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How much will you need for your dream retirement?

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By [MoneySense staff](#) | Online only, 18/01/12

It's one of the most common retirement questions out there—and one of the most difficult to answer: How much will you need to save? The answer is different for everyone but even a rough estimate can help. "When I do this calculation for clients, it always surprises them," says Rona Birenbaum, a certified financial planner with Caring for Clients in Toronto. Below, we price out two levels of retirement, assuming you retire at age 65.

A comfortable retirement

According to Statistics Canada, the average amount spent each year by couples aged 65 and higher is \$51,000—but if you'd like to enjoy some extras, such as travel, you may want to aim for a retirement income of \$60,000 a year.

Assuming that you are a couple who have contributed to the Canada Pension Plan for your entire working lives, you will receive about \$30,000 a year from CPP and OAS combined starting at age 65. Research suggests that your nest egg should amount to roughly 25 times your annual retirement spending (not including CPP and OAS), so you will need to save an amount between \$500,000 and \$750,000 to make up the difference.

A deluxe retirement

If you want to do more in retirement—for instance, if you want to travel to exotic locations, take up a hobby such as sailing or golf, or enjoy a larger home or nicer car—then you'll have to save more. Such a retirement might see you spending \$100,000 a year or more after age 65. If that's the case you will need a much larger nest egg of roughly \$1.75 million or higher. You'll have to save even more if you want to retire before age 65. To get a more accurate picture of how much you'll need for the retirement you want, ask a good adviser to run several different scenarios for you.

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