

Retirement Capital Needs

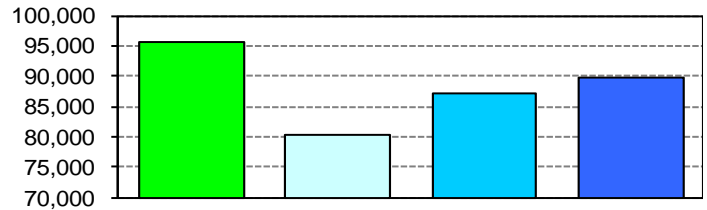
Projected retirement income compared to lifestyle goals

Prepared for: **Bill and Mary Smith**

Prepared by: **Ken Power, MBA**

Lifestyle Needs

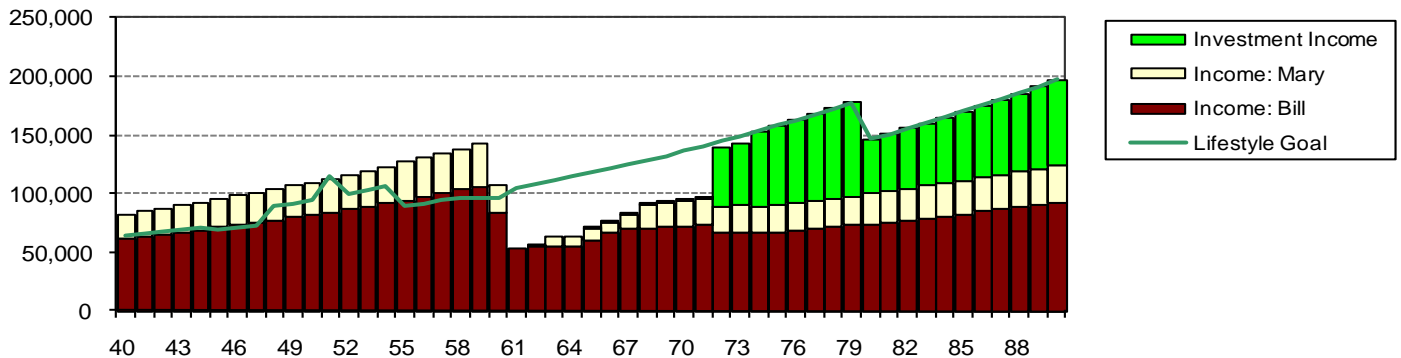
	Lifestyle Goal	% of Goal
■ Lifestyle Goal	95,642	100%
□ Conservative	80,246	84%
■ Moderate	87,090	91%
■ Aggressive	89,886	94%



Retirement capital needs planning is the process of calculating the fixed after-tax income you expect to receive in retirement from sources such as pensions and government benefits, then comparing it to your retirement lifestyle goals. The difference is the amount that you must provide from investments such as RRSPs and other non-registered savings. Having done this you can then calculate the total capital that will be necessary based on different asset allocations and return assumptions. It is also possible to calculate the sort of income you may expect in the future based on your current savings and investment plans.

The graph above compares your projected lifestyle goals in retirement with what you can realistically expect as a retirement lifestyle, assuming three sample asset allocations with varying degrees of risk. Depending on your current investment allocation and the level of risk you are prepared to accept, it may be necessary to adjust your planned lifestyle goals.

The chart below compares your future projected lifestyle needs to your after-tax fixed income from all sources. Also charted is the amount of after-tax income that you can expect to generate from your income producing assets such as RRSPs and other non-registered savings.



Any projected shortfall indicates a need for planning. As all available resources have already been considered in assessing the accumulation requirements however, there are few alternatives to consider. Today's lifestyle can be scaled back to free up additional capital for investment, or the lifestyle goal in retirement can be reduced to a level that can be supported by the projected accumulations.

Alternatively, new planning strategies can be formulated to maximize returns on available resources in order to reach the accumulation target. Tax efficient investments and an appropriate asset allocation strategy can also help you to meet your retirement goals.