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The Coming Retirement Income Crisis is Real!



People over 65 years old constitute the fastest growing segment of the

Canadian population. Canada already has 4 million seniors (those 65 and older) by 2011, as the first baby boomers turn 65, seven million Canadians will be senior citizens and they will require an income stream for the investments to sustain their standard of living.

Alarmingly, about seven out of ten Canadian employees have no employer pension plan. As a result of the current low interest rate environment, millions of Canadians are facing the prospect of a retirement income crisis.

According to research done by the United Nations and reported in his book *The Calculus of Retirement Income* Professor Moshe Milevsky* points out that the old-age dependency ratio, that is the number of people aged 60+ as a fraction of those in the work force between the ages of 20 & 59, is climbing dramatically in Canada and the US. The larger the ratio, the greater proportion of retirees in a given country.

In the year 2000 the old-age dependency ratio in Canada & the US was 30% but in 2030 this number will jump to 52% in the US and 59% in Canada.

This is pretty stark evidence that there is a retirement income crisis on the horizon.

**Dr. Moshe Milevsky, PhD., Associate Professor of Finance, Schulich School of Business, York University and Executive Director, the IFID Centre)*