

# STEPUP

Sales Tax Estate Planning Underwriting & Product Newsletter

## The push and pull (back) of guaranteed lifetime income

### Why do aging Canadians want more guaranteed lifetime income?

I've written and spoken a fair bit about this. Check out some articles at the bottom of this one.

#### Push factors

Here are some push factors in favour of guaranteed lifetime income:

- It's easier for them to maintain their lifestyle,
- It simplifies their financial management and allows them to focus on their lifestyle, and lastly
- It makes it easier for family or caregivers to manage finances if these aging Canadians become incapacitated.

Elders do not want to be a burden on their children. Health, mobility and cognitive issues can impede peoples' ability to access financial services and make financial decisions, act on them promptly and be protected from financial exploitation, elder abuse and fraud as they age. Social isolation, loss of control and independence are key worries that plague aging Canadians. Having a certain amount of guaranteed lifetime income or cash flow coming in to handle regular or fixed expenses simplifies the lives of aging individuals and the family members who may need to step in and help manage their finances while juggling their own financial affairs.

Complicating all of this are the realities that these things affect different people in different ways, to different degrees and at different times in their lives. People also need to plan and prepare for the unexpected.

The Financial Life Stages of Older Canadians report found that 6/10 Canadians aged 50+ experienced a major life event that challenged their prior financial plans.<sup>1</sup>

#### Pull (back) factors

Here are some pull (back) factors against adequate guaranteed lifetime income easing worries about maintaining a worry free, comfortable lifestyle later in life:

- Most aging Canadians don't have a retirement plan,
- they don't have a retirement income plan, and
- they may have little desire to actively and consistently engage.



**Peter A. Wouters,**  
Director, Tax  
Retirement &  
Estate Planning  
Services, Wealth

Peter works with independent advisors and other professionals raising awareness on issues and concerns faced by affluent individuals, professionals and business owners. He supports efforts in researching and developing optimal solutions for clients aimed at improving their financial well-being and supporting their personal wishes and lifestyles. He annually provides 100's of workshops, seminars and technical support throughout the country on tax, retirement income and estate planning issues, concepts and strategies to both advisors and consumers. As an accredited Registered Financial Gerontologist, a good deal of his time is spent on building awareness and educating people of all professions who work with or specialize in the needs, expectations and issues of elders. Comprehensive lifestyle planning is an important element of these processes.

The Sales, Tax, Estate Planning, Underwriting & Product (STEPUP) team provides internal and broker support, including seminars, education, advanced concept illustrations & Client case technical consultations.

**Peter can be reached at**  
[peter.wouters@empire.ca](mailto:peter.wouters@empire.ca)

# The push and pull (back) of guaranteed lifetime income

Having more money seems to be little cushion against the worries of future financial comfort. Only 45% of those with financial assets equal or greater than \$100,000 are highly confident of their ability to maintain their standard of living in retirement.<sup>2</sup> Less than 1/5 aging Canadians have a retirement income plan.<sup>3</sup> Let's look at Ontarians, for example. Investor Office's 2017 Investing as we Age report found that only 14% of Ontarians age 45+ had a formal, written retirement plan; over half had no plan at all. Most leave it too long and devote comparatively little time to the process.

These push and pull factors place individuals in a quagmire when it comes to addressing concerns over maintaining their lifestyle later in life. As the ancient philosopher, Cicero put it; the enemy lies within.

Like most people around us, the overall quality of our lives will be determined in large part by our willingness or unwillingness to deal with the discomforts of fear and procrastination. These are the factors that keep us in a pattern of wishing for a better life without actually taking the necessary action to do something about it.

We can all use some quality help in this area. Look for an accredited financial advisor, educated and trained in the area of retirement income planning to show you options, share some tactics and get you started or help you improve your plans and actions for a better financial tomorrow.

Updated Dec. 2018



## Related articles

- **Guaranteed lifetime income: what is your why?**
- **longer life, longer quality of life?**
- **Value of guaranteed lifetime income**
- **What keeps you up at night?**
- **The Value of Advice in Retirement**
- **Age Gender and Retirement Perspectives**

<sup>1</sup> The Brondesbury Group, Financial Life Stages of Older Canadians, by Edwin L. Weinstein (commissioned by the OSC) (2015), at p. 1, <http://bit.ly/2CkINcC>.

<sup>2</sup> 2018 Canadian Guaranteed Lifetime Income Study, Greenwald & Associates and CANNEX <sup>3</sup> The Future of Retirement a balancing act, published in 2015 by HSBC Holdings plc.

© 2018 by Peter A Wouters

Empire Life Investments Inc. is a wholly-owned subsidiary of The Empire Life Insurance Company. Segregated fund contracts are issued by The Empire Life Insurance Company. Empire Life Investments Inc. is the Portfolio Manager of the Empire Life segregated funds. This document reflects the views of Empire Life Investments Inc. as of the date published. The information in this document is for general information purposes only and is not to be construed as providing legal, tax, financial or professional advice. Empire Life Investments Inc. assumes no responsibility for any reliance on or misuse or omissions of the information contained in this document. Information obtained from and based on third party sources are believed to be reliable, but accuracy cannot be guaranteed. Please seek professional advice before making any decisions. A description of the key features of the individual variable insurance contract is contained in the Information Folder for the product being considered. **Any amount that is allocated to a Segregated Fund is invested at the risk of the contract owner and may increase or decrease in value.**

® Registered trademark of The Empire Life Insurance Company. Empire Life Investments Inc. is a licensed user of this trademark.