



SSC # 91 – DECUMULATION FOR CLIENTS WITH VARIABLE INCOME SOURCES

This course is eligible for:

2.5 Life & A&S CE Credits for BC, SK, MB & ON.

2.5 Life ONLY CE Credits for AB

Target Audience

This course is designed for licensed financial advisors, financial planners, and investment advisors practicing across Canada who serve clients in or approaching retirement, *with a specific focus on advisors whose client books include one or more of the following client profiles:*

- **Self-employed professionals** — physicians, dentists, lawyers, accountants, engineers, and other licensed professionals who continue partial practices into retirement or who transition from full-time to part-time professional work
- **Small business owners** — entrepreneurs transitioning out of closely held corporations through partial sales, management handoffs, earn-outs, or ongoing minority ownership
- **Real estate investors** — clients holding one or more rental properties whose income is subject to vacancy, repair costs, rent regulation changes, and eventual property disposition
- **Gig economy and contract workers** — clients approaching retirement with a portfolio of platform-based, freelance, or contract income streams rather than traditional employment history
- **Clients with significant non-registered investment portfolios** — retirees whose investment income (dividends, capital gains, interest) varies materially year to year based on market conditions and portfolio management decisions
- **Royalty and licensing income recipients** — clients receiving intellectual property royalties, franchise royalties, or licensing fees that are inherently variable

Course Overview

Clients entering retirement with **variable or unpredictable income sources**—such as fluctuating RRIF withdrawals, part-time earnings, rental income, dividends, capital gains, or business-owner drawdowns—face a fundamentally different decumulation challenge than clients with stable, fixed pensions. For Life and A&S advisors, mastering variable-income decumulation is not optional; it is now a core competency that directly affects client cash-flow stability, tax efficiency, benefit preservation, and long-term sustainability of assets.

This course equips advisors to identify volatility patterns, model income swings, mitigate tax-triggered risks such as OAS clawback or marginal-rate spikes, and build layered income strategies that integrate insurance solutions, guaranteed products, and behavioural coaching. By understanding how variable income interacts with taxation, government benefits, and client psychology, advisors strengthen their ability to deliver predictable outcomes in unpredictable circumstances—deepening trust, improving compliance documentation, and elevating their value as retirement-income specialists.

Learning Objectives

Upon successful completion of this course, the financial advisor will be able to:

1. **Identify** the primary client segments that constitute "variable income" retirees in the Canadian context and distinguish the unique decumulation planning challenges each segment presents compared to clients with fixed, predictable retirement income.
2. **Analyze** a variable income retiree's annual income profile to determine the marginal tax rate environment for that year, identify relevant federal tax bracket thresholds and OAS clawback territory, and classify the year as a "high-income" or "low-income" planning year requiring distinct strategic responses.
3. **Design** a multi-year RRIF and RRSP withdrawal strategy for a variable income client that optimizes registered account draws relative to annual income variability, including the use of enhanced draws in low-income years, minimum-only draws in high-income years, and TFSA conversion of after-tax proceeds.
4. **Evaluate** the CPP and OAS timing decision for a client with ongoing variable income — including rental income, consulting income, or self-employment income — applying break-even analysis and OAS clawback modelling to determine the optimal start age and income threshold management strategy.

5. **Apply** income smoothing strategies — including TFSA as an income buffer, GIC and bond laddering, non-registered portfolio management, and line-of-credit bridging — to construct a cash flow framework that allows a variable income client to meet consistent living expenses without triggering unnecessary taxable events.
6. **Explain** the fundamental decumulation considerations for a retiring business owner, including the Lifetime Capital Gains Exemption (LCGE), corporate retained earnings extraction, the parallel personal/corporate retirement account structure, and the passive income rules that affect Small Business Deduction eligibility.
7. **Recognize** the behavioural finance patterns — including boom-and-bust spending cycles, business owner identity, and myopic loss aversion — that variable income clients commonly exhibit and describe specific advisor interventions and communication strategies that support normalized, plan-consistent financial behaviour.