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NEWS RELEASE

## New Research Highlights Key Advantages of Having More Secure, Lifelong Retirement Income

*Communicating the value of secure pension income to Canadians*

**TORONTO, June 12, 2024** — Canadians encounter financial risks during their post-employment years that could derail their retirement — particularly from investments, inflation, health and longevity. In Step #2 of a new eight-part paper series, **Making a Case for Secure Pension Income**, Dr. Bonnie-Jeanne MacDonald, Director of Financial Security Research for the NIA, and co-authors Doug Chandler and Alyssa Hodder, Associate Fellows for the NIA, explain how delaying CPP/QPP benefits can help address these major areas of financial risk in retirement.

By waiting to start CPP/QPP benefits – whether by working longer or drawing on savings during the delay period — retirees can lock in greater lifelong, inflation-indexed monthly income and mitigate a significant portion of their financial risk. This leads to greater peace of mind for retirees and their families, improved health, and a license to spend and invest more freely and joyfully in retirement.

“Ageing Canadians say they value retirement financial security above all other financial priorities,” explains MacDonald. “But high-stakes, complex financial decisions drive a wedge between what people say they want and need, and what they actually choose to do. Unfortunately, educating people on the financial value of delaying claiming their CPP/QPP benefits alone is highly unlikely to help bridge the gap between intention and action.”

The paper supports and empowers financial advisors, employers, government agencies, professional organizations, financial institutions and others in a position of influence as they work to address the gap. It offers a more holistic approach to explaining the risks Canadians will face in retirement and the key advantages of having more secure, lifelong retirement income.

“The advantages of lifetime retirement income security extend far beyond how much money a person can spend,” says Chandler. “It’s important that Canadians understand the implications for their future self, whether it’s 20, 30 or even 40 years from now.”

“Helping retirees understand the substantial value of a secure pension – from their own perspective, rather than that of providers — is much more impactful than traditional, generic financial education,” adds Hodder.

The paper outlines six key advantages of having greater secure, lifelong retirement income:

1. **A reliable income stream**, ensuring steady inflows to cover living expenses despite the volatility of the financial markets and how long a person lives.
2. **Freedom to spend** a monthly budget, with the comfort of knowing that the same ongoing income will get them through retirement. Without this protection, retirees often live an unnecessarily reduced lifestyle out of fear of outliving their savings.
3. **Freedom to invest** to seek out greater returns, without fear of being forced to sell investments during market dips.
4. **Peace of mind and better health** with the knowledge that future income is secure and predictable, easing anxiety about inflation and the ups and downs of self-managed wealth.
5. **A lighter burden** for older adults and their families, since the responsibility of managing wealth can become burdensome over time, and a secure automatic income stream reduces this responsibility.
6. **Protection against exploitation** by converting savings into a fixed automatic pension income. Holding large amounts of savings can invite conflicts within the family — and, even worse, scammers and swindlers.

Along with more targeted education — combined with the behavioural interventions discussed in upcoming papers — the recommendations in this series are designed to support older Canadians in making more informed financial choices that will best serve their needs now and in the future.

“In releasing this paper series, the NIA aims to provide evidence-based solutions that can be realistically adopted to improve the lives of millions of Canadian retirees to come,” says Alyssa Brierley, Executive Director for the NIA.

### **About The National Institute on Ageing**

The National Institute on Ageing (NIA) improves the lives of older adults and the systems that support them by convening stakeholders, conducting research, advancing policy solutions and practice innovations, sharing information and shifting attitudes. Our vision is

a Canada where older adults feel valued, included, supported and better prepared to age with confidence.

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