

In Your 50s? How to Get Ready for the Retirement You Want

While 50 may be the new 30, it's simply not the case when it comes to saving for retirement. For that, there's no turning back the clock. When people reach their 50s, they tend to realize that retirement is no longer such a distant concept. Yet a recent poll found that 32% of Canadians between the ages of 45 and 64 have nothing saved for retirement¹. Even among those with retirement savings, the average value of their nest egg is \$345,000 while most (49%) have saved less than \$250,000². If you're in this age group and haven't started to focus on the looming reality of life after a paycheque, there's no time like the present to get serious about preparing for your golden years.

Make the most of the opportunities to move the needle on your retirement planning with these five tips.

1. Take stock of your spending

Understanding where your money goes is the first step in assessing your financial health and knowing whether you're on course to meet your future goals. Start by tracking your day-to-day expenses to get a clear picture of your spending habits and the level of income that will allow you to maintain the lifestyle you want. From there, you can determine if you're in a comfortable position heading into retirement or if you need to adjust your behaviour – or your expectations.

2. Live like you're already retired

In planning for retirement, you may create what you believe is a sensible budget, but you can't really be sure you'll be able to stick to it until you try it. If you have trouble living according to your retirement budget while you're still working, chances are you won't be any more successful with more time on your hands to spend money. Whether it's downsizing your house, taking fewer vacations or generally adopting a more frugal mindset, you can start retirement "training" now. Doing so will also make a big impact on your lifestyle costs today to help ensure you have enough money for tomorrow.

3. Decrease debt

Living within your means includes cutting back on your dependence on credit. If your retirement is 10 to 15 years away, it's time to reduce rather than increase your use of high-interest credit cards and loans. Move down the line of interest rates until you take care of all your liabilities, including your mortgage. If you're over your head in debts, consider consolidating them to lower your interest payments and give yourself some breathing room. Owing zero (or very little) money means you'll enjoy a more carefree retirement.

4. Assess your investments

The key to smart retirement investing is having a mix of stocks, bonds and cash that makes sense for you. Like all investors, your goal is to achieve the highest possible return with the least amount of risk, but that can be easier said than done. As you near retirement and replace employment income with money from your investments, you may want to look at ways to minimize volatility and capital risk while maximizing the amount of income your portfolio generates. Your overall asset allocation will depend on many variables, including your tolerance for risk, other retirement income sources, savings rate and life expectancy. In other words, your asset mix needs to be customized based on your individual situation and there's no one-size-fits-all solution. Getting outside guidance from a qualified professional can be invaluable.

5. Expect the unexpected

Even the best-laid plans don't always work. Among other unforeseen circumstances, you may retire earlier than you originally thought, experience health changes or need to care for a loved one. Regularly reviewing your plan and having contingencies in place prepare you for the unexpected and make it easier to shift gears without suffering negative consequences. Although disruptions can be unavoidable, being ready for them minimizes their potential to derail your finances.

Planning can be complex, but you don't have to do it alone – we can work with you to provide advice and education, and take a holistic approach to your finances so that the only thing surprising about your retirement will be how much you enjoy it.



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¹ <https://www.newswire.ca/news-releases/am-i-saving-enough-to-retire-vast-majority-of-canadians-just-dont-know-cibc-poll-673311343.html>

² Ibid.

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