

things you need to know...



Musicians' Pension Fund
of Canada



Don't Let Inflation Give Your Retirement the Blues

Contributions the Fund receives on your behalf can make all the difference in the pension benefit you will receive.

How inflation affects your pension

Inflation refers to price increases of things you buy – groceries, homes, or musical instruments – over time, and therefore a decrease in the purchasing power of each dollar. Although prices go up, your monthly pension in retirement doesn't. Goods and services will be more expensive when you've retired than they are now, and they will continue to get more expensive after you've retired. Plus, once you've retired and stopped working, the amount of your pension benefit stops increasing even as prices continue to rise.

This is normal for many pension plans. The Fund pays you the highest level of benefit we can from the start. If we were to provide you with annual increases to your pension, we would have to start your pension at a lower level of benefits. We've received feedback from members that you prefer a higher level of benefits from the outset.

Some degree of inflation is normal

The annual inflation rate has exceeded 7% so far this year. That's not normal, and the Bank of Canada is trying to get annual inflation back to a normal level of around 2%.

Since we can expect some inflation every year, it's important to consider your monthly pension as just one component of your retirement savings strategy.



Putting your plan in motion

Keep track of each source of potential retirement income.

Government programs: You'll receive a benefit from Old Age Security (OAS), as well as either the Canada Pension Plan (CPP) or the Quebec Pension Plan (QPP). These benefits are indexed to inflation – over time, your monthly payments will increase.

Personal accounts: A Tax-Free Savings Account (TFSA) can grow your money substantially over time. The earlier you start, the longer your money has to grow.

Individual circumstances: Did you inherit your family's home? Invest in Apple in the 1980s? Everyone's situation is different. That's why it's a good idea to speak to a financial advisor about your retirement outlook.