Why is 50% Considered a Niche?

2022 DC Plan Summit

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Speakers:

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The 1950's

The Good Housewife

Image from an actual 1950's high school economics textbook.

What Keeps You up At Night ?

Early Life Stage	Mid Life Stage	Later Life Stage
▪ Paying off college debt ▪ Finding a job ▪ The future	▪ Career ▪ Marriage and finances ▪ Caring for a child, ill spouse, parent or sibling ▪ Retirement ▪ Everything	▪ Health care ▪ OAS/CPP Benefits ▪ Outliving your money

Disrupted Retirement Journey: Future Income

Women who take a break between ages 25-35 experience larger wage gaps to their male counterparts

The New York Times

TheUpshot

The 10-Year Baby Window That Is the Key to the Women's Pay Gap

Women who have their first child before 25 or after 35 eventually close the salary divide with their husbands. It's the years in between that are most problematic, research shows.

Source: The New York Times, Source: "The 10-year baby window that is the key to the women's pay gap", New York Times, 9 April 2018, [Link]

There are socio-economic consequences to deferring starting a family

A Career Cost to Parenthood?

Source: "Freeze Your Eggs, Free Your Career", Bloomberg Businessweek, 21 April 2014.

The Disrupted Retirement Savings Journey

Impact of taking a break from the workforce on retirement savings

	43 YEAR PERIOD		
		7 YEAR BREAK	33 YEAR BREAK
	TAYLOR *No caregiver leave*	**JORDAN** *With caregiver leave*	**SIDNEY** *With caregiver leave & does not return to workforce*
EMPLOYEE CONTRIBUTION			
Amount invested	$96,710	$79,431	$10,705
Final account value	**$367,361**	**$284,305**	**$107,229**
EMPLOYEE CONTRIBUTION INCLUDING EMPLOYER MATCH			
Amount invested	$193,419	$158,862	$21,411
Final account value	**$734,723**	**$568,609**	**$214,458**
Hypothetical annual retirement income derived from account	**$51,983**	**$40,230**	**$15,173**
Additional years of work past age 65 needed to generate equivalent retirement income	**n/a**	**2.5**	**n/a**

Key assumptions |Starting age= 22| Starting salary = $48,000 (CAD) | Annual pay increase= 2%| Employee contribution= 3% | Employer contribution= 3% match on deferral | Fixed rate of return of 6% per year| Age at break for Jordan and Sidney = 29| Length of break= 7 years for Jordan, 33 years for Sidney| Salary upon return = same as when left the workforce| The hypothetical example assumes that when Jordan returns to the workforce she contributes to her DC account at the same rate she was contributing when she left (3%)| Age at retirement= 65| Assumed life expectancy= 20 years from age 65| Hypothetical annual income represents a level 20 year annuity calculated using a discount rate of 4%.

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Hypothetical Illustration. Steady versus disrupted saving

Thank You!

Any questions?

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Additional Resources:

1. Making the ESG Connection Toolkit
2. MFS Diversity Annual Report 2021

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