

Rule No. 1: Start with what you've got

[Tom Carney](#) / North Shore News

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Are you worried that you can't afford to retire? Do you feel that working past the age of 65 should be a choice, not a necessity? Many Canadians believe they won't be able to get by financially if they stop working. When the paycheque stops, where does your income in retirement come from? Data from the recently released Statistics Canada 2011 National Household Survey holds the answer to those questions. If you are approaching retirement you will want to pay close attention to these numbers. If you have stopped working or are semi-retired you can use the data to compare your income in retirement to the median for seniors in Canada.

According to the survey, at age 60, almost 70 per cent of Canadians in 2010 were still earning employment income; by age 66 the number drops to 43 per cent and at 75 only one in five seniors continued to collect a paycheque. Of course the longer you are able to work, the more you can save for retirement.

Investment income accounted for more than 10 per cent of seniors' total 2010 income, with the median amount being \$1,300 - more than double the national median of \$600. Again, compare this figure to your own circumstance. Do you have investment income and is that income more or less than the median? Private retirement pension income made up almost 30 per cent of the total income for seniors in 2010. Pensions were received by almost 60 per cent of seniors with the median amount being \$11,700. If you have a private pension, and not everyone does, was the income received over or under the median amount? Government transfers accounted for approximately 40 per cent of seniors' total income. About 90 per cent of those transfers come from the Canada Pension Plan, the Old Age Security Pension and the Guaranteed Income Supplement. The median benefits received were \$6,800 for CPP and \$6,200 for OAS/GIS.

The number of seniors who miss out here is staggering. According to a report by the Task Force on Financial Literacy, roughly 160,000 eligible seniors are not receiving the Old Age Security benefit. This figure represents almost \$1 billion in pre-tax benefits. Almost 150,000 eligible seniors are not receiving the Guaranteed Income Supplement and approximately 55,000 eligible Canadians are not receiving Canada Pension benefits.

Most seniors have multiple sources of income to draw upon in retirement. Make sure you have maximized your benefits and use them strategically. We have some of the best government-sponsored savings programs in the world but expect less help

from the government going forward. Those online retirement calculators are fun to try but they are not very realistic and they will drive you crazy. There is no magic number when it comes to saving for your retirement. My first rule for retirement planning is to start with what you've got, not what you think you will need. For the record, the median after tax income for \$23,100. If you are on the right side of that number you're probably fine. If not, you'll need to take some action to improve your financial prospects after retirement.

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