

What's the most overlooked challenge clients face in retirement?



THE BIG QUESTION



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One of the most overlooked challenges is understanding the complexity of retirement finances. People underestimate how difficult it can be to co-ordinate the various moving parts. And there's an emotional and psychological side to it. They have to do a complete 180 when it comes to money. They've had decades of payroll deposits and wealth accumulation. Suddenly the income tap turns off and you start watching your net worth shrink — unless you've reached a level of wealth where it's self-sustaining.

People are much more comfortable when they have a good understanding of which assets and incomes they're going to use when, and how it will all play out over the long term.



Tina Tehranian
Senior wealth advisor, Assante
Capital Management Ltd.,
Toronto

The most overlooked challenge is how to finance the cost of long-term care, should clients need it in their old age. Many people think market risk is the biggest risk they'll run during their retirement. Really, it's the risk of needing long-term care. Even if you have wonderful genes and you're perfectly healthy, you could need long-term care because of an accident.

To address this risk, we stress-test the financial plan. I do a scenario analysis to see what the financial impact of needing help at home or at a facility would be in the final 10 years of a client's life. Hopefully it never happens, but you need to be ready for the possibility.



Dalyce Seitz
Portfolio manager, Leith
Wheeler Investment Counsel
Ltd., Calgary

Family dynamics can be a huge challenge. You'll have clients who will want to help their children even at the expense of their own retirement. Or you could see the opposite, where the next generation needs help but your clients will say, "Nope, we don't want to go that route." For us it all comes down to planning. You have to show your clients what they can afford and try to keep the lines of communication open. It's difficult to straddle this line. Our clients are our top priority. We have to protect their interests. But at the end of the day, they're the ones driving the bus. You give them all the options so they can make an educated decision based on their values.

— Allan Janssen