Retirement ready at any age
How you view your retirement readiness may depend on your age and personality. We’ve developed a checklist of retirement-ready habits that may help you prepare for the big day — whatever age or life stage you’re at.

When you’ve just started your first job, and the money starts rolling in, it might seem daunting to think about putting money aside — for your big life goals or for a rainy day. It all seems so very far away. As we grow older, the questions grow too: Am I saving enough?

Of course, the day you need that money doesn’t have to be rainy. With a little planning, it can be downright sunny (with a beach, some palm trees and even a fruity drink in hand). Yes, we’re talking about retirement, perhaps the mother of all financial goals, a day many of us spend most of our careers working toward.

The TD Wealth Behavioural Finance Report, a recent study from TD Wealth, found that age and personality can often be a strong indicator of investing and financial planning behaviour — and how Canadians in general perceive their retirement readiness. More than 1,600 Canadians were surveyed, about their financial habits, personality and behaviour. The results suggested that few of us feel sure we will be financially ready for retirement when the time comes. Younger investors, in particular, know they need to save significantly for their golden years, but among emerging affluent investors aged 18 to 34 years, just 20 per cent say they feel confident they will be ready financially when the retirement comes, versus 39 per cent of those 55 and up. With age comes some confidence — and perhaps some savings — but also new expenses, experiences and challenges. Among those surveyed, only one in five parents (22 per cent) report feeling satisfied with their retirement readiness, compared with 38 per cent for couples without children.
The truth is, many of us may be doing a lot of the right things. But whether we’re young and just getting started, growing older and getting squeezed, or getting serious with the homestretch in sight, it’s understandable that many of us might wonder if we’re on the right track. With that in mind, we’ve put together a series of checklists to share some top behavioural habits that can help create confidence towards retirement readiness. Already got them covered? Awesome. If not, there might be some value in speaking with a financial professional. They may be able to help steer you onto the right track. Check them out.

Retirement ready when you’re getting started (18 to 34 years of age)

Retirement seems so far off! Your brain might be telling you it’s wise to save for retirement, but right now it’s so much easier to picture yourself enjoying a trip to Cuba with your friends. If you’re clever about it, you may even manage to do both. The best thing about being in this group? Most of us have time on our side to develop a balance of healthy saving and spending habits. According to the TD Wealth Behavioural Finance Report, younger investors tend to be a little less disciplined and more likely to react to market fluctuations. But what many of
us lack in discipline, some of us make up in confidence: In the study, only 15 per cent of so-called “emerging affluent investors” under 35 — those who reported having more than $100,000 in household income — said they had a financial plan with a wealth manager, possibly suggesting a preference for going it alone. Investors in this group may benefit from the structure and discipline that comes from having a strong financial plan, built with the help of an advisor. Here are six other things to consider doing now that may help ensure their retirement is on track down the road:

- **Find an advisor you love** Start a relationship with a financial professional who understands your priorities. Many younger investors lack structure and discipline in their financial plans, something an advisor or planner may be able to help with.

- **Get goal-oriented** Work with a financial professional to set longer-term goals that are meaningful to you. Looking to buy a home? An advisor may be able to help you buff up on financial concepts and tools that can help you get there.

- **Pay yourself first** It may help to reframe the savings equation, by making saving come before spending. An automatic payment to a savings account, RSP or a TFSA can be timed to your payday so you don’t miss the money.

- **Plan for emergencies** If you needed money for a car repair or to replace income if you lost your job, would you know where to find it? You can start building a slush fund for unplanned situations.

- **Have the talk** No, not that talk. If you are in a relationship, you can have a conversation about retirement goals and get on the same page about retirement.

- **Get committed** Tax refunds, salary increases and bonuses can make great opportunities to get ahead on your savings. You can make a pre-commitment to put away a predetermined portion of any tax refund, bonus or raise into a TFSA or RSP. It may feel like free money, but it can also be a painless way to boost your long-term savings.
Retirement ready when you’re getting crunched (35 to 54 years of age)

Tell us if this sounds familiar: For once you feel like you’re earning a healthy income, but you are never sure where it all goes! According to the TD Behavioural Finance Report, parents in particular reported a major drop in financial satisfaction at this age, as mortgage payments, hockey equipment, post-secondary tuition and the needs of elderly parents can take over. Among all parents surveyed, only 22 per cent reported “very high” satisfaction with their retirement readiness, compared to 38 per cent for couples with no children and approximately 34 per cent for singles. With so much going on, it’s little wonder your savings plan might get pushed to the backburner. But all is not lost: You may already have assets such as a house, some RSP or TFSA savings, and maybe even an employer pension that you may be counting on to play a part in keeping you financially afloat during your retirement years. Here are some other behaviours that successful savers can consider to help stay on track during these years:
• **Work with an advisor** If you haven’t met with a financial professional or have a goal-based financial plan, now may still be a good time to get one. They can help you to develop a reasonable roadmap to help prioritize and target your goals.

• **Put a picture to your goals** Several behavioural studies have shown that we are better at saving for goals when we attach visible reminders. Want to spend your retirement travelling? You may want to try pinning pictures to the fridge.

• **Review and revise** Some people like lots of contact with their advisor, others may like a little less. You can establish a schedule to check in with your wealth plan and make adjustments as your life changes.

• **Pay yourself first** Finding money left over after bills are paid can be a challenge. Even small automatic contributions to your retirement savings can help maintain momentum and add up in the long run.

• **Ask yourself** Do I really need that? Consumer debt is expensive, but spending less than you earn can be difficult for some. If it’s reasonable, making a commitment to live within your means can be an important step towards saving.

• **Keep talking** Have ongoing discussions with your significant other about your retirement, so your dreams and goals can be shared.

**Retirement ready when you’re getting serious (55 and up years of age)**

With retirement on the horizon (along with the thought of enjoying all the epic sunsets you can handle), it’s normal to have questions about your next move. At this point you may wonder if you’re saving enough or even if you have enough to retire early. If you’ve been working with an advisor, they may be able to give you an idea of what your retirement could look like and what it may take to get there. According to the 2018 TD Wealth Behavioural Finance Report, older investors like you are more likely to report feeling confident in their financial advisors, more satisfied with their retirement readiness and are generally more relaxed than younger investors. In fact, 41 per cent of investors 55 and up
surveyed report that their wealth manager is “worth every dollar.” That said, it’s not uncommon for life to throw a curveball at this stage, such as an illness or death in the family. It may be helpful to have a plan in place that helps protect what you’ve grown over the years. Here are six things individuals in this age group can consider doing to see if they are retirement ready:

- **Review your asset mix** At this stage, investors may wish to meet more regularly with an advisor to help review your asset mix and determine whether it’s time for your investments to skew more conservative.
- **Plan a tax strategy** As you get closer to a day when you’ll start drawing down your savings, you may wish to start thinking about the most tax-efficient way to access your savings, and which assets you will draw on first.
- **Where there’s a will...** If something were to happen to you today, would your wishes be clear? This may be an opportune time to review any estate plan, ensuring you have a will and powers of attorney in place.
- **Picture your best retirement** Individuals in this group might be getting a clearer vision of their work-free future. Have you thought about whether you’d like to work beyond retirement age, or whether you’re in a position to retire early? These things may play into your income and tax planning.
• **Think about downsizing** For some, having a smaller home can help to free up assets that will be needed in retirement. A smaller home can also be easier to care for. A financial professional may be able to help you decide when is an opportune time to make a move.

• **Watch out for lifestyle creep** For many Canadians, these are our highest earning years. But adding new lifestyle expenses now may raise your retirement budget and expenses. It may also decrease your retirement savings.

The TD Wealth Behavioural Finance Report was a quantitative study commissioned in 2017. Conducted online, it surveyed more than 1,600 Canadians defined as affluent (more than $100,000 in investable assets) or emerging affluent (25 to 35 years old with more than $100,000 household income), in English and French.