



Retirement Reality

Are you ready for the new twilight years?

BY DAVID SHUBS

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It has been said that 30 is the new 20 and 60 is the new 40. Lifespans are increasing with retirement periods lasting more than 30 years. Retirement no longer necessarily means relaxation, comfort and repeat episodes of *Matlock*. More people are looking for excitement, new opportunities, growth and travel. Over two thirds of baby boomers have no plans to downsize their lifestyles in retirement. The majority plan to maintain or even increase their standard of living.

The concern with this is that many are taking the “head in the sand” approach – avoiding looking at whether their savings will sustain them through retirement. This approach has not been working for many seniors or those close to retirement. According to Statistics Canada, 375,000

seniors are working today as a matter of financial necessity and, according to another national survey, almost 50 percent of today’s working population expects to have to work in order to avoid outliving their savings.

The average Canadian lifespan is 81 years with more and more people living into their 90s.

Counting on your employer to provide for your retirement is not a reality for most. Only 44 percent of companies have a pension plan and for small- and medium-sized companies that number decreases to 24 percent. Of those companies that offer pension plans, 67 percent

offer Defined Contribution Plans, under which the income you receive at retirement is NOT predetermined. The company makes annual contributions to your pension. That is where the company’s responsibility to your retirement

on during retirement.

The average Canadian lifespan is 81 years with more and more people living into their 90s. To this end, a recent 65-year-old retiree would require \$925,000 to live until 81 and be able to spend \$50,000 per year. That same retiree would need \$1,485,000 to live until 95 and be able to spend \$50,000 per year.

Putting a plan in place with clearly defined goals and timelines is the best way to address this issue. This plan should provide the investment guidelines so that whether you are 30 or 60, you can know where you stand, what it takes to get to the finish line and how you are going to bridge that gap. Retirement can mean a second life – the life you choose – where you own the most valuable commodity there is...your time. **OHB**