

You'll want freedom in retirement. What you need is a reliable income stream to give you that freedom.

When you go through the transition from "all work" to "no work" or "some work", you will need to create a reliable income stream. The question is, how much income will you be able to count on each month, to effectively plan what you can do and ultimately, what you can spend?

If you've been saving, there is no reason why you can't create a reliable income stream throughout your retirement. There are ways to plan so you can count on that income.

Let's look at your options:

**Cash in your RSP when you turn 69...**

You can withdraw all your RSP saving in one lump sum. However, the entire amount will be added to your taxable income for the year in which you make the withdrawal. If you aren't already in the top tax bracket, cashing in your retirement savings plan may put you there - and the government will take half your money! Not surprisingly, very few people choose this option.

**Transfer your Retirement Savings Plan (RSP) into a Retirement Income Fund (RIF) by the end of the year in which you turn 69...**

Think of a RIF as the opposite of an RSP. Your RIF payments are like your own pension plan payments that continue to grow in value on a tax-free basis. It's your own way of providing yourself with an income stream. Here are the basic rules:

- You can only create a RIF by transferring funds into it from an RSP;
- You cannot contribute new money to your RIF;
- You are required to take a minimum amount of money out of it each year but are not restricted to the maximum amount you can take;
- You are taxed on any income you receive from your RIF, and have to pay withholding tax on any amount you take out in excess of your annual minimum payment.

**Transfer your RSP to an annuity...**

An annuity is essentially an insurance contract that trades in all your retirement savings for a guaranteed fixed pay-out. For some, knowing exactly how much they'll receive and the ease of management, make this option appealing. Some investors opt for a combination of RIF's and annuities, choosing RIF's for flexibility and annuities for guaranteed income stream for life.

**Use your non-registered account savings to start a Systematic Withdrawal Plan...**

You may have investments in non-registered accounts. What can you do with those? There's a way to turn your non-registered investments into an income stream. Consider a Systematic Withdrawal Plan (SWP). There are two main things to remember about SWP's:

- First, the rate at which you withdraw money every year should be less than the rate at which your investments are growing (otherwise you'll deplete your original investment and be left with nothing);
- Second, there are tax consequences to taking money out of non-registered investments that you should ask your financial advisor about before you set up a SWP.

Now that you know your options, you can make the choice that is best for you! Speak with us about your "after-work plan". We'll help you achieve your after-work dreams!

*Source: AGF Funds Inc.*