Majority of Ontario boomers mistakenly think their RSP is a financial plan

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According to a survey of Canadians aged 45 to 60 conducted for BMO Financial Group by Ipsos Reid, 73 percent of Ontario boomers have an RSP compared to the national average of 69 percent. Yet, 52 percent consider their RSP to be their financial plan, which suggests some boomers may be confused or ill prepared for their transition into retirement.

"RSPs are great savings instruments, make no mistake about that. However, today's reality is that more and more boomers are facing dwindling defined pension plans and longer life spans. Without a more long-term and comprehensive financial plan that goes well beyond registered investments, boomers are at risk of not being prepared to fund their retirement," said Judy Thomson, Director, Sales, BMO Mutual Funds.

"Twenty-two percent of Ontario boomers think they'll have 20 years or more in retirement, yet over half claim that they don't have a financial plan or that their plan is 'in their head' - clearly, a new approach is required."

The survey also uncovered that, like their Canadian counterparts, many Ontario boomers prefer to spend their time planning other activities, rather than planning for their retirement. In fact, half of Ontario boomers spend more time planning their diet (versus 47 percent of Canadian boomers) and 48 percent plan home renovations (versus 46 percent) rather than plan their retirement.

Forty-eight percent are also spending more time planning their exercise (versus 49 percent), and Ontario boomers are on par with their fellow boomers planning their car maintenance (33 percent) and travel (43 percent) rather than planning their retirement.

Yet, in previous BMO-Ipsos Reid research, 91 percent of Canadian boomers agreed that having enough money for retirement requires a lot of planning and advice to reach your goals.

"While boomers acknowledge that planning is important, it appears that most are reluctant to plan for something that is perceived to be so far down the road, especially when they have many other priorities to deal with," said Thomson.

"This is uncharted territory for boomers - so it's all the more important for them to start considering a variety of contingencies and lifestyle choices today. Whether they plan to continue working through their traditional retirement years, volunteer or hit the road and travel around the world, we need to help them conceptualize what they want their retirement to look like so that they can plan ahead to fund their future desired lifestyle," added Thomson.

10 tips to maximize your RRSP

(NC)—Here's how to get the most out of a Registered Retirement Savings Plan, courtesy of Altamira Investment Services:

1. Start early. This chart shows the power of time, and how making modest contributions of just $100 a month from age 22-30 can outgrow 35 years of similar contributions at a later date.

2. Invest regularly to reduce overall risk and make market fluctuations work for you. Consider an automatic investment plan (AIP) instead of a lump yearly payment.

3. Contribute as much as you can for future financial security. Your contribution limit appears on your Canada Revenue Agency Notice of Assessment (CRA).

4. Reinvest your refund to make your RRSPs work twice as hard for you.

5. Carry forward unused contribution room, so you can contribute more in future years if you want to.

6. Create a balanced portfolio. Establish a plan based on your timeframe and comfort level with risk. Then, select the funds that are right for you using asset allocation.

7. Stay invested for the long term to protect yourself from market fluctuations. Missing only a few key days a year can have a tremendous impact on your portfolio.

8. Invest globally. International markets offer excellent return potential, although foreign content should only be a portion of a balanced, well-diversified portfolio.

9. Consider a spousal RRSP. By splitting your contributions, the plans will grow in tandem during your working years. Once you retire, you can take income from both retirement funds and possibly reduce your tax burden.

10. Review, refresh and rebalance your portfolio at least once a year. Rebalancing returns your portfolio to its original asset mix, locks in gains, and keeps your investments on track.

Additional information and answers on investing are available online at altamira.com.