

# THE VANCOUVER SUN

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## Barbara Yaffe: Seniors ready to retire still facing large personal debts

BY BARBARA YAFFE, VANCOUVER SUN    MARCH 29, 2016



Vancouver-area seniors tend to be viewed as equity-rich fat cats with paid-off homes to finance their post-employment years. As the myth goes, these folks sell their West Side homes for millions, then relocate to stylish condos or retreats in Sechelt or Qualicum Beach while having enough left over to dole out downpayments on housing for their children.

Photograph by: Ryan Remiorz , THE CANADIAN PRESS

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As the myth goes, these folks sell their West Side homes for millions, then relocate to stylish condos or retreats in Sechelt or Qualicum Beach while having enough left over to dole out downpayments on housing for their children.

But not everyone approaching retirement owns a gold-mine property in Dunbar, or even wants to downsize, paying tens of thousands in realty fees and transfer taxes for the privilege of doing so.

The fact is that a lot of seniors remain in their homes and, however reluctantly, carry mortgages with them into retirement.

The Bank of Montreal Financial Group has found that 22 per cent of Canadian seniors, aged 50-plus, surveyed in 2014 about retirement plans, were lugging mortgages on their primary residences into retirement, up from 12 per cent in 2012 and 8.3 per cent in 1984.

The corresponding percentage of mortgage-burdened seniors here in B.C. is likely higher given that home buying in the Vancouver area generally requires more borrowing.

BMO also found that 42 per cent of seniors are taking some form of loan with them into retirement. Only 33 per cent retire debt free.

And in many cases, those loans are onerous. B.C.'s largest bankruptcy trustee, Sands & Associates, reported recently that 40 per cent of debtors over 55 owe consumer debt (excluding mortgages and car loans) totalling \$50,000 or more.

Sands & Associates also notes, nearly 30 per cent of seniors in B.C., aged 55-plus, report having dipped into their RRSPs or other retirement funds to try to resolve their debt issues.

Clearly cashing out the family home and living happily ever after is not a universal phenomenon.

Banks and credit unions finance polls on indebtedness to position themselves to sell financial planning products to the aged and unprepared.

Interestingly, Bank of Montreal found that 40 per cent of respondents expected to "retire fully at a specified date."

But with companies downsizing in a tough economy and many rejigging workforces, some seniors may be surprised at how retirement can creep up on them before a preferred, specified date.

And at that point, they might be required to get their finances in order pretty quickly.

According to BMO, 34 per cent of Canadian adults are not prepared financially for retirement.

So it is unsurprising that nearly 40 per cent of the respondents in another recent BMO poll reported feeling "uncertain about supporting myself/my family" in retirement.

Already-retired respondents gave a variety of reasons for having retired, ranging from age-related considerations to "leaving for a new adventure" to "health or family reasons". Relatively few, just 14 per cent, report having retired because they were "financially able to".

Yet, research shows, compared to back in the mid-1980s, seniors in Canada are better off these days, with median incomes of \$23,700, and net worth of \$460,700. And 13 per cent of those over 65 are still working.

“The typical senior is nearly nine times richer than the typical millennial,” says BMO Financial Group.

But that surely is little comfort to seniors living on a fixed income in the Lower Mainland, who face ever-higher Medical Services Premiums, rents under pressure from rock-bottom vacancy rates, or property taxes pushed upward by sharply higher assessments, a homeowner’s grant offered to an ever-smaller percentage of owners, or big mortgages they have yet to pay off.

And for those in the region who have yet to retire, there is the challenge of saving for the time when they will leave the workforce, a prospect bound to be a daunting one for those in their middle years who are busy financing Vancouver-style mortgages.

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After 28 years at The Vancouver Sun, I am retiring. This will be my last column. Thank you to those who have followed my viewpoints all these many years.

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