

To save or spend, that is the question

Poll suggests many retirees are scared of outliving their money

[Tom Carney](#) / North Shore News

February 2, 2014 12:00 AM

What causes you to lose sleep? The Canadian Association of Retired Persons (CARP) recently polled their members and found that their biggest fear was outliving their money.

I'm not surprised. The message from the financial service industry is that if we don't save and invest a lot more we'll all be homeless and hungry when we're 95.

How long we will live and how much we will need to save for retirement is a bit of a moving target. The good news is that most of us are going to live longer, but just how much longer is anybody's guess.

Thirty years ago we thought that once we retired, we would live for another 15 or 20 years. Now that number has inched up to 25 or 30 years, and even that may not be long enough.

A television spot from an American financial firm tells the fictional story of the fastidious librarian Emily Skinner who, at the age of 187, still enjoys life to the fullest thanks to her careful planning with her financial adviser.

What about the rest of us? The latest mortality tables published by the Canadian Institute of Actuaries tell us that for every 10 women who are now 60, five of them will live until age 90. For men, the comparable figure is approximately four in 10.

It gets better. The tables suggest that about one in four women and one in six men will live until age 95.

Now, the actuaries are a lot better at math than I am, but I think their projections about lifespan statistics are optimistic. Mortality estimates are useful but they are not perfect.

The last United Kingdom census found far fewer people in their 90s than expected and the same thing happened in the United States with people over 100.

Although the number of centenarians (100 plus) in Canada is increasing, there aren't a great many more centenarians per capita of older people now than in previous eras.

I think it is possible that gains in life expectancy made in recent decades will not be repeated in the future. And really, I'm much more interested in statistics around how long people live in good health than I am about how many candles are on their birthday cake.

But let's not quibble, we are living longer and mortality rates are declining even faster than the actuaries had previously projected.

Still, the mortality tables let us down just when we need them the most. Those tables can tell us how long we might live but they can't tell us how long each of us is going to live.

Fred Vettesse, an actuary with a Canadian money management firm, puts it best: "Life span statistics give the

perception we will live until a fixed age and then die when, in fact, the vast majority of us will die earlier or later and we don't know which it will be."

Given that, my advice is to relax. Enjoy your life. Be prudent with your finances, take care of your health and stop worrying about outliving your money.

After all, except for Emily Skinner, we only go around once.

Tom Carney is the former executive director of the Lionsview Seniors' Planning Society. Ideas for future columns are welcome. [tomcarney@telus.net \(mailto:tomcarney@telus.net\)](mailto:tomcarney@telus.net)

© 2015 North Shore News