

MAJOR SOURCES OF RETIREMENT INCOME

<u><i>Vehicle</i></u>	<u><i>Favourable Characteristics</i></u>	<u><i>Unfavourable Characteristics</i></u>
Government Pensions	Indexed	Claw back
Private Pensions	Pre-determined income Last survivor benefits	Annuity benefits could be low depending on circumstances at time of commencement and terms of pension plan
RRIF's	Investment flexibility Minimum withdrawals Long term rates	Tax on death
LIF	Provides time to pick favourable annuity rates	Only available from pension fund proceeds and locked in RRSP and must end at age 80
Annuities	Predictable income Limited loss of capital in case of early death (term certain) Lower income tax	Loss on death (beyond guarantee period)
Universal Life Insurance	Tax shelter	Effect of changing rate of return
GIC	Secure Fixed income	Low returns Fully taxable Lack of short term liquidity
Bonds	Fixed returns Higher interest rates	Value depends on interest rates
Stocks	Low tax rate Inflation hedge	Volatile Low annual income
Real Estate	Tax shelter Reverse mortgage available	Volatile Liquidity



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