

# Your Retirement Guide



# Planning: The First Step to the Life You Want



Your retirement is an exciting time in your life. However, far too many people fail to prepare to enjoy it. Truth be told, the task can be daunting, particularly with some of the hard realities to think about. National Insurance will be insufficient; longer life spans means uncertainty on whether finances will last; retirement could come sooner than expected. These challenges may seem so overwhelming that you may be tempted to put off thinking about them altogether.

This guide is the first step towards realizing the retirement of your dreams. We've provided tons of resources that are intended to work in conjunction with professional advice to help you create an actionable plan towards the retirement you want.

## What's included

We've broken this guide into three easy to digest sections. Feel free to go section by section or skip through to the parts that are most important to you.

1

### Retirement Toolkit

Find out how much you need for retirement, gauge your retirement readiness and more using our collection of retirement tools.

2

### The Breakdown

When it comes to financing your retirement, you may have more options than you think. In this section, we break down some of the options available to you to help you make informed choices.

3

### The Second Act

Just because you have accepted a retirement package doesn't mean you have to actually retire. We'll give you resources to help you get back into the workforce or to start a new venture of your own!

# SECTION 1: RETIREMENT TOOL KIT

It's time to get hands-on with your retirement planning!

The first step is to determine where you are in the process. If you are new to this, a good starting point is to try our **Pension Calculator**. You will need to input information like your current age, estimated retirement age and the estimated percentage of your income that you will need when you retire. Based on what you input, the calculator will give you an estimated \$ amount of what you will likely need upon retirement. Don't be discouraged by the results. Remember, this is all about creating an actionable plan. To do this, you'll need as much information as possible.

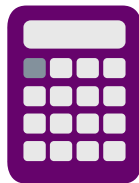
Once you've considered what your financial target is for retirement, get to work completing your **Retirement Checklist**. You will have to do some research here. You will need to find out what retirement benefits are available to you, the value of your savings/investments and assets. You can use this to get a clearer picture of your current financial position and where you need to be by the time you retire.

As you near retirement, your monthly budget may change. This is another factor to consider in your planning. Will you have dependents to care for when you retire? Do you plan to move to a smaller home to reduce expenses? Use the **Financial Planning Tools** to estimate your retirement budget. Bring all three tools with you when you sit with your RF Retirement Specialist.



*Click the links below to access our toolbox.*

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**Pension Calculator**



**Retirement Checklist**



**Financial Planning Tools**

***Need help?*** Feel free to reach out to our Retirement Specialists at any point.



# Retirement Timeline

Now that you're nearing retirement, what should you be doing? Here are some suggested activities to consider.

## 1 Year Before Retirement

1. Consider if you need to change your health insurance plan and finalize your plans for coverage in retirement.
2. Try to pay off all high interest debt like mortgages and credit cards.
3. Speak to an RF Retirement Specialist about your goals and assess your current savings versus how you want to live. Make any adjustments needed to your investment strategy.

## 4 - 6 Months Before Retirement

1. Speak to your RF Retirement Specialist to determine if you need to make any investment changes. Get advice on any financial considerations to help with negotiations for your retirement package, and talk through your options to continue earning interest after retirement.
2. Notify your employer of your intent to retire.
3. Speak to your Human Resources Department about your retirement package.
4. Consider part-time or volunteer work for your post retirement life. Start putting out feelers to see what opportunities exist. Take some time to update your resume if you're not planning to stop working immediately.

## 3 Months Before Retirement

1. Submit NIB claim for retirement benefit. [Download application and qualifying requirements here.](#)
2. Start planning your retirement party.

## 1 Month Before Retirement

1. Be sure to sign any necessary documents with HR so your pension termination request can be submitted to RF.
2. Open your RF Personal Retirement Account using your pension cheque and secure a flexible retirement income for life
3. Get addresses and phone numbers of people in your work life with whom you want to keep in touch.
4. Celebrate!



# SECTION 2:

## THE BREAKDOWN

Knowing your options is a key step in your retirement planning. In this section, we will look at your pre and post retirement options.

### Pre-Retirement Options

You're probably already contributing to your retirement. You should be contributing to National Insurance, for example. On it's own, this will not be enough to get you through your retirement years. You may need to consider other ways to make up for the shortfall.

#### Employer Contributed Pension Plan

Some workplaces offer pension plans in which both the employee and the employer contribute. These funds typically go into an investment account. As an employee, you should keep abreast of the returns your pension plan is earning. Make sure you login to your account from time to time and that all your details are accurate including the amounts you and your employer are contributing and your designated beneficiary. You should also know what your plan entails including when you are fully vested.

#### Saving Towards Retirement

Even though you may be enrolled in a Employer Contributed Pension Plan, you may also want to save on your own. How much you save is up to you and your individual retirement goals. The key, however, is where you put these savings. Bank deposits may seem like a reasonable and safe alternative. However, the interest you will earn is often very low. An alternative is a **Personal Pension Plan** where your funds are invested instead of simply sitting in a bank account. You will appreciate the *compound interest* that you will earn over time.





## Post-Retirement Options

Building your retirement nest egg takes careful planning and discipline. But what you do after you retire is just as important as what you do before. As you are investing in your retirement fund, make sure you also have a plan for how you will manage those funds once you actually retire.

### Annuity

An annuity is an insurance contract that guarantees you a regular income during your retirement years for as long as you live. You typically purchase an annuity with a lump sum or a series of payments. The idea of guaranteed payments for life can give retirees peace of mind. However, there are risks to consider. For one, once the payments are set, they are fixed for life. This does not leave you with many options if your expenses were to go up. Also, annuities often come with high commissions which can take a big chunk out of your retirement savings.

### RF Personal Retirement Account

As an alternative to an annuity, the RF Personal Retirement Account (PRA) is designed for more flexibility. There are no upfront commission fees and you decide how much you want to be paid and when. Since the payments are not fixed, you can increase or decrease the amount you want to withdraw at anytime. The PRA is an investment account, so your funds will continue working even though you're not. How your funds are invested is up to you as we provide four investment vehicles with varying degrees of risk.

### Is A Personal Retirement Account Account Right For You?

The Account is right for you if you:

- Have at least \$100,000 to invest;
- Want to have a choice of attractive investment options;
- Want flexible income payments;
- Want to keep your retirement savings invested;
- Want to add funds when they become available;
- Are willing to take the risk that the value of your savings could go down.



# WHAT YOU SHOULD KNOW ABOUT ANNUITIES

**Your money may outlive you.** Generally, an annuity is when you give an insurance company your money and in return, they pay you an income stream for the rest of your life. While it may be comforting to have a predictable source of funds, in some cases, if you die before you've received all of your money, the insurance company keeps it.

**You may pay extra to pass on your money.** In the event that you die before your original investment has been repaid to you, the insurance company, not your heirs, keeps the balance. Your monthly payments will stop and you will not be able to leave funds in your annuity contract to your spouse, children, or loved ones. You may have the option to leave a survivor benefit, but this can come at an extra cost and can be expensive.

Now that you're planning for retirement, you may be thinking that an annuity is a logical step in the process.

If you don't have a personal pension plan, an annuity can provide a guaranteed retirement income. However, as a long-term investment, you may want to proceed with caution.

**You may be paying hefty fees.** Annuities come with big upfront fees in the form of sales commissions. These fees along with other associated charges, like administrative and management fees, can negatively impact your annuity by lowering your monthly payments by a fixed dollar amount or reducing your annual investment returns by a percentage.

**You will pay penalties for early withdrawals.** If you withdraw from your annuity before reaching the required age, you may be subject to a costly penalty of 10% or more. Since annuities are not particularly aggressive investment vehicles, you could stand to lose all your returns by making an early withdrawal.

**[Click here to take a closer look at annuities and the PRA.](#)**





# SECTION 3:THE SECOND ACT



## 4 Mistakes To Avoid In Retirement

One common retirement mistake is retiring from one thing and not to something else. Our RF Retirement Specialist says to "retire on purpose" by finding ways to stay active and fulfilled. Check out some more tips in this video.

### CHECK OUT THESE RESOURCES

[Time to Update Your Resume](#)

[7 Steps to Starting Your Own Business](#)

[Resume Tips for Baby Boomers](#)

[Entrepreneurship After Retirement](#)

## HAD TO RETIRE EARLY?

Things may not always go as planned. If you had to retire sooner than you expected, you will likely have to review your financial plan. Here are some tips that may help you during your transition period.

### **Review Your Benefits**

This is the time to tap into benefits you may not have utilized before. National Insurance benefits may be an option for you. You may have lost your employer sponsored health insurance. Can you tap into your spouse's benefits? While you may not have planned on needing them, you should take some time to discover what benefits are available to you, how you can access them and when.

### **Review Your Investments**

Make an appointment with your Investment Manager to go over your portfolio. You may want to discuss adjusting your risk profile so that you are taking on less for the time being.

You may also want to discuss your retirement investment account and how this can be adjusted to suit your current status. Since you no longer have the benefit of an employer sponsored pension plan, consider opening a Personal Pension Plan to keep your retirement plan going.

### **Review Your Cash Flow**

Take some time to go over your current expenses and your available income. Estimate how long your income can cover your expenses. This can help you determine if you need to make any adjustments. You may prioritize high-interest debt like your mortgage while reducing travel or entertainment expenses. Careful planning can help you avoid running out of money while you are in transition.

**Click here** for more tips.





**Want to learn more?  
Get in touch with our RF Retirement  
Specialists at [pension@rfgroup.com](mailto:pension@rfgroup.com)  
to schedule an appointment.**

## About RF

Since inception in 1997, RF has been committed to helping clients create and manage wealth. We are a regional private bank connecting our clients in The Bahamas, Barbados and The Cayman Islands with the best in local and international investments. Collectively, we have helped clients raise in excess of USD \$1.8 Billion in capital and we have \$2 Billion+ assets under administration. Offering a wide range of investment products and services, our financial solutions are designed to help individuals and corporate clients meet and achieve their investment goals.

These include:

Mutual Funds  
Investment Management  
Investment Banking  
Group & Personal Pension Plans

Personal Retirement Accounts  
Stock Brokerage  
Trust & Estate Planning  
Educational Investment Accounts

