Your retirement income

Helping you plan your retirement

canada life™

Consider your income options

Your savings need to last a lifetime, and you want to make sure you have enough money to meet your day-to-day expenses. You may also want to consider your own investment personality. Do you want to actively manage your investments during your retirement, or do you want to take a hands-off approach? Everyone's plan is going to look different.

Start your retirement planning with these five tips:

Think long-term. Canadians are living longer. You may want to purchase investments with growth potential or a life annuity (or both) to stretch your savings for 25 years or more of retirement.

Plan for inflation. The rising cost of living can eat into your income. To help with that, take a look at products like an indexed annuity or investments with the potential to increase your withdrawals.

Simplify your retirement income. Managing your investments will be easier when you have them all in one place. When you combine your savings and retirement income plans with Canada Life™, you'll get to keep working with the investment and retirement specialists and the service team you already know.

Understand the tax implications. How your income gets taxed will depend on whether your savings are registered or non-registered and the income option you choose. For registered savings, your income payments and any extra withdrawals will be taxable in the year they're received. For non-registered savings, only the investment income will be taxable in the year it's earned.

Get professional guidance. You're facing some important decisions about your retirement income. Some of them can't be changed even if your situation does. But you're not alone. If you don't have a financial advisor assigned to your workplace plan, our investment and retirement specialists can guide you through every step of income planning. These specialists are salaried professionals, who have, or are in the process of attaining, the Certified Financial Planner® (CFP®) designation. They'll give you one-on-one retirement counselling.

Call us at **1-800-724-3402** and ask to speak with an investment and retirement specialist. There's no cost for this service.

You can also email us at retirementready@canadalife.com.

Weigh your options

There are a few ways to turn your savings into retirement income:

- Flexible income from registered retirement income funds (RRIFs) and life income funds (LIFs)
- Guaranteed income from annuities

You don't need to choose just one. A combination of an RRIF or LIF and an annuity will give you both guaranteed income and more control over your investments.

This booklet gives you an overview of the retirement income options available through Canada Life.

Flexible income with growth potential

If your savings are in a registered plan, a great option for flexibility and potential growth is a registered income plan.

Registered income plans (such as RRIFs and LIFs) can provide a steady stream of income and often accommodate larger withdrawals. You have control over the investments within your plan, so you can hold a variety of investments with potential for growth. On the other hand, there is also a risk that you could outlive your income.

Is a registered income plan right for you?

- It'll require some attention and some decision-making from you.
- It may be a good fit if you like to actively manage your investments.
- It offers estate preservation. If there's money left in your plan when you die, it goes to your beneficiaries or estate (less applicable taxes).

Talk to your financial advisor or an investment and retirement specialist to see if a registered income plan is right for you.

> If you have registered savings, a registered income option allows you to continue to defer taxes.

Registered retirement income funds (RRIFs)

RRIFs allow you to turn your registered retirement savings plans (RRSPs) and other registered savings into retirement income on a tax-deferred basis.

Is this plan right for you?

The income from a RRIF is extremely flexible. You choose the amount of your income payments (subject to a required minimum). You can contact Canada Life to change your payments from one year to the next to help meet your changing income needs or financial obligations.

The drawback of this flexibility is that it's possible to deplete your RRIF. There are no guaranteed payments.

You must transfer your registered savings to a RRIF by the end of the year in which you turn 71, and you must begin receiving an income no later than the end of the following year. This income is taxable in the year you receive it.

Prescribed registered retirement income funds (PRRIFs)

Available only in Manitoba and Saskatchewan, PRRIFs provide flexibility by letting you actively manage your retirement savings from a pension plan. However, there are some restrictions on what type of pension plans you can use to purchase a PRRIF.

The minimum age to purchase a PRRIF is 55 (or in Saskatchewan the early retirement age established by the pension plan the money originally came from). Also in Saskatchewan, transferring money to a PRRIF requires spousal consent.

The good news is that there's no maximum withdrawal limit.

RRIFs and PRRIFs	
Advantages	**Considerations**
+ Control over income and investments	- Requires some decision-making
+ Growth potential	- Legislated minimum withdrawal amounts
+ No maximum withdrawal amounts	- Potential for market volatility
+ Can be held to age 100	- Potential to run out of money
+ Death benefit	

Life income funds (LIFs)

Available in all provinces except Prince Edward Island and Saskatchewan, LIFs allow you to transition locked-in savings plans (registered pension plans, locked-in RRSPs and LIRAs) to income while deferring taxes. LIFs are designed to provide a flexible income that can last a lifetime.

LIFs come with some rules. For example, you may need consent from your spouse to purchase a LIF. Unlike RRIFs, LIFs have both minimum and maximum annual withdrawal limits.

Despite the rules, LIFs allow a fair amount of flexibility. You choose the size of the income payments you want to receive (within government-prescribed minimums and maximums). You can also select the investments you want to hold within this plan and then make changes down the road. Some jurisdictions even allow for a 50% one-time unlocking of a LIF, meaning you can transfer up to half its value to a RRIF (or PRRIF in Manitoba) which has no withdrawal limits.

Locked-in retirement income funds (LRIFs)

Similar to LIFs, LRIFs allow you to convert savings within a locked-in retirement account (LIRA) or registered pension plan into retirement income while deferring taxes.

This option is only available in Newfoundland and Labrador.

Restricted life income funds (RLIFs)

RLIFs are similar to LIFs, but apply only to locked-in savings that are federally regulated.

With RLIFs you can:

- Unlock up to 50% of the total balance within 60 days of when the RLIF is set up, as long as your spouse gives consent
- Transfer the unlocked portion to an RRSP or RRIF

LIFs, LRIFs and RLIFs	
Advantages	**Considerations**
+ Control over income and investments	- Requires some decision-making
+ Growth potential	- Legislated minimum and maximum withdrawal amounts
+ No requirement to purchase an annuity	- Potential for market volatility
+ One-time unlocking of up to 50% (LIF in some provinces and RLIF)	- Potential to run out of money, particularly if you unlock funds
+ Death benefit	- Your spouse's consent may be required in some provinces

Guaranteed income from annuities

An annuity is a contract you sign with a life insurance company. Under the terms of this contract, you get guaranteed income for as long as you live in return for a one-time lump-sum payment.

The amount of income you receive depends on:

- The amount of your lump-sum payment
- Your age and in some cases your spouse's age
- The interest rate at the time of your payment
- The type of annuity and features you select

In many cases, annuities serve as the retirement income foundation in combination with a RRIF or LIF.

Is an annuity right for you?

- You don't have to worry about investing during your retirement or the market fluctuations that can come with investing.
- Because its income stream is fixed, it may be a good way to cover recurring, fixed expenses.
- You can use some of your savings to purchase an annuity, and you can allocate your remaining savings to investments with growth potential.
- They aren't flexible. If you decided down the road you need a different amount of income, you can't make a change to the annuity.

There are several basic types of annuities and each come with their own options. Because you can't change the annuity after you set it up, it's a good idea to consult with your financial advisor or with one of our investment and retirement specialists before deciding if annuities are right for you.

Life annuity

Guaranteed money for life – that's the advantage of buying a basic life annuity. However, when you die, payments stop and there is no death benefit.

Life annuity with guaranteed term

This type of annuity provides you with a guaranteed income for life. Monthly payments are guaranteed for a period of anywhere between 5-15 years, depending on the type of savings you use to purchase the annuity. If you die during the guarantee period, your beneficiary may receive regular payments until the end of the guarantee period, or a lump-sum payment.

Annuities: Life and Life with guaranteed term

Advantages	Considerations
+ Guaranteed income for life	- Can't change your income payments
+ Nothing you need to do	- No control over investment decisions
+ Death benefit if you die during the guaranteed term (life annuity with guaranteed term)	- No death benefit (life annuity)

Joint-and-last survivor annuity

A joint-and-last survivor annuity provides your surviving spouse with a lifetime pension of at least 60% of your income, but there are different options for how much you or your spouse will receive when the other dies.

If you have a spouse at the time you purchase an annuity with locked-in funds, pension legislation may require that the annuity be set up as joint-and-last survivor. But if your spouse signs a waiver, you may purchase an annuity that doesn't have the survivor benefit.

Joint-and-last survivor annuities are available with or without a guaranteed term.

Term annuity

A term annuity provides you with a set number of payments for a specific time. When you purchase a term annuity with savings from an RRSP or deferred profit sharing plan (DPSP), there are restrictions on the length of this term.

Indexed annuity

Indexed annuities let you offset inflation by increasing your income payments at a fixed annual percentage.

Annuities: Term and Joint-and-last survivor

Advantages	Considerations
+ Guaranteed income until you or your spouse turn 90 (term)	- Payments end when you or your spouse turn 90 (term)
+ Guaranteed income for life for you and your spouse (joint-and-last survivor)	- Can't change your income payments
+ Death benefit if you die before age 90 (term)	- No control over investment decisions
+ Death benefit if you die during the guaranteed term (joint-and-last survivor)	- Maximum payment term of 10 years for annuities purchased with savings in a deferred profit sharing plan (DPSP)
+ Nothing you need to do	

Know your income options

Assuming you'll be between 55 and 70 years old when you retire, the table on the next page provides a quick look at how you can transition your savings into an income.

You'll see that some income options are flexible since they allow you to choose your income amount and manage your investments during your retirement — giving you more control and potential for growth. On the other hand, the guaranteed income from annuities is fully managed for you, meaning that you have nothing to do but collect your income.

Keep in mind that flexible income options have conditions about withdrawals, such as maximum and minimum dollar amounts as well as time limits. For example, you must convert all registered saving plans into some form of income by the end of the year in which you turn 71.

For a tax-free savings account (TFSA) or non-registered savings, there's no requirement to turn these savings into a retirement income option. Also, there are no restrictions on withdrawing money.

■ Guaranteed income ☐ Flexible income with growth potential

Where are your savings?	Your income options
Registered pension plan*	■ Life annuity
	■ Life annuity with guarantee
	■ Joint-and-last-survivor annuity
	■ Joint-and-last survivor annuity with guarantee
	■ Indexed annuity
	☐ Life income fund (LIF) – available in all provinces except P.E.I. and Saskatchewan
	☐ Locked-in retirement income fund (LRIF) – available only in Newfoundland and Labrador
	☐ Prescribed registered retirement income fund (PRRIF) – available only in Saskatchewan and Manitoba
	☐ Restricted life income fund (RLIF) – available only for federally regulated savings
Registered retirement savings plan (RRSP)*	■ Life annuity
	■ Term annuity (to age 90 or spouse's age 90, if spouse is younger)
	■ Life annuity with guarantee
	■ Joint-and-last-survivor annuity
	■ Joint-and-last-survivor annuity with guarantee
	■ Indexed annuity
	☐ Registered retirement income fund (RRIF)
Locked-in retirement account (LIRA) or locked-in RRSP*	■ Life annuity
	■ Life annuity with guarantee
	■ Joint-and-last-survivor annuity
	■ Joint-and-last-survivor annuity with guarantee
	■ Indexed annuity
	☐ Life income fund (LIF) – available in all provinces except P.E.I. and Saskatchewan
	☐ Locked-in retirement income fund (LRIF) – available only in Newfoundland and Labrador
	☐ Prescribed registered retirement income fund (PRRIF) – available only in Saskatchewan and Manitoba
	☐ Restricted life income fund (RLIF) – available only for federally regulated locked-in savings
Deferred profit sharing plan*	■ Life annuity
	■ Term annuity – to a maximum of 10 years
	■ Life annuity with guarantee
	■ Joint-and-last-survivor annuity
	■ Joint-and-last-survivor annuity with guarantee
	■ Indexed annuity
	☐ Registered retirement income fund (RRIF)
Tax-free savings account (TFSA) or non-registered savings**	■ Life annuity
	■ Term annuity

* These plan types must be converted to retirement income by the end of the year in which you turn 71.
** There's no requirement to turn your TFSA or non-registered savings into a retirement income option.

Get in touch with a specialist

retirementready@canadalife.com

1-800-724-3402

Call Monday to Friday, from 8 a.m. to 8 p.m. ET, and ask to speak with an investment and retirement specialist.

Income wizard

Use this tool to find out how much flexible income your savings could generate.

mycanadalifeatwork.com

To estimate your minimum and, if applicable, maximum payment amounts, sign in to mycanadalifeatwork.com and go to the Learning Centre.

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