

The Adequacy of Retirement Savings: Subjective Survey Reports by Retired Canadians

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Motivation

- Does public policy, in conjunction with Canadians' own preparations, result in Canadians having adequate financial resources in their retirement years?
- Has the adequacy of retirement provisions changed over time?

They are important questions but also they are difficult to answer

Major Difficulty

- To find a way to assess and compare household's pre- and post-retirement living standards

Conventional Methods :

Compares Pre and Post Retirement Levels of

- Income
- Consumption, Expenditure

An Alternative Way

- In this paper, we examine Retired Canadians' *Subjective Survey Reports of Satisfaction with Finances and with Life*, relative to the period before retirement .

Dataset

Canadian General Social Survey (1989, 1994, 2002)

Questions such as

- “*Compared to the year before you retired, would you now say that you are better off financially, worse off or about the same*”

Results

- Contrary to hump shaped life paths of income and consumption, we find a flat profile for happiness over the life-cycle.
- Our results suggest that past cohorts of retiring Canadians reached that stage of life- cycle with adequate financial preparations.
- Involuntary retirement significantly correlates with financial dissatisfaction.