

# **Pre-Retirement Jitters Abound as Only Four in Ten (45%) Adults Nearing Retirement Age are Confident in their Financial Future**

*Two in Ten (20%) Pre-Retirees Say They'll Never Fully Retire*

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# **Pre-Retirement Jitters Abound as Only Four in Ten (45%) Adults Nearing Retirement Age are Confident in their Financial Future**

## ***Two in Ten (20%) Pre-Retirees Say They'll Never Fully Retire***

**Toronto, ON** – Retirement ought to be a time of stress-free relaxation, where one has both the time and the money to pursue their dreams. However, according to a new Ipsos Reid study of Canadians aged 45 and older conducted on behalf of the Canadian Institute of Actuaries, the years leading up to and during retirement might not be as stress-free as one might have hoped.

The data reveal that pre-retirement jitters abound as only four in ten (45%) adults over the age of 45 and not yet retired (pre-retirees) 'agree' (11% strongly/34% somewhat) that they are 'confident' in their financial future', while one in three outright (34%) 'disagree' (13% strongly/21% somewhat) that they are confident. But once Canadians retire, they appear to be, on the whole, more confident in their situation as a majority (63%) 'agrees' (20% strongly/43% somewhat) that they are 'confident' in their financial future. Still, two in ten (22%) retirees 'disagree' (8% strongly/13% somewhat) that they are confident.

Just one in ten (8%) pre-retirees say that they are 'very prepared' financially for their retirement – which likely explains why they haven't yet retired. However, nearly one half (43%) of pre-retirees say they are 'not prepared' (13% not at all/29% not very prepared) which is concerning considering they are approaching, traditionally, their final years in the workforce. By comparison, most (82%) retirees say they are 'prepared' (28% very/53%

somewhat) financially in their retirement', while two in ten (18%) are not (12% not very/6% not at all).

The economic recession and financial crisis appears to have had an impact on the retirement plans of most Canadians over the age of 45 – both retired and working. Just two in ten (18%) pre-retirees say that it didn't have any impact at all compared to those who were impacted 'a great deal' (12%), a 'fair amount' (25%) or 'not very much' (45%). By comparison, three in ten (29%) retired Canadians say the downturn had no impact on their retirement plans while most were impacted either 'a great deal' (7%), 'a fair amount' (20%) or 'not very much' (44%).

While many retirees believe that inflation (70%) and the value of the Canadian dollar (55%) will have at least some impact on the amount of money they will need each year in their retirement, pre-retirees are even more likely to think that inflation (76%) and the dollar (59%) will impact the amount of money they will need each year in their retirement. The problem of inflation appears to be particularly worrisome as most pre-retirees (67%) and retirees (60%) are 'concerned' about keeping the value of their savings and investments up with inflation.

The data generally reveal that retirees are more comfortable in their retirement than pre-retirees approaching their retirement. In light of this, pre-retirees might benefit from some strategies used by those already retired. Some of the more popular strategies already employed by retirees to protect themselves financially as they age include: eliminating all of their consumer debt (61%), completely paying off their mortgage (57%), cutting back on spending (48%), investing in stocks and mutual funds (45%), saving as much as they can (43%) and moving their assets into a more conservative investments as they age (37%). With the exception of investing in stocks and mutual funds, fewer pre-retirees have taken each of these steps even though many intend to do so, especially eliminating all consumer debt

(57%), trying to save as much as they can (50%), and completely paying off their mortgage (46%). The fact that pre-retirees intentions surpass the experiences of those who are already retired suggests either a change in the way Canadians are approaching their retirement or that they are unrealistic in their financial goals and how that might play out in actuality.

As an example of how retirement might be changing, one of the more striking differences between pre-retirees and those who have already retired relates to working longer before retiring or even into their retirement. Fewer than one in ten (4%) retirees say that they worked longer before retiring or that they plan to work in their retirement going forward (5%). By comparison, one in ten (11%) pre-retirees are already working longer than they have perhaps originally intended, and another four in ten (39%) say that they are planning on working longer. Interestingly, just 4% of retirees say they will never fully retire, compared to two in ten (20%) pre-retirees who say the same.

*These are some of the findings of an Ipsos Reid poll conducted between February 4 to 10, 2010, on behalf of the Canadian Institute of Actuaries. For this survey, a sample of 2,137 adults over the age of 45 years old from Ipsos' Canadian online panel was interviewed online, comprised of 1,064 individuals who are not yet retired and 1,073 individuals who identify themselves as being retired. Weighting was then employed to balance demographics and ensure that the sample's composition more closely reflects that of the adult population according to Census data, and to provide results intended to approximate the sample universe. A survey with an unweighted probability sample of this size and a 100% response rate would have an estimated margin of error of +/-3.0 percentage points for both the sample of retirees and pre-retirees, 19 times out of 20, of what the results would have been had the entire population of adults in Canada been polled. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.*



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