



North Shore News Column.

Older & Wiser

By Tom Carney

Fun in the sun yields host of cold hard facts

By Tom Carney, Special to North Shore News April 14, 2013

MAUNA Lani, Hawaii: Every year at about this time I slip away for a few weeks to conduct some seniors research.

This year my work took me to the Big Island in Hawaii.

Research in Hawaii? I can hear the snickers already.

Rest assured that neither the sun, sand nor surf kept your humble (albeit tanned) correspondent from his appointed rounds.

There is a general sense across the Hawaiian Islands that the worst of the recession is behind us. Sand erosion and a growing homeless population on the beaches are big stories here.

The army engineers are dealing with the erosion problem. The people struggling with homelessness are on their own.

And here is something we don't see much of at home: Some apartment dwellers have taken to jumping from their balconies to the pool below.

It's news only if they miss.

American baby boomers are now retiring at the rate of 10,000 per day and will continue to do so for the next 19 years. How are they feeling about their retirement readiness? Not good.

Confidence in the ability to afford a comfortable retirement remains at the same record low recorded in 2011 and in fact is slightly lower than last year.

This comes from the Employee Benefit Research Institute, a private non-profit research organization that has conducted a retirement readiness survey for the past 23 years. Approximately 1,000 United States workers age 25 and older and 250 retirees were randomly chosen for telephone interviews in January. The statistical margin of error is plus or minus three percentage points.

Told you that I didn't spend all of my time at the beach!

Spoiler alert: These survey results are more troubling than anything I have seen from the comparable research

back home.

Fifty seven per cent of those surveyed said the total value of their household savings and investments was less than \$25,000, excluding any home equity and pension benefits.

Among that group, nearly half had less than \$1,000 saved.

Fifty five per cent of workers and 39 per cent of retirees reported having a problem with their debt levels.

Less than half of those surveyed thought they could come up with \$2,000 if an unexpected need arose within the next month.

In addition to worrying about their retirement savings, workers lack confidence in their ability to pay for medical expenses and even basics such as food, clothing and shelter. Participants cited the cost of living and daily expenses as the key reasons why they either don't contribute to retirement plans or don't contribute enough.

It's a similar story in Canada with less than one-third of eligible taxpayers making a contribution to their RRSP each year.

If there is any good news here it's this: Researchers believe workers who are the least prepared for retirement have become increasingly aware that they need to save more. Recessions tend to do that. It appears that many of those surveyed know that they are not prepared for retirement, they just don't know what to do about it.

Less than half of those surveyed reported that they or their spouse had tried to estimate how much they'll need to ensure they could live comfortably in retirement.

The lesson here is that baby boomers need to take some basic steps to prepare for retirement. They could start by getting some help and then making a plan. If the group that was surveyed here could do that, their prospects for a comfortable retirement would improve considerably.

Tom Carney is the executive director of the Lionsview Seniors' Planning Society. Ideas for future columns are welcome. Contact him at 604-985-3852 or send an email to lions_view@telus.net.