

Create a retirement income

Once you have a good sense of your retirement plans, it's time to find the best way to support these plans.

You can choose from a variety of retirement-income solutions to convert your savings and investments into tax-efficient withdrawals.

A RRIF is an account that can provide you with retirement income from an RRSP, Deferred Profit Sharing Plan or other non-locked-in accounts.

Similar to an RRSP, a RRIF allows your savings to remain tax-sheltered while in the plan, and lets you choose how those savings are invested.

The government requires you to withdraw a minimum amount every year, and withdrawals must be initiated by the end of the following year that the RRIF was opened.

The benefits of a RRIF include flexible payments and estate-planning advantages. However, a RRIF does not guarantee an income for life.

Depending on your provincial or territorial jurisdiction, you can draw an income from your pension plan savings in one of the following ways: a Life Income Fund (LIF), a Locked-in Retirement Income Fund (LRIF), a Restricted Life Income Fund (RLIF), or a Prescribed Registered Retirement Income Fund (PRIF).

With accounts holding locked-in savings, there is a minimum amount - and, in all cases except the PRIF, a maximum amount - that you can withdraw each year.

Like RRIFs, these are options that do not guarantee income for life.

Annuities offer the security and convenience of a guaranteed income for the duration of retirement - freeing you from ongoing, potentially stressful, investment decisions.

They can be purchased with assets from most savings accounts and can be used in conjunction with the income plans described earlier.

The regular payment you receive is based on factors such as age, gender and life expectancy, as well as the funding amount, interest rates, type of annuity and guarantee provided.

Which one's for you?

In most cases, more than one type of income account may be necessary, based on your personal and financial situation.

And, in all cases except for annuities, the value of your income - and how long it will last - depends on the investments you choose, how they perform and how much money you withdraw each year.

As Retirement Specialists, we can help you through the decision-making process, ensuring that you understand how each solution might play out for your situation.