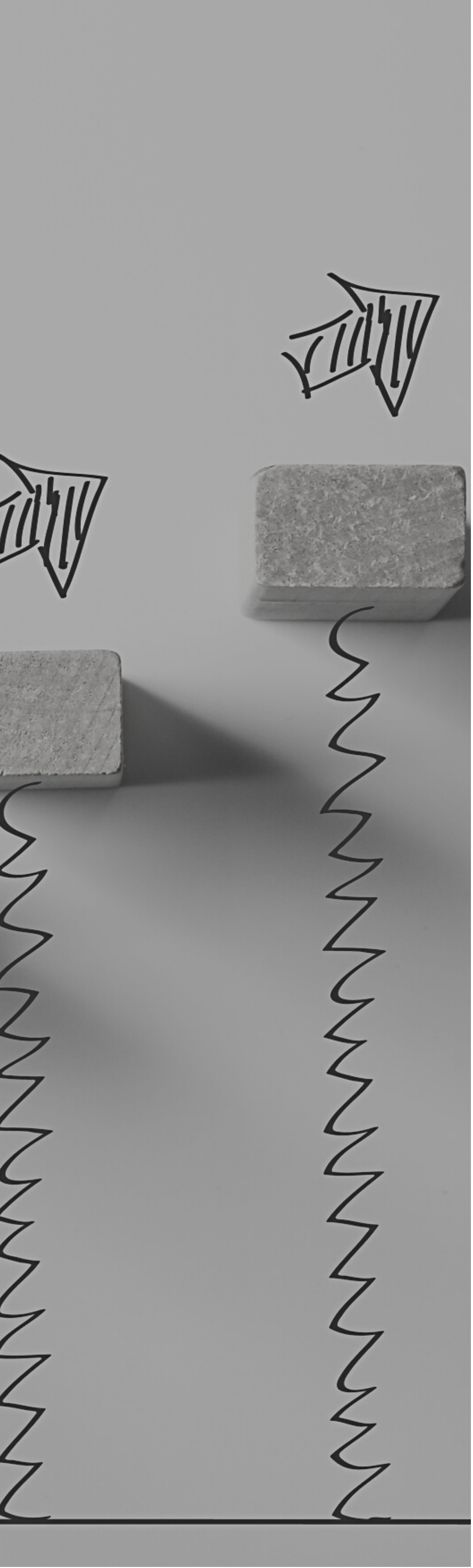

MAXIMIZING YOUR RETIREMENT SAVINGS

Retirement Planning Series: Part 1

CK WEALTH
MANAGEMENT

Saving for a goal is difficult. Saving for a far-off goal, even more so.

If retirement is a ways off for you, it may feel like something that can be addressed "later"; it doesn't need your immediate attention.

However, as long as you contribute money to your retirement funds and are not at the withdrawal stage, your retirement savings strategy DOES need regular and consistent attention. Ensuring you make the most of your investments and build wealth is crucial.

Many Canadians may not have enough money to last through their retirement. According to the United Nations, the average life expectancy for Canadians is 82.66 years. Additional stats from around the world suggest that many people have a significant issue with their retirement savings; on average, they are 8 - 20 years short on funds.

In addition, a recent report from Mercer indicates that women, on the whole, retire 30% less wealthy than men and have to work an additional 2 years to ensure they are retirement ready.

The good news is that there are things you can do to make sure you maximize your retirement savings!

1. Keep saving and investing
2. Take advantage of compound returns
3. Look at the big picture
4. Make solid financial decisions

1. SAVE AND INVEST EARLY

A Chinese proverb says the best time to plant a tree was 10 years ago. The second best time is today.

The same applies to investing. We all know that it's essential to save as much as possible, as early as possible. Even though retirement seems far away, establishing a solid investment base and contributing regularly allows your money to grow faster and start working for you.

2. PUT YOUR MONEY TO WORK

By investing early and often, you can take advantage of compound interest to make your money grow. The longer your investments earn compound interest, the more "heavy lifting" they do for you.

Think back to Grade 10 math when we learned how to calculate compound interest. Here's a recap:

- You have an investment of $100 at 10% interest.
- At the end of the year, you have $100 + $10 = $110
- In year 2, you also earn 10% interest. That's calculated on the new $110 value.
- At the end of year 2, you have $110 + $11 = $121
- Keep going along this line, and by year 10, your $100 investment is now worth $259.37 without any additional contributions!
- If you contributed an extra $100 per year, after 10 years, you now have $1,852.12 from your investment of $1100.

Try it for yourself with this handy **online compound interest calculator**, or check out **this video from Khan Academy**.

3. THE BIG PICTURE

When investing for retirement and starting early, you have a long time to contribute to and earn interest on your investments.

Markets go up and down all the time. Even through recessions, markets continue to move upward over time. Staying invested for the long haul allows you to weather market changes and mimic this upward trend. This is also where dollar-cost averaging comes into play. You can purchase MORE investments when markets are down and take advantage of growth.

This image illustrates the overall growth of the TSX since the mid-1980's. If you were to hold on to an investment - say, an index fund - over this period of time, look at the growth possibilities!

https://tradingeconomics.com/canada/stock-market

4. MAKE GOOD MANAGEMENT DECISIONS

Throughout all of this, the ability to make informed, rational decisions about your financial future is important. It’s easy to lose sight of the long-term goals and timelines when dealing with day-to-day life and expenses. Dips in the market seem large and looming, and the fear of losing money (or “more money”) is real for many investors.

This is where your financial advisor comes in handy. They have the market experience and long-term focus and can guide you through each stage and opportunity of your investing journey. They want your money to grow as much as you do and can keep you focused on the end goal; planning for a successful and stress-free financial future