



# The **BMO Retirement** Trends Study - Overview

Canadians 45 and over are challenging the status quo, rejecting stereotypical notions of retirement.

## Introduction

Most Canadians agree that the traditional meaning of “retirement” is inaccurate by today’s standards. It no longer reflects the realities of those who are deemed to be “in” retirement and the perceptions of those who are approaching what was thought to be a static stage of life. In fact, new research suggests that retirement is no longer a fixed point in time, but rather a transition between full-time work and active retirement — a far more flexible concept than once thought.

The BMO Retirement Trends Study offers a forecast of the kind of life Canadian retirees and pre-retirees envision for their future. It reveals the attitudes of 5,325 Canadian financial decision-makers 45 and over and corroborates the growing body of qualitative and anecdotal evidence that the notion of retirement is changing.

While other studies have focused on retirement in Canada, the BMO Retirement Trends Study is the most comprehensive to date, delving deeper to reveal the tendencies that have altered the status quo and will continue to shape the future of retirement for older Canadians.

## Survey Methodology

BMO Financial Group and Ipsos Reid conducted an online survey between October 21 and October 27, 2005. A randomly selected sample of 5,325 financial decision-makers age 45 or over, with financial assets of at least \$25,000, completed the survey. Based on the sample size, the results are considered accurate to within 1.34 percentage points, 19/20 times, vis-à-vis what they would have been had the entire population of 45+ Canadians with financial assets of at least \$25,000 been polled. The data were weighted to

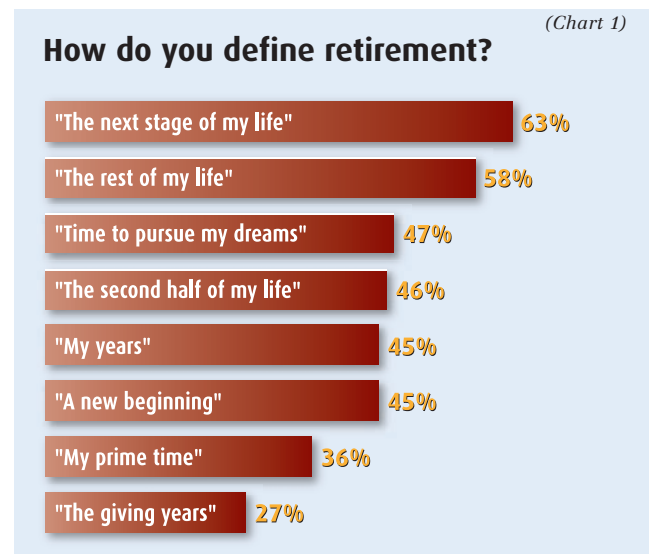
ensure the sample's regional and asset composition were indicative of the Canadian population, according to 2001 Census data.

## Key Findings

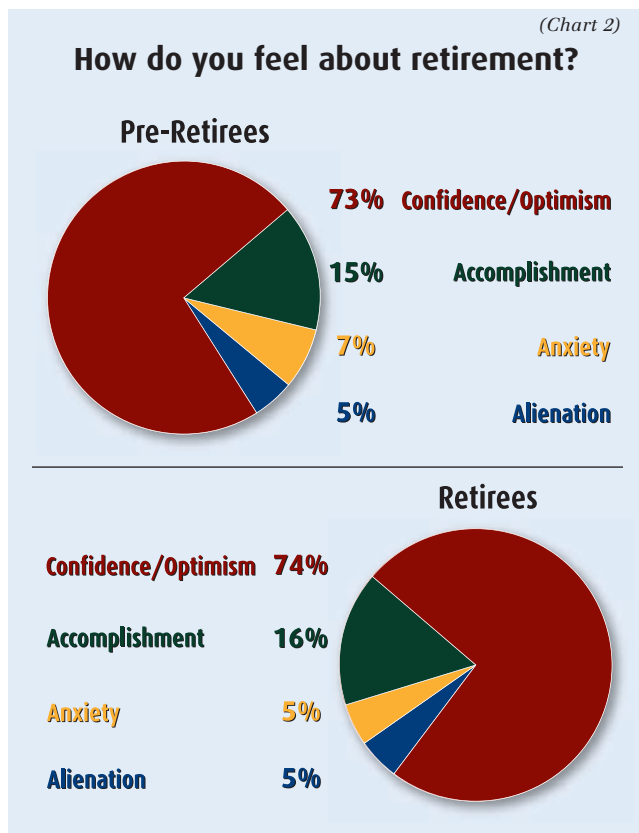
The Study reveals a population that is both positive and confident in its prospects for retirement, with the most compelling aspect of the ‘new retirement’ being that pre-retirees expect to keep working into their so-called retirement years. Furthermore, the findings underscore a consistent theme — a unilateral disdain for the stereotypical and idealistic notions of retirement as a period of life when older Canadians withdraw from society and take up residence on their front porch.

The following is a snapshot of the overall Study findings.

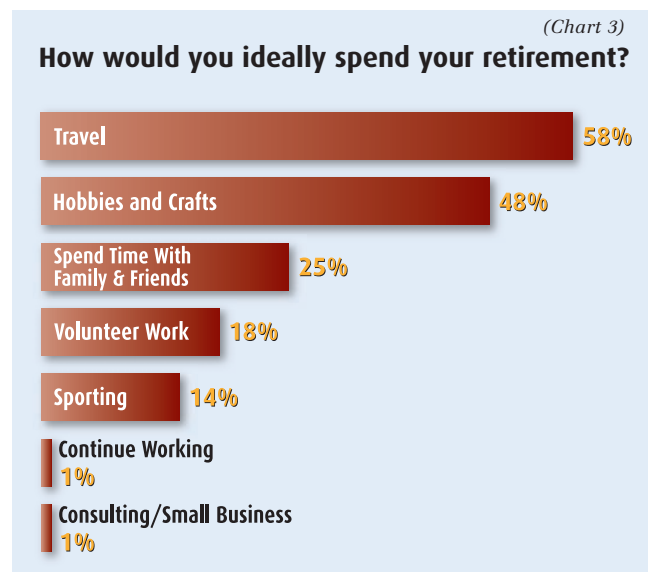
**Retirement should be redefined; it doesn’t mean today what it meant in the past.** Nine out of 10 (87%) respondents agreed with this statement. When asked which of a series of eight phrases the new term for retirement should be, they responded as follows: (*see Chart 1*)



**No more doom and gloom.** Contrary to the perception that people feel anxious about retirement, the Study revealed a sense of optimism shared by both retirees and preretirees. Both groups chose the top words or phrases for retirement as “freedom,” “more leisure time,” “the next stage of my life,” “fun” and “confidence.” According to both groups, the least relevant terms were “anxiety,” “loneliness” and “uncertainty.” In fact, 74% of retirees and 73% of pre-retirees picked “freedom,” while only 5% of retirees and 7% of pre-retirees chose “anxiety” to describe retirement. (see Chart 2)



**Pre-retirees and retirees would prefer not to work.** When asked how they would “ideally” like to spend time in retirement, both retirees and pre-retirees prefer not to work, regardless of their current retirement status, age, gender and level of wealth. (see Chart 3)

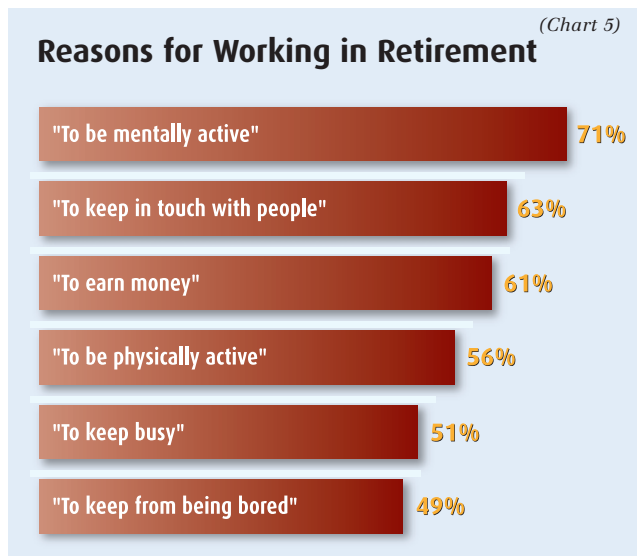


**In reality, pre-retirees will work more than their older counterparts.** When pre-retirees were asked about working after traditional retirement, 58% plan to work for an employer in some capacity and 50% expect to spend some time working for their own or family business when they retire. Only 16% of current retirees spend a “great deal” or “some” time working for an employer and 17% of current retirees spend a “great deal” or “some” time working for their own or family business. (see Chart 4)

(Chart 4)

Work Aspirations after Retirement	Pre-Retirees	Retirees
Plan to work or currently work for an employer	58%	16%
Plan to work for own or family business	50%	17%

**Working longer is about staying active.** The primary reason pre-retirees expect to be working in retirement: (see Chart 5)

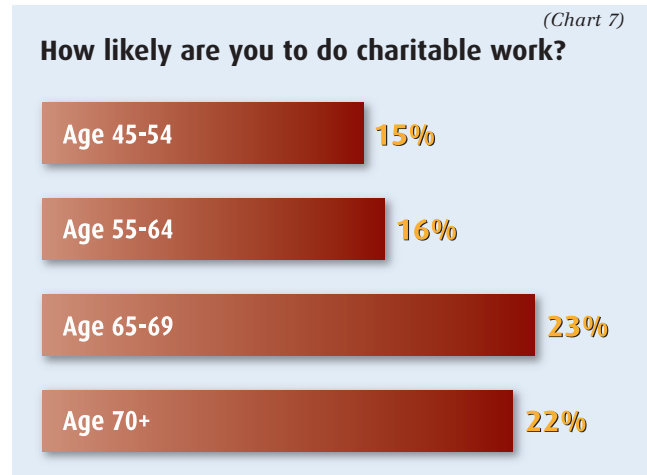


**Men and women appear to retire for different reasons.** While responses to other reasons for retiring are similar between men and women, the former (31%) are more likely than women (19%) to have retired because they “felt they had enough money to retire.” Women (15%) are more likely than men (11%) to have retired because they “wanted to spend more time with family” or because of a “health condition” (21% of women vs. 16% of men). Men (29%) are also slightly more likely than women (25%) to feel that their lifestyle has turned out better than expected. (see Chart 6)

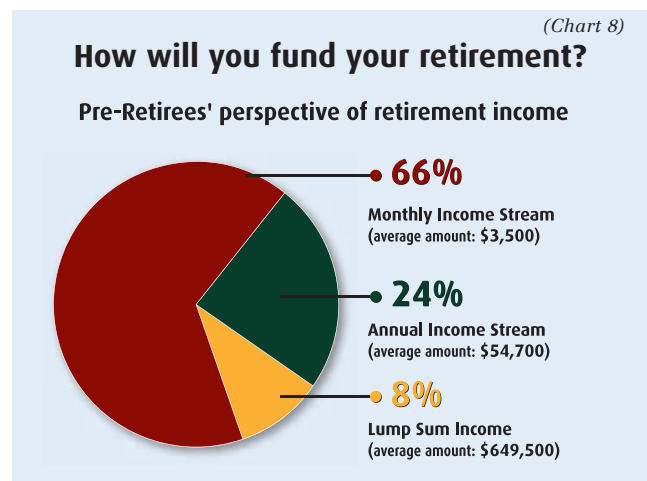
(Chart 6)

Reasons for Retiring	Men	Women
Felt they had enough money	31%	19%
Wanted to spend more time with family	11%	15%
Because of a health condition	16%	21%
Feel their lifestyle has turned out better than expected	29%	25%

**More charitable with age.** The likelihood of spending or expecting to spend a great deal of time “doing non-profit or charitable work” increases with age. The breakdown is as follows for those spending or expecting to spend a great deal of time volunteering. (see Chart 7)



**The average monthly income desired in retirement is \$3,500.** When asked about funding retirement, a majority of pre-retirees (66%) saw it from a monthly income perspective, with \$3,500 as the average. Almost a quarter of those surveyed (24%) considered retirement funding from an annual income stream perspective, with \$54,700 per year as the average. Only a very small proportion (8%) had a lump sum in mind, with \$649,500 as the average anticipated requirement. (see Chart 8)



**Two-thirds of retirees and pre-retirees have or will have debt in retirement.** According to the Study, of the 64% of retirees who carry debt into retirement, more than one in four (28%) does not feel comfortable with the debt load. More than two-thirds (68%) of pre-retirees expect to carry debt into retirement.

## Summary

The Study results offer an unprecedented glimpse of the future of retirement in Canada. While some areas are cause for concern, popular “doom and gloom” scenarios of retirement are contrary to the research findings. In fact, Canadians 45 and older have an optimistic view of the future and of themselves as a vibrant segment of the population ready to move on to an exciting phase of life.

So, what does that mean for the traditional method of retirement planning? It requires some rethinking, to say the least. The narrow and formulaic approach to retirement, based on outdated assumptions about what retirement looks like, will require a dramatic overhaul. Where retirement planning was once focused primarily on asset accumulation, the research demands an emphasis on planning for income needs during the transition from a career and during active retirement.

## Learn More: Tools for “New Retirement” Planning

Learn more about the new retirement on the BMO Financial Group *Retirement Your Way* Web site, at [bmo.com/retirementyourway](http://bmo.com/retirementyourway). The recently launched site provides an overview of the new realities of retirement planning, supplemented with case studies and additional resources. The

site is also home to the new *Retirement Your Way* Transition Tool for the new breed of 45+ Canadians. With the understanding that retirement does not take place at a fixed point in time, but rather is a transition between full-time work and active retirement, the online tool illustrates the impact that this transition can have on individual retirement savings plans. Visit the site often for the latest information and tools.

## About BMO Financial Group

BMO Financial Group can help plan for retirement with flexible and personalized solutions. We offer trained investment professionals at our bank branches, skilled BMO Nesbitt Burns Investment Advisors, including a group of accredited Wealth Advisors, specialized Estate & Insurance Advisors\*/Financial Security Advisors, Private Banking Advisors, and self-directed investing options through BMO InvestorLine.

Established in 1817 as Bank of Montreal, BMO Financial Group is a highly diversified North American financial services organization. With total assets of more than \$297 billion as at October 31, 2005, and more than 33,000 employees, BMO provides a broad range of retail banking, wealth management and investment banking products and solutions. BMO Financial Group serves clients across Canada through its Canadian retail arm, BMO Bank of Montreal, and through BMO Nesbitt Burns, one of Canada’s leading full-service investment firms. In the United States, BMO serves clients through Chicago-based Harris, an integrated financial services organization that provides more than one million personal, business, corporate and institutional clients with banking, lending, investing, financial planning, trust administration, portfolio management, family office and wealth transfer services.



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