

It looks more like freedom 95 today

With the markets in turmoil, retirement is being reconsidered by those over 55. There's a big demand for older workers.

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If the numbers on the TSX have you thinking your freedom 55 plan should be a freedom 95 plan, you're not alone.

In the last month, Prime50, a national recruitment firm that specializes in workers 50 and over had 500 new job seekers added to their roster of about 1,500 at their GTA office.

"We're experiencing a fair number of calls right now," said Mike Harvey, director New Business Development for Prime50, a service of Drake International.

"Many of these people are affected by the market ... it's not viable to retire when they wanted to," he said.

However, he said the economic downturn and the business jitters that accompany the drop in investments are also triggering an interest by companies in hiring older workers.

"A lot of companies are putting the brakes on," he said. "They are not going to go out and hire new staff on a full-time permanent basis because they're not sure.

Harvey said hiring older workers is a recent and strong shift in the market.

The shift is significant for a sizable chunk of the population.

About 31 per cent of the seven million people 55 and over in Canada are employed. Yet the average age of retirement according to Statscan is 61. In 1976, the average age of retirement was 65.

"There are so many people looking for talent ... I do believe this will become the norm. Companies will look at the mature workforce that is skilled that hits the ground running."

Harvey said some companies such as Tim Hortons, FedEx and Allstate Insurance have developed programs targeted specifically at this kind of worker.

Tina Tehranchian is a certified financial planner with Assante Capital Management and a member of Advocis, the financial advisors' association.

She said the decision to work past a planned retirement or pick up a job after retirement may not be a bad one, given the bear market when money can run out a lot faster than expected.

"Certainly this market is causing a lot of anxiety for investors. The closer you are to retirement, the higher the anxiety level," she said. "One of the biggest risks a retiree will find is running into a bear market. That can have a devastating effect on a portfolio."

Some of that is also due, she said, in part to the fact that the Canada Pension Plan was created in 1966 when the average life expectancy for a man was 69.

"Now, if you take a couple who are both 65, there's a 50 per cent chance one of them will live to 92 and a 25 per cent chance one will live to 97," she said. "That's a huge difference. That's why we're seeing in the U.S. the age for social security has been raised to 70. People are living so much longer and healthier. That's too long to be in retirement. You will need a huge nest egg to retire (at 55)."

But Tehranchian and Tina Divito, director of the Bank of Montreal's Retirement Group, strongly argue that the banks are sound and that market fluctuations are normal. Bear markets tend to be shorter in duration than bull markets and similar economy-related events have occurred before such as the OPEC crisis in 1973 and the savings and loan crisis of 1990, albeit in different industries and in different ways.

"What is the same about all these financial crises is our emotional reaction," said Tehranchian.

Divito said the best way to avoid panic is to talk to a financial advisor, something she says a Bank of Montreal survey found last year that half of all Canadians had never done. A Desjardins Financial survey two years ago also found 80 per cent of Canadians expected to enter retirement "in the red" with mortgages, loans or other debts.

This too, prompts Divito to suggest that while there are many ways to manage a portfolio during market downturns, a return to the workforce may not be a bad idea.

Besides, Divito points out that another of the bank's surveys found 83 per cent of baby boomers said they would be willing to work if that met their retirement goals.

"Those aged 45 to 62 seemed quite comfortable with the idea of re-entering the workforce at least part of the time."

Besides, how much can you golf anyway?