

Benefits CANADA

I'll retire when I feel like it

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Ask the average Canadian when retirement begins and you might be surprised at the answer. A recent survey finds that 57% feel there is no "right age" for retirement.

According to the 20th annual RBC RRSP poll, most Canadians feel that retirement is a purely subjective decision that should be based on personal choice. The very notion of retiring when you are "old" is up for debate, as 26% also said this is based on how a person feels—and 31% said they plan on never retiring.

The traditional start date for retirement is thoroughly outdated. When German chancellor Otto von Bismarck created the first state-sponsored pension plan in 1889, the age 65 was selected because it was thought that very few people would live much beyond that age.

By comparison, Statistics Canada reports that life expectancy at birth is 78 years for men and 83 years for women. Once a person reaches age 65, however, life expectancy rises to 83 years for men and 86 years for women.

Not only do modern Canadians have more years to fund than late-19th-century Prussians, but they are in far better shape to continue working past 65.

"The average Canadian retirement age is about 62 years, but boomers are increasingly choosing to stay working or return to the workforce after retirement," said Lee Anne Davies, head of retirement strategies at RBC Royal Bank. "The form your retirement takes depends heavily on personal choices, but planning earlier will give you more options down the road."

There are many reasons why boomers may choose to extend their working careers past the average retirement date. Some may need to recover financial losses from the market declines of 2008 and early 2009. Others may simply enjoy working, with an appreciation for mental stimulation and social interaction.

Still others find that longevity risk extends beyond their own lives. No sooner have they gotten their kids through school, than they face new expenses associated with caring for their elderly parents.

"Boomers are the first generation to be faced with caring for aging parents as they near retirement themselves," said Davies. "Ninety-one percent are looking forward to 'me time' in retirement, but the needs of family members may make this a challenge. That is why it's important to set your retirement goals from both a financial and a lifestyle perspective."

The problem of an aging population will persist, even as the parents of boomers pass away. The sheer numbers of boomers will ensure growth in the aged population. The RBC poll found that 35% of Canadians feel the aging population will be a financial burden, with those aged 18 to 34 even more inclined to feel this way, at 46%.