

CORPORATE PARTICIPANTS

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PRESENTATION

Operator

Good afternoon and welcome to today's presentation by Dr. Sherry Cooper, Executive Vice-President, Global Economic Strategist, BMO Financial Group, and Chief Economist, BMO Capital markets, on her new book *The New Retirement: How it will Change our Future*. With that I'll hand it over to Dr. Cooper.

Dr. Sherry Cooper

Well thank you and thank you ladies and gentlemen for joining us today. I'd prefer that I just talk briefly about my book and then I'm happy to open it up for questions.

The beginning of the book was actually a paper I was writing for a private wealth group regarding retirement, and of course when you ask an economist to talk about retirement typically it's all about finance and the implications of the aging population on the economy. And I certainly did write that as the paper got longer and longer, but of course given that I too am a boomer and among the leading-edge boomers, as I call them, it's a subject that's very important to me personally and to all of our many friends and people I work with. And so it quickly then became actually quite a personal journey. And I realized that there is so much more to retirement or the subject of retirement as we have known it than just working or not working. In fact, there is so much more than money that indeed the financial aspects of retirement sort of fall out after a huge process of truly discovery. What is it that you want the final three decades of your life to be like? And boomers are the healthiest, wealthiest generation ever to be alive.

As boomers age there will be more people in their 60s and 70s and 80s alive than have ever lived before to that age, and it is a very long period of time. So when the retirement age was originally set at 62 and then 65, life expectancy was 67 and it was never expected that people would live on Canada Pension or social security for very long. And in fact today, if you're reasonably

healthy the day that you reach age 62, there's a good chance that you will live another 30 years. And particularly for women, because the longevity life expectancy of a woman is still at least five years longer than a man and many women do marry men that are older than they are and right now in the United States, for which we have the most recent data, almost half of all adult women are living without a partner. And another interesting statistic is that for people age 65 and older, only 14 percent of men are widowers and 45 percent of women are widows. And what that says is not only do men live a shorter lifespan than women but also that typically a widower doesn't stay that way for very long. So it is very important to think about what is truly a third of your life and how you want to spend it. That led me into a real research project and looking at areas that I am not expert in and that had to do with healthful aging. The maturation process. What is it that makes some people very calm and happy in their older age whereas others are bitter and resentful and very definitely in decline.

There's no question that this period of life, act 3 as just shorthand, is a time where there can be tremendous growth and advancements. It does not have to be a period of degeneration and withdrawal and isolation. And I for one, and I believe my generation as a whole, will attempt and will work very hard at keeping it as active and purposeful a time of our lives as we've ever seen. And frankly, through this research I truly believe that it is the best third of life and, indeed, longitudinal studies now that show that there are key indicators, forecasters of healthful aging that are evident by the time you're in your late 40s or 50s. And some of these things are intuitive, as you'd expect, things like no substance abuse, including tobacco, a happy, stable relationship, exercise, no obesity, but there are others that maybe you wouldn't think of intuitively.

And one particular study I find fascinating is it was done beginning in 1937 and it took a group of roughly 200 graduates of Harvard University, back then all men, and then a group of 200 males the same age in Boston that were from much, much less privileged backgrounds, and followed them through their careers, their marriages, their children and in most cases actually their death. And the things that were discovered were that indeed it was far more important for healthful happy aging that you educate yourself ongoingly than what degree you get when you finally leave university. That it was not necessarily the Harvard grad that had the more successful life, but indeed those people who continued to read and show active interest in a range of subjects were actually better able to cope with growing older. And similarly they discovered a number of what were called "coping skills" that were skills that if you developed them

by the time you were 50 there was a high probability that you would have quite a successful old age. And successful was defined like self-defined. It was people who said that this was the best time of their life and that if they could choose to be any other age they wouldn't choose to be any other age. And the coping skills had to do with your ability to deal with loss without resentment, your ability to adjust to change, adaptivity, and your ability to—putting it in a shorthand—turn lemons into lemonade. To find the bright side or the lesson that is to be learned from whatever life throws at you.

In addition it's very important that you broaden your social network. And the most successful people were people who broadened it literally until the day they died. By meeting new people, but having friends that were all ages and many of them younger than you are, by continuing to have a purposeful life full of a good deal of interpersonal communication and a tremendous sense of giving back and leaving a legacy.

Many people choose to work well beyond traditional retirement age, and we can see that, you know, list of names in my book, but we all know that Alan Greenspan is in his early 80s and going stronger than ever and he's had at least four careers that I know of. And there are many, many examples of that; that one gains so much from one's career, so much more than just a paycheque. It is typically for most people the place where they feel self-actualized, the place where they make personal friends as well as business communications, a place where they can feel proud of accomplishments, and were you to just stop working and replace it with basically idle time or, you know, a golf game a day for the rest of your life, and particularly for decades, it indeed would not lead to successful, happy, active retirement. So the whole word retirement actually should be banned because it means, in the general lexicon, moving back, decline, just leisure without purpose, and that is not what retirement is when life expectancy is so long and getting longer.

There's also no reason for premature death and chronic disease in the sense that it's not as important what your genetic makeup is as lifestyle issues, and the lifestyle issues of course include things like eating right, exercise, the optimal level of stress—not too little, not too much—and caring for others.

As an economist you wouldn't expect I would think much about these aspects, but indeed one can't even begin to decide how much money they need the day they stop working unless they have a good sense of what their life plan is. And so I suggest that people try different things out, that before you decide that you want to spend the rest of your life on a beach somewhere that you rent an

apartment near a beach for a few periods of time to make sure that that's really what you like. You decide you want to live in the city centre, you try that out. There are many places one can live that are a lot less expensive than some of the major cities in Canada and of course that helps you determine how much money you will need. But the fact is one of the most important factors for affluent people to maintain their living standards for extended periods of time, decades, is to work longer. To make enough money that you're covering your current expenses. Because what that does is, firstly, your income generally is at its highest just when you go to retire, so racking up a few more years of that level of income at a time when you're best able to accumulate wealth makes an enormous difference. And of course, secondly, it reduces the amount of time that you'll spend with no employment income coming in.

We have done surveys across Canada—we being the Bank of Montreal—and consistently we find that about 80 percent of pre-retiree boomers suggest that they want to work in retirement. That they want to they say because of the social contact, because of a sense of being purposeful, as well as to help others. And the least important reason they claim is for the money.

Now I have looked into the financial aspects of retirement and in Canada you might be surprised to know that the poorest among us actually will be the most secure in retirement, because given the Canadian healthcare system and the Canadian social benefits and mandatory retirement benefits a household that earns less than median income, which is about \$58,000 a year per household. The household that earns less than median income can expect to see replacement of about 89 percent of their income in retirement through Canada Pension and old age security and of course the implicit value of the social safety net. If you're a household with median income the replacement is almost 60 percent. But actually the households in Canada that will have the toughest time maintaining their living standards in retirement will be those that are affluent. If you earn double the median household income, so you're family income is six figures, the government replacement rate will be a mere 30 percent.

Now for those people in that group that have defined benefit pension plans, they are better off; however, many of these old-fashioned defined benefit pension plans have caps that you earn. Depending on the number of years that you worked you can earn up to roughly 80 percent of your highest average income level. But that often comes with a cap that is well below the income of the individual, which means that you have to save over and above your retirement.

More and more Canadians are in defined contribution plans, the RRSP. Some have a matching component from their employers and others don't have that and so the requirement for them would be to max out their retirement savings in the RRSP over the course of their life.

Now there's a real lifecycle to this that when you're first out of school and in your first job in say your 20s, you have ability to save money. You know, no mortgage, no kids. That money that you save, even if it's a relatively small component, actually has very powerful multiplication because you'll have 40 years of tax-free accumulation. And even if you were to use that money as a down payment in a home, in Canada we have seen a quite significant appreciation in residential real estate.

Now the middle years are the years where families become net debtors. They have kids, they're saving for tuition, they're paying down their mortgages, they're busy trying to climb the ladder of their career, and that's where the least wealth accumulation occurs. And then once the kids leave home and are finished university incomes typically peak in people's 50s and that's the period of massive wealth accumulation.

In today's world the boomers will never fully divest themselves of equities, because interest rates are too low, the prospects of significant income generation from fixed income portfolios is just too low, and so it's recommended that even the oldest boomers should have about half of their retirement nest egg in equities. Now the lower-risk large cap stocks that pay dividends are particularly attractive and we run a screen in the book that shows just examples of companies that have never missed a dividend, that has experienced significant dividends, that have been paying dividends for 150 years, and there are significant numbers of those companies.

So how much money do you need when you're affluent and you want to maintain your living standards? Well this book allows you to calculate that on your own. What it does is it says, okay, once you've made these lifestyle decisions and once you have a sense of your timing you can calculate just how much money you need the day you stop working to assure, with very high probability, that that portfolio is going to last 30 or 35 years. And typically what the financial planning literature suggests is that you calculate a withdrawal rate that begins between 4 and 5 percent in the first year and then increases over time by the rate of inflation each year. That that kind of withdrawal rate, given that you're invested at least 50 percent in the stock market, has a very high chance of providing the longevity that indeed will exceed your

lifespan. And as well, you determine how much money you want the day you stop working. You calculate what money you'll earn from other sources, be it Canada pension, which the maximum by the way is only \$10,200 in today's dollars, as well as any income you would earn from other kinds of pensions, and then decide how much money you need over and above that before tax.

So the rule of thumb is for every dollar earned pre-tax in retirement you'll need \$20 to \$25 in savings. Or to put it another way, just to pick a round number, if you want pre-taxed income of \$50,000 over and above your pension, you will need to save at least \$1 million. And, you know, those kinds of numbers will certainly cause many people to think about whether or not they really do want to stop working at age 60 or 65. Because we do go through quite a few calculations that show the power of working longer, as I said, both because of the additional income and wealth accumulation that's possible, the portfolio continues to grow untouched for longer and because your lifespan that remains when you are not earning employment income is shorter.

And truly though these numbers are large, I believe that in Canada that most boomers who are affluent have some sense of the magnitude of the savings required and that most boomers, if they're telling us truly what they believe, will look for opportunities to work flexibility well into what we used to consider old age. And thanks to remote technology it is far, far easier now than ever before, because with wireless technology we can work pretty much from anywhere. You can create global businesses simply by having a website. And for the people who really wanted freedom 55, those are often the people that don't like their work, that don't find satisfaction in their careers, and what I believe is that this will be a time when people have the opportunity to regenerate, to reinvent themselves, to move into things that maybe they didn't feel they could afford to do or take the risk of doing at a prior time in their lives. But with the slowdown in the growth of the labour board, which is already very dramatic, businesses and government bodies in Canada will be stretched and they will be looking for experienced talent and therefore providing all sorts of flexible opportunities for boomers to continue to provide and give back to the organization for a lot longer than our parents.

So I'm going to let that be the end of my overall summary and I'm certainly happy to open this up for more detailed questions. And why don't I begin in the room here. And operator, you can open the line for questions and I will go to the teleconference lines once I answer questions in the room.

QUESTION AND ANSWER SESSION

Operator

Thank you, Dr. Cooper. I would just like to remind the listeners who have dialled in that Dr. Cooper will be taking questions from the media only and if you have a question you can register by dialling star one on your telephone keypad. If you have a speakerphone, please lift your handset before making your selection. Please press star one at this time if you have a question and there will be a brief pause.

Dr. Sherry Cooper

So any questions here?

Question

(Inaudible)

Dr. Sherry Cooper

I do see it moving up. You see, when you look at the average retirement age in Canada, um, we're able now to disaggregate that by three groups, one is the self-employed, the other is those employed by the private sector, and then those employed by the government sector. The retirement age, the average retirement age is the youngest for the government sector and it's just above 55, roughly 56. And what we know is that many government workers, let's say teachers, once they've worked 30 years they have maxed out their retirement compensation and benefits and often we see that people retire from the public sector and those people are considered retired, even though they could well move on and do other things. The data don't allow us to track the same individual so it biases the overall average age of retirees downwards.

In the business sector the average age of retirement is about 62 and in—and this is really interesting—and in the sector of entrepreneurs, which would include people that are self-employed professionals to those that are small business owners, the average retirement age is nearly 70. And there's so many examples of it. I mean you think of Izzy Sharp working. When it's your own business and it has been something that you've created and it's been your life. Typically people continue to work even if their children have moved into the business, but they just

back away increasingly. So they are working, but maybe they're working quite a lot in their 60s, maybe taking more vacations in their 70s, and withdrawing gradually. I believe that that gradual withdrawal will predominate in the future and that even people working in the public sector, if we could collect the data for them individually we would find that retired nurses or teachers or doctors or government employees are in fact busy in other careers beyond age 55.

Question

(Inaudible)...workforce statistics, what percentage of people are in the workforce at different ages?

Dr. Sherry Cooper

Yes, and there's a chart in my book that shows that the fastest growing age cohort in the labour board are people between 55 and 65 years old. And that is going to increase rapidly. In fact, in the first decade of this century the only component of the labour force by age that's declining is the 25 to 35 year olds. Actually the numbers are falling. And that's because of the demographics of Canada. It's because the birth rate peaked at 3.9 children per woman in 1959 and then by 1965 birth rates started to plummet, to the point where Canada's birth rate right now or fertility rate is only 1.5 children per women. That compares to the U.S. of 2.1.

So the U.S. had a big echo boom. There are more boomer kids today in the U.S., roughly 96 million of them, than there are boomers. 78 million of them. In Canada it's about 10 million and 10 million. So we saw this plunge in the birth rate and so there's a real gap in the number of new labour force entrants over the next—well the crest in the baby boom is, baby boom retirement is 2025; the Canadian labour board's growth is falling from 1.8 percent in 2000 to about two-tenths of 1 percent by 2015. Which isn't that long from now. And so what we are seeing and I believe what we'll continue to see is a rapid increase in the number in the growth rate of the labour force in their 50s, 60s, 70s.

Question

Because they don't have enough money in the low income range—

Dr. Sherry Cooper

No, the low income ranges, they can afford to retire, because even if they have no retirement savings, um, the median household is still two adults and by the time you're in your 60s there won't be any children left typically but there are two adults, so that means that you get CPP for two individuals and old age assistance on top of that. So arguably you could see the earnings of that household, just straight government pension plans, at about—well over \$20,000 a year. And then on top of that there's other subsidization of low income elderly. And plus the healthcare is provided. So those people actually, as a percent of their working income as a percent of their living standard costs, are largely covered. There are countries by the way where that ratio of replacement is as high as 125 percent. In other words, you're better off being poor retired than being poor not retired. Luxemburg is an example, Greece is an example where there's virtual replacement 100 percent.

But in Canada—so it's the low income groups, I'm happy to say, we are better at taking care of than in the United States for example. Even median income we don't do a bad job. But for people with incomes let's say around \$100,000 a year, joint income, or \$120,000 or more, the replacement is roughly 30 percent. So for those people, unless they're willing to experience a substantial decline in living standards, they're going to have to save money in retirement. And over the course of a lifetime, depending on how generous your actual pension plan is, it could be as much as 10 to 15 percent of your pre-tax income. Which we all know is very tough, particularly when you're young, but a lot easier when the kids are off the payroll and you become an empty nester.

Another misconception which is in the book is that people think that they can live on the equity in their home. Well, with the rise in house prices around the country that we've seen in the last decade, it's going to be very, very difficult for people to downsize and take a lot of money out. Because if you look at the condo market it's arguably more expensive, it's certainly more expensive per square foot for roughly equivalent quality and location. There are reverse mortgages and those have their plusses and minuses, just like annuities and other kind of insurance related income investment vehicles, and there will be many, many more because of course this is a huge market which will provide enormous opportunity for the service sectors and goods sectors that provide for that age cohort.

Question

In researching your book can you give me an example of one finding that surprised you or something that maybe isn't as well-known in the Canadian situation?

Dr. Sherry Cooper

Well it did surprise me that we do have a replacement rate of 89 percent for low-income families, because \$10,200 a year in CPP doesn't sound like much to me.

So many things in this book surprised me. It surprised me how little inheritance there's going to be. You know, we all talk about the trillions of dollars that will be transferred from boomer parents to boomers, but the fact is, and there's better data for this in the U.S. than in Canada, but the fact is not only are we going to be living longer but our parents are living longer and that the bulk of your medical expenses occur at the end of your life, and while much of that will be covered in Canada by government, government does not cover long-term care, and long-term care is extraordinarily expensive. And even long-term care insurance is extraordinarily expensive. Plus on top of—

Question

(Inaudible)

Dr. Sherry Cooper

Well but you have to get a facility, a government facility that is available, and there is woeful shortages of beds. And if you go into a private facility they cover up to a certain amount. And if you want in-home care or you need in-home care, forget whether you want it or not, again, it's a very expensive proposition. And there's care and there's care.

We also know that boomer families are large. I mean when you've got an average fertility rate of 3.9 there's a lot of four-children boomer families, original families, and that means that whatever wealth is left at the death of the last parent it's divided in quite a few—into four parts as (inaudible), so that it doesn't turn out to be anywhere near the amount of money that we realize.

In addition, a lot of elderly people are living—I mean they've paid off their mortgage, they did all the right things, and then they're discovering that they can't afford the property taxes. Just as an example. Not to mention contingencies. Just because you're retired doesn't mean your car doesn't break down or the roof doesn't leak.

And there are all sorts of mishaps that occur that wouldn't be considered necessarily chronic disease but requires, you know, broken bones that requires a huge amount of physiotherapy, and physio means somebody's got to take you there. I mean I'm living it; most of my friends are living it. And often parents aren't nearby either because we've become a much more mobile society. And you need an advocate to work your way through the healthcare system, particularly if you aren't ambulatory. You know, you need to know where to go and when to go and how long you'll have to wait and how you're going to get there and how you're going to get back, and all these things are very expensive.

Operator, are there any questions on the line?

Operator

We have a question from Mr. Jon Chevreau from the National Post. Please go ahead.

Question

Sherry, interesting book. I read it over the weekend.

Dr. Sherry Cooper

Thank you.

Question

Did you—I didn't see too many political recommendations in terms of whether Department of Finance should increase RRSP levels or some measure that employers should be compelled maybe to offer traditional defined benefit or defined contribution plans; any kind of political suggestions you recommend there?

Dr. Sherry Cooper

Well you cannot require businesses to offer these good old fashioned pension plans, because they're just too expensive. That's what's happened to General Motors and the other big three automobile manufacturers. They are saddled with larger costs for healthcare and pension for their pensioners than the inputs into the production of an automobile. Because these defined benefit pension plans, again, were created with the assumption that people would live to age 65 at the oldest and on average

maybe even younger than that. And so with people living so much longer than before and with the rate of return on investment lower than historically, largely because inflation has fallen, the benefits plans, the risk that's taken on by the corporation indeed makes them hugely uncompetitive with businesses in countries where they do not have these requirements. So we don't want to kill jobs and drive all our businesses out of the country.

As far as the government raising the maximum contribution levels, absolutely, and they are. The maximum contribution level this year I think is \$19,000 for 08 and next year it'll be \$20,000 and it rises to, I think they've lifted it to \$22,000. And it will be increased beyond that it's just, you know, the politicians generally take it out only five years. So they are becoming more and more generous from a tax-saving perspective.

The other thing that the government has done is extend the maximum age at which you have to begin withdrawing money paying full income taxation on your RRSP savings to age 71. Which is great, because for people who do work longer you want to see that money building tax-free for as long as possible and also for people, even if they stop working, if they have savings outside of their retirement plans, that income, if it's in dividends or capital gains, are taxed at a much, much lower rate. So it gives people the opportunity to maximize their income flow over a very long period of time. And I think that measures like these will continue and the financial services industry will be very innovative in creating all sorts of products.

One interesting idea that I've heard recently is that whatever money you have when you want to stop working, let's say at age 65, that you plan on taking 15 percent of it and using that to buy an annuity that would begin on your 85th birthday. Those annuities would be very inexpensive, because probabilistically the insurance companies know that most people would, if they do get income, it would be for a reasonably short period of time. And then you can live on the rest of your nest egg with a much higher withdrawal rate than the 4 to 5 percent recommended. And so you are covered for the potential, what we call the longevity risk.

And there's all sorts of other ideas. The fact is people have different risk profiles. Some people will be quite content to assure that their money lasts for 20 years; others will want it to be 35. If you are in a family with lots of centarians you may consider that you want to postpone your retirement. These are all obviously individual questions. But there are also, and I do discuss this, there's lots of ways of paring back. You'd be surprised how much less money you spend when you're

no longer working, you don't need the clothing or the transportation or the lunch money associated with work. As well, you may be able to deal with one automobile, not two, or maybe even no automobile if you're in a city. As well, you know, you need less space. If you move at least part of the year to a more temperate climate you save money on heating and that sort of thing. There are really lots of possibilities. Like (inaudible) are becoming more and more popular for seniors. Boomers by the way will never want to be called seniors. Boomers don't consider themselves old and boomers, our survey suggests that people, the boomers say that they won't consider themselves old until they're 75. And I'll bet you that turns into 85.

So anyway, people in the last third of their lives, many of them are attracted to smaller towns, to the exurbs, meaning further away from the city centre, they don't have to be in the city centre any longer, or to college towns where there's generally a lot of culture activity, sportings events, lots of things to do that are free, generally good healthcare, a cleaner environment, that sort of thing. And also another big thing boomers will do in retirement is take courses. Exercise of the brain is one of the other, um, I guess it's not a surprise, it makes sense, but it's absolutely essential. It's a great time of life to learn a new language or learn how to play bridge or chess or Sudoku. But just engaging your mind. Book clubs will become increasingly popular. And lots of adventure travel or seniors travel as well. And not necessarily expensive travel either. I mean just seeing in more depth the region in which you live where you've never had the time to do so. Not to mention there's going to be a huge wave of volunteerism, which will be very positive for the community, and lots of opportunity for individuals to give back.

Yes, you had a question?

Question

Other books that have looked at the impact of the baby boom retiring have taken a rather pessimistic look to real estate and securities and that sort of thing, and I see more optimism in your book, um, saying that people are going to hold the equities longer, there's no reason for people to be giving up their homes, there's a hot (inaudible) home ownership past the age of 85. Are there other things that you—or why do you see that optimism?

The other books also they tended to predict the doom and gloom much sooner, you know, the minute that the oldest baby boomer started to retire we were going to

have rack and ruin, but you map out a much longer period of adjustment. Could you talk about those issues?

Dr. Sherry Cooper

Yes. It's interesting, many people do not downsize in the traditional sense and in fact it's very tough to downsize. If you think about the major cities in Canada, um, condo prices are high and very high per square foot and boomers were notorious for being space junkies. Like my husband has a wine cellar and we haven't found a condo yet that can accommodate a wine cellar. Or hockey equipment. Or, you know, office space. You work at home and so the kids' bedrooms turn into offices and gyms. And kids have a tendency to boomerang as well, you know. They may leave and then ultimately come back for a while. And even if they don't really come back, I mean you want to be able to have your family come visit. And so space actually in Canada is relatively inexpensive per square foot in a single family home and relatively expensive in condominiums, because the condo has no ceiling on the condo fees and because the property taxes are onerous. So, you know, if it's a new condo, or whether it is new or not, on the day of the sale the sale price is your assessment value. Whereas, you know, you've been living in a place that is, um, you know, it's uncertain what the real value of it is. In addition, boomers are just going to live longer and they're obviously much healthier and more active.

And finally, the stock market is the only investment vehicle where you can get significant growth at a tax-preferred rate. So there's no preferential tax treatment on ordinary interest. And, as I said, bond yields are very low. And, if anything, the chances for inflation mean, um, inflation's likely—if it's going to move significantly it has a lot more room on the upside than on the downside with 2 percent inflation. And the things that the elderly buy have a much higher inflation rate than the general CPI. So it's a wealth of reasons why you want to be still invested in growth situations.

Question

(Inaudible)

Dr. Sherry Cooper

I am optimistic. And maybe because I believe, I truly believe that it's a wonderful time of life. If you are healthy. And by healthy I don't mean that you can run a marathon but that you can live independently and that

you have no reason for (inaudible). It's a time when—I tell my mom that she's so lucky because she gets to stay and and I can only visit. And it's a time when you can enjoy as much of your children or grandchildren that you want but not have all the responsibility associated with it, be it financial or, you know, just care giving and the scariness of raising children. And it's a time when you can truly invest in yourself. I mean I certainly will take courses in all the things that I never had time to take courses in before and get involved in all sorts of things.

The other thing is boomers are doing that already pre-retirement. Boomers more and more now in their 40s and 50s are joining the boards of museums, hospitals, universities, providing far more than just money to charitable endeavours but wanting to provide time, their skills. Wanting to do something—look at the Gates'. A great example of wanting to be partially involved in the philanthropic work so that they know and take an active role in how they're choosing to give back to the rest of the world. And that can be a very demanding "job".

Question

Do you have any plans to retire yourself?

Dr. Sherry Cooper

Yeah. No plans. Like honestly I don't know, but certainly no time soon. I can't imagine it frankly. Now mind you I love what I do. If I hated what I did, I'd be trying to get out quick and then go off and do something I really wanted to do. So I'm not Pollyanna-ish enough to say that everybody loves their job and they're all going to stay on, but I have a colleague, I'm sure you all know of Don Coxe, who, um, I don't think he'd mind my telling you that he's 72. I think he just turned 73. And he's going strong.

And why should he retire, you know? I mean he's amazing. And as sharp as a tack and far, far better, I think, at what he does than people that are 30 years younger. So the nice thing about many jobs now is they're not physically strenuous, you know, I don't have to do something that's going to break my back, and so it is possible. And more and more of us are in knowledge work and it is absolutely true that the more you use your brain the stronger it becomes. There's been studies—

Question

(Inaudible)

Dr. Sherry Cooper

A year? I am. I am. That's physically trying because of the airport, but I mean I'm, as I say, I like what I do. I really like what I do.

Question

(Inaudible)

Dr. Sherry Cooper

Well I have all these other wonderful young people who do a lot of the heavy lifting, believe me. Another great thing about being a boomer is that generally you are at a stage in life where you have more control over what you do. In other words, you know, I go visit my family for U.S. thanksgiving and you better believe that I take off Thursday and Friday and it's somebody else that's manning the phones. So, you know, you get—you have more flexibility, and that's very nice. And there's lots of young people nipping at your heels who are anxious to get, you know, more exposure and do more and plus I like mentoring. It's fun.

Another interesting thing I found that was surprising is there is no generation gap between boomers and their kids the way there was for boomers and their parents. It was in the 60s. Oh my god, I mean the arguments around the dinner table in my house were quite horrific. Actually it prepared me well for press conferences. But, you know, when I was telling my dad that the war in Vietnam was, you know, unconscionable and he argued back or when he was telling me that a woman's role is to get married and have a family and you certainly don't need a career, those were tough. But today, interestingly, the sociology, anthropology, psychology literature are all looking at why it is that boomer kids like to be mentored by boomers and the surveys show that boomer kids say they're close to their parents. Much more so than the boomers would have said at the same age. I think it's because we were older when we had children and because we always thought of ourselves as being young so we were a lot more of a colleague or a friend to our kids rather than a disciplinarian. But in any event... And the Gen Xers, they're happy for the boomers to go. But go can be, you know, move over and work on a contractual basis and teach me all you know as opposed to, you know, physically get out of here, because honestly, if you think about it, a huge percentage of Canadian business and government senior management and middle management are within five to

ten years (inaudible) and it's going to be a real challenge to replace all those people. It's going to—

Question

(Inaudible)

Dr. Sherry Cooper

Yes, there are. But you see, five or ten years—

Question

(Inaudible)

Dr. Sherry Cooper

Well because if I work until I'm 70 then the young boomer who is ten years younger than me isn't so young. And so it is the Gen Xers and the boomer kids that will really have much of the opportunity. That's what I mean about—like the youngest boomer is 44 and the oldest boomer is 62. The older boomers, if they're healthy and energetic and still go to the gym and still, you know, like what they do, it's hard to move them aside.

We have a mandatory retirement age for our board of 70 and even that I think is going to disappear. And mandatory retirement is illegal in Ontario and it has been illegal in quite a few provinces for quite a long time.

Time to go. Well, ladies and gentlemen on the telephone, thank you very much for joining the call, and for those of you here, it's a real pleasure. Thank you.

Operator

Thank you. The conference has now ended. Please disconnect your lines at this time. Thank you for your participation.
