

TD 'Retirement Mythbusters' Quiz

How much do you know about being on the right track for your retirement savings? Can you separate the myths from reality? Take this easy quiz to find out.

True or false?

1. The odds are I won't live to 90, so I don't need to plan for my money to last.

False: The reality is that Canadians are living longer than ever before, many into their nineties. Therefore it's important to ensure that you have enough savings so you don't have to worry about outliving your money.

2. The best time to start saving for retirement is when you're about 40 or when you're more established financially.

False: While it's never too late to start saving, it's best to start as early as possible, ideally when you are finished school and have a full-time job. The sooner you start saving, the more time your money has to grow, and the larger your retirement nest egg will be.

3. You need 75% of your working income to get by in your retirement.

True: Depending on what you plan to do in retirement, and whether or not you have any debt, it's safe to estimate that you will need 60-80% of your working income to continue to lead the same lifestyle in retirement that you had during your working years.

4. The best way to fund your retirement is through the equity in your home.

False: While relying on the sale of your home is a good way to boost your retirement savings, unless you're planning to downsize significantly, it likely won't generate enough money to last throughout your golden years. It's important to ensure you have additional savings and investments, such as money in an RRSP, TFSA, pension or equities.

5. You need to have a lot of money to invest in an RRSP.

False: Saving a small amount as soon as you start working full time, and increasing the amount you invest as you earn more money, can result in a rather golden nest egg thanks to the power of compound interest and dividends.