

# Alberta Doctors' Digest

## Sponsored article: Retirement timeline

A successful retirement takes advanced planning. That's why breaking down your career and life stages into smaller chunks can make retirement planning easier. Here's a rough retirement timeline for Canadian physicians to follow.

### 30 years out

You've established your practice and started to earn a physician's salary. This is a great time to reduce or eliminate any debt from medical school and residency and to start developing the good habits of saving for retirement.

- Add up any remaining student debt and make a plan to pay it off over the next five to 10 years.
- Build an emergency fund through regular contributions to a high-interest savings account.
- Open an RRSP and a TFSA and set up automatic monthly contributions to invest for retirement.
- As an alternative to an RRSP, incorporated physicians in Alberta can join the Medicus Pension Plan™, a defined benefit multi-employer pension plan designed exclusively for incorporated physicians that provides secure, lifetime retirement income.
- Whenever you can, catch up on unused contribution room in your RRSP and/or your TFSA.
- If owning a home is important to you, start putting money aside for a down payment.

### 15 years out

By now, you're in your prime earning years and have hopefully caught up on unused contribution room in your RRSP and TFSA. Now is the time to start thinking about a retirement date to help benchmark your financial decisions.

- If you haven't already, consider establishing a medical professional corporation to shelter some of your income from taxes.
- Continue to use up all available room in your RRSP and TFSA and set up a corporate investment account to grow the money left inside your medical professional corporation. If you joined the Medicus Pension Plan, contributions to Medicus replace personal contributions to an RRSP.
- Consider what retirement might look like. Will you retire gradually or make a full-stop exit? Will you downsize your home? Will you spend more on travel and hobbies or continue living more or less the way you do now?
- Work with a financial advisor to ensure you're maximizing your savings and investments, taking advantage of tax saving opportunities and staying focused on your goals so that you can fund them appropriately.



An MD Advisor\* can help you set up a sound retirement plan no matter what stage you're at.

## 5 years out

The home stretch before you retire is an ideal time to ramp up savings and/or pay off the rest of your mortgage so that you can enter retirement debt-free. It's also time to start thinking seriously about some of the least sexy financial topics: estate planning and succession planning.

- Make preparations to wind up your medical corporation (if you have one). Is there a succession plan?
- Update your will and estate plan to reflect your current situation and final wishes.
- Work with your financial advisor and accountant to understand where your income will come from in retirement – Medicus Pension Plan, RRSP or RRIF withdrawals, [corporate dividends](#), TFSA, non-registered investments, cash savings or government benefits.
- Consider getting more conservative with your investment mix (fewer stocks and more bonds, GICs and cash).

## 1 year out

This is it — the final year as you get ready for the big transition to retirement.

- Make sure you're aware of the tax deductions and government benefits that you will become eligible for as a retiree (Canada Pension Plan and Old Age Security).
- Decide when to start claiming your CPP and the order in which you plan to start drawing your retirement income.
- Finalize any succession or winding-down activities for your corporation/practice.
- Acknowledge that retirement is not only a big financial shift but a big mental shift as well.

## Last word

Be ready to pivot. Even the best-laid plans can be impacted by events beyond our control. A retirement plan may have to be adjusted at any point along the journey. An

MD Advisor\* can help you set up a sound retirement plan no matter what stage you're at. If you'd like to chat, contact me at [jen.sabharwal@md.ca](mailto:jen.sabharwal@md.ca).

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