Dedicated to helping you get ahead financially

Your Money Finder™
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Your mini guide to effective retirement planning

Retirement today is not the same as it was for previous generations. For many, it's no longer a one-time event that happens when you reach 65 – a one-way exit from the workplace. Rather, it's a gradual transition that takes place over time, and it's different for everybody.

And as retirement changes and becomes more flexible, you also need to change the way you plan for it. Some of the factors that you need to consider will depend on what stage of life you are in – that is, whether you're several years from retirement, getting ready to transition into it, or already there.

Starting early

In a recent study, 68%* of pre-retirees said they don't have a written financial plan for retirement. If you're among them, now's the time to make one.

A written plan should be started when retirement is still years away. This gives you the benefit of time to help you save. Planning includes deciding what kind of retirement lifestyle you want and how much money it's going to cost. What would you like to do when you retire? Travel? Spend winters down south? You might even be looking forward to working, either part-time in your current occupation or in an entirely new field. Or perhaps you plan to spend your time volunteering or pursuing a hobby.

The point is, a good plan can help you realize your goals. And as you see your retirement fund growing over the years, and your goals getting closer, your plan can be a great motivator to stay on course.

Transition stage

While it's important to start planning for retirement in your higher-earning years, your strategy isn't just a one-time undertaking. As retirement draws closer, you and your advisor need to evaluate your plan and make sure it will provide the retirement you want. It's possible, too, that your goals may have changed, and your current vision of retirement is not what it was 5 or 10 years ago.

At the transition stage, you still have time to take whatever steps are necessary to ensure that you reach your goals. This might mean altering your investment strategy, increasing your savings, or possibly considering other options like working part-time before retiring completely.

You'd be surprised how many people don't think enough about these items — statistics show that 64% of non-retirees do not know how much money they will need at retirement to fund a comfortable lifestyle.*

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Remember to keep your will up-to-date

Anytime you make a major acquisition (such as a vacation property) or experience a significant life change, it's important to review your will. A valid, up-to-date will is the most effective way to make sure your estate is administered according to your wishes and that your assets are distributed as tax-effectively as possible. For assistance, please visit your Scotiabank branch or go to www.scotiabank.com.

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From saving to spending

When retirement becomes your reality, your focus shifts from how to save to how to spend. In other words, you need to work out the most effective way to draw down what you've accumulated so that you have sufficient income to support the lifestyle you want, pay as little tax as possible, and sufficient growth to ensure that your money lasts as long as you need it.

You can also address any contingency funds you might need — such as long-term care for yourself or your spouse, or a special legacy that you would like to leave for your children or grandchildren.

In retirement, as in earlier life stages, it's important to determine your objectives, and then set a course for reaching them. It's deceptively simple, and yet so many people just never get around to it. In fact, only 29% of retirees have a written financial plan and 40% of retirees wish they had done much more financial planning in preparation for retirement.*

What about *your* retirement?

Successful retirement planning is a lifelong affair, and Scotiabank has advice and tools to help you at every stage. Talk to your *Scotia* advisor today to develop a financial plan based on your own vision of retirement.

* 2005 study conducted by The Strategic Council on behalf of Fidelity Investments Canada Limited.

Time for a mid-year review

When you and your advisor originally established your investment portfolio mix, it was based on your risk tolerance, timelines and goals.

However, equities, fixed-income, and cash assets don't all grow at the same pace. So over time, the asset allocation you established can change, even though you haven't altered your portfolio at all.

As a result, your current holdings may not accurately reflect your needs. If equities have risen rapidly, for example, your portfolio may be too volatile for your liking. If bonds have taken the lead, you may not be achieving the growth that you expect.

Keeping your asset allocation where it belongs is essential to keeping your portfolio on track. That's why it's a good idea to schedule an assessment of your portfolio with your advisor periodically. If your portfolio has drifted, you can take steps to get your allocation back where it belongs.

An easy way to stay on track.

If you'd prefer not to have to monitor your portfolio to make sure your asset allocation is still on target, why not let us do it for you?

Scotia Partners Portfolios® and *Scotia Selected*® Funds are regularly rebalanced to maintain the asset allocation that is right for you. On their own or as part of a diversified portfolio, these managed portfolios are an ideal solution.

Realizing the dream of recreational property

With summer finally here, you may be dreaming of owning a vacation property. With proper planning, you can make this dream a reality.

The tough questions

Start by being honest with yourself about what really makes sense for your lifestyle and finances. Can you afford a vacation property? How often do you plan to use it? It might make more sense to rent a property each summer and use your additional funds for other activities.

If you truly have your heart set on buying your own retreat, do plenty of research. Local real estate brokers, for instance, are a great source of information on property taxes, building restrictions, zoning regulations and so on.

Joint ownership

You may be considering buying a property with other family members or friends. Joint ownership can be an effective way to spread costs among a number of owners, but you need to proceed with caution.

Depending on how the ownership is structured, you may be liable for the other owners' financial obligations. In addition, conflicts may arise as to access and maintenance of the property. You also need to consider what will happen if one of the owners should pass away or want to sell his or her share.

Financing solutions

There are a number of different ways to pay for your vacation property. For example, the *Scotia Secondary Home*™ Financing Program offers mortgages with flexibility and competitive pricing. Or, with the *Scotia Total Equity*® Plan, you can use the equity you have in your principal residence to buy your vacation home.

On scotiabank.com you'll find a variety of calculators and tools to help you research your mortgage options:

- The Mortgage Payment Calculator can help you choose the mortgage amount, payment options and amortization period that best meet your needs.
- The Mortgage Laddering Calculator illustrates the benefits and interest savings of splitting your mortgage into different terms and/or interest rate options.
- The Product Selector presents the full range of Scotiabank mortgage solutions so you can select what's best for you given your particular circumstances.
- What Can I Afford? helps you calculate how much you can borrow for your vacation home.

Consider alternatives

Before you make your decision, remember that a vacation property is a long-term commitment. In addition to the initial purchase costs, there are ongoing expenses, including property taxes, maintenance and insurance.

Instead of buying a second home, you might consider renovating your current home to make it more comfortable. For example, building a sun room, installing a home spa or putting in a pool are popular ways to create a retreat right in your own home.

Whether you're renovating or buying a vacation property, your *Scotia* advisor can help you choose the best financing solution.

Federal budget gives RSP investors two extra years of tax-deferred growth

The 2007 federal budget is especially significant for Canadians in their late 60s and early 70s. It proposes to increase the maturity deadline for Retirement Savings Plans (RSPs) to the end of the year you turn 71 instead of 69.

While this is still in the proposal stage, it is expected to be passed into law in 2007. If passed, unique planning opportunities will open up for you:

- If you turn 69 this year, you do not have to convert your RSP into a Retirement Income Fund (RIF) or annuity by December 31. In fact, provided you have qualifying income, you could continue to make contributions until the end of the year you turn 71.
- If you have already converted your RSP to a RIF, and are aged 71 or younger, you could convert back to an RSP until the end of the year you do turn 71.

Talk with your *Scotia* advisor about how to take advantage of this opportunity for additional tax savings and growth.

Have questions? Need guidance? Here's how to contact us.

Anytime you need information on investing and personal finances or advice regarding your specific circumstances, Scotiabank is here to help you. Just call your *Scotia* advisor at **1-800-953-7441** or visit the Scotiabank branch nearest you. You'll find a complete list of locations at **www.scotiabank.com**.

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