FINANCIAL WISDOM
- WEALTH MANAGER -

May 2026

Make Your Retirement Savings Go the Distance

Hey there! If you're gearing up for retirement–or already enjoying it–you might be wondering how to make your hard-earned savings stretch as far as possible. It's a huge milestone, and no matter how modest your starting balance is, you want to ensure your nest egg lasts just as long as you do.

Many people think that upon retiring, they must completely change how they manage their investments. The old-school rule of thumb used to be: "Once you stop working, move everything into ultra-safe, fixed-income investments." That made perfect sense when the average Canadian lived to around 75. But times have changed! Today, seniors frequently live well into their 90s, meaning you could rely on your investment assets for almost as many years as you spent working.

Because of this longer lifespan, asset allocation is a game-changer. Think about your everyday life. Year after year, living expenses like property taxes and groceries keep creeping up. If your money is tied up in "safe," fixed-income investments, your income stays flat. This creates a frustrating gap between what's coming in and going out. Consequently, retirees often drain their savings, go into debt, or drastically cut their lifestyle to bridge the gap. The secret to stretching your retirement income is realizing your money doesn't have to slowly drain away. With smart, prudent investment management, you can generate great cash flow, even from a modest starting balance.

Let's look at some eye-opening numbers. Imagine a 65-year-old with $100,000* in their RRSPs who wants to start drawing a pension this year.

Over a 30-year span, here is the total amount of capital they could expect to receive under a few different scenarios:

1. A GIC RIF using a 2.5% interest rate for that $100,000 (running to depletion at age 93) has a total payout of $134,822.

2. A Life Annuity with a 10-year guarantee for a male will pay out $157,519.44 total over 25 years. Or about $10,000 less for a female.

3. A normal RIF payment for registered funds of $100,000 for a 65-year-old over years at an assumed constant rate of return of 4% will pay out a total of $163,444 to age 94.

4. The same as above, but at an assumed rate of return of 7%, will pay out a total of $225,535 with a capital balance remaining of $32,535 for a total of $258,070.

Sure, to get those higher returns, you have to stomach the emotional ups and downs of owning equity investments. But here's the real takeaway: playing it completely "safe" might actually be the riskiest move you can make if your income stays flat while expenses skyrocket. Embracing growth assets that can keep pace with inflation is perhaps the only way to truly protect your standard of living!

**All scenarios used standard RRIF illustration software from a large Canadian insurance company and are for illustrative purposes only. Results for individuals will vary by age, gender, and capital levels amongst other variables. Amounts shown assume capital is depleted for Estate planning purposes.*

Have questions about your retirement income plan? Contact our office!

Bunna Phay, AMP

Better Wealth Management - Equity Associates Inc.

Ph: 519.438.1889 - https://www.betterwm.ca - bunna@betterfinancial.ca