



### Build a Secure Retirement with the 3-Legged Approach

The following article was created to celebrate [Pension Awareness Day 2025](#). This annual event, developed by the Financial Services Regulatory Authority of Ontario (FSRA), helps people in Ontario learn more about the value of pensions, how to build financial security during retirement, and financial literacy. This year, Pension Awareness Day took place on February 20, 2025.

As part of that day, you're invited to learn more about the value of your MSPP workplace pension and financial literacy.

Breaking down retirement planning into simple steps can help you stay on track. One popular approach is the **3-legged retirement process** which helps you understand how to build a solid foundation for your financial future.

Think of this process as the three legs of your favourite stool. To build a strong stool, you need sturdy legs. Applied to retirement, each leg represents a different source of income. You'll likely need all three sources to achieve a financially secure retirement.

#### Leg 1 - Government sources of retirement income: Canada Pension Plan (CPP) and Old Age Security (OAS).

- **CPP:** Provides a monthly pension when you retire that's based on how much and how long you contributed to the CPP. There's a limit to how much you will receive from CPP.
- **OAS:** A basic universal income for Canadian seniors that usually starts at age 65. Unlike the CPP, you do not make contributions to the OAS as it's based on the number of years you have lived in Canada after the age of 18. (If you lived in Canada 40 years or longer after age 18, you'll receive the full OAS amount. If you have lived in Canada for less than 40 years after age 18, you'll receive a partial OAS.) Also: If you earn beyond a certain amount, your OAS payments will be reduced.

These plans, on their own, generally do **not** provide enough money required for a comfortable retirement.

#### Average retirement benefits from government programs in 2025

CPP: \$808/month + OAS: \$727/month = \$1,535/month or **\$18,420/yr** paid at age 65

**Leg 2: Pension Plans:** Your MSPP pension is the second leg of your retirement process. Your pension payments are based on a formula using contributions paid to the Plan in accordance with the Collective Agreement negotiated by your union with your employer. Please visit your [MSPP website](#) and log into the [My InSite member portal](#)\* to use the **Pension Estimate Calculator** to estimate your expected pension payments.

\* If you have not set up your My InSite account, click "Set up Account" and follow the instructions on your screen.

**Leg 3 – Personal savings:** This leg includes your personal savings, such as your **Retirement Savings Plan (RSP), Tax Free Savings Account (TFSA), and savings accounts**. When you contribute to your RRSP, your contributions are tax-deductible, which reduces your taxable income, and your investments grow tax-free until you withdraw funds from the plan. With a **TFSA** you won't receive a tax credit however, you can grow and withdraw your money tax-free from this registered plan. Just like the other two legs, your personal savings are a crucial component for building retirement wealth and a great way to subsidize your retirement.

### Building your financial literacy: Why it's so important

Financial literacy simply means acquiring the knowledge and skills required to manage your money effectively. It includes understanding how to budget, save, invest, and plan for future goals such as retirement.

### The basic components of financial literacy

- **Retirement planning** – Preparing for your future by understanding the value of your MSPP pension and how it, along with government sources of retirement income and personal savings, contribute to the **3-legged approach** for building a financially secure retirement (see page 1).
- **Budgeting** – Keeping track of income and expenses to manage your money effectively.
- **Saving** – Understanding the importance of emergency funds, short-term savings, and long-term goals.
- **Investing** – Learning how to grow wealth through stocks, bonds, real estate, and other investments.
- **Debt management** – Understanding how to use credit wisely and its advantages and disadvantages.
- **Taxes** – Knowing how income tax, deductions, and tax-advantaged accounts impact your finances.
- **Insurance and estate planning** – Protecting yourself financially with health, life, and property insurance. And, preparing your will and other documents to ensure your wealth transfers to the people you care most about after you pass away.
- **Financial scams and fraud prevention** – Helps you recognize and avoid scams that can lead to financial loss.



### Visit these websites to build your financial literacy

- **FSRA:** [Discover the value of a workplace pension plan](#) and [Pensions](#).
- **MSPP pension plan:** [Resource Centre](#)
- **Financial Consumer Agency of Canada:** [Resources to help improve your financial well-being](#).

### Other ways to increase your knowledge

- **Ask for resources about investing:** Available from your bank or credit union.
- **Attend financial literacy workshops:** Provided by local libraries and community agencies.
- **Create a simple monthly budget.**
- **Consider working with a financial advisor:** They can explain financial concepts in plain language.

Building financial literacy takes time and doesn't happen overnight. It's a lifelong journey however, taking small steps to learn about money management will lead to major gains in your retirement planning and financial well-being.