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BMO ETFs

What Investors Need to Know: Changing Demographics in Canada

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T O D A Y ' S S P E A K E R S



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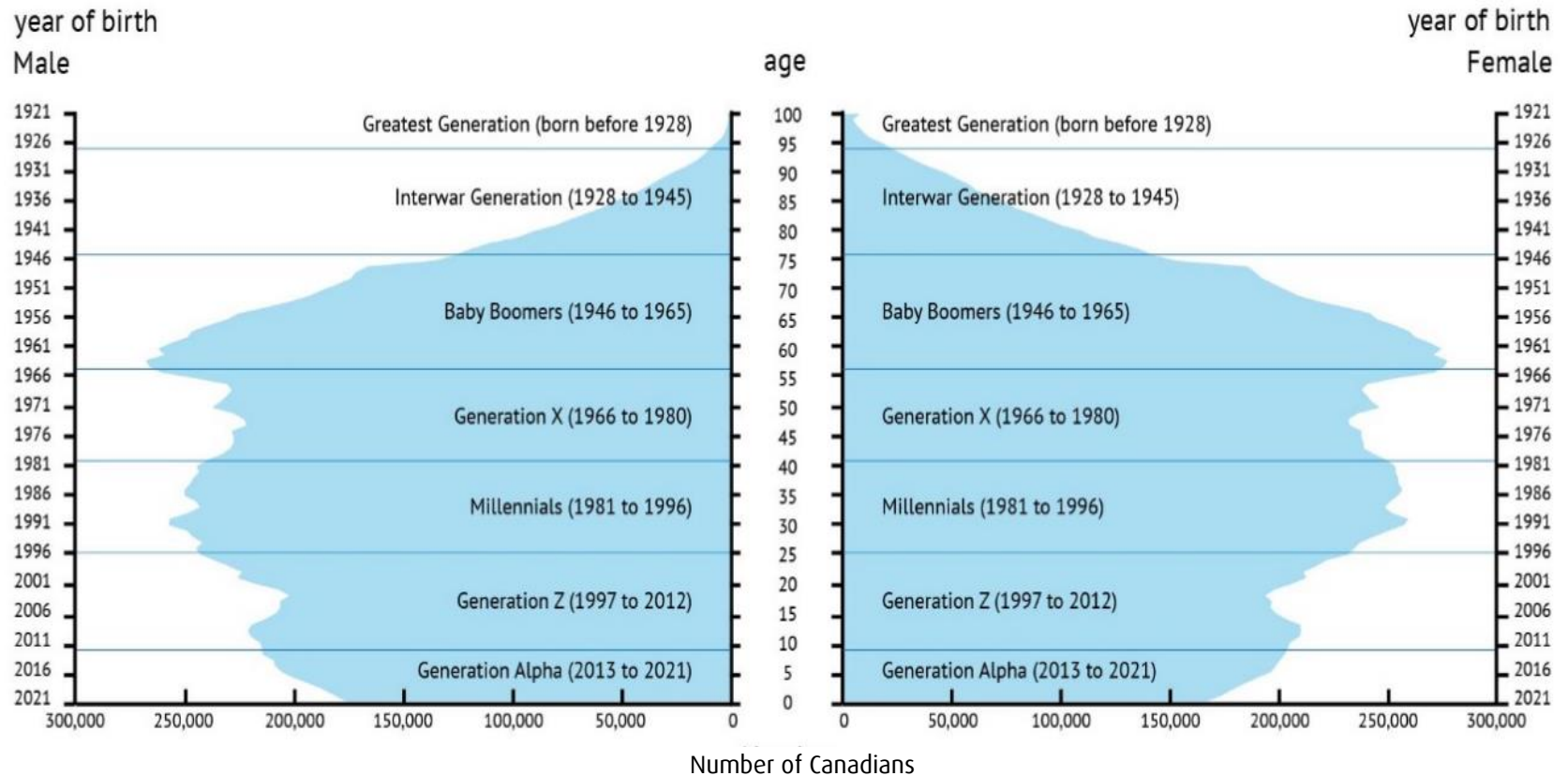
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Baby Boomers - a Quarter of Canada's Population

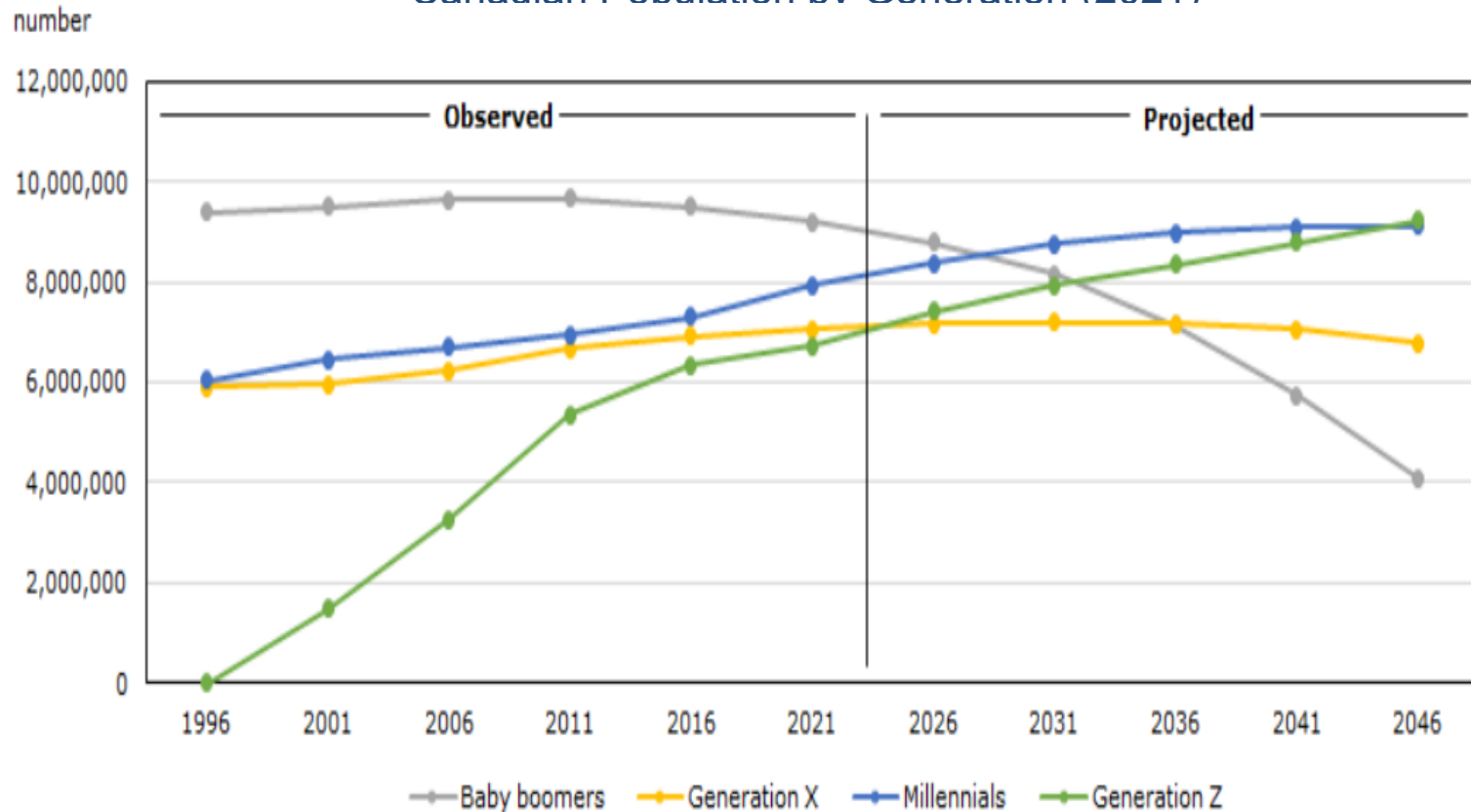
Age Pyramid of the Canadian Population (2021)



Source: [Statistics Canada, Census 2021](https://www150.statcan.gc.ca/n1/pub/92-62-001-x/2021001/article/00001-eng.htm)

Millennials are expected to outnumber Baby Boomers by 2029

Canadian Population by Generation (2021)

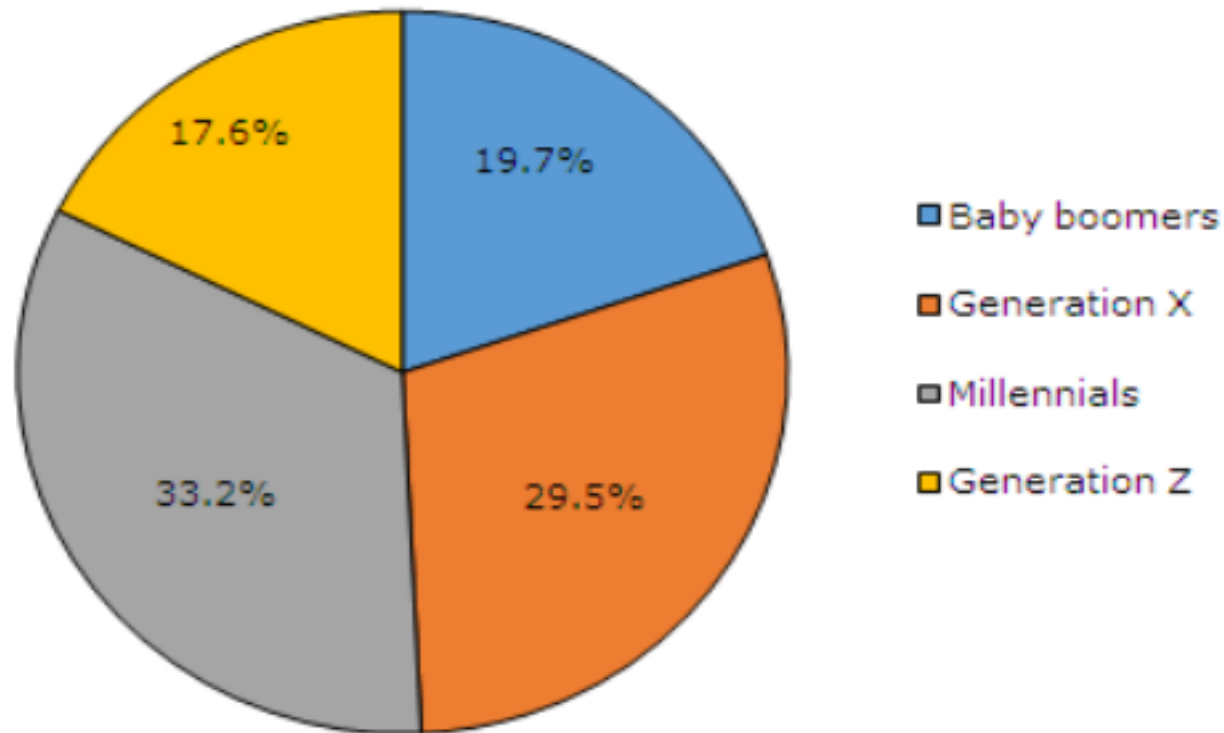


Note: Data for 2026 to 2046 are population projections from the M1 medium-growth scenario and are based on the 2016 Census. For reasons of comparability, the Census net undercoverage has been removed from the projected populations presented in this graph.

Source: [Statistics Canada, Census 2021](#)

Baby Boomers only 20% workforce

% of Working-age Canadian Population (15 to 64) by Generation (2021)

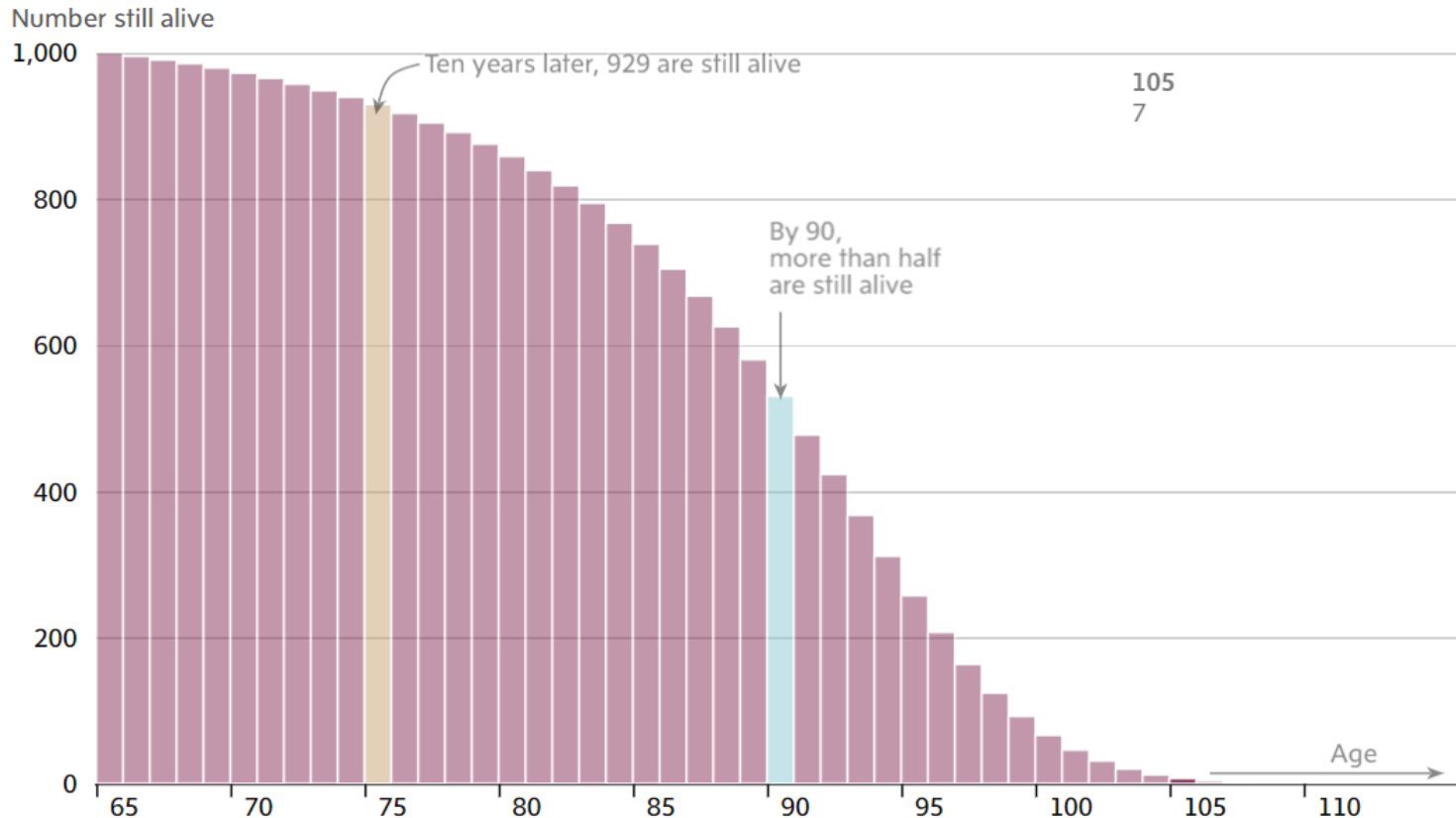


Source: [Statistics Canada, Census 2021](#)

The Good News – We're living longer

1,000 women aged 65 – over half will live to 90

Female rates from Canadian Pensioners' Mortality 2014 table with improvements to 2023



THE GLOBE AND MAIL, SOURCE: CPM MORTALITY TABLE, COMBINED PRIVATE AND PUBLIC, WITH IMPROVEMENTS TO 2023 PLUS SIZE ADJUSTMENT. FRED VETTESE

DATA SHARE

[Source: The Globe and Mail, March 7, 2023](#)

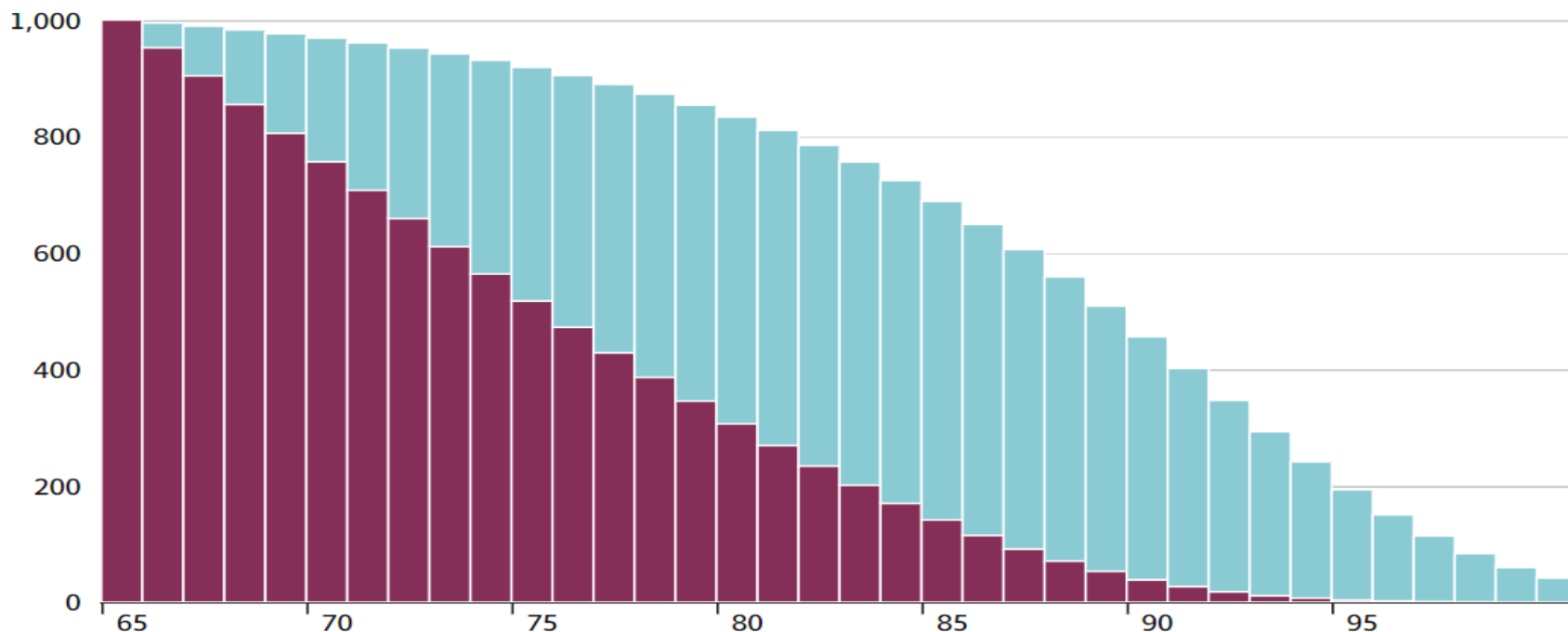
The Bad News – Critical Illness affects quality of retirement

1,000 men aged 65 – over half will live to 90, but only 39 of them without a critical illness

What are the odds of surviving to 100 in reasonably good health?

Number of healthy versus sick men (starting with 1,000 healthy at 65)

● Healthy ● Sick



THE GLOBE AND MAIL, SOURCE: CPM MORTALITY TABLE WITH IMPROVEMENTS TO 2023, CIA CRITICAL ILLNESS INCIDENCE TABLES, NOV. 2011. ASSUMING HALF THE DEATHS IN A GIVEN YEAR ARE PEOPLE WHO GOT SICK

[DATA](#) [SHARE](#)

[Source: The Globe and Mail, March 7, 2023](#)

FP Canada and IQPF – Probability of Survival

- 70 year old has a 25% chance of living to at least 94 (M) and 96 (F)
- Best practice – use probability assumption of outliving capital less than 25%

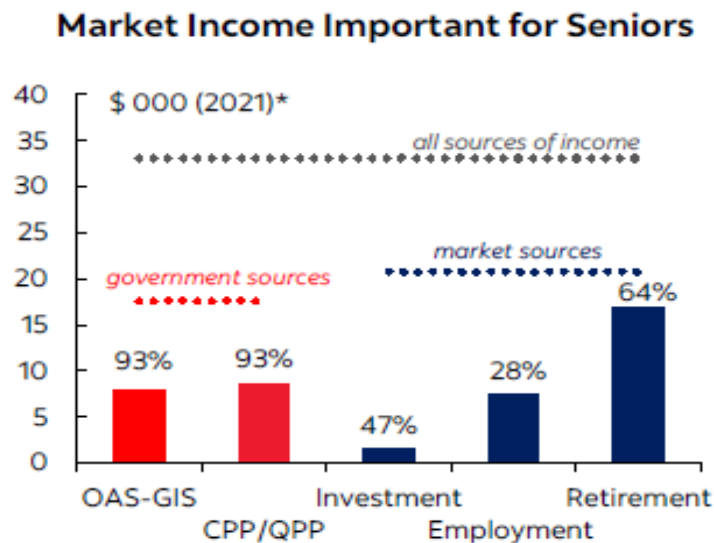
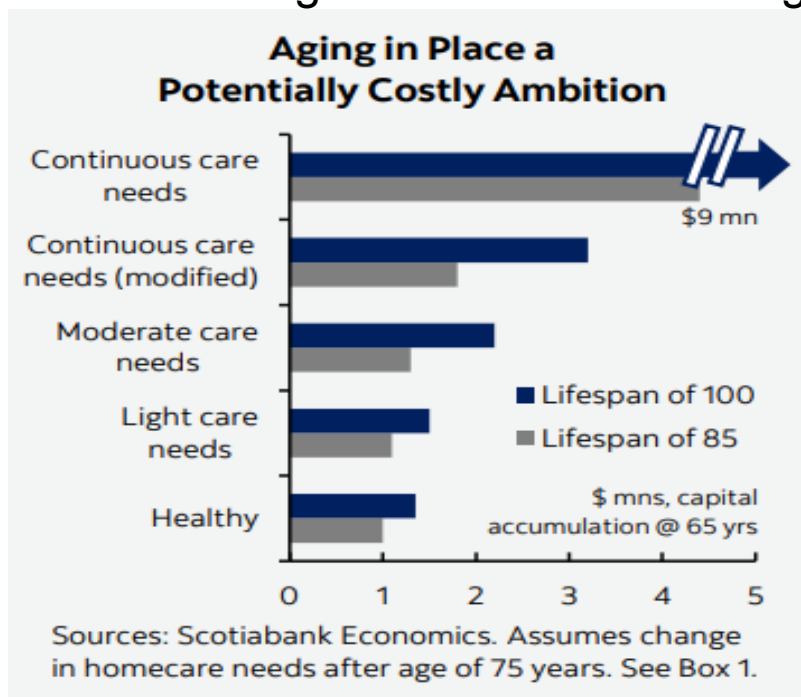
PROBABILITY OF SURVIVAL TABLE

Current Age	10%			15%			20%			25%			30%			35%			40%			45%			50%		
	M	F	M/F	M	F	M/F	M	F	M/F	M	F	M/F	M	F	M/F	M	F	M/F	M	F	M/F	M	F	M/F	M	F	M/F
20	99	101	102	97	100	101	96	98	100	95	97	99	94	96	98	93	96	98	92	95	97	91	94	96	90	93	96
25	99	101	102	97	99	101	96	98	100	95	97	99	94	96	98	93	95	97	92	94	97	91	94	96	90	93	95
30	98	101	102	97	99	101	96	98	100	95	97	99	94	96	98	93	95	97	92	94	97	91	93	96	90	92	95
35	98	101	102	97	99	100	96	98	99	95	97	99	94	96	98	93	95	97	92	94	96	91	93	96	90	92	95
40	98	100	102	97	99	100	96	98	99	94	97	98	93	96	98	93	95	97	92	94	96	91	93	96	89	92	95
45	98	100	101	97	99	100	95	98	99	94	97	98	93	96	97	92	95	97	91	94	96	90	93	95	89	92	95
50	98	100	101	96	99	100	95	98	99	94	96	98	93	95	97	92	94	97	91	94	96	90	93	95	89	92	95
55	98	100	101	96	99	100	95	97	99	94	96	98	93	95	97	92	94	96	91	93	96	90	92	95	89	91	94
60	98	100	101	96	98	100	95	97	99	94	96	98	93	95	97	92	94	96	91	93	96	90	92	95	89	91	94
65	97	100	101	96	98	100	95	97	99	94	96	98	93	95	97	92	94	96	91	93	96	90	92	95	89	91	94
70	97	100	101	96	98	99	95	97	98	94	96	98	93	95	97	92	94	96	91	93	96	90	92	95	89	91	94
75	97	100	101	96	98	99	95	97	98	94	96	98	93	95	97	92	94	96	91	93	96	90	92	95	89	92	94
80	98	100	101	96	98	100	95	97	99	94	96	98	93	95	97	93	95	96	92	94	96	91	93	95	90	92	95
85	98	100	101	97	99	100	96	98	99	95	97	98	94	96	98	94	95	97	93	95	96	92	94	96	92	93	95
90	99	101	102	98	100	101	97	99	100	97	98	99	96	97	99	95	97	98	95	96	98	94	96	97	94	95	97
95	101	102	103	100	101	102	100	101	102	99	100	101	99	100	101	98	99	100	98	99	100	98	98	100	97	98	99
100	105	105	106	104	104	105	103	104	105	103	103	104	103	103	104	102	103	104	102	102	103	102	102	103	102	102	103

Source: [FP Canada Standards Council - April 30, 2023](#)

Rethinking Retirement – Aging in Place and Critical Care costs

- The majority of Canadians expect to age in place but care costs can add up quickly depending on level of care needed
- Almost half of seniors 75+ have at least one disability, while one in three Canadians aged 85+ reside in a long-term care setting



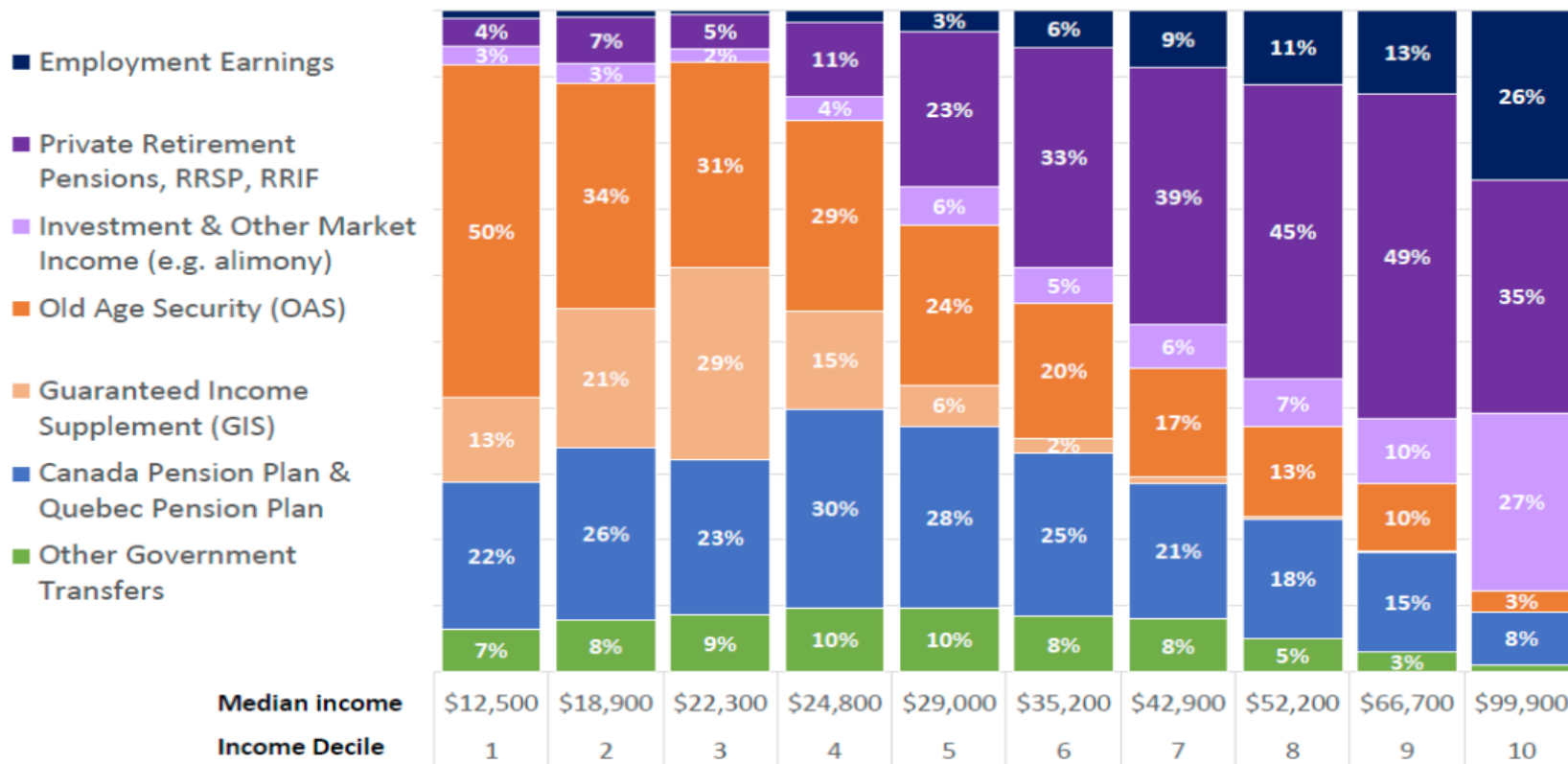
Sources: Scotiabank Economics, Statistics Canada.
 *Reflects median value among those 65 years+ receiving income source (% denoted).

Continuous Care – round the clock paid support in the home, Continuous care needs (modified) – 45 hours/week of paid support, Moderate Care – 22 hours/week of paid support, Light Care – 5 hours/week of paid support

Source: [Scotiabank Global Economics research, July 6, 2023](#)

Canadian Seniors Income Type by Decile – 2020

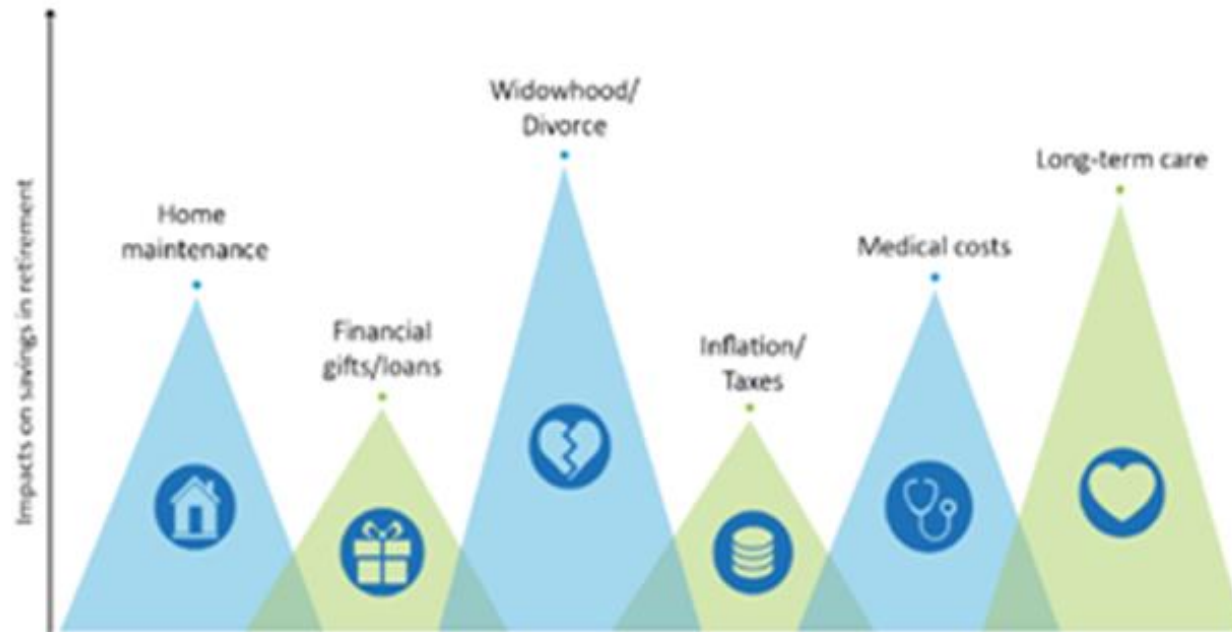
Age 65 and Over, Income Composition by Individual Income Decile, Canada, 2020



Income sources by share of total individual income before-tax. Excludes persons with negative self-employment earnings.
 Source: Statistics Canada, Canadian Income Survey 2020 microdata.

Source: [Canadian Seniors income type by Decile, Maaranen, R., Stapleton - Nov 2023](#)

Biggest Potential Financial Shocks in Retirement



Source: [Society of Actuaries, Shocks and Unexpected Expenses in Retirement - January 2016](#)

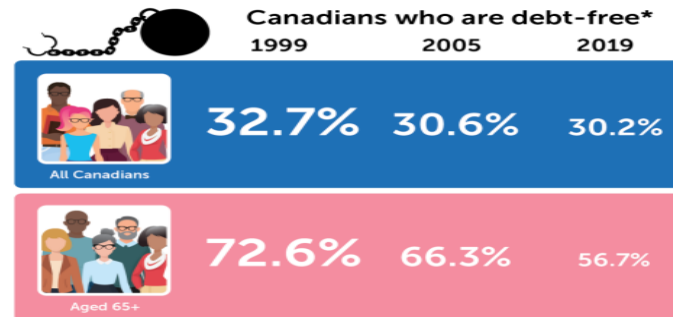
Longevity Literacy



[WEF report – Living Longer, Better: Understanding Longevity Literacy – June 2023](#)

- Quality of Life
- Purpose
- Financial resilience

The younger generation is likely to support the older – “Bank of Mum and Dad” has closed



Source: [Statistics Canada: survey of Financial Security \(2620\)](#)

Adult kids are spending thousands a year to support parents who didn't save enough for retirement

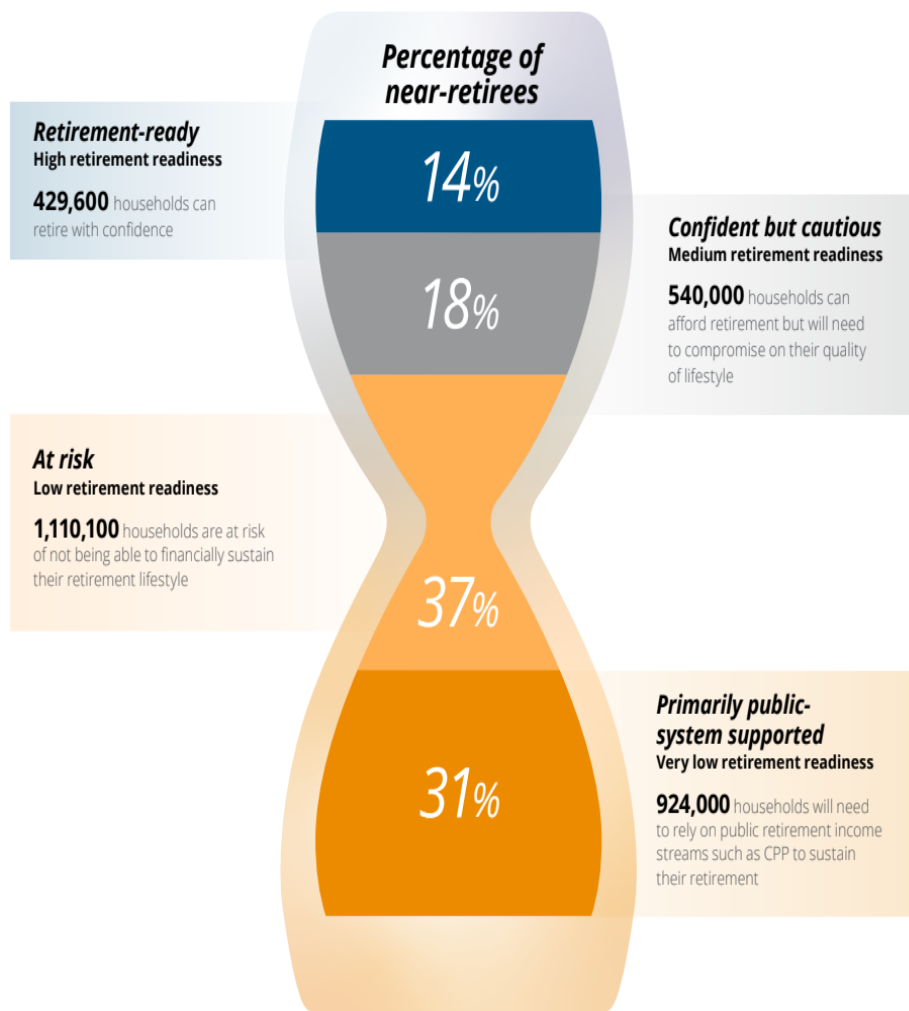


ROB CARRICK > PERSONAL FINANCE COLUMNIST
PUBLISHED JUNE 7, 2023

The amount of financial help provided by adult kids varies widely – the bookends are the 1.4 per cent of participants paying \$100,000 and up per year and the 14.5 per cent paying \$1,000 or less. In between, we have about 27.5 per cent paying between \$1,000 and \$5,000, 24 per cent paying \$5,000 to \$10,000 and about 29 per cent paying \$10,000 to \$50,000.

Source: [Globe and Mail - Rob Carrick, June 7, 2023](#)

Retirement readiness of 3 million (55 – 64) soon to retire



- 1. Retirement-ready**
429,600 households can retire with confidence (14% of near-retirees) They have over \$900,000 in financial assets and typically own their primary residence. Almost all of them can absorb unexpected costs, such as long-term care. This segment is well served by financial advisors, with the advisory planning process increasing their level of retirement confidence.
- 2. Confident but cautious**
540,000 households can afford retirement but will need to compromise on their quality of lifestyle (18% of near-retirees) They have between \$400,000 and \$900,000 in financial assets and many own their primary residence. Improved planning advice, better investment products, and accessible home equity release (HER) products could substantially improve this segment's quality of living during retirement. Furthermore, innovative insurance products that can support large, unexpected costs will help this segment be more financially secure in the later stages.

Source: [Deloitte, Running out of time - December 1, 2023](#)



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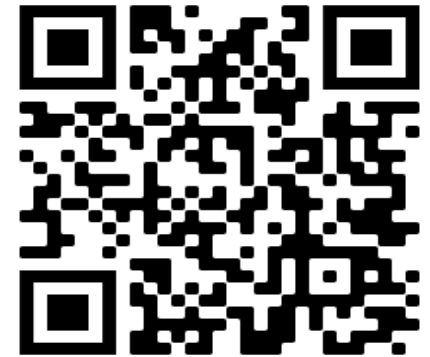


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