

...OR PAY LATER



IN BERMUDA

include the \$12,000-a-year Government pension that 95% of seniors receive.

To get by, one in every three seniors receives 10 hours or more per week in assistance from families and friends. This assistance is primarily housekeeping and financial. Frequently it is daughters aged 65 to 70 themselves who take responsibility for their elderly parents. Some 20% of such older caregivers are in poor health themselves. They require respite from

the constant burden of assisting their parents.

Female seniors are particularly under pressure. Of people over 65, 60% are women. The disparity is higher as seniors age. This is because women have a longer life expectancy. Women live to 82 to 85 years of age on average. Men's life expectancy is 80 to 83. Some 70% of men over 75 are married whereas 60% of women over 75 are widowed. About 20% are divorced or never married. These

senior women tend to live with relatives. Most of these families they live with are headed by daughters who are working more than 40 hours a week. This cycle does not need to continue with the current generation.

People 50 years ago were not preparing for retirement. Today we are, and it is an expensive proposition. The Occupational Pension Scheme Act (OPSA), enacted in 2000, will undoubtedly prove to be a significant

COVER STORY

PAY NOW *continues*

boost to future retirees. By retirement, someone who has worked 30 or so years could amass about \$1 million through OPSA. With 20 years to retirement, the mandatory savings could amount to \$500,000. But if you are 50 or older, the amount saved under OPSA might be insufficient to meet your retirement needs.

Due to inflation and the time value of money, the amount required for retirement might range from \$500,000 today to \$1.5 million in 2025. These estimates are based on annual expenses, as adjusted for inflation, of \$50,000 per year during the first 10 years of retirement from 65 to 75, climbing to \$70,000 for the ages of 75 to 85. These figures do not include extended nursing home costs. It is estimated that expenses could climb to \$100,000 per year with long-term nursing care.

Extra savings may be in order for many of us. For those 55 and older, that

number is in the range of \$1,000 to \$2,000 per month. People 45 to 55 are looking at additional savings of \$300 to \$400 per month. At the age of 35 to 45 today, it could take another \$100 to \$200 per month in savings on top of the amount saved through OPSA. Note that these amounts do not take into account the sale or rental of your home or any financial help from your family.

People born after 1950 are in a better position for their retirement than those born before. In the last half century, increased awareness and legislation have improved our preparedness for retirement. Nonetheless, it is important to conduct a personal assessment to check for financial readiness decades before your retirement. Otherwise, you may be reliant on others for your care in retirement.

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