

RETIRING “RICH” IS MORE THAN A MATTER OF MONEY FOR MANY CANADIANS



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Toronto, ON—While 61 per-cent of Canadians rate the amount of savings necessary for a comfortable retirement as an extremely important consideration in deciding when to retire, lifestyle issues are now highlighted as significant factors by a growing number of Canadians, according to RBC Financial Group’s latest RRSP poll. Fifty-four per cent of poll respondents said health care requirements were an extremely important consideration, while 40 per cent of all respondents rated both planning where they will live once retired and planning what they would do in retirement (e.g., travel, volunteer) as very important. In fact, when asked how much money they need to retire “rich,” 40 per cent of Canadians said “it’s not about the money.”

“Our research clearly shows that Canadians no longer believe money is the only key to retirement success,” said Mike Reed, head, retirement client strategies, RBC Financial Group. “A wide range of lifestyle issues including health, home and family are crucial considerations as well. With longer life expectancies and increasing health care costs, it’s not surprising that health care requirements have surfaced as a key consideration.”

This doesn’t mean financial security isn’t important to Canadians looking ahead to their retirement years, Reed emphasized. “It also doesn’t eliminate the challenge of determining just how much money is enough to support their retirement wants and needs. Canadians must also consider the possibility of unexpected financial needs that may arise and are difficult to plan for. An unpredicted health crisis, for example, can have personal, family as well as financial ramifications.”

The RBC RRSP poll found that, while more Canadians than ever before are planning and saving for retirement, they're not really sure how much money they'll need for life after work. Thirty-one per cent of Canadians who are not yet retired do not have a specific dollar amount in mind for their retirement, but expect they will be financially ready to retire when they think their savings "are enough to live on." This compares with one in four (25 per cent) who believe they will be ready when they reach a specific dollar goal for their savings.

"Some of the ambiguity around how much money people need to retire on could be because they don't have a clear vision of what their retirement years will look like and how they plan to live," Reed explained. "The traditional approach to retirement planning has been to start with the money aspect first and then build a life plan around it. We've learned from our clients that a more effective approach may be to have a clear view of what retirement looks like first, and then to create a financial plan that matches the needs of lifestyle goals and implement investment solutions to achieve this retirement vision."

Key Findings at-a-glance

When non-retirees were asked "How much money would you feel that you need to retire 'rich'?" the responses were:

- "It's not about money" – 40 per cent
- "Less than \$1 million" – 26 per cent
- "\$1 to \$5 million" – 26 per cent
- "\$5 to \$10 million" – 5 per cent
- "More than \$10 million" – 1 per cent

When asked to rate the most important considerations in deciding when someone should retire, the responses were:

- Determining the amount in savings or investments to support a comfortable retirement – 61 per cent
- Determining potential health care requirements – 54 per cent
- Determining the amount in savings or investment needed to have enough for the “little extras” – 53 per cent
- Reaching the right age – 43 per cent
- Planning where they would live when retired – 40 per cent
- Planning what they would do in retirement (e.g., travel, volunteer) – 40 per cent
- Impact on relationship with spouse – 34 per cent
- Waiting till children are no longer a financial responsibility – 32 per cent

Forty-eight percent of non-retirees (versus 39 per cent in 2005) have determined the amount of money they will need to accumulate in savings or investments in order to have a comfortable retirement.

When asked “How will you know when you are financially ready to retire”, the responses were:

- 31 per cent – “When I think my savings are enough to live on, but I don’t have a specific dollar amount in mind”
- 25 per cent – “When I have reached a specific dollar goal I have for my savings”
- 11 per cent – “When I’m ready/old enough and ready/want to retire”
- 10 per cent – “Depends on Financial situation/investments, pension, health”
- 5 per cent – “Haven’t thought about it”



These are the findings of an RBC Financial Group/Ipsos Reid poll conducted between October 12–26, 2006. For the survey, telephone interviews were conducted with a random sample of 1,201 Canadian adults (aged 18 and older). With a sample of this size, the results are considered accurate to within ± 2.8 per cent, 19 times out of 20.

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