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:

Comparing 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


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.