Am I on track...
...to retire at age 60?

THE CURRENT SITUATION

Milan Sengupta, 36, has been in Canada for just five years, but he's already thinking about retirement. "I came to Calgary from India with just two suitcases and every day since has been an incredible journey," says Milan, a self-employed IT worker who just passed the citizenship test. Milan is spending $55,000 annually from his $130,000-a-year salary, with $15,000 going towards rent. "I bought a house in 2010 but sold it last year," says Milan, who put the $165,000 proceeds into a savings account. "My timing was good."

On top of that windfall, he has $145,000 in additional savings, mainly RRSPs and TFSAs—all invested in exchange-traded funds (ETFs) and the TD Comfort Aggressive Growth mutual fund. So far his returns have averaged 6.5% net over the last five years, and with Milan's disciplined savings approach his wealth will continue to grow: he contributes $1,000 to his RRSP twice a month and $5,500 to his TFSA every year, for a total of $29,500 annually. His goal is to live on $50,000 a year (after taxes) in his post-working years. "I love Canada and plan to travel the country in retirement."

THE VERDICT

Milan is on track to easily meet his goal, says Vickie Campbell, a certified financial planner with Ryan Lamontagne in Ottawa. "If Milan saves $30,000 annually, and he spends $50,000 a year net from his nest egg starting at age 60, his retirement savings will last him beyond age 95," she says. "He's saving much more than he needs to meet his goal."

If Milan continues investing $30,000 a year until age 60, and we assume an annual 4% rate of return, he'll have a $1.8 million nest egg by the time he retires. Without including any CPP or OAS payments, which he will be entitled to starting at age 60 and 67, his nest egg will be able to maintain a net annual income of $50,000 from age 60 to 95, and then some. At 95, his portfolio would still be worth a whopping $2.1 million because of the power of compounding coupled with the modest withdrawals he intends to make from the nest egg. In fact, if Milan saves just $15,000 annually until age 60, he'll still have more than enough. At age 60, his nest egg will be worth $1.28 million and at 95, $581,933. "A portfolio with 50% invested in equities and 50% in fixed income will give Milan the returns—and the retirement—he wants. He doesn't need to take more risk." **JULIE CAZZIN**

WHERE HE STANDS

ASSETS	
Cash from sale of his home	$165,000
Stocks	$25,000
RRSPs	$85,000
TFSAs	$35,000
Total Assets	**$310,000**
LIABILITIES	
Total	**$0**
NET WORTH	**$310,000**

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MILAN CAN RETIRE AT 60 EVEN WITH HALF HIS SAVING RATE