

Clare's Story - a retirement spending plan case study

We met our client Clare when she was already in retirement. She was working with another financial advisor at the time; however, friends of hers were existing clients of ours and they suggested she meet with us.



WHAT WE FOUND

Clare, who was in her mid-50s, had \$750,000 to last her through retirement. She didn't have a retirement spending plan in place and made big decisions quickly without thinking about what those choices meant for her retirement.



She thought she would have enough money to last; however, this mindset was based on the unrealistic returns that her previous advisor had projected. If she continued to spend as she was before coming to us, she most likely would have run out of money in her late 60s.

Her portfolio was in rough shape. She had a small pension (too small to live on), some money that she had received from her divorce and an aggressive withdrawal program.

AT A GLANCE

Clare had some concerns of her own. She had two children and one grandchild. Her fear was that if she passed away, her daughter, who was not yet financially responsible, would spend the money without saving anything for the future or her grandchild.



SOLUTIONS

We gave her a realistic illustration of where she was heading.

- Based on her small pension, CPP, OAS and size of her portfolio (factoring in 2.5% inflation), we showed what kind of lifestyle she could afford. Clare was appreciative of this reality check even though it came as a surprise.

We brought in our team.

- We completed tax projections to ensure she was drawing her income in the most efficient way from her RSPs, non-registered accounts, and pension.
- We reworked her budget to help create new ways to reduce her expenses.

We ensured her intentions would be carried out.

- We worked with her lawyer to draft a new will, which included provisions for a testamentary trust so if in the event that she passed away, her money would last her children and grandchild for years to come.

RESULTS

Clare had a sizable amount of money but would have gone through it quickly; simply because she didn't have a solid plan in place. She is now living comfortably and enjoying retirement with a realistic plan in place. Whenever there is an important financial decision to make, she now calls her advisor for advice.