

07 Saving for retirement



Planning for retirement means thinking about:

- The lifestyle you would like to have later in life
- How much you need to save to live that lifestyle later
- What benefits you get in your retirement years, like Canada Pension and Old Age Security
- How to manage your money after you stop working or when you receive less income.

Robins choose their nesting sites carefully. They will make many trips each day to build their nest with grass and twigs. Their planning and care gives us the term ‘nest egg’. Take some time to think about where to put your retirement savings. When it comes to building your nest egg, you need to stick with it.

It is never too late to start saving. But the earlier you begin, the more your money will grow over time. Even small amounts can help to build a future.

Use this sheet to learn more about ways to save for retirement. Then, answer some short statements to decide whether a Registered Retirement Savings Plan (RRSP) or a Tax-Free Savings Account (TFSA) will be better for you.

These worksheets were inspired by Indigenous financial wellness expert and artist Simon Brascoupé, co-creator of our Managing Your Money booklet. [Learn more about the inception of these resources and our commitment to reconciliation.](#)

Ways to save for retirement

Canada Pension Plan (CPP)

If you work in Canada, you can contribute to the Canadian Pension Plan. If you are employed, you and your employer both put money in. If you are self-employed, only you put money in. The government of Canada administers this plan. You must apply for CPP. You can apply as soon as age 60. Or you can delay your application and get more money. Whatever you decide, you must apply.

Workplace savings plans

Some workplaces offer their own pension or savings plans to help their employees save for retirement.

Tax-Free Savings Account (TFSA)

A Tax-Free Savings Account is a good place to put money for retirement savings or any other savings goal. Having a TFSA is very important if you are on a low income. Your money grows tax-free, even when you take it out.

Plus, having a TFSA does not affect the amount of benefits you receive from government programs. You can set one up where you do your banking.

Registered Retirement Savings Plan (RRSP)

This is another kind of savings account for retirement. When you put money into an RRSP account, it reduces the amount of income tax you have to pay. But when you get older and take money out, you have to pay tax on what you have saved and earned.

An RRSP makes sense if you have a steady income and you want to reduce your taxes while you are working. When you retire, your income will shrink, so you will be able to handle the taxes on what you take out.

But if you are living on a low income and getting government benefits, an RRSP may not be the best choice for you. The government might reduce some of your benefits (this is called “claw back”) when you start cashing your RRSP.

Registered Disability Savings Plan (RDSP)

This is a savings plan to help people with a disability to save for the long term. Just like other registered savings plans, it can hold savings and investments. If you qualify, the government will help you save by making payments into the account as well. This is called the **Canada Disability Savings Grant (CDSG) and Canada Disability Savings Bond (CDSB)**.

Investing your money

You can invest money in a TFSA, RRSP or RDSP so that it earns more money than regular interest. But many investments come with higher risk. You might lose some or all of the money you have invested. A financial advisor can help you choose the types of investments that are right for you.

Government benefits for seniors

Old Age Security (OAS) is a government pension for Canadians aged 65 and older. You can receive OAS payments even if you have never worked and even if you are still working. You must live in Canada for at least 10 years since age 18 to qualify for OAS. You must apply to get OAS as soon as you turn 65.

The **Guaranteed Income Supplement (GIS)** is an additional amount you can receive on the OAS pension. It is for seniors who have a low income.



Registered Retirement Savings Plan or Tax-Free Savings Account

Check yes or no to the statements below to help you decide whether to save in an RRSP or TFSA.

I am saving for other goals besides retirement.	Yes	No
I do not earn an income. <i>or</i> I earn little income.	Yes	No
I currently pay no income tax. <i>or</i> I currently pay little income tax.	Yes	No
I expect to receive the Guaranteed Income Supplement (GIS) for low-income seniors when I turn 65.	Yes	No

If you answered yes to most of the questions above, a TFSA may be the right savings account for you.

If you answered no to most of the questions above, an RRSP may be a good savings plan for you.

If you are not sure where to start, the TFSA is an ideal starting place for any large savings goal, including retirement.

Check off the things you need to do to open a TFSA:

Contact your bank, credit union, or insurance company.

Give them your Social Insurance Number (SIN) and date of birth.

Ask if they need any other supporting documents.

Decide how much and how often you want to put money into your account.