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# Money Matters

## Longer retirements mean greater financial risk

*By Mitchel Robinson*

The nutritious food, excellent medical care, improved working conditions and less stressful lives enjoyed by most Canadians is actually a classic good news-bad news situation.

The good news, of course is that we are living much longer than ever before. The bad news is that many of us are not preparing ourselves properly for this extended retirement period, especially when the capability of the government to help out is so severely diminished.

But first the good news. The average Canadians life expectancy is 79 years. Canadians born in 2010 will likely live to be 96 years old. Consider the demographics another way: the most recent Statistics Canada data reveals that if you manage to make it to age 65, males will likely live to be 81 years old; while the average female will live to be almost 86. This is indeed a graying nation.

Moreover, better health means we are more active in our senior years, more inclined to travel, explore, to learn new skills, and other pursuits which, sadly enough, all require money.

Now, consider the down-side of living a long time. The fact is, Canadians of all ages are saving less for their retirement, while the importance of personal financial resources will likely prove to be far greater in the future than that faced by today's seniors.

Right now, the average senior Canadian couple relies on government payments for better than 40% of their income. And that doesn't include items like health care and medical prescriptions, which receive varying degrees of government funding.

Women in retirement are even more vulnerable to any diminishment of government programs. At last count, Health and Welfare Canada estimates that 55% of the income for single senior women comes from the Canada Pension Plan/Quebec Pension Plan (CPP/QPP) plus supplements. Unattached senior men rely on these sources for 47% of their income.

So it behooves all Canadians, whether retired or planning for their retirement, to consider several immutable facts of national life. The government is broke. Twenty years of deficit spending has created a mammoth debt load, now equivalent to almost 100% of the nation's Gross Domestic Product. All levels of government are avidly cutting programs to reduce spending.

It doesn't take a clairvoyant to figure out that the future for retired Canadians hold less government support. The bottom line is that as each year passes, we will be forced to take more and more responsibility for the financial security of our senior years.

The first most important step is to develop a retirement savings and investment plan so that you will be able to live comfortably in retirement.

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