Merrick Financial
Fee-Only Financial Planner

Retirement Example - Married Couple both Age 58

Situation - The clients', Bill and Taelor, have worked hard all of their lives and built up substantial assets. They are wondering if they can retire when they reach 65 and how much they can approximately spend each year along with helping their children get into the real estate market next year. In working with Merrick Financial inc. they come up with 2 x scenarios:
- one where they get a realistic assessment of their possible future level of sustainable spending when they reach 65
- a second scenario to see if they can retire any earlier (hopefully 62?).

Assets

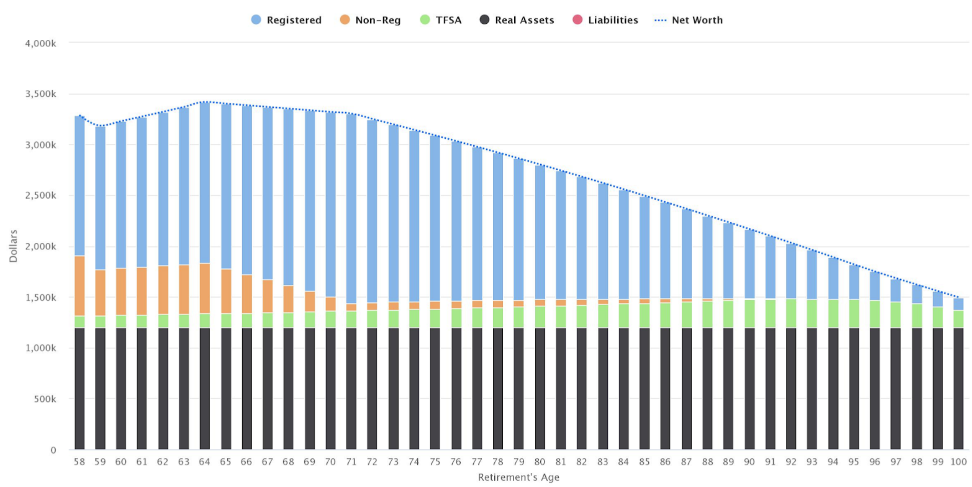
1. Principal residence - $1,200,000
2. RRSP combined - $1,350,000
3. TFSA combined - $112,000
4. Non-registered assets - $400,000
5. Cash - $185,000

Total net assets $3,247,000

Goals

1. When can we financially retire?
2. How much can we spend a year in retirement?
3. How do we do #1 and #2 tax efficiently?
4. Can we afford to help our kids get into the housing market next year?
5. How do we tax efficiently pass along our assets to our kids? What are my estate taxes and probate fees likely to be and how do we minimize them?
6. Can we avoid OAS clawback?

What follows is a very quick snapshot of the financial planning process. It excludes many parts of the process including the spending / savings analysis and insurance needs analysis. Every client's situation is different and this is for illustrative purposes only:



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The above chart is the net worth of the family over their expected lifetimes. It shows a drawdown of assets and leads to a suggestion of which assets should be spent first.

After a series of video calls a detailed set of financial projections is given to the client along with an action based written report to be implemented.

Recommendations

1. Retirement at 65 is achievable with the same level of household spending they do now. A large payment can be made to their children next year. An earlier retirement does not have a large enough "margin of safety" right now.
2. We have optimized the withdrawal of funds in the most tax efficient way. Starting with the non registered accounts first and moving to their RRIF. There is a detailed explanation of income splitting strategies that apply.
3. A substantial estate is also going to be left to their children, per their wishes. We go over the optimal way to do this and confirm the ways of minimizing the possible OAS clawback.

Result

A) Peace of mind knowing that they can achieve all of their goals. They also have financial flexibility to increase spending if desired, give more money to their children or have enough if an emergency strikes.

B) Confirmation that they can live in "comfort and security" in retirement.

If you want Merrick Financial Inc. to provide you with this level of clarity and direction in retirement then take the next step and book a free initial consultation.

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