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Planning to retire in the next five years?



For most of your career, retirement may seem like a distant concept. But as the big date approaches, it's important to get specific about your plans. Your MD advisor can help you to better define your retirement goals and make sure your financial plan is up to the task. If you've always wanted to write a book, go back to school or plan a sabbatical, now is the time to talk about it.

When you think about planning for retirement, it's easy to focus only on dollars and cents. But the truth is, it can really pay off to first focus on your retirement lifestyle choices—and the motivations behind them—before getting down to the financial implications. This will help you and your MD advisor make better-informed decisions and, ultimately, take a more successful approach to your financial planning.

For example, suppose that one of your key retirement goals is to spend more time with your grandchildren. How do you measure the financial implications of this retirement goal? The first question to ask isn't about what it costs to spend time with your grandchildren. Instead, think about how you see that time being spent.

TRANSLATE LIFESTYLE GOALS INTO FINANCIAL GOALS

Your MD advisor might start by asking simple questions that will define your relationship with your grandchildren in retirement. The most obvious first question to ask is, "Where do your grandchildren live?"

If the answer is "on the other side of town," then the financial implications will be much different than if the answer is, "on the other side of the country and I want to move closer to them." If you have to move to spend more time with your grandchildren, your advisor will then know to steer the conversation into areas like real estate. Does moving mean selling your home, or renting? Will you be moving from a higher-priced real estate market to a lower-priced market, or vice versa?

Next, your advisor will ask questions such as: "How old are your grandchildren?" and "What do they like to do with you?" Again, the financial implications are different if you plan to take a toddler to the park twice a week versus treating teenagers to ski vacations.

Exploring your relationship with your grandchildren also enables your MD advisor to link this relationship to other financial choices that you plan to make in retirement. For example, if you plan to buy a vacation property to use during retirement, ask yourself how much time your grandchildren might spend there. If the answer is

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“no time at all because they live too far away,” then maybe you should reconsider buying the property, or consider buying a property closer to your grandchildren.

It doesn't really matter whether the discussion is centred on your grandchildren or your favourite golf courses—the principle remains the same. Once you get specific about how you envision your retirement years, the pieces of the puzzle will start to fall together, and you and your MD advisor can start to develop the financial plan you need to get there.

MAXIMIZE YOUR CHANCES OF SUCCESS

Many people fail to take the necessary steps to put their retirement plans in place because the plan isn't linked to a properly defined set of goals, grounded in fundamental personal values. Without this framework, saving and investing won't be nearly as rewarding, and your chances of successfully reaching your goals will be diminished.

That's why the exploration and visualization of your future is so important. Once you have a clear set of goals to work with, you can zero in on any trade-offs you may need to make between current consumption and investing for future consumption. Too often, questions about your financial bottom line tend to come ahead of questions about quality of life and choices you want to make in retirement. By the time you face the big “will I have enough money to retire?” question, you and your advisor should know pretty specifically what you mean by “retire”.

10 QUESTIONS AS RETIREMENT APPROACHES

1. What does a fulfilling retirement look like to you (big lifestyle shifts or subtle changes)?
2. When do you want to retire (sooner, later, all at once or gradually)?
3. Where do you want to live (in your current home or somewhere new)?
4. Will you spend time travelling (exotic adventures or familiar trips)?
5. Do you want to try new things (writing a book, going back to school)?
6. What hobbies or other interests will you pursue (golf, sailing)?
7. Will you be supporting any children/grandchildren (helping with finances, education, going into business together)?
8. Will you or your spouse pursue a second career (consulting work, turning a hobby into a business)?
9. Do you want to remain connected to medicine in some way (as a volunteer abroad or in your community)?
10. Do you want to give back to the community by supporting charitable causes (sitting on boards, donating financially)?

For help getting your retirement plans in order, please speak with your MD advisor.

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HAVE EXPERT ADVICE AT EVERY STAGE

Working with your MD advisor will enable you to define the things you want, the things you need, the things you should do immediately, and the things that can be addressed in the future. He or she will also help you set clear parameters that will drive your investment strategy, tax planning, retirement income strategy, estate planning and more.

For example, you will be able to pinpoint your minimum acceptable level of retirement income as well as your best-case income. You will have a better sense of your priorities, so that you can apply a more precise and disciplined planning approach to the things that matter most. And you will be able to use the principles of the MD Global Portfolio Strategy to break your portfolio into logical segments and align it with your various purposes, so that you can easily see where the money will come from to fund each of your goals.

You can even draw on the unique resources of your MD advisor to compare your goals and plans to those of your peers—other physicians approaching retirement who are making the same types of decisions you are.

Planning for retirement happens in two stages: First, you need to envision how you want your life to be; then you can work backwards to develop the right financial strategy. Working with your MD advisor, you'll have expert guidance, the whole way.

QUESTIONS?

CONTACT YOUR MD ADVISOR.

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