



CASE STUDY SERIES

VOL. 1 RETIRED COUPLE

BEHAVIOURAL CASH FLOW PLANNING™
CASE STUDIES

SHOULD YOUR CLIENT HAVE A BEHAVIOURAL CASH FLOW PLAN™ DURING RETIREMENT?

Yes.

Canadians over 65 say that managing day-to-day spending is their top priority and 1 in 3 retirees hold debt outside of their mortgage.*

People over the age of 65 are taking on more debt at a faster pace than the population at large. In the late 1990's, only about a quarter of people over 65 had any debt. During the last statistics Canada report, the number has risen to over 40%** making Behavioural Cash Flow Planning™ even more important for those in retirement.

Behavioural Cash
Flow Planning™
**FINDS BIG
MONEY**
For Retired
Clients Too!



*Source CIBC Poll **Source: CBC News Business Report

THE DETAILS



Marg and Peter have worked hard all their lives. They've been retired for three years, having left the workforce at 62, a little earlier than originally intended. Peter has a pension and Marg has a few previous pensions from various professional roles now in the form of Locked-in RRSPs. They feel like they have decent savings, and while they've indeed retired with some debt, it's only a small mortgage line of credit (\$24,000) and a single credit card (\$2,500).

Now that OAS is about to kick in and because they took CCP early, they've realized that Peter will actually see a net reduction in pension income, although income splitting may help reduce the consequences.

INCOME

\$5,200/mo
Combined Income From All Sources

EXPENSES

\$5000/mo

ASSETS

\$150,000 Of RRSPs

\$50,000 Of Locked-In RRSPs

DEBT

\$2,500 Credit Card

\$24,000 Mortgage Line of Credit

NEXT STEPS

SHOULD THEY TRY AND PAY OFF THIS DEBT?

First of all, they have no idea how much income they need. So far they've been making do each month, drawing from their other unlocked RRSP's when needed. What they don't know is how much income they can safely take from the assets they control in order to enjoy them to the fullest and avoid running out. When a Behavioural Cash Flow Plan is done for retirees it's not just about finding money, it's about preventing the erosion of assets, as well as giving them a way to figure out what they need to live on and how to avoid going over that amount.

THE TOTALS

Marg and Peter's debt seems small, but it can cost them.

TOTAL DEBT	TOTAL DEBT WITHOUT MORTGAGE	TOTAL MONTHLY PAYMENT
\$26,500	\$2,500	\$350



59% of Canadians are retiring in debt and nearly **60%** of that debt is credit cards and lines of credit.*

*CIBC Poll

THE RESULTS



HERE ARE THE RESULTS OF MARG AND PETER'S BEHAVIOURAL CASH FLOW PLAN™:

Their advisor was able to determine that they needed a base income of \$4,300 per month, which their pensions nearly covered. They realized they needed to annuitize some of their assets to give them a monthly income of at least \$400 a month for life. They learned how to manage the rest of their assets to create their lifestyle income and knew what to do in the event of market fluctuations or other uncontrollable events. Their mortgage line of credit was paid off within 24 months, saving thousands in interest; previously, they'd just been paying the interest.