



RETHINK RETIREMENT
2009 **SURVEY**

Planning

www.rethinkretirement.ca



Desjardins
Financial Security®

Life, health, retirement

Castles in the air

WHAT DO YOU PICTURE WHEN YOU THINK ABOUT RETIREMENT?

Are you sitting on the deck of a lakeside cottage sipping cocktails with friends?

Are you trekking through subtropical rainforests with a small group of hardy adventurers?

Are you living life much as you do now, choosing to continue working in a job you love?

Each Canadian's vision of retirement is unique, but there are some common themes. Freedom. Travel. A time of less stress. Under the positive, however, lurk fears about what the future may bring. The biggest ones: not having enough money to live the lifestyle you want and, at some point, running out of money entirely.¹

¹ BrainJuicer, "Retirement Explorations," May 2008.



ABOUT THE RETHINK RETIREMENT SURVEY

Desjardins Financial Security wants to find out what Canadians are thinking about saving and retirement planning, and how it can better assist them by promoting awareness and developing products and services that are well-suited to their needs. This is our eight annual survey exploring how prepared people are for their retirement. This year, SOM conducted web survey on our behalf in August 2009. In total, 1,524 interviews were conducted with a representative sample of Canadian adults. The data was statistically weighted to accurately reflect the composition of Canadians by region, gender, age and language (mother tongue) based on 2006 Census information.



Where's the gold watch?

In general, you want to retire at 60, an average age that hasn't veered from the trend established since the Rethink Retirement Survey was first conducted in January 2003. With life expectancies rising thanks to medical advances and healthier habits, that may mean a lengthy retirement – but it's important to keep in mind that you may not be fit as a fiddle the whole time.

Statistics Canada calculates "health-adjusted life expectancy at birth" to get a sense of how many years people can expect to live in full health. On average, men might have a life expectancy at birth of 76.9 years, but only 68.3 of those years will be in full health. For women, the numbers are 82.0 and 70.8.¹ It's worth keeping in mind that over four in 10 Canadians aged 65 or older – more than 1.7 million people – have a disability.²



The key to handling whatever the future brings is preparing ahead of time.

A health challenge can do more than change your vision of retirement – it may mean you'll burn through your savings more quickly. The key to handling whatever the future brings is preparing ahead of time. And that means having a plan.

Planning Say what?

"Even before the economy slowed down, more than one in four workers age 45 and older felt their savings were not on track for an adequate retirement."

– AARP, "Retirement security or insecurity? The experience of workers aged 45 and older," 2008.

¹ Statistics Canada, "Health-adjusted life expectancy, by sex," 2001.
² Statistics Canada, "Persons with disabilities, by age group and sex," 2006.

Too busy to plan?

John Lennon famously said, **“Life is what happens to you while you’re busy making other plans.”** But when it comes to our retirement, life’s keeping us so busy we’re not making financial plans. We’re focused on today’s priorities – not tomorrow’s. As a result, most of us haven’t found the time to calculate how much income we’ll need after we stop working or where that income will come from:¹

- **25%** have a written financial plan
- **37%** have estimated the percentage of current income they’ll need to cover basic expenses in retirement
- **44%** have identified the sources of their retirement income



TOP OF THE CLASS

Who’s managing retirement risks the best?

Often, it’s families in the top income quartile with university degrees, good health and both workplace pension plans and group retirement savings plans.¹

¹ Leroy Stone, “Key demographics in the conduct of retirement-related risk management activities, based on the 2007 Retirement Survey of Desjardins Financial Security.”

¹ Environics Research Group, “Introduction to Environics Social Values,” February 2009.

We do have a sense of how we'd like our retirements to start. According to the 2009 Rethink Retirement Survey, many of us want a gradual transition, reducing hours of work over a period of time (**48%**) or taking longer holidays (**32%**) – compared to **23%** who plan to stop working all at once. Perhaps reflecting concerns about running out of money – heightened when you don't have a plan – **10%** say they'll never stop working.

That's what we say we want – but do we get it?

Not so much, according to people who have already retired. Just **18%** had reduced their work hours, while **6%** took longer holidays. Meanwhile, **4%** kept to the same schedule and didn't stop working.

And the majority?

Three in four – **75%** – stopped working all at once.



And now the good news

As we approach retirement, we get more confident. In the 2008 Rethink Retirement Survey, **92%** of people over 65 believed it would be possible for them to retire at their ideal age. Compare that to **68%** of people aged 56 to 65 and **45%** of people aged 40 to 55. And the number one reason for those shaky confidence levels? A familiar refrain: more than half said they were worried they wouldn't have enough money.

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Planning Say what?

"Many boomers say they are willing to continue working if they can do so part time, work from home, or make arrangements that would cut their hours and pay gradually ... Businesses must develop an integrated strategy to employ mature workers – a strategy centered on more flexible arrangements. Workers, in return, will have to be flexible about pay and benefits."

– McKinsey & Company, "Why baby boomers will need to work longer," *The McKinsey Quarterly*, November 2008.

BAD APPLES

In the last few years, there have been some high-profile fraud cases. Bernie Madoff in the United States. Earl Jones and Vincent Lacroix in Canada. Was your confidence shaken or stirred? The 2009 Rethink Retirement Survey found that **65%** of respondents have less confidence in financial advisors than they did last year. Meanwhile, confidence in financial institutions has remained the same for **67%** of you – but **30%** said it had decreased. It's been a difficult year for the economy and the markets so these results are not surprising. Both financial advisors and financial institutions will have to work hard to earn back your trust and keep your retirement plans on track.

Help wanted!



Creating a financial plan doesn't mean locking yourself up in a room with a complex spreadsheet. Professionals are out there ready to help. Yet just **30%** of near-retirees (aged 45 to 59) receive financial advice from financial planners or investment counselors, with only a further 24% consulting a financial institution employee (**15%**), accountant (**6%**) or broker (**3%**).¹

Especially during a time of economic ups and downs, it can be helpful to sit down with a professional to get an objective take on your personal situation. You may even find out you're more prepared for retirement than you thought. After all, Statistics Canada found that people who sought financial advice from any source were **7%** more likely to have confidence they'd have enough income in retirement.¹

¹ Statistics Canada, 2007 General Social Survey Report, "The retirement puzzle: sorting the pieces," September 9, 2008.



ABOUT DESJARDINS FINANCIAL SECURITY

Desjardins Financial Security, a subsidiary of Desjardins Group, the largest cooperative financial group in Canada, specializes in group and individual life and health insurance, and savings products and services. Every day, over five million Canadians rely on Desjardins Financial Security to ensure their financial security. With a staff of 3,800 employees, Desjardins Financial Security manages and administers close to \$20.4 billion in assets from offices in major cities across the country, including Vancouver, Calgary, Winnipeg, Toronto, Ottawa, Montréal, Québec, Lévis, Halifax and St. John's.

For more information, visit our Web site at www.desjardinsfinancialsecurity.com.

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