

What retirement income options are available & how can they work for you?

You've saved for years.

Now, it's time to start using those savings. You have a few decisions to make, and your choices will depend on:

A) How you want to use your savings. For example:



- Do you want to **use all, or part** of your savings, for regular income?
- Will you have an **emergency fund**, a travel fund, house renovation fund?
- Do you want to leave an **inheritance, or a donation** to charity?

B) Where your savings are coming from, and any rules that apply to those types of savings.

You have registered savings — like a workplace pension plan or RRSP...

Specific rules apply to the types of income you can take. You will be taxed on any income you receive each year.



Registered Plan Types:

Income Options:

Defined Benefit Pension Plan (DBPP)



You'll receive a **lifetime income** paid from the plan.

Defined Contribution Pension Plan (DCPP)

Locked-in Retirement Account (LIRA)

Locked-in RRSP



You must choose a **locked-in option**:

- Annuity (life or fixed-term)
- Life Income Fund (LIF)
- Locked-in Retirement Income Fund (LRIF)

Registered Retirement Savings Plan (RRSP)

Deferred Profit Sharing Plan (DPSP)



You'll have to start taking income no later than the **end of the year in which you turn 71**.

- Annuity (life or fixed-term)
- Registered Retirement Income Fund (RRIF)
- Cash

You have non-registered savings...

These savings might include:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Tax-free Savings Accounts (TFSAs) | <input checked="" type="checkbox"/> Mutual funds |
| <input checked="" type="checkbox"/> Guaranteed Investment Certificates (GICs) | <input checked="" type="checkbox"/> Segregated funds |
| <input checked="" type="checkbox"/> Bank savings accounts | <input checked="" type="checkbox"/> Stocks and bonds |



These aren't subject to restrictions around timing and types of income. Some of these produce taxable **interest income, dividend income, or capital gains**.

An advisor can help you find the mix of products and rate of withdrawal that is tax-efficient and best meets your retirement needs.



Sorting out the terminology: **Building savings**

Here's what **DBs, DCs, LIRAs** and **RRSPs** mean:

Defined Benefit (DB) Pension Plan

- A registered pension plan offered through your employer where you receive a **guaranteed lifetime income**, based on your years of service and the formula set out in your plan.
- Plans generally default to a **joint-and-last survivor** income if you have a spouse, which means that income will continue to your spouse if they outlive you.

Defined Contribution (DC) Pension Plan

- A registered pension plan offered through your employer where you **accumulate savings based on the contributions** that you and your employer have made.
- You will have to decide how to take income from your accumulated assets.
- Your choices are limited to **locked-in** options like a LIF or annuity.

Locked-in Retirement Account (LIRA) or Locked-in Retirement Savings Plan (LRSP)

- A plan that **holds funds transferred from an employer pension plan** (*e.g., if you left prior to retirement*).
- Like a pension plan, funds are held for retirement and you have limited access to them.
- You **cannot make new contributions**.
- You have similar investment options as you would for an RRSP.

Registered Retirement Savings Plan (RRSP)

- A savings plan for retirement.
- You can make **annual contributions**, up to specific limits.
- Contributions are **tax-deductible**.
- You have a variety of investment options.
- You **can make withdrawals before retirement**; any withdrawals are taxable.



Sorting out the terminology: **Taking income**

Here's what **RRIF, LIF, LRIF, RLIF, and Annuity** mean:

Registered Retirement Income Fund (RRIF)

- An income option for **DC Pension Plans and RRSPs**.
- You must **withdraw a minimum percentage each year**, according to your age.
- You can increase your payments or make lump-sum withdrawals.
- You can **convert all or a portion of your RRIF to an annuity** at any time.
- Like an RRSP, **you continue to manage your investments**.

Life Income Fund (LIF), Locked-In Retirement Income Fund (LRIF) or Restricted Life Income Fund (RLIF)

- An income option for locked-in funds like **LIRAs, LRSPs, and DC Pension Plans**.
- Similar to a RRIF, you must **withdraw a minimum percentage each year**, according to your age.
- Unlike a RRIF, **maximum withdrawal limits apply**, so that you can't deplete your savings.

Annuity

- An income option for **any registered or non-registered plan**.
- Provides a guaranteed income stream for life (life annuity), or for a specific period of time (*e.g. to age 90*).
- You **do not have access to the capital**.
- You no longer have to manage your investments.