

**The Healthiest Old People in History:  
Retirement Aversion and Retirement Anticipation**

**BDO Dunwoody CEO/Business Leader Poll  
by COMPAS for publication in  
the *Financial Post* October 10, 2006**



**COMPAS Inc.  
Public Opinion and Customer Research  
October 6, 2006**

## **1.0 Introduction**

In the wake of legislative changes bringing an end to compulsory retirement, members of the COMPAS CEO and business leader panel were asked about their own plans and about the appeal or lack thereof of retiring from the work force.

A plurality (44%) do plan to retire by age 65. But most do not intend to retire fully or at all; they want to maintain their present workload or reduce it or are not sure precisely what they would like to do.

The majority want to keep working because they find work satisfying. The three biggest reasons to stay on are the pleasure of working, the appeal of money, and respondents' confidence in knowing how to excel at what they are doing.

The main reasons for retirement are greater opportunities for recreation and family time.

Members of the panel were asked to estimate the post-retirement income of the three CEOs whose financial situation they know the best. On average, these CEOs can expect to retire with 63% of their pre-retirement income.

These are the principal findings from the weekly business web-survey conducted by COMPAS for the *Financial Post* under sponsorship of BDO Dunwoody LLP.

## **2.0 Working Trumps Full Retirement**

From their verbatims, a few CEOs embrace the idea of retirement and plan to do so well before the age of 65. As the president of a manufacturing company put it, "Not everyone plans on working to 65." Indeed among the



plurality of panelists with plans to retire, the average age of intended retirement is 64, signifying that some intend to retire earlier, as shown in table 2A.

Most nonetheless do not intend to fully retire by 65. One-quarter will work fulltime as long as they can; one-third will slow down somewhat. For many, the age of retirement is entirely outside their control. For some, the key driver will be their own health, which they feel unable to predict. For the leaders of some businesses, the age of retirement is often a business planning issue rather than a matter of personal preference:

I am struggling with a good succession plan that will ultimately lead to an exit strategy.

As a business owner the age of retirement is driven by the ability to sell my business rather than a date on the calendar.

In some instances, members of the panel do not want to face the income reduction that accompanies retirement. As one CEO put it, "retirement prior to 70 will be a challenge for me given the impact of retirement on my income situation." Respondents were asked to estimate the income impacts among the three CEOs whose finances they knew the best. On average, a CEO can face a post-retirement income that is 63% of pre-retirement income, as shown in table 2B.

Many see semi-retirement as giving them the best of both worlds. "As a baby boomer I will have greater opportunities to do interesting, satisfying and fun things in semi-retirement than any other generation before me," commented a senior executive in financial services. "I can hardly wait."

Respondents were asked to score one series of motivators for avoiding retirement and another series of motivators for embracing retirement. The anti-retirement motivators seem to elicit higher scores, as shown in tables 2C and D. Joy, income, and job satisfaction are among the top reasons to avoid retirement; recreation is the top motivator for embracing retirement. Indeed, recreation and travel are the activities that respondents feel are more readily available to the post-retirement than the pre-retirement executive, as shown in table 2E. On average, the anti-retirement motivators nonetheless earn higher scores than the pro-retirement motivators.



*Life After 65, BDO Dunwoody CEO/Business Leader Poll, by  
COMPAS for Publication in the Financial Post on  
October 10, 2006*

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Several panelists volunteered a concern that our society as well as tax policy are not organized to reflect the far greater health of older people today:

Society is not set up for healthy "old people". We have to stop contributing to our RRSP's and dutifully wait for dying. There ought to be incentives to live longer and give back wisdom to society. Why should a working and successful 85 year old CEO pay near 50% income tax knowing he may not be around next year to do that. Why can he not forward average after age 65? His family will exist after he is gone. We ought to re-examine taxation in the light of "lifecycle costing" as in buildings. We now go year to year with tax calculations and the uneven earning patterns of some people, penalize them in years of high earnings, while a bad year must be absorbed by the individual.

With respect to planning for retirement, respondents offered a range of advice, as shown in table 2F. One CEO of a brand name company provided some detail about his own very specific plans:

I am over 70 with a walking disability. I am thinking about the volunteer work I will do when I decide to quit my employment. I am thinking of becoming an advocate for disabled people, and have formulated some plans and approaches. People who design places to assist the disabled have no idea what is needed. Every case is different! In some cases it needs government intervention. An example would be to keep disability parking free of snow and ice. Most plazas and buildings use the disability parking as a place to pile up the snow.



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*Table 2A: (Q1) As you know, retirement has become a big issue in the news. At what age if ever do you plan to take formal retirement from a full-time job?*

	Mean (n=66 or 44% of the sample)	% (n=84)
Age when you'll retire	64 years	
Or...		
Will choose semi-retirement instead		61% (34% of entire sample)
Will not retire as long as health allows you to work		24 (13%)
Do not know yet		13 (8%)

*Table 2B: (Q5) Thinking of the three CEOs whose finances you know best (including yourself if you are a CEO), please guesstimate their annual income in retirement as a percentage of their likely annual income in their last year of full-time employment?*

Mean	DNK
63	9



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*Table 2C: (Q2) Irrespective of how old you are now, when you approach 65, to what extent do each of the following factors motivate you to postpone or avoid retirement? Please use a 7 point scale where 7 means agree strongly and 1, disagree strongly.*

	Mean	7	6	5	4	3	2	1	DNK
You enjoy the sense of achievement a lot	5.8	37	35	12	7	3	3	2	0
You enjoy your work a lot	5.6	33	32	18	7	5	2	3	0
You enjoy the financial rewards a lot	5.5	31	25	21	14	4	1	2	1
You feel you know your profession or job better than ever	5.4	27	36	14	11	1	6	5	0
You get a lot of meaning in life from your work	5.2	22	31	19	12	6	6	3	1
You enjoy the social rewards a lot—regular interaction with people	5.1	22	29	19	11	11	5	3	1
You enjoy the routine of work a lot	4.0	9	16	15	23	12	15	10	0

*Table 2D: (Q3) To what extent do each of the following factors motivate you to definitely opt for retirement? Again, please use the 7 point scale where 7 means agree strongly and 1, disagree strongly.*

	Mean	7	6	5	4	3	2	1	DNK
You want to enjoy the perks of recreation	5.5	26	38	15	8	6	5	1	1



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	Mean	7	6	5	4	3	2	1	DNK
or travel									
Life is too short to always work	5.1	28	24	14	11	7	8	5	1
You want more time with family	5.0	17	26	22	19	7	5	3	1
You want freedom from the pressure of providing leadership in a work setting	4.3	15	16	17	14	17	12	7	1
You want to give back to community	4.3	7	15	27	22	9	12	6	3
You want to do charitable, church, or other non-profit activities	3.9	8	11	20	20	12	13	13	3

*Table 2E: (Q4) What would you like to do that you could do as a retiree that you couldn't do in the full-time workforce?*

	%
Traveling/taking a vacation	37
Hobbies/recreational activities/golf	18
Writing/reading/continuing education	13
Serving the community/charity/volunteering	10
Spending more time with family	5
Have more flexible working hours	5
Other	12



*Table 2F: (Q6) From what you know or have heard, what is the best advice that could be given to a senior executive at age 50 with respect to thinking about life after 65?*

	%
Have a plan for retirement	22
Stay active/keep busy/exercise/watch your health	17
Have a hobby/outside work interests	15
Enjoy life now/do what you want to do now	15
Save money for your future	10
Keep working if you enjoy it	5
Slow transition to retirement/wind down slowly	5
Other	10

### **3.0 Methodology**

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted October 4 - 6, 2006. Respondents constitute an essentially hand-picked panel with a higher numerical representation of small and medium-sized firms.

Because of the small population of CEOs and business leaders from which the sample was drawn, the study can be considered more accurate than comparably sized general public studies. In studies of the general public, surveys of 150 are deemed accurate to within approximately 8.0 percentage points 19 times out of 20. The principal and co-investigator on this study are Conrad Winn, Ph.D. and Tamara Gottlieb.

