



## RRSP GUIDE 2013

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### Parents Postponing Retirement to Help Pay for Kids' School

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Like most parents, I worry a lot about how my young kids will make it. If they choose to go to school, can they pay tuition without a loan? If they want to buy a house, will they be able to fork over a big down payment and then manage the mortgage?

Not trying to be a downer, but the list does go on.

It comes to no surprise then that a [CIBC poll](#) published this week shows 36 per cent of parents are delaying their retirement and around the same percentage are taking on debt to help their kids through post-secondary school. Of that group, nearly 20 per cent say they will postpone retirement by more than five years.

That's on top of the thousands of dollars it costs - notwithstanding Thursday's controversial [Fraser Institute](#) report that suggests a child can be raised on \$3,000 to \$4,500 a year - to raise a child to the age of 18, a time when many teenagers are typically shoved off the edge of the nest to sink or fly.

And let's not forget the loud dinging of alarm bells this past year on [Canadian household debt levels](#).

Helping your kids with college or university can be a serious hit to retirement and debt-reducing goals, says Christina Kramer, executive vice president, retail distribution and channel strategy at CIBC.

The costs associated with a child's education often come when parents are in their 40s and 50s and are looking to boost retirement savings. "This means some parents will need more working years to close the gap created by the costs of their child's education," she says.

The fact of the matter is that youth today are financially worse off than generations before them, says Blair Mantin, senior vice president of bankruptcy trustee Sands & Associates in Vancouver, B.C., who notes the average Canadian is carrying [nearly \\$27,000 in debt](#), excluding mortgages. (Meantime, people living in B.C. carry nearly \$40,000 in debt.)

"In general we're very indebted. Students, in particular, are very vulnerable," says Mantin.

"A lot of people are getting loans and they hope they're going to have the ability to pay it back, but if something changes or if their expectations aren't met, then I'm seeing a lot of folks that are in trouble a few years after graduation when the student loan needs to be paid -- and so does the rent and groceries. There's not enough money to go around."

How to avoid the debt hole? The usual tips: get a grip on your finances, be smart about money management, build savings through an RESP. My kids have years to go before reaching those formative after-high school years. I'm hoping that is plenty of time to make that advice stick.