



How Much Money Will You Need to Retire?

The average Canadian has many sources of retirement income upon which to draw, including a Registered Retirement Savings Plan (RRSP), a Canadian Pension Plan, a Tax-Free Savings Account (TFSA) and a work pension.¹

However, the recent financial crisis changed the game for many workers and employers. While many private-sector companies offered benefit pension plans to their staff in prior years, nearly 51 per cent of businesses have transitioned to defined contribution plans, a 9 per cent increase from 2008.² Workers are no longer guaranteed a fixed sum payout and **nearly 11 million Canadians do not have a workplace pension at all.**

Although couples who plan to live a Spartan existence can survive on \$2,500 a month, the average middle-class Canadian couple will need about \$6,000 to maintain their lifestyles. People without an employer pension will need to save over \$1 million to have a lifestyle similar to a middle-class couple with a pension.⁵

How Much Money Do Canadians Think They Will Need for Retirement?



Less than \$1 million:	56%
\$1-2 million:	28%
More than \$2 million:	16%

Source: The Globe and Mail, January 4, 2011

While most Canadians have an idea of how much they will need to save, nearly 55 per cent will be unable to afford their dream lifestyle in retirement, and **30 per cent think they will not have enough money to pay for basic living expenses.**⁴ This is especially true as many pensions and RRSPs have lost value as a result of the economic recession, leaving many who are nearing retirement age unsure of how to make up the difference in a short time.

What Retirement?

When asked what they'll do upon reaching retirement age, 70 per cent of Canadians plan to keep working—nearly 52 per cent to keep young and 38 per cent because they financially can't afford to retire.^{1, 4}

Whether workers plan to keep working or slowly ease into retirement, they plan to fill their free time with travel, hobbies and volunteering.



Travel:
61%



Hobbies,
recreation, fitness:
64%



Community
involvement:
36%

Sources: 1) The Globe and Mail, January 4, 2011
2) Canoe, April 6, 2011
3) The Globe and Mail, November 24, 2010
4) The Globe and Mail, January 24, 2011
5) Financial Post, January 3, 2011

