

## Planning for a tax-efficient retirement income

As you approach or enter retirement, your focus may shift from wealth accumulation to a focus on income. Along with this shift, many refocus on protecting their capital from undue taxes to ensure it lasts as long as possible. You worked hard to earn and save your money and now you want to ensure that you'll have enough to live the retirement lifestyle you have planned.

There are so many products to choose from at retirement, it can be confusing and hard to decide which one is best for you. This is particularly true with non-registered investments, as investors have a large amount of flexibility with these funds. While most associate retirement income with their registered investments, cash flow can also be generated from non-registered holdings as well.

One such option is tax-efficient withdrawal mutual funds. These funds are popular with investors who want a consistent monthly income stream from their non-registered investments. They are designed to help you to defer the amount of tax you're going to pay on your investments when you start to draw income.

These funds work on a principle called return of capital. Return of capital basically means part of the monthly cash flow you receive from your investment is a return of your original investment, which is not taxable. Once all your original capital is returned to you, then you start to draw on the growth, which is taxable.

The funds don't avoid taxes, but rather defer them by reducing taxable income during the initial years you take income. These funds can be great options for those in higher tax brackets who still require an element of growth in addition to tax-efficient income.

Before selecting any investment income option it is typically best to get financial security advice that looks at your full financial picture. This includes information on guaranteed income sources, your personal tax situation, and income requirements. If you are looking for ways to improve your after-tax income, or balance your income needs with potential growth, contact your financial security and investment representative who can help you decide what products and services are right for you and your unique circumstances.

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