



OICU-IOSCO

Financial Capability/Investor Education Programmes for People in Their Working Years

**IFIE/IOSCO Conference
Toronto, Canada**

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Building
20 June 2013**

The Working Years: Four General Rules

1. Manage Debt

- Good debt and Bad Debt
- How much debt (less than 28% for home loan and associated expenses)?
- Eliminate debt

2. Prepare for the “unthinkable”

- Safety cushion or emergency account 3 months or 6 months
- Loss of job
- Sickness
- Health care needs

Speaking of Illness

- University of California, San Francisco – 8,303 ER visits from 2006 to 2008 by adults 18 -64:
 - Sprain \$4 – \$24,110
 - Headache \$15 – \$17,797
 - Kidney stone \$128 - \$39,408
 - Urinary tract infection \$50 - \$73,002
 - Upper respiratory infection \$19 – \$17,421

More Illness, but by Country

I. Colonoscopy	\$1,185 (US)	\$655 (Switzerland)
II. Angiogram	\$914 (US)	\$35 (Canada)
III. Hip Replacement	\$40,364 (US)	\$7,731 (Spain)
IV. Lipitor	\$124 (US)	\$6 (New Zealand)
V. MRI Scan	\$1,121 (US)	\$319 (Netherlands)

3. Savings and Budget

What can those who can not afford to save a dime for retirement do?

Three Formulas: The New Math

1. Savings to Income Ratio
2. Housing Costs to Income Ratio
3. Debt to Income Ratio

4. Prepare for Transition

- The transition from aggressive to conservative investor starts around age 50.
- One Million \$ may not be enough ! (?)
- Then as you are about to retire:
 - Realize this is the “homestretch”
 - Get the Big Picture
 - Budget
 - Start the downshift early and don’t wait till the last moment
 - Think reinvent, reimagine and encore.
 - Everyday is a snow day or a Saturday

KEEP A GOOD ATTITUDE, DO WHAT YOU WANT,
and
ENJOY !!

References:

Slide 2: "Be a Fit Borrower," USAA Magazine, p. 10, Summer 2013.

Slide 3: "As Boomers Age, a Booming Sector Emerges," The Globe and Mail, B17, May 23, 2013.; "Stand Clear! Sticker Shock at the ER," AARP Bulletin, p. 6, May 2013.; "States Report: Health Care Crisis Looms for Seniors," USA Today, May 29, 2013.

Slide 4: "The \$2.7 Trillion Medical Bill," The New York Times, p1A, June 1, 2013.

Slide 5: "Sacrifice Now or Suffer Later: Saving for Retirement is a Must," USA Today, p. 3 B, May 30, 2013.; "Save Money. That's an Order," Money Magazine, p. 81 – 84, March 2013.; "Prosperity in Vietnam Carries a Price: Diabetes" The New York Times, p. A15, June 9, 2013.; "Student Debt Slows Growth as Young Spend Less," The New York Times, May 10, 2013.

Slide 6: "Cap and Frown," New York daily News, p. 33, May 21, 2013.

Slide 7: "Choosing the Safest Path," AARP Bulletin, p. 24, May 2013.; "Uh-Oh! You're About to Retire," Money Magazine, p. 30, June 2013.; "AARP: Retire Becomes Reimagined" USA Today, p. 5B, May 28, 2013. ; "For Retirees, a Million-Dollar Illusion," The New York Times, P1 Business Section, June 9, 2013.; "Suddenly, Many Nest Eggs Look Fragile," The New York Times, P4, June 16, 2013.

Slide 8: Gary Tidwell, life experiences.