

Continued from page 19

more questions than answers blowin' in the wind. Now is a prime opportunity to get retiring clients back on track. Where to start? First, understand that what boomers expect and desire through their retirement years isn't remotely the same as their predecessors.

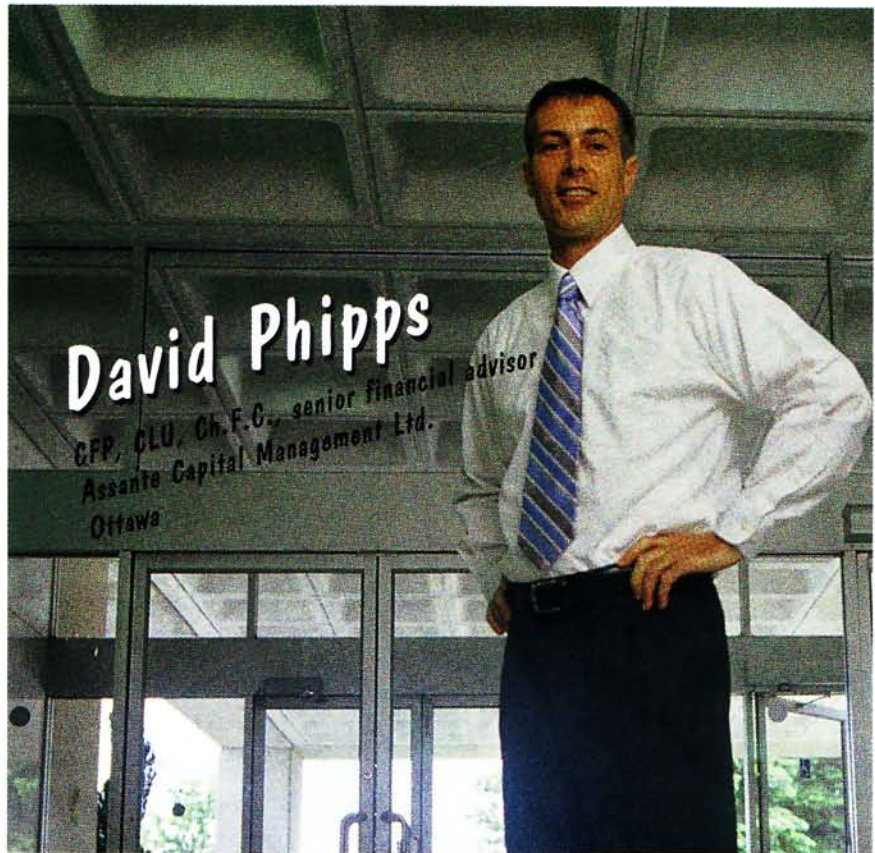
Oh No, We're Old!

Every minute, another Canadian turns 50, and on New Year's Day, 2006, the first baby boomers will turn 60. Healthier and wealthier than their parents, these folks are highly educated and creative thinkers.

While their parents viewed retirement as one last trip into the sunset that would include only a few years of vitality and optimal health, the boomers see retirement as a game show platform of lifestyle options: Do they pick Showcase One, with the trip around the world, the fully loaded RV and newfound career hand-crafting canoes? Or Showcase Two, featuring the La-Z Boy recliner and five-bedroom bungalow to house their spouse, 33-year old son and 82-year-old mother who is showing signs of dementia?

Reflecting this mentality of choice, the average baby boomer carries five to 10 credit cards. Yet, according to Statistics Canada, 42% of Canadians have no savings, and 45% of pre-retirement households (ages 45 to 64) had outspent their income in 2001, up from 34% nine years earlier.

More alarmingly, the HSBC study reports these people are more inclined to seek the help of peers and pundits over financial professionals. Just one-third of Canadians reported having consulted an advisor to help them



prepare for retirement.

Vancouver CFP Diane McCurdy, president of McCurdy Financial Inc., and author of *How Much Is Enough?* (McGraw-Hill Ryerson) says the reserve stems from their snug status in the Sandwich Generation. "They're so busy working and taking care of their kids, their kids' kids, and their parents, they have no time to plan ahead," she says.

And, according to Ken Dychtwald, Ph.D. and president and CEO of San Francisco-based AgeWave (partner in the HSBC study), many boomers are wont to distrust authority. "The generations born after World War II tend to be more individualistic, less respectful of authority and more willing and comfortable to challenge authority," he says.

So how do you win the trust of people who are disinclined to trust you in the first place? How shrill does your wake-up call have to be when imploring

your retiring boomer clients to cut back?

Here's a starting point: Emphasize you are there to help them, at best, maintain the comfort level they experienced through their working lives.

But We're Still Rich, Right?

It's the wealthier spenders who are most at risk in terms of witnessing a startling shift in income upon retirement. "Almost no high-income earners save enough to maintain the standard of living they're accustomed to," says Phipps. "[An advisor will say], 'Oh, you've maxed out your RRSP. You're done.'"

Not quite. While the client may have maxed his RRSP contributions, if he's already used to a lifestyle of trinkets and travel based on a \$275,000 income, then he's not saving enough to replicate that. "Typically, the people who have no savings are the people who spent every

Continued on page 22