Start saving now, retirees say

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Stay healthy, keep your head up and smile a lot, because you may have to work far beyond age 65, Richmond Hill's Fred Nurnberger, 67, said, echoing retirement advice and statistics in a newly released survey.

The TD retirement realities poll finds Canadian retirees wish they had started saving decades earlier than they did.

A wake-up call for those who expect to retire in their 60s, the Environics Research poll found 52 per cent of retiree respondents urge people to save early in their careers by creating a budget and sticking to it.

"I certainly wish I had, absolutely," the pre-media production executive said, adding with a chortle, "Right now, I'm working toward freedom 85."

LONGER WORK PERIOD

Joviality aside, a significant number of employed Canadians plan to work longer than current retirees did during their careers, the poll revealed.

Some 64 per cent of working Canadians expect to retire in their 60s, 28 per cent in their early 60s and about one in three after 65.

Sixteen per cent think they will keep working into their 70s.

This is later in life than current retirees, who said they left the full-time workforce in their late 50s (36 per cent) or early 60s (25 per cent), with only 3 per cent working into their 70s.

Fifteen per cent of working Canadians only plan to save for retirement for less than five years before leaving the workforce, the poll also found.

By comparison, more than two-thirds of retirees say, in hindsight, they should have saved for retirement for 25 years or more.

Mr. Nurnberger heeded the strategy, feathering a next egg in earnest in the early 1990s.

He opted to build a self-directed RRSP.

The portfolio was weighted heavily with what were blue chip investments.

But, as with investments and comedy, timing is everything, he said, noting he "lost a boatload" with Nortel Networks and Bombardier stock.

On Jan. 12, 1990, Nortel shares traded at $34.25.

Today, they're worth a penny.

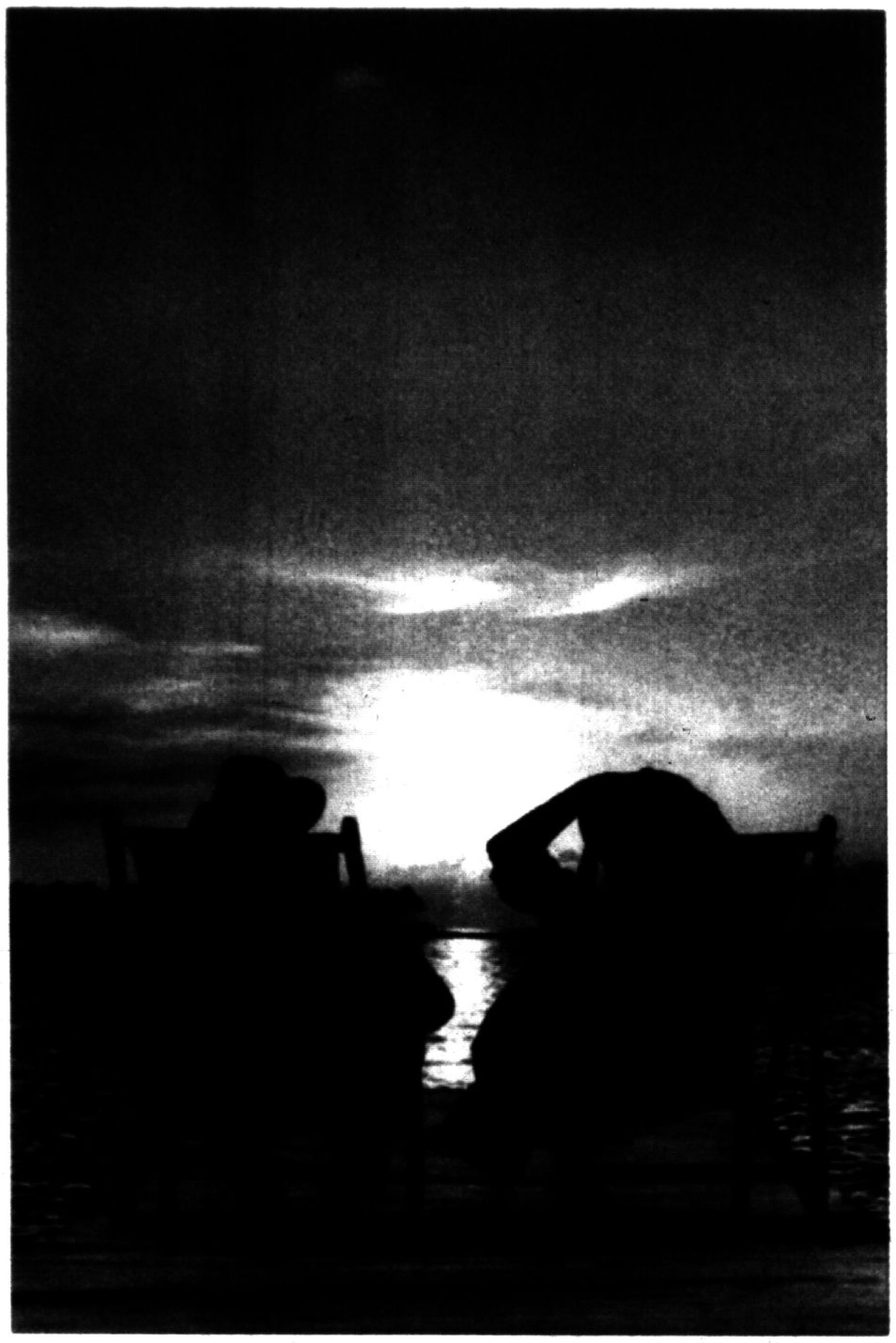
In January 1995, Bombardier fetched $24.50 a share.

Last week, they opened at $4.07.

His retirement portfolio lost 60 per cent of it value, he said.

RISK TOLERANCE

Today's financial advisers stress risk tolerance, carefully assessing a client's retirement goals, timing and asset allocation, TD Waterhouse private investment advice portfolio manager Christine Coverdale said.



STAFF ILLUSTRATION/MIKE BARRETT

A TD survey of current retirees shows most wished they had started saving for retirement earlier in life. Many Canadians believe they will continue to work into their 70s. The survey also showed 15 per cent of Canadians only plan to save for retirement about five years before they plan to leave the workforce.

To avoid getting burned by a singular investment, she recommends diversity, an amalgam of equities with stocks, mutual funds and fixed income instruments including GICs, bonds and preferred shares.

By way of example, the Markham manager and chartered accountant said an investment of $100,000 in 20 different positions exposes each to only 5 per cent of the portfolio.

The poll results didn't surprise Ms Coverdale.

Her experience confirmed financial planning isn't top of mind for most people. When retirement looms, typically those in their late 50s and early 60s seek advice. She was taken aback by the 4 per cent of Ontario respondents who said they won't save for retirement at all.

"They haven't completed a financial plan, haven't crunched the numbers to determine what they need to live on," she said. "Sometimes they don't want to know. The results are a harsh reality."

If working Canadians don't make retirement savings a priority, day-to-day expenses and more immediate financial needs can pre-empt saving for the future, she said. You don't want to get caught 30 years from now wishing you had started saving sooner. When you start investing early, the impact of compound interest is more powerful in helping your savings grow.

When it comes to debt, pay it off, or at least pay it down, Ms Coverdale suggested, citing the poll's findings that 39 per cent of working Canadians expect to retire with some debt.

Retiring debt-free is great advice, she said, but the reality is paying off all debt is challenging, especially because it's important to balance those payments with current expenses and investing for the future.

An adviser can help you map out a plan that is aligned with your personal situation, including a strategy for debt repayment and investments that can increase the tax-efficiency of your portfolio. They can also suggest opportunities for retirement savings in addition to RRSPs, such as tax-free savings accounts and mutual funds to provide potential for savings growth while considering your risk tolerance.

KEY FINDINGS

The top advice from Ontario retirees for today's workforce:

- Save more money by creating a budget and sticking to it (51 per cent)
- Contribute the maximum possible amount each year to your RRSP (50 per cent)
- Contribute regularly to investment savings through automatic savings or investment plans (47 per cent)

Looking back, retirees caution to start saving sooner

- 70 per cent of Ontarian retirees say they should have saved for their retirement for 25 years or more.
- The majority (55 per cent) of working Ontarians do not plan to save for as long as retirees recommend.
- 6 per cent say they will spend less than five years saving
- 4 per cent say they won't actively save for retirement at all
- Ontarians are least likely in the country to save for such a short period.
- Nationally, the number who will save for less than five years or won't save at all is 15 per cent
- 40 per cent of working Ontarians say they will have some debt when they retire.

Boosting retirement nest eggs? Ontarians plan to work longer

- 59 per cent of working Ontarians expect to retire in their 60s:
- 25 per cent in their early 60s
- 34 per cent in their late 60s
- 19 per cent think they will keep working into their 70s

This is later in life than current retirees:

- 31 per cent quit in their late 50s
- 28 per cent quit in their early 60s
- Only 4 per cent worked into their 70s

Whitchurch-Stouffville *News Digest*

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KIM PHUC: Foundation founder will speak at Whitchurch-Stouffville Prayer Breakfast May 16.

Girl from iconic Vietnam War photo at breakfast

Kim Phuc is this year's Whitchurch-Stouffville Prayer Breakfast speaker.

The event takes place 7 a.m., May 16 at Station Creek Golf Club, 12657 Woodbine Ave.

At the age of nine, Ms Phuc was famously photographed running for safety, along with other children, after being severely burned by napalm.

Ms Phuc's village of Trang Bang came under attack by South Vietnamese aircraft June 8, 1972. The thick petroleum was mistakenly dropped onto a Buddhist pagoda in an area where the North Vietnamese were infiltrating.

Ms Phuc underwent years of burn therapy.

She subsequently created the not-for-profit Kim Foundation International to focus on world peace and healing.

Tickets for the breakfast are $20 each and available at Candlelight and Memories, 6198 Main St.

Music will be provided by The Springvale Boys.

Carnival day at lake

Want to have some fun in all that new snow?

The 10th annual Whitchurch-Stouffville Winter Carnival is on today from 1 to 4 p.m. at Cedar Beach on Musselman's Lake.

Everything is free, including food and entertainment.

Take a ride on a pony, ATV or hay wagon. Skate on the lake.

SOUND OFF

Have something to say about these or other stories?

E-mail us at jmason@yrmg.com