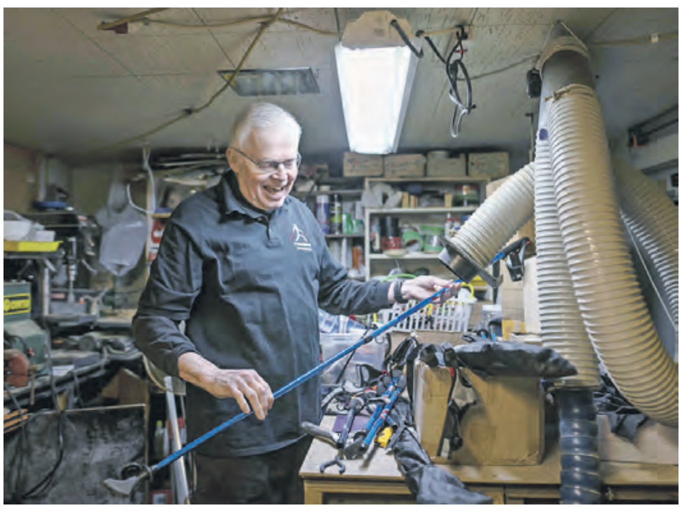
Esther, 58, and Bill VanGorder, 75, of Halifax trained as certified national instructors for pole walking and in 2010 became Atlantic distributors for Nordixx Pole Walking Canada. DARREN CALABRESE/THE GLOBE AND MAIL

Active baby boomers rewrite retirement myth

'Why would you want to spend the last quarter of your life doing nothing?' ask these Canadians who are continuing to work

JENNIFER LEWINGTON



Mr. VanGorder repairs poles. DARREN CALABRESE/THE GLOBE AND MAIL

After working for major non-profit organizations for 43 years, Bill VanGorder chose to retire in 2002 at the age of 63.

Retirement lasted three months.

"When you retire and your health is as good as ours is, touch wood, you want to do more than sit around the house and look out the window," says Mr. VanGorder, 75, who operates a Halifax-based business with his wife Esther, 58, distributing a line of adult-fitness walking poles in Atlantic Canada.

The VanGorders are among a growing phenomenon: retirees who work into their 70s and 80s.

"They are rewriting what is retirement and we now refer to it as 'career redefinement,'" says Nora Spinks, chief executive officer of the Vanier Institute of the Family, as the baby-boom generation (and those on its leading edge like the VanGorders) live longer than their forebears.

"When baby boomers were born, life expectancy was 63 years," she says. "Fast forward to 2018 and your life expectancy is another 15-20 years."

As a result, she says, "you are just as likely to be served coffee at your local Tim Hortons or McDonald's from somebody in their late 60s as someone in their teens or early 20s. They [retirees] are redefining that stage of life."

MORE WORKING PAST 65

At 65, more than half (53.5 per cent) of senior men reported working in 2015, according to Statistics Canada, including 22.9 per cent employed full time through the year. By comparison, 38.8 per cent of senior women were working at age 65 in 2015, almost twice the level in 1995. As well, the proportion of females working at age 70 rose to 17.1 per cent in 2015 from 6.4 per cent in 1995.

For Mr. VanGorder, who retired in 2002 after a 15-year run as president of the Lung Association of Nova Scotia, the decision to continue working was a bit unexpected. A speaker and consultant as well, he planned to complete one last consulting project before retirement.

Instead, that project led to a four-year stint as manager of business development for a company selling online recruitment tools. Later, out of personal interest, he and his wife trained as certified national instructors for pole walking and in 2010 they became Atlantic distributors for Nordixx Pole Walking Canada. Each of them works about 75 per cent of a regular week.

One factor in his decision to work after retirement, says Mr. VanGorder, was the financial hit on the couple's investments (neither spouse had company pensions) that failed to recover fully from the global banking crisis in 2008. But he also cites important non-financial factors: the couple's good health and his desire to build a business based on strong consumer demand for pole walking as a form of low-impact exercise.

"I realized that for me the whole thing of the 60- to 65-year retirement [mark] is really an old-fashioned myth," says Mr. VanGorder, a national director of the CARP, Canada's largest advocacy association for older Canadians. "Not many years ago, people thought they would be very lucky to live to 80 [years]. Now people like me are speculating why not 95 or 100?"

"Why would you want to spend the last quarter of your life doing nothing?" he asks.

Financial considerations are not always the prime motive for so-called "unretirees" to work.

With 2010-15 data from the Canadian Longitudinal Study on Aging, researchers found "only 37 per cent of women and 41 per cent of men said that financial considerations were a factor in their decision."

McMaster University economics professor Michael Veall, a study contributor, says "what appears to be more important is broadly social reasons," notably a person's state of health and a desire to feel useful and connected to others.

"There is not a one-size-fits-all explanation here," he notes. Moreover, he says that "with more women in the labour market than before, retirement is more of a joint decision [by spouses]."

NO MANDATORY RETIREMENT

Vanier's Ms. Spinks cites five different reasons for post-retirement work: personal choice; financial circumstances (paying off debts or supporting family members); culture (some professions like law and politics value older hands); companionship (membership in a social network); and, without mandatory retirement, a realization that "I can do it."

When accountant Marlene Robertson turned 65 in 2004, she says retirement was not even discussed by her and her husband William, who founded a heritage restoration company, Robertson Restoration, in Brantford, Ont., in 1974, before his death three years ago.

Ms. Robertson, who earned her professional designation at age 57 and opened her own practice with a variety of corporate and personal clients, also did bookkeeping for her husband's company and worked alongside him for years. Recently, she handed off some of the workload, such as payroll, to others in the family-owned company now run by one of her sons.

Now 80, she still works 30-35 hours a week as an accountant with her own clients. In December, as part of her professional development, she completed a two-day corporate tax seminar and plans to attend a personal tax seminar next month.

'KEEP MY MIND ACTIVE'

"Financially, I don't have to work but I think it is a useful thing to keep my mind active," she says.

Real estate agent Dave McMillan says he "unretired" twice and, at 71, works with home buyers and sellers in London, Ont., after a lengthy career in banking and business in various provinces.

Financial issues played some part in his decision to keep working: he was 63 when he and his wife separated and he provides support to her and some family members. He is also recently recovered from some health issues.

"If you are not working, then money gets eaten up fairly quickly," he says.

But non-monetary factors also ranked high. At 60, shortly after retiring from a senior banking post in British Columbia, he became a licensed real estate agent and practised in the province for several years.

"There is too much going on," he says. "Life is too precious and I could not close up shop."

After his divorce, the self-described "workaholic" moved to London, Ont., embarking on a period of self-reflection to find balance between work and life. In 2013, he earned his real estate licence in Ontario and says he works at a "more mellow" pace of 25 hours or so a week.

He delayed his Canada Pension Plan until age 65 and this month, as required by law, converted his registered retirement savings plan to a registered retirement income fund.

Mr. McMillan, who has written a children's book and currently is co-writing a non-fiction book on aging, says his next steps could include retirement, again. "What is great at this stage of life is that I can go away for a week or decide I am not going to work for the rest of the week."

Special to The Globe and Mail

Not so fast, not so easy: Retiring on low income is a challenge in Canada

ALEXANDRA MACQUEEN

For many Canadians, retirement income planning is a bit like completing a jigsaw puzzle: the challenge is to fit all of the pieces together.

But for those approaching retirement with fewer resources, the puzzle can be more difficult to complete. That's because conventional retirement advice may fail to address the needs and circumstances of those retiring on lower incomes – particularly how income-tested benefits for low-income retirees, principally the Guaranteed Income Supplement (GIS), mesh with other sources of income.

For Toronto-based book author and freelance writer Sarah Hood, who hopes to retire in about 10 years, the need to plan carefully for income in retirement has grown in importance over the past few years.

"When I was a teenager, there was no information about retirement being disseminated in the way it is now," she says. "I didn't see bus-shelter ads or TV commercials about the need to save or how different savings plans worked. But in the last 10 or 15 years, I've started to really think hard about retirement, and now I think about it quite often."

Ms. Hood, who says she has always had "modest" earnings, expects her income in retirement to come from multiple sources, including a mix of savings in an RRSP, a small workplace pension, the Canada Pension Plan (CPP), Old Age Security (OAS) and GIS, and "perhaps some inheritance" although she says that other members of her family "need it more than I do."

UNKNOWNS COMPLICATE PLANNING

Like many Canadians approaching retirement, Ms. Hood says she faces a number of unknowns, which make planning more complicated. These range from when she expects to stop working, when she might opt to start her CPP and OAS benefits, and deciding whether she should allocate time over the next few years to work – to build up more savings – or to travel while her health is good.

Then there's the matter of how long she expects to need retirement funds. "I could live to 100, as my mom is 90 now, or I could die tomorrow. If I plan based on when my dad died (at age 72), my life would look very different than if I knew I'd live as long as my mother or even longer."

Although she expects to receive some workplace pension income in retirement, Ms. Hood says that the bulk of her family members and freelance colleagues will not have pension income and will need to rely on private savings combined with OAS, GIS and CPP.

HOW DO SOURCES OF INCOME FIT TOGETHER?

"It takes time," she says, to understand how all of these systems fit together. "Many people that I know don't understand how registered retirement savings plans (RRSPs) work – that what you put in gets taxed coming out. And many people aren't able to save up to the RRSP limit. In my own case, my RRSP [contribution] room is more than the freelance portion of my entire yearly income. I don't know anyone who could contribute up to that limit."

More recently, Ms. Hood says she's seen public service messaging and financial services advertising urging Canadians to "crunch the numbers" for their retirement income, but she says she's not sure whether she has enough information to carry out the required calculations, "even if I understood them." Ultimately, to build financial security in retirement, she says her plan is to continue working as long as she's able.

The biggest decision Ms. Hood faces is balancing when to turn on her CPP and OAS benefits with her desire and ability to continue to earn taxable employment income. She expects part of her retirement income will come from the GIS, which is paid starting as early as age 65 to retirees receiving OAS and who have taxable income below a set threshold. For 2019, the threshold for a single retiree is $18,240.

WHEN IS GIS CLAWED BACK?

If Ms. Hood works past age 65, her taxable income over the GIS threshold will be subject to high rates of clawback – as much as 50 or 75 per cent or even higher. (The clawback rate depends on whether the recipient is single or has a spouse or common-law partner.) Although OAS can be deferred to increase the benefit, GIS is paid only with OAS and deferring OAS thus comes at the expense of GIS income.

What this means for future retirees like Ms. Hood is that retirement income planning advice should analyze how choices such as when to take CPP and OAS, when to withdraw from taxable accounts such as RRSPs and registered retirement income funds (RRIFs), and when to withdraw from non-taxable accounts such as tax-free savings accounts (TFSAs) impact the GIS benefit and thus the after-tax income she can spend.

Here, conventional retirement income planning often falls short, as it usually fails to include an analysis of GIS clawbacks. Social policy expert John Stapleton, an innovation fellow at the Metcalf Foundation, a private family foundation in Toronto, says, "people eligible for the GIS need very different financial advice from what is normally heard on the radio, on television, or in magazines and newspapers. Low-income people need savings and retirement strategies that won't leave them worse off in their senior years."

The effects of the mismatch between conventional retirement planning messages and the needs of low-income seniors, Mr. Stapleton says, are that "far too many low-income people have failed to get good advice, taking millions of retirement dollars off the table for Canada's most vulnerable seniors."

Special to The Globe and Mail

'When I was a teenager, there was no information about retirement being disseminated in the way it is now,' says Sarah Hood, a Toronto-based writer. MOE DOIRON/THE GLOBE AND MAIL

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