



Retirement Myths

By: Joe the Investor

There are many retirement myths out there which really amount to forms of denial or shortcuts to actually planning out what you want to do. Retirement is a transition in your life and it requires attention to achieve the best results.

What to do? Be prepared! This is from a planning standpoint and also an expectations standpoint. The idea of winning the lottery as a retirement plan is basically denial. The odds of winning the lottery are miniscule. Even if you do win, you have to know how to keep the money. This does not sound difficult, but it is. Most people who win the lottery end up broke within 3 years. Why? When you win the lottery, the event is made public so everyone and their dog will be asking you for money. Some people will demand that you share your winnings with them. Friends will likely be lost and perhaps family as well. You will have to learn how to invest large sums of money, deal with taxes and guard your boundaries well from parasites – financial and otherwise.

The idea of working as long as you choose to is also something to reconsider. The employer may turn around one day and “re-organize” you out of a job because they have someone younger, cheaper, more politically correct or more robotic. It is better to choose your circumstances than to have them chosen for you. Once you get downsized, finding another job may mean a large decrease in salary or a “start over” in a new industry. Most people don’t like their jobs, so if work is what you want to do in retirement, make sure you enjoy it and it is on your terms. You may have to tell a few people to take a hike before finding something that is suitable for you.

On the money side, don’t expect CPP and OAS to save your behind. These programs are designed to help cover PART of your retirement expenses, not the whole amount. A private pension plan is more helpful but once again, if the expenses are higher than these amounts, you will have to find money somewhere else. The average person now lives to around 80 to 85 years old, so you need to plan for at least 20 years in retirement. This could possibly be up to 50 years if you reach the centenarian mark.

Retirement Stereotypes

Don’t fall for the retirement stereotypes! Golfing 7 days a week is not likely for most people. Aside from the cost, golf is a challenging game with respect to keeping your state of mind relaxed. It can get frustrating and aggravating on some days. Anyone who has played golf has stories of someone bending a golf club into a tree or losing it on the golf course at some point. Travelling constantly is another one of these stereotypes. Many people do travel more in retirement but not all of the time. Volunteering is another one of these pat answers that are given when people are asked what they will do in retirement. Volunteering requires commitment and passion which otherwise translates into free labour. You have worked your whole life to get to a state of retirement – why would you turn around and do something you are not crazy about for free? Other stereotypes of retirement include being washed up, old, past your prime or prone to illness. Many seniors are active for many years and have the best time of their lives. Frequent medical appointments are a reality for some people, particularly past age 80. Doing nothing is likely not happening either – you will want to do something! Make sure it is something that you choose to do and is rewarding for you.