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Wealthy deem that they need twice as much as others in retirement: survey

By Glen Korstrom

British Columbians who have more than \$1 million in investable assets believe they will need twice as much money to lead a comfortable retirement than British Columbians who have less than \$1 million, according to a BMO Harris Private Banking study released January 17.

The study found that high net worth British Columbians expected that they would need \$2.2 million to be comfortable in their golden years. Less wealthy British Columbians pinned their desired wealth at retirement at \$1.1 million.

"It all depends on how much of an income they think they'll need in retirement and how much they want to leave as an inheritance," Nicola Wealth Management president David Sung told Business in Vancouver

His number crunching determined that someone who has \$1 million in investable assets at age 65 will be able to live on an after tax, annual income of \$55,000 to \$60,000 until the age of 90.

"That's if they want to be clutching their last withdrawal as they breathe their dying breath," said Sung, who specializes with high net worth clients.

The BMO survey found that 95% of high net worth Canadians were confident about their ability to lead an ideal retirement lifestyle whereas only 65% of other Canadians felt likewise.

"In both segments there may be overconfidence," added Thane Stenner, who is director of Stenner Investment Partners, which is part of Richardson GMP.

He pointed to research in the 1996 book *The Millionaire Next Door*, by Thomas Stanley and William Danko, which involved studying thousands of millionaires.

That book found that regardless of what a person's wealth goal at retirement turned out to be, it always rose as the person neared retirement.

"It's funny that when we approach targets we tend to make new, higher ones," Stenner told BIV before explaining that it is difficult for people who have worked for decades and had control over their wealth to let go and simply live off savings and investment gains.

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