

Originally Published Sept. 2003 – updated July 2009



Retirement.... What's Your Plan?

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It should be no surprise to you that most Canadians don't take the time to build a plan for their lives that addresses their retirement goals. If you are like most of us, you tend to treat planning for retirement much like the person standing on a train track staring at an approaching train. You can see it in the distance, but it's so far away...

Of course, inevitably it will pass our spot on the track. Just as inevitably you will have to jump out of the way quickly to avoid being hit.

Is there a magic formula to determine whether or not you are able to live the life that you want in retirement? The answer is yes...and no. There are some things you can do today to plan for the future but it's up to you to take that step and accept that you can directly affect the course of your retirement and your enjoyment of it. To succeed at anything you must have a plan...

There are six fundamental subject areas which must be inter-woven into any plan for retirement. These elements are the basic areas of knowledge upon which a retirement plan must be based. These foundations are the essence of the plan. Each subject area overlaps another and weaves itself throughout the retirement planning process. They include;

- Tax Planning
- Cash and credit/debt management
- Retirement planning
- Investment planning
- Insurance and risk management
- Estate planning

Bringing these fundamental subject areas together is the retirement planning process which follows *six basic steps*:

Identify and clarify your current situation

This first step involves data gathering and a review of quantitative information such as your total assets and liabilities which comprise of your net worth statement, cash flow statement, insurance policies, tax returns, wills, powers of attorney, investment portfolios, employee benefit booklets, trust agreements, pension statements and some basic family history. Essentially this step summarizes where you are today.

Identify your goals and objectives

This step seeks to identify and prioritize both your financial and personal goals and objectives to facilitate the allocation of available resources to your most critical concerns.

Analyze your problems and opportunities

Problems must be identified before solutions can be established. Analyzing your current situation will help to identify problems that may be acting as obstacles preventing you from accomplishing an identified objective.

Develop solutions

If sufficient analysis has been performed in the previous step of the process, the development of solutions is straightforward.

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Implementation

This step involves putting the financial plan into action. An implementation and action plan should be created with appropriate strategies and tactics outlined in writing.

Monitor and review

Regular reviews and updates allow any plan which has gone off track to be quickly set back onto the rails. Ongoing monitoring allows for any changes in an individual's lifestyle or economic situation to be reassessed, as well the opportunity to provide for any changes to strategies or tactics which might be required.

Because of the complexity of the calculations, most people would benefit from the services of a professional retirement planner when preparing their retirement plans.

While retirement planning may be an inexact science, having a plan and being approximately right is exceedingly better than having no plan and being precisely wrong!



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