

FOR IMMEDIATE RELEASE

The Canadian Institute of Actuaries Releases Report on Retirement Consumption, Risk Perception, and Planning Objectives

Ottawa, June 21, 2018 – The Canadian Institute of Actuaries is pleased to release its research paper, “[Retirement Consumption, Risk Perception and Planning Objectives](#)”.

Using data from the 2016 Ontario Retirement Survey (ORS), the report examines the anticipated concerns and risk preferences of Canadians aged 50–80 who are either close to retirement or already retired. The ORS was conducted by Saisai Zhang (PhD candidate), Dr. Mary Hardy, and Dr. David Saunders of the University of Waterloo’s Department of Statistics and Actuarial Science.

The authors observed several important findings:

- (1) **Higher expected retirement age:** on average, pre-retirees expect to work longer— (median expected retirement age of 65 among pre-retirees) than their predecessors (median retirement age of 60 among retirees).
- (2) **Prevalence of low retirement wealth:** a majority (61 percent) of respondents have or anticipate having low liquid retirement assets. Alarming, 10 percent polled have or expect to have less than \$25,000 in total liquid and property retirement assets, implying low living standards in retirement.
- (3) **Severe underestimation of survival probability to an extreme old age:** although respondents expressed realistic beliefs in their own life expectancy, they significantly underestimated the probability of surviving to age 95, potentially leading to poor late-life financial security.

The report also considers respondent attitudes towards income expectations, bequest motives, positions on life annuities, as well as the likelihood of seeking professional financial advice when planning for retirement.

Based on participant feedback, three key areas of interest emerged for further observation: the difference between expectation and experience among retired Canadians; the level of wealth in retirement or pre-retirement savings; and preferences and objectives of Canadian retirees.

As with most survey studies, the ORS has some limitations, but was conducted following best practices in statistical sampling.

As Canada's retired population grows, those entrusted with a duty to safeguard public interests must consider more actionable solutions to ensure the financial well-being of all Canadians. Governments and plan sponsors must ensure that checkpoints are in place to protect the country's economic security, and also inform the public how to better ensure their own financial future in retirement.

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About the Canadian Institute of Actuaries

The Canadian Institute of Actuaries is the national, bilingual organization and voice of the actuarial profession in Canada. Its members are dedicated to providing actuarial services and advice of the highest quality. The Institute holds the duty of the profession to the public above the needs of the profession and its members.

For more information or to set up an interview with an actuary, please contact:

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