Whose Pension Plan Is It?

It is ironic that those who have the most vested interest in their pension plans are the ones who pay the least attention to them until six months prior to their retirement. In all cases, this is too late.

Pension funding shortfalls are everywhere in the media and it said that some plans are only funded at 30% levels. In a defined benefit pension plan, this means your promised retirement income may not be available at the amounts your expect. In a defined contribution pension plan, enough contributions may not be being made to provide for your desired retirement income.

Canada Pension Plan is on the road to recovery but still, there is a debate as to whether the plan will be able to continue to payout when all the baby boomers have retired. There has even been talk about moving retirement age back to keep the boomers working longer.

There is a continued debate over which is a better pension plan. Defined Benefit or Defined Contribution Plans both have advantages and disadvantages and again, those who should be paying attention, don’t.

The Canadian workplace is going through major changes and so are the people in those workplaces. The baby boomers are nearing retirement, or are they? People are starting to work longer because they cannot afford to retire. They aren’t staying at the same employer for their entire career or when they near retirement they decide to continue to work part time. Multiple employers mean multiple pensions and increased decisions that you need to be a part of.

The biggest flaw in the Canadian pension system is that the recipients do not pay attention to their plans. Most participants in a pension plan are content to let their employers or sponsors make all of the decisions for them. That is until six months prior to retirement and everyone decides now I should take an active part but that’s too late. Some employees have so little interest in their pension plan, it often gets forgotten when they leave their place of employment to pursue another career.

People need to start paying attention to their retirement as soon as they start working and continue to manage it with interest. The common saying, “I am too young to worry about retirement”, just doesn’t cut it any more. Pay attention to it now so it doesn’t cost you later. If you have investment decisions to make, get educated and make good decisions. If you leave your employment and have a
pension, talk to a financial planner who can help you make smart choices. Find out now if you are going to have enough to retire or not so you can make changes. Six months before you retire is too late.

We must find ways to educate people about their retirement plans and get them involved in the decision making process. You spend the first 20 to 30 years of your life learning and planning about how to spend the next 30 to 40 years. When you retire, you have another 20 to 30 years to spend your life and your money. Start planning on how to raise that money today so you'll have it tomorrow. Your pension plan has the potential to become your largest asset. Give it the attention it deserves. Talk to your financial planner and find out: will you have enough to live the way you want when you want?

Don’t have a financial planner? Talk to Platinum Financial Partners Inc. at (519) 453-5580 or toll free at (888) 419-0969 and find out how you can get involved.