

The basics of

life

planning



Are you trying to stay on track towards reaching your goals for the future? Then getting a refresher on life planning issues may help you ensure your current savings strategy matches your retirement goals. Here's what you'll learn:

1

Planning
for all
stages
of the
life cycle

2

Balanced
lifestyle –
a 21st
century
concept

3

Prioritize
your life
plans

4

The
pyramid
of success

What is life planning?

Life planning is an ongoing process of creating goals and setting objectives at every stage of the life cycle – it is about living a happier, healthier life today while designing our life plans for tomorrow. Perhaps the greatest transition in our lives is the one we refer to as retirement.

Successful financial and retirement plans are always a by-product of the development of a meaningful life plan. Life planning goals are generally focused on trying to balance one's work, family, and personal needs. However, the obstacles you must overcome in order to balance your goals, priorities, attitudes, time for a happier more fulfilling and more productive life, can be overwhelming.

For so many Canadians work is simply a means to an end. Many people live for today, conquering today's tasks, not planning for retirement. Some use today's financial rewards to provide for a secure retirement. What often gets lost in this scenario is all of the other aspects of living one's life.

In our constant pursuit of happiness, we first must learn the lesson that we don't become happy by pursuing happiness. We become happy by living a life that is meaningful. Therefore, life planning is a conscious choice we make to design life goals; to create the lifestyle pursuit of our dreams; to self-actualize; in other words, to have it all.

Question

What rule of thumb has often been applied to the percentage of your income that you should save?

Answer

10% of gross income from all sources throughout your lifetime.

Key issues and events



The six powers of success

- Physical health
- **Personal control**
- Profession/career/vocation
- **Personal fulfillment**
- Important relationships
- **Pursuit of financial freedom**

The key purpose in life is for each one of us to make personal choices throughout the six powers of success and the goal is to strive to find a balance among the powers. Any power taken to excess almost always causes you to detract from one or more of the other powers.

Reality check

The hard truth is that only a small portion of Canadians will achieve financial dignity and comfort.

The government's aim is to provide sufficient funding and tax breaks so that we might continue to enjoy our "customary standard of living."

The reality is that the relatively smaller workforce in the early 21st century will more than likely be unable to support its vast group of retired citizens.

Remember, each new day is the first day of the rest of your life!

Which three of the six powers of success are of the greatest concern to you?

1.

2.

3.

People generally choose the same three powers: health, money, and relationships. However, these three powers are ranked differently based on what stage they are in the life cycle.

Life cycle stages

Greatest concern	Ages		
	25 to 44	45 to 64	65+
1	Money	Health	Relationships
2	Health	Money	Health
3	Relationships	Relationships	Money

Lifestyle fact

The three greatest powers usually consist of blending money, health, and relationships into a pyramid of success – a holistic approach to contentment, happiness, and self-satisfaction in one’s life.

Six powers of success

Physical health

- Right nutrition/diet
- Proper sleep
- Regular exercise
- Stress management
- Recreational activities

Personal control

- Life philosophies
- Challenges
- Opportunities
- Happiness
- Positive mental attitude
- Choices/start today
- Responsibility
- Time management
- Work-life balance

Personal fulfillment

- Hearth & home
- Emotional health
- Peace of mind
- Inner harmony
- Spiritual inquiry/religion
- Intellectual satisfaction
- Life-long learning
- Volunteer/service

Profession/ career/vocation

- Skills satisfaction
- Goals/objectives
- Plan of action
- Motivation
- Creativity/imagination
- Communication
- Leadership

Important relationships

- Spouse/partner
- Children
- Extended family
- Friends/social
- Changing roles
- Bereavement
- Coping with loss

Pursuit of financial freedom

- Steward – Cash/debt mgmt
- Create – Pay yourself first!
- Grow – Asset allocation
- Develop – Tax and investment strategies
- Preserve – Retirement planning
- Transfer – Estate planning

Create your personal life goals

Setting goals and objectives

Setting strategic goals, establishing objectives, and developing your own plan are essential. Retirement is not unlike any other of life's major turning points such as marriage, the birth of a child, divorce, or a death in the family. It can be fraught with emotional upheaval, sometimes intensely so. Planning for momentous events will remove unnecessary and often unforeseen sources of stress.

Retirement should be a natural extension of those activities that you like doing now. You must savour and make use of the hours and days of your new-found freedom. This extra, unscheduled time creates the biggest impact on lifestyle after retirement.

Retirement goals and options

Pre-retirement planning is not a finite achievement. It is an active, ongoing process of choosing retirement goals and activities that can be realistically attained.

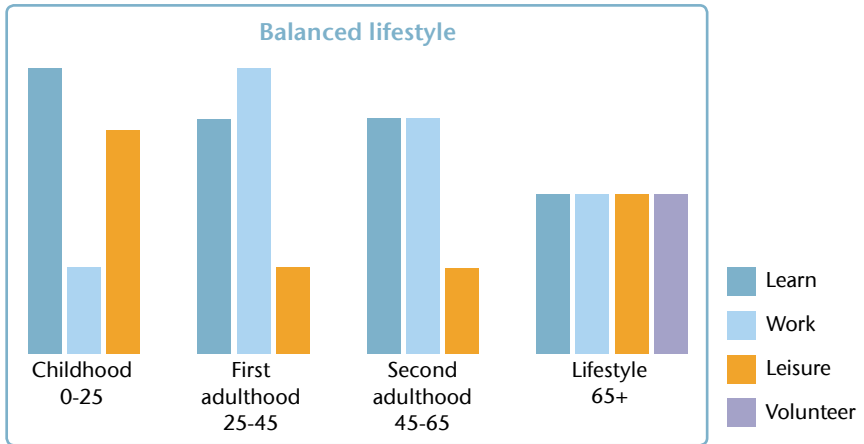
The most rewarding retirement lifestyle you can choose will be the one that reflects your habits, interests, preferences, capabilities, and limitations, as well as your disposition and temperament. Research has shown that the pattern of living we exhibit in our 40s, 50s, and 60s tends to predict the mental and physical condition we will experience in our 70s, 80s, and beyond. Examining your current pattern of needs and goals will not only produce insights into your inner makeup, but also provide a "window of the future" – a view of what is likely to be the most appropriate life pattern your retirement years should follow.

The benefits of action now!

- Allows more choices later
- Eliminates the worry that the prospects of retirement often create
- Exerts more control over your cash flow and expenses now
- Maximizes the returns on your investments and capital
- Provides a timely analysis of your personal and financial affairs
- Establishes the motivation to think carefully about your retirement and prepare for it now!

Discover the challenges & opportunities of retirement

Life periods



Tremendous medical advances are continuing to increase longevity each and every day. There has been a trend in recent years for people to leave their full-time work careers at an earlier age. With these trends of increased longevity and shorter working careers, it's quite possible that many individuals will spend more time in retirement than they will have spent in their working career. A typical future lifestyle might look like this:

Major life periods	Years
Learning	16-25
Working (full-time career)	30-35
Balanced retirement lifestyle – combining lifelong learning, part-time paid work, leisure, and volunteerism	20-40

This opens a up a wonderful window of opportunity, unlike any previous generation has experienced. As you enter the third period of your life you must take a positive approach that leads to growth, excitement, adventure, and vitality. Making choices to develop successful transitions is what effective retirement and lifestyle planning is all about.

How will your life change in retirement?

There are many major lifestyle changes that take place. Ask yourself the question, “How will my life change in retirement?”. What is most interesting is that you will probably build a list that is the same for most Canadians.

Lifestyle changes in retirement

- Stress – loss of identity/loss of self-esteem
- Health – physical/mental/spiritual
- Time
- Freedom – boredom
- Structure
- Money (\$)
- Relationships – work/family/spouse/social
- Travel
- Home – downsize/cottage/own vs. rent/sunbelt
- Bereavement – coping with loss
- Leisure – entertainment/hobbies/recreation/crafts/cultural/events/sports
- Education
- Volunteerism
- New careers

The message is quite simply this: people from all walks of life share the same concerns; want the same things for themselves and their loved ones; and are often seeking the same spiritual answers as to the purpose and meaning of a full and satisfying life.

The top three major concerns and top three major activities in retirement are consistent and predictable – after all, people for the most part are looking for the same holistic balance to their lives, which embraces a combination of all these lifestyle issues in their retirement.

Top 3 major concerns

- Health
- Money
- Relationships

Top 3 major activities

- Leisure
- Volunteerism
- New careers



Learning from others

Many people have travelled the retirement route ahead of us. Let's take a look at a profile of a typical retiree.

First, this is a contradiction in some ways because what we've been saying is that each of you will choose a retirement lifestyle that is quite different from anyone else. So, while there is no such person as the typical retiree, we do have some images and statistics that focus on similarities. First, the images.

In our lives, most of us have some contact with retired people, either as members of our family or as personal friends. We also observe them in television, movies, and the theatre as well as in public. All of these perceptions and experiences taken together create an image of retired people. Now let's compare your image of a typical retiree with the findings of some independent studies.

Profile of a typical retiree

- Spends about 33% less than their pre-retirement/employment income
- Uses one all-purpose credit card
- Adventure travel is the number one preferred activity
- Spends a lot of time watching television
- 30% of retirees initially unable to cope effectively with the absence of work
- Loss of identity and self-esteem
- Boredom a common factor
- Didn't have a realistic picture of what retirement lifestyle would be like
- Television, visiting in home with friends, reading, walking, driving for pleasure, and travel are priority leisure activities in rank order
- Walking is the number one choice in physical activity
- Gardening, home maintenance, swimming, bowling, golf, tennis, and curling are ranked list of other physical activities
- Involvement with family and friends to the exclusion of neighbourhood and community
- Don't do the recreational activities they always claimed they would, once retirement starts
- Considerably slower pace of living by age 70 – doing less driving, travel, and entertaining
- Declining participation in leisure activities, especially physical activities

Lifestyle fact

Barriers cited to leisure activity in ranked order:

- No time to do it
- No discretionary income to afford it
- Lack of companions
- Health

Let's sum it up

- Life goals are always the starting point for our financial and retirement plans.
- We have added 30 years to the average life expectancy in Canada during the last 100 years which means our retirements could now last longer than our working careers.
- When we think about the major issues and concerns of how our lives will change in retirement we realize that we all share the same needs and concerns.
- The key to a successful well-balanced lifestyle is to embrace the Six Powers of Success equally. Experience shows that when one excels in one of the powers e.g. financial or career, often the price is paid in one or more of the other powers e.g., relationships or physical health.

The best things in life are free.

The best things in life aren't things!

The best things in life are family and friends. To love, to nurture, to care for each other in our relationships is the true essence of much of our happiness!

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Investments
Insurance**

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