

SUMMER 2025

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ADVICE FOR LIFE

Market Watch: Coping with
market volatility

Your journey to a fulfilling
retirement

Getting ready to turn
your savings into income?

PLUS
DO YOU
KNOW
HOW MUCH
YOU NEED
TO RETIRE?



HELLO!

In this issue you'll find:
Market outlook

Getting ready to turn
your savings into income

Do you know how
much you need to retire?



MARKET WATCH

Given the ongoing uncertainty regarding global trade and tariff issues, the Bank of Canada (BoC) continued to hold interest rates. On June 4, the BoC's target overnight rate remained at 2.75%, the second straight decision to maintain the current rate after a series of consecutive cuts had trimmed rates by 225 basis points.¹ It's unclear how long these trade issues may last and what economic impact they could have, so the BoC felt it was prudent to take a wait-and-see approach. The next BoC interest rate announcement is scheduled for July 30.

Based on the Consumer Price Index (CPI), year-over-year inflation in Canada rose by 1.7% in May, identical to April's year-over-year CPI gain. The cost of shelter grew at a slower pace in May, particularly for rent, while prices for new passenger vehicles – especially electric vehicles – increased at a faster pace than in April. Gas prices continued to decline, down 15.5% in May (year-over-year) after slipping 18.1% in April, largely as a result of the removal of the consumer carbon tax.² How much Canadians save from this tax break will vary based on usage patterns and where they live, but it's been estimated, for example, that the average Ontario family could save almost \$500 per year.³

Regarding labour data, employment in Canada rose marginally in May, with a gain of 8,800 jobs following two months of declines in the job market. The employment rate remained at 60.8%, while the unemployment rate rose by 0.1 percentage points in May, to 7.0%. Gains in full-time work and within the private sector (led by wholesale and retail trade) were offset by losses in part-time jobs and within the public sector (particularly in public administration).⁴

From a month-over-month perspective – using a standalone, seasonally adjusted annualized rate – housing starts in Canada rose by 0.8% in May, with a total of 243,407 units. Housing starts were higher in Montreal and lower in both Toronto and Vancouver.⁵ Home sales within Canada were higher by 3.6% in May relative to April, the first real increase in sales activity since November 2024. Nationally, the average sale price declined by 1.8% on a year-over-year basis (actual, not seasonally adjusted).⁶

With regard to securities, in light of persistent macroeconomic and geopolitical concerns, equity and fixed income markets have been volatile in recent months. Investors are trying to make sense of the issues and what

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may drive upcoming market performance, but it's been difficult as new challenges arise and existing issues seem to be in constant flux. Recently, the result has been wide swings in the markets, such as notable and broad declines in April, followed by a general rebound in May and well into June as investors reassess global economic conditions. For many investors, it's prudent to ignore short-term market "noise," remain focused on long-term goals and stay committed to their investment strategy. If you're unsure what to do in volatile times, read [our article on coping with market downturns](#) or speak to an [Alterna Advisor](#).

1. <https://www.bankofcanada.ca/core-functions/monetary-policy/key-interest-rate/>

2. The Daily — Consumer Price Index, May 2025

3. [https://globalnews.ca/news/11085217/canada-carbon-price-cancelled-potential-savings/#:~:text=The%20average%20family%20in%20Ontario,%20\\$133%2C%20according%20to%20the%20estimates.](https://globalnews.ca/news/11085217/canada-carbon-price-cancelled-potential-savings/#:~:text=The%20average%20family%20in%20Ontario,%20$133%2C%20according%20to%20the%20estimates.)

4. <https://www150.statcan.gc.ca/n1/daily-quotidien/250606/dq250606a-eng.htm?indid=3587-1&indgeo=0>

5. <https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/housing-data/data-tables/housing-market-data/monthly-housing-starts-construction-data-tables>

6. <https://stats.crea.ca/en-CA/>



Your journey to a fulfilling retirement

Whether retirement is decades away or just around the corner, having a plan makes all the difference. In fact, as we all live longer and likely spend more time retired, such planning can be incredibly valuable. Your approach will naturally change depending on how close you are to retirement, but everyone needs a thoughtful, personalized plan to help you enjoy a meaningful and financially secure retirement.

Let's look at what retirement planning means at different stages of your life journey:

In your twenties or thirties, retirement might seem far away, and you have two distinct advantages. First, you've got many years for your money to grow through the magic of compounding, which means even small amounts can grow into something substantial over time. Second, you can ride out the bumps in the market, as you have time to recover from market dips. Over the long run, money in the market has typically grown more than money in a savings

account, which means your money can actually work harder for you over time.

In your forties and fifties, you might find yourself on more solid financial ground. Maybe you've raised your kids and paid off the mortgage. It might be a good time to use some of your savings to pay off any remaining debts and to avoid major purchases that could follow you into retirement. While you don't have as many years to grow your money as you did in your youth, you can still build your wealth for years to come, especially if you make use of tax-effective registered plans like RRSPs and TFSA's.

When retirement is just around the corner, your money still needs to grow, but protecting what you've already saved becomes more important. This might be the time to adjust your mix of investments to include more stable options that won't swing wildly in value. An [Alterna Advisor](#) can help you map out where your retirement income will come from, how much you'll need for your lifestyle, and how to arrange your savings to provide the income you need.

Everyone's retirement journey is different – the amount you'll need depends on your unique plans and dreams, and these may change as life unfolds. Use our [Retirement Planning Checklist](#) to help guide your planning efforts, and our [Retirement Planner Calculator](#) to get an idea of how much savings you should have to achieve your financial goals in retirement.

Whatever stage you're at, we're here to help create a plan that works for your life today and tomorrow. Talk to an [Alterna Advisor](#) today.

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In a [CPP Investments survey](#), over 60% of Canadians said they fear running out of money in retirement. The survey also showed that people with a financial plan are less concerned about outliving their retirement savings.



Getting ready to **turn your savings into income?**

As retirement gets closer, you'll need to think about how to turn your savings into regular income that will support your lifestyle. Two common options are RRIFs and annuities – each offers a different way to create a steady stream of money coming in. Let's consider each option:

RRIFs: Your RRSP's next chapter

By the end of the year you turn 71, you'll need to start drawing money from your RRSP, and a RRIF is one way to do this. With a RRIF, your money can continue to grow while you take regular withdrawals. Each year, you'll need to take out at least a minimum amount (based on the [Canada Revenue Agency's schedule](#)), but you can always take more if needed. These withdrawals are counted as income on your tax return. Our [Retirement Income Fund Calculator](#) can help you explore payment options according to your projected needs.

Annuities: Income for life

An annuity is like trading a lump sum of money for a promise of regular payments. With a life annuity, you'll receive payments for your entire lifetime, no matter how

long you live. You can also choose an option that covers two people, such as you and your spouse, with payments continuing until both have passed away. The peace of mind of guaranteed lifetime income is valuable, but remember that annuities often come with higher costs, and once you've purchased one, you generally can't access your original investment.

Do you know how much you need to retire?

We all dream about the freedom of retirement, but making those dreams a reality requires some financial planning. You'll have your everyday expenses like housing and groceries, plus potential health care costs as you get older. And don't forget the fun stuff – trips you've been looking forward to, hobbies you want to explore, or perhaps helping out family members.



So what's the magic number for a comfortable retirement in Canada? The answer depends on many personal factors – where you live, your health, family situation, lifestyle choices, and how you like to spend your money. While experts often give ballpark figures, an [Alterna Advisor](#) can sit down with you to work out a number that makes sense for your specific life and goals.

You might have heard that Canadians need about \$1 million for retirement – this can be a helpful starting point, but your personal number might be higher or lower. Another common guideline suggests you'll need about 70% of your pre-retirement income each year. Remember, though, these are just guidelines – your actual needs will depend on your unique situation, and you need to consider wildcards like rising costs and unexpected health expenses.

An [Alterna Advisor](#) can help you create a personalized financial roadmap that aims to give you the retirement you're hoping for – with all the possibilities and adventures that come with it!

Need help with your retirement plan: **1.877.560.0100**
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