that most closely matches yours:

- I'm planning for my retirement
- I'm nearing retirement
- I'm retired

What will you do when you retire? How much will it cost? Will you have enough money? Use our 4-step approach and tools to make sure you're financially ready for retirement.

Retirement planning in 4 steps

Learn a 4-step approach to retirement planning.

[Continue reading →](#)

Resources - Autorité des Marchés Financiers 4 Steps

The screenshot shows the website of the Autorité des Marchés Financiers (AMF). The header includes the AMF logo, the word 'Français', social media icons for LinkedIn, Facebook, X, and YouTube, and a search bar. The main navigation bar has categories: 'General public', 'Professionals', 'Becoming a professional', and 'Other AMF mandates'. Below this is a secondary navigation bar with links for 'Insurance', 'Investments', 'Personal finances', 'Fraud prevention', 'Calculators and tools', 'Assistance and Complaints', and 'Compensation and Deposit protection'. The breadcrumb trail reads: 'General public → Personal finances → Retirement → 4 steps to plan for retirement'. The main heading is '4 steps to plan for retirement'. A sidebar on the left lists various topics, with '4 steps to plan for retirement' highlighted. The main content area features a sub-heading '4 steps to plan for retirement', a paragraph about the benefits of early retirement planning, a list of four benefits, and a photograph of a man stretching. Below this, a section titled 'You can plan for your retirement by taking these four steps:' is followed by a horizontal sequence of four numbered steps in a light blue box.

AUTORITÉ DES MARCHÉS FINANCIERS

Français

in f X o

Search

General public

Professionals
Individuals and firms in the financial sector, Fintech

Becoming a professional
Exams, probationary period, right to practice, trainees

Other AMF mandates
Credit assessment agencies, Transparency Measures, VKSPs

Insurance

Investments

Personal finances

Fraud prevention

Calculators and tools

Assistance and Complaints

Compensation and Deposit protection

General public → Personal finances → Retirement → 4 steps to plan for retirement

Personal finances

4 steps to plan for retirement

Reviewing Your Personal Finances

Saving plans

Retirement

4 steps to plan for retirement

7 types of documents you'll need as you approach retirement

Asking someone to manage your affairs

Age-related cognitive decline

Mortgages

Planning for retirement as early as possible has substantial benefits:

- Reduces financial stress;
- Simplifies your decision as to when to retire;
- Results in greater independence and freedom;
- Makes it easier to save enough money to have the retirement you want.

You can plan for your retirement by taking these four steps:

1. Identify the main sources of income that will likely be available to you
2. Set your retirement goals
3. Calculate how much you'll need to save each year
4. Take action!

Resources - Autorité des Marchés Financiers - Tools

Documents and tools



GUIDE TO FINANCIAL PLANNING FOR RETIREMENT

This guide includes a new 5-step method you can use to plan for retirement.

[Consult the guide.](#)



CALCULATOR - HOW MUCH WILL YOU ACCUMULATE IN YOUR VOLUNTARY RETIREMENT SAVINGS PLAN (VRSP)?

The answer depends on your personal situation. How much do you have in savings? What standard of living do you want to have in retirement?

[Calculate](#) →



CALCULATOR - LE RENDEMENT, C'EST IMPORTANT! (IN FRENCH ONLY)

An increase of just a few percentage points in the return on your investments can make a big difference in the amount you accumulate. Complete this exercise to find out how!

[Calculate](#) →



CALCULATOR - INVESTOR PROFILE

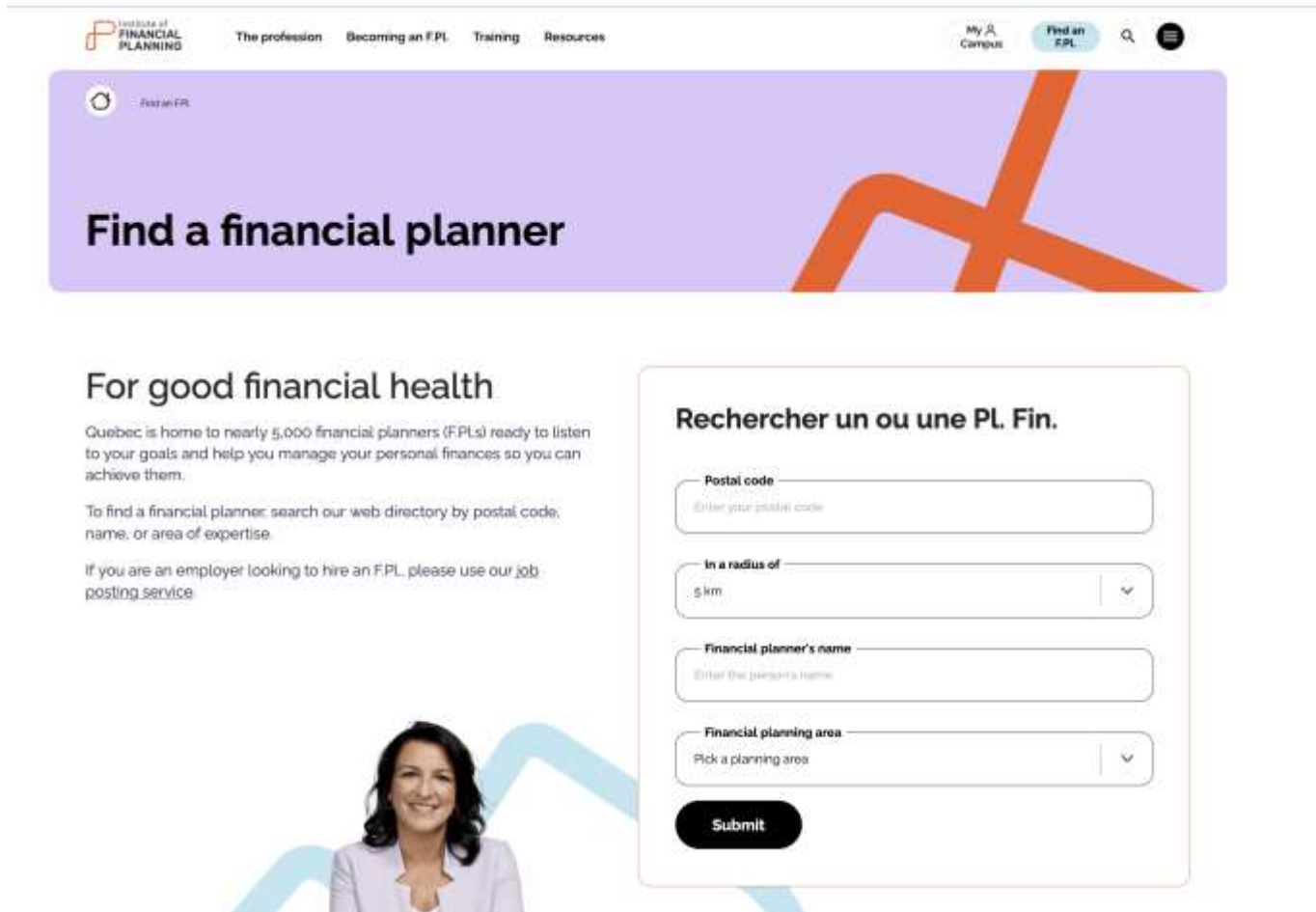
Get an idea of your investor profile and find out which investment products may be suitable for you.

[Calculate](#) →

How to Find a Financial Planner- 1 ?

- Ideally, your financial planner should be an independent professional.
 - But most work for financial institutions– banks, insurance companies.
 - By all means listen to their suggestions, but best to obtain a second, independent opinion about what investment strategy is best for you.
- **Financial Planners in Quebec are specially trained licensed professionals.**
- You can find a list of Certified Financial Planners on the website of the **Institut québécois de planification financière**
- <https://institutpf.org/>

How to Find a Financial Planner- 1 ?



The screenshot shows the website for the Institute of Financial Planning. The navigation bar includes links for 'The profession', 'Becoming an FPL', 'Training', and 'Resources'. There are also links for 'My A Campus' and 'Find an FPL'. The main heading is 'Find a financial planner'. Below this, there is a section titled 'For good financial health' with text explaining that Quebec has nearly 5,000 financial planners and providing instructions on how to search by postal code, name, or expertise. A woman is shown smiling in the bottom left corner. On the right, there is a search form titled 'Rechercher un ou une PL. Fin.' with fields for 'Postal code', 'In a radius of' (set to 5 km), 'Financial planner's name', and 'Financial planning area', followed by a 'Submit' button.

Institute of FINANCIAL PLANNING

The profession Becoming an FPL Training Resources

My A Campus Find an FPL

Find a financial planner

For good financial health

Quebec is home to nearly 5,000 financial planners (FPLs) ready to listen to your goals and help you manage your personal finances so you can achieve them.

To find a financial planner, search our web directory by postal code, name, or area of expertise.

If you are an employer looking to hire an FPL, please use our [job posting service](#).

Rechercher un ou une PL. Fin.

Postal code
Enter your postal code

In a radius of
5 km

Financial planner's name
Enter the person's name

Financial planning area
Pick a planning area

Submit

How to Find a Financial Planner- 2 ?

- Financial Planners in Quebec must pass an exam given by the IQPF and have an IQPF Diploma. (IQPF = Institut québécois de planification financière)

The screenshot displays the website for the Institute of Financial Planning. The top navigation bar includes the logo, 'The profession', 'Becoming an F.PL', 'Training', and 'Resources'. On the right, there are links for 'My Campus' and 'Find an F.PL'. The main content area is divided into several sections:

- How to become an F.PL:** A section explaining that the Institute is the only organization authorized to grant the financial planning diploma. It mentions that there are a few different paths to get there. A 'Find out how' button is located below the text.
- I am:** A vertical list of options with icons: 'A student' (graduation cap), 'A professional' (briefcase), 'Find my path' (person with path), and 'Competency Guide for F.PL' (document with checkmark).
- Possible paths:** A list of options: 'University programs', 'Academic equivalency', 'Required training' (with a sub-link 'The Institute's Professional Training Course'), 'After graduation' (with sub-links 'Receiving your diploma' and 'Applying for an AMF Certificate'), and 'Job listings'.
- An exciting career:** A video player showing a group of people. Below the video, there is text in French: 'En Français Découvrez tout ce qu'il y a à savoir sur le rôle des PL Fin. et ce qui les motive.'

At the bottom of the page, there is a large blue button with a downward arrow and the text 'Find a training course'.

How to Find a Financial Planner- 3 ?

In addition to the IQPF diploma, he/she must –

have a certificate issued by the **Autorité des marchés financiers**

<https://lautorite.qc.ca/en/general-public/registers/register-of-firms-and-individuals-authorized-to-practice/>

OR he/she is a professional and member of the

Ordre des administrateurs agréés du Québec

<https://www.adma.qc.ca/>

OR he/she is a professional and member of the

Ordre des comptables professionnels agréés du Québec

<http://cpaquebec.ca/en/>

A Caution About a Retirement Nest Egg Exposed to the Market – 1

- If exposed to the market (stocks and bonds), a market correction (loss) in the months before retirement or in the immediate years after retirement may have a negative impact on your pension portfolio and retirement income.
 - What matters for **retirees** is the **SEQUENCE** of returns, not the “average rate or return” over time.
 - “**average rate of return**” over many years is often used as a measure of the performance of a portfolio over time.... This is acceptable when you are **ACCUMULATING** your wealth during 30-40 years of working life.
 - A loss suffered early in the accumulation phase will likely be counter-balanced by recovery and winning years later on.

A Caution About a Retirement Nest Egg Exposed to the Market - 2

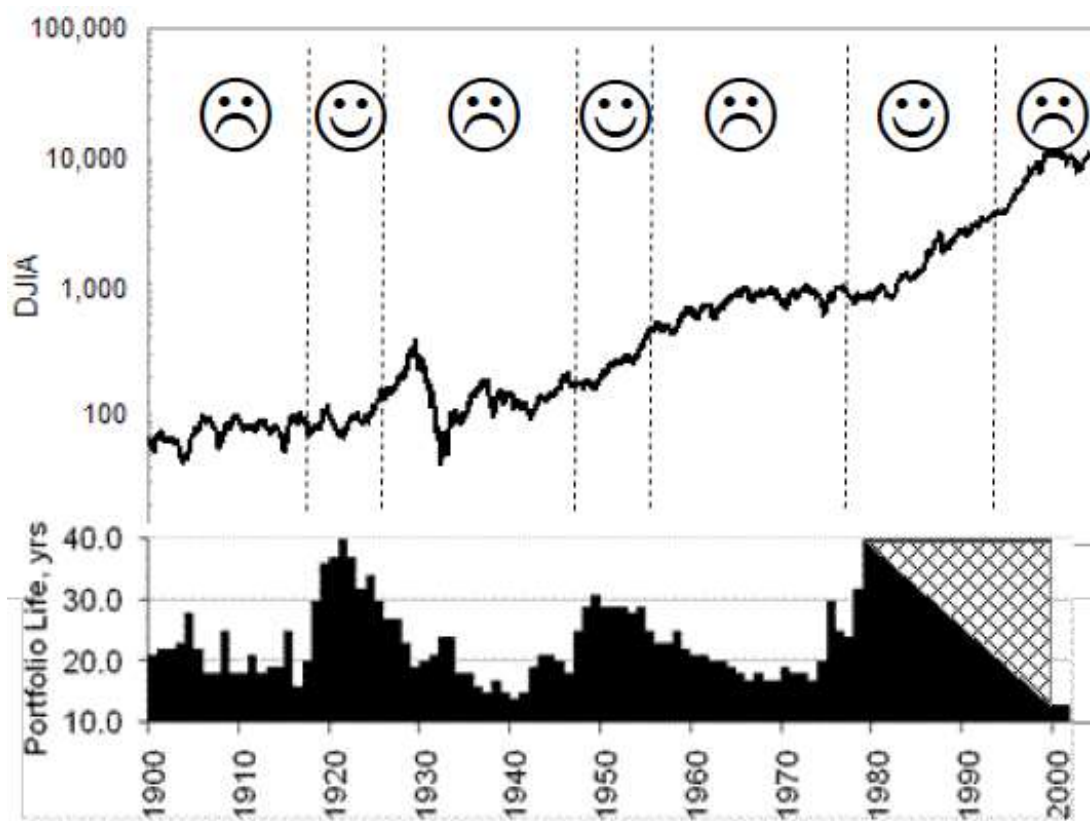
- As you approach retirement age, and after you do retire, what is most important with respect to the preservation of the value of your portfolio is the **SEQUENCE** of returns.
 - Retirees need good returns early in retirement.
 - Poor returns early in retirement may leave you short of cash.
 - The probability is high that your portfolio would not recover from a market set-back, because you must make obligatory withdrawals of your remaining portfolio every year.

A Caution About a Retirement Nest Egg Exposed to the Market – 3

- See- Jim C Otar: ***Unveiling the Retirement Myth, Advanced Retirement Planning Based on Market History***, paperback, October 2009
- (Out of print but available online here: <http://www.retirementoptimizer.com>)
- Mr. Otar mapped a model post-retirement portfolio, based on 60% fixed income and 40% equities using 100 years of market data since 1900.
 - A \$1.0 Million portfolio, requiring a \$60,000 withdrawal every year, indexed for inflation

A Caution About a Retirement Nest Egg Exposed to the Market - 4

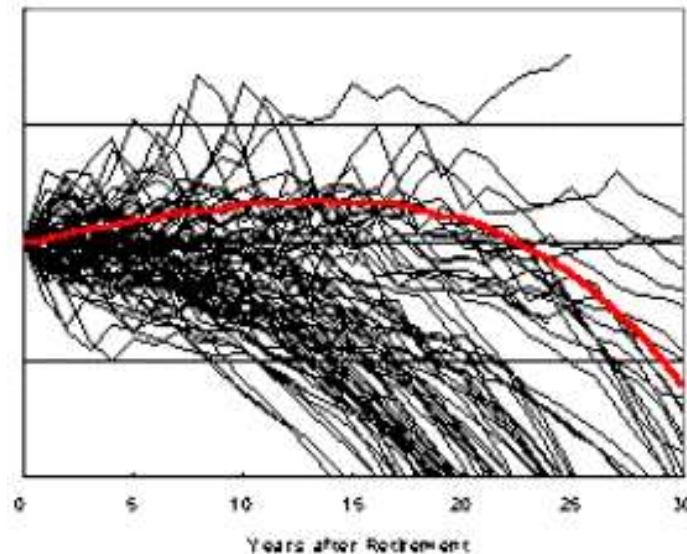
- He mapped what would happen to the retirement funds if the person retired in any year starting in 1900.



- Otter demonstrated that depending on the year of retirement, your funds might last up to 40 years, or, more significantly, **run out in as few as 17 years or less.**

A Caution About a Retirement Nest Egg Exposed to the Market – 5

- The probability is high that such a retirement portfolio would run out of money in less than 20 years; and higher still within 25 years.



- (The red line shows theoretical portfolio performance with 8% annual average return and 3.5% inflation.)
- In this context, it may be wise to consider retirement payout annuities from a Life Insurance Company.



**Pension Issues at the Time of Retirement
For Active McGill Employees**

Questions ?