



# FINANCIAL LIFE STAGES

*OF OLDER CANADIANS*



BRONDESBURY GROUP

Written By:  
Dr. Edwin L. Weinstein, PhD, C.Psych.  
SPRING 2015

## Contents

EXECUTIVE SUMMARY .....	1
1. Introduction.....	5
1.1 Background.....	5
1.2 Method.....	6
1.3 Who We Interviewed .....	7
2. Planning.....	9
2.1 Planning Basics .....	10
2.2 The Best Laid Plans.....	13
2.3 Impact of Big Financial Events .....	17
3. Concerns for the Future .....	23
3.1 Major Concerns & Life Stages .....	24
3.2 Adequacy of Savings & Income.....	28
3.3 Investment Scams .....	29
4. Financial Advice.....	32
4.1 Advice from Respondents .....	33
4.2 Useful Advice.....	36
4.3 Getting Financial Advice.....	38
5. Life Stage Profiles.....	41
5.1 Initial Definition of Life Stages .....	41
5.2 Life Stage Profiles.....	43

6. Summary and Conclusions .....	46
6.1 The Issues .....	46
6.2 Key findings and Implications .....	47
Appendices .....	49

## EXECUTIVE SUMMARY

- This research identifies the top financial concerns of older Canadians and places them in the broader context of retirement concerns. It also looks at the main financial risks of Age 50+ Canadians at each life stage and how they are managed. This is the third in a series of financial research initiatives on older Canadians.
- This report is based on some 1532 completed online survey interviews with Canadians aged 50 and over. This is a national sample with quotas set for each region to ensure satisfactory accuracy, as well as aiming for a roughly equal balance of male and female respondents. The survey was about 15 minutes in length and respondents were free to respond in either French or English. About one-quarter chose to respond in French.
- The sample is weighted to correspond to the actual number of men and women in households in each region by age of respondent. The accuracy level of results is within +/-2.5% some 19 out of 20 times for the entire sample.
- Based on StatCan data, our sample has a slightly higher income than the general population. This is largely due to a relatively high incidence of company pension plans and registered savings plans.

## Overall Findings

- There are two findings that have major implications for both planning and managing retirement.
  - Unexpected financial crises that disrupt savings and planned retirement spending are far more common than we anticipated, especially in the pre-retirement years.
  - The financial ramifications of personal health become increasingly important as Canadians age.

## Planning

- Most people operate with an informal financial plan and have an approximate idea of what they need for the future. When the future is close (e.g. the expenses of the next few months), their rough idea of needs becomes more accurate.
- While most people have regular habits for saving (pre-retirement) or drawing income (retirement), almost half demonstrate some flexibility in managing their money. For example, they may cover regular expenses with a pension plan, but they will draw on other savings or assets when circumstances warrant. They do more than just cut spending when they have significant unexpected expenses.
- Some 6 out of 10 experienced major life events that challenged their prior financial plans. When so many people have had disruptive experiences, it is clear that dealing with the unexpected needs to be a bigger part of financial planning. Flexibility needs to be part of the planning discussion.

- Across the age spectrum, the three most common events that disrupt plans are: Giving financial support to an adult family member/relative that is having difficulties; Paying significant healthcare expenses for self or a family member; and losing money in the stock market and not making it back.
- Unexpected early retirement is the most common event to challenge plans for those under age 75. Among retired persons under age 75, more than one-third reported that they were forced to retire earlier than they wanted. For two-thirds of this group, it was health reasons that forced their early retirement.
- There are a variety of ways that people cope with major financial events, but for the most part people cut household spending, cash in some of their savings, and/or borrow money. Borrowing is most common among those still working, as is stopping saving for retirement.
- Two-thirds of people age 75 and over report having major medical problems. Median out-of-pocket healthcare costs are \$2000 annually for those 75 and over, but 1 out of 8 households spends over \$5000 per year. Healthcare expenses are a major focus of concern for people age 75+.
- Other – Mainly concerned with family matters, and to a small extent, concerns like fraud and getting advice.
- Day-to-day cost of living is a top concern for most retired people, as well as those contemplating retirement. For those who are retired, healthcare costs present a significant risk to expenses, while investment earnings present a similar risk to income. For those who aren't retired, the major risk to expenses is how long they will live. And for those who can't afford retirement, the major risk to income is their success at staying employed until they believe they can afford to retire.
- When we look at what people expect in the future, we find that money and health concerns are the most pervasive. Based on reports of past experience, the concerns they have derive from their own experience and likely those of others they know.
- One-quarter of those already retired (all ages) worry that they did not prepare adequately for retirement. This compares to 4 out of 10 with plans to retire. This is not a reflection of the money they have, so much as their experience in learning to live with the money they have without undue stress.
- This research confirms earlier CSA findings and places the incidence of fraud in the 5-6% range. What we have added to this discussion is that the majority of these frauds were likely not large enough to materially affect the financial welfare of those affected. Nearly half of our respondents (46%) believe they have been asked to buy a fraudulent investment by some means (online, phone, in-person) versus just over one-quarter of respondents (27%) in the 2012 CSA Study.

### Concerns for the Future

- There are three main types of concerns:
  - Money/health – Having enough to live on and direct threats like inflation and healthcare costs;
  - Investment – Concern with investment earnings and capital preservation; and

## Advice To Future Retirees

- Respondents were asked about the financial lessons they wanted to pass on and were free to write anything they wanted to say. Overall, the advice was simple and sensible.
  - Start saving early and save regularly;
  - Live within your means – Avoid debt;
  - Invest where it counts most – TFSAs & RRSPs;
  - Get advice -- make a plan;
  - Learn about financial matters; and
  - Be cautious about your buying.
- Three types of advice were deemed useful (4-5 rating) by two-thirds of respondents:
  - Figure out how much income we will need in the future;
  - Plan to be sure we don't outlive our money; and
  - Learn how to prepare for future health challenges.
- Most people have received advice in recent years, typically on 2-3 of the issues we identified. This is a little less than half of the advisory issues they deemed useful. Across all respondents, the biggest gaps between useful advice and advice received are Preparing for health challenges and Planning to deal with surprise expenses.
- Most people also plan to get advice over the next two years, typically about two issues. Demand is particularly strong for health-related issues, as well as planning to ensure people don't outlive their money.

- Only 14% have difficulty getting advice. Two-thirds of this group is wary because they can't tell if the advisor is giving them good advice. Half say that advisors don't want to deal with people unless those people have a lot of money.
- There is a small group of people (6-8%) that is unable to get advice. When asked why they find it difficult to get advice, they reply that: they don't have a regular advisor; they don't know how to get help; they don't understand complicated explanations; and they have very little money.

## Life Stage Profiles

- **Pre-Retired** has the highest household net worth. Most are saving for the future. Despite best efforts at planning, two-thirds experienced at least one major life event over the preceding ten years that disrupted their saving for retirement. The most common experience is forced early retirement resulting in a loss of income and benefits, more often the result of health issues than employer duress.
- In their planning, the most difficult thing to figure is how many years they will live after retirement and what that means for their income and savings needs. Most get advice about planning for retirement, but one-third also plans to get advice about adapting to physical and health limitations. This group seeks information online more than older groups and is more influenced by online sources. They are seeking a broader range of advice than older groups.

- **Retired (under age 75)** reach their lifetime peak for financial assets in the years immediately following retirement. Capital preservation becomes critical. They are more analytical about their investments than others, but heavily influenced by independent print sources like newspaper financial columns.
- For the most part people learn to adjust to their retirement income and develop a lifestyle in accord with their income and interests. Finances are not a major source of stress. Nonetheless, more than half have experienced a major event that interfered with their finances. Health and family issues were major sources of unexpected expense, but so too were home repairs. Some people were caught off guard by healthcare costs when they lost employee benefits at retirement. Living costs are a top concern for most retired people, with healthcare costs being the biggest risk for expenses and investment earnings presenting a similar risk to income.
- **Age 75+** is focused on healthcare with two-thirds having major health problems and half saying they have health or activity limitations. Starting around age 75, there is a rapid decline in financial assets and net worth over a 5-year period.
- Most people at this oldest life stage find that expenses are about what they planned for, but half have experienced a major life event that interfered with their steady income flow. Healthcare costs and needing to support family members with financial problems are the two main challenges. Two-thirds consider it useful to get advice on adapting lifestyle to physical and health limitations, but this advice is in short supply.
- This group is less literate and numerate than earlier life stages, but they take the time to ensure they are knowledgeable about financial matters. While financial advisors have more influence on investor decisions in this age group than any other, these investors are typically less trusting about the advice they get and its motivation.

### Summary and Conclusions

There are several implications that emerge from our findings.

1. Older Canadians should not be treated as a single group for policy purposes, but rather as 3-4 distinct groups.
2. Planning to deal with the unexpected needs to be a bigger part of financial planning, both before and after retirement.
3. There needs to be more planning for health management and its financial implications. Financial advice needs to address health-related issues, both in terms of saving for retirement and in terms of managing spending during retirement.
4. There is an opportunity to develop online tools to help people plan for the unexpected. Most obvious needs are tools to predict the impact of inflation and future healthcare costs. People also need to understand how long they are likely to live and to plan for that.
5. Fraud is a significant problem that merits attention, affecting approximately 60 out of every 1,000 older Canadians.

# 1. Introduction

This research identifies the top financial concerns of older Canadians and places them in the broader context of retirement concerns including health status. It also looks at the main financial risks of Age 50+ Canadians at each life stage and how they are managed. This is the third in a series of research initiatives to define life stages of older Canadians.

## 1.1 Background

The first research initiative focusing on older Canadians brought together research literature and analysis of a number of StatCan and private databases. It helped define the life stages for those over 50 years old, as well as setting out the major concerns of those life stages. The research identified three critical phases of life:

- Preparing for retirement;
- Making the transition from working life to retirement; and
- Coping with declining health and mobility (age 75+).

The literature and database review identified some potentially conflicting information. StatCan identified the primary concerns of older Canadians as family and health. Nonetheless, a number of studies from the financial services sector (and its regulators) have pointed to financial concerns as paramount including: Not being financially prepared for retirement; Financial consequences of healthcare needs; Fraud; and a host of issues that affect the earnings people get on their investment. Some of these studies suffer from “framing effects” that unintentionally bias the respondent towards the types of answers the sponsors want to hear.

Our assessment is that the StatCan and financial sector information are not necessarily in conflict. While we believe they are related, we need to get a better understanding of how health, family and financial concerns are related. Our approach to understanding these relationships was a series of in-depth interviews. These in-depth interviews were the second of the three research initiatives. The interviews were designed to ensure that the respondent could not know what we wanted to learn about. Questions were equally balanced between financial, health and family concerns.

The in-depth interviews revealed that finances are the number one source of stress for over half of the interviewees who are planning to retire in the next ten years (Pre-retired). Those who have retired in the past five years (Recently retired) are typically experiencing finances as a secondary source of stress. Health is the main stressor for both the Recently retired and Age 75+. Most respondents over the age of 75 had some health condition.

Based on the findings of the first two studies, this research was designed to quantify and prioritize three key issues for each life stage of older Canadians.

- What are the top financial concerns of each life stage?
- What are the main financial risks at each life stage?
  - Planning for the future
  - Typical financial setbacks
  - Impact of financial setbacks
  - Strategies for dealing with risks and setbacks
- What specific financial advice do people want at each stage?
  - What do they view as useful?
  - What advice have they received?
  - What advice do they plan to get?
  - Can they get the advice they need?

## 1.2 Method

This report is based on 1532 completed online survey interviews with Canadians aged 50 and over. Interviews were conducted from mid-January to mid-February 2015. The survey was about 15 minutes in length and respondents were free to respond in either French or English. About one-quarter (24%) chose to respond in French.

This is a national sample with quotas set for each region to ensure satisfactory accuracy, as well as aiming for a roughly equal balance of male and female respondents.

Respondents were selected by using a set of qualifying questions that divided them into four groups (see section 7.1 Appendix). Canadians age 75 and over constitute the first group. The other three groups are people in the 50-74 age range:

- Plan to retire in the next ten years;
- Retired in the past five years; and
- Respondents between 50-74 who don't fit into the other two groups.

There are two types of respondents who don't fit into the "plan to retire" and "recently retired" groups. The first is people between 50-74 who are working and have no plans to retire. The second group is people between 50-74 who have been retired for more than five years.

For the purposes of this survey, the "no plans to retire" group completed a set of questions geared to "Pre-retirement". The group retired for more than five years completed a set of questions

geared to those who are retired. Questions for the Age 75+ group were similar to the retired but with more focus on health-related concerns.

For simplicity, we initially defined four life stage groups:

1. Plan to retire in the next ten years (age 50-74);
2. Retired in the past five years (age 50-74);
3. Other persons (age 50-74); and
4. Age 75+.

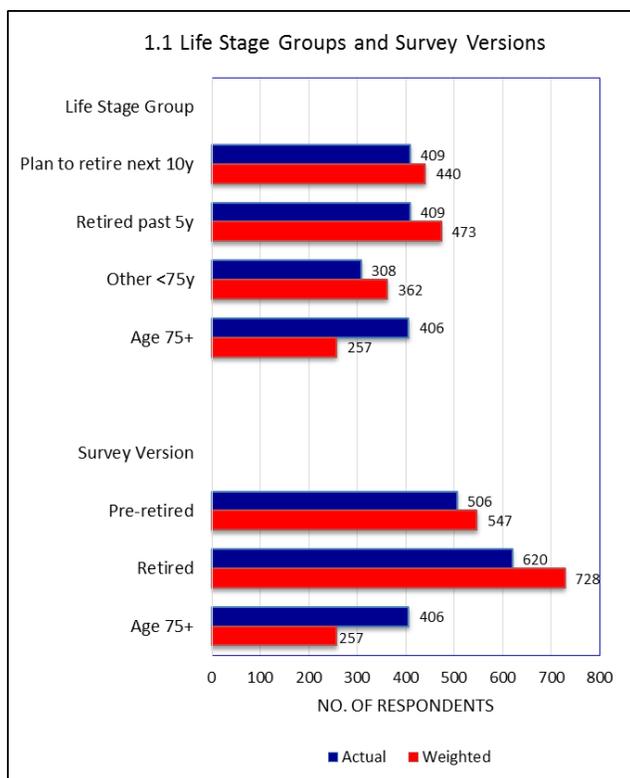
As mentioned, the group we labeled "other persons" were assigned to one of the first two versions of the survey questions. We refer to the three versions of the survey questions as:

- A. Pre-retired;
- B. Retired; and
- C. Age 75+

The sample is weighted to correspond to the actual number of men and women in households in each region by age of respondent. Exhibit 1.1 (next page) shows the actual and weighted number of survey completions for each life stage group and each survey version.

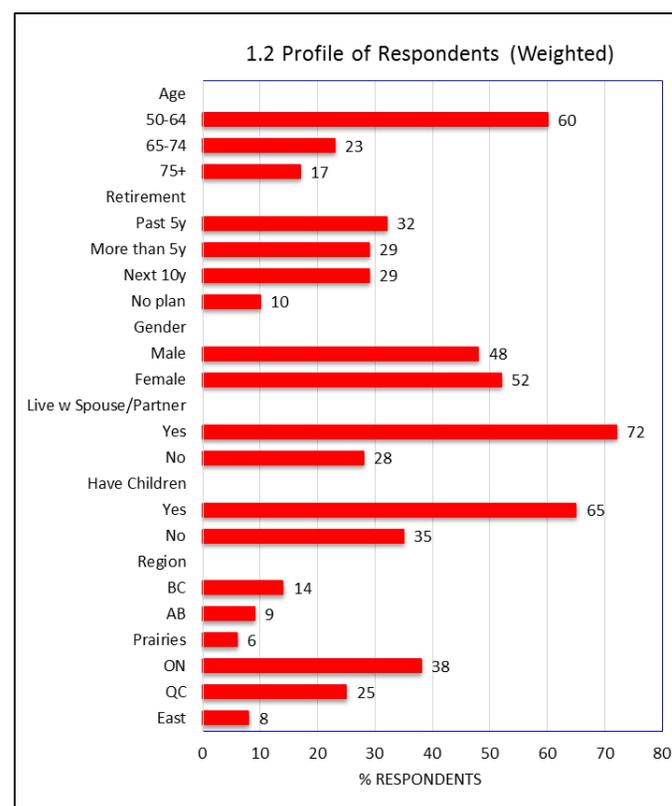
The overall accuracy level of results is within +/-2.5% some 19 out of 20 times for the entire sample. For the "Other" group, accuracy is within +/-5.7% some 19 out of 20 times. The three remaining groups are all accurate to within +/-5%. As you can see from the exhibit, we have over-sampled the age 75+ group to ensure adequate levels of accuracy.

For Age 75+, the life stage group and survey version yield identical numbers. The “Pre-retired” survey form has 506 actual respondents, but 97 respondents have no plans to retire. The “Retired” survey form has 620 actual respondents, but 211 of them have been retired for more than five years. While accuracy levels for those with no plans to retire are only  $\pm 10\%$ , they are often different enough to be worth discussing. Accuracy levels for those retired more than 5 years are about  $\pm 7\%$ , but most of the time their responses are similar to the more recently retired.



### 1.3 Who We Interviewed

Exhibit 1.2 provides a demographic profile of the weighted sample of respondents. The only real distortions from weighting are geography. There are actually about 500 responses from Ontario; 400 from Quebec; 200 from each of BC and Alberta; and 100 from each of the Prairies and the East.



Note that 7 out of 10 respondents live with a spouse or partner. Almost two-thirds (65%) have children, but this should not be mistakenly interpreted as meaning they have children living at home. The incidence of children is important to note when we later discuss concerns of older Canadians.

Respondents were asked to answer questions on the basis of their household. Since many of the questions have a financial slant to them, it is important to understand the financial profile of respondent households. This is shown in Exhibit 1.3.

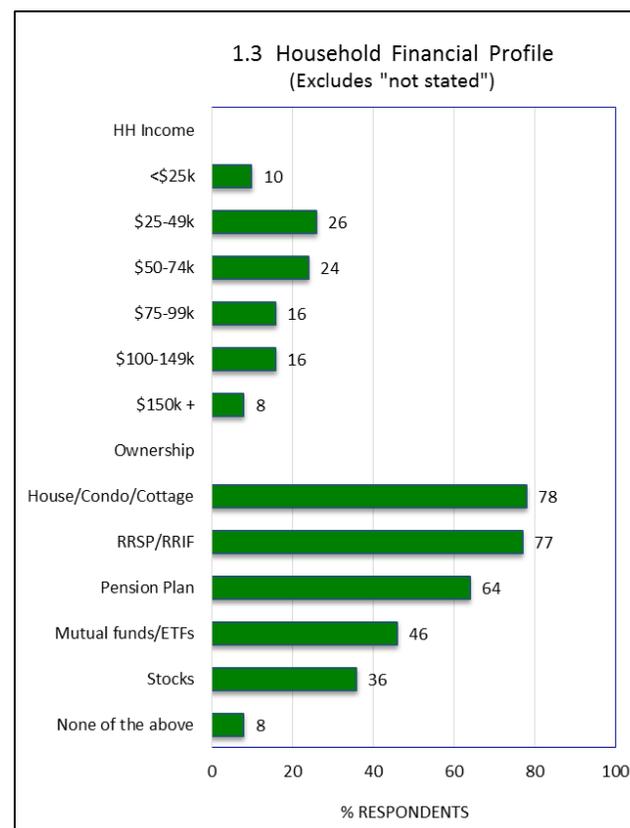
Based on StatCan data<sup>1</sup>, our sample is a bit higher income than the general population. Most notably, only 10% of households in the sample have incomes under \$25k versus 20% in the general population. This partially reflects the result of using online survey methods, since online usage is lower among people in the lowest income quartile.

The higher income of respondents is largely due to retirement plans<sup>2</sup>. In our sample, some 77% have registered plans, while StatCan reports roughly 70% ownership for age 50-74 and only 62% thereafter. Company pension plans are owned by roughly 53% of the households over age 50, but 64% of the households in the sample have them<sup>3</sup>.

The incidence of home ownership is consistent with the population over age 50, 77% of whom own a home. The incidence of

investment ownership (46% mutual funds, 36% stocks) is also consistent with StatCan findings of a little over 70% for the 50-74 age group and then 65% thereafter.

**Bearing these sample differences in mind, it is reasonable to assume that the financial issues we encounter (other than those of investors) are likely to be under-stated in our findings.**



<sup>1</sup> CANSIM Table 202-0405, StatCan Income Statistics Division, June 2012.

<sup>2</sup> Customized analysis of the 2012 Survey of Financial Security, StatCan.

<sup>3</sup> CANSIM Table 205-0002, 2012 Survey of Financial Security, StatCan.

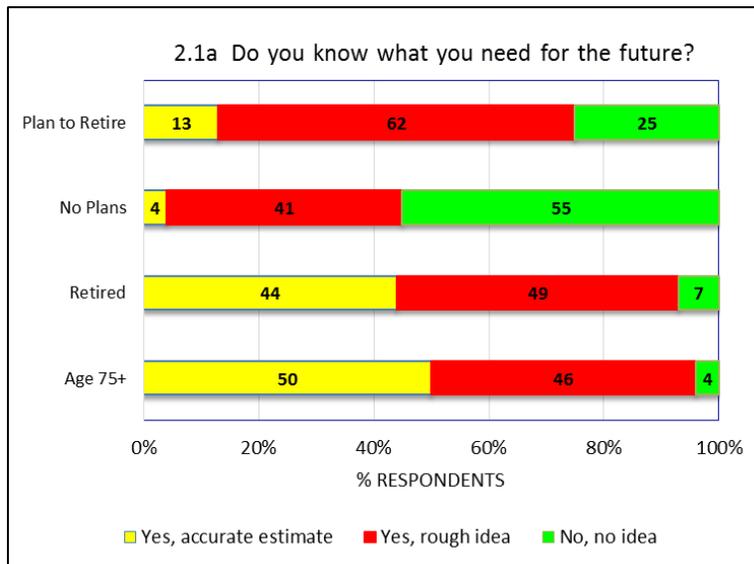
## 2. Planning

### Highlights

- Most people operate with an informal financial plan and have an approximate idea of what they need for the future. When the time frame is short, like the expenses of the next few months, their rough idea of needs becomes more accurate. The plans they make to meet their needs are usually realistic. While most people have regular habits for saving (pre-retirement) or drawing income (retirement), almost half depart from their regular habits when dealing with unexpected events.
- Some 6 out of 10 experienced major life events that challenged their financial plans. When so many people have had disruptive experiences, it is clear that dealing with the unexpected needs to be a bigger part of financial planning. Flexibility needs to be part of the planning discussion.
- Across the age spectrum, the three most common events that disrupt plans are: Giving a lot of financial support to an adult family member/relative having difficulties; Paying a lot of healthcare expenses for self or a family member; and permanently losing money in the stock market.
- For those under age 75, unexpected early retirement is the most common event to challenge their plans. Among retired persons under age 75, more than one-third (35%) reported that they were forced to retire earlier than they wanted. For two-thirds of this group, it was health reasons that led to early retirement.
- There are a variety of ways that people cope with major financial events, but for the most part people cut household spending, cash in some of their savings, and/or borrow money. Borrowing is most common among those still working, as is stopping saving for retirement.
- Two-thirds (68%) of people age 75 and over report having major medical problems. More than half have chronic ailments, which include: asthma, arthritis, diabetes, heart disease, kidney failure, lung disease, MS, stroke, etcetera. Another 3 out of 10 have ongoing mobility problems (e.g. walking, stairs, driving, etc.). Almost one-quarter report suffering from chronic pain.
- Median out-of-pocket healthcare costs are \$2000 annually for those 75 and over, but 1 out of 8 households spends over \$5000 and another 3 out of 10 spend between \$2500-4999 per year. Healthcare expenses are a major focus of concern for people age 75+. Low-income households are less likely to have other assets they can tap for out-of-pocket expenses and certainly less likely to have a retiree benefit plan.

## 2.1 Planning Basics

To get a basic understanding of planning, we asked people whether they knew what they needed for the future. For the pre-retired, we asked the tough question of “do you know how much money you will need to save for retirement”. For the retired and the 75+ group, we asked “do you know how much money you will typically need to pay for your expenses each month?”



Given the difference in the questions, it is not surprising that the answers differ widely. For the pre-retired with plans to retire, the majority (62%) has a rough idea of what they will need for

retirement, while only one-quarter have no idea at all. Those with no plans to retire have side-stepped the issue. More than half (55%) have no idea what they will need for retirement.

Those without a plan for retirement differ from those with a plan. While they are slightly lower in household income, they are far less likely to have assets accumulated to fund their retirement. In fact, including pension funds, two-thirds of this group (67%) has less than \$100k saved for retirement.

While this group is slightly younger than those planning to retire, the difference is small. Indications are that this group doesn't plan to retire because they can't afford to do so. Some 7 out of 10 (69%) say they don't have enough money to fund their retirement compared to 4 out of 10 for those with plans to retire. Yet despite these differences in savings, the proportion worried about funding retirement is relatively similar for those with plans and those without (44% versus 50%). The difference is more in the underlying reality of their savings rather than their attitude.

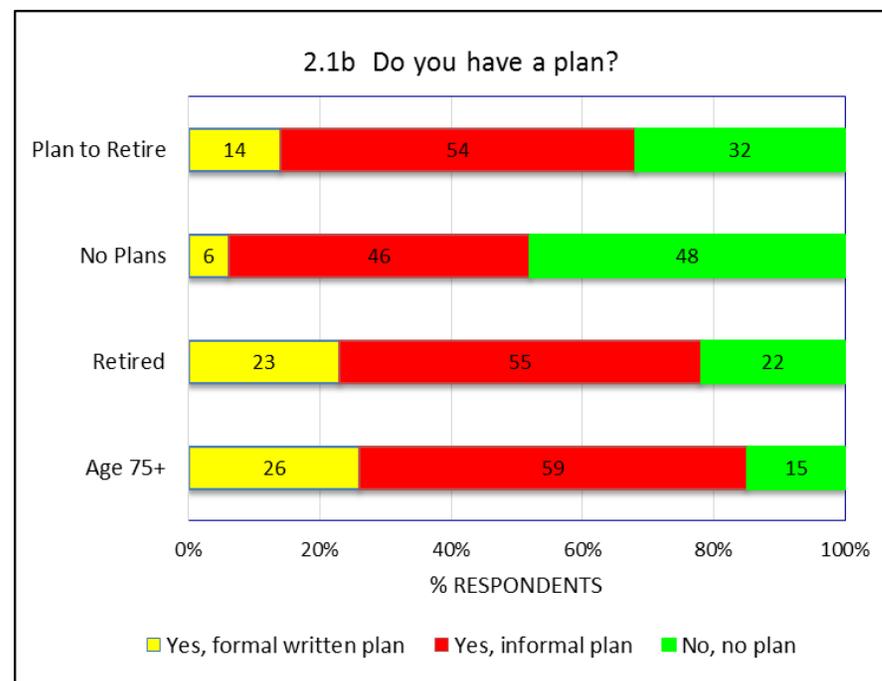
When we get to those who are already retired, almost all have at least a rough idea of what their expenses are. Among the group who know their expenses, roughly half know them quite accurately. Of course, it is much easier to plan for a few months hence than years in the future. While differences are small, we also note that the proportion of respondents with an accurate estimate of spending increases after age 75.

## Financial Plans

Just as most people have a rough idea of their needs, so too we find that their financial plans are generally informal. Pre-retirees are asked if they have a plan that describes how to save for retirement; while retirees are asked if they have a plan that describes how to get the income they need over the next few years.

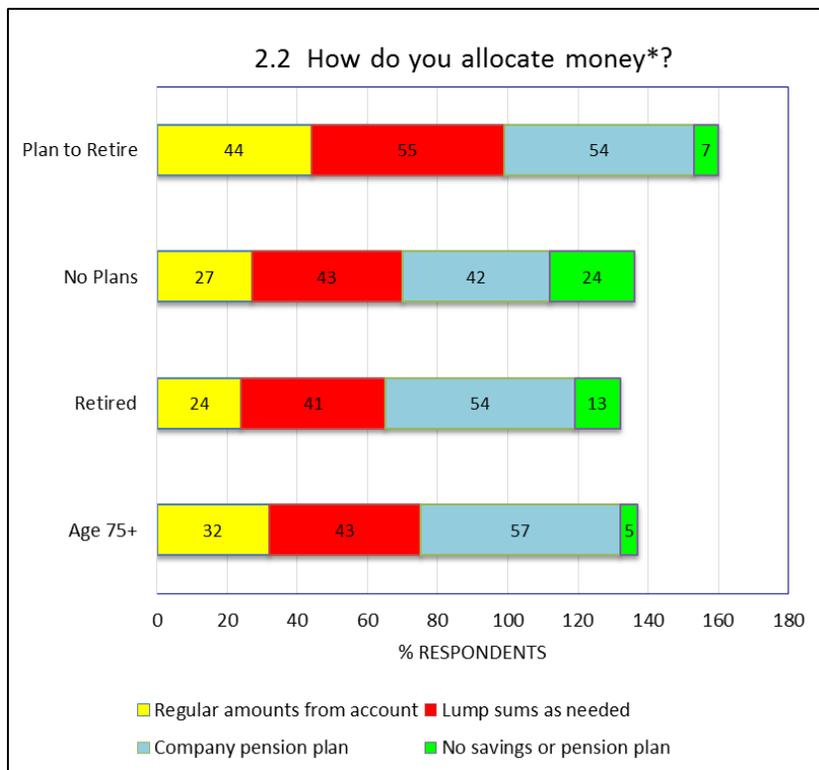
For those with plans to retire, more than half (54%) have an informal plan and a small group (14%) have a formal written plan. One-third has no retirement plan at all. For those with no plans to retire, largely those with little retirement savings to date, almost half have neither a formal nor an informal plan.

For those who are retired, regardless of age, one-quarter have a formal written plan for generating the income they need, while almost 6 out of 10 have an informal plan. Almost two-thirds of those with formal plans (64%) have an accurate estimate of needs. We suspect that the challenges of managing a retirement income drive more people to establish a formal plan to generate the money they need.



## Taking Action

The other important aspect of planning is follow-through. For the pre-retired, this is the method they use to save for retirement. For the retired, this is the method they use to get the income they need (excluding government benefits). As you can see in the following exhibit, more than one method is possible.



\*Respondents can choose more than one method exceeding a total of 100 per cent.

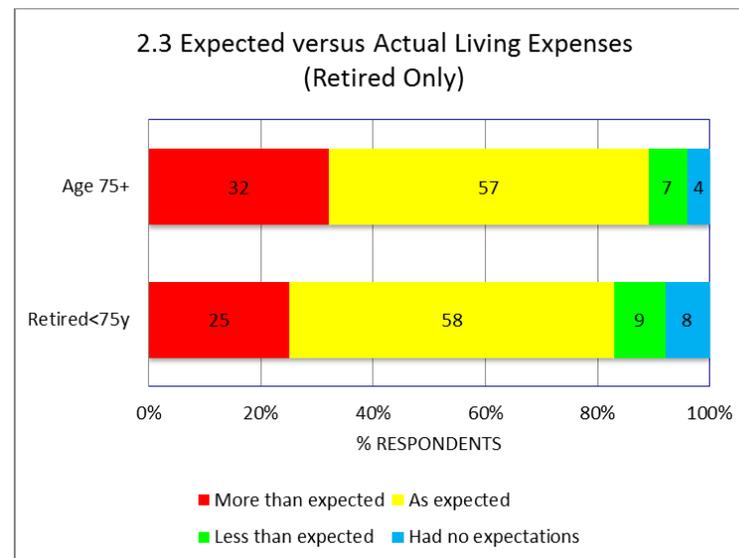
For the pre-retired, we find that those planning to retire in the next ten years are most likely to fund their retirement both through regular amounts and through lump sums. Among those with no plans to retire, we can also see that almost one-quarter have no savings at all.

Among the retired, company pension plans are a source of funds for more than half. One-quarter or more uses regular deductions from

retirement savings or other accounts. Nonetheless, some 4 out of 10 say they withdraw lump sums as needed.

### Expectations and Reality

For those already retired, we asked them how their living expenses in retirement compared to what they expected. For nearly 6 out of 10, retirement expenses are about what they expected them to be. This suggests that their retirement planning was realistic. For the remainder, those finding expenses higher than expected clearly outnumber those who find them lower than expected. Overall, results suggest that planning is initially realistic but that many people likely under-estimate the cumulative impact of inflation.



## Overall Comment

**Most people operate with an informal plan of action and have an approximate idea of what they need for the future. When the time frame is short, say the next few months, then the rough idea of needs becomes more accurate. They are more often realistic than not. While most people have regular habits for saving or drawing income, almost half demonstrate some flexibility in their methods for building assets or managing expenses.**

Working people over 50 with no plan to retire are different than others. They are less likely to know what they will need and less likely to have a plan to save for retirement. Their median income is a bit lower than others, but their median savings for retirement (~\$50k versus \$175k) is typically less than one-third of others in their age group.

## 2.2 The Best Laid Plans....

As it turns out, there is a good reason why such a high proportion of people have informal plans. So many (58%) have experienced life events that have affected their prior plans.

In our earlier qualitative research, many people told us about events outside their control that affected either their retirement plans or their ability to live on their retirement savings. These events played a big role in shaping what they did. We aimed to capture some of these events that have affected so many people.

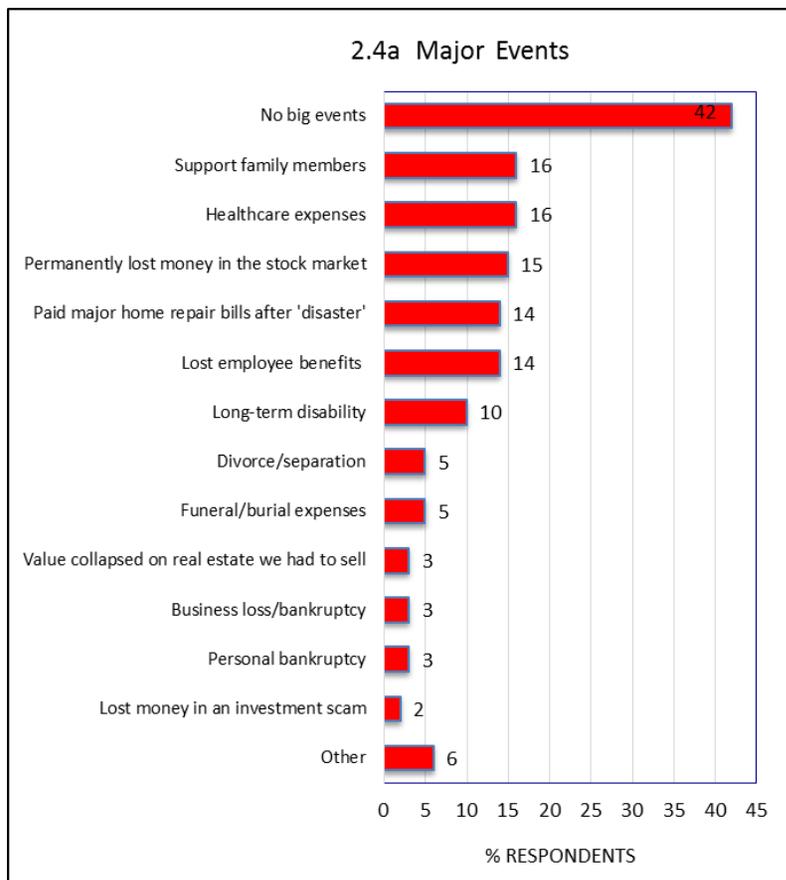
To get the context for this discussion, it is important to understand what we asked. The stem of the question was the same for everyone.

*“Sometimes “big” things happen that make it very difficult to save for retirement. We aren’t just talking about having a hard time saving because things cost more every year. We are talking about unexpected things that happen that take up a lot of your money.”*

The last sentence differed for each survey version, but as you can see, they are all similar in intent and direction.

- Pre-retired and Age 75+: *“Which of these things have you and/or your spouse personally experienced in the last 5-10 years?”*
- Retired under age 75: *“Which of these things have you and/or your spouse personally experienced either immediately before or since you retired?”*

Exhibit 2.4a summarizes the “major events” that people experience across all life stage groups. The chart is the percentage of households age 50 or older that experience each major event. As we can see, some 42% experience no major event at all. Nonetheless, **when 6 out of 10 respondents have had disruptive experiences, it is clear that dealing with the unexpected needs to be a bigger part of financial planning.**



For the sake of clarity, we want to focus on the first three major events. The full description of these events in the survey is:

- Gave significant financial support to an adult family member/relative having difficulties;

- Had to pay substantial healthcare expenses for myself or a family member; and
- Lost money in the stock market and haven't made it back. First, while the percentages are seemingly small, when you think that 1 out of 6 older households has experienced each of these major events, we quickly realize that these are not rare occurrences. They are big enough risks to merit contemplation in planning.

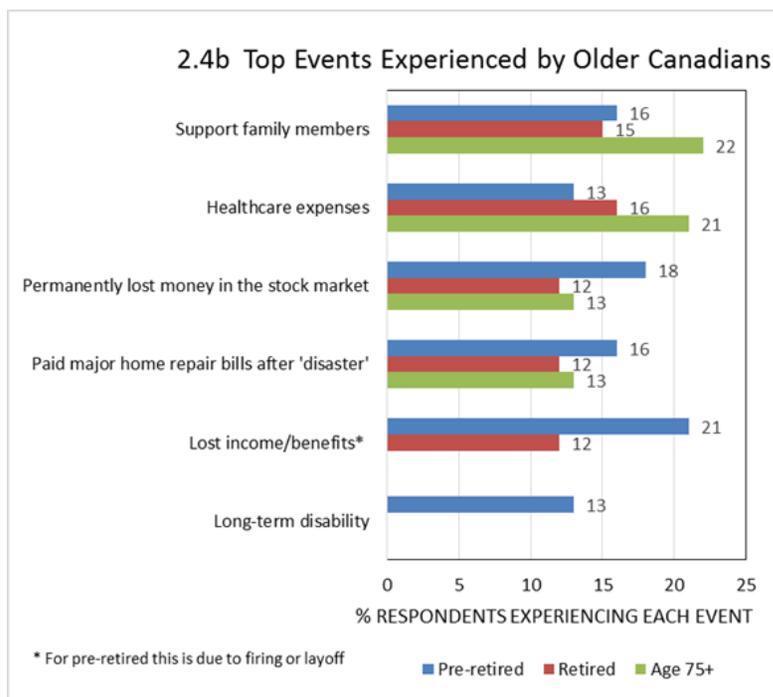
A second finding comes from analysis we did about people's financial concerns. Factor analysis showed that people's concerns fell into three distinct groups: family; health problems leading to money shortages; and investments. It is likely that the experiences people have serve to shape their concerns, and to some extent, the financial condition of a household determines whether one of these events is significant enough to have a big impact.

For the 900 households in our sample that have experienced a major event, it is useful to know whether events affecting older Canadians differ as their life progresses. With the reduced numbers, we had to group those with No retirement plans into the Pre-retired, but with that exception, the following exhibit shows the top events at each life stage.

As before, the percentages shown are percentages of all people at this life stage, not just those that experienced a major event. What this graphic does not illustrate is the likelihood of experiencing a major event at each life stage.

**First, we found that two-thirds of the pre-retired experienced a major financial event that compromised their ability to save for retirement. Many experienced more than one major event.**

For the pre-retired, the biggest of these events is unexpected early retirement resulting in a loss of income or benefits (21%). While some of these people found jobs afterwards, the loss of a job did affect their ability to save. Stock market losses and supporting family members were major disruptive events for this group, but so too was paying large unexpected home repair bills.



Just over half of the retired (54%) in the 50-74 age group experienced a major financial event, and again it was often more than one event that affected them. Healthcare expenses and

financial support for family members were major sources of unexpected expense, but so too were unrecovered stock market losses and home repairs. Some people were also caught off guard by the magnitude of the costs when they lost their employee benefits at retirement. **As with younger retirees, just over half of the age 75+ group experienced a major financial event (55%).** The vast majority of those experiencing a major event experienced more than one event. **Supporting family members and covering healthcare expenses are the dominant concerns in this age group.**

### Coping with Unexpected Events

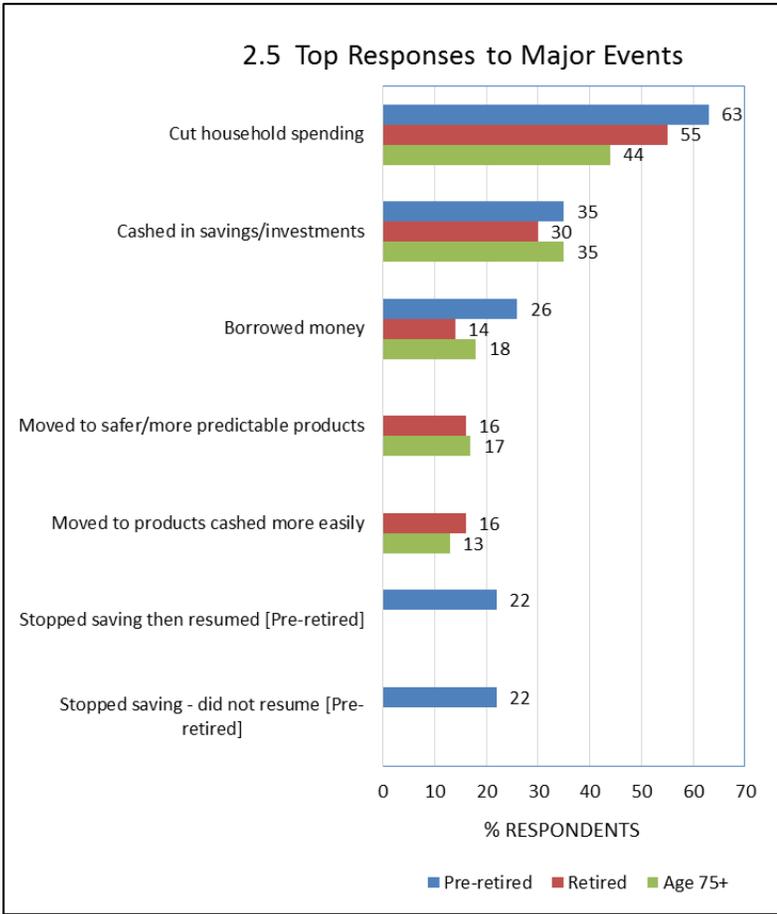
There are a number of ways that people can cope with major unexpected financial events, but for the most part people cut household spending, cash in some of their savings, and/or borrow money. Among other responses we note:

- **Changing investments** to ones that are safer, more liquid or higher return (16%, 13% and 9% respectively for pre-retired/ retired/ and Age 75+);
- **Selling property** including home/cottage (7%) or other assets like a car or boat (10%);
- **Improve preparation.** Some people are chastened by the experience and open a special account to prepare for future problems or simply increase their savings in the aftermath (10% and 12% respectively); and
- **Increase paid work** is a solution for a few (7%).

While not shown, we note that 10% don't do anything different than they did before the major financial event occurred.

Predictably, there are differences in the most likely response by life stage, although cutting expenses and cashing in savings are the top two choices of all groups. For the remainder, additional choices are:

- **Pre-retired.** In total, over 4 out of 10 (44%) stop saving or investing after a major event, but half of these resume saving after some time. Borrowing money is most common in this group, which still has an income from working.
- **Retired and Age 75+.** These groups are more likely to make changes to their investments. Borrowing is less common.

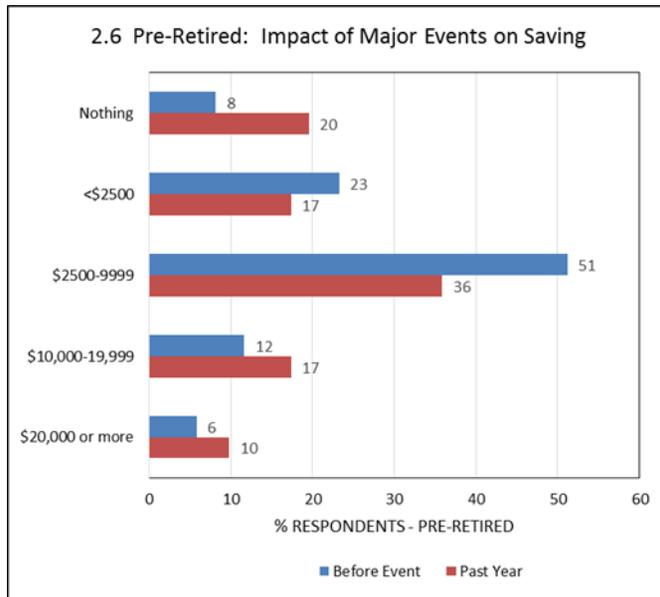


### 2.3 Impact of Major Financial Events

Each survey version focused on a different set of events with questions driven by the findings from the qualitative research. In this section, we look at the impact of financial events at different life stages.

#### Pre-retired

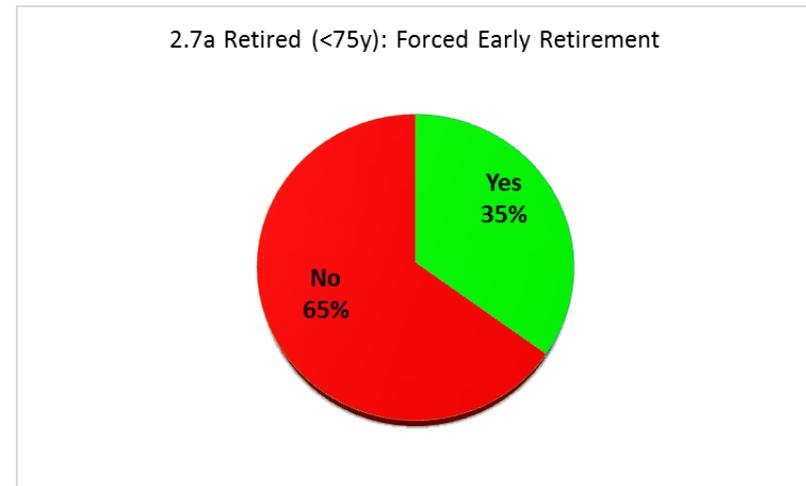
While not obvious by looking at the chart on amount of savings, detailed analysis showed us that about half of the people experiencing a major financial event did not materially change the amount they saved as a result. About one-third saved markedly less than before a major event (33%) and one-sixth (18%) were motivated to start putting more money away.



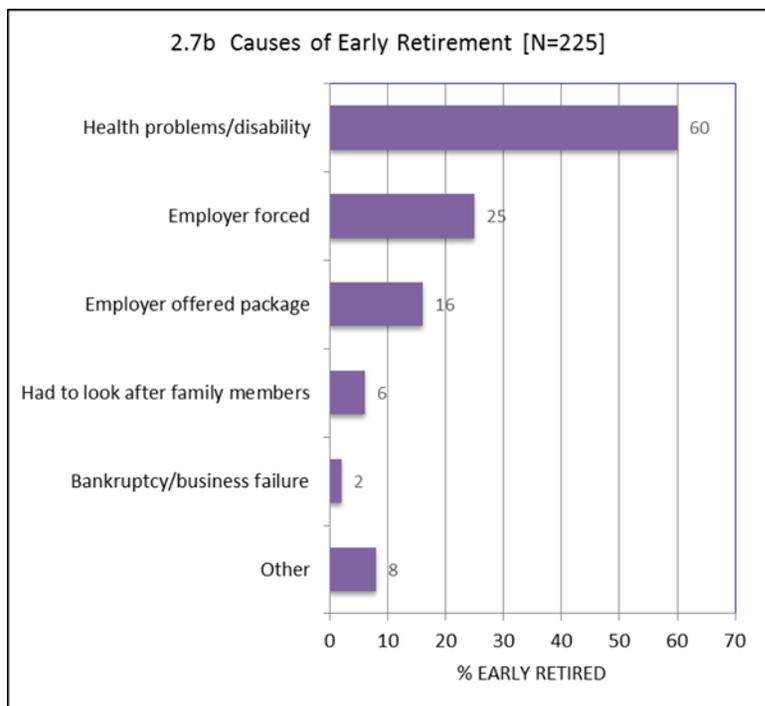
Only 8% saved nothing before a major financial event, but in the wake of the event, this climbed to 20%.

#### Retired (Age 50-74)

More than one-third of retired households have someone who was forced to retire early.

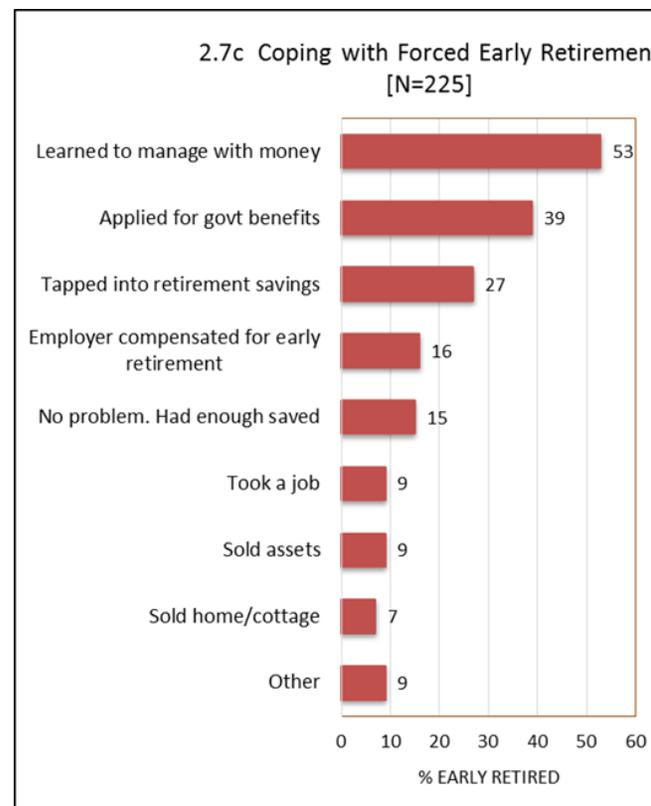


**Roughly two-thirds of the early retirements were health-related,** due to either personal health/disability problems (60%) or the need to look after family members with problems (6%). Employers triggered about 40% of retirements, either by forcing retirement (25%) or by offering an attractive retirement package (16%).



Most of those who were forced into early retirement just learned to manage with the money they had (53%), but almost 4 out of 10 applied for government benefits like employment insurance, disability, or pension if they were eligible. As Exhibit 2.7c shows, one-quarter tapped into retirement savings and roughly 1 out of 6

got compensation from their employer. About 1 out of 10 had to sell their home/cottage (7%) or other assets (9%) and a similar number took a job elsewhere (9%). About 1 out of 6 said they had enough money saved, so early retirement was not a problem.



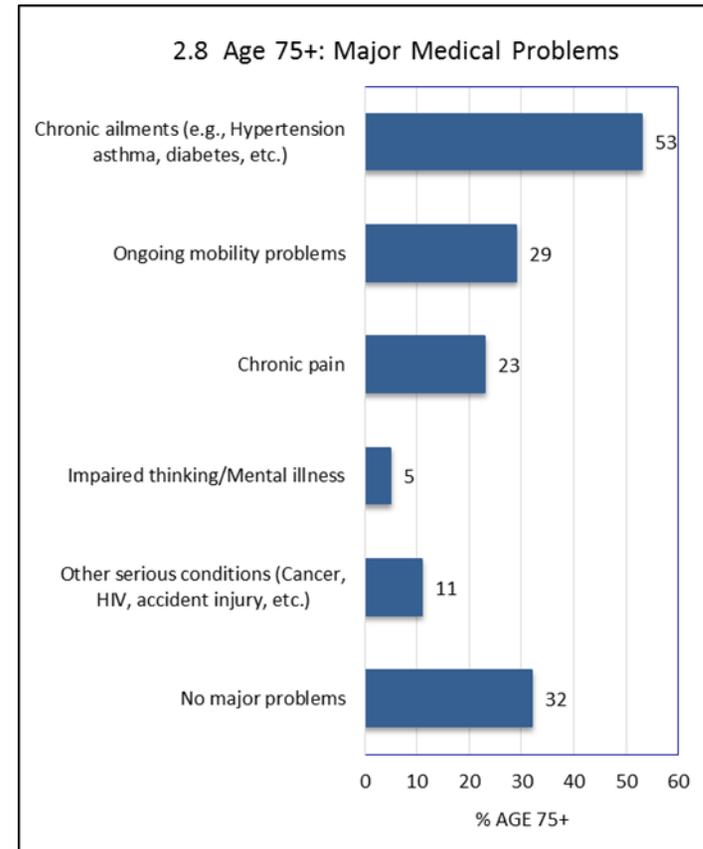
The health-related nature of much of the early retirement is a good lead in to the concerns of the age 75+ group.

## Age 75+

**Two-thirds (68%) of this group report having major medical problems.** More than half have chronic ailments, including: asthma, arthritis, diabetes, heart disease, kidney failure, lung disease, MS, stroke, etcetera. Another 3 out of 10 have ongoing mobility problems (e.g. walking, stairs, driving, etc.). Almost one-quarter report suffering from chronic pain.

Against this background of medical problems, we must note that our sample has more money than most households. Health status is highly correlated with wealth<sup>4</sup>, so we can safely infer that the medical problems reported are actually more widespread in the general population.

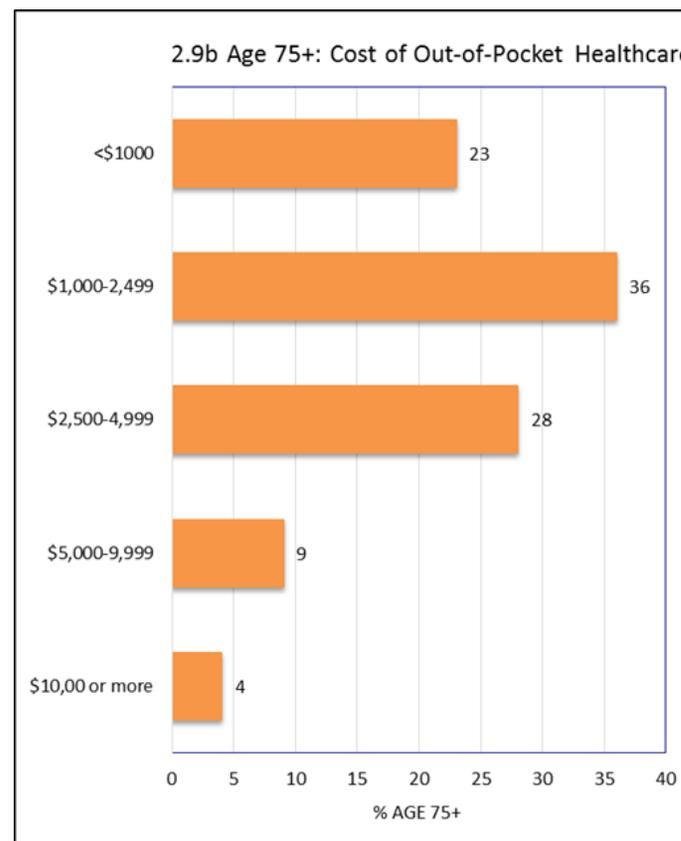
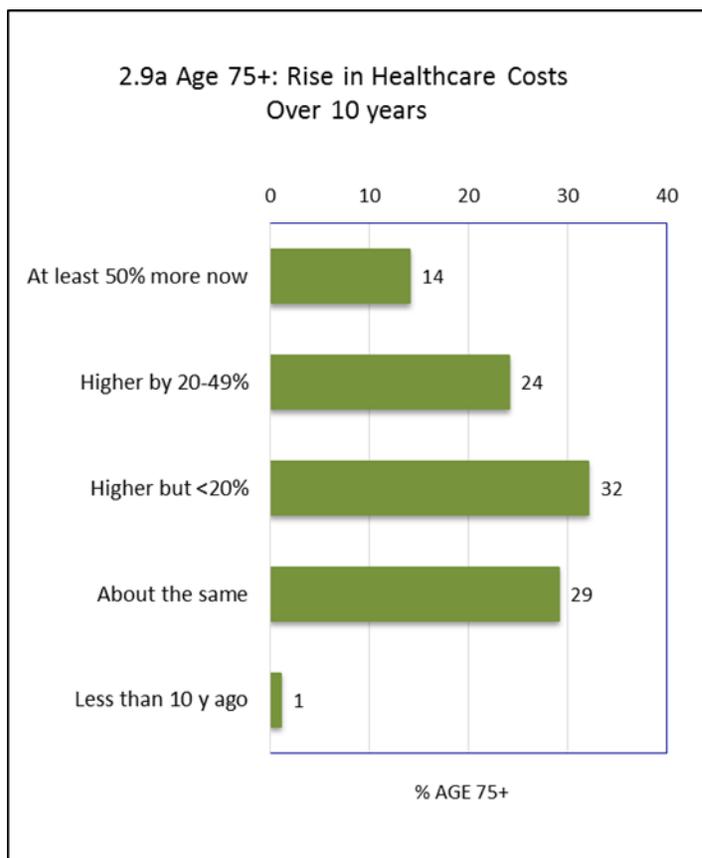
Only 3 out of 10 find healthcare expenses roughly unchanged over the past ten years. Another 3 out of 10 find expenses changed by less than 20%, which is to say slightly less than inflation. The remainder has healthcare costs that have increased notably faster overall.



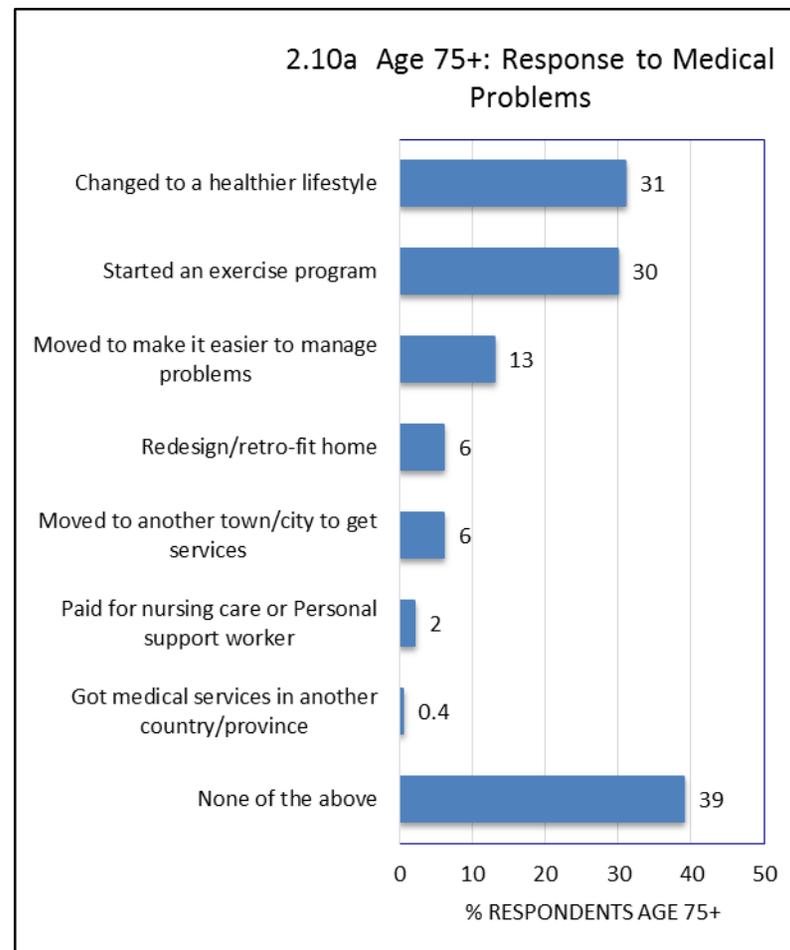
<sup>4</sup> "Toward a Healthy Future: Second Report on the Health Status of Canadians", Government of Canada, 1999.

Respondents were asked how much their household spent on out-of-pocket medical expenses in 2014 including: supplementary health insurance premiums, medications, dental care, dietary supplements, treatments not covered by provincial healthcare, special transit, home modifications, moving costs and more. The median amount was about \$2,000 annually.

For the half of this group paying above the median, healthcare can get expensive. About 1 out of 8 households spends \$5,000 or more on out-of-pocket healthcare expenses and another one-quarter spend between \$2500 and \$5000 per year.

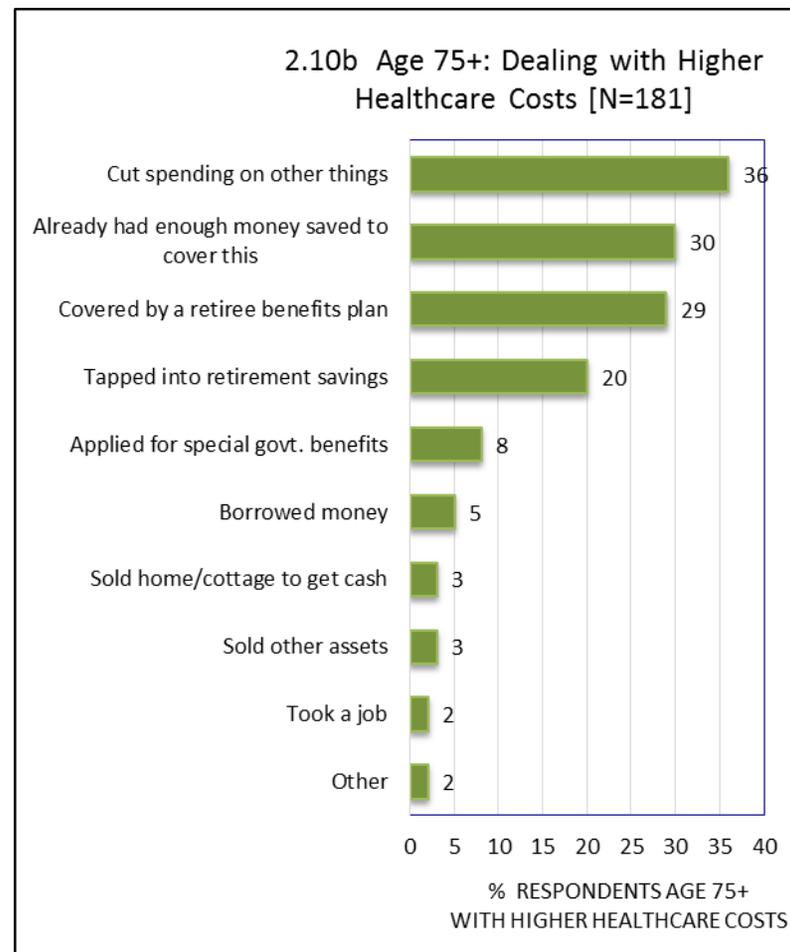


With healthcare being a focus for so many in this group, we asked people what they have done in the past five years in response to their medical problems. As you can see in Exhibit 2.10a, some seven actions were listed. Four out of 10 (39%) respondents did not do any of these things (None of the above), but we don't know if they pursued alternatives not listed. For the remainder, healthier lifestyle and exercise were the dominant responses. Nonetheless we did note that some people have moved to a facility that makes it easier to manage their problems (13%), while others have moved to another town to get services (6%).



For the 70% of this group that reported healthcare costs are higher than ten years ago, we asked them how they are dealing with the increased costs. Some 3 out of 10 said they already had the money to cover higher costs and 3 out of 10 also said they were covered by a retiree benefits plan. For the remainder, cutting spending on other things was the major way of dealing with healthcare costs, and when that was not enough, they dipped into their retirement savings. Very few needed to borrow money, sell assets or take a job to cover healthcare expenses. Roughly one-third needed to take several actions (e.g., cut spending and tap into retirement savings) to cover healthcare expenses.

**While healthcare expenses are a major focus of concern for the age 75+, it is our sense from the survey findings that it is likely a problem primarily for those with lower income levels. Bear in mind that low income households are less likely to have other assets they can tap and certainly less likely to have a retiree benefit plan.**



### 3. Concerns for the Future

#### Highlights

- There are three main themes that underpin peoples' concerns:
  - **Money/health** – Having enough to live on and direct threats to achieving that like inflation and healthcare costs;
  - **Investment** – Concerned with investment earnings and capital preservation; and
  - **Other** – Mainly concerned with family matters, and to a small extent, concerns like fraud and getting advice.
- Day-to-day cost of living is a top concern for most retired people, as well as those contemplating retirement. For those who are retired, healthcare costs could have an unknown impact on expenses, while investment earnings are another unknown risk to income. For those who aren't retired, the unknown risk to expenses is how long they will live. And for those who can't afford retirement, the major risk to income is their success at staying employed until they believe they have enough money to retire.
- Only one-quarter of those already retired (all ages) worry that they did not prepare adequately for retirement. This compares to half of those with no plan and 4 out of 10 with plans to retire. Despite just \$200k saved, more than half of the Age 75+ group are not worried about their retirement preparation. As we see it, this is not a reflection of the amount of money they have, so much as it reflects their experience in learning to live with the money they have without undue stress. In short, they have learned to adapt to their circumstances over time.
- When we explained what we meant by the term and asked the direct question, we found that 6% had personally been victims of an investment scam and almost half believe they had approached, mainly via the Internet or a phone sales pitch.
- This study made a clear effort to position fraud as one of a number of concerns including investment, health and family. Results show that when fraud is considered in the context of other financial concerns, it is ranked relatively low as a concern for the future (ranked 15th out of 16). It is not surprising that issues people must face all of the time (e.g., health, living expenses) are more likely to be significant concerns.
- This research confirms earlier CSA findings and places the incidence of fraud in the 5-6% range. What we have added to this discussion is that the majority of these frauds were likely not large enough to materially affect the financial welfare of those affected. Nearly half of our respondents (46%) believe they have been asked to buy a fraudulent investment by some means (online, phone, in-person) versus just over one-quarter of respondents (27%) in the 2012 CSA Study.

### 3.1 Major Concerns & Life Stages

All respondents were asked to look at a set of some 16 potential concerns about the future. The specific instructions focused people on what would affect them.

*“We would like to get some idea of the main concerns you have for preparing for the future. Listed below are a number of events that could affect your future. Using a 1 to 5 scale where 1 means ‘Not concerned at all’ and 5 means ‘Very concerned’, please rate how concerned you are that these things might happen to you and/or your spouse.”*

Exhibit 3.1 provides an overview of the sixteen concerns. As you will see, they are set out in three distinct groups. Using factor analysis<sup>5</sup> (*maximum likelihood method with varimax rotation*), we learned that concerns could be grouped into three distinct sets. The names given to the sets of linked responses are a matter of opinion but the linkages among questions within a set are a statistical “fact”.

**The three main themes that we see are:**

- **Money/health – Having enough to live on and direct threats to achieving that like inflation and healthcare costs;**
- **Investment – Mainly concerned with investment earnings and capital preservation; and**
- **Other – Mainly concerned with family matters, and to a small extent, peripheral concerns like fraud and getting advice.**

---

<sup>5</sup> Factor analysis is a statistical technique that identifies underlying relationships (called factors) in a set of responses. The variables in a factor are linked with one another allowing an analyst to talk about the underlying factor (e.g., investment concerns) rather than each separate variable.

Across all life stages, the five biggest concerns are:

- The prices for everyday things increase dramatically (inflation);
- Coping with declining health;
- Healthcare expenses that have to be paid out-of-pocket;
- Global economic events hurting savings and investment; and
- Outliving my/our money.

*Biggest concerns point to a need for planning tools:*

*(1) An inflation tool to help estimate future costs;*

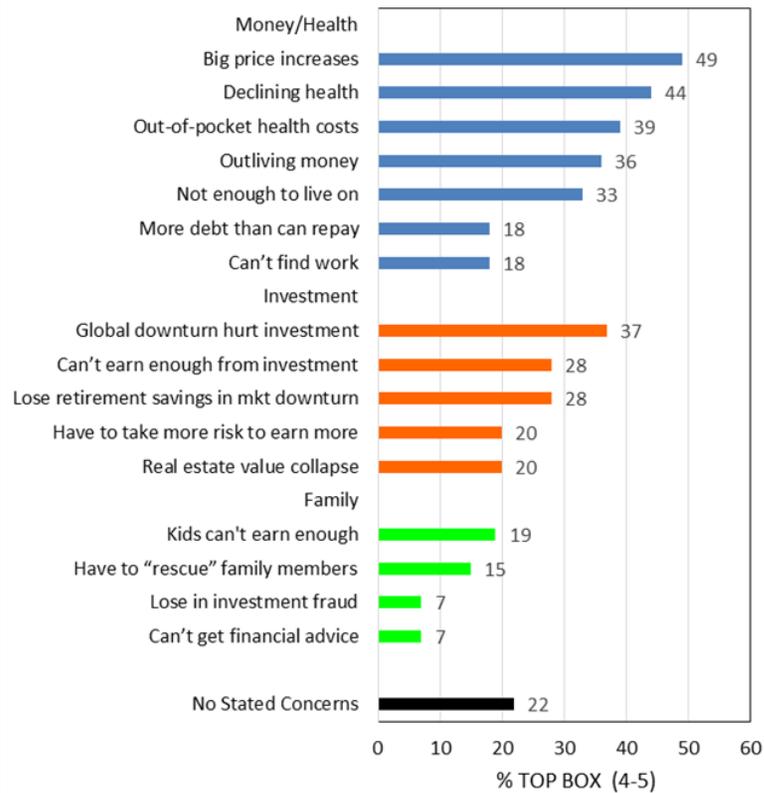
*(2) A life expectancy tool that focuses on “safest planning horizon” rather than median age of death; and*

*(3) A supplementary tool for estimating future health care costs, perhaps for 2-3 levels of health.*

Two issues that are not major concerns for more than 90% of the population are:

- Losing money in an investment fraud; and
- Inability to obtain necessary financial advice when needed.

### 3.1 Top Concerns



Some 2 out of 10 people (22%) do not have any major concerns. By a major concern, we mean a concern rated either a 4 or a 5 on our 1 (Not concerned at all) to 5 (Very concerned) scale. The proportion with no major concerns increases from 18% among the pre-retired

to 23% for retired (under age 75) and 32% for people age 75 and over.

We do see some differences in concerns by life stage, especially comparing those who aren't retired to retirees of all ages. Among retirees, both under and over age 75, the top four concerns are the same in rank order:

1. The prices for everyday things increase dramatically (inflation);
2. Coping with declining health;
3. Healthcare expenses that have to be paid out-of-pocket; and
4. Global economic events hurting savings and investment.

Those who are still working express different priorities, and in fact, priorities differ for those who plan to retire in the next ten years and those who don't.

Two of the top four concerns of those who plan to retire in the next ten years are the same as for retirees.

1. The prices for everyday things increase dramatically (inflation);
2. Outliving my/our money;
3. Don't have enough to live on during retirement; and
4. Global economic events hurting savings and investment.

The most different group are those with no plan to retire, which is a group that typically does not have sufficient money saved for retirement. Their top concerns reflect this.

1. Don't have enough to live on during retirement;
2. The prices for everyday things increase dramatically (inflation);
3. Outliving my/our money; and
4. Out of work for an extended time before being ready to retire.

**Day-to-day cost of living is a top concern for most retired people, as well as those contemplating retirement. For those who are retired, healthcare costs are an unknown cost that can impact expenses, while investment earnings are an unknown variable that would affect income. For those who aren't retired, the unknown risk to expenses is how long they will live. And for those who can't afford retirement, the unknown risk to income is their success at staying employed until they believe they can afford to retire.**

### Looking to the Past – Looking to the Future

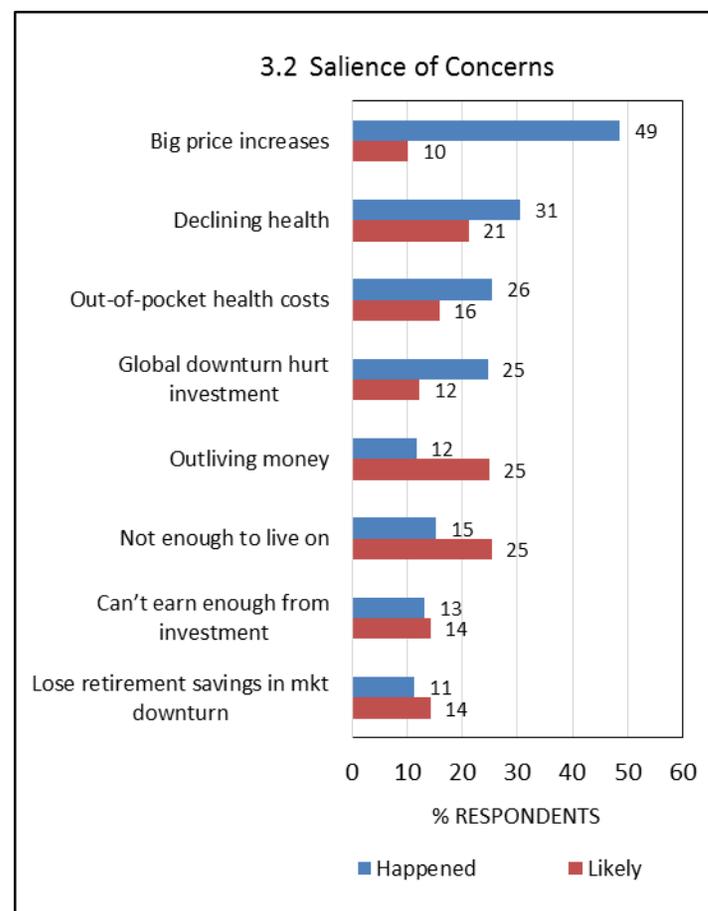
Respondents with concerns were asked which of the concerns they mentioned had already happened and which were likely to happen. Exhibit 3.2 ranks the concerns based on their “salience”, that is to say, their likelihood of happening based on past experience and future expectations.

Combining past and expected future concerns emphasizes the combined importance of money and health. The most salient concerns are:

1. The prices for everyday things increase dramatically (59%);
2. Coping with declining health (52%);
3. Healthcare expenses that we have to pay out of pocket (41%);
4. Don't have enough money to live on during retirement (41%); and, tied for fifth rank,
5. Global economic events hurt savings and investment; and Outliving my money (both 37%).

In one sense, the most striking finding is that 1 out of 8 older Canadians believes they have already outlived their money. Another 2 out of 8 believe they will outlive their money as well. We

do not know how they judge this or what it means for their day-to-day life, but it certainly suggests that their planning and savings were not sufficient for their needs. Regardless, looking at other concerns, it appears likely that both healthcare costs and inflation have contributed to outliving their money.



### How Does this Relate to the Review of Secondary Evidence?

Despite the findings on salient concerns, survey responses indicate that the number of financial concerns declines with age. This confirms Statistics Canada findings on sources of stress<sup>6</sup>.

The same Statistics Canada study points to work as a source of stress that logically declines as more people retire. The study also identifies health as a concern that increases with declining health over the years. Those findings are replicated here, but in addition, we better understand the financial underpinnings of these issues.

Our study and StatCan differ on the assessment of 'family' as a major concern for those over age 65. In our work it is certainly a theme, but a relatively minor one compared to cost of living, health and investment risks. Two differences in method explain the differences in findings. First, we tackle a wider range of concerns and ask for multiple concerns. StatCan used broad categories and only recorded the top concern. Second, StatCan surveyed all economic strata in proportion to their population. Because we used Internet-based surveying, our sample is better off financially than the StatCan sample. With more income or assets comes the possibility of stemming family problems with an economic root before they are big enough to become focal points.

In addition to StatCan, our literature review looked at the findings in an Ontario Securities Commission study on Investor Risk-Taking, Attitudes and Beliefs (2013). That study was restricted to investors in securities, but yielded a comparable set of top concerns: inflation, insufficient earnings on investment, and risk of capital loss. Outliving money was far less of a concern. By its nature, that study

was more focused on investments. By putting health and finances in the same context in the current study, we learn that health is as much a concern for older Canadians as financial matters.

---

<sup>6</sup> Statistics Canada, General Social Survey (GSS), 2010.

### 3.2 Adequacy of Savings & Income

While health is increasingly a bigger concern than finances; that does not mean that people see themselves as adequately prepared for retirement.

Based on the answers in this survey, the median household income and accumulated assets at each life stage are as follows. Bear in mind that the median means that 50% of people are worse off than this level and 50% are better off. If we used averages (means), the numbers would be much higher, largely boosted by the most financially well-off respondents.

	Median Household Income (\$'000)	Median Amount Saved (\$'000)
Plan to Retire	\$85	\$185
No Plan	\$61	\$58
Retired	\$62	\$213
Age 75+	\$57	\$202

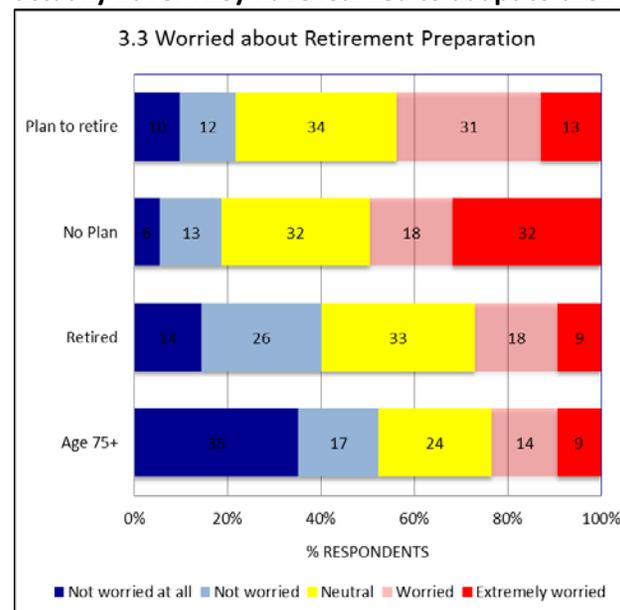
With the exception of those working who don't plan to retire in the next ten years, accumulated assets are about 2-4 times income from all sources in our sample. Those who say they can't afford to retire are earning less than their other working colleagues and have no more than one year of their current income saved.

For those who may think our estimates of amount saved for retirement are low, we are sure that they are much higher than the

numbers Statistics Canada reports<sup>7</sup>. Our Internet-based surveying excluded some potential low-income respondents who do not use the Internet.

Only one-quarter of those already retired (all ages) worry that they did not prepare adequately for retirement. This compares to half of those with no plan and 4 out of 10 with plans to retire.

**Despite just \$200k saved, more than half of the Age 75+ group are not worried about their retirement preparation. We believe this reflects their experience in learning to live with the money they have without undue stress rather than the amount of money they actually have. They have learned to adapt to their circumstances.**



<sup>7</sup> Statistics Canada, Survey of Financial Security, 2012.

### 3.3 Investment Scams

In the literature review, we observed that investment scams were a serious concern for those over age 65. Our sense was that some of the concern was due to ‘framing’, that is to say that the survey was clearly oriented to fraud as an issue, so people responded in a socially acceptable manner to some extent by saying that fraud was a concern.

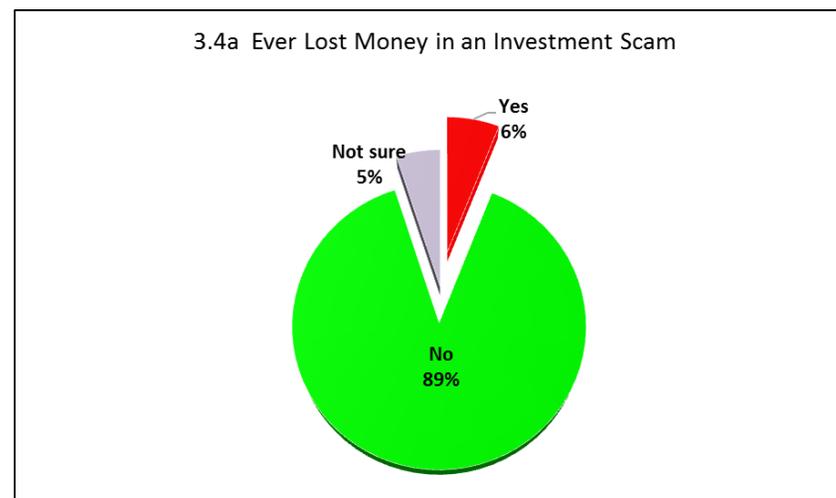
In section 3.1, we saw that only 7% of respondents were concerned about losses resulting from investment fraud. It ranked 15<sup>th</sup> out of 16 concerns that people rated. It was also lowest ranked among major events that impacted people’s financial lives with only 2% reporting investment fraud as one of the ‘major events’ that affected them.

To get a better sense of incidence, we defined ‘investment fraud’ for respondents and asked them if they had experienced it. Our definition of investment fraud was:

*“An investment scam is a situation where someone lies to you to get you to put money into an investment they are actively promoting. You subsequently lose your money due to fraud. Please note: a fraud is not a legitimate investment that goes badly, but rather somebody trying to take your money by lying to you. Furthermore, in an investment scam it becomes obvious that you and/or other investors will never get any of your money back from the firm that sold you the investment. Have you ever lost money in an investment scam?”*

**When we explained what we meant and asked the direct question, we found that 6% had personally been a victim of an investment**

**scam and another 5% weren’t sure.** The numbers were similar for each of the three life stages of older Canadians.



The 6% figure is much larger than the number mentioned earlier in the report. Only 2% cited investment scams as a disruptive financial event. We believe the difference is due to two causes. First, the more complete definition offered in this section may have increased identification of fraud. Second, and far more likely in our view, the earlier questions dealt with major events that had a material financial impact. Many of the fraud losses may not have been large enough to cross this ‘materiality’ threshold. Not every loss from scams is large.

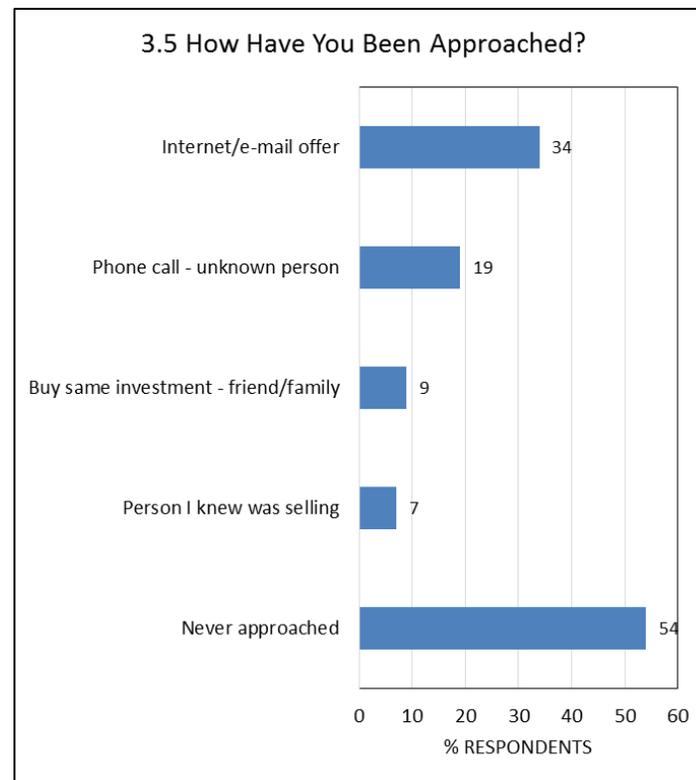
The greater incidence of investment scams is also suggested by a second question, which asked respondents if they knew any victims of investment scams. This showed that 1 out of 6 respondents

knew a victim of an investment scam and another 1 out of 6 weren't sure. In short, incidence was high enough to notice.



More than half of those we interviewed don't believe they have ever been approached for an investment scam. Given the number of e-mail investment scams in particular, we believe this indicates that many people didn't pay enough attention to "spam" emails to even notice that they have in fact been solicited for a scam.

Nonetheless, one-third of all respondents are aware that they have received an Internet offer to buy into an investment that was likely a scam. While not shown, this percentage declines with Internet usage by age from 39% for the pre-retired to 29% among the age 75+. Personal appeals to buy, whether from family/friends or known salespersons, also decline with age. In contrast, the incidence of phone "pitches" to buy investments is the same across life stage groups.



Overall, we conclude that nearly half of our survey respondents have been approached for an investment scam, but only 6% have been victims. For the majority of victims, the losses incurred were not detrimental enough to materially affect their retirement savings or their lifestyle.

## How Does this Relate to Secondary Evidence?

One of the main reasons we wanted to ask about fraud in this study was to address our concern about framing effects in previous studies. In an Ontario Securities Commission study on risk-taking we conducted, some 52% of investors expressed concerns about losing money in an investment fraud. CARP (a national advocacy group for older Canadians) reported that 10% of polled members had been victims of investment fraud<sup>8</sup>. A 2012 CSA study reported that 5% of surveyed individuals had been victims of investment fraud and more than one-quarter had been approached<sup>9</sup>.

This study made a clear effort to position fraud as one of a number of concerns including investment, health and family. Results show that when fraud is considered in the context of other financial concerns, it is ranked relatively low as a concern for the future (ranked 15th out of 16). It is not surprising that issues people must face all of the time (e.g., health, living expenses) are more likely to be significant concerns.

This research confirms earlier CSA findings and places the incidence of fraud in the 5-6% range. What we have added to this discussion is that the majority of these frauds were likely not large enough to materially affect the financial welfare of those affected. Nearly half of our respondents (46%) believe they have been asked to buy a fraudulent investment by some means (online, phone, in-person) versus just over one-quarter of respondents (27%) in the 2012 CSA Study.

---

<sup>8</sup> CARP Financial Report, November 16, 2012. CARP website.

<sup>9</sup> Canadian Securities Administrators, “2012 CSA Investor Index”, Innovative Research Group, October 16, 2012.

## 4. Financial Advice

### Highlights

- While it is useful to learn people's concerns, we thought it would also prove useful to understand the financial lessons that people learned over time. Respondents were free to write anything they wanted to say. Overall, the advice was simple and sensible.
  - Start saving early and save regularly;
  - Live within your means – Avoid debt;
  - Invest where it counts most – TFSAs & RRSPs;
  - Get advice -- make a plan;
  - Learn about financial matters; and
  - Be cautious about your buying.
- Overall, 9 out of 10 respondents felt that at least one form of advice would be useful. On average, half of the advisory issues we listed were rated as 'useful', suggesting the need for a broad range of advice.
- Three types of advice were deemed useful (4-5 rating) by two-thirds of respondents:
  - Figuring out how much income we will need in the future;
  - Planning to be sure we don't outlive our money; and
  - Learning how to prepare for future health challenges.
- Most people have received advice in recent years, typically on 2-3 of the issues we identified. This is a little less than half of the advisory issues they deemed useful. Across all respondents, the biggest gaps between useful advice and advice received are Preparing for health challenges and Planning to deal with surprise expenses.
- Most people also plan to get advice over the next two years, typically about two issues. Demand is particularly strong for health-related issues, as well as planning to ensure people don't outlive their money.
- Only 14% indicated difficulty in obtaining advice. Two-thirds of this group is wary because they can't tell if the advisor is giving them good advice.
- It is also clear that a small group of people (6-8%) is unable to get advice. When asked why they find it difficult to get advice, they reply that: they don't have a regular advisor; they don't know how to get help; they don't understand complicated explanations; and they have very little money.

## 4.1 Advice from Respondents

While it is useful to learn people's concerns, we thought it would also prove useful to understand the financial lessons that people have learned as they grow older. In an effort to keep this open, we simply asked people two questions.

*"Thinking about all of the things that have happened in your life, what financial advice would you give someone like you who is ten years younger?"*

*"What about someone who is 20 years younger? What additional financial advice would you give them?"*

**Respondents were free to write anything. We gathered up the comments, read them, and identified the major themes. Overall, the advice was simple and sensible.**

- **Start saving early and save regularly;**
- **Live within your means – Avoid debt;**
- **Invest where it counts most – TFSAs & RRSPs;**
- **Get advice -- make a plan;**
- **Learn about financial matters; and**
- **Be cautious about your buying.**

### ***Start Early... Save.... Be Consistent***

The most common advice is to start saving at an earlier age and continue to save on a regular basis. It is never too late to start saving and continuing to do so well into retirement. Some sample comments follow.

*"Begin saving for your retirement immediately & make it a lifelong commitment from that point forward. Whether it's 10\$ or 25\$ per pay, set it aside no matter what & never, ever touch it. Try to increase that amount as often as you comfortably can & stick to it." (Plan to Retire)*

*"Start now! Do not wait to start later on. Even if it's a few dollars a week saved and invested." (Pre-retired with No Plan)*

*"It's not too late to put money away for the "golden years". (Age 75+)*

### ***Live Within Your Means – Avoid Debt***

Respondents say that it helps to kick-start saving early if you live within your means. Don't spend more than you earn. Make a budget and stick to it. This advice becomes more essential heading into retirement. Keeping a close reign on spending and debt and managing credit responsibly are critical. Having an emergency fund for the unexpected is wise. Heading into retirement with debt, including a mortgage, is commonly advised against from those retired and age 75+.

*"Never get caught up in spending more than you earn for instant gratification. Start saving every pay as a habit, so you don't even think about it." (Plan to retire)*

*"Buy what you need, not what you want. Save for items you need or might want. Do not buy what you cannot pay for and build up debt." (Age 75+)*

*"Never spend more than you earn. Understand there is a massive difference between needing something and wanting something. Never go into debt to*

*buy anything. Always pay down full amount on credit card bills.” (Plan to Retire)*

*“Invest for retirement and work to get out of debt. Being debt-free when you retire is an enormous help.” (Retired past 5 years)*

*“Treat credit cards as a way of carrying cash - never buy something if you do not have the money in hand to pay for it. Plan ahead – short, medium and long term and keep a watch on your bills. Track your spending. (Retired past 5 years)*

*“Pay off your mortgage. Get rid of credit card debt.” (Age 75+)*

### **Investment Where It Counts Most**

Among all types of respondents, RRSPs and TFSAs are the investment products of choice for retirement savings. There may be a slight preference for RRSPs over TFSAs. In order to take full advantage of these, respondents suggest maximizing contributions annually. Investing in a higher-risk product is advised by only a few and aimed at those younger with more time to re-coup any losses. Considering the bull market in real estate in many cities and regions across Canada, there are a fair number who suggest real estate for those 20 years younger. Overall though, investment advice tends to be relatively safe and conservative.

*“Invest money in RRSP and TFSA as much as possible.” (Retired past 5 years)*

*“Purchase RRSP's and put the money you save on income tax into a TFSA.” (Retired past 5 years)*

*“Take some risk but do not be foolish. Diversify your portfolio. That way if one fails the other will do good.” (Plan to retire)*

*“Buy Real Estate to rent out.” (Retired 5 years ago)*

*“Put your money into real estate and solid financial institutions.” (Age 75+)*

### **Get Advice – Have a Plan**

Those who “plan to retire in the next 10 years” and those who have “no plans to retire” seldom suggest getting advice or creating a plan for saving. This advice is mostly given by those already retired or age 75+.

*“Start looking at how much you will need for retirement. Get a good Financial Planner to look at your income and investments and make sure you have a written plan.” (Retired past 5 years)*

*“Make sure you have a good savings plan for retirement.” (Retired past 5 years)*

*“Develop a long range plan for providing financial stability through age 90.” (Age 75+)*

### **Learn About Financial Matters**

Learning about personal finance, money management and investing is another form of advice that comes most often from those age 75+ and those already retired.

*“Think before you act and rely on someone who is knowledgeable in money matters.” (Age 75+)*

*“Educate yourself re financial investments. Ensure that you are comfortable with your advisor and that they give you all the information that you need. If advisor will not provide information regarding themselves or recommended investments including how they will be paid run from them, be wary.” (Retired past 5 years)*

*“Do your homework on investments. Make sure you diversify, both with types of investment (equities and income) and geographically.” (Age 75+)*

*“Watch the financial news and world news to help guess what the future will hold.” (Age 75+)*

*“Learn how to invest wisely yourself.” (Retired more than 5 years)*

*“Be aware of the various investment scams that are circulating. Check out the organization credentials.” (Age 75+)*

*“Do not deal with anyone over the phone about investments.” (Retired past 5 years)*

*“Don't invest in anything from people that are not versed in the field. Second hand advice is not good.” (No plan to retire)*

*“Deal only with reputable investment firms. i.e. chartered banks, insurance companies.” (Retired more than 5 years)*

### ***Be Cautious About Your Buying***

While not a common form of advice among respondents, it is important to note that those who warn against investment fraud are mainly 75 years old or older. Keeping personal and banking information private is cautioned as well. Dealing with a reputable firm for investment advice and retirement planning is advised by respondents of all ages.

*“If it sounds too good to be true. It probably is a scam or bad investment. Be very cautious.” (Age 75+)*

*“NEVER give anyone personal banking information over the phone or the Internet.” (Age 75+)*

## 4.2 Useful Advice

After giving their opinion, respondents were then asked to rate the usefulness of 11 (retired, age 75+) or 14 (Pre-retired) types of advice on a 1 (Not useful at all) to 5 (Extremely useful) scale. The results are shown in Exhibit 4.1. **Essentially, all the forms of advice we asked about are useful to at least one-third of people, but some types of advice are useful to more people than others. Results suggest it will be increasingly important for financial planners to know about meeting healthcare challenges in addition to financial matters.**

Three types of advice were deemed useful (4-5 rating) by two-thirds of respondents:

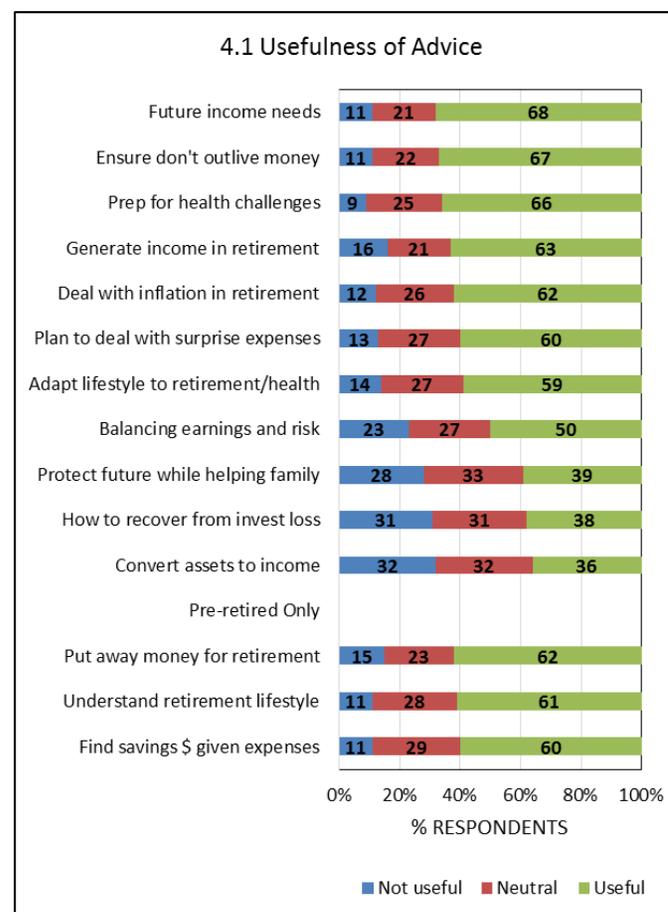
- Figuring how much income we will need in the future;
- Planning to be sure we don't outlive our money; and
- How to prepare for health challenges in our future.

Another three types of advice were only slightly lower rated, deemed useful by more than 6 out of 10 respondents:

- Developing a plan to generate income from savings/investment;
- Figuring out how to deal with increases in cost of living during retirement; and
- Developing a plan to deal with large unexpected expenses.

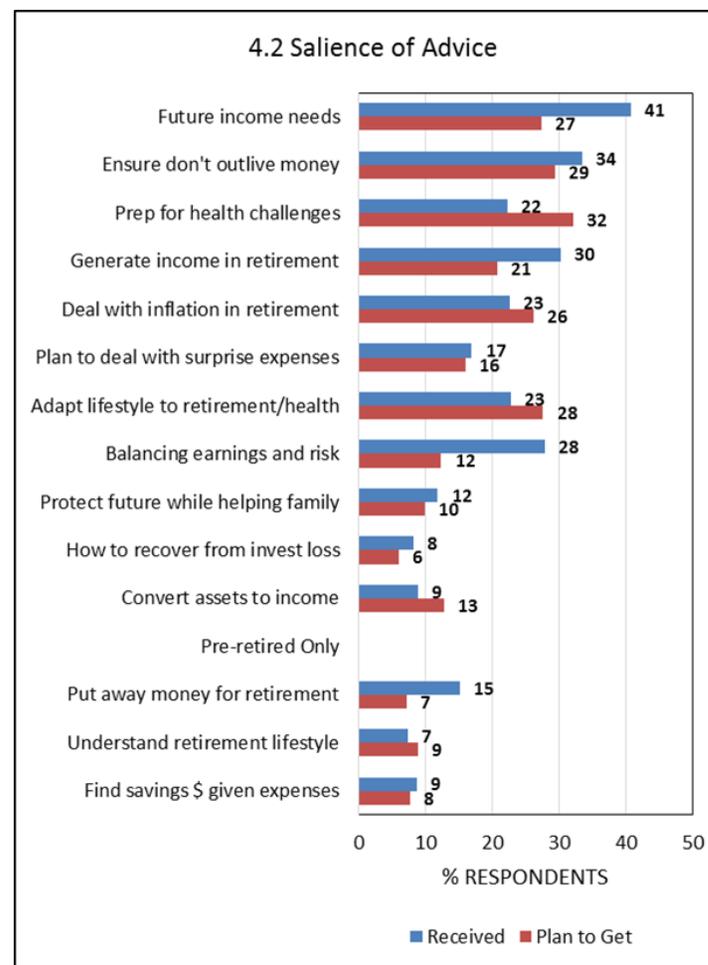
For the pre-retired life stages, developing a retirement savings plan was useful for more than 6 out of 10. Those with plans to retire in the next ten years also considered it useful to understand what their life would be like in retirement; while those with no plan to retire wanted advice on how to save given their expenses.

Among those age 75 or older, more than two-thirds considered it useful to get advice on how to adapt their lifestyle to physical and health limitations.



Behaviour is a stronger indicator of usefulness than simple ratings. To get a better sense of what matters, we asked people about the kinds of advice they have already received. What we don't know is whether they sought out this advice or not. To the extent that they made an effort to seek out the advice, it is certainly something they viewed as more necessary. To get some idea of what is necessary, we asked them which types of advice they planned to get over the next two years.

For the most part, the advice people have already received is consistent with how useful they deem the advice to be. There are two exceptions. People have not received advice on how to prepare for health challenges to the extent that ratings suggest they would. Conversely, people have received more advice on balancing risk and earnings than expected. Advice on health preparation is comparatively scarce among financial planners, while nothing is more common than advising on risk and return of investments.



For the most part, the advice people intend to get in the next few years is also consistent with what they deem most useful. Again, there are a few exceptions. **People are more actively planning to seek out advice on adapting lifestyle to physical and health limitations than we would expect, suggesting this is an emerging issue with unmet demand.** Conversely, there is less future demand for figuring out income needs than we would expect based on rank order of types of advice. Once again, health-related advice is the larger unmet demand.

**There are some life stage differences that are worth noting.**

- **No retirement plan.** Almost half (48%) have not received advice on any issue and low incidence for forms of advice received.
- **Plan to retire within 10 years.** Almost half have received help developing a savings plan, and half of the remainder intends to get that type of advice. One-third plan to get advice on adapting to physical and health limitations.
- **Retired (<age 75).** More likely to have received advice on generating income in retirement than any other group.
- **Age 75+.** Health-related advice is critical. Adapting lifestyle to physical and health limitations is more common as advice received in the past, and also more common as advice people plan to get in the next two years. The same is true for preparing for future health challenges.

**Overall, 9 out of 10 respondents felt that at least one form of advice would be useful. On average, half of the advisory issues we**

**listed were rated as ‘useful’, suggesting the need for a broad range of advice.**

**Whether they have a regular advisor or not, 7 out of 10 older Canadians have received advice in recent years, typically on 2-3 of the issues we identified. This is a little less than half of the advisory issues they deemed useful. Across all respondents, the biggest gaps between useful advice and advice received are Preparing for health challenges and Planning to deal with surprise expenses.**

**Most people (70%) also plan to get advice over the next two years, typically about two issues. Demand is particularly strong for health-related issues, as well as planning to ensure people don’t outlive their money.**

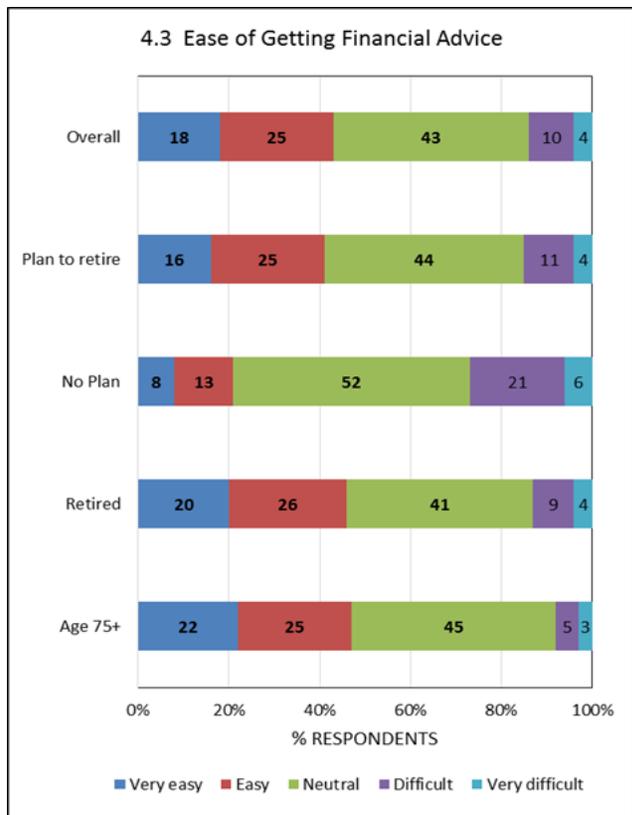
### 4.3 Getting Financial Advice

The findings just reviewed suggest that most people find it easy to get financial advice when they need it. Some 7 out of 10 respondents got advice in recent years. With the incidence of advisor relationships at about 53% among those age 50 and older<sup>10</sup>, we assume that some of this advice was “one-time” advice from an individual they do not consider their regular advisor. Despite the widespread availability of advice, more than 1 out of 10 respondents (14%) said it was difficult to get advice (1-2 rating). Overall, it appears to be slightly easier to get advice with age.

---

<sup>10</sup> Omnibus Survey, Research House, June 2014.

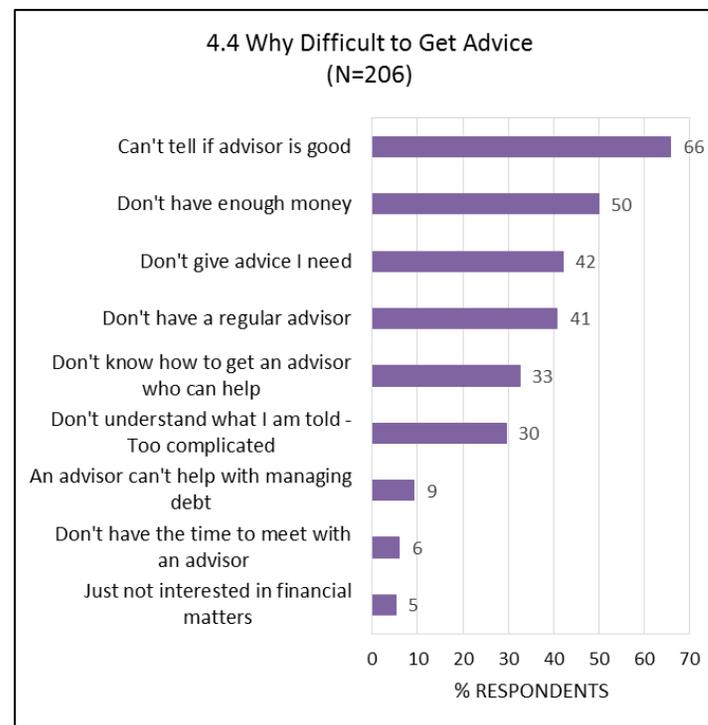
The one group with substantial difficulties is those over age 50 who are still working and have typically accumulated less than \$100k. Over one-quarter of this group finds it difficult to get advice, but in context, this is less than 3% of the pre-retired.



Out of our sample of 1532 respondents, only 206 find it difficult to get advice. With such a small group, we cannot distinguish the

reasons for the difficulties by life stage. We can only look at it for this group as a whole.

The first issue in getting advice is trust. Two-thirds are wary because they can't tell if the advisor is giving them good advice. The second issue is wealth. Half say that advisors don't want to deal with people unless those people have a lot of money. Other reasons for not getting advice are far from negligible including "advisors don't give the kind of financial advice I need". This may point back to the unmet healthcare issues we noted earlier.



**It is also clear that a small group of people is unable to get advice.**

When asked why they find it difficult to get advice, they reply that: they don't have a regular advisor; they don't know how to get help; they don't understand complicated explanations; and they have very little money.

## 5. Life Stage Profiles

### Highlights

This chapter synthesizes findings from the literature review and the Survey of Older Canadians. In addition to summarizing findings, we provide a profile of each of the three major life stages for Older Canadians: Pre-retired; Recently retired; and Age 75+. The profiles provide key financial differences by life stage, as well as differences in financial challenges, concerns and advisory needs.

While the profiles necessarily generalize findings for each life stage, individuals at each life stage cannot be expected to conform to each and every element of the life stage description. Nonetheless, these profiles provide a good description of the main characteristics and issues for the life stages from age 50 onwards.

### 5.1 Initial Definition of Life Stages

In our earlier research, we initially defined three life stages for people age 50 and older, which we refer to as “older Canadians”. Two stages are defined by events and one stage by age.

1. **Pre-retired** includes people who are not yet retired, both those with plans to retire and those without plans.
2. **Recently retired** includes retired people under the age of 75.
3. **Age 75+** includes all people aged 75 and over, whether retired or not.

We now know that the Pre-retired group is made up of two very different sub-groups: one with plans to retire in the next ten years; and a second group with no plan to retire. That was not obvious from the literature review.

Conversely, we initially distinguished two sub-groups of recently retired, those retired within the past five years versus those retired longer. The comparability of these two sub-groups was such that there was no real value in distinguishing them.

The three major life stage groups were defined based on a literature review completed in 2014. The main findings about each group and the source of the information can be found in the literature review.

Please note that age and stage definitions differed from study to study, so we have done our best for comparability. In addition, many studies compare those over 65 with those under 65, so conclusions apply mainly to retired lumped with age 75+.

The bold-font statements at the start of each profile are the most important differentiators. Other points are listed roughly in order of their appearance in the literature review.

### **Pre-retired**

- **Peak for household net worth;**
- **Peak for financial concerns;**
- **Work is the main source of stress in life;**
- **More focus on long-term financial goals and income needs;**
- Less than two-thirds satisfied with life;
- Roughly one-quarter with health or activity limitations;
- Start of decline in investment risk-taking;
- More optimistic about future investment earnings;
- More use of search engines than older groups;
- Information-seeking driven by planning;
- More influenced by online sources, both independent sources and material on their advisor's company website;
- Express interest in a broader range of financial advice; and
- More awareness of advisor fee structures.

### **Retired**

- **Peak of household financial assets;**
- **Prone to switch permanently to safer investments after major loss, but less prone to act than younger investors;**
- **More concerned about long-lasting market downturn;**
- Sell off of business equity;
- Highest proportion of wealth in financial assets;
- Prone to take investment risks outside comfort zone to meet everyday expenses;
- More analytic and less emotional about investments;
- More use of non-bank advisors than pre-retired;
- Information-seeking driven by advisor discussion & curiosity;

- Influence of family and friends declines versus advisors;
- Most heavily influenced by independent print sources (e.g., newspaper columnists, investor newsletters, etc.); and
- Peak of trust in advice from advisors.

### **Age 75 and Over**

- **Roughly half have health or activity limitations**
- **Rapid 5-year decline in household financial assets and net worth starting around age 75;**
- **Debt-to-income ratio roughly half of the pre-retired group;**
- **Peak of financial advisor influence on decisions;**
- Less literate and numerate than younger cohorts<sup>11</sup>, but equally knowledgeable about finances<sup>12,13</sup>;
- Family & health are main stressors in life;
- Fewer than 1 in 10 say finances are main source of stress in life;
- Markedly lower investment risk-taking than pre-retired;
- Prone to switch permanently to safer investments after major loss, but less prone to act than younger;
- More analytic and less emotional about investments;
- More concerned about impact of long-lasting market downturn;
- Peak belief that have saved enough for retirement;
- Information-seeking driven by advisor discussion & curiosity;
- More use of non-bank advisors than pre-retired;

---

<sup>11</sup> International Adult Literacy & Skills Survey, StatCan 2005; and Programme for the International Assessment of Adult Competencies (PIAAC), StatCan, 2014.

<sup>12</sup> Investor knowledge scores are average for those aged 50-64 and 65+ (although lower than those aged 35-49) in the Ontario Securities Commission Study, "Benchmarking Investor Knowledge", 2012.

<sup>13</sup> Self-assessed investor knowledge is equal in the Ontario Securities Commission Study, "Investor Risk, Behaviour & Beliefs", 2013.

- More prone to initiate a relationship with an advisor; and
- Decline in trust of advice from advisors regarding ‘best interest’.

## 5.2 Life Stage Profiles

For the most part, the current study aimed to improve our understanding of each life stage and to uncover more detail about its motives. We also aimed to overcome the influence of framing in some of the research we reviewed. From a comparability perspective, starting with definitions of life stages suggested by the literature allowed us to design this study to compare all life stages on the same criteria. This was not possible before, and we deemed this especially important for understanding the unique constellation of needs and circumstances that affect Canadians age 75 and older.

A very important part of what this study was designed to achieve was to put financial concerns in the broader context of life concerns that include health, family, work and more. By doing this, we get a better understanding of the relative importance of financial concerns. We also start to understand how family and health issues affect financial concerns.

In this section, we synthesize what we know and provide a verbal description of each life stage. In creating these profiles, we will draw some inferences from the literature and from this study to provide more richness to the description. The facts that underpin these descriptions are drawn from the literature review (see section 5.1), as well as this survey.

**Individuals at each life stage cannot be expected to conform to each and every element of the life stage description. However, the profiles provide a good description of the main characteristics and issues for the life stages from age 50 onwards.**

### Pre-Retired

The pre-retired are, of course, the only group still stressed by work. Despite having the highest household net worth, they are the most stressed about finances. Among the age 50+ groups in this study, they are the least satisfied with their lives. Still, most are saving, whether through regular withdrawals or occasional lump sums, keeping their view on long-term income needs. They are optimistic about their investments, but starting to take fewer risks.

Despite best efforts at planning, two-thirds of the pre-retired have experienced at least one major life event over the preceding ten years that interfered with their ability to continue saving for retirement. The most common experience is forced early retirement resulting in a loss of income and benefits, more often the result of health issues than employer duress. Unrecovered stock market losses and large unexpected home repairs affect many others. Viewing themselves as still in the work force, this group is the most likely to borrow money to deal with unexpected expenses.

Like everyone else, their concerns about the future include inflation and global economic events. But in their planning, the most difficult thing to figure is how many years they will live after retirement and what that means for their income and savings needs. Most get advice about planning for retirement, but there is also an interest in knowing more about retirement lifestyles. One-third also plan to get advice about adapting to physical and health limitations.

This group seeks information online more than older groups and is more influenced by online sources. They are seeking a broader range of advice than older groups and are more knowledgeable about how they pay for the advice they get.

### **No Plan** (*Pre-retired*)

While this is not a life stage for most people, it is worth identifying this subset of the pre-retired that simply cannot afford to retire.

Working people over 50 who don't have plans to retire are different than others, largely characterized by a lack of plan or serious consideration about their retirement. They are not much lower income than others, but rather they just haven't accumulated substantial savings.

Almost half have not received financial advice on any issue, and for those who have received advice, the incidence is low. The "No Plan" person feels they cannot plan to retire because they lack retirement savings, yet at the same time it is clear they lack retirement savings because they don't plan adequately. At this point, however, many have come to the conclusion that they do need financial advice, particularly advice on how they can save while meeting their household expenses.

Quite reasonably, this group is concerned that they won't have enough to live on in retirement, particularly as inflation eats away at their buying power. Having said that, their largest concern by far is whether they will be able to continue to work and earn an income until they have saved enough to retire.

### **Retired** (*under age 75*)

Financial assets reach their peak in the years immediately following retirement, as people move to safer investments. Capital preservation becomes critical. The retired are generally more analytical about their investments than the pre-retired, but heavily influenced by independent print sources like newspaper financial columnists and independent investor newsletters.

For the most part people learn to adjust to their retirement income and develop a lifestyle in accord with their income and interests. Finances are not a major source of stress. Most people manage their income by getting regular monthly amounts, whether from a pension or from retirement savings, but most have the flexibility to draw a lump sum of money when needed. Half of the households (not individuals) in our sample have some income coming from a company pension plan.

Nonetheless, more than half have experienced a major event that interfered with their orderly income and finances. Health and family issues were major sources of unexpected expense, but so too were home repairs. Some people were also caught off guard by the magnitude of the costs when they lost their employee benefits at retirement. Many responded by making changes to their investments, but most commonly, they just spent less on other things. Very few borrowed.

Day-to-day cost of living is a top concern for most retired people, with healthcare costs being the biggest risk for expenses and investment earnings presenting a similar risk to income. Many have received advice on generating income and they are most trusting about financial advisors.

## Age 75 and Over

Healthcare is the defining difference for the oldest life stage with two-thirds having major health problems and half saying they have health or activity limitations. Median out-of-pocket healthcare costs are \$2000 annually, but 1 out of 8 households spent more than \$5000 in the past year. Lower income households are harder hit.

Starting around age 75, there is a rapid decline in financial assets over a 5-year period matched by a decline in net worth. We note that debt-to-income levels are half of the pre-retired level, so perhaps there is significant pay down of debt. Regardless, financial assets and net worth seem to stabilize around age 80. Despite the decline in financial assets, fewer than 1 in 10 say that finances are a source of stress in their life. They are more likely to be concerned about coping with declining health, although inflation is clearly a real concern.

Most people at this oldest life stage find that expenses are about what they planned for, suggesting that they have adapted to what they have available, as well as suggesting that their planning was adequate. As with other life stages though, half have experienced a major life event that interfered with their steady income flow. Healthcare costs and needing to support family members with financial problems are the two main challenges. The two main responses to these unexpected costs are cutting household expenses and cashing in savings or investments. This may well account for some of the decline in financial assets.

Day-to-day cost of living is a top concern for most retired people, with healthcare costs being the major risk for expenses and

investment earnings presenting a similar risk to income. Two-thirds consider it useful to get advice on adapting lifestyle to physical and health limitations, but this advice is in relatively short supply.

As far as investments go, the age 75+ group takes the fewest risks. If they experience a loss and actually take action, the action is most likely to be a permanent switch to safer investments. This group is less literate and numerate than earlier life stages, but they have the time to ensure they are just as knowledgeable as earlier life stages<sup>14</sup>.

This oldest group does make use of financial advisors, using far more non-bank advisors than the pre-retired. As well, this group is the most likely to initiate a new advisor relationship on their own, perhaps following the retirement of their advisor from earlier years. While financial advisors have more influence on investor decisions in this age group than any other, these investors are typically less trusting about the advice they get and its motivation. Trust in advisors is lower than at younger ages.

---

<sup>14</sup> Op.cit. footnotes 11, 12, 13

## 6. Summary and Conclusions

### Highlights

Based on the findings from our series of three studies related to Older Canadians, we have identified several important implications of the research with the key findings that support them. The implications for action are stated here.

1. Older Canadians should not be treated as a single group for policy purposes, but rather as 3-4 distinct groups.
2. Planning to deal with the unexpected needs to be a bigger part of financial planning, both before and after retirement.
3. There needs to be more planning for health management and its financial implications. Financial advice needs to address health-related issues, both in terms of saving for retirement and in terms of managing spending during retirement.
4. There is an opportunity to develop tools to help people plan for the unexpected. Most obvious needs are tools to predict the impact of inflation and future healthcare costs. People also need to understand how long they are likely to live and to plan for that.
5. Fraud is a problem that merits attention, affecting approximately 60 out of every 1,000 older Canadians.

### 6.1 The Issues

The 2014 literature review and the qualitative research with older Canadians identified three key issues that this study was designed to address.

- What are the top financial concerns of each life stage?
- What are the main financial risks at each life stage?
- What specific financial advice do people want at each life stage?

Section 5.1 summarized the findings from earlier research, while section 5.2 tied together the findings from this study and the literature review to create a profile for each life stage.

In addition to those key issues, earlier work also asked three additional questions.

- What distinct groups of older Canadians have financial problems?
- How big a concern is investment fraud?
- What challenges do older Canadians face that are not adequately addressed?

As we saw earlier in the report, the group that self-identifies as having financial problems is the group that believe they cannot afford to retire, which we refer to as the “No Plan” group. In general, the other group that has financial problems is those at the lowest income levels. They are under-represented in this study. For the most part though, their financial problems are a continuation of those they faced as low-income earners in their earlier years.

Chapter 3 addressed the fundamental dilemma regarding investment fraud. Studies from regulators and associations pointed

to investment fraud as a major concern of older Canadians, while studies from financial institutions did not. We aimed to resolve this discrepancy by placing investment fraud among a group of other life concerns including health and family. The results show that investment fraud is not a major concern of older Canadians compared to more salient issues like inflation, investment performance, and healthcare.

Nonetheless, we found that 6% of households had personally been victims of an investment scam. Half of households believe they have been asked to buy a fraudulent investment, mainly via the Internet or a phone sales pitch. This research confirms earlier CSA findings, placing the incidence of fraud in the 5-6% range. This research suggests that less than half of these frauds involve amounts that materially disrupt retirement savings or lifestyle.

The final issue is the challenges older Canadians face that are not adequately addressed. The biggest unmet needs involve health and unexpected events. More health-related advice is needed including coping with declining health in the years to come and adapting lifestyle to health and activity limitations. Older Canadians want this advice, but help is not always available. Citing “long-term care” or other insurance-based solutions misses the point that most people want to adapt their lifestyle, not to give it up entirely. Advice on coping with health and associated financial issues is the next frontier for top financial advisors and their firms.

At an earlier stage in life, the challenge for advisors is identifying potential life risks for clients and helping them prepare for the unexpected. The biggest risk prior to retirement is being forced to retire earlier than expected due to personal or family health

problems, but that is certainly not the only unexpected risk that people face.

## 6.2 Key Findings and Implications

Based on the findings from our series of three studies related to Older Canadians, we have identified eight important implications of the research with the key findings that support them.

1. **Older Canadians should not be treated as a single group for policy purposes**, but rather as 3-4 distinct groups. In addition to those preparing for retirement, we must at minimum distinguish the recently retired and those age 75 and older.
2. **Planning to deal with the unexpected needs to be a bigger part of financial planning**, both before and after retirement. Most people experience major events that can derail their financial plans. In addition to health-related matters, it is clear that a portion of people need advice about structuring their support for family members with economic difficulties, especially doing so in a way that does not compromise their own economic future. Advice on recovering from investment losses is also lacking. Because many older investors do not take action when they have lost money on investments, advisors need to more proactive in helping them with strategies to recover from their losses.
3. **There needs to be more planning for health management and its financial implications. Financial advice needs to address health-related issues, both in terms of saving for retirement**

**and in terms of managing spending during retirement.** People need advice including: coping with declining health in the years to come; adapting lifestyle to health and activity limitations; funding home renovations and medical devices; and dealing with unexpected costs. **Health issues have been underestimated as a source of potential financial disruption.** Almost one-quarter of the workforce is forced to retire early as a result of health issues, either personal problems or a family member they must look after. Two-thirds of households age 75 and over have major health problems they need to manage.

4. There is an opportunity to develop online tools to help people plan for the unexpected. Most obvious needs are tools to predict the impact of inflation and future healthcare costs. Canadians also need tools that help them understand how long they will actually need money in retirement. The proportion of older Canadians who expect to outlive their money suggests that at least 3 out of 8 people under-estimate their likely lifespan and risk over-spending too early.
5. **Fraud is a problem that merits attention**, affecting approximately 60 out of every 1,000 older Canadians. This compares to 6 out of 1,000 for home burglaries in a given year. While burglary statistics are based on annual break-ins and our fraud statistics are cumulative, this does give some sense of comparative risk. With a lack of concern among households, the onus will fall on regulators to try to stop fraud. This is increasingly difficult with the Internet playing a major role in marketing investment scams.

## Appendices

### *Qualifying Questions -- Online Survey of Older Canadians (Final)*

1. What is your current age?
  - 1 Under 50 <Terminate>
  - 2 50-64
  - 3 65-74
  - 4 75 or older
  - 8 Refuse/No answer <Terminate>
  
2. Did you retire...? *(If working under 10 hours per week, you are considered retired)*
  - 1 Within the past 5 years <Skip to Q5
  - 2 More than 5 years ago <Skip to Q5
  - 3 Not retired – Still working (or seeking work)
  - 4 Not retired – Other (Disabled, Never worked, Student, etc)
  
4. Do you plan to retire within the next ten years?
  - 1 Yes
  - 2 No
  - 3 Not applicable
  
5. Are you...?
  - 1 Male
  - 2 Female
  
6. Where do you live?
  - 1 BC (and YT)
  - 2 Alberta (and NT, NU)
  - 3 Prairies (Manitoba, Saskatchewan)
  - 4 Ontario
  - 5 Quebec
  - 6 Maritimes (NB, NL, NS, PE)
  - 7 Yukon Territory
  - 8 Northwest Territories or Nunavut
  - 9 Outside Canada

## ***Form A (Pre-Retirement) – Survey of Older Canadians (15-Jan-15)***

If you are completing this survey, you are not yet retired. The questions in this survey will deal with events leading up to retirement and what you might expect in the future.

### **a. Planning**

1a. First, let's talk about your plans to save for retirement. Do you know how much money you will need to save to pay for your retirement? [Choose ONE]

- 1 Yes, have an accurate estimate of the amount needed.
- 2 Yes, have a rough idea of what is needed
- 3 No, have no real idea

1b. Do you have a plan that describes how to save for retirement? [Choose ONE]

- 1 Yes, have a formal written plan
- 2 Yes, have an Informal plan
- 3 No, don't need a retirement savings plan
- 4 No, I don't have any plan

1c. How are you saving for retirement? [Choose ALL that apply]

- 1 Invest/save regularly by having money taken out regularly from my account
- 2 Invest/Save lump sums of money whenever I can
- 3 Have a company pension plan (either my own or my spouse's)
- 4 Don't save money for retirement

2. Sometimes "big" things happen that make it very difficult to save for retirement. We aren't just talking about having a hard time saving because things cost more every year. We are talking about unexpected things that happen that take up a lot of your money. Which of these things have you and/or your spouse personally experienced in the last 5-10 years? Please choose ALL that apply.

- 1 Paid major home repair bills after unexpected problems (e.g., ice storm, flood, etc.)
- 2 Lost income/benefits due to being fired or laid-off
- 3 Real estate values collapsed on a property I/we had to sell
- 4 Lost income/benefits/savings due to a long-term disability
- 5 Lost income and/or assets due to a divorce or separation
- 6 Lost money in a business
- 7 Gave a lot of financial support to an adult family member/relative having difficulties
- 8 Lost money in the stock market and haven't made it back
- 9 Had to pay a lot of healthcare expenses for myself or a family member
- 10 Lost money in an investment scam (*i.e., Someone intentionally gave you false information about an investment to get money from you*)
- 17 Had to cover funeral/burial expenses
- 18 Had a personal bankruptcy
- 19 Other (explain)
- 20 No big events made it especially difficult to save for retirement <Skip to Q4b**

3. Thinking of your retirement savings and investment, which of the following things did you do in response to the big events just mentioned? Please choose ALL that apply.
- 1 Cashed in savings/investments to pay expenses
  - 2 Stopped saving/investing for retirement for a while but have resumed saving
  - 3 Stopped saving/investing for retirement and have not resumed
  - 4 Moved savings/investments into products that could be cashed in more easily
  - 5 Moved investments into products that were safer and more predictable
  - 6 Moved savings/investments into products that could potentially earn more
  - 7 Started a special savings or investment account to be prepared for future problems like this
  - 8 Sold my/our home or cottage to get cash
  - 9 Started putting more money away for the future
  - 10 Cut back on household spending
  - 11 Took a second job to increase earnings
  - 12 Borrowed money to meet expenses
  - 13 Sold car, boat, jewelry or other assets to get cash
  - 19 Other (explain)
  - 20 Didn't change anything**

4a. Before you experienced these big events, how much did you typically save for retirement in a year (excluding company pension plan)?

4b. Including your share of payments into your company pension plan, roughly how much did you save for retirement during the past year?

	Before	Past Year	
1	1		Nothing
2	2		Less than \$2500
3	3		At least \$2500 but less than \$10000
4	4		At least \$10,000 but less than \$20,000
5	5		\$20,000 or more
6	x		Amount varied a lot from year to year
9	9		Don't know / Don't want to say

## b. Concerns

1. We would like to get some idea of the main concerns you have for preparing for the future. Listed below are a number of events that could affect your future. Using a 1 to 5 scale where 1 means 'Not concerned at all' and 5 means 'Very concerned', please rate how concerned you are that these things might happen to you and/or your spouse.
  - a. Can't earn enough from investments to meet my/our retirement needs
  - b. Lose money in an investment fraud
  - c. Global economic events hurt savings and investments

- d. Returns on safe investments are so low that I/we have to take bigger risks than desired
  - e. Have more debt than I/we can repay
  - f. The prices for everyday things (e.g., food, clothing, etc.) increase dramatically
  - g. A long-lasting downturn in the stock market takes away much of our retirement savings
  - h. Can't get necessary financial advice when I/we need it
  - i. Out of work for an extended time before being ready to retire
  - j. Don't know how kids will earn enough to live on their own
  - k. Coping with declining health
  - l. Outliving my/our money
  - m. Value of home and other real estate collapses
  - n. Healthcare expenses that I/we have to pay out-of-pocket
  - o. Have to "rescue" family members with big financial problems
  - p. Don't have enough money to live on during retirement
- 2a. <Pipe in concerns rated 4 or 5 in Qb1> Which of these events have already happened to you? [Choose ALL that apply] Add in "None of these"
- 2b. <Pipe in concerns rated 4 or 5 in Qb1 omitting those selected in Qb2a> Focusing just on your biggest concerns, *which two events* do you think are most likely to actually happen? [If only two events available, make italicized phrase "which ONE event"]
- 3a. An investment scam is a situation where someone lies to you to get you to put money into an investment they are actively promoting. You subsequently lose your money due to fraud. Please note: a fraud is not a legitimate investment that goes badly, but rather somebody trying to take your money by lying to you. Furthermore, in an investment scam it becomes obvious that you and/or other investors will never get any of your money back from the firm that sold you the investment. Have you ever lost money in an investment scam?
- 1 Yes, definitely
  - 2 No, definitely NOT
  - 3 I'm not sure
- 3b. Do you personally know someone who has been a victim of an investment scam? Please do not include people you have just heard about, but only consider people who have personally told you about their experience.
- 1 Yes, definitely, I personally know someone who experienced an investment scam.
  - 2 No, definitely not
  - 3 I'm not sure
- 3c. By what methods have you personally been approached to buy an investment that you thought was a scam? [Please choose all that apply]

- 1 Received an e-mail or Internet offer asking me to buy an investment
- 2 Someone I didn't know telephoned to ask me about buying an investment
- 3 Someone I met in my social life (e.g., social groups, church, friends) asked me to buy into an investment they were selling
- 4 One of my friends/family suggested I buy into an investment they had already bought

**OR**

**5 I have NEVER been approached to buy an investment that I thought was a scam**

**c. Advice**

- 1a. Thinking about all of the things that have happened in your life, what financial advice would you give someone like you who is ten years younger?  
<Open End>
- 1b. What about someone who is 20 years younger? What additional financial advice would you give them?  
<Open End>
2. Now, let's look at preparing for your future. Using a 1 to 5 scale where 1 is "Not Useful at all" and 5 is "Extremely useful", please rate how useful you would find each of the following types of advice.
  - a. Figuring how much income is needed in retirement
  - b. Developing a plan to put away money for retirement

- c. Developing a plan to generate income from savings/investment after retirement
- d. Strategies for balancing investment earnings against the risk of losing money
- e. Ways to find money to save/invest given our everyday expenses
- f. Ways to protect our own future while still helping family members now
- g. How to prepare for health challenges in our future
- h. Planning to be sure we don't outlive our money
- i. Understanding what our lifestyle will be like in retirement
- j. Best ways of recovering from investment losses
- k. How to make the lifestyle transition from work to retirement
- l. Figuring out how to deal with increases in cost of living during retirement
- m. Developing a plan to deal with large unexpected expenses
- n. Finding a way to convert property, cars and other assets into income

3a. <Use the same list> Please indicate which of these types of advice you have already received.

3b. <Use the same list> And which types of advice do you plan to get over the next year or two

- 1 1 Figuring how much income is needed in retirement
- 2 2 Developing a plan to put away money for retirement
- 3 3 Developing a plan to generate income from savings/investment after retirement

- 4 4 Strategies for balancing investment earnings against the risk of losing money
- 5 5 Ways to find money to save/invest given our everyday expenses
- 6 6 Ways to protect our own future while still helping family members now
- 7 7 How to prepare for health issues in retirement
- 8 8 Understanding what life will be like in retirement
- 9 9 Best ways of recovering from investment losses
- 10 10 How to make the lifestyle transition from work to retirement
- 12 12 Figuring out how to deal with increases in cost of living during retirement
- 13 13 Developing a plan to deal with large unexpected expenses
- 14 14 Finding a way to convert property, cars and other assets into income
- None of these

4. How difficult do you find it to get the financial advice you want?
- 5 Very difficult
  - 4 Difficult
  - 3 Neither difficult nor easy
  - 2 Easy
  - 1 Very easy

5. <Ask only if 4 or 5 in Qc4> Why do you think it is difficult to get the financial advice you want? [Choose ALL that apply]
- 1 Don't have a regular advisor
  - 2 Don't know how to get an advisor who can help

- 3 Don't have the time to meet with an advisor
  - 4 Financial advice is so complicated that I often don't understand what I am told
  - 5 Just not interested in financial matters
  - 6 Can't tell if an advisor is giving me good advice
  - 7 Advisors don't want to deal with people unless the people have a lot of money
  - 8 An advisor can't help with managing debt
  - 9 Advisors don't give the kind of financial advice I really need
  - 10 Other [please explain]
- 

#### d. Additional Information

To get a better understanding of your answers, we would like to know more about you.

- 1a. Do you currently live with either a spouse or other partner?
- 1 Yes
  - 2 No
  - 3 Don't want to say
- 1b. Do you or your spouse have any children, whether at home or not?
- 1 Yes
  - 2 No
  - 3 Don't want to say
2. Which of the following do you or your spouse own?
- |  | Yes | No | DK |
|--|-----|----|----|
|--|-----|----|----|

- a. An RRSP (Registered Retirement Savings Plan)
- b. A company/union-based pension plan
- c. Mutual funds/ETFs
- d. Stocks
- e. A house, condo and/or cottage

3. Roughly, what was your household income last year before taxes?

- 1 Less than \$25,000
- 2 \$25,000 - \$49,999
- 3 \$50,000 - \$74,999
- 4 \$75,000 - \$99,999
- 5 \$100,000 - \$149,999
- 6 More than \$150,000
- 9 Don't know/Don't want to say

4. Including your company pension plan, but excluding government retirement plans, real estate and businesses you might own, how much do you have saved/invested for retirement in total? Is it?

- 1 Less than \$50,000
- 2 At least \$50,000 but less than \$100,000
- 3 At least \$100,000 but less than \$250,000
- 4 At least \$250,000 but less than \$500,000
- 5 At least \$500,000 but less than \$1 million
- 6 More than \$1 million
- 9 Don't know/Not sure

5. Based on your savings/investments and the income they generate, and considering your expected need to draw on

this money each year, do you think you have enough money to fund your retirement? Would you say...?

- 1 Definitely not
- 2 Probably not
- 3 Not sure
- 4 Probably have enough
- 5 Definitely have enough

6. Prior to this survey, how worried were you about preparing for your retirement. Please rate using a 1-5 scale where 1 means 'Not worried at all' and 5 means 'Extremely worried'.

\_\_\_\_\_ [Enter rating]

## ***Form B (Retired) – Survey of Older Canadians (15-Jan-2015)***

If you are completing this survey, you are retired and less than 75 years of age. The questions in this survey will deal with events related to retirement, as well as what you might expect in the future.

### **a. Planning**

1a. First, let's talk about your everyday spending in retirement. Do you know how much money you will typically need to pay for your expenses each month? [Choose ONE]

- 1 Yes, have an accurate estimate of the amount needed
- 2 Yes, have a rough idea of what is needed
- 3 No, have no real idea

1b. Do you have a plan that describes how to get the income you need each month over the next few years? The income may come from your savings and investments, pension, or selling property you own? [Choose ONE]

- 1 Yes, have a Formal written plan
- 2 Yes, have an Informal plan
- 4 No, I don't have any plan

1c. How are you using your retirement savings to pay for expenses? [Choose ALL that apply]

- 1 Withdraw regular amounts from my savings/investment accounts
- 2 Withdraw money every now and again as needed
- 3 Get regular cheques from a company pension plan (either my own or my spouse's)
- 4 Don't have either retirement savings or a pension plan

1d. Compared to what you expected, are you finding that your living expenses in retirement are:

- 1 More than expected
- 2 About what you expected
- 3 Less than you expected
- 4 Not sure, I didn't have any real expectations.

2. Sometimes “big” things happen that make it very difficult to live on what you expect. We aren’t just talking about having a hard time meeting everyday expenses because things cost more each year. We are talking about unexpected things that happen that take up a lot of your money. Which of these things have you and/or your spouse personally experienced either immediately before or since you retired? Please choose ALL that apply.

- 1 Paid major home repair bills after unexpected problems (e.g., ice storm, flood, etc.)
- 2 Lost employee benefits at retirement and paying for them cost more than expected
- 3 Real estate values collapsed on a property I/we had to sell
- 4 Incurred unexpected costs due to a long-term disability
- 5 Lost income and/or assets due to a divorce or separation
- 6 Lost money/went bankrupt in a business
- 7 Gave a lot of financial support to an adult family member/relative having difficulties
- 8 Lost money in the stock market and haven’t made it back
- 9 Had to pay a lot of healthcare expenses for myself or a family member
- 10 Lost money in an investment scam (*i.e., Someone intentionally gave you false information about an investment to get money from you*)
- 11 Had to cover funeral/burial expenses
- 12 Had a personal bankruptcy

19 (explain)

**20 No big events made it especially difficult to meet everyday expenses <Skip to Q5>**

3. Which of the following things did you do in response to these big events? Please choose ALL that apply.

- 1 Cashed in savings/investments to pay expenses
- 4 Moved savings/investments into products that could be cashed in more easily
- 5 Moved investments into products that were safer and more predictable
- 6 Moved savings/investments into products that could potentially earn more
- 7 Started a special savings or investment account to be prepared for future problems like this
- 8 Sold my/our home or cottage to get cash
- 9 Started putting more money away for the future
- 10 Cut back on household spending
- 11 Took a job to increase earnings
- 12 Borrowed money to meet expenses
- 13 Sold car, boat, jewelry or other assets to get cash
- 19 Other (explain)
- 20 Didn’t change anything**

<Q4 omitted from this version>

5a. Were you or your spouse forced to retire earlier than you had originally planned?

- 1 Yes
- 2 No <Skip to next section>.

5b. What was the cause of your early retirement? Choose ALL that apply

- 1 Health problems / disability
- 2 Bankruptcy or other personal business failure
- 3 Employer offered/gave a retirement package
- 4 Employer forced retired/fired/laid off
- 5 Had to retire to look after family members with problems
- 6 Other (explain)

5c. Financially, how did you cope with being forced to retire earlier than planned? Choose ONE.

- 1 Not a problem. Already had enough money saved
- 2 Not a problem. Employer paid to compensate for early retirement
- 3 Applied for government benefits
- 4 Learned to manage with the money I/we had
- 5 Took a job to increase earnings
- 6 Tapped into retirement savings earlier than planned
  
- 7 Sold my/our home or cottage to get cash
- 13 Sold car, boat, jewelry or other assets to get cash
- 19 Other (explain)

## **b. Concerns**

1. We would like to get some idea of the main concerns you have for preparing for the future. Listed below are a number of events that could affect your future. Using a 1 to 5 scale where 1 means 'Not concerned at all' and 5 means 'Very concerned', please rate how concerned you are that these things might happen to you and/or your spouse.

- q. Can't earn enough from investments to meet my/our expenses
- r. Lose money in an investment fraud
- s. Global economic events hurt savings and investments
- t. Returns on safe investments are so low that I/we have to take bigger risks than desired
- u. Have more debt than I/we can repay
- v. The prices for everyday things (e.g., food, clothing, etc.) increase dramatically
- w. A long-lasting downturn in the stock market takes away much of our retirement savings
- x. Can't get necessary financial advice when I/we need it
- y. Can't find work to supplement our income
- z. Don't know how kids will earn enough to live on their own
- aa. Coping with declining health
- bb. Outliving my/our money
- cc. Value of home and other real estate collapses
- dd. Healthcare expenses that I/we have to pay out-of-pocket
- ee. Have to "rescue" family members with big financial problems
- ff. Don't have enough money to live on during retirement

- 2a. <Pipe in concerns rated 4 or 5 in Qb1> Which of these events have already happened to you? [Choose ALL that apply]  
Add in “None of these”
- 2b. <Pipe in concerns rated 4 or 5 in Qb1 omitting those selected in Qb2a> Focusing just on your biggest concerns, *which two events* do you think are most likely to actually happen? [If only two events available, make italicized phrase “which ONE event”]
- 3a. An investment scam is a situation where someone lies to you to get you to put money into an investment they are actively promoting. You subsequently lose your money due to fraud. Please note: a fraud is not a legitimate investment that goes badly, but rather somebody trying to take your money by lying to you. Furthermore, in an investment scam it becomes obvious that you and/or other investors will never get any of your money back from the firm that sold you the investment. Have you ever lost money in an investment scam?
- 1 Yes, definitely
  - 2 No, definitely NOT
  - 3 I’m not sure
- 3b. Do you personally know someone who has been a victim of an investment scam? Please do not include people you have just heard about, but only consider people who have personally told you about their experience.
- 1 Yes, definitely, I personally know someone who experienced an investment scam.
  - 2 No, definitely not
  - 3 I’m not sure
- 3c. By what methods have you personally been approached to buy an investment that you thought was a scam? [Please choose all that apply]
- 1 Received an e-mail or Internet offer asking me to buy an investment
  - 2 Someone I didn’t know telephoned to ask me about buying an investment
  - 3 Someone I met in my social life (e.g., social groups, church, friends) asked me to buy into an investment they were selling
  - 4 One of my friends/family suggested I buy into an investment they had already bought
- OR
- 5 **I have NEVER been approached to buy an investment that I thought was a scam**
- c. Advice**
- 1a. Thinking about all of the things that have happened in your life, what financial advice would you give someone like you who is ten years younger?
- <Open End>
- 1b. What about someone who is 20 years younger? What additional financial advice would you give them?
- <Open End>

2. Now, let's look at preparing for your future. Using a 1 to 5 scale where 1 is "Not Useful at all" and 5 is "Extremely useful", please rate how useful you would find each of the following types of advice.

- a. Figuring how much income we will need in the future
- c. Developing a plan to generate income from savings/investment
- d. Strategies for balancing investment earnings against the risk of losing money
- f. Ways to protect our own future while still helping family members now
- g. How to prepare for health challenges in our future
- h. Planning to be sure we don't outlive our money
- j. Best ways of recovering from investment losses
- k. Figuring out how to adapt our lifestyle to physical and health limitations
- l. Figuring out how to deal with increases in cost of living during retirement
- m. Developing a plan to deal with large unexpected expenses
- n. Finding a way to convert property, cars and other assets into income

Use the same list= pls use same order as shown to respondent in Q2.

3a. <Use the same list> Please indicate which of these types of advice you have already gotten.

3b. <Use the same list> And which types of advice do you plan to get over the next year or two

- 1 1 Figuring how much income we will need in the future
- 3 3 Developing a plan to generate income from savings/investment
- 4 4 Strategies for balancing investment earnings against the risk of losing money
- 6 6 Ways to protect our own future while still helping family members now
- 7 7 How to prepare for health challenges in our future
- 8 8 Planning to be sure we don't outlive our money
- 10 10 Best ways of recovering from investment losses
- 11 11 Figuring out how to adapt our lifestyle to physical and health limitation
- 12 12 Figuring out how to deal with increases in cost of living during retirement
- 13 13 Developing a plan to deal with large unexpected expenses
- 14 14 Finding a way to convert property, cars and other assets into income
- 19 19 **None of the above**

4. How difficult do you find it to get the financial advice you want?

- 5 Very difficult
- 4 Difficult
- 3 Neither difficult nor easy

- 2 Easy
- 1 Very easy

5. <Ask only if 4 or 5 in Qc4> Why do you think it is difficult to get the financial advice you want? [Choose ALL that apply]

- 11 Don't have a regular advisor
  - 12 Don't know how to get an advisor who can help
  - 13 Don't have the time to meet with an advisor
  - 14 Financial advice is so complicated that I often don't understand what I am told
  - 15 Just not interested in financial matters
  - 16 Can't tell if an advisor is giving me good advice
  - 17 Advisors don't want to deal with people unless the people have a lot of money
  - 18 An advisor can't help with managing debt
  - 19 Advisors don't give the kind of financial advice I really need
  - 20 Other [please explain]
- 

**d. Additional Information**

To get a better understanding of your answers, we would like to know more about you.

- 1a. Do you currently live with either a spouse or other partner?
  - 1 Yes
  - 2 No
- 1b. Do you or your spouse have any children, whether at home or not?

- 1 Yes
- 2 No
- 3 Don't want to say

2. Which of the following do you or your spouse own?  
Yes No DK

- a. An RRSP or RRIF (Registered plan or investment fund)
- b. A company/union-based pension plan
- c. Mutual funds/ETFs
- d. Stocks
- e. A house, condo and/or cottage

3. Roughly, what was your household income last year before taxes?

- 1 Less than \$25,000
- 2 \$25,000 - \$49,999
- 3 \$50,000 - \$74,999
- 4 \$75,000 - \$99,999
- 5 \$100,000 - \$149,999
- 6 More than \$150,000
- 9 Don't know/Don't want to say

4. Including your company pension plan, but excluding government retirement plans, real estate and businesses you might own, how much do you have saved/invested for retirement in total? Is it?

- 1 Less than \$50,000
- 2 At least \$50,000 but less than \$100,000
- 3 At least \$100,000 but less than \$250,000
- 4 At least \$250,000 but less than \$500,000
- 5 At least \$500,000 but less than \$1 million
- 6 More than \$1 million

9 Don't know/Not sure

5. Based on your savings/investments and the income they generate, and considering your expected need to draw on this money each year, do you think you have enough money to fund your retirement? Would you say...?

1 Definitely not

2 Probably not

3 Not sure

4 Probably have enough

5 Definitely have enough

6. Prior to this survey, how worried were you about preparing for your retirement. Please rate using a 1-5 scale where 1 means 'Not worried at all' and 5 means 'Extremely worried'.

\_\_\_\_\_ [Enter rating]

**Form C (Age 75+) – Survey of Older Canadians (15-Jan-15)**

If you are completing this survey, you are at least 75 years of age. The questions in this survey will deal with managing your finances, healthcare and housing as you get older.

**a. Planning**

1a. First, let's talk about your everyday spending in retirement. Do you know how much money you will typically need to pay for your expenses each month? [Choose ONE]

- 1 Yes, have an accurate estimate of the amount needed
- 2 Yes, have a rough idea of what is needed
- 3 No, have no real idea

1b. Do you have a plan that describes how to get the income you need each month over the next few years? The income may come from your savings and investments, pension, or selling property you own? [Choose ONE]

- 1 Yes, have a Formal written plan
- 2 Yes, have an Informal plan
- 4 No, I don't have any plan

1c. How are you using your retirement savings to pay for expenses? [Choose ALL that apply]

- 1 Withdraw regular amounts from my savings/investment accounts
- 2 Withdraw money every now and again as needed

- 3 Get regular cheques from a company pension plan (either my own or my spouse's)
- 4 Don't have either retirement savings or a pension plan

1d. Compared to what you expected, are you finding that your living expenses in retirement are:

- 1 More than expected
- 2 About what you expected
- 3 Less than you expected
- 4 Not sure, I didn't have any real expectations.

2. < ASK IF a1a <3 > Sometimes “big” things happen that make it very difficult to live on what you expect. We aren’t just talking about having a hard time meeting everyday expenses because things cost more each year. We are talking about unexpected things that happen that take up a lot of your money. Which of these things have you and/or your spouse personally experienced over the past 5-10 years? Please choose ALL that apply.

- 11 Paid major home repair bills after unexpected problems (e.g., ice storm, flood, etc.)
- 12 Lost employee benefits at retirement and paying for them cost more than expected
- 13 Real estate values collapsed on a property I/we had to sell
- 14 Incurred unexpected costs due to a long-term disability or mobility problem
- 15 Lost income and/or assets due to a divorce or separation
- 16 Lost money/went bankrupt in a business
- 17 Gave a lot of financial support to an adult family member/relative having difficulties
- 18 Lost money in the stock market and haven’t made it back
- 19 Had to pay a lot of healthcare expenses for myself or a family member
- 20 Lost money in an investment scam (*i.e., Someone intentionally gave you false information about an investment to get money from you*)
- 17 Had to cover funeral/burial expenses
- 18 Had a personal bankruptcy
- 19 (explain)

**20 No big events made it especially difficult to meet everyday expenses <Skip to Q6>**

3. Which of the following things did you do in response to these big events? Please choose ALL that apply.
- 1 Cashed in savings/investments to pay expenses
  - 4 Moved savings/investments into products that could be cashed in more easily
  - 5 Moved investments into products that were safer and more predictable
  - 6 Moved savings/investments into products that could potentially earn more
  - 7 Started a special savings or investment account to be prepared for future problems like this
  - 8 Sold my/our home or cottage
  - 9 Started putting more money away for the future
  - 10 Cut back on household spending
  - 11 Took a job to increase earnings
  - 12 Borrowed money to meet expenses
  - 13 Sold car, boat, jewelry or other assets to get cash
  - 19 Other (explain)
- 20 Didn’t change anything**
- 6a. How do your current healthcare costs compare to ten years ago? Please consider all health-related costs including: costs for glasses & hearing aids; cost of mobility problems (e.g. difficulty climbing steps, walking or driving); and the costs of medical and paramedical services not covered by your provincial healthcare plan. Would you say your current costs are...?
- 5 At least 50% more than ten years ago

- 4 At least 20% but less than 50% more than ten years ago
- 3 Higher than ten years ago but by less than 20%
- 2 About the same as ten years ago
- 1 Less than ten years ago

6b. <ASK IF a6a=3,4,5 > How are you dealing with higher healthcare costs? Choose ALL that apply.

- 1 Not a problem. Already had enough money saved to cover this
- 2 Not a problem. Covered by a retiree benefits plan
- 3 Applied for special government benefits (excluding provincial healthcare plan)
- 4 Cut spending on other things
- 5 Took a job to increase earnings
- 6 Tapped into retirement savings to pay for healthcare costs
- 7 Sold my/our home or cottage to get cash
- 12 Borrowed money to meet expenses
- 13 Sold car, boat, jewelry or other assets to get cash
- 19 Other (explain)

7a. Do you or your spouse have any of the following problems? Choose ALL that apply

- 1 Chronic ailments like asthma, arthritis, diabetes, heart disease, kidney failure, lung diseases, MS, stroke, etc.
- 2 Ongoing Mobility problems (e.g., difficulty walking, climbing stairs, or driving a car)
- 3 Chronic pain

- 4 Impaired thinking, language, memory or judgment
- 5 Mental illness
- 6 Other serious conditions needing medical care (e.g., cancer, HIV, accident injury, etc.)
- 9 **Have no major ailments or physical limitations**

7b. Which of the following things have you done in the past five years in response to your medical problems?

- 1 Moved to another town/city where it is easier to get the services I/we need
- 2 Moved a home, apartment or facility that makes it easier to manage problems
- 3 Redesigned/retro-fitted home to make it easier to manage problems without moving
- 4 Changed to a healthier lifestyle
- 5 Started an exercise program to help manage the problems
- 6 Travelled to another country or province to get medical services
- 7 Paid for prolonged nursing care or a personal support worker

7c. How much did you (and your spouse) spend on out of pocket health expenses in 2014? This includes health insurance premiums, medications, dental care, diet supplements, treatments not covered by provincial healthcare, special transit, home modifications, moving costs, and more.

- 1 Less than \$1,000
- 2 At least \$1,000 but less than \$2,500
- 3 At least \$2,500 but less than \$5,000

- 4 At least \$5,000 but less than \$10,000
- 5 At least \$10,000 but less than \$25,000
- 6 \$25,000 or more
- 9 Don't know

**b. Concerns**

1. We would like to get some idea of the main concerns you have for preparing for the future. Listed below are a number of events that could affect your future. Using a 1 to 5 scale where 1 means 'Not concerned at all' and 5 means 'Very concerned', please rate how concerned you are that these things might happen to you and/or your spouse.

- gg. Can't earn enough from investments to meet my/our expenses
- hh. Lose money in an investment fraud
- ii. Global economic events hurt savings and investments
- jj. Returns on safe investments are so low that I/we have to take bigger risks than desired
- kk. Have more debt than I/we can repay
- ll. The prices for everyday things (e.g., food, clothing, etc.) increase dramatically
- mm. A long-lasting downturn in the stock market takes away much of our retirement savings
- nn. Can't get necessary financial advice when I/we need it
- oo. Can't find work to supplement our income

- pp. Don't know how kids will earn enough to live on their own
- qq. Coping with declining health
- rr. Outliving my/our money
- ss. Value of home and other real estate collapses
- tt. Healthcare expenses that I/we have to pay out-of-pocket
- uu. Have to "rescue" family members with big financial problems
- vv. Don't have enough money to live on during retirement

- 2a. <Pipe in concerns rated 4 or 5 in Qb1> Which of these events have already happened to you? [Choose ALL that apply]  
Add in "None of these"
- 2b. <Pipe in concerns rated 4 or 5 in Qb1 omitting those selected in Qb2a> Focusing just on your biggest concerns, *which two events* do you think are most likely to actually happen? [If only two events available, make italicized phrase "which ONE event"]
- 3a. An investment scam is a situation where someone lies to you to get you to put money into an investment they are actively promoting. You subsequently lose your money due to fraud. Please note: a fraud is not a legitimate investment that goes badly, but rather somebody trying to take your money by lying to you. Furthermore, in an investment scam

it becomes obvious that you and/or other investors will never get any of your money back from the firm that sold you the investment. Have you ever lost money in an investment scam?

- 1 Yes, definitely
- 2 No, definitely NOT
- 3 I'm not sure

3b. Do you personally know someone who has been a victim of an investment scam? Please do not include people you have just heard about, but only consider people who have personally told you about their experience.

- 1 Yes, definitely, I personally know someone who experienced an investment scam.
- 2 No, definitely not
- 3 I'm not sure

3c. By what methods have you personally been approached to buy an investment that you thought was a scam? [Please choose all that apply]

- 6 Received an e-mail or Internet offer asking me to buy an investment
- 7 Someone I didn't know telephoned to ask me about buying an investment
- 8 Someone I met in my social life (e.g., social groups, church, friends) asked me to buy into an investment they were selling
- 9 One of my friends/family suggested I buy into an investment they had already bought

**OR**

## **10 I have NEVER been approached to buy an investment that I thought was a scam**

### **c. Advice**

1a. Thinking about all of the things that have happened in your life, what financial advice would you give someone like you who is ten years younger?

<Open End>

1b. What about someone who is 20 years younger? What additional financial advice would you give them?

<Open End>

2. Now, let's look at preparing for your future. Using a 1 to 5 scale where 1 is "Not Useful at all" and 5 is "Extremely useful", please rate how useful you would find each of the following types of advice.

- a. Figuring how much income we will need in the future
- c. Developing a plan to generate income from savings/investment
- d. Strategies for balancing investment earnings against the risk of losing money
- f. Ways to protect our own future while still helping family members now
- g. How to prepare for health challenges in our future
- h. Planning to be sure we don't outlive our money
- j. Best ways of recovering from investment losses

- k. Figuring out how to adapt our lifestyle to physical and health limitations
- l. Figuring out how to deal with increases in cost of living during retirement
- m. Developing a plan to deal with large unexpected expenses
- n. Finding a way to convert property, cars and other assets into income

3a. Use the same list= pls use same order as shown to respondent in Q2  
<Use the same list> Please indicate which of these types of advice you have already gotten.

3b. <Use the same list>

- 1 1 Figuring how much income we will need in the future
- 3 3 Developing a plan to generate income from savings/investment
- 4 4 Strategies for balancing investment earnings against the risk of losing money
- 6 6 Ways to protect our own future while still helping family members now
- 7 7 How to prepare for health challenges in our future
- 8 8 Planning to be sure we don't outlive our money
- 10 10 Best ways of recovering from investment losses
- 11 11 Figuring out how to adapt our lifestyle to physical and health limitations
- 12 12 Figuring out how to deal with increases in cost of living during retirement
- 13 13 Developing a plan to deal with large unexpected expenses

14 14 Finding a way to convert property, cars and other assets into income

**19 19 None of the above**

4. How difficult do you find it to get the financial advice you want?
- 5 Very difficult
  - 4 Difficult
  - 3 Neither difficult nor easy
  - 2 Easy
  - 1 Very easy
5. Why do you think it is difficult to get the financial advice you want? [Choose ALL that apply]
- 1 Don't have a regular advisor
  - 2 Don't know how to get an advisor who can help
  - 3 Don't have the time to meet with an advisor
  - 4 Financial advice is so complicated that I often don't understand what I am told
  - 5 Just not interested in financial matters
  - 6 Can't tell if an advisor is giving me good advice
  - 7 Advisors don't want to deal with people unless the people have a lot of money
  - 8 An advisor can't help with managing debt
  - 9 Advisors don't give the kind of financial advice I really need
  - 10 Other [please explain]
-

#### d. Additional Information

To get a better understanding of your answers, we would like to know more about you.

1a. Do you currently live with either a spouse or other partner?

- 1 Yes
- 2 No

1b. Do you or your spouse have any children, whether at home or not?

- 1 Yes
- 2 No
- 3 Don't want to say

2. Which of the following do you or your spouse own?

Yes No DK

- a. An RRSP or RRIF (Registered plan or investment fund)
- b. A company/union-based pension plan
- c. Mutual funds/ETFs
- d. Stocks
- e. A house, condo and/or cottage

3. Roughly, what was your household income last year before taxes?

- 1 Less than \$25,000
- 2 \$25,000 - \$49,999
- 3 \$50,000 - \$74,999
- 4 \$75,000 - \$99,999
- 5 \$100,000 - \$149,999
- 6 More than \$150,000

9 Don't know/Don't want to say

4. Including your company pension plan, but excluding government retirement plans, real estate and businesses you might own, how much do you have saved/invested for retirement in total? Is it?

- 1 Less than \$50,000
- 2 At least \$50,000 but less than \$100,000
- 3 At least \$100,000 but less than \$250,000
- 4 At least \$250,000 but less than \$500,000
- 5 At least \$500,000 but less than \$1 million
- 6 More than \$1 million
- 9 Don't know/Not sure

5. Based on your savings/investments and the income they generate, and considering your expected need to draw on this money each year, do you think you have enough money to fund your retirement? Would you say...?

- 1 Definitely not
- 2 Probably not
- 3 Not sure
- 4 Probably have enough
- 5 Definitely have enough

6. Prior to this survey, how worried were you about preparing for your retirement. Please rate using a 1-5 scale where 1 means 'Not worried at all' and 5 means 'Extremely worried'.

\_\_\_\_\_ [Enter rating]