Preparing for Retirement

A Blueprint for a Confident Transition

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Reality Check

Most people treat retirement like a math problem. Money matters. But the transition is bigger than money.

Work has been doing “invisible jobs” in your life:

- It gives your week structure.
- It gives you identity and momentum.
- It gives you social contact.
- It gives you a reason to feel useful.

Retirement removes those overnight.

So the goal is not just to replace income. The goal is to replace structure and certainty.

If you do that well, retirement feels like freedom. If you do it poorly, retirement feels like drift. This guide is a blueprint to help you cross the bridge with clarity, calm, and control.

Who This Guide Is For / Who it's Not For

This guide is for you if:

- Retirement is on your radar and you want to understand the decisions ahead, not just run numbers.
- You are within a few years of retiring or have recently retired and want to pressure-test your plan.
- You want to think through both the financial and non-financial side of retirement.
- You value clarity and coordination over quick answers.
- You want a practical blueprint you can actually use.

This guide may not be for you if:

- You are decades away from retirement and primarily focused on accumulation strategies.
- You want a one-page checklist with no context.
- You are looking for personalized tax, legal, or investment advice without a conversation.
- You prefer prescriptive answers over understanding your options and trade-offs.

This guide exists to help you understand and decide. It's not meant to replace professional advice or personal judgment.

How to Use This Guide

You can be 3 months from retirement or 2 years away. The sequence still holds.

Step 1: Make the retirement decision real

Pick a date (or a range). Decide the shape: hard stop vs phased transition.

Step 2: Build your "retirement paycheck"

Income floor first. Portfolio withdrawals second.

Step 3: Pressure-test risk

Inflation. Markets (especially early retirement). Health events.

Step 4: Simplify and operationalize

Reduce complexity. Automate the paycheck. Make the plan executable.

Step 5: Design a life you want to live

Structure. Purpose. Relationships.

> **Retirement is not a one-time event. It's a new operating system.**

The Decision at Hand

If you are approaching retirement, the real decision is not: *"Do I have enough?"*

The real decision is:

How do I move from work income to retirement income in a way that protects my lifestyle, reduces risk, and keeps my life feeling meaningful?

That breaks into eight sub-decisions:

1) Retirement shape: hard stop, phased retirement, consulting, part-time, seasonal work.

2) Lifestyle target: what "enough" looks like in real monthly dollars.

3) Income floor: what is stable and dependable.

4) Withdrawal plan: which accounts fund which years.

5) Tax plan: how to smooth income and avoid accidental spikes.

6) Risk plan: inflation, markets, health, longevity, and "life happens."

7) Operations plan: deposits, withholding, automation, documents, and simplification.

8) Life design plan: structure, purpose, relationships, rhythm.

You don't need perfection. You need a plan you can stick to.

The Retirement Blueprint (Simple Framework)

Think of retirement like building a bridge.

You need four layers.

Layer 1: Lifestyle and spending (the ground truth)
What you actually spend drives everything.

Layer 2: Income map (the paycheck replacement)
Government benefits, pensions, and portfolio withdrawals.

Layer 3: Tax and account mechanics (the hidden levers)
The same income can be taxed very differently depending on the source and timing.

Layer 4: Life design (the "does this feel like a good life?" layer)
If the plan works on paper but your life feels flat, it's not done.

This guide walks you through all four layers.

Common Mistakes

Mistake 1: Treating retirement like a single number

Retirement is a system. Not a number.

Mistake 2: Underbuilding the first 12–24 months

The early years are fragile: you are learning your new spending, markets can be volatile, identity and rhythm are adjusting.

Mistake 3: Starting benefits without doing the trade-offs

CPP and OAS timing has trade-offs. The "best" answer depends on: health and family longevity, whether you are still working, pension income, taxable income levels, survivor needs.

Mistake 4: Income spikes that create tax pain

Common spikes: large RRSP withdrawals, selling investments without planning, a one-time severance or bonus, business wind-down proceeds.

Mistake 5: Complexity that creates decision fatigue

Too many accounts. Too many moving pieces. Too many statements. Complexity is a hidden tax on success.

Mistake 6: Ignoring relationship and identity changes

More time together is not automatically easier. It needs design.

Build the Retirement Plan (With Examples)

Start with spending (the only honest starting point)

The goal is not a perfect budget. The goal is a budget you trust. Build it in three buckets:

Baseline (non-negotiable) - housing, utilities, groceries, insurance, property tax

Lifestyle (the life you want) - travel, dining, hobbies, gifts, fitness

Irregular (the stuff that sneaks up) - car replacement, home repairs, dental, helping family, big trips

Now you have a target. Then we build the paycheck.

Example: Monthly retirement budget (simple)

Category	Monthly
Baseline	$4,800
Lifestyle	$1,600
Irregular (average)	$600
Total	**$7,000**

Map your income floor (the calm layer)

Income floor = income you can depend on.

Common sources:

- CPP
- OAS
- employer pension
- annuity income
- rental income (if stable)

Example: Income floor map (monthly)

Source	Amount
CPP (Person A)	$1,050
OAS (Person A)	$700
Employer pension	$1,800

Source	Amount
CPP (Person B)	$900
OAS (Person B)	$700
Total floor	**$5,150**

If the budget is $7,000/month and the floor is $5,150/month, the gap is $1,850/month. That gap is what the portfolio is for.

Create your "retirement paycheck" (make it real)

People do better when retirement income feels like a paycheck.

A simple approach:

- choose a payday (e.g., 1st and 15th)
- deposit a fixed amount into chequing
- keep a cash buffer so you are not forced to sell investments at a bad time

Example: Retirement paycheck

Deposit $3,500 on the 1st

Deposit $3,500 on the 15th

Keep 6–12 months of baseline spending accessible (depending on comfort and portfolio structure)

The point is not to hoard cash. The point is to protect your behaviour in volatile markets.

Benefit timing (CPP and OAS) without the noise

You don’t need a perfect answer. You need an intentional one.

CPP can start as early as 60 or as late as 70. Starting later generally increases the monthly amount.

OAS can start at 65 or be deferred to 70. Deferring increases the monthly amount.

Practical decision prompts:

- Do you need guaranteed income early so you can avoid portfolio withdrawals?
- Are you still working at 65 with high taxable income?
- Is longevity likely in your family?
- In a couple, what happens if one spouse dies earlier than expected?

> ### Example (simplified): Early vs delayed benefits
>
> Early benefits: higher cashflow now, less pressure on investments
>
> Delayed benefits: higher guaranteed income later, more pressure on investments early

Your plan should match your risk tolerance and your real life.

Withdrawal order (how to fund the gap)

Withdrawal planning is where many DIY retirees get hurt. Not because they're careless. Because the rules and trade-offs are not obvious.

Common account types:

- RRSP/RRIF (taxable withdrawals)
- TFSA (tax-free, flexible)
- Non-registered (capital gains and investment income)
- Locked-in accounts (LIRA/LIF rules vary)
- Corporate accounts (if applicable)

A practical framework:

Protect flexibility — TFSA is flexible. It can smooth taxes and prevent clawbacks.

Avoid income spikes — Smoothing taxable income often reduces lifetime tax.

Plan around age milestones — Account rules change over time (including by age 71 for RRSP conversions).

Example: Simple withdrawal order (illustrative only)

Early retirement years (lower taxable income): draw more from RRSP/RRIF intentionally to "fill" lower tax brackets.

Use non-registered selectively to manage capital gains.

Use TFSA to smooth taxes and avoid spikes.

Adjust as pensions and benefits begin.

This is not a universal rule. It's a way to think.

Tax planning (make it understandable)

The goal is not "pay the least tax this year." The goal is "avoid unnecessary tax over the full retirement."

Three principles:

- 1) Income smoothing beats spikes.
- 2) Source matters (RRSP withdrawal vs TFSA withdrawal are not the same).
- 3) Benefits interact with income (some benefits reduce at higher incomes).

Example: Income smoothing (simple story)

Person retires at 64. They have a large RRSP. They delay withdrawals until 72. Now withdrawals are forced and larger. Tax rate jumps. OAS recovery tax becomes a risk.

Alternative:

They draw modest RRSP income between 64–71 to reduce future forced withdrawals. Tax may be lower overall. And income becomes more stable.

This is the kind of "quiet planning" that creates calm.

Risk planning (the big five)

Inflation risk — Prices rise. Quietly. Then suddenly. Build flexibility into spending.

Sequence risk (markets early retirement) — A bad market early, paired with withdrawals, can permanently reduce long-term sustainability. This is why buffers and withdrawal design matter.

Longevity risk — Many retirements last 25–35 years. Your plan must last.

Health risk — Health costs and care needs can change the plan. Plan for coverage changes, and plan for the possibility of a long health event.

Cognitive risk — Decision-making can change with age. The best time to simplify is before you need to.

Example: A simple “bad year” plan

If markets drop 20% in year one:

- reduce lifestyle spending temporarily
- pause large discretionary purchases
- draw from the cash buffer instead of selling at lows
- revisit withdrawals after markets stabilize

A plan you can execute in stress is the real plan.

Housing decisions (often the biggest lever)

Housing is not just a lifestyle choice. It’s a cashflow and risk choice.

Common decisions:

- keep the home, stay put
- downsize
- relocate
- buy a retirement property

Key considerations:

- total cost of ownership (not just mortgage)
- future mobility and accessibility
- proximity to support network
- tax and transaction costs

If housing is a major lever in your plan, run scenarios. Not guesses.

Insurance and benefits (transition planning)

This is often missed. Especially for people leaving employer coverage.

Consider: life insurance (if still needed for spouse, debt, estate goals), health and dental coverage gaps, travel medical coverage if travel is part of the plan.

The decision is not "do I need insurance?" The decision is "what risks would break our plan if they happened?"

Relationships and life design

This is where retirement becomes either your best chapter or your most confusing one. Your job is to design rhythm. Not to fill time.

Four prompts:

What are you retiring to?
Write it in one paragraph. Not a slogan. A real answer.

What anchors your week?
Choose three anchors: Health, Relationships, contribution.

What does contribution look like now?
Contribution is not employment. It's usefulness. Mentorship. Presence. Service.

What does the marriage or partnership need in this season?
More time together can be a gift. It can also create friction. Design it.

Retirement is not the end of the story. It's a change in role.

Trade-Offs & Tensions

There is no version of retirement planning that removes trade-offs.

Every choice improves one area while putting pressure on another.

The goal is not to eliminate tension.

It’s to choose tensions you understand and can live with.

Common trade-offs in retirement include:

Income now vs income later

Starting CPP or OAS earlier can reduce pressure on investments in the early years. Delaying can increase guaranteed income later. Neither is “right” in isolation. The right answer depends on health, other income, and risk tolerance.

Flexibility vs certainty

Guaranteed income sources create calm and predictability. Portfolio-based income creates flexibility but requires discipline and buffers. Most plans need both.

Simplicity vs optimization

Highly optimized plans can reduce tax or increase returns on paper, but they often add complexity. Complexity increases decision fatigue and execution risk over time.

Spending freedom vs sustainability

Higher spending early in retirement can feel earned and enjoyable. It can also increase the risk of stress later if markets or health do not cooperate. Designing flexibility into spending matters more than precision.

Control vs delegation

Managing everything yourself preserves control. Delegating parts of the plan can reduce cognitive load and behavioral risk. The trade-off is cost and trust.

Lifestyle today vs resilience tomorrow

Housing, travel, and large discretionary choices shape quality of life. They also shape cashflow and risk. Good plans leave room to adjust when life changes.

If you feel conflicted as you work through these decisions, that's not a warning sign.

It's evidence you're engaging with the real decision.

The purpose of this guide is to help you make these trade-offs consciously, not accidentally.

What Good Looks Like

If you want a simple scoreboard, here it is.

You are on track when:

- You have a retirement date or a phased timeline.
- You have a spending plan you trust.
- You have a clear income floor map.
- You have an intentional benefit timing decision.
- You have a withdrawal plan that avoids income spikes.
- You have a "bad year" plan.
- You have simplified accounts and paperwork.
- You have a life rhythm plan for the first 90 days.

This is what creates calm.

Natural Next Step

The next step is not more reading.

It’s building your one-page retirement blueprint:

- retirement date and transition shape
- retirement spending baseline
- income floor map
- benefit timing decision points
- withdrawal order draft
- risk plan (bad year plan)
- simplification plan
- life rhythm plan

If you’re working with an advisor, bring this blueprint into the conversation. If you’re DIY, use it as your annual review template.

> The goal is not to make you dependent. The goal is to make you capable.

Clarity creates calm. Calm creates confidence. Confidence inspires action.

Usable Checklist (Part 1)

Use this as a working tool. Add dates and notes. Make it yours.

Legend: ✓ Done | ◐ In progress | ○ Not started | N/A Not applicable

Dates and Decisions

Item	Status	Target Date	Notes
Choose retirement date or phased timeline			
Decide hard stop vs phased retirement			
Confirm pension options if applicable			
Draft CPP start timing decision			
Draft OAS start timing decision			

Inventory and Simplify

Item	Status	Target Date	Notes
List all accounts (RRSP, TFSA, non-registered, locked-in, corporate)			
List all income sources (pension, rental, business, part-time)			
Consolidate accounts where it reduces complexity			
Confirm beneficiaries on registered plans and insurance			

Spending and Cashflow

Item	Status	Target Date	Notes
Build a baseline retirement budget			
Identify flex spending and a temporary cut list			
Build a first-year cashflow plan			
Set a cash buffer strategy			
Set retirement paycheck schedule (deposit dates)			

Usable Checklist (Part 2)

Tax and Withdrawal Planning

Item	Status	Target Date	Notes
Map expected taxable income sources			
Identify income spikes to avoid			
Draft withdrawal order by account type			
Plan for RRSP-to-RRIF conversion timing			
Consider income smoothing in early retirement years			

Risk Planning

Item	Status	Target Date	Notes
Identify top 3 risks (inflation, markets, longevity, health, cognitive)			
Write a "bad year plan" (what changes if markets drop)			
Review healthcare and dental coverage changes			
Review insurance needs (life, health, travel medical)			

Housing and Lifestyle Decisions

Item	Status	Target Date	Notes
Confirm housing plan (stay, downsize, relocate)			
Model full cost of housing choice			
Identify major upcoming lifestyle expenses (travel, vehicles, renovations)			

Usable Checklist (Part 3)

Estate and Administration

Item	Status	Target Date	Notes
Review will and powers of attorney status			
Confirm executor and communication plan			
Organize key documents and account access plan			
Create a simple “if something happens” summary			

Life Design (Make the Next Chapter Real)

Item	Status	Target Date	Notes
Write your “Retiring To” paragraph			
Define your anchors (health, people, contribution)			
Define a good week (structure and rhythm)			
Choose one contribution lane (mentoring, service, family, board)			
Plan the first 90 days after retirement			

Your Next Steps

Build Your Blueprint

Design Your Transition

A Confident Transition

Retirement is not a one-time event. It's a new operating system. Build the blueprint, pressure-test the risks, and design a life you want to live.