

Picture the retirement you want, then build a plan.

What does retirement look like for you? It's a personal vision of course, but my guess is that – at least for the majority of you -- it doesn't look much like the hackneyed retirement images of slim, mature models sailing on their yachts. Maybe it means travelling the world. Are you hitchhiking or flying Concorde? Perhaps you'll finally build that greenhouse you've always wanted, or maybe you'll take up photography.

Your vision for retirement is an important step in your planning for the last 30 years of your life. There are many different “formulas” to tell what kind of income you'll need for retirement, but they won't replace the value of a good discussion with your financial advisor about your personal dreams: when you want to retire and what you want to do.

If you're nearing retirement this year, you'll need to do some practical planning for your retirement income needs. Here's a list of seven questions to sit down with this month:

1. How soon do you expect to retire, and how many years should you be planning for? If you retire early, your retirement savings will need to last longer.
2. Will you be staying in your current home, or will you be downsizing or moving to Belize? Consider what your shelter costs will be in the coming years.
3. What outstanding debts will you have at retirement?
4. Do you plan to work part-time, or earn any occasional income? Does your favourite hobby have any financial rewards?
5. What are the top three activities you envision for your retirement and what will it cost to pursue them?
6. If you are married, do you have a financial plan in place that addresses the potential financial impact of the death of either of you?
7. How important is it to you to provide for loved ones through an inheritance of some kind? Consider how much you hope to leave your beneficiaries.

The level of retirement income you will require will depend on many of these factors. Keep in mind – as you think about these questions – that you may be looking forward to 30 or more years of retirement. Break that time into increments of at least 10 years to get a sense of the different activities and financial demands of those different phases of retirement. Typically, you'll want to spend more money in the early years of retirement, when you're active and healthy, but the costs for care can accelerate in the later years of retirement.

Fortunately, there are new products which help to address these long retirements, and their conflicting needs. An insured Annuity, for example, combines an annuity product with a life insurance policy – for a higher income during retirement and estate protection upon death.

Spend some time daydreaming this month, then set up a time to speak with your financial advisor about your retirement income options.