

10 Signs You Could Be Ready To Retire

"When Can I Retire?" and "How much do I need?" are two of the most common questions we hear as we meet with clients.

The answer they get but do not want to hear, "It depends." The reality is everyone has different goals and vision of retirement. We have found that some common questions can help as a guideline. This is by no means an exhaustive list, nor must all be answered positively, but hopefully this will help give you a sense of your retirement readiness.

- 1. You own your home:** Carrying debts into retirement can be a crippler. Living on a reduced cash flow in retirement and having to spend most of it towards debt servicing can impact your ability to enjoy things in retirement. Downsizing can be an option, but the reality is most people downsize into a small, yet nicer home of equivalent value.
- 2. Your children are financially independent:** Hopefully, they are at a point where you need not worry about them financially any more. If you are still helping fund schooling, housing, or other expenses, you may not be ready for reduced income in retirement. There is a balance between helping out family and having adult children who have yet to achieve a level of self-sufficiency.

- 3. Your parents are financially independent:** The baby boomer generation is also known as the sandwich generation as some are caring for aging parents, along with adult kids. Try to ensure that your parents are in a stable financial position, or have some plans around long-term care or living arrangements should they be found in a tough financial spot.
- 4. You qualify for CPP and OAS:** Additional government pensions in the form of CPP and OAS will help supplement your retirement lifestyle and can reduce the need to draw from your investments.
- 5. You have a pension plan:** Similar to above, the more sources of retirement income you have, the better prepared you can be. For those who do not have company pensions, all is not lost. You will need to be disciplined and ensure that you have saved more in Retirement Savings Plans (RSPs) and Tax-Free Savings Accounts (TFSA's).
- 6. You have hobbies:** If you work until 65, retire and just stop, odds are that you will not be happy nor healthy in retirement. Humans need physical, mental and emotional activity to stay healthy and often work provides some social interaction. Not everyone golfs, and fewer people golf seven days a week. Hopefully, you will have multiple hobbies to fill your retirement cup. Ask yourself, if you retired last month, what would you do today?
- 7. Your friends are retired:** Having friends who share common hobbies and interests can help provide you with things to keep you active in retirement.

- 8. You have tried the retirement lifestyle:** Build a budget for retirement and take it for a test drive. According to a 2016 Sun Life Financial report, the average retiree spends \$2,611 a month. Set your own amount for your desired lifestyle and try it for six months to see how you make out.
- 9. You have an up-to-date retirement Plan:** When have you last reviewed your retirement plan with your advisor? Is it up-to-date? Is he/she aware of your target retirement date? Life and financial goals evolve and change over the years. We recommend that you have your plan reviewed every 3 to 5 years, or any time there is a major life event.
- 10. Your job is affecting your health:** Health is number one. If you feel your job is impacting your health, talk to your doctor and see if you need to revise your retirement plans. We cannot think of one retired client who has said, "I wish I spent more time at the office."

A couple of cautionary factors are predicting future inheritances and real estate values. Admittedly, these can have a significant impact on one's retirement, however, if, when and how much can be a risky mindset when trying to establish your financial independence.

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