

# Retirement 20/20

The right advice can bring your future into focus.



## About the 2017 Fidelity Retirement Survey

The Fidelity Retirement Survey is focused on how Canadians near, and already in, retirement approach the next stage of their lives.

This study was commissioned by Fidelity Canada and was fielded between March 8 and March 26, 2017.

This is the 12th year the survey has been conducted.

### Total number of respondents

1,948

CANADIANS SURVEYED

### Respondents' age

57

MEDIAN AGE

### Respondents' gender

50/50

MALE FEMALE

- A disproportionate sample of pre-retirees and retirees was completed to allow for regional and gender analysis.
- The results are then weighted to reflect the national proportionate distribution of those 45 years of age and older.

Were a probability sample of this size to be undertaken, it would yield results accurate to +/- 3.1 percentage points, 19 times out of 20.



JOINED FIDELITY – 1994

#### INDUSTRY EXPERIENCE

28 years

#### EDUCATION

BA, University of Waterloo

#### DESIGNATION

CPA, CA

### PETER BOWEN

Vice-President, Tax and Retirement Research

#### CAREER EXPERIENCE

- Fund treasurer, Fidelity Investments, for 17 years
- Principal in the tax department of PricewaterhouseCoopers

#### OF NOTE

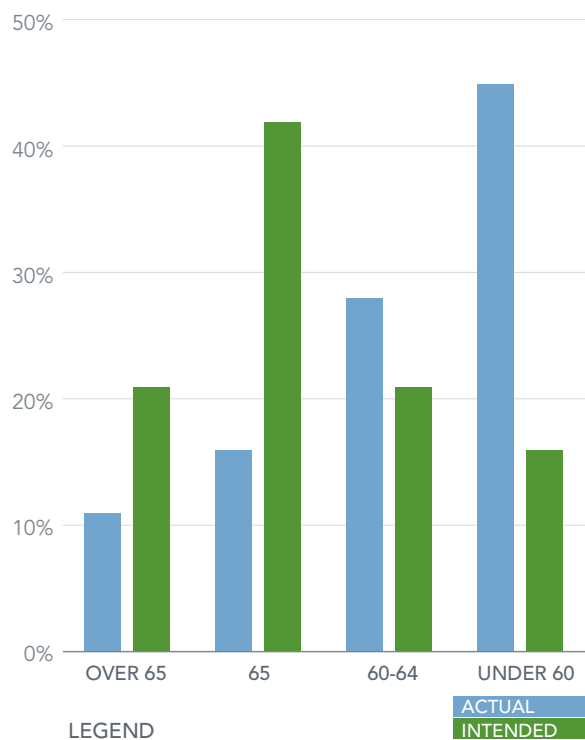
- Architect of the T-SWP® series, an award-winning innovation launched by Fidelity in 2002
- Peter is a former chair of IFIC's Taxation Committee
- Peter is a recipient of the Queen's Golden Jubilee Medal for volunteer services provided to Athletics Canada, where he acted as honorary treasurer for several years

# Your retirement needs a plan that's right for you.

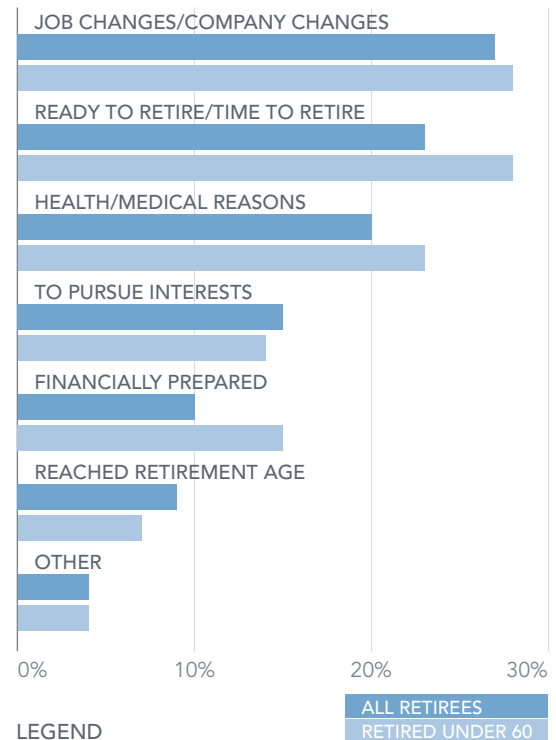
Everyone's situation is unique. Your path to retirement, why and when you retire and what you plan to do in your retirement are all very personal choices. At Fidelity, we believe creating a customized financial retirement plan that incorporates your personal choices can help you feel better prepared for your retiring years. If you are not sure where to begin or need guidance along the way, work with a financial advisor – it just might be the peace of mind you need to help secure your future.

## Retirees: At what age did you retire?

### Pre-Retirees: At what age do you intend to retire?

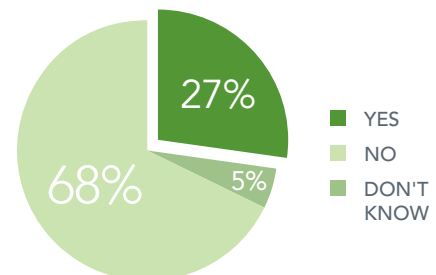


## What was your main reason for retiring?



## Do you have a written financial plan that specifically deals with your retirement?

Only a quarter of respondents indicated having a written financial plan. Meanwhile, research suggests that those with a written plan are more likely to feel positive about their retirement!



I FEEL VERY POSITIVE ABOUT HOW MY LIFE IS/WILL BE IN RETIREMENT

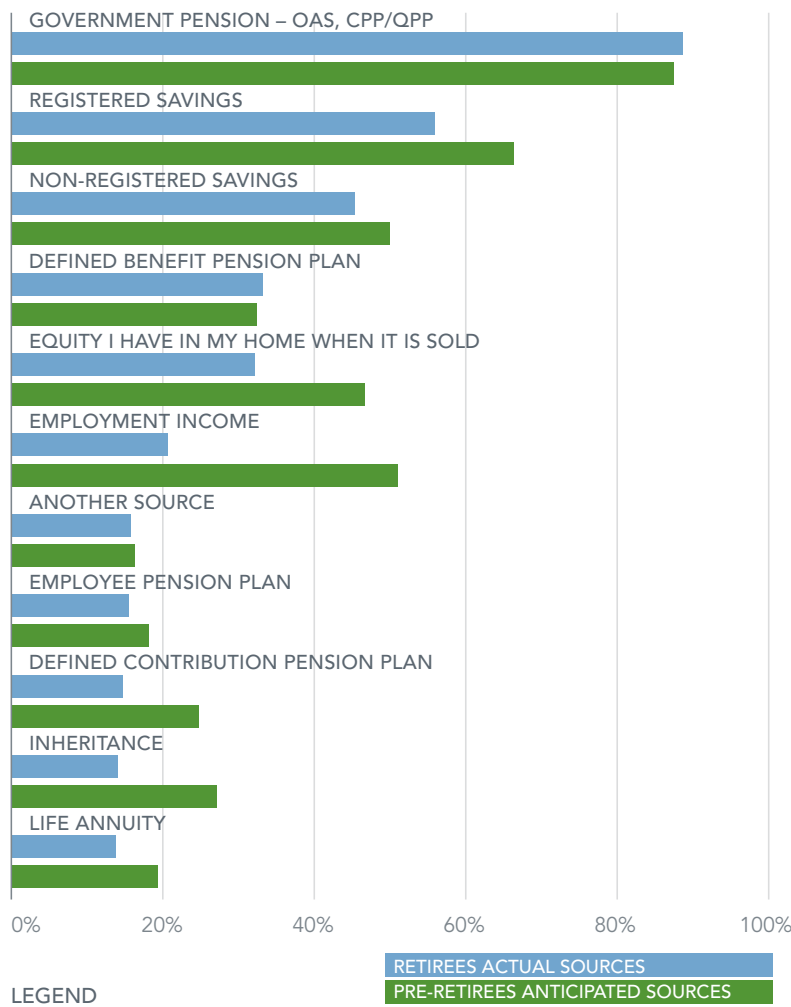
	NO WRITTEN FINANCIAL PLAN		YES WRITTEN FINANCIAL PLAN	
	Pre-Retirees	Retirees	Pre-Retirees	Retirees
I FEEL VERY POSITIVE ABOUT HOW MY LIFE IS/WILL BE IN RETIREMENT	16%	37%	39%	60%

# How will you fund your future?

When it comes to funding your future, it's all about creating retirement income that is large enough to meet your needs, predictable enough to make plans and sustainable enough to last as long as you need it. This requires some pre-planning, as you will likely need to understand how and when to draw from multiple sources of income at different stages throughout your retiring years. An advisor can provide the guidance, discipline and partnership to create a financial plan that fits your retirement vision.

**Retirees:** Do you rely on the following as a source of retirement income?

**Pre-Retirees:** Do you intend to rely on the following as a source of retirement income?

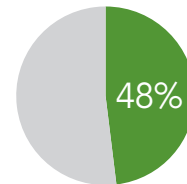


## INHERITANCE



**1 IN 4 PRE-RETIREES** ANTICIPATE AN INHERITANCE TO BE A SOURCE OF INCOME

## HOME EQUITY



**ALMOST HALF OF PRE-RETIREES** EXPECT TO USE EQUITY IN THEIR HOME AFTER SELLING IT AS A SOURCE OF INCOME IN RETIREMENT

## EMPLOYMENT



**2 IN 3 PRE-RETIREES** THINK IT IS LIKELY THEY WILL CONTINUE WORKING ONCE THEY TRANSITION INTO RETIREMENT

“My advisor gathered every detail we could think of about our financial state. The report he produced painted a picture we could understand of our cash flows for the rest of our lives.”

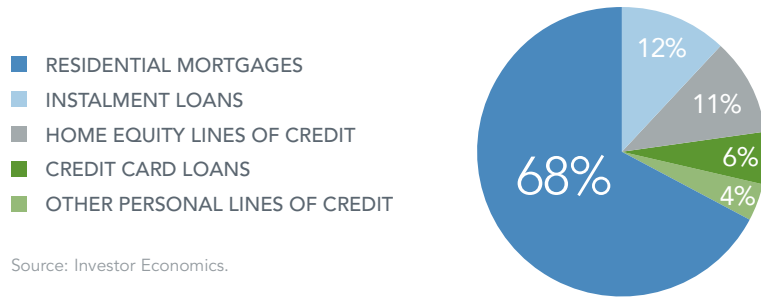
*Retiree, Age 55 – 59*



# With debt comes decisions.

Home ownership is something that many Canadians value highly. However, carrying mortgage debt into retirement – and the costs associated with home ownership – can significantly affect one’s retirement plan. If investors decide to carry a mortgage or other debt into retirement, they need to make sure it does not limit their choices.

## Household liabilities in Canada



Source: Investor Economics.

Home equity for Canadian households has almost doubled in ten years...

**\$3.5 TRILLION**

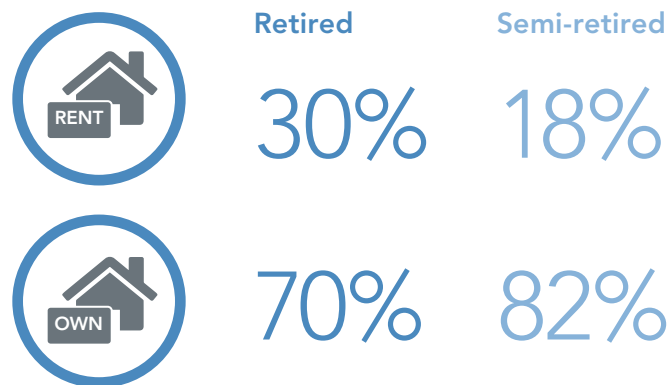
2016

**\$1.8 TRILLION**

2006

Source: Investor Economics.

## Do you rent or own your primary residence?



Semi-retired retirees are still employed.

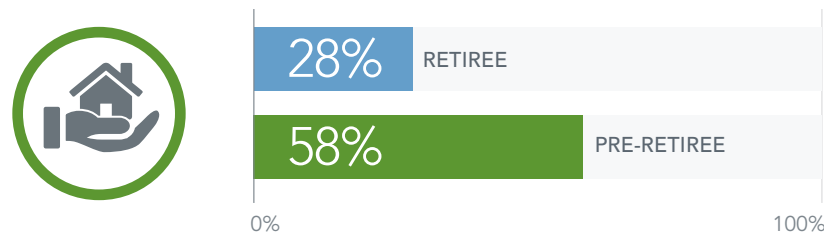


**1 IN 4 PRE-RETIREEES** BELIEVE THEY WILL HAVE A MORTGAGE WHEN THEY RETIRE

**67%**

OF PRE-RETIREEES EXPECT TO STAY IN THEIR OWN HOME THROUGHOUT RETIREMENT

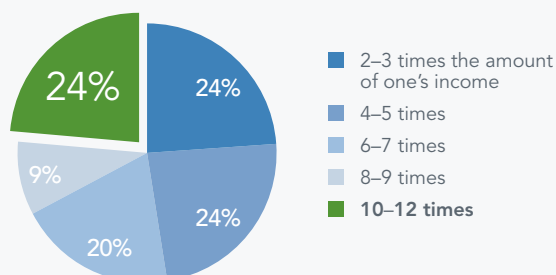
## Among those who own their own home, many still have a mortgage.



**1 IN 4 RETIREES** ALREADY HAVE MOVED OR FEEL THEY WILL MOVE TO AN ACTIVE RETIREMENT COMMUNITY

# Facts that can shape your plan for the future

How much do investment professionals estimate people should save by the time they retire?



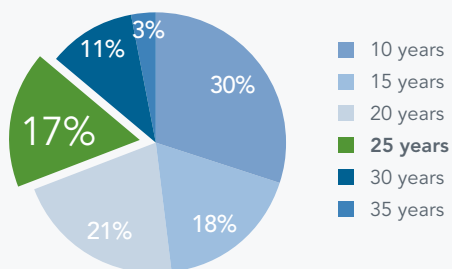
## DID YOU KNOW?

Investment professionals suggest you aim to save at least 1x your income at age 30, 3x at 40, 7x at 55, and then **10-12x at retirement**.

## HELPFUL TIP

Setting goals along the way can help you make sure you're on the right path to retirement.

How many of the last 35 years do you think the Canadian stock market has had a positive annual return?



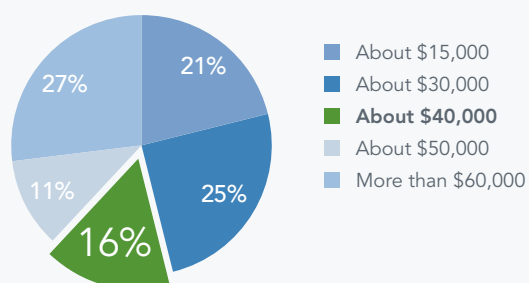
## DID YOU KNOW?

Over the last 35 years, the Canadian stock market has been a stronger performer relative to other countries, generating positive annual returns for **25 of those years**.

## HELPFUL TIP

Take a long-term view and stay invested rather than trying to time the stock market.

If you were to set aside \$50 each month for retirement, how much could that end up becoming 25 years from now, including interest, if it grew at the historical stock market average?



## DID YOU KNOW?

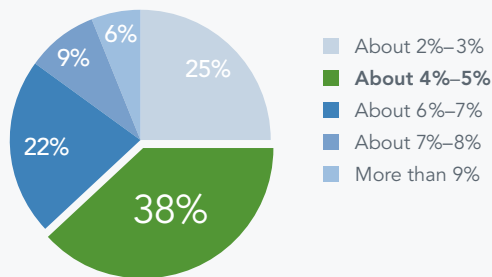
Saving \$50 a month over a 25-year period equals about \$15,000. Now add in 7% in annual interest compounded monthly and you get about **\$40,000**.

## HELPFUL TIP

Don't underestimate the power of compounding interest – a little today goes a long way tomorrow.

Here's a snapshot of the financial realities Canadians need to deal with not just today but well into tomorrow. You may be surprised by some of these answers, but with sound financial advice these facts can help inform and inspire the creation of a retirement plan that's everything you want it to be.

**What is the maximum % of savings many financial experts suggest you withdraw annually in retirement so that you still have enough savings over the long term?**



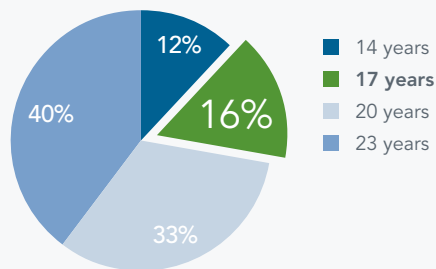
**DID YOU KNOW?**

Experts suggest you withdraw no more than **4%–5% annually** to ensure you don't outlive your retirement savings.

**HELPFUL TIP**

Want more guarantee? Stay within a budget and aim for a more conservative 2%–3% withdrawal rate.

**Given the current average life expectancy of a Canadian, if you want to retire at age 65, about how long do you believe you would need your retirement savings to last?**



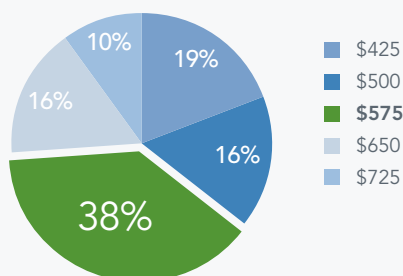
**DID YOU KNOW?**

The average life expectancy in Canada as of 2015 was 82 years of age, which suggests that you will need **17 years** for your retirement savings to last.

**HELPFUL TIP**

Ensure you have a retirement plan in place so you don't outlive your assets.

**Approximately what do you think is the average monthly amount that the Old Age Security (OAS) pension paid out to seniors aged 65 and older in 2016?**



**DID YOU KNOW?**

Regardless of your marital status, the average monthly amount paid by OAS to those 65+ was **\$578.53** in 2016.

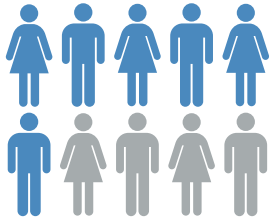
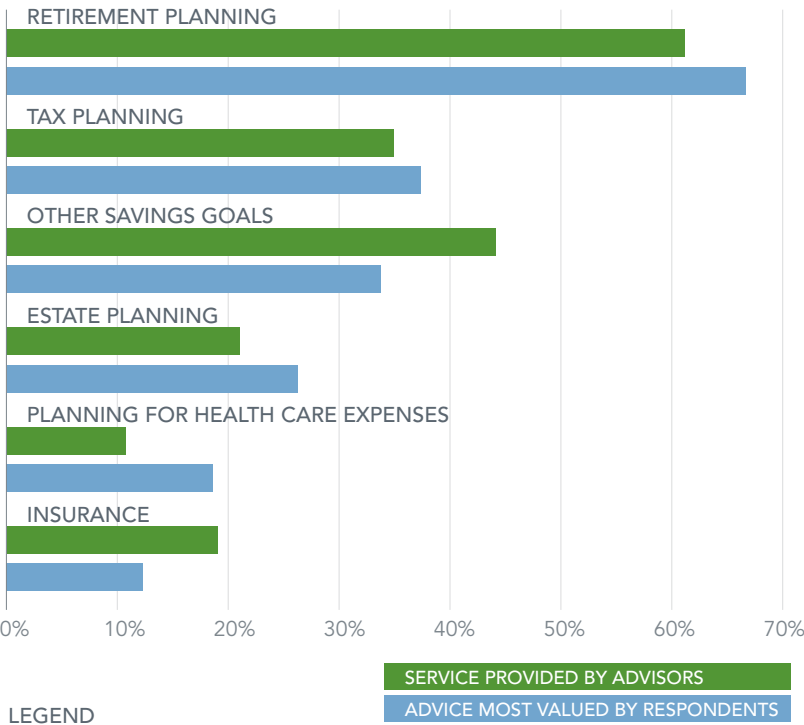
**HELPFUL TIP**

Consider delaying OAS payments two years or more and you could gain an additional \$200 a month!

# Trusted financial advice adds value to your vision.

How you see your retirement years unfolding can depend on many things. From tax planning to estate planning, one of the many advantages of working with a trusted financial advisor is peace of mind knowing you've taken positive action to live your retiring years according to your vision.

## Beyond investment advice, which of the following services would you most value?



6 IN 10 RESPONDENTS MAKE USE OF A FINANCIAL ADVISOR

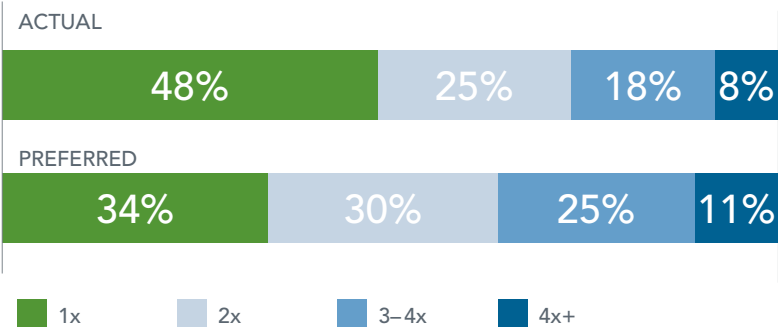
# 50%

OF THOSE WITH AN ADVISOR SAID THEY WOULD LIKE THEIR ADVISOR TO START BY EXPLAINING SOME OF THE BASIC PRINCIPLES OF INVESTING



A THIRD OF THOSE WITHOUT AN ADVISOR HAVE CONSULTED ONE IN THE PAST YEAR

## How often do you have discussions with your advisor per year?



HOW COMFORTABLE ARE YOU HAVING DISCUSSIONS WITH YOUR ADVISOR... (NET: COMFORTABLE)

	45-54	55-64	65+
	85%	87%	92%
	65%	68%	71%
	51%	46%	47%
	24%	19%	12%



# Mirror, mirror on the wall.

Achieving retirement fulfillment can mean different things to different people. Some may choose to volunteer, while others may take up a new hobby or work in some capacity during their retiring years. Wherever your interests lie, having a plan in place to match your vision is sure to enrich the experience.

## How do you see yourself in retirement?



Reader



Volunteer



Traveller



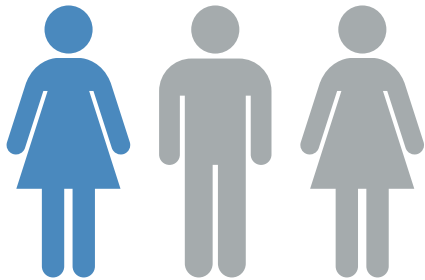
Gardener



Internet enthusiast

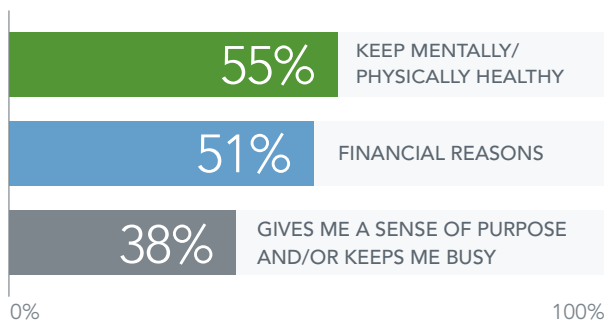


Engaged grandparent



**1 in 3 Retirees** indicated working at some point in their retirement

## Top reasons for working in retirement:



## What are those financial reasons?





- 1 I want the extra money so that I can do more.
- 2 I need the money to help support others.
- 3 I don't need the money, but I like the additional security.

# Financial advice leads to a plan. A plan leads to being prepared.

Retirement fulfillment is all about peace of mind. It starts with being prepared – emotionally, financially, socially and physically – for one of the most exciting times in your life. Talk to your advisor to make sure you have a plan in place to help make your retirement dreams a reality.

## How prepared are you for retirement?

Amongst Retirees and Pre-Retirees working with a financial advisor

	Retirees WITH a plan	Retirees WITHOUT a plan	Pre-Retirees WITH a plan	Pre-Retirees WITHOUT a plan
 Financially	94%	77%	85%	51%
 Emotionally	92%	79%	82%	70%
 Socially	88%	82%	84%	71%
 Physically	87%	70%	86%	75%

# Retirement checklist

## A few steps that can help you achieve retirement fulfillment

- **ENVISION YOUR RETIREMENT LIFESTYLE.** Will you be a traveller or a reader? Learn a new skill or spend more time with family? Many will do a combination of all of the above and much more. Every retirement journey is unique.
  
- **TRY IT OUT.** Try some retirement activities before you retire. This gives you an opportunity to get a better sense of those activities you like to do and to revise your plan ahead of time.
  
- **GET ADVICE.** Speak with a financial advisor to create a sustainable plan that fits your vision of retirement.
  
- **CREATE YOUR RETIREMENT PAYCHEQUE.** Diversify your retirement income to protect against the unexpected.
  
- **DON'T FORGET ABOUT DEBT.** Think about the type and level of debt that you are comfortable carrying.
  
- **GET INVOLVED.** Be an active participant in your retirement planning – talk with your financial advisor regularly to evaluate your progress on achieving your retirement vision.

## Looking for more information?

Visit [gettingadvice.ca](http://gettingadvice.ca) to learn more about working with an advisor to prepare for retirement.



