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Believe You Can RETIRE RICH

Going back to the turn of the century, people believed that retirement was for the elite. Working life for most, was a cradle-to-grave reality. The Depression saw

many elderly end up as the poorest of the poor after many long years of work. They could not save for retirement because they generally lived paycheque to paycheque and many eventually accepted and believed in those limitations.

The pre-boomer generation.

In terms of retirement, these folks have excelled. Was it because they had a huge baby boom work force to help enhance their retirement lifestyle by providing their necessary retirement living expenses with CPP cheques? No. CPP provides only about 25% of necessary retirement income. They prospered because after the war, they were excited about the potential of life and worked incredibly hard

to provide for their families. They could make a paycheque stretch as they had fewer gadgets to buy.

Entrepreneurs began new business ventures and prospered for years in a low-inflation period. Over the last twenty years they hit the jackpot. They saw their capital assets grow rapidly with incredible inflation. Landowners became millionaires overnight. Homes tripled in value. Many others had secure jobs backed by the advocacy of unions.

Now come the baby boomers as things get better and better.

The swelling ranks of baby boomers have had a taste of what two incomes can do to increase the value of their estates. Smart boomers do not care about the demographic pressure, and the chance decrease in their CPP benefits. Why? Because they are aggressively investing in securities such as stocks and bonds. Mutual funds are the chosen investment vehicles as they prepare to become financially independent. They are planning to retire in style, en masse beginning in about 2015. What about the subsequent generations? As well, these highly educated, pragmatic Gen-Xers are simply unwilling

Continued on page 2...

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Continued from page 1...

to trust their retirement to CPP after all the demographic statistics they have read about in the media. They have listened. In fact they have already started saving for their retirement—investing in mutual funds to provide for their own future financial safety. Currently, in Canada, there is \$361 billion invested in mutual funds. Your future financial security lies in the belief that you can invest your way into financial independence, free from dependence on the government.



Boomers: **BORN TO RETIRE** **RICH**

Past generations were satisfied with a modest retirement. Before all the cutbacks, many had decent company pensions. With fewer gadgets to buy, and lower inflation, many Canadians managed to squirrel away some

savings. Others, amazingly thought the Canada Pension Plan was designed to fund their retirement in total. In actuality, these government programs are designed to provide about 25 percent of our retirement income. In today's standards, to only live on CPP benefits would be to live like a pauper.

Many Baby Boomers to Retire Soon

Working Canadians have come to expect that retirement will be sweet. They have actually benefited from the message that the economists have delivered regarding boomer-demographics—that the majority of Canadians are soon to retire. They have accepted the fact that they need to be diligently investing with a retirement plan. According to the Federal Government, the percentage of people over 65 will almost double by 2030, reaching nearly 25 percent of the population. By then, there will only be three working Canadians to support each person receiving CPP benefits. This is compared to today's number of about five workers to every pensioner.

What is the real issue? Do we all focus on the intangible fear of this huge demographic impact on our Canada Pension Plan—whether the CPP will be intact when we retire? Not if you ask the boomers or succeeding generations. They know the stats and the facts. Their concern is that they want to be able to enjoy the affluent lifestyle that the two-income family has afforded them to date. They understand that the real issue will be their ongoing ability to think and plan their way to riches by investing in wealth-creating investments such as stocks and bonds; and their favourite investment vehicle—mutual funds.

In the past, people were far more content to live on a smaller income because their learned lifestyle was the result of living in a single income household. Today, in many homes, both spouses bring home paycheques and can afford the high costs of mega-home real estate, the value of which their larger incomes helped hyper-inflate. Many own two cars, take annual vacations to exotic locales, and invest heavily in mutual funds—currently \$361 billion.

It is not as critical that today's youth may pay much more into the CPP coffers than their parents paid to sustain the growing retiree population. What matters most is the future self-sufficiency of individual investors, their faith in tomorrow and their creative ability to find successful investment solutions to generate new wealth.

