

## December Financial Planning Email Update

Every year Fidelity produces a Retirement Report which is attached. The report highlights and explains trends based on a survey of 1901 Canadians with an average age of 61. On November 16, 2021 Amanda and I attended the Virtual Retirement Canada Dialogue. This is a one day gathering of all of Canada's brightest minds in the field of Retirement Planning. The conference began with an update from David Cravit, the Chief Membership Officer of the Canadian Association of Retired Persons (CARP). David described the retirement landscape in Canada today. There are 7.1 million Canadians today age 65 or older. They are more environmentally conscientious but not as concerned about global warming. They are technologically savvy and attend CARP webinars on such topics as how to sleep better and the role of cannabis in pain management. David reminded us that retirement used to mean the same thing for everyone. We used to work to age 65, then retire perhaps with a gold watch, then never work again. Everyone also used the same lifecycle model. First we went to school, then we worked in a career, then we retired at age 65. We called this the three act life. You then became a retiree. If the model varied it was only to get out earlier such as freedom 55. Today there is no longer an automatic retiring at age 65. In fact retaining older workers is desirable. There is a worldwide historic social change with new perceptions and attitudes around when to stop working (either part-time or full time) with the conventional view disappearing. So what is it called instead of retirement? The Next Chapter, The Second Act or The Encore Career or The phase of life when they are no longer working full time. It is different for everyone now. In reviewing Canadian trends over the past 10 years (2011 to 2021) there is a marked increase in those who are now working full time at or after age 65 (from 5.8% to 11.6%) as well as those who are maintaining an office in their home at or after age 65 (from 2.2% to 10.7%). This indicates a greater involvement in running something on a voluntary basis or for pay. David goes on to explain why this is happening. The first is **Extreme Longevity**. Today at age 65 you have a 50/50 chance of reaching 95. There are now more people over the age of 65 than under the age of 15. In fact the fastest growing age group as a percentage of the population in Canada are the Centenarians (age 100 plus). This does create a potential fear of outliving ones money. The second is **Underfunding**. 46% of all baby boomer's have no retirement savings. The average balance in 2019 for the remainder was \$209,000. It is not surprising therefore that in a 2018 Gallop Pole that 41% of baby boomers expect to continue to work part-time as a minimum as they age. The third is **Attitude**. Baby Boomers do not think of aging the same way. They are reinventing aging. The fourth is the **Population Bomb**. Longevity in combination with declining birth rates is producing a de-population bomb. With fewer young workers the need is greater for more older workers. Many countries will lose population outright. A pension crisis is unfolding with the ever increasing inability to fund social programs for the elderly. There has begun a push to retain older workers in the workforce. What does this mean going forward? The traditional lifecycle model becoming various options such as career continues with no retirement at all, follow the traditional model and retire at or near 65, retirement plus side hustle, partial retirement or an entirely new career.

What does this mean for our financial planning? Income will become the number one concern, a retirement plan will include work, the nature of what we will need the money for will change such as increasing health care costs, one size planning will not fit all and we will need to have others to help as per the aging in place trend of staying in your home.

We then heard from Freddi Dogterom the author of “Your Retirement Prescription-It Takes More Than Money” who discussed what will people do with their time and who am I going to be in retirement. Here “prescription” is an acronym PILL. P stands for **Purpose**. What is my new purpose? Why get up in the morning? What are the activities I will engage in? I stands for **Identity**. This is easy when we are working and can easily identify myself. Who am I in retirement? We need to create a new identity. One way is to discover our genetic history. L stands for **Legacy**. What are we going to leave behind? There is a financial estate but there is also a work legacy, a family legacy as well as a digital legacy from our presence on social media. The second L stands for **Legend**. Where we came from, the story of your family and to write your own story.

The last speaker was Scott Armstrong who spoke on Retire and Aspire: The Mind Switch Model. Scott is involved with transition holistic retirement planning. The unacknowledged challenge when we get to retirement is that we do not have as much energy as when we were young. The retirement timeline is such that 2-3 years prior to retirement we are anxious and tired, at retirement we are involved in a honeymoon suite of enjoyable activities such as travel and golf, then 2-3 years after retirement we are stalled and don't know what to do next. Scott recommends his Six Part Mind Switch Model which is a method to work out a plan for the future.

1. Vitality: physical and mental fitness. We are capable of so much more.
2. Purpose: This is the biggest issue. We need to redefine ourselves. Need a compelling reason to get up. We need to strive for growth. Push ourselves into the slightly uncomfortable. Here you focus on what you are passionate about and what gives you fulfillment.
3. Adventure: Excitement in your life.
4. Finances: Having the income and assets to maintain your lifestyle.
5. Social Connections: Once we are no longer working we need to make an effort to maintain and develop friendships.
6. Living Legacy: This is your personal brand. How would you want to be described. This is your purpose beyond self.

Amanda and I are both qualified CERTIFIED FINANCIAL PLANNER® professionals at your service to assist in all areas of comprehensive financial planning including financial goal discovery, cash flow/budget analysis, retirement income planning, tax savings, estate planning, insurance needs analysis, investment planning, education saving planning, special purpose or major purchase planning.

I wish to thank you for your continued confidence and for the opportunity to serve you in all aspects of Financial Planning. As always, I will continue to keep in touch with you but if you have any questions or concerns, that you would like to discuss or review, please do not hesitate to contact either Amanda or I by email or by calling us at 519-894-2661 or toll-free at 1-800-716-5538.

Have a great day!

Respectfully Yours,

Gary



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