

Four reasons to work past retirement age

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At 6 a.m. Rem Langan does what he's always done throughout his professional life: He hits the alarm and gets out of bed.

Not that he has to. After 28 years with McDonald's – the last few as the chief marketing officer and then the president and chief executive officer of Ronald McDonald House Charities – the 65-year-old could have easily retired and worked on his golf swing.

But Mr. Langan, now with his own consulting business in Toronto and as chief development officer for Parachute, an injury-prevention non-profit, says he has zero interest in kicking back and taking it easy. After all, he now has more control over his time than he ever has, working as hard as he wants.

“People say, ‘Are you retired now?’” he says, sounding bemused. “There's no time to retire!”

Mr. Langan is hardly alone in his desire to keep working into his golden years. According to Statistics Canada, in 2016, 38 per cent of Canadians aged 55 and older were still employed, the highest percentage since relevant data was first gathered in 1976. Among seniors 65 and older, 14 per cent were still in the work force, up from just 6 per cent in 1996.

And while some of the reasons for working later in life certainly include grappling with increased debt levels and lower savings, there are other more positive reasons cited for the increase. Think higher, more enticing wages and improved employment opportunities for seniors, not to mention better health.

Peter Wouters, faculty chair for the Canadian Initiative for Elder Planning Studies in Beamsville, Ont., admits that employment past the Freedom 55 years is becoming the new normal, but that's not necessarily a bad thing. People are living longer, with an average life expectancy for men in Canada now 80 and for women, 84. There are more centenarians than ever, too.

“Our parents would work until the normal retirement age of 65 and if they were lucky, they'd live to be 70 or 75,” he says. “Now if you retire at 60 or 65 you might live another 30 years. Well, 10 years might be okay for sitting with your feet up on the porch, but not 30.”

Not that retirement has to be an all or nothing affair. Hugh Smith, 75, retired as a cardiologist in Winnipeg two years ago, but he started gradually scaling back on his work in 2007. After shutting down his practice, he worked one week a month doing cardiology consults at a community hospital, a day a week at another hospital in its vascular clinic, and he read electrocardiograms for physicians. He eventually gave up these jobs one by one.

“It's a difficult thing for many physicians to go from working an 80-hour work week to nothing,” Dr. Smith says. “You can't do it cold turkey.”

Janet Gray, a certified financial planner with Money Coaches Canada in Ottawa, and founding chair of the Ottawa chapter of CARP, an advocacy association for older Canadians, says she always asks retirees if they plan to work part-time in retirement.

“I’m going to say 50 per cent are saying, ‘Yes.’ They still feel like they’ve got something left to give,” she says.

Whether you’re nearing retirement age and considering ditching a job to launch a new business or just feel like it’s time to get out of the house and make a little extra cash, here are four potential upsides to working into your 60s, 70s and beyond.

1) You just might feel better

That means physically, mentally and emotionally. Numerous studies have shown that working can help people feel better and even add years to their lives. In one 2016 study from Oregon State University, statistical analysis indicated that simply retiring at 66 versus 65 led to an 11-per-cent drop in mortality rates across the board.

“If you’ve got the juice, keep going,” advises Ms. Gray.

2) You make more and need less money

Working longer could give you two big monetary breaks. For starters, the longer your investments sit there, the more the interest compounds. Just three years can make a difference. For example, if you invested \$25,000 30 years ago and it earned 5-per-cent interest, it would be worth \$111,693.61 when compounded monthly. Add three more years to the equation, and it would be worth \$129,729.02. That’s more than \$18,000 – for doing nothing at all but being patient.

Deferring your Canada Pension Plan until 70 (instead of taking it at 65) means receiving nearly 50 per cent more in guaranteed government earnings, too.

And don’t forget one more important point, says Mr. Wouters.

“Your savings need one less year to last. So instead of needing retirement money for 30 years, it’s 29. It becomes a little bit more manageable,” he says.

3) There’s less scrimping and saving

Even if you have a healthy company pension or a large nest egg and don’t actually need the money to pay for day-to-day expenses, having extra employment cash coming in can make a working retirement seem a lot more appealing than sitting at home clipping coupons.

Mr. Wouters thinks about his brother-in-law who retired as a high-school department head and went on to teach first-year chemistry and physics at a university part-time for a few years. He didn’t actually need the money, but it was nice to have anyway. He could go on a trip and not scrimp and save.

“It’s not about paying the hydro bills,” he says. “It adds quality of life.”

4) It makes you feel like you matter

Mr. Langan remembers the days when he helped McDonald's launch restaurants in Russia, and 360 reporters showed up on the day the first one opened. He's also worked in Hong Kong and Australia. Yet even though he obviously had a successful and high-flying career, finding work that matters deeply to him now gives him purpose every day.

He likes to sit on small organization's boards and consults others, giving his energy, time and experience gained from spending years working at one of the world's largest corporations. It just makes him feel good – and it's not a bad deal for the little organizations, too.

“Irrespective of the kind of career you've had, whether you've made a lot or a bit of money, there's so much you can do for other people,” he says.