

Your guide to retirement planning



MD

MD Financial
Management

Having a sound financial plan in place is important for physicians and their families. Equally important, but more often overlooked, is ensuring that your plan evolves as your life and career do.

At MD Financial Management (MD), we take an individual approach to financial planning, one that's carefully tailored to you. Your MD Advisor* will work with you closely, and together you'll create a road map to the retirement you want.

Your planning journey begins with a guiding vision of your future — your compass, if you will. With that vision to guide you, you and your Advisor will work together to identify specific goals in support of a fulfilling retirement. Having a sound plan in place — your road map in hand — goes a long way to delivering peace of mind.

According to the 2021 MD Physician Retirement Readiness Study:¹

40% of Canada's physicians are finding it hard to save for retirement.

25% of pre-retirement physicians did not know or were not sure what level of assets they would need to retire comfortably. **That rises to 37% for women physicians.**

STEP 1: LEARNING ABOUT YOUR PRIORITIES

Rather than focusing first on specific financial strategies, we start by understanding your priorities, your concerns, and the lifestyle you're planning for.

Family and relationships: Exploring family dynamics, and the role you play in the lives of your children, grandchildren, parents and others in your circle.

Health and wellness: Looking at the things in your life that maintain your health and wellness and discussing their role in your future.



Career and work: Understanding your career plan and how your work will evolve with you through your life stages.

Lifestyle and leisure: Learning about your current lifestyle and the lifestyle you envision for the future.

Community and giving: Considering the legacy you want to leave behind. Deciding whether to make provisions in your will for the causes you cherish, or whether you prefer to explore ways to build your legacy while you're still alive, or both. We want to learn what your legacy aspirations are.

STEP 2: IDENTIFYING YOUR VISION AND GOALS

What is the difference between “vision” and “goals”? Your vision is your overall, longer-term desired destination, while goals are more actionable and tangible — your stops along the way. By focusing on the priorities identified in step 1, we help you consider both where you are now and where you want to go.

Conceptualize your vision: To start this process, we ask probing questions to help you conceptualize and build your vision. How important is travel to you? What kinds of travel appeal to you the most? How might you use your time, resources and energy serving your community or contributing to causes that are important to you? What if every day were like the weekend, what might that look like? What would you do with your time?

Define goals: We will use this vision as a springboard in discussions about your family, your hobbies, your career, your community and other topics, and help you set the goals that will make it a reality. Let’s say you envision travelling extensively around Europe, South America and the South Pacific when you’re retired. We may recommend you start setting aside \$30,000/year in the first 10 years of your retirement, and after 10 years reduce this to \$10,000/year for the next 10 years. If charitable giving is important to you, we need to structure your retirement income to take into account these philanthropic donations. This process ensures we build stable, actionable goals for you to make your vision come true.

MD offers customized financial planning for you and your whole family. We offer:

- **Financial management**, including budgeting, debt planning, banking and borrowing²
- **Investing** to achieve growth and income through investments
- **Tax planning** for individuals and their corporations, including guidance on medical practice incorporation
- **Retirement planning** for physicians, who typically do not have pension plans, and for your family members, whether they work in the practice or are pursuing independent careers
- **Insurance**³ to help you build, protect and share your wealth
- **Estate and legacy** planning to ensure your wishes are properly documented and you have the right structures (including trusts) in place to meet your goals



Coming soon: A pension plan for Canada’s physicians that addresses longstanding demand

Together with Scotiabank, we’re developing the Medicus Pension Plan™, a multi-employer pension plan that will provide physicians with access to a predictable lifetime income in retirement. The Medicus Pension Plan is expected to launch in 2023, following applicable regulatory approvals.

STEP 3: CREATING YOUR CUSTOMIZED FINANCIAL ROAD MAP

Armed with an understanding of your retirement vision, and with your shorter-term goals established, your MD Advisor can now create a retirement road map to help chart the best course from where you are now to where you want to go.

Working in partnership with you, your MD Advisor will aim to smooth out any gaps in the income you need to support your goals. This starts with reviewing your net worth as a family (both your personal assets and corporate assets if you are incorporated). By the time you retire, you're likely to have investments in many types of accounts that will be part of your retirement income. Your MD Advisor will look at these accounts, and can help you determine the most effective way to draw down your retirement savings, maximizing income and minimizing tax. There is no one-size-fits-all system — it all depends on your circumstances and priorities.



All these details help us create a retirement projection for you 30 years into the future, and we can tie it back to reaching your goals.

Taking a holistic view, we will also discuss issues like estate planning and insurance, and the key steps involved in transitioning a medical practice — all to ensure a seamless transition from your working years into retirement.

STEP 4: SUPPORTING YOU IN ACHIEVING YOUR VISION AND GOALS

Financial planning is a lifelong process. During your earning years, it's important to revisit your financial plan regularly to determine whether you are on track to reach your retirement goals, and to make needed changes as your personal circumstances change.



Whenever we review your plan together, we'll consider changes in your goals, your current and future income needs, the market value of your investment portfolio, your health, and your family situation. We'll also revisit and, if necessary, revise the assumptions we originally used.

A well-structured retirement plan is flexible and adaptable, able to evolve with you as you progress through your working years and into retirement. And remember — it is never too late to get back on the right road or to refocus your priorities, at any stage of your career. Your MD Advisor can help.

Most people think that retirement will be one of the longest phases of their life. In fact, retirement is multi-phased. Planning early and creating well-thought-out goals can lead to a fulfilling retirement, through all the phases.

ESTATE PLANNING

Retirement planning and estate planning go hand in hand. As you plan for your own needs during your lifetime, you'll want to balance this with planning for the legacy you want to leave.

Now is a great time to review the estate plan that you have in place, and to consider whether it is still relevant or whether aspects of it need adjustment.



This list of estate-planning requirements will help you take stock of your own plan and make sure you have the right one in place:



Your estate plan should include who will inherit your assets, which types and amounts they will inherit, and when they will inherit. Your heirs may include both individuals and charities or other organizations that are important to you.



If you're incorporated, shares that you hold in your corporation or shares you may inherit from your spouse will form part of your estate, so it's important to include planning how you want those shares distributed in your thinking.



Your estate plan should include an executor or executors⁴ of your will with the knowledge, time, capacity and capability to manage your estate. Your executor must be able to take your will in a timely, effective and prudent way. Doing so will significantly help to protect your estate from unnecessary taxation and will help minimize arguments and litigation among loved ones.



Your will is the cornerstone of your estate plan. It is the legal tool by which you express your final wishes about the distribution of the assets you own personally when you die. It is also where you name your executor(s).



Your plan needs to document who will manage your assets and how your assets should be managed if you become incapable of handling them yourself, due to incapacity or otherwise (for example, power of attorney for property).



Estate planning isn't just about stipulating what will follow your death. Your plan should also include how you will grow your estate wealth tax-effectively during your lifetime, and how you will ensure that your estate has the liquidity to pay the fees and taxes that will arise upon your death.



Ultimately, your estate plan should fulfill your moral and legal obligations, ensure the well-being of your dependants, help maintain family harmony and secure your legacy.

If you haven't reviewed your estate plan in the last few years, it's a good idea to do so now.

- Ask yourself if your chosen executor/ liquidator has the time, capacity, capability and geographic proximity to manage your estate effectively. Executor designations, in particular, may need to be revised several times as not only your life but the lives of your chosen executors change and evolve.
- Consider whether a marriage, divorce, birth or death in the family has changed any of the plans you have in place. (Depending on the province, some changes in your personal circumstances will invalidate your existing estate plan in whole or in part.)
- Have you moved to a different province, or have your assets changed in value or type such that your estate plan needs updating?



PLANNING FOR THE FUTURE

MD can help you achieve financial well-being — our dedication to physicians is unparalleled in the industry. Physicians and their families have different requirements from the average investor, and nobody can match our objective advice and proven expertise to address your needs.

USEFUL RESOURCES

- [Retirement savings calculator](#)
- [Guide to retiring as an incorporated physician](#)
- [What's the best order for drawing your retirement income?](#)
- [2021 MD Physician Retirement Readiness Study](#)
- [Estate planning for incorporated physicians](#)
- [Medicus Pension Plan](#)

Contact an MD Advisor today.

md.ca | 1 800 267-2332

¹ Environics Research. (2021). MD Physician Retirement Readiness Study.

² Banking and credit products and services are offered by The Bank of Nova Scotia "Scotiabank". Credit and lending products are subject to credit approval by Scotiabank.

³ Insurance products and services are offered by Scotia Wealth Insurance Services Inc. (SWIS).

⁴ An "executor" is called a "liquidator" in the province of Quebec and an "estate trustee" in the province of Ontario.

* MD Advisor refers to an MD Management Limited Financial Consultant or Investment Advisor (in Quebec), or an MD Private Investment Counsel Portfolio Manager.

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