

What you can afford to spend per year
After tax, in today's dollars

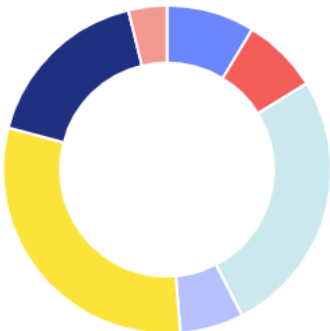


Tax implications over the planning horizon
Sum in today's dollars



Plan details

Income sources at age 65
before-tax



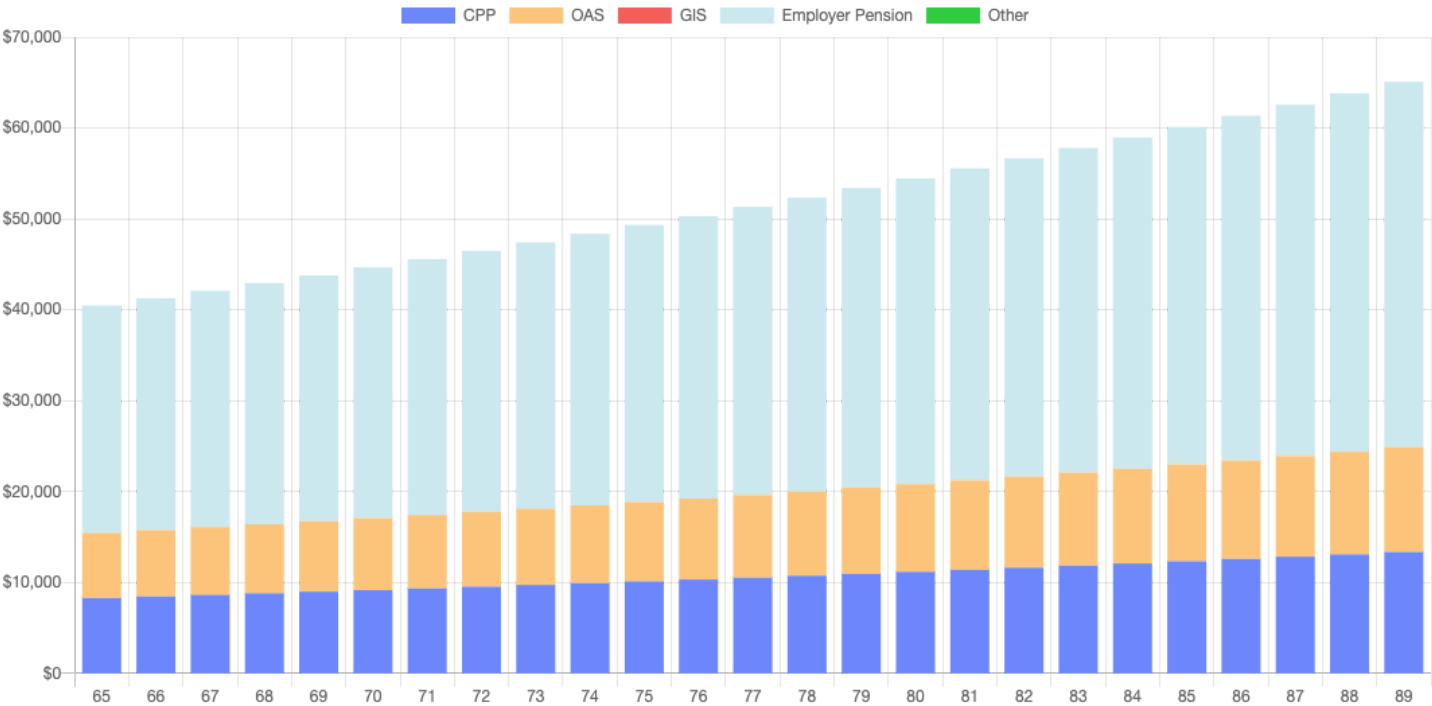
CPP OAS GIS Employer Pension Other
Dividends RRIF Non-registered TFSA

Income and taxes at age 65
after-tax

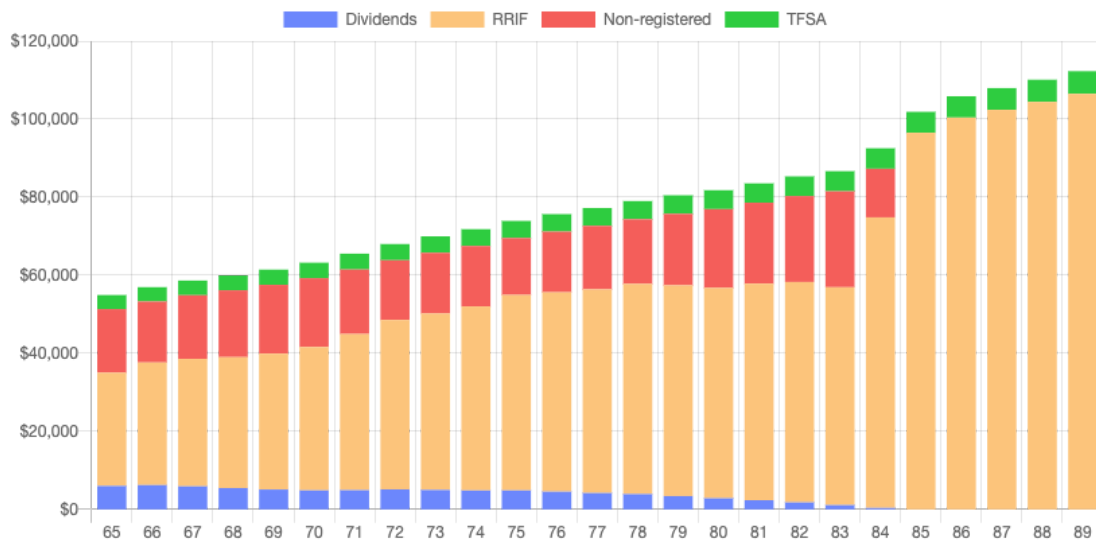


Spending Taxes OAS Clawback

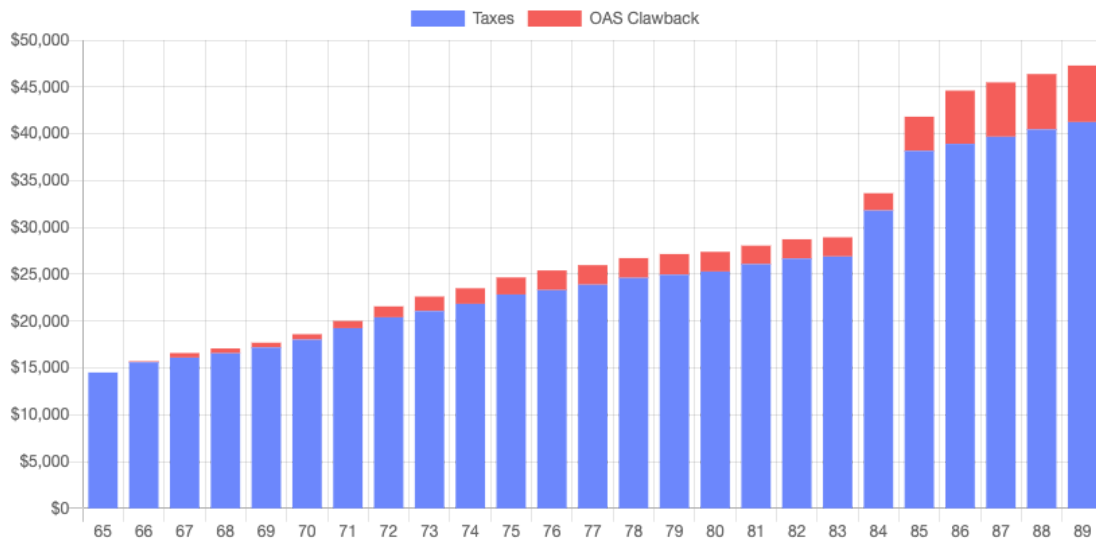
Pension income over the planning horizon
before-tax



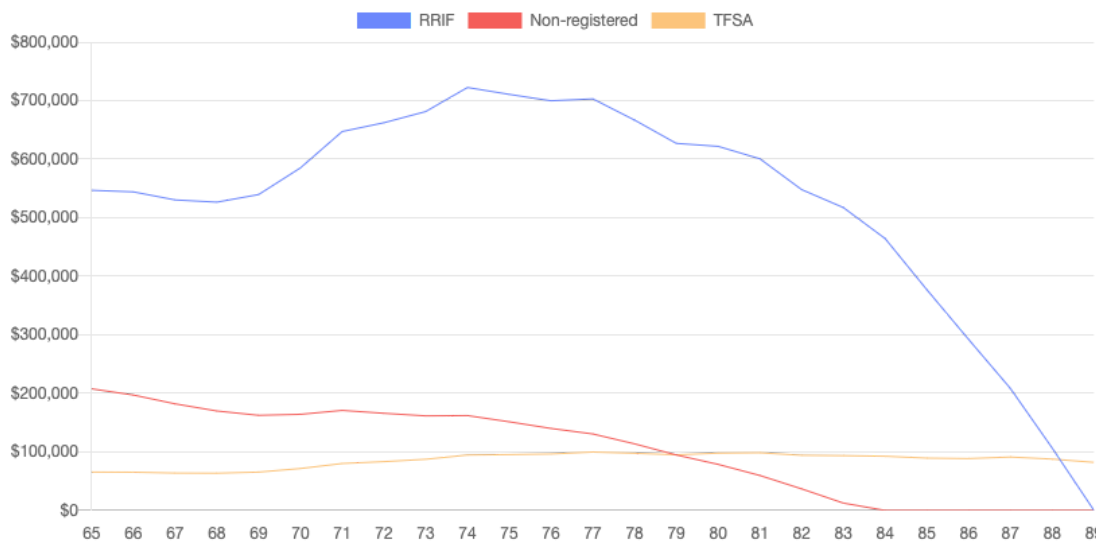
Investment income over the planning horizon
before-tax



Taxes over the planning horizon



Projection of investment account balances



Year by year details

All figures in the table are nominal, reflecting future values, except **real spending**.

	65	66	67	68	69	70	75	80	85
--	----	----	----	----	----	----	----	----	----

Spending

Gross spending ⓘ	\$95,390	\$98,214	\$100,733	\$102,909	\$105,236	\$107,892	\$123,247	\$136,245	\$162,000
Net spending ⓘ	\$80,879	\$82,496	\$84,147	\$85,830	\$87,546	\$89,297	\$98,591	\$108,852	\$120,182
Real net spending ⓘ	\$80,879	\$80,879	\$80,879	\$80,879	\$80,879	\$80,879	\$80,879	\$80,879	\$80,879

Pensions

CPP/QPP	\$8,303	\$8,469	\$8,638	\$8,811	\$8,987	\$9,167	\$10,121	\$11,175	\$12,338
OAS	\$7,160	\$7,303	\$7,449	\$7,598	\$7,750	\$7,905	\$8,728	\$9,636	\$10,639
GIS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Employment pension	\$25,000	\$25,500	\$26,010	\$26,530	\$27,061	\$27,602	\$30,475	\$33,647	\$37,149
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Investments

Minimum RRIF	\$20,000	\$22,784	\$23,658	\$24,108	\$25,073	\$26,977	\$42,046	\$42,758	\$39,515
Non-registered	\$16,314	\$15,623	\$16,310	\$17,121	\$17,633	\$17,646	\$14,577	\$20,190	\$0
RRIF	\$9,010	\$8,628	\$9,007	\$9,455	\$9,738	\$9,745	\$8,050	\$11,150	\$57,005
TFSA	\$3,603	\$3,675	\$3,749	\$3,824	\$3,900	\$3,978	\$4,392	\$4,849	\$5,354
Dividends ⓘ	\$6,000	\$6,232	\$5,912	\$5,460	\$5,094	\$4,872	\$4,858	\$2,841	\$0

Taxes

Taxes	\$14,511	\$15,603	\$16,092	\$16,560	\$17,179	\$18,015	\$22,838	\$25,290	\$38,168
OAS clawback	\$0	\$115	\$495	\$519	\$511	\$580	\$1,819	\$2,103	\$3,650

FUTURE VALUE OF BEQUEST ⓘ
\$82,030

Model features and assumptions

Optimality means allocating withdrawals between taxable and RRIF accounts such that:

- The after-tax income path is smooth
- The present value of after-tax income is maximized
- The bequest amount (client-specific value, adjusted to inflation) is satisfied

Taxable accounts

- Dividend tax, tax credit for eligible dividends
- Capital gains tax

Portfolio options

- Flat rate of return (fixed income without risk), or
- Monte-Carlo simulations of integrated investment portfolios

Public pensions

- Accommodates standard, deferral or early withdrawal of CPP/OAS
- OAS clawback
- CPP/OAS estimators are provided

Taxes

- Federal and provincial tax brackets, indexed to inflation (except for SK, NS, PEI)
- Provincial surtax, (Ontario and PEI) and the surtax brackets indexed to inflation in ON
- OHIP premium (Ontario), MSP in BC will be eliminated in 2020 and is not included
- OAS clawback (recovery tax)

Tax credits

- Personal amount
 - Indexed to inflation except for SK, NS, PEI
 - Additional basic personal amount in NS is not included
- Age amount
 - Indexed to inflation except for SK, NS, PEI
 - Additional age amount in SK, NS is not included
 - Not included in QC
- Pension income amount
 - Indexed to inflation only in ON, AB
 - Not included in QC
- Dividend credit

RRSP has been converted into a RRIF

- Calculates minimum RRIF
- And additional withdrawal (if required) from RRIF

Company pension

- Client specifies value and whether it is adjusted for inflation

Rental / part-time income / etc...

- Client specifies how long they last and whether this income is adjusted for inflation

Inflation

- 2%