Canada's Aging Population

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SPEAKER	TRANSCRIPTION
	[00:00:00.00] [MUSIC PLAYING]
DORETTA THOMPSON:	**[00:00:11.04]** Hello, and welcome to Mastering Money where we explore the many aspects of good financial decision making. I'm Doretta Thompson, financial literacy leader for Chartered Professional Accountants of Canada. We provide no-cost programs and free online resources that help Canadians own their finances and learn the language of money. **[00:00:31.47]** This season, we're looking at retirement in Canada, and discussing ways to plan and save for a secure retirement because understanding your landscape and options are key to charting your path.
	[00:00:43.73] [MUSIC PLAYING]
	[00:00:47.50] Today we're talking about the impact of Canada's changing demographic realities and how that affects retirement planning. My guest is one of Canada's most trusted and widely read personal finance columnists Rob Carrick of the Globe and Mail. Rob worked on Bay Street and on Parliament Hill before becoming the personal finance columnist for The Globe in 1996. He also co-hosts the Globe and Mail Stress Test podcast, and is the author of four books, including; How to Pay Less and Keep More for Yourself and Rob Carrick's Guide to What's Good, Bad, and Downright Awful in Canadian Investments. Rob, thanks for joining us.
ROB CARRICK:	**[00:01:23.55]** Glad to do it.

SPEAKER	TRANSCRIPTION
DORETTA THOMPSON:	**[00:01:24.96]** So retirement planning big picture. You've been in the personal finance world for a really long time now. What are you seeing right now, if anything, that's different?
ROB CARRICK:	**[00:01:37.21]** I think people are more wired into personal finance. I think the level of financial literacy is creeping higher all the time. But I also see more and more challenges people are facing. And I think the current conditions as we talk in the late summer of 2022 may be the most challenging I've ever seen in my multiple decades of writing about finance, the economy, and personal finance. **[00:02:03.19]** Interest rates are shooting up, inflation is raging, affordability of the everyday life is declining, and yet we've got a lot of people doing quite well. Their houses have soared in value and their stock portfolios went up and they've got lots of cash. So it's a challenging environment and we have multiple situations within that environment where different groups of people are faring differently and it makes it hard to come up with sweeping, broad advice that people can follow and achieves financial success.
DORETTA THOMPSON:	**[00:02:34.30]** Yeah. Do you ever get the feeling that all the kind of traditional formula or traditional sense of these are the right things to do are on uneven ground now?
ROB CARRICK:	**[00:02:44.62]** I could not agree more. The pandemic has-- it's almost like a big arm came out and wiped the table clean of all the little slips of paper with the old traditional, personal finance advice on how much you should save in emergency funds and mortgages, when it makes sense to buy a house and when it doesn't, and how much to a lot for cars and other things. **[00:03:06.04]** I think we are in a new world, not necessarily a better world. And I think people are really working hard and yet still struggling to find their way.
DORETTA THOMPSON:	**[00:03:16.49]** So one of the things that I really wanted to explore today was the shifting demographics. And I think we've talked about the aging population in Canada for quite a while now. But right now, there are more people 55 to 64 than there are 15 to 24, which is a really interesting shift. And the number of people over 65 is going up real fast and will continue to do that. So what thoughts do you have besides Canadians are really getting old? What else comes to your mind about that?

SPEAKER	TRANSCRIPTION
ROB CARRICK:	**[00:03:47.16]** Well, I think that-- as long as I've been writing about personal finance, there's been talk about a retirement savings crisis. People aren't saving enough for retirement. I think we're about to find out whether that's true or not. We're entering a laboratory experiment. We're pouring in a lot more retiring people and we'll have a chance to see exactly how well Canadians of the boomer generation have saved for retirement. And then we can look at younger demographics and think, well, they have more challenges, how are they going to fare based on what boomers have done? **[00:04:17.03]** But I also have worries about the economy. We have an aging population. There's fewer younger, working, taxpaying people to boost productivity and generate tax revenue for the federal government. We're going to swing to this position where there's more demands on tax revenues through health care spending primarily and I wonder how all that's going to work. **[00:04:38.41]** We're already having staffing shortages in mid to later 2022. What happens when more people retire? We have this pool of workers and it's already not enough but we're going to shrink it by increasing retirement. So I've got a two-track worry. The actual mechanics of retirement, but also the broader economy and the finances of the nation.
DORETTA THOMPSON:	**[00:04:57.15]** It's an interesting thing in our most recent survey at CPA Canada. We had pushing, almost 70% of people said that they didn't expect to be able to retire at 65. That they didn't think they'd be able to afford to.
ROB CARRICK:	**[00:05:09.70]** I've seen 100,000 surveys about what people feel at all different points in the economy. I find these surveys, for some reason, skew negative. I find people saying stuff in these surveys that just does not sound logical to me. I'm thinking, particularly, the ones they couldn't afford a $1,000 expense or $200 away from bankruptcy. I'm calling BS on those. I think they're nonsensical. I don't know how the questions were structured. **[00:05:35.57]** And I think that same kind of pessimism, that same kind of seeing my finances and thinking, I feel really bad about them and I'll manifest that by saying, I don't think I'll ever be able to retire. I think it's rhetorical. I don't think it's true. I think people will find a way to retire and they'll muddle their way through. They may have to make adjustments. But they will retire, and I think it reflects undue pessimism.

SPEAKER	TRANSCRIPTION
DORETTA THOMPSON:	**[00:05:58.04]** That’s really interesting and really encouraging. And I know that when you talk about the declining numbers of young people, of course, immigration policy is one of the things that’s being used to counterbalance that. I know there was a recent article in The Globe that talked about the graying of the working population and maybe people working past the age of 65 or that being older is no longer going to be a disadvantage in the workforce.
ROB CARRICK:	**[00:06:22.67]** I think without doubt that there is going to be more people past the usual retirement age working and it will be for by necessity and it will be by choice. I mean, I’m sure you know like I do, a lot of type-A boomers who are going to crash and burn if they go into retirement hard stop and stop and they’re out of the workforce. **[00:06:44.92]** I think a lot of people are going to need to keep working. They’re going to want to do it, and I was just-- I had an email exchange with the woman who is 70 and going back into the workforce partly because of inflation and partly to keep busy. We’re going to live longer. Why must we retire at that same old age that applied when people died at 75? **[00:07:03.60]** Retirement at 65 used to be, well, you have a nice 10-year run and then your life expectancy was over. Now, we’re going to be living, you’re healthy and you have a good family history. I think 90 or 95 is not a bad life expectancy. It’s something to work towards, something to plan for. I know there are financial planners who are starting to use 100 as the default age. Working longer just makes sense in that light and it is such a problem solver if you haven’t saved enough for retirement. **[00:07:29.61]** There’s all these multiples you can move around. I could invest more, or I could try to make more money, I could invest more aggressively, or work longer. That really is one of the best ways to make your retirement calculations more favorable.
DORETTA THOMPSON:	**[00:07:43.23]** I can remember talking to one financial advisor and he pointed out, yeah, the thing about working longer is you have way more time to save. But of course, the other side of that is that also, it doesn’t have to last as long.

SPEAKER	TRANSCRIPTION
ROB CARRICK:	**[00:07:56.43]** One thing I have to interject here is that not everybody has this option of working longer available to them. It's a fairly white collar job phenomenon. There's people who work in standing up all-day professions and they're pretty hard to used up by age 60, 65. And you can say, oh, why don't you working on the five years? They don't have it in them. Their bodies cannot do it. So we have to recognize that we just can't go out there and say, oh, I'll just work longer. That's your solution. Doesn't apply to everyone, but it does apply to many.
DORETTA THOMPSON:	**[00:08:25.55]** The longevity factor, I think, is something you're right, that really needs to be figured into retirement planning and figured into basic labor mobility issues and things like that.
ROB CARRICK:	**[00:08:36.51]** You know what I find? I find people are aggressive in underestimating how long they're going to live. And I [INAUDIBLE] document this to discussions about when to take your Canada Pension Plan, retirement benefits before the age of 65, you could take it as young as 60 at a reduced benefit or wait till 70 and get a much improved benefit. And actuaries are firm and unanimous in saying, if you can wait till 70, if you don't need the money, if you can use your personal savings to bridge you, waiting until 70 is a great thing to do. It's so worthwhile. **[00:09:08.22]** And every time I write about it, I just get this tidal wave of responses, no way. I had a friend who died young. Somebody I know retired and three days later, dropped dead and they left all that money on the table. Yeah. The bigger risk is that you're going to live longer than you thought, not shorter. There's just the way the human brain is wired, they don't believe it. **[00:09:26.11]** So I think there's a lot of work to be done to get people to engage in this idea that retirement is 65, you're planning to go at 60, can you fund 35 years of retirement? That might not be too far off how long you spent in the workforce.
DORETTA THOMPSON:	**[00:09:38.91]** That's right. It's an interesting thing to think about. What are you hearing from your readers about retirement-- both from those who are planning retirement and from those who maybe are already retired?

SPEAKER	TRANSCRIPTION
ROB CARRICK:	**[00:09:50.37]**
	Already retired people are hypersensitive to what's happening in financial markets. They have seen the global financial crisis and the pandemic and they are-- I'm not going to say traumatized, I think that's overstating it. But I think it has made them very, very cautious and made them hyper vigilant about what's happening in the markets. In January, the stock markets took a break after the great increases of 2021.
	[00:10:16.44]
	And I got an email from some-- a senior who was saying that if the markets crash, did I think the government would let people off the hook partly about making their annual mandatory RRIF withdrawals? And I thought, the markets are down like 5% or something. And you're already worrying about a catastrophic crash that would cause the government to give you a little bit more leeway on your RRIF withdrawals.
	[00:10:38.76]
	It happened twice before in '08-'09 and during the pandemic, but it was a very small cosmetic break they gave. But I was thinking, wow, this particular individual-- and I do hear from others who are worried. Every time they see something happening, they just imagine the bottom falling out.
	[00:10:54.29]
	Moving up to retirement side is people are very tight lipped about that topic. I do not get a lot of people asking questions or probing for information about the lead up to retirement. I think people are winging it. Some are asking questions to me, or specific questions where I say, that's a financial planner question. You don't want me to give you a little micro keyhole view. Go to a financial planner and put all the cards on the table and get a full spectrum analysis.
	[00:11:25.79]
	And I find that when I say that there's people you could hire on an hourly or flat rate basis, that gets them much more interested than the typical advice investment sales dynamic. But aside from those questions, I find my sense is that people are winging it. They're basically saving as much as they can. They're going to get close to retirement. They're going to think I have my company pension, if I'm really lucky my CPP, my OAS. I've got my RRSPs my TFSAs, and we'll see how it goes.
	[00:11:54.92]
	There are people who are not engaging with this for reasons that may be fear about possible negative narratives that are going to emerge from this. It may be that they don't know they need to do this. I firmly believe the financial planning professionals come so far in building its brand, and showing what it can do. But it still has miles to go, in terms of attracting people who have questions-- questions-- questions-- and how their services could provide definitive, confidence-inspiring answers.

SPEAKER	TRANSCRIPTION
ROB CARRICK:	**[00:12:26.81]** There's just people who don't know that planners can do this. Should I drain my RRSP first? Should I collapse my RRSP early? Should I save in a TFSA or an RRSP? Don't sit there wondering or Googling it. Go see someone who will say what's right for you. But they didn't know the service was even available, or they thought, oh, I'll just get sold a bunch of mutual funds. And so I think planners, if they could up their game in marketing themselves as problem solvers, I think they could probably do a lot to help us solve the retirement problems we have.
DORETTA THOMPSON:	**[00:12:57.59]** That's really interesting. I'm very intrigued to hear you say that about people, so many people, your sense is that they're winging it. Because anecdotally, that's what I'm hearing too. And it really surprises me. Even some really successful professionals and stuff who are basically winging retiring plans in the next year or two, which really surprises me.
ROB CARRICK:	**[00:13:18.95]** Yeah, I don't really understand it. How you could feel comfortable going into retirement without knowing the money that you've saved, how much income can you draw off that for the number of years you expect to live? What will that produce? And then compare that to what they intend to spend in retirement. So you've got two little jobs there, one you've got to figure out what your retirement spending budget's going to be. And then how much income your savings are going to produce. **[00:13:46.73]** And then you compare the two. And if you're short, then you should have time to make a few adjustments working longer, contributing more money to your retirement, to get on side. Or you can say, you know what? I think I'll just rein in my retirement budget a little bit, and then I'll be in line that way. And it's financial planners who can help you work all the variables in here to get where you want to go. **[00:14:08.63]** I think people would be much happier and more emotionally secure about retirement if they knew their numbers. But again, some people don't even know what they don't know, and others just don't know where to go to get it.
DORETTA THOMPSON:	**[00:14:20.47]** And maybe some of it is that pessimism that you were talking about earlier, that they're a little bit afraid about what they might find out.

SPEAKER	TRANSCRIPTION
ROB CARRICK:	**[00:14:28.15]** Sometimes I look at the spending habits of Canadians, and I find them a little bit alarming. And I wonder if the people doing the spending maybe do themselves, in at least a subconscious way, and they're worried that there may be implications for their retirement and reaching their future financial goals. And they just think it's easier to just hold the line and keep doing what they're doing, and things will take care of themselves. **[00:14:50.06]** Maybe they'll be able to invest in cryptocurrency, and make a bundle. Or their house will skyrocket in value. In the past year or two, people have found that the path to wealth doesn't necessarily have to run through a conventional investment portfolio. And they're thinking, I can always find somewhere to hit my own personal financial home run as I need to.
DORETTA THOMPSON:	**[00:15:08.21]** Interesting. I think one of the other things is that there are very sophisticated marketing machines out there separating people from their money. And to me one of the important things that financial knowledge and competency building does, is it helps you to unpack that spin so that you make better decisions.
ROB CARRICK:	**[00:15:27.70]** Yeah, the spin machine in the investing world has been working overtime because when you get hot markets, you get entrepreneurs trying to connect people with ways to play those hot markets in ways that will make money for the investment industry. And people don't really understand that hot new products are opportunities. Well, actually they're products to be sold. That's what they are. But people don't see it that way. **[00:15:49.04]** But I find that these cycles of intense speculation are always followed by a retrenchment, and people learn the hard way. They don't lose money, but they do learn that high returns equal high risk. And there is usually a reset. Sometimes people actually get too conservative. But I think that we will wash a lot of the speculative excesses out of the system, and people will return to more sensible investing. **[00:16:14.42]** And I think the advisors out there and the financial planners who had these unruly clients who are demanding higher returns, they are going to find these clients are more willing to have a traditionally diversified portfolio. And people will get back to realizing that really the most important thing is to put money into your investment accounts on a regular basis. Not, what superstar investment can I choose for this year?
DORETTA THOMPSON:	**[00:16:38.48]** I really hope that that's true. When you see things like all the fuss around meme stocks and stuff, you really start to wonder on what basis people are making decisions.

SPEAKER	TRANSCRIPTION
ROB CARRICK:	**[00:16:48.46]**
	You know what? I've been around long enough to have seen this before. I remember the tech boom and the late '90s or early 2000s. People were investing in internet stocks and tech stocks as if just the idea that it was in some tech category or niche automatically validated it. And I was seeing something like that. I think we've washed a lot of that out, this idea of interest rates rising, inflation's raging, there's worry about recession. People are much less open to that sort of silly speculative investing.
	[00:17:17.96]
	Now we haven't had a crash. We've had a correction, we've had a pullback. We haven't had a crash, and I think that's probably needed for the ideal reset. But definitely things have cooled off a bit, and I think people are ready to be more prudent in their investing, that's a positive.
DORETTA THOMPSON:	**[00:17:35.86]**
	Rob you co-host your own podcast "Stress Test," which is really focused on a younger demographic. I think 20 to 40, is kind of your target group for that. What concerns are you seeing from younger Canadians? Are they thinking about retirement yet? Is it more about getting into a general saving mindset? What do they think about these things? And are they aware of this kind of like demographic shift that is actually going to put pressure on them?
ROB CARRICK:	**[00:18:02.39]**
	Do not underestimate how savvy young people are about retirement. They're thinking about it in ways that I did not when I was their age. I was 20 something, starting journalist, had a good salary, and didn't really think for any length of time at all about retirement. And I probably didn't join my company's pension plan as soon as I should have, but I did get in eventually.
	[00:18:24.41]
	And I did get various people saying, you should do this, you should do that. And I listened up eventually and got to it. But young people today are more wired in. But I think it's what they see are big roadblocks. One thing that I hear over and over is how am I going to retire? How can I achieve retirement success if I can't buy a house? Now I think there's sort of a false logic there, that owning house will secure your retirement.
	[00:18:50.90]
	But they do think that owning a house is like this foundation, if you will, on which a secure retirement will be built. And they feel left out. And I don't know whether they will get into the housing market. I suspect most will find a way in at some point. And then they will find when they retire, that the house is a nice thing to own, but it doesn't fund your retirement in any way. That's beside the point. There is this idea that no house, no retirement.

SPEAKER	TRANSCRIPTION
ROB CARRICK:	**[00:19:17.51]** There's also this feeling that they're never going to be able to retire, because they're getting into the workforce, is a long slog of a process. And it's taken a while to find a full-time job with benefits and maybe a group RRSP that helps them save. And they don't think they're going to stay with any employer for very long. They're going to be job hopping. **[00:19:35.12]** And a lot of young people today are talking about-- I was just reading a story on the Globe website today, it's called quiet quitting. Where they're basically deciding they don't want to work themselves to the bone like their boomer parents did. And they're going to sort of take-- their commitment level to their job is going to take a step back. And I find that interesting because all of these aspirations that they have aren't really in sync with that. **[00:19:59.79]** So I know some of them are worried about retirement, and they think they'll ever be able to afford retirement. But if you take a step back in the workforce, you're earning power takes a step back. And that may affect your retirement. And it also may affect your ability to save for a house down payment. So there's a lot of-- I think, young people today are trying to process a lot of different factors. **[00:20:19.26]** So on one hand, they're worried about retirement, and they understand the need to save for it. On the other hand, they're doing things that suggest that they're not that worried about it, and that things will take care of themselves. But let's face it, at the end of the day, if you're in your late 20s or early 30s, you can't be thinking about retirement if you want to own a house. And you don't have parents who are just going to hand you the money for a down payment. **[00:20:38.96]** You have to save for a house down payment, and then you're going to get your house. And you're not going to have any money for saving for retirement because you've got this new house, which are going to want to furnish. And then come kids. And then comes probably an extra vehicle.
ROB CARRICK:	**[00:20:51.45]** So I think what we need to do, one aspect of financial literacy in the decade ahead, will be to try to get young people to consider carving off at least a little bit for retirement to getting into their companies group retirement savings plans as soon as possible, or capturing every dollar of the matching money from their employer. The stats from people who administer defined contribution pension plans, that's where everybody, the employer puts money in, and the employee puts money in. And you see what you have at the end of the day.

SPEAKER	TRANSCRIPTION
ROB CARRICK:	**[00:21:24.24]** People are not putting in the maximum amount to qualify for the maximum employer contribution. So if my employer will put in a dollar for every dollar I put in, I'm only putting in a small token amount and getting a very small match. That is money left on the table. I mean, I know it's hard, but I think people should really be trying to contribute the maximum to their company pension plan. So I think that it can be very hard to do that with the house, and the family, and the vehicles, and the trips and everything else that people feel they need to live their lives today. **[00:21:55.47]** And I'm not worried about boomers retirement one bit. They'll be fine. They've got a lot of assets. They have recourse. They have careers and contacts. They need to work longer. Gen X is a little bit more worrying, but it's the it's the millennials and Gen Z how it's all going to play out. And as you say, the economy is going to need them to perform at a high level of productivity, to generate the tax dollars that keep the system moving. **[00:21:55.47]** And I'm not worried about boomers retirement one bit. They'll be fine. They've got a lot of assets. They have recourse. They have careers and contacts. They need to work longer. Gen X is a little bit more worrying, but it's the it's the millennials and Gen Z how it's all going to play out. And as you say, the economy is going to need them to perform at a high level of productivity, to generate the tax dollars that keep the system moving.
DORETTA THOMPSON:	**[00:22:17.99]** Exactly. Do you find that you're talking to them differently than you are talking to young people say at the beginning of your time as a personal finance columnist?
ROB CARRICK:	**[00:22:28.05]** When I started writing personal finance in the, I guess it was the 90s, to date myself, you didn't talk to young people. That was not part of your core audience. Personal finance was a conversation between the many people writing personal finance, mostly white males of the age of about 40 and up, and their audiences of older white males and a few women. Affluence was your audience. And so basically, we're talking about stocks, and how to pay your mortgage off sooner, and things like that.

SPEAKER	TRANSCRIPTION
ROB CARRICK:	**[00:22:57.56]**
	And the internet helped broaden things out. And now it's a much more diverse game. You're capturing way more people than you did before. And the financial world has gotten triply complex compared to what it was before. And now you have a chance to converse with everyone. So I've tried to sort of broaden my coverage about 10 years ago. I thought what's happening to young people is so interesting, and that's my news training. It's a news story, what's happening to young people.
	[00:23:24.29]
	And also I have millennial sons, two of them. So that was also part of it. And so I'm actually having a dialogue with them, whereas before I did not. Flat out did not. No one was writing personal finance for young people before. So I'm doing it now, and what I'm trying to do is just talk about good habits. And not so much lecturing to people what you should do, but lecturing them what's happening and how you might want to react to that.
	[00:23:47.93]
	It's personal choice and people will make their own decisions. And there's something just a little bit dreary about lecturing young people about what they should be doing when they have no wherewithal to do almost any of it. But I think that the number one thing is to make sure they understand the challenges that they're up against, show them some of the advantages that they have, they're going to be living longer lives, and they have more time to get their lives settled, more time to buy houses, more time to invest, more time to work. And they'll still have good long retirements. And help them sort of settle out this stuff on their own. And then come to their own priorities, and then find the best path to achieve those goals.
DORETTA THOMPSON:	**[00:24:23.15]**
	It's really interesting. I also have two millennial kids, and I find the same thing that you've been observing. First of all is just how sophisticated they are really about money, and have much more time they spend thinking about it and making plans than we did at their age. I found that really interesting.
ROB CARRICK:	**00:24:39.95]**
	There's a whole sort of arm of personal finance directly targeted to these people, like apps. Everybody in finance has got an app now, but that's primarily for younger people. And they have their phones. They are able to have more FaceTime with their finances than any previous generation. And I think that is healthy. It's a little unhealthy sometimes when you have a stock trading app. And you can just trade any old time during the day. And that's what was happening in 2021.

SPEAKER	TRANSCRIPTION
ROB CARRICK:	**[00:25:05.77]** On the whole I think young people have the most tools, and that is a great thing. And they are definitely wired in. But I think sometimes they can get a little sort of overwhelmed with all the tools and all the things they're supposed to be doing. And figuring out, OK, what do I need to do for me? How do I get where I want to go, not conform to some baby boomers idea of what I should be doing at a certain age? I find boomers have these ideas of where these triptychs, these signposts, along the way in your personal finance journey, things you should have done by certain ages. And they don't apply anymore.
DORETTA THOMPSON:	**[00:25:38.98]** So have you personally experienced any kind of, yes, boomer, moments? Where you get that kind of reaction?
ROB CARRICK:	**[00:25:47.58]** Yes, probably talking about things like saving for retirement and home ownership and stuff. But I try to stay nimble, and try to stay open to what is actually happening on the ground with young people. And frankly, I may be getting some yes, boomer, reactions from people. But if they were privy to the emails I get from boomer readers, they would think I'm the most progressively open-minded person about Gen Y and Gen Z challenges ever. Because there are boomers out there who just are like stone. **[00:26:20.31]** They do not accept that there's anything different about young people today. They think it's totally on them for not being gung-ho enough, and the workforce not sacrificing enough. I just had someone today email me to lecture me that affordability problems in housing were really just a matter of young people not making enough sacrifices in their spending. And I was thinking, you do not know many young people, do you? **[00:26:41.43]** Because I see how they spend, and yes, they're extravagant in certain areas, but they have absolutely eliminated spending in areas that boomers might have done more of, like car ownership and other things. So the spending pie is the same size, it's just the slices are arranged differently. But boomers, a lot of them just seem to think that there's nothing different today. And that it's all just a matter of iron will to get yourself through the challenges ahead.
DORETTA THOMPSON:	**[00:27:03.95]** What do you think, personally, is the most interesting thing about this kind of shift? And the changing balance between young and old and the Canadian population?

SPEAKER	TRANSCRIPTION
ROB CARRICK:	**[00:27:14.46]** I think it gives young people a lot of power that-- and they're not really flexing their muscles yet. One way that we could have cooled housing down in a flash would have been to have a tax on principal residences. And the capital gains exclusion, or adjust it in a way, so it's less advantageous. And I know a lot of young people were quite in favor of that, and open to it, but they never really flex their muscle in the last election or since then, they are not influencing politicians. They're not influencing the debate to get what they want. **[00:27:48.16]** I know politicians say, everyone wants a house. I'll just say, we're going to build more houses. We're going to take steps to build more houses. It's a very abstract idea. And maybe it'll work, maybe it won't, but it'll take a long time. A hard, decisive, piece of policy to make housing more affordable. It doesn't have to be a tax, could be any number of things. I don't see young people arguing in an organized way for that.
ROB CARRICK:	**[00:28:09.15]** Like everybody knows what boomers want politically. What do young people want? And how are they flexing their muscles? In the workforce, I think we're starting to see young people with much more leverage than they've ever had. And that's great. I hope they don't lose all their leverage in the next recession, when employers basically say to all these people who cut this great deal for a job. And say, well, I have to lay off, you know what? Because I'm paying you all this money, and you're now a liability to me. **[00:28:36.78]** So let's put it this way. I think that the demographics will give them continued leverage in the workplace, and I hope they use it well to build careers and to put themselves on a financial track that will help them get where they want to go. Before the pandemic, and in the aftermath of the financial crisis, there was a degrading and a devaluing of young people in the workforce. You remember unpaid internships, and master's degree people and doctoral students working in coffee shops. **[00:29:09.87]** I've heard a lot less of those stories. I'm not going to in any way say they're done, but I think there's more opportunity in the workplace now. And that's one of the good news stories about what's going on right now. And I see young people using it. I do see them conflicted about the hard work that their parents have put in, and I totally respect their different values. But I do think at the end of the day, that there is an opportunity out there to make some headway in the job market. And one of the best ways to reach your financial goals is to maximize your personal earning potential.

SPEAKER	TRANSCRIPTION
	[00:29:42.43] One thing I would add to this is that the job of finding the investments you need to invest for a good retirement, there's good news on that front. There are a lot of products out right now that have totally simplified the investing process. I'm thinking of asset allocation, ETFs, they're kind of exchange-traded funds that give you a fully diversified investment portfolio in a single purchase. You just put your money into this fund for 10, 20 years, then you adjust to a slightly more conservative fund as you get older. Super easy, very sound way to invest. **[00:30:13.50]** Robo-advisors, I don't think they've had a lot of traction in the Canadian market, but I think they're an excellent way for someone who's not that knowledgeable at investing to embark on a multi-decade path towards a financially secure retirement. I know that companies are looking for ways to draw and retain workers. And we may see more group savings plans in companies, use them. These are simple sound solutions that will get you where you want to go. And I'm really encouraged to see more of them being offered.
DORETTA THOMPSON:	**[00:30:43.49]** I am personally very committed the idea of financial literacy in the workplace, that when we shift from defined benefit to defined contribution pensions, even in workplaces that used to have the defined benefit pensions, people didn't necessarily have the knowledge to invest that wisely or to do that well. And there was an initial assumption that people didn't want to learn that from their employers. And so employers didn't take a role in that. **[00:31:14.28]** But I think that that has really shifted. There's been some research done that people, in fact, very much do. And you can create a safe space to talk about money or learn about money. I think it's a huge opportunity for employers.
ROB CARRICK:	**[00:31:25.88]** I agree. I've done a few sessions in workplaces on just, basically, ask me anything about personal finance. And the level of engagement is unbelievable. People like, you get them warmed up, and it's like the questions are flying at you, ranging from mortgages, to RESPs, to RRSPs, TFSAs, retirement houses. People have tons of questions. And I almost think that the ask the question approach is better than the, let me tell you about the tenets of personal finance approach. Because people want information that relates to them. **[00:31:57.77]** And one of the problems with financial literacy is that there's some great content out there. But it is general, and maybe it exists in a place where people aren't likely to find it. And we all engage better with information related to our daily lives rather than broad generalities. So I think you're exactly right. I expect that more employers will be doing a lot more of that, and there will be a net benefit from it.

SPEAKER	TRANSCRIPTION
DORETTA THOMPSON:	**[00:32:19.09]** I think it's about creating safe spaces. Money is kind of a taboo, and I think it's really interesting your comments about Gen X, that being a little bit more worried about them. And boomers didn't talk about money in a personal, indirect way. I've been quite intrigued by how open a lot of younger people are about money.
ROB CARRICK:	**[00:32:35.60]** I think the taboo about money is over. I don't think it exists anymore. Look at what people are talking about. They're talking about money. I live in Ottawa but I have a lot of friends and family in Toronto. And over the past couple of years, going to Toronto, it was almost impossible to engage with any of our Toronto friends or family without hearing how much the houses were going up in value. Oh, a house sold in my street for this much. Oh, yeah, on my street this happened. How much our condo has going up in value. That's talking about money.
ROB CARRICK:	**[00:33:02.57]** Talking about trips. Oh, we're going to take this great trip. That's talking about money. Or, we're looking at replacing our car, buying an electric vehicle. That's talking about money. People are doing it in more subtle ways, but money is out there front and center. And I think people are a little bit-- they're even starting to talk about their debts a little bit. Like people are sort of sheepishly admitting about their line of credit balance. **[00:33:24.80]** That's almost like everybody wants to sort of validate their balance, their amount owing, by sort of sending feelers out there, how much do you owe? How much do you owe? That kind of thing. So I think we're making some progress there. We have a long way to go for sure. But I don't think we're ever going to have an open conversation about money, because there is this competitive and judgmental aspect to it that is going to get in the way of things. Because I have no debt, you have debt. We're not going to have a great conversation. **[00:33:50.96]** **[00:33:51.38]** I have ample retirement savings, you're worried about retirement savings. Eh, you're not on the same wavelength. I paid my mortgage off at age 35, and you're 59 you still have a mortgage. I don't think there's much for us to talk about. So there is that. I think we're going to really muddle through this idea, the safe space idea at work, brilliant. I think it works extremely well. And people can phrase their questions.

SPEAKER	TRANSCRIPTION
ROB CARRICK:	**[00:34:13.52]** I don't think someone in the company's HR department should be running those sessions. I think they need an outside person to come in there who will walk away with everything they've been told by the employees and not ever share it with the company. But I think that's an excellent idea. **[00:34:26.40]** You know it's like people say, oh, we have to teach personal finance in schools. And I always say, did you know that that's actually happening? And did you also know that people are going to remember that stuff about as much as they remember their algebra and calculus? You need to teach personal finance when people are engaging in personal finance. And the workplace is the perfect place for that.
DORETTA THOMPSON:	**[00:34:45.11]** Yeah, that's exactly the way I see it. That if you create the safe space where the resources are, and where people can learn about it, they know where to go when they're at that decision point. Because we know people get their financial literacy education at point of purchase, we know that. They learn about mortgages when they're buying a house. They learn about credit cards when they're getting credit cards. So if you can create that sort of safe objective space, they know where to go that's not from people selling them something.
ROB CARRICK:	**[00:35:12.58]** Right. And you know what? Then employers can take another step. And they can start creating paths for people to take smart financial steps beyond just participating in the company pension and providing for retirement. What about company group TFSAs? They're starting, but there's not nearly enough of them. I've said this a fair bit lately, and only boomers will know what I'm talking about. Remember the Canada Savings Bond Payroll Savings Plan? **[00:35:36.44]** We need something like that. We need employers to go out there and cut a deal with some alternative bank and say, we're going to send you a big box of savings. What premium rate could you offer us? And then tell everybody, how much of your paycheck do you want us to put in your all purpose savings account? It could be a TFSA, it could not be. We need employers to develop this culture of deducted at source for the benefit of your finances. **[00:35:59.06]** And once we can do that, it will stop people from thinking, oh, do I have money to save this week. No, I don't think so. I'll save next month. No, you save automatically, and it's all taken care of. That's what happened with CSVs. I remember in the offices I worked at, people around December would be walking around with their CSV certificates, and thought, well, all my Christmas shopping taken care of.

SPEAKER	TRANSCRIPTION
DORETTA THOMPSON:	**[00:36:19.16]** That's what we used to-- when I first started working, that's what we do. But I'll tell you, it's that whole thing about the money you don't see that accumulates away from you. I was a consultant for a long time, and then when I went back on staff, it was right before Canada Savings Bonds were still kind of around. So I did an automatic deduction. And then I forgot about it. And it just continued. And then I get this note saying that they're discontinuing the program and I over $20,000 saved.
ROB CARRICK:	**[00:36:49.16]** I know. It's like a small lottery win.
DORETTA THOMPSON:	**[00:36:51.29]** It was, it felt like a lottery win. So I am with you. It's save first at source. Don't see the money.
ROB CARRICK:	**[00:36:58.91]** Absolutely. You know what? From there, all good in personal finance flows.
DORETTA THOMPSON:	**[00:37:03.33]** Thanks so much, Rob, for joining us today.
ROB CARRICK:	**[00:37:05.90]** I was really glad to do it, Doretta. Great conversation.
DORETTA THOMPSON:	**[00:37:08.24]** With the world around us changing as fast as it is, a perspective like yours is really invaluable. It gives us a chance to really think about our own situations, and how our aging population can affect their own retirement plans, and those of the people that come after us.
	[00:37:23.42] [MUSIC PLAYING]

SPEAKER	TRANSCRIPTION
DORETTA THOMPSON:	**[00:37:26.37]**
	You've been listening to "Mastering Money" from Chartered Professional Accountants of Canada. You can click to all the resources mentioned in this episode in the description of the podcast in your podcast app. Please rate and review us. And if you'd like to get in touch, our email is financialliteracy@cpacanada.ca.
	[00:37:43.32]
	This season is made possible by the generous support of our national development sponsor, Canada Life. If you'd like to keep the financial literacy conversation going, we invite you to join us as CPA Canada celebrates Financial Literacy Month with two special conferences. For the first time in two years, we're bringing back our in-person conference Mastering Money. It offers networking opportunities interactive presentations and live Q&A.
	[00:38:10.78]
	We are also continuing with our popular virtual conference, Money In The World, exploring how Canada fits into the international financial scene. Follow the links in our resources to register today. Please note, the views expressed by our guests are theirs alone, and not necessarily the views of CPA Canada. This is a recorded podcast. The information presented is current as of the date of recording. New and changing government legislation and programs may have come into effect since the recording date. Please seek additional professional advice or information before acting on any podcast information. Be well, be kind. And remember, thoughtful preparation is the key to a financially secure retirement.
	[00:38:54.33]
	[MUSIC PLAYING]