

Has traditional retirement been retired?



For many Canadians, the future of retirement will be a continuous process, not a single point in time. People are living much longer. Many are leading more active retirements that may not actually involve stopping work entirely. They may drift between retirement and the working world and back again.

For plan members, all of that makes preparing, investing and saving for this stage in life more complex and uncertain, socially and financially, than it was a generation ago. It calls for new strategies. This is no longer your grandparents' retirement. It may be time for our traditional ideas about retirement to, well, retire.

"Research is showing that more people will work after retirement," says Eric Monteiro, senior vice-president of group retirement services at Sun Life.

Some continue working as consultants, others take on part-time work in an entirely different field, and still others start their own businesses. A recent U.S. [study](#) from RAND shows that non-standard retirement is on the rise, with more than 50% of people continuing to work past their retirement date in some manner.

"Sometimes they're working out of necessity, but not always," Monteiro adds. "Our research shows it's often just to keep active more than anything else."

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Life's brighter under the sun

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It's common to retire these days with a group Registered Retirement Savings Plan (RRSP), an individual RRSP, a tax-free savings account (TFSA), some non-registered savings and a locked-in retirement account (LIRA) or two from previous jobs.

"You don't see people working for the same employer for their whole career. So now they've often got savings scattered across different accounts from past employers," says Paul Ram, a retirement consultant at Sun Life.

Ram works with plan members - usually within a few years of retirement - to help them figure out how their workplace plans fit with their other assets, such as Canada Pension Plan (CPP) and Old Age Security (OAS). Those who have been more hands-on with their retirement plans for many years tend to reap the benefits, while those who haven't can face challenges. That often leads to difficult decisions like whether to work longer or to scale back travel plans.

With a new era of retirement dawning, financial education is an essential part of a plan sponsor's offerings. The sooner plan members understand the impacts of their financial decisions the better," Monteiro says.

Use scenarios to plan

Changing visions of retirement have repercussions on how retirees' time is divided, their spending habits and decumulation strategies. Moreover, future retirees may not have as many sources of guaranteed income (such as defined benefit plans). Their investment returns are also expected to be lower.

"The tides are shifting regarding investment returns, for instance, with economists signalling we may not see the same market growth as the previous decade," says JM Lavoie, vice-president of strategy and market development for group retirement services at Sun Life.

Plan sponsors can assist members with tools to help those members manage their group retirement accounts. Sun Life's One Plan tool will allow more in-depth illustration of how retirement income will look based on different scenarios, from savings rates to investment returns and inflation.

"Our tools use Sun Life's most up-to-date data on markets, while allowing members to modify inflation and market return rates to see both worst-case and best-case scenarios," Lavoie says. "Plan members get a clearer picture of how their various assets add up to meet their goals."

While it's important for plan sponsors to connect members to these Sun Life resources, including retirement consultants, employees will also benefit if they have their own teams of financial advisors.

Jason Evans, a Winnipeg-based certified financial planner with D. Robinson and Associates Inc., agrees that retirement is much more complex for individuals poised to retire today.

"They just have more pools of money in different places, which must be managed either by them or with the help of an adviser," says Evans.

The challenge is true even for those who are still decades from retirement. The image of retirement may well go through many more iterations by then. Evans, who is in his early 30s, adds the retirement puzzle is even more complicated for his generation for other reasons. "My age demographic faces way more uncertainty just with our careers, where we're likely to work in several jobs before we retire."



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Beyond the possibilities of their job paths being more winding, the priorities of the younger workforce can differ because they're often starting their careers and families later. Their lifestyle goals are changing too. One [survey](#) from Personal Capital and Empower reported 55% millennials spend more time planning vacations than retirement.

Of course, many realize life isn't always a beach. A [survey](#) by KPMG found that two-thirds of those ages 26 to 44 worry about falling behind saving for retirement.

More plan sponsors are looking for ways to help workers prepare for that stage, overcome challenges standing in the way, and meet other financial needs. Sun Life offers resources on planning your best retirement, growing your savings and achieving multiple financial goals.

As the model of retirement evolves, the right planning tools, paired with solid professional advice, are needed more than ever, Lavoie says. For plan sponsors, the challenge is getting members to use all these services to their advantage sooner than later.

"It's about encouraging members as soon as possible to envision their retirement and ensuring they understand what's required financially to reach it," he says. "That's what our resources are designed to help with, serving as a north star to guide them so members can achieve their often unique, individual retirement goals."

