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Health concerns trump money in retirement: study

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OTTAWA - After people move from work into retirement, their focus shifts from their wealth to their health, a bank survey suggests.

People approaching retirement worry more about whether they will have enough money for their retirement, but people who have already retired worry more about their health, according to the Royal Bank of Canada survey released Thursday.

The survey found that while 53 per cent of pre-retirees are concerned about having enough money in retirement, only 36 per cent of retirees have those worries.

In contrast, 51 per cent of retirees say they worry about their future health compared with just 41 per cent of pre-retirees.

"Many people who are approaching retirement focus most on that magic dollar figure that promises a good retirement," said Mike Reed, head of retirement planning at RBC. "But they could learn from retirees who find that money is simply not as important as health."

There are several likely explanations for that shift in focus, Reed said.

One is that there's less pension security for many workers today than for many of those who are already retired, he said, referring to the shift by employers from defined benefit pension plans, under which workers know in advance how much they will receive in retirement, to less secure defined contribution plans under which their benefits will depend on the investment return of their plans.

"People are more and more in charge of their own destiny when it comes to money in retirement, whereas the retirees maybe don't have that as much, as they have the old plans," he said.

Also, baby boomers tend to be bigger spenders than the previous, already-retired generation, which tended more to be savers, Reed noted.

As well, RBC retirement planners have found that while workers planning for retirement tend to focus on a set income they feel they will need, once in retirement people find they have financial flexibility and can make adjustments if needed to their spending.

"The health scare could be an issue as well," he said, noting that as people get older and see friends facing unexpected health issues, they may feel they have less control over their health than their finances.

"The experience of retirees suggests that planning for retirement is more than a money issue," he said. "It's telling that money is not top of mind for two-thirds of retirees when they think about the future."

Nearly three in four of those in retirement say being in as good or better health than their peers is important to them, including 76 per cent of women and 70 per cent of men.

Their relative wealth, however, is of less concern to both with just half saying that being financially better off than their peers is important to them.

A surprising finding of the survey was that while 57 per cent do their retirement planning alone, more than 90 per cent say they want their partner, loved one or best friend to be part of whatever they do in the years ahead. Men, at 61 per cent, were more likely than women, at 53 per cent, to prefer to plan their future on their own.

The RBC Retiring Boomers Poll of 2,037 adult Canadians aged 50 to 69 with household assets of \$100,000 or more was conducted online by Ipsos-Reid from Aug. 3 to 8. The results were said to be accurate to within 2.1 percentage points, 19 times out of 20.