



## Views on Life-Course Flexibility and Canada's Aging Population

**I**n order to understand the preferences of Canadians regarding the timing of retirement, and the allocation of the time devoted to education, care giving and leisure over the course of life, the Policy Research Initiative contracted Ekos Research to organize 10 focus groups held across Canada. During the focus discussions, one main theme that was examined was preferences concerning the time at which they intend to retire.

The closer participants were to retirement, the more they seemed to be looking forward to it. "I've got two years, four months, and about ten working days to go and I can't wait." There also appeared to be little difference in enthusiasm for retirement based on socio-economic status; the teacher or administrator was just as likely to be counting the days as the warehouse worker. As could be expect-

ed, the notion of retirement was fairly nebulous for most of those in their prime working years.

Most participants indicated their ideal age of retirement was between 55 and 60 years of age. In discussing this issue, many made reference to London Life's Freedom 55 advertising campaign as both a personal and cultural ideal. While a handful of people voiced a desire to keep working as long as they

were physically able, it was clear the vast majority of participants viewed the idea of working passed 65 or even 60, as a somewhat sad or tragic, based on the assumption that economic necessity, not choice, drove people to work this long. This view was reinforced by the fact that very few, if any, participants said they would be willing to "work past retirement," including on a part-time basis, in their current job. Conversely, most said they would consider working past retirement at a job they "enjoyed."

There seemed to be about a five-year gap between participants' ideal and

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### Investing Appropriately NOW May Help You Later...

#### Many Canadians not saving enough for retirement: poll

*(Investment Executive, Feb 3, 2004)*

According to calculations by Scotiabank, a 45-year-old Canadian with a current income of \$50,000 retiring in 20 years would need to have saved almost \$400,000 to fund a comfortable retirement, while in actuality:

- One in five Canadians (20 per cent) expect to save \$100,000 or less for retirement
- Over one-third (35 per cent) of Canadians intend to save \$250,000 or less.

#### 46 per cent of Canadians wary of retirement savings

*(February 2003, FSIM Daily Briefing)*

A survey sponsored by Desjardins Financial Security and conducted by SOM Surveys Opinions and Marketing has found that 46 per cent of Canadians are unsure they can save enough money to live comfortably in retirement.

This information is general in nature and is intended for educational purposes only. For specific situations, you should consult the appropriate legal, accounting or tax expert.

#### One-third of Canadians worried about retirement finances, survey says

*(Doug Watt, Advisor.ca, Sept 3, 2003)*

StatsCan surveyed 65000 people aged 45 to 59 who were still working, asking their intentions for retirement and their financial preparations. One-third of women and 29 per cent of men said their preparations were inadequate.

**If you can relate to any of these statistics, it may be time to meet with your financial advisor to ensure you are on track to achieve your retirement goals.**



# Retirement and Lifestyle Planning

By: Av Lieberman

**The definition of retirement has changed dramatically in recent years. At one time, you retired at age 65, put your feet up, and lived into your early 70s, if you were lucky. Based on this view of retirement, it simply wasn't necessary to plan for an active lifestyle extending many years into the future.**

However, the New Retirement is very different. People now retire younger and live longer and doing nothing for 20 or 30 years is not an option. Retirement is not the last stage of your life; rather, it is just the next stage. It means retiring to something, not from something. But, deciding what you will retire to can be a time-consuming and confusing process that requires guidance. To seek it is well worth the effort and, in doing so, you will gain a sense of control over your future and are more apt to get the life you want.

Lifestyle Planning is a new approach within the financial planning industry. Typically, the industry uses rules-of-thumb. For example, the most common is to consider 60 to 70 per cent of pre-retirement income is enough to retire on with a reasonable standard of living. However, rules-of-thumb do not take into consideration a person's individual circumstances.

The premise of Lifestyle Planning is to develop a financial or retirement plan based on each individual's own unique 'vision' of the lifestyle they hope to lead. The vision entails clear lifestyle goals and objectives that need to be reviewed and updated periodically. Recent studies on the subject of 'life satisfaction' clearly show that people with clear, realistic goals and objectives have a higher level of life satisfaction than those that don't. In the financial planning industry, setting these lifestyle goals and objectives first is the most important step in planning for the future. When investing money without a clear purpose (goals and objectives), one cannot know how

much is enough or the rate of return required on investments. Without lifestyle goals and objectives, it's impossible to place an accurate price tag on the question, "How much money do I need to live the life that I want?"

As a retirement educator, I am frequently asked this question, and the answer is always the same - "Tell me what your vision is first and then I can tell you how much is enough."

There are many questions involved in the process of creating one's vision, but these are some of the most important:

- How do I want to spend my time in retirement?
- What do I really like to do?
- What will keep me motivated?
- How will I react to not having a job?

- Do I want to develop a second career?
- How will retirement impact my family?
- Is semi-or phased retirement an option for me?
- What are my strengths and transferable skills?

So, planning for retirement is not simply a financial exercise. The lifestyle a retiree chooses to pursue will, in fact, go a long way towards determining their financial needs.

Helping employees build their own vision of retirement by walking them through a thought-provoking, and often life-changing, process, where they deal with key life and retirement issues, helps put the concept of retirement, and what that means to them personally, in perspective. During the process, lifestyle goals and objectives are set. The end result is not only a vision, but also their financial reality.

**Editor's Note: Are any of your employees approaching retirement and feeling unprepared for this stage of life? If so, *Bencom* offers a service that may increase their level of confidence. Dan Treurniet, ([dan@bencomfsgj.com](mailto:dan@bencomfsgj.com)) is available for one-on-one consultations, helping people define their lifestyle goals and the resources necessary to achieve them.**

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expected age of retirement, with this gap stretching up to 15 years for some lower socio-economic status participants. "I have no money. I'm going to be working until I die." Many explained that their ideal retirement would be delayed due to a lack of money. "The CPP isn't much, but I'm going to have to wait until I start getting it before I can stop working."

Inevitably, participants wanted to discuss the definition of retirement. "What does being retired really mean?" Some noted that one "never really

retires." Others suggested their definition of retirement was tied to age. "I'd say that at 65 you're retired." Some pondered the paradoxical concept of "Working past retirement." "How can you work if you're retired?" After some discussion, participants settled around a definition of retirement based on "choice" and "freedom." One was retired if they had the financial freedom to choose not to work for pay. Using this definition, participants were asked to consider more closely working past retirement.

# Few Canadian Employers Addressing Workplace Mental Health Issues

**D**espite recognizing that mental health issues are a growing concern in the workplace, employers are ill prepared to address them, according to new research conducted by Mercer Human Resource Consulting on behalf of Mental Health Works.

Mental health issues have caused an increase in the usage of group benefit plans for 77 percent of those surveyed in the recent study, and an increase in short-term disability claims for 75 percent. Despite these figures, the survey found that most employers have no plan to address mental health concerns in their workplace.

"While employers recognize what contributes to mental health problems in the workplace and most employers have increased their use of Employee Assistance Programs (EAP), fewer than ten percent of respondents have managers who are trained to identify and address the issues," said Anne Nicoll, principal, Mercer Human Resource Consulting. "It appears most employees are left to fend for themselves when it comes to their mental health."

But there are solutions to the challenges that mental health problems present. For example, Mental Health Works, an initiative of the Canadian Mental Health Association, Ontario, provides practical training for managers to address these issues and for employees to educate and to generate discussion about mental health issues in the workplace. The training includes creating workplace accommodations, early identification and risk reduction, as well as consultation on complex accommodation cases and return-to-work situations involving mental health issues.

"As one in five Canadians will experience mental illness in their lifetimes, virtually every employer will need to address mental health issues in their workplace, and there are many compelling reasons to be proactive," said

Mary Ann Baynton, Director of the Mental Health Works program. "If these issues are addressed, employers can see increased productivity, and decreased long-term disability costs and absence."

Across the country, employers are already seeing the cost implications of mental health issues. Disability claims, including leave due to mental illness, represent anywhere from four percent to 12 percent of payroll costs in Canada. In fact, depression has overtaken cardiovascular disease as the fastest growing category of days lost to disability in Canada, according to the Global Business and Economic Roundtable on Addiction and Mental Health.

"Perhaps most troubling is that despite these compelling numbers, the majority of those surveyed do not plan to take action to address mental health issues over the next 12 months," added Ms. Nicoll at Mercer. "This is likely

because organizations feel they can't influence the outcome of mental health issues, and hence they consider it a 'cost of doing business.' But, there are ways to influence the impact this has on business. The first step is to measure the impact then assess the root causes." Survey results included the following:

- 91% of employers said employees are experiencing increased workloads
- 72% noted a prevalence of changes in job duties for employees
- 68% have seen an increase in employee absence
- 64% said emotional tension is prevalent among employees
- 61% report a decrease in productivity
- 44% also reported a prevalence of requests from employees for adjusted work schedules

The results presented are based on data provided by 134 Ontario-based public and private sector organizations, 44 percent of which have over 500 employees and 47 percent of which have at least some unionized employees.





## Over-age Dependent Reminder!

It's that time of year again! Many carriers terminate dependents that are over the age of 21\* each year. Be sure to send an updated listing of employee's whose dependents are unmarried, over age 21 (and under age 25) and are full time students. If you have any questions, or need some assistance with this process, please be sure to contact Silvia Weismann at *Bencom*.

\*verify definition of dependent coverage in your contract as they may vary from contract to contract

## Public Sector Drug Spending is Rising: CIHI

**P**ublic Sector spending on prescription drugs in Canada rose in 2003. In a new report, the Canadian Institute for Health Information says 47.2% of the estimated \$16 billion spent on prescribed drugs was financed by the public sector. Five years ago, the public sector share was 42.5%. The total spending on drugs is expected to have increased 8.1% from the previous year, reaching \$19.6 billion in 2003.

CIHI's report, Drug Expenditure in Canada 1985-2003, says higher volume of drug use in Canada as well as the entry of new drugs is leading to the increase in spending despite relatively stable drug prices.

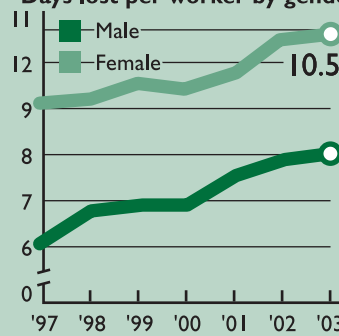
Provincially, the share varied from a low of 29.8% of public sector spending in Prince Edward Island to a high of

53.0% in Manitoba. Compared to other countries ranked by the Organization for Economic Cooperation and Development, Canada falls behind only Japan, France and Hungary in drug spending as a percentage of total health spending. The U.S. was ranked eighth, with drug expenditures accounting for 12.4% of its total health care costs.

## Absent Trends

**I**n 2003, each full-time Canadian employee, excluding women on maternity leave, lost an average of 9.1 days over the year for personal reasons (about 7.4 per cent for own illness or disability and 1.7 per cent for family demands). In total, employees missed 94.2 million workdays for personal reasons.

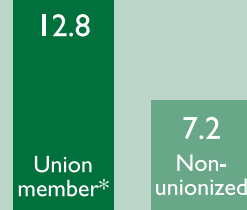
Days lost per worker by gender...



...by presence of children

With children	9.5
Preschool-aged	10.5
Age 5-12	9.2
Age 5 and over	9.2
Without children	8.8

...and by union coverage



\*or covered by collective agreement

Source: Statistics Canada

### Sources:

**Views on Life Course Flexibility**

policyresearch.gc.ca

**Investing Appropriately**

Canada Life

**Few Canadian Employers...**

Mercer Human Resources

**Retirement and Lifestyle...**

Av Lieberman

**Absent Trends**

Globe and Mail

**Public Sector Drug Spending**

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Making sense of your hard work.

1060 Guelph Street,  
Kitchener, ON N2B 2E3  
519-579-4730  
Toll Free: 1-888-664-5555  
Fax: 519-743-1631

Bob Ritzer	bob@bencomfsg.com	extension 295
Dave Young	dave@bencomfsg.com	extension 300
Vivian MacLean	vivian@bencomfsg.com	extension 298
Silvia Weismann	silvia@bencomfsg.com	extension 299
Jane Alexander	jane@bencomfsg.com	extension 296
Lydia Pauser	lydia@bencomfsg.com	extension 305
Mark Beckham	mark@bencomfsg.com	extension 301
Mike Treurniet	mike@bencomfsg.com	extension 297
Dan Treurniet	dan@bencomfsg.com	extension 293
Nellie Alberto	nellie@bencomfsg.com	extension 294
Glenda Ribey Rozomiak	glenda@bencomfsg.com	extension 296