Heartbreaking Statistic Shows 13% of Older Canadians Can't Retire

Description

More and more Canadians are finding it impossible to retire in their 60s.

That's one conclusion of a StatsCan report titled "*Reasons for Working at 60 and Beyond.*" The report shows that the number of Canadians working past 60 is on the rise, and explains several reasons for the phenomenon. Sadly, one of the big ones is economic necessity. According to StatsCan's data, about half of those working at 60 or older are doing so because they have to. Their numbers are steadily rising.

If you're a Canadian concerned that you won't be able to retire at a reasonable age, you have options. Before getting into those, let's take a closer look at that StatsCan data.

26% of Canadians are working in their 60s

According to the report, 26% of Canadians are working in their 60s, up from 14% in 1997. The average retirement age for Canadians is also on the rise, having increased from 61 to 64.

In and of itself, this isn't a problem. Many people choose to work in retirement because they want to. However, the report also reveals that about half of those working in their 60s do so out of economic necessity. That would put us at about 13% of Canadians over 60 working because they *can't afford not to.*

Although many of them may be technically retired in the sense of having left their main career and taken a pension, they still have to work to make ends meet. That's not the Freedom 55 most of us imagined.

How to make sure you can retire when you want

If you’re a Canadian approaching retirement age who doesn’t want to have to work beyond age 65,you have several options available.

One of the best is to invest in tax-deferred and tax-free accounts, like RRSPs and TFSAs. These accounts offer a number of tax benefits, including tax deductions (RRSPs) and tax-free gains/dividends (TFSAs).

By making investments in these accounts, you can gradually build up a retirement nest egg that pays you a nice income supplement.

Not sure what investments to hold in your RRSP or TFSA?

A great place to start is index funds like the **iShares S&P/TSX 60 Index Fund** (TSX:XIU). Index funds seek to replicate the returns of a major stock market index. B

ecause they mimic existing lists of stocks, their management fees are quite low–unlike certain bank-run mutual funds that you may have had recommended to you.

With ETFs like XIU, you get guaranteed average returns without having to know anything about stock research. XIU in particular gives you a slice of the 60 largest publicly traded companies in Canada.

The index it replicates–the **TSX 60**–has delivered better returns than the overall TSX index over time, which is one reason to consider it. Another reason is that the fund has pretty low fees, at just 0.18%. That’s low enough that you probably won’t even notice it, although some Canadian ETFs are even cheaper.

By saving diligently and putting your money into RRSP and TFSA investments, you can increase your chances of retiring the way you want to. Index funds like XIU can boost those odds even higher.

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