

Canadian Institute of Actuaries  
Media Coverage on Report Release  
June 14, 2007



**Canadians not saving enough to cover basic expenses in retirement:  
report**

CanWest News Service  
Fri 15 Jun 2007  
Byline: Anne Howland  
Dateline: OTTAWA  
Source: CanWest News Service

OTTAWA - The majority of Canadians may be confident that they have enough money to retire comfortably, but a new study suggests that many need to sharply increase their annual savings or continue working past age 65 to avoid financial hardship.

According to a study by the Canadian Institute of **Actuaries** released Thursday, only one in three Canadians expecting to retire in 2030 is saving at levels required to meet basic household expenses in retirement.

"The message for most Canadians in their early to mid-40s is they will need to save more if they expect to enjoy an independent retirement," said the institute's president, Normand Gendron. "Governments need to provide Canadians with more education about the role that different savings vehicles can play in generating retirement income, and provide tools and incentives that encourage more households to save."

According to the study, those households saving adequately are doing so using some combination of home equity, company-sponsored pension plans, registered retirement savings plans and personal savings to supplement the modest base income they will get from Old Age Security and Canada/Quebec Pension Plan.

Those relying solely on one type of savings vehicle, however, are consistently identified among those falling short, and will either have to increase their savings significantly or continue to work past age 65, the study said.

The study's findings point to the value of home equity as a retirement savings tool and the report suggests, given the high percentage of Canadians who may need some portion of their home's equity to provide adequate retirement income, that governments consider making interest paid on the mortgage on a principal residence tax deductible.

"We found that home equity can make a significant contribution to narrowing the gap, provided your home is paid for when you retire," said Steve Bonnar, one of three **actuaries** who directed the project team. "Yet while home equity is important, on its own it is not enough to close the gap."

The study's findings contrast with recent opinion research commissioned by the institute. A poll conducted by Pollara Inc. in April 2007 found that 55 per cent of Canadians aged 40 or older feel some level of confidence that they will have the financial resources to retire comfortably. Those with retirement savings feel more confident, as do those with a workplace pension plan. Three out of four people surveyed said they plan to retire at or before age 65.

According to Statistics Canada, seven out of 10 Canadian households - or about 9.4 million households - had some form of pension assets in 2005.

The institute's study, Planning For Retirement: Are Canadians Saving Enough?, was conducted in April 2007 by a research team based at the University of Waterloo's Department of Statistics and

Canadian Institute of Actuaries  
Media Coverage on Report Release  
June 14, 2007

**Actuarial** Science to assess whether Canadian "baby boomers" born in the early to mid-1960s are putting aside adequate savings for their retirement. It focused on two different income levels: households earning the average industrial wage (\$40,000 in 2005) and those earning twice that amount.

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Story Type: Business  
Length: 500 words

## THE WINDSOR STAR

### Savings lacking

The Windsor Star  
Fri 15 Jun 2007  
Page: B6 / FRONT  
Section: Business  
Source: CanWest News Service

The majority of Canadians may be confident that they have enough money to retire comfortably, but a new study suggests that many need to sharply increase their annual savings or continue working past 65 to avoid financial hardship.

According to a study by the Canadian Institute of **Actuaries** released Thursday, only one in three Canadians expecting to retire in 2030 is saving at levels required to meet basic household expenses in retirement.

According to the study, those saving adequately are using some combination of home equity, company-sponsored pension plans, RRSPs and personal savings to supplement the modest base income they will get from Old Age Security and Canada/Quebec Pension Plan.

Those relying solely on one type of savings vehicle are consistently identified among those falling short.

Idnumber: 200706150044  
Edition: Final  
Story Type: Business  
Length: 126 words

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## THE VANCOUVER SUN

### Retirement planning

The Vancouver Sun  
Fri 15 Jun 2007  
Page: C4  
Section: Businessbc  
Column: Business in Brief  
Dateline: OTTAWA  
Source: Vancouver Sun

OTTAWA -- The majority of Canadians may be confident that they have enough money to retire comfortably, but a new study suggests that many need to sharply increase their annual savings or continue working past age 65 to avoid financial hardship. According to a study by the Canadian Institute of **Actuaries** released Thursday, only one in three Canadians expecting to retire in 2030 is saving at levels required to meet basic household expenses in retirement. "The message for most Canadians in their early to mid-40s is they will need to save more if they expect to enjoy an independent retirement," said the institute's president, Normand Gendron. "Governments need to provide Canadians with more education about the role that different savings vehicles can play in generating retirement income, and provide tools and incentives that encourage more households to save." According to the study, those households saving adequately are doing so using some combination of home equity, company-sponsored pension plans, registered retirement savings plans and personal savings to supplement the modest base income they will get from Old Age Security and Canada-Quebec Pension Plan. Those relying solely on one type of savings vehicle, however, are identified among those falling short, the study said.

Idnumber: 200706150089  
Edition: Final  
Story Type: Business; Brief  
Length: 201 words

## NANAIMO Daily News

### We're not saving enough to retire; Study says that only one in three Canadians expecting to retire in 2030 will have enough cash

The Daily News (Nanaimo)  
Fri 15 Jun 2007  
Page: B6  
Section: Finance  
Byline: Anne Howland  
Source: CanWest News Service

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Canadian Institute of Actuaries  
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The study's findings point to the value of home equity as a retirement savings tool and the report suggests, given the high percentage of Canadians who may need some portion of their home's equity to provide adequate retirement income, that governments consider making interest paid on the mortgage on a principal residence tax deductible.

"We found that home equity can make a significant contribution to narrowing the gap," said **actuary** Steve Bonnar.

Idnumber: 200706150029  
Edition: Final  
Story Type: Business  
Length: 286 words

## Winnipeg Free Press

### Many Canadians facing bleak retirement years

Winnipeg Free Press  
Fri 15 Jun 2007  
Page: A15  
Section: Canada Wire  
Byline: Colin Perkel

TORONTO -- Two-thirds of Canadians in their early to mid-40s will have trouble making even basic ends meet in retirement unless they either up their savings rates sharply or keep working beyond age 65, according to a study released Thursday.

The University of Waterloo findings are in stark contrast to a recent opinion poll that suggested more than half of Canadians aged 40 or older are confident they will be able to retire comfortably.

Instead, the new study finds only one in three Canadians who expect to retire in 2030 are saving at levels required to meet even basic household expenses.

"We found a disconnect between what we see when we do surveys as to the retirement expectations of Canadians today and what the contribution rates are that are needed to buy that level of income security," said Rob Brown, a professor of **actuarial** science at the university.

"Either they have to change their ways immediately -- if not yesterday -- or they have to change their expectations around when and how they're going to live in retirement."

Brown said Canadians have to realize that life expectancy is increasing, while interest rates which are so important in providing retirement annuities are relatively low.

Canadian Institute of Actuaries  
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"I don't think there's been any shift in the mindset of workers around those two realities," Brown said.

"They both work against retirement income security."

Comfortable retirement appears to hinge on a diversification of savings vehicles, with those who rely on a single method consistently identified as falling short.

That means combining home equity, company-sponsored pension plans, registered retirement savings plans and personal savings to supplement government payouts such as Old Age Security and the Canada or Quebec pension plans.

In April, a Pollara poll done for the institute found three in four people asked said they planned to retire at or before age 65.

Yet to do that for someone aged 40 earning \$40,000 a year who has yet to begin any saving, affording retirement means setting aside 14 per cent of income or \$5,600 every year for the next 25 years, study data show.

If that person lives with someone who isn't earning, that rises to 30 per cent or \$12,000 annually. The study was sponsored by the Canadian Institute of **Actuaries**.

-- Canadian Press

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Length: 380 words

## **THE HAMILTON SPECTATOR**

### **Grim golden years for young boomers?**

Hamilton Spectator

Fri 15 Jun 2007

Page: A16

Section: Business

Byline: Colin Perkel

Dateline: TORONTO

Source: The Canadian Press

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The study sponsored by the Canadian Institute of **Actuaries** was done in April by the University of Waterloo's department of statistics and **actuarial** science.

Researchers developed 72 household profiles to assess whether baby boomers are saving enough for a comfortable retirement.

The study focused on households earning the average industrial wage of about \$40,000 and those earning \$80,000 a year.

One key finding was identifying home equity as a significant savings tool for closing the gap between government assistance and the amount of income required for making the golden years golden.

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Illustration:

• Photo: Photos.Com /

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Length: 457 words

Canadian Institute of Actuaries  
Media Coverage on Report Release  
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**Retiring on easy street a pipe dream: Study**

The Toronto Sun  
Fri 15 Jun 2007  
Page: 8  
Section: News  
Byline: BY COLIN PERKEL, CP

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"We found a disconnect between what we see when we do surveys as to the retirement expectations of Canadians today and what the contribution rates are that are needed to buy that level of income security," said Rob Brown, a professor of **actuarial** science at the university.

**'CHANGE THEIR WAYS'**

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Brown said Canadians have to realize that life expectancy is increasing, while interest rates that are so important in providing retirement annuities are relatively low.

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"They both work against retirement income security." Comfortable retirement appears to hinge on a diversification of savings vehicles. That means combining home equity, company-sponsored pension plans, registered retirement savings plans and personal savings to supplement government payouts such as old age security and the Canada pension plans.

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Canadian Institute of Actuaries  
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June 14, 2007



**Two-thirds of 40-something Canadians to face financial woes during retirement**

The Daily News (Kamloops)  
Fri 15 Jun 2007  
Page: A1 / FRONT  
Section: News  
Byline: Colin Perkel  
Dateline: TORONTO  
Source: The Canadian Press

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"We found that home equity can make a significant contribution to narrowing the gap, provided your home is paid for when you retire," said Steve Bonnar, an **actuary** with Towers Perrin.

"Yet while home equity is important, on its own it is not enough to close the gap."

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Edition: Final  
Story Type: News  
Length: 514 words

## THE LONDON FREE PRESS

### **Basic needs in jeopardy; Study finds most in their forties won't have enough to retire.**

The London Free Press  
Fri 15 Jun 2007  
Page: D9  
Section: Business  
Byline: BY COLIN PERKEL, CP  
Dateline: TORONTO

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## Two-thirds of 40-something Canadians to face financial woes in retirement: study

CP Wire  
Thu 14 Jun 2007  
Section: National General News  
Byline: BY COLIN PERKEL

TORONTO (CP) \_ Two-thirds of Canadians in their early to mid-40s will have trouble making even basic ends meet in retirement unless they either up their savings rates sharply or keep working beyond age 65, according to a study released Thursday.

The University of Waterloo findings are in stark contrast to a recent opinion poll that suggested more than half of Canadians aged 40 or older are confident they will be able to retire comfortably.

Instead, the new study finds only one in three Canadians who expect to retire in 2030 are saving at levels required to meet even basic household expenses.

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Researchers used developed 72 household profiles to assess whether baby boomers born in the early to mid-1960s are saving enough for a comfortable retirement.

The study focused on households earning the average industrial wage of about \$40,000 and those earning \$80,000 a year.

One key finding was identifying home equity as a significant savings tool for closing the gap between government assistance and the amount of income required for making the golden years golden.

"We found that home equity can make a significant contribution to narrowing the gap, provided your home is paid for when you retire," said Steve Bonnar, an **actuary** with Towers Perrin.

"Yet while home equity is important, on its own it is not enough to close the gap."

Given that many retirees rely to some extent on equity they have in their homes, governments should consider making mortgage interest on a principal residence tax deductible, the institute said.

"The message for most Canadians in their early to mid-40s is they will need to save more if they expect to enjoy an independent retirement," said the institute's president, Normand Gendron.

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Length: 576 words

## Times & Transcript

### **Financial woes await 40-something Canadians: study; Despite their confident belief in a comfortable retirement, it won't happen as dreamed**

Times & Transcript (Moncton)  
Fri 15 Jun 2007  
Page: A2  
Section: News

Two-thirds of Canadians in their early to mid-40s will have trouble making even basic ends meet in retirement unless they either up their savings rates sharply or keep working beyond age 65, according to a study released yesterday.

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# THE RECORD

## Outlook bleak for future Canadian retirees; Most Canadians in their 40s not saving enough for retirement, UW study finds

The Record (Kitchener, Cambridge and Waterloo)

Fri 15 Jun 2007

Page: A3

Section: Front

Dateline: TORONTO

Source: Canadian Press

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## Chatham Daily News

### Retirement to poverty

Chatham Daily News (ON)  
Fri 15 Jun 2007  
Page: 5  
Section: Business  
Source: CP

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## Middle-aged Canadians aren't saving enough for retirement

Owen Sound Sun Times (ON)  
Fri 15 Jun 2007  
Page: B6  
Section: News  
Byline: Colin Perkel  
Source: CP

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If that person lives with someone who isn't earning, that rises to 30 per cent or \$12,000 annually.

The study, sponsored by the Canadian Institute of **Actuarie**s, was done in April by the University of Waterloo. Researchers used 72 household profiles to assess whether baby boomers born in the early to mid-1960s are saving enough for a comfortable retirement.

The study focused on households earning the average industrial wage of about \$40,000 and those earning \$80,000 a year.

Canadian Institute of Actuaries  
Media Coverage on Report Release  
June 14, 2007

One key finding was identifying home equity as a significant savings tool for closing the gap between government assistance and the amount of income required for making the golden years golden.

"We found that home equity can make a significant contribution to narrowing the gap, provided your home is paid for when you retire," said Steve Bonnar, an **actuary** with Towers Perrin.

"Yet while home equity is important, on its own it is not enough to close the gap."

"The message for most Canadians in their early to mid-40s is they will need to save more if they expect to enjoy an independent retirement," said the institute's president, Normand Gendron.

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Length: 528 words

## THE EXAMINER

### Many can't afford to retire: study

Peterborough Examiner (ON)

Fri 15 Jun 2007

Page: D6

Section: Canada

Source: CP

Two-thirds of Canadians in their early to mid-40s will have trouble making even basic ends meet in retirement unless they either up their savings rates sharply or keep working beyond age 65, according to a study released yesterday.

The University of Waterloo findings are in stark contrast to a recent opinion poll that suggested more than half of Canadians aged 40 or older are confident they will be able to retire comfortably.

Instead, the new study finds only one in three Canadians who expect to retire in 2030 are saving at levels required to meet even basic household expenses.

"We found a disconnect between what we see when we do surveys as to the retirement expectations of Canadians today and what the contribution rates are that are needed to buy that level of income security," said Rob Brown, a professor of **actuarial** science at the university.

"Either they have to change their ways immediately - if not yesterday - or they have to change their expectations around when and how they're going to live in retirement."

Brown said Canadians have to realize that life expectancy is increasing, while interest rates which are so important in providing retirement annuities are relatively low.

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Length: 512 words

## **The Standard**

### **Two-thirds of 40-something Canadians face financial woes in retirement: study**

St. Catharines Standard (ON)

Fri 15 Jun 2007

Page: D7

Section: Business

Byline: Colin Perkel

Source: The Canadian Press

Two-thirds of Canadians in their early to mid-40s will have trouble making even basic ends meet in retirement unless they either up their savings rates sharply or keep working beyond age 65, according to a study released Thursday.

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Canadian Institute of Actuaries  
Media Coverage on Report Release  
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Canadian Institute of Actuaries  
Media Coverage on Report Release  
June 14, 2007

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Length: 571 words

## The Observer

### Retirement to poverty

Samia Observer (ON)  
Fri 15 Jun 2007  
Page: A6  
Section: Business  
Source: CP

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Idnumber: 200706150027  
Length: 365 words



**Most 40-something Canadians to face financial retirement woes:  
study**

Sault Star (ON)  
Fri 15 Jun 2007  
Page: A11  
Section: Business  
Source: CP

Two-thirds of Canadians in their early to mid-40s will have trouble making even basic ends meet in retirement unless they either up their savings rates sharply or keep working beyond age 65, according to a study released Thursday.

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Canadian Institute of Actuaries  
Media Coverage on Report Release  
June 14, 2007

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Length: 307 words

## The Sudbury Star

### 40-somethings face retirement problems

Sudbury Star (ON)  
Fri 15 Jun 2007  
Page: A8  
Section: Business  
Source: CP

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Canadian Institute of Actuaries  
Media Coverage on Report Release  
June 14, 2007

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Given that many retirees rely to some extent on equity they have in their homes, governments should consider making mortgage interest on a principal residence tax deductible, the institute said.

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Length: 542 words

## **THE TRIBUNE**

### **Two-thirds of 40-something Canadians to face financial woes in retirement: study**

Welland Tribune (ON)  
Fri 15 Jun 2007  
Page: A15  
Section: Canada  
Byline: Colin Perkel  
Source: Canadian Press

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Canadian Institute of Actuaries  
Media Coverage on Report Release  
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"The message for most Canadians in their early to mid-40s is they will need to save more if they expect to enjoy an independent retirement," said the institute's president, Normand Gendron.

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Canadian Institute of Actuaries  
Media Coverage on Report Release  
June 14, 2007



**Retirement not as close as it seems; Two-thirds of Canadians in their 40s won't have enough savings to stop working when they turn 65: study**

Penticton Herald  
Fri 15 Jun 2007  
Page: A1 / FRONT  
Section: News  
Dateline: TORONTO  
Source: The Canadian Press

TORONTO -- Two-thirds of Canadians in their early to mid-40s will have trouble making even basic ends meet in retirement unless they either up their savings rates sharply or keep working beyond age 65, according to a study released Thursday.

The University of Waterloo findings are in stark contrast to a recent opinion poll that suggested more than half of Canadians aged 40 or older are confident they will be able to retire comfortably.

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Edition: Final  
Story Type: News  
Length: 525 words

## GUELPH MERCURY

### Canadians face retirement woes

Guelph Mercury  
Fri 15 Jun 2007  
Page: A14  
Section: Business  
Dateline: TORONTO  
Source: Canadian Press

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The study sponsored by the Canadian Institute of **Actuaries** was done in April by the University of Waterloo's department of statistics and **actuarial** science.

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Edition: Final  
Story Type: NEWS  
Length: 338 words

## EDMONTON JOURNAL

### Canadians may be underfunding their retirement; Study finds majority of 40somethings not saving enough to call it quits at 65

The Edmonton Journal

Fri 15 Jun 2007

Page: E2

Section: Business

Byline: Anne Howland

Dateline: OTTAWA

Source: CanWest News Service

OTTAWA - The majority of Canadians may be confident that they have enough money to retire comfortably, but a new study suggests that many need to sharply increase their annual savings or continue working past age 65 to avoid financial hardship.

According to a study by the Canadian Institute of **Actuaries** released Thursday, only one in three Canadians expecting to retire in 2030 is saving at levels required to meet basic household expenses in retirement.

"The message for most Canadians in their early to mid-40s is they will need to save more if they expect to enjoy an independent retirement," said the institute's president, Normand Gendron.

"Governments need to provide Canadians with more education about the role that different savings vehicles can play in generating retirement income, and provide tools and incentives that encourage more households to save."

According to the study, those households saving adequately are doing so using some combination of home equity, company-sponsored pension plans, registered retirement savings plans and personal savings to supplement the modest base income they will get from Old Age Security and Canada/Quebec Pension Plan.

Canadian Institute of Actuaries  
Media Coverage on Report Release  
June 14, 2007

Those relying solely on one type of savings vehicle, however, are consistently identified among those falling short.

The study's findings point to the value of home equity as a retirement savings tool and the report suggests, given the high percentage of Canadians who may need some portion of their home's equity to provide adequate retirement income, that governments consider making interest paid on the mortgage on a principal residence tax-deductible.

"Home equity can make a significant contribution to narrowing the gap, provided your home is paid for when you retire," said Steve Bonnar, one of three **actuaries** who directed the project team.

"Yet while home equity is important, on its own it is not enough to close the gap."

The study's findings contrast with recent opinion research commissioned by the institute.

A poll conducted by Pollara Inc. in April 2007 found that 55 per cent of Canadians aged 40 or older feel some level of confidence that they will have the financial resources to retire comfortably.

Not surprisingly, those who have saved for their retirement feel more confident, as do those with a workplace pension plan.

The study, *Planning For Retirement: Are Canadians Saving Enough?*, was conducted in April 2007 by a research team based at the University of Waterloo's Department of Statistics and **Actuarial** Science, for the institute.

It assessed whether Canadian baby boomers born in the early to mid-1960s are putting aside adequate savings for their retirement.

It focused on two different income levels: households earning the average industrial wage (\$40,000 in 2005) and those earning twice that amount.

The study found that households with greater incomes were better prepared for retirement.

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Edition: Final  
Story Type: Business  
Length: 456 words

Canadian Institute of Actuaries  
Media Coverage on Report Release  
June 14, 2007



**Most 40ish Canadians face financial woes in retirement**

Prince George Citizen

Fri 15 Jun 2007

Page: 47

Section: Career Opportunities

Dateline: TORONTO

Source: Canadian Press

TORONTO (CP) -- Two-thirds of Canadians in their early to mid-40s will have trouble making even basic ends meet in retirement unless they either up their savings rates sharply or keep working beyond age 65, according to a study released Thursday.

The University of Waterloo findings are in stark contrast to a recent opinion poll that suggested more than half of Canadians aged 40 or older are confident they will be able to retire comfortably.

Instead, the new study finds only one in three Canadians who expect to retire in 2030 are saving at levels required to meet even basic household expenses.

"We found a disconnect between what we see when we do surveys as to the retirement expectations of Canadians today and what the contribution rates are that are needed to buy that level of income security," said Rob Brown, a professor of **actuarial** science at the university.

"Either they have to change their ways immediately -- if not yesterday -- or they have to change their expectations around when and how they're going to live in retirement."

Brown said Canadians have to realize that life expectancy is increasing, while interest rates which are so important in providing retirement annuities are relatively low.

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In April, a Pollara poll done for the institute found three in four people asked said they planned to retire at or before age 65. Yet to do that for someone aged 40 earning \$40,000 a year who has yet to begin any saving, affording retirement means setting aside 14 per cent of income or \$5,600 every year for the next 25 years, study data show.

If that person lives with someone who isn't earning, that rises to 30 per cent or \$12,000 annually.

The study sponsored by the Canadian Institute of **Actuaries** was done in April by the University of Waterloo's department of statistics and **actuarial** science.

Researchers used developed 72 household profiles to assess whether baby boomers born in the early to mid-1960s are saving enough for a comfortable retirement.

Canadian Institute of Actuaries  
Media Coverage on Report Release  
June 14, 2007

The study focused on households earning the average industrial wage of about \$40,000 and those earning \$80,000 a year.

One key finding was identifying home equity as a significant savings tool for closing the gap between government assistance and the amount of income required for making the golden years golden.

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"Yet while home equity is important, on its own it is not enough to close the gap."

Given that many retirees rely to some extent on equity they have in their homes, governments should consider making mortgage interest on a principal residence tax deductible, the institute said.

"The message for most Canadians in their early to mid-40s is they will need to save more if they expect to enjoy an independent retirement," said the institute's president, Normand Gendron.

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Edition: Final  
Story Type: Business  
Length: 576 words

**THE GLOBE AND MAIL**  
**RETIREMENT **Actuaries** call for tax breaks on home mortgage interest**

The Globe and Mail  
Fri 15 Jun 2007  
Page: B2  
Section: Report On Business: Canadian  
Byline: Colin Perkel  
Source: Canadian Press

COLIN PERKEL Canadian Press

Governments should consider making mortgage interest on a principal residence tax-deductible, the Canadian Institute of **Actuaries** says.

Their call is included in a report done by the University of Waterloo's department of statistics and **actuarial** science. Researchers developed 72 household profiles to assess whether those born in the early to mid-1960s are saving enough for a comfortable retirement and the study concludes two-thirds of Canadians in their early to mid-40s will have trouble making even basic ends meet in retirement unless they either increase their savings rates sharply or keep working beyond age 65.

Only one in three Canadians who expect to retire in 2030 are saving at levels required to meet even basic household expenses, the study concludes.

"We found a disconnect between what we see when we do surveys as to the retirement expectations of Canadians today and what the contribution rates are that are needed to buy that level of income security," said Rob Brown, a professor of **actuarial** science at the university.

Canadian Institute of Actuaries  
Media Coverage on Report Release  
June 14, 2007

"Either they have to change their ways immediately - if not yesterday - or they have to change their expectations around when and how they're going to live in retirement," Mr. Brown said. Canadians have to realize that life expectancy is increasing, while interest rates, which are so important in providing retirement annuities, are relatively low.

"I don't think there's been any shift in the mindset of workers around those two realities," Mr. Brown said.

"They both work against retirement income security."

Comfortable retirement appears to hinge on a diversification of savings vehicles, with those who rely on a single method consistently identified as falling short.

That means combining home equity, company-sponsored pension plans, registered retirement savings plans and personal savings with government payouts such as Old Age Security and the Canada or Quebec Pension Plans.

In April, a Pollara poll done for the institute found three in four people asked said they planned to retire at or before age 65. Yet to do that for someone aged 40 earning \$40,000 a year who has yet to begin any saving, affording retirement means setting aside 14 per cent of income - or \$5,600 - every year for the next 25 years, study data show.

If that person lives with someone who isn't earning, that rises to 30 per cent or \$12,000 annually.

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## **Boost savings, boomers warned; Two-thirds face financial woes in retirement, if they can afford to retire at 65**

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Fri 15 Jun 2007  
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Byline: Rita Trichur  
Source: Toronto Star

A staggering two-thirds of Canadians expecting to retire in 2030 are failing to save enough money to cover basic household expenses in their golden years, even though most 40-somethings believe they're stashing enough cash, says a new study from the Canadian Institute of **Actuaries**.

The report - titled "Planning For Retirement: Are Canadians Saving Enough?" - issues a stern warning to the country's greying baby-boomer generation: Scramble to sharply increase annual savings, or plan to work past age 65 to avoid financial hardship.

"The message for most Canadians in their early to mid-forties is they will need to save more if they expect to enjoy an independent retirement," institute president Normand Gendron said.

"There is a gap between what Canadians are thinking and what they are actually planning and saving."

The study paints a bleak outlook for millions born between 1959 and 1966. It suggests those yuppies, many of whom have grown accustomed to high-consumption lifestyles, could find themselves nickel-and-diming their way through retirement.

The problem is that boomers have neglected to save, said Gendron, adding government supplements can only do so much.

Canada's public pension system is not intended to provide all the income needed for an independent retirement, the study said, noting it is only geared to replace about 40 per cent of gross income for households earning the average industrial wage, which was about \$40,000 in 2005.

"The government will provide you with a base support system that will keep you just above the poverty line - but that's all," said Robert Brown, an **actuarial** science professor at the University of Waterloo, who worked on the study.

That means Canadians must act to build on this income through some combination of workplace pension plans, registered retirement savings plans, home equity and personal savings, he added.

**Actuaries** determined a 40-year-old single person earning about \$40,000 and with no savings would need to save as much as 20 per cent, or \$8,000, of his or her gross income every year for the next 25 years to cover necessary expenses in retirement. A couple with a combined \$40,000 income would need to save 30 per cent or more.

The study found only a third of Canadian households are currently on track.

"You have to start early," said project **actuary** Steve Bonnar. "Five to 10 years before retirement is not enough. Twenty-five years before retirement may not be sufficient."

The study team, based at the University of Waterloo, developed 72 examples of different households reflecting the full range of Canadian experiences with home ownership, pension plans and RRSPs.

Canadian Institute of Actuaries  
Media Coverage on Report Release  
June 14, 2007

After determining which households would have adequate retirement savings, they used data from Statistics Canada to map the profiles to the larger population.

The findings stand in sharp contrast to a recent Pollara opinion poll that found 55 per cent of Canadians aged 40 or older feel some level of confidence that they will have the financial resources to retire comfortably.

Those with retirement savings feel more confident, as do those with a workplace pension plan. Three out of four people surveyed said they plan to retire at or before age 65.

According to Statistics Canada, about 9.4 million households had some form of pension assets in 2005.

There has, however, been a marked shift toward defined-contribution plans as companies look to slash costs. **Defined-benefit plans** promise a definite amount of money each month, but with defined-contribution plans, future benefits are based purely on investment returns.

"The typical defined-benefit plan is much more generous than the defined-contribution plan," Bonnar said.

"Having said that, coverage among the working population is relatively low."

The study also recommended that Ottawa consider making interest paid on residential mortgages tax deductible, as it is in the U.S., given the high percentage of Canadians who may need some portion of their home's equity to provide adequate retirement income.

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THE NORTH BAY  
**NUGGET**

**Most 40-somethings aren't saving enough**

North Bay Nugget (ON)

Fri 15 Jun 2007

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Source: CP

A new study finds that about two-thirds of 40-something Canadians will have trouble paying for necessities in retirement.

The University of Waterloo study, released Thursday, finds that one in three Canadians who expect to retire in 2030 are saving at levels required to meet basic household expenses.

That means they will either have to up their yearly savings sharply or continue working past the normal retirement age of 65.

The study for the Canadian Institute of **Actuaries** indicates that diversification of savings vehicles is key to a comfortable retirement.

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**INDEX:Business, Economy, Finance, FinServices, Social**

Broadcast News  
Thu 14 Jun 2007  
Section: Business

TORONTO -- A new study finds that about two-thirds of 40-something Canadians will have trouble paying for necessities in retirement.

The University of Waterloo study finds only one in three Canadians who expect to retire in 2030 are saving at levels required to meet basic household expenses.

That means they will either have to up their yearly savings sharply or continue working past the normal retirement age of 65.

The study for the Canadian Institute of **Actuaries** indicates using different savings vehicles is key to a comfortable retirement.

That means using a combination of home equity, company-sponsored pension plans, R-R-S-P's and personal savings to supplement government pension payouts.

Those who rely on one type of savings vehicle are consistently falling short.

Institute president Normand Gendron says the message for most Canadians in their 40's is they will need to save more if they expect to enjoy an independent retirement.

(CP)

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## The Daily Gleaner

### **40-somethings need to tighten purse strings -- study; Retirement | One- in-three Canadians who expect to retire in 2030 are saving at levels required to meet basic household expenses**

The Daily Gleaner (Fredericton)  
Fri 15 Jun 2007  
Page: D1  
Section: Dgbusiness  
Byline: The Canadian Press

A new study finds that about two-thirds of 40-something Canadians will have trouble paying for necessities in retirement.

The University of Waterloo study, released Thursday, finds that one in three Canadians who expect to retire in 2030 are saving at levels required to meet basic household expenses.

That means they will either have to up their yearly savings sharply or continue working past the normal retirement age of 65.

The study for the Canadian Institute of **Actuaries** indicates that diversification of savings vehicles is key to a comfortable retirement.

That means using a combination of home equity, company-sponsored pension plans, registered retirement savings plans and personal savings to supplement government pension payouts could help generate more savings for retirement.

Those who rely on one type of savings vehicle are consistently identified among those falling short.

"The message for most Canadians in their early to mid-40s is they will need to save more if they expect to enjoy an independent retirement," said the institute's president, Normand Gendron.

"Governments need to provide Canadians with more education about the role that different savings vehicles can play in generating retirement income."

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