

## Hope to sink your teeth into a Jaguar?

Luxury carmaker Jaguar will launch new affordable models in 2015, sources close to the company said on Monday. The new cars will include a compact saloon and crossover SUV — currently the fastest-growing models in terms of global sales.

# Should you take control of your pension?



**DOUG RIDING**  
Special to QMI Agency



**P**eople who are fortunate enough to have a pension through work have a tough decision to make if they leave work early, either through company downsizing or their own plan to take retirement early.

There is usually a fair amount of money set aside for them to provide an income stream through their retirement as set out by the rules in the pension plan or they can decide to take what is known as the “commuted value” of the pension in a lump sum to control for themselves.

Certainly, there is no clear answer for everyone when evaluating his or her pension options. There are both financial and personal considerations that must be explored when choosing which path is right for you.

Usually, the closer a person is to retirement, the less likely they are to take the

commuted value of the pension unless there are compelling circumstances for them to do so. When nearing retirement, people tend to be more risk averse and are comfortable knowing that taking the pension will offer a guaranteed income stream for the rest of their lives.

The downside to accepting the pension is the fact they will not generate more

income than what the pension provides and the recipient is now on a “fixed income” moving forward unless they take on another job.

Also, when a pensioner dies, the pension will often be reduced for the surviving spouse, if there is one, and it will end completely if there is no surviving spouse or common-law partner.

This is a significant deciding factor when there is no surviving spouse, but there is a dependent child or other family member who is benefiting from the cash flow the company pension brings into the household.

People who choose to take the commuted value are taking on the challenge that they can invest the funds and achieve a higher rate of

return than what the pension plan would have achieved. This is in anticipation of receiving a higher income stream in retirement or they are looking to leave funds behind as an inheritance for a beneficiary.

This lump sum would have to be rolled over into a type of retirement plan called a Locked-in Retirement Account, or LIRA, and

because it follows pension legislation it is designed to last you the rest of your life. When it comes down to drawing income from your LIRA, it has to be rolled into a Life Income Fund, where there is a minimum that you have to withdraw each year. There is also a maximum that can come out of the account in any given year.

An interesting development regarding LIRAs in recent years is, in some provinces, you are able to “unlock” as much as 50% of your LIRA at the time you are converting it into an income fund and roll the proceeds into an RRSP.

Once there, you have no restrictions on how much comes out of the account in any given year, thereby providing a potentially large amount of cash for travel or other endeavours. Some provinces have also provided for unlocking LIRAs with small amounts of funds in them.

Regardless of your situation, the decision to take your pension or the commuted value of your pension is one that requires a fair amount of planning and is one you should do with the help of your financial adviser.

— Doug is a senior associate with Investment Planning Counsel. visit [ridingteam.ca](http://ridingteam.ca)

## Three ways to reduce your fitness expenses



**BARBARA STEWART**  
Special to 24hrs

Normally I write about investing. But you need to save some money in order to invest, so the current warm weather gave me the idea for a column on money-saving tips.

A combination of physical fitness and fiscal fitness!

**1.** Mark Twain once said, “Golf is a good walk spoiled.” I used to spend most summer

weekends at the golf course. My weekdays were about being driven and competitive in the workplace and my weekends were about being driven and competitive attempting to play golf. Fortunately a knight in shining armour (and now my husband) came along nine years ago and whisked me off the golf course and onto a hiking trail. So now I spend the same six hours savouring the peaceful environment and getting a better workout. Cost of a weekend golfing? Approximately \$600. Cost of a great day hike? Ingredients for a homemade sandwich.

**2.** Spinning classes at the

gym take place indoors. Yes, it is sometimes helpful to have a crazy instructor yelling at you and maybe the blaring music will motivate you, but how about taking your bike outside this summer? Cost of four hour-long spinning classes? Approximately \$80. Cost of a four-hour bike ride, assuming you have wheels? Zero.

**3.** After a recent injury, I justified the cost of a personal trainer to help me rehabilitate. My guy was great, so attentive and I was interested in learning.

Soon I found myself committed to twice-per-week weight-training sessions. That really

added up. A client suggested I check out Toronto’s Olympic-size pool. At first, it seemed inconvenient, but I now swim two or three times a week and feel fitter than ever! Cost of a private trainer for two sessions per week? \$300. Cost of swimming twice a week? \$30.

Take some time to reflect on your exercise routines and see if there is a way to cut costs. You may find you don’t have to go to great lengths to create some new fitness habits of your own!

— Barbara Stewart, CFA, is with Cumberland Private Wealth Management Inc. Visit her website at [barbarstewart.ca](http://barbarstewart.ca)



There’s no need to spend a fortune on exercise. Why not take advantage of the outdoors and work out for free?