



## Future Canadian Retirees and their Wealth: Context and Issues

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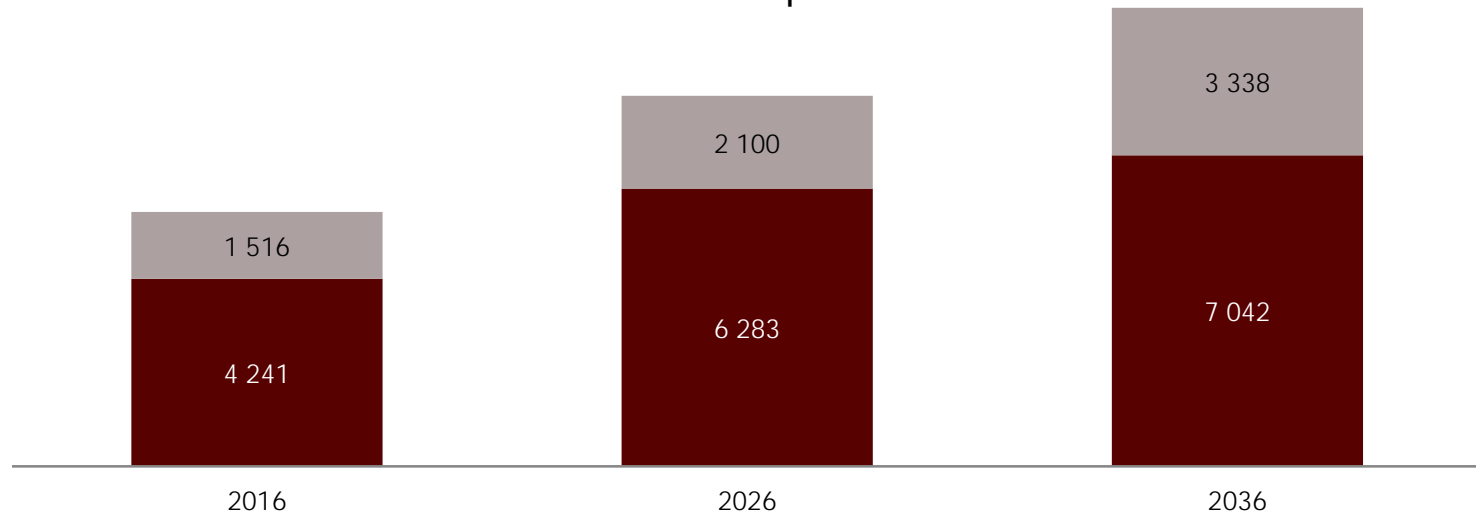
# Future Retirees in Large Numbers



## Population Projections Canada: M1 Scenario, Statistics Canada

■ 65-80 ■ 80+

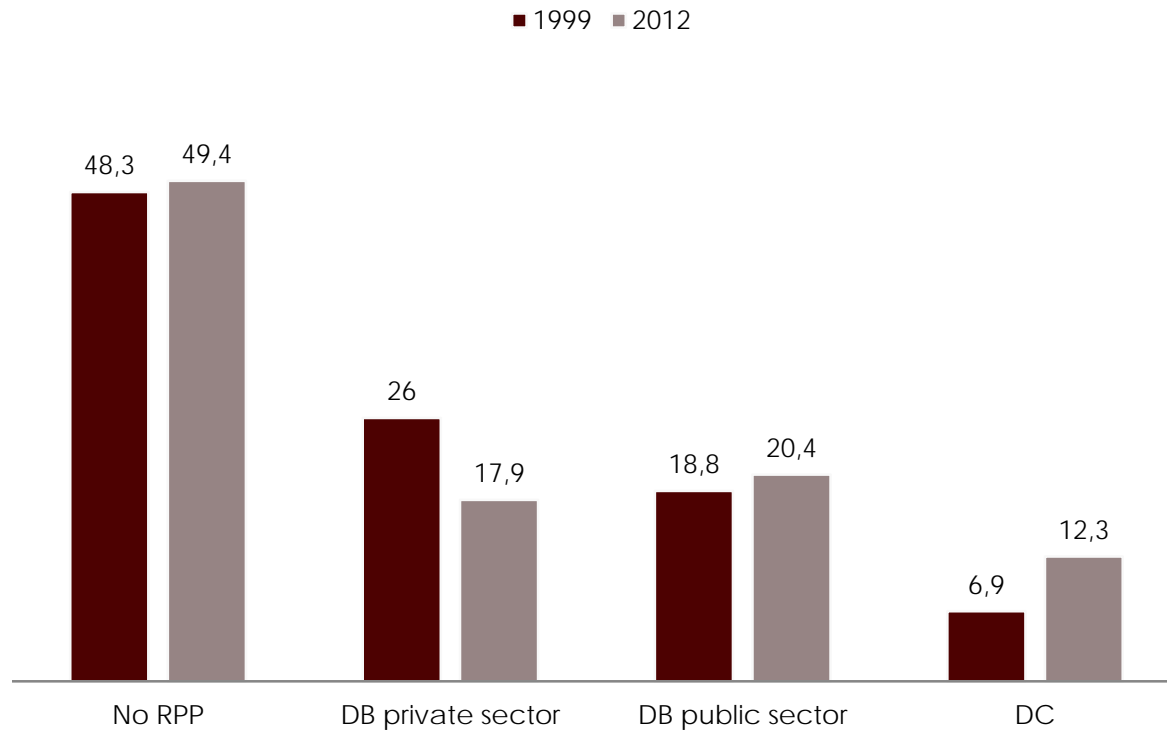
Ratio of 20-64 to 65+ drops from 3.9 to 2.3



# A Changing Pension Landscape



Fraction of Families with Registered Pension Plan by Type



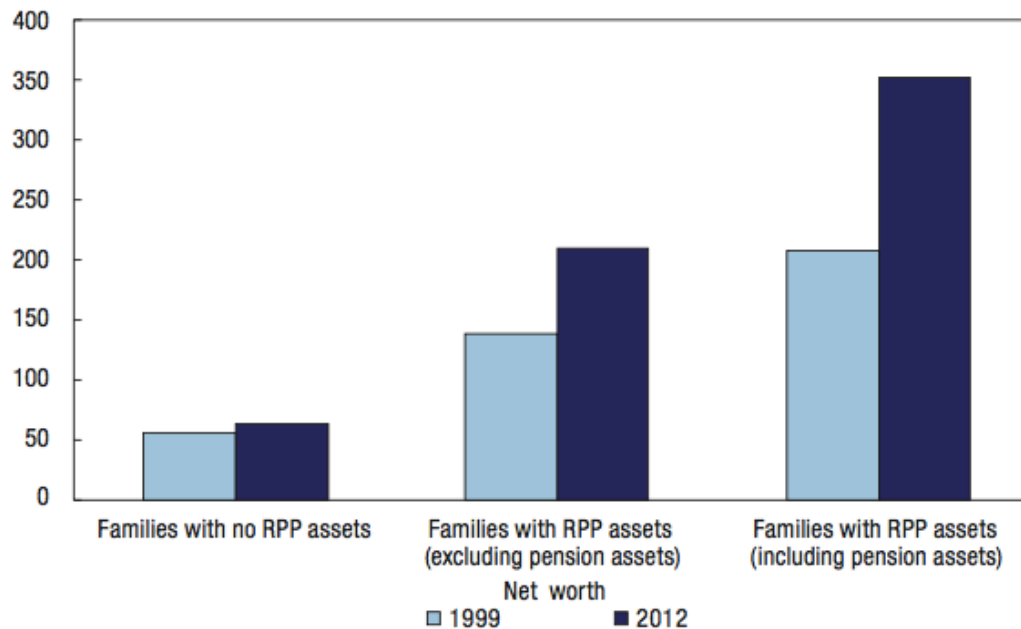
Source: Messacar and Morissette (2015)

# Canadian Families Wealthier?



**Chart 1**  
**Median net worth, families with and without RPP assets, 1999 and 2012**

in thousands (2012 dollars)



**Notes:** Includes family units where the major income recipient is aged 30 to 54 and employed as a paid worker. Family units with business equity of \$1,000 or more (in 2012 dollars) are excluded.  
**Source:** Statistics Canada, Survey of Financial Security, 1999 and 2012.

Source: Messacar and Morissette (2015)

# The Future Ahead



- Low returns and Increased volatility
- More complex employment histories mean more complex retirement portfolios
- Health care costs and the capacity of governments to deliver
- More retirement wealth available for cash-out

# What do we know about choices at older ages?

- **Misperceptions** of risks (mortality, disability and returns) (Hurd, 2009)
- **Cognitive decline** starts between 50 and 60 (Agarwal et al., 2009)
- **Framing** is important: annuities (e.g. Butler et Teppa, 2007; Brown et al., 2016)



# The Consumer More and More on His Own...



- Not necessarily a bad thing: more options, more flexibility
- But consumer needs to be well-equipped: importance of knowledge
- Needs to get good advice
- Needs a good regulatory environment