



Retirement Readiness: *Canadians 50+*

Prepared for:

Investor Office

Ontario Securities Commission
20 Queen Street West, 22nd floor
Toronto, ON M5H 3S8



ONTARIO
SECURITIES
COMMISSION

Research Approach

Overview

Understanding the knowledge, attitudes, and behaviour of Ontario investors is critical to the Investor Office of the Ontario Securities Commission (OSC) mission to educate and protect financial consumers. Over the years the OSC has, both independently and in cooperation with other Canadian securities regulators, commissioned research studies focused on investor literacy, attitudes, and behaviours.

In this study, the Investor Office of the OSC has engaged Innovative Research Group (INNOVATIVE) to generate new and deeper insights into pre- and post-retirement planning among Canadians aged 50 and older.

Methodology

This survey was conducted online among a representative sample of 1,471 Canadians (550 in Ontario), 50 years or older, between June 15th and 21st, 2016.

The sample has been weighted by age, gender and region using the 2011 Statistics Canada Census data to reflect the actual demographic composition of the adult population 50+ residing in Canada.

The survey was about 7 minutes in length and respondents were free to respond in either French or English. About a quarter (23%) of the total sample completed the survey in French.

Since the online survey was not a random probability based sample, a margin of error cannot be calculated. The Marketing Research and Intelligence Association prohibits statements about margins of sampling error or population estimates with regard to most online panels. However, a random probability based sample of this size would have an estimated margin of error of $\pm 2.6\%$, 19 times out of 20. The estimated margin of error would be larger within each sub-grouping of the sample.

Note: Graphs may not always total 100% due to rounding values rather than any error in data. Sums are added before rounding numbers.

Executive Summary

Findings from a new survey commissioned by the Investor Office of the OSC reveal that over half of Canadians do not have a plan for retirement savings, reinforcing the key findings of a study conducted a year ago.

- Compared to their standard of living today, 4-in-10 (43%) pre-retirees, 50+, in Ontario believe they will be worse off in retirement; nationally, this number is 40%.
- Nearly half (48%) of Ontario's pre-retirees 50+ do not have a plan for retirement savings. This is slightly better than the 56% of pre-retirees 50+ nationally who indicate they do not have a plan.
- Among those with a retirement savings plan, nearly a third (29%) of Ontarians feel they are behind in their plan, compared to 31% nationally.
- Among Ontario pre-retirees 50+, 1-in-5 (17%) have not yet started to save money for retirement. Nationally, 22% of pre-retirees 50+ haven't started to save for retirement.
- 3-in-10 (32%) pre-retirees Ontarians 50+ have no idea of how much money they will need to save to help fund their retirement. That rises to nearly 4-in-10 (38%) nationally.
- In Ontario, more than 4-in-10 (43%) of pre-retirees say they are afraid of running out of money in retirement. The fear of running out of money is similar nationally (42%) among pre-retirees, but considerably higher among women (47%) compared to men (37%).

Pre-Retirement

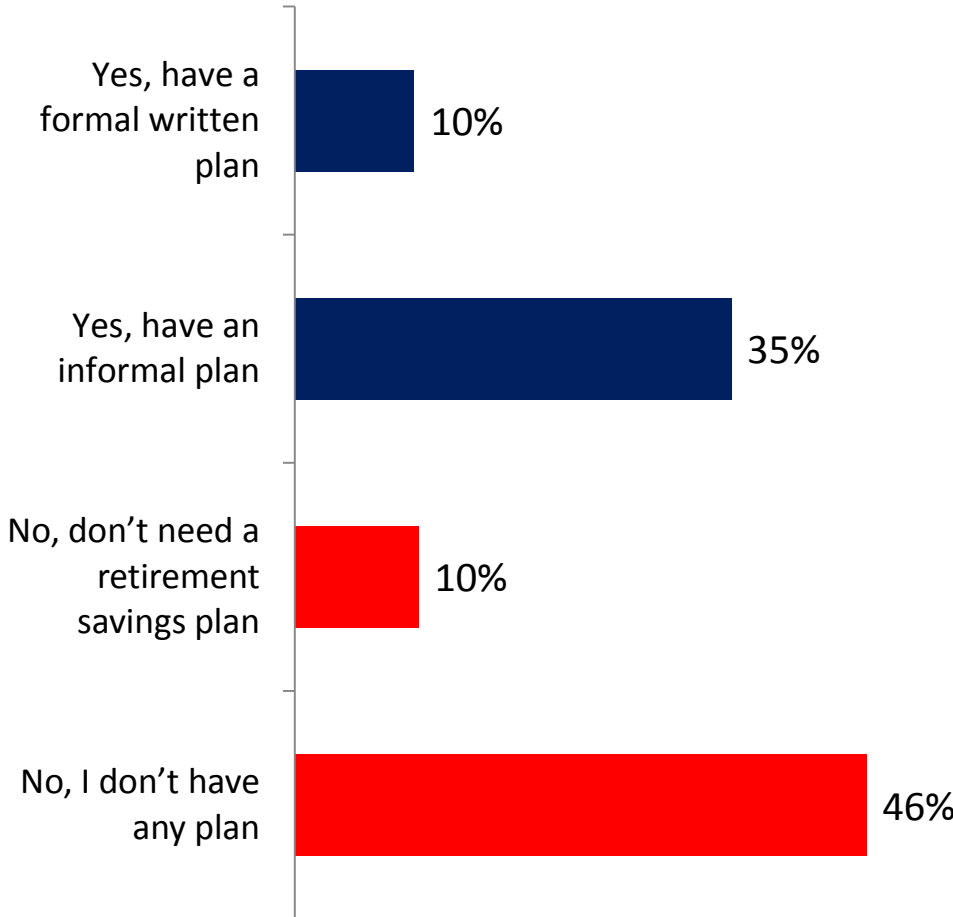
Those who completed this section of the survey are not yet retired. Questions in this section deal with events leading up to retirement and what respondents might expect in the future.

Retirement Savings Plan (Pre-retirement): A majority (56%) have no savings plan



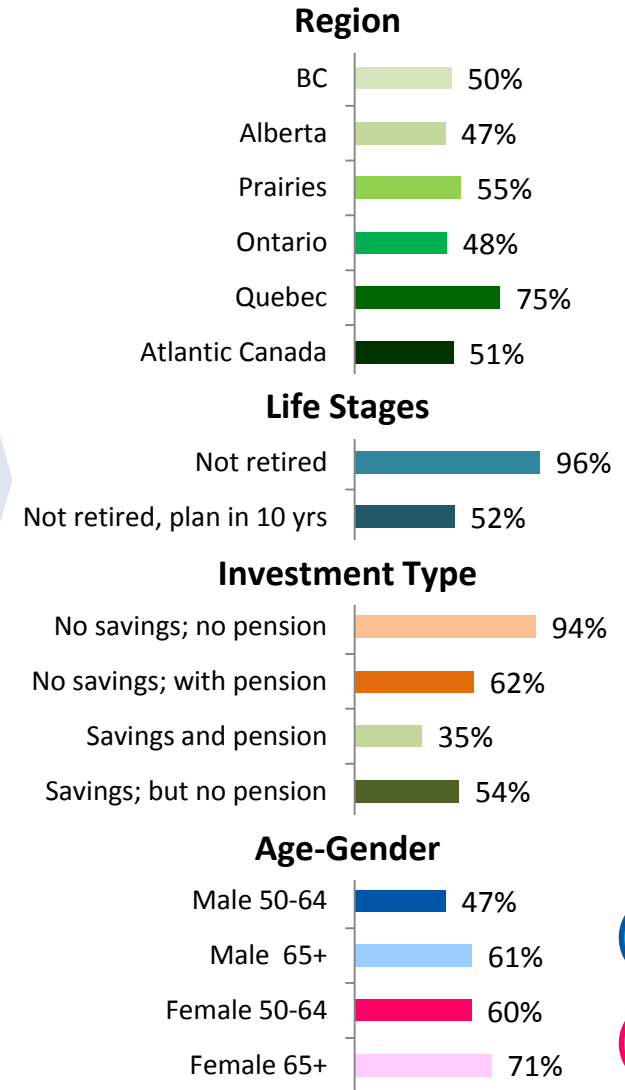
Do you have a plan that describes how to save for retirement?

[asked of those who have yet to retire; n=673]



Segmentation ▶▶

Respondents who say "No Plan":

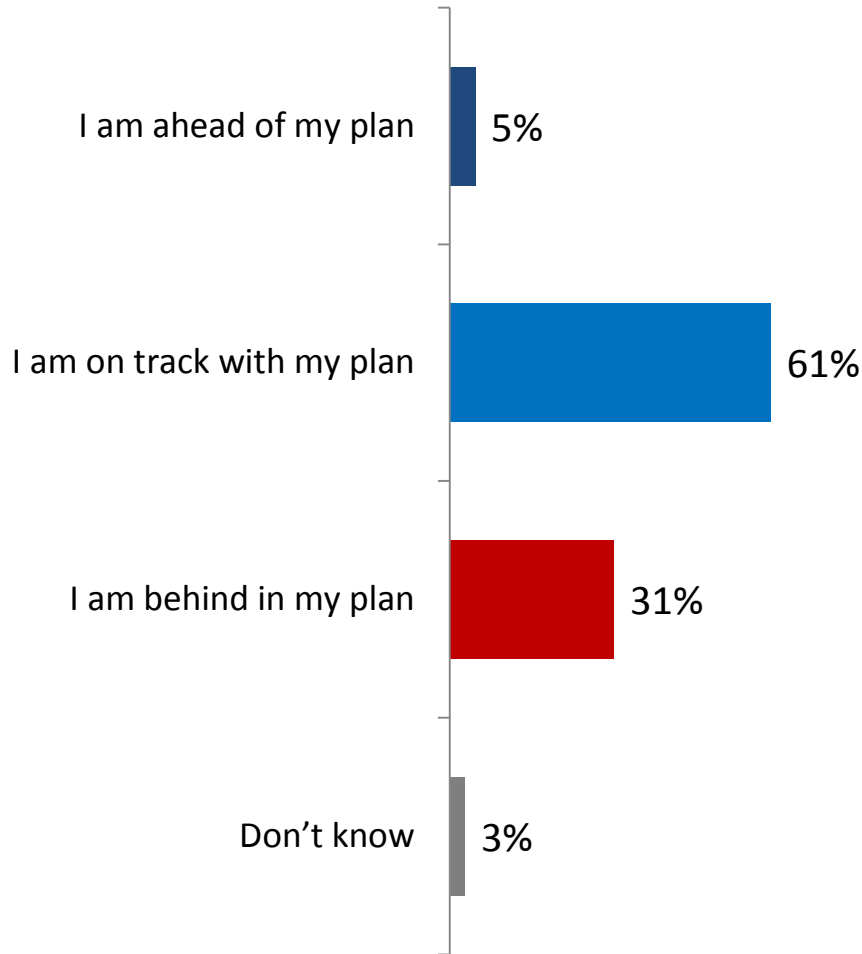


State of Retirement Plan (Pre-retirement): Among those with a plan, about 1-in-3 are behind



When you think of your retirement savings plan, would you say:

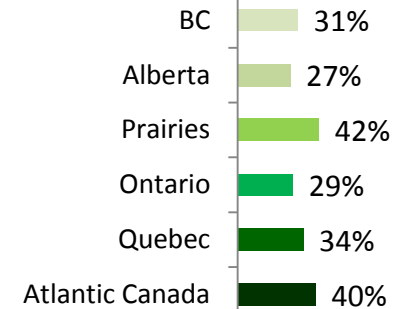
[asked of those who have yet to retire and have a retirement plan; n=299]



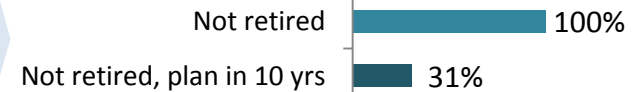
Segmentation ▶▶

Respondents who say "Behind":

Region



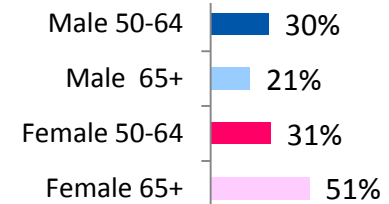
Life Stages



Investment Type



Age-Gender



29%

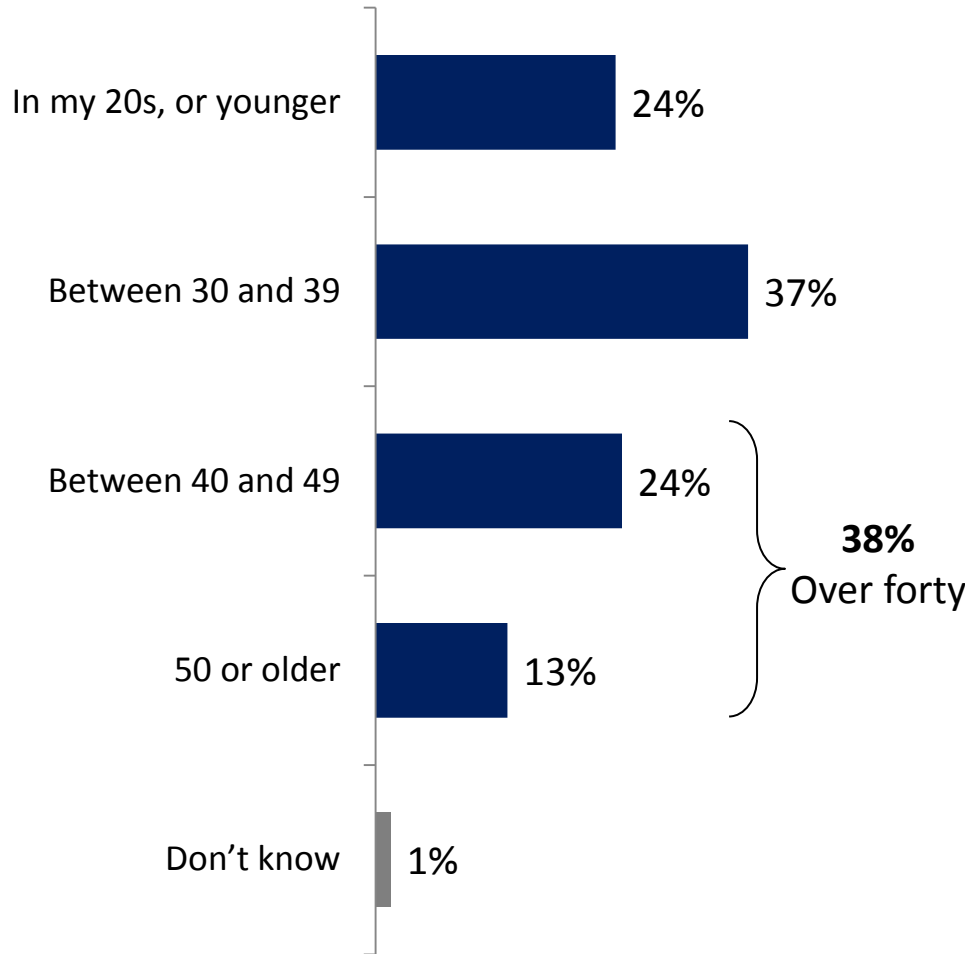
33%

Age of Retirement Plan (Pre-retirement): Of those with a plan, nearly 4-in-10 started planning at 40+



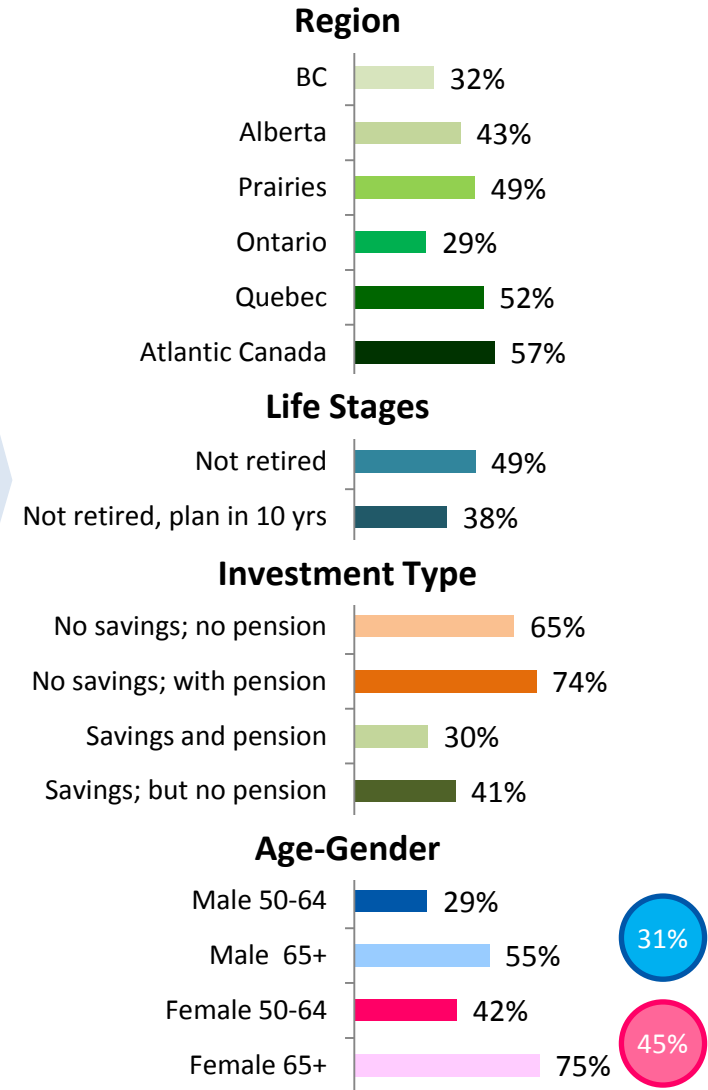
When did you first start to prepare your retirement savings plan?

[asked of those who have yet to retire and have a retirement plan; n=299]



Segmentation ▶▶

Respondents who say "Over Forty":

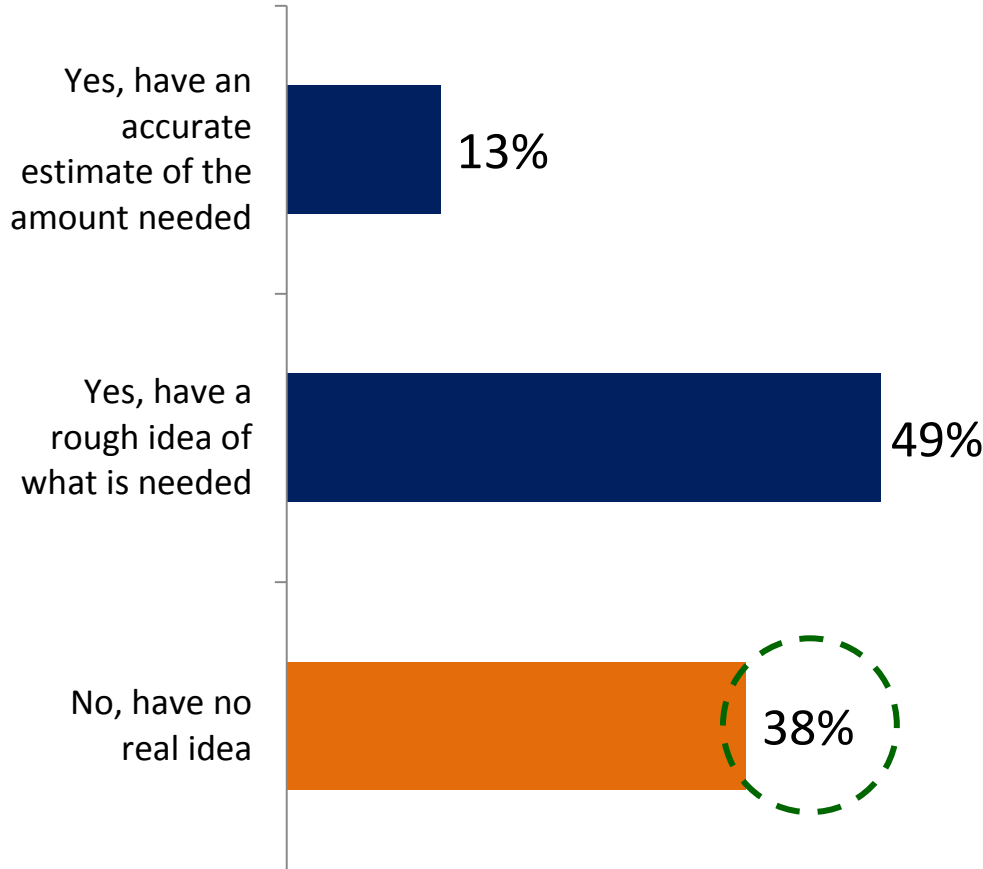


Funding Retirement (Pre-retirement): Nearly 4-in-10 have no idea of the amount required to fund their retirement



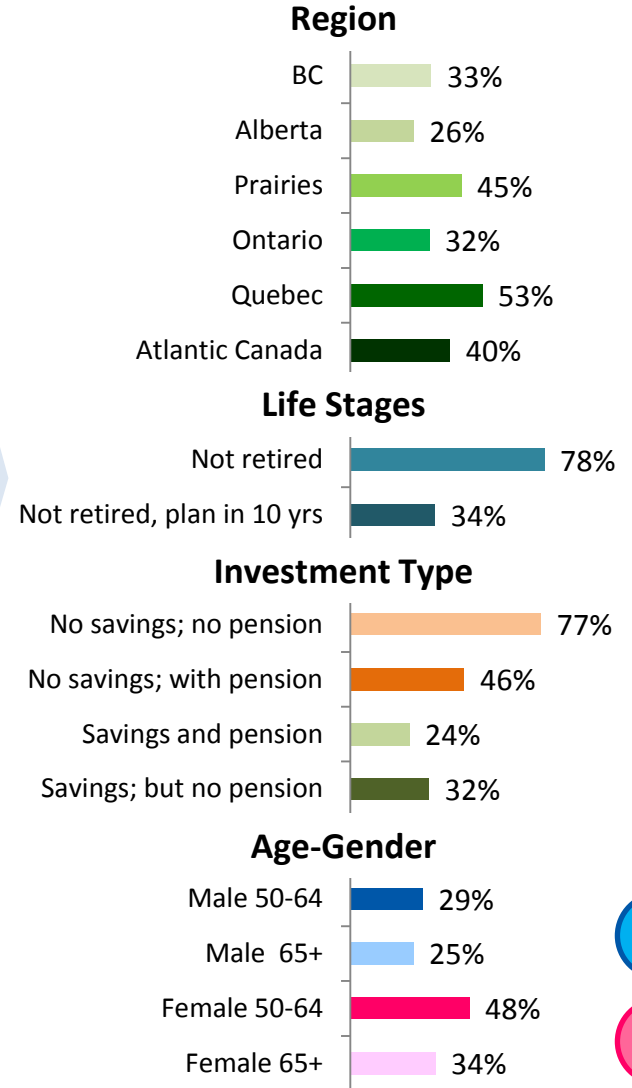
Do you know how much money you will need to save to pay for your retirement?

[asked of those who have yet to retire; n=673]



Segmentation ▶▶

Respondents who say "No idea":



29%

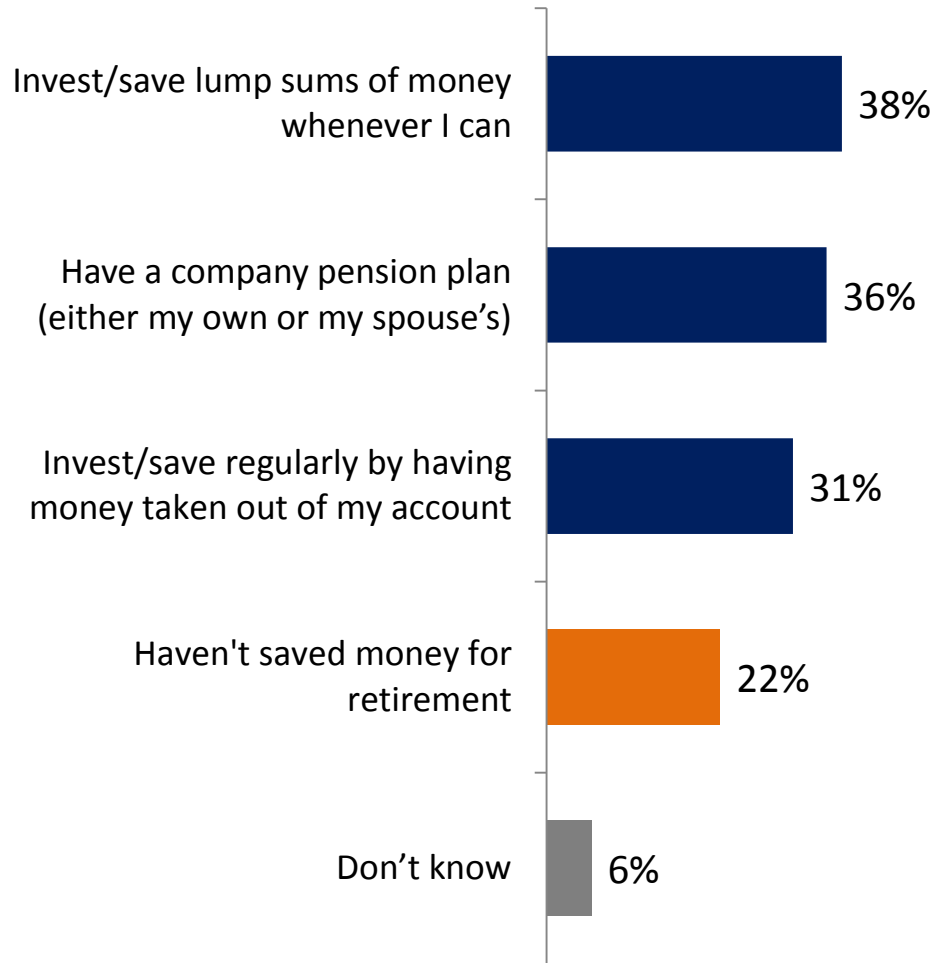
46%

How are you Saving? (Pre-retirement): 1-in-5 Canadians 50+ haven't started saving for retirement



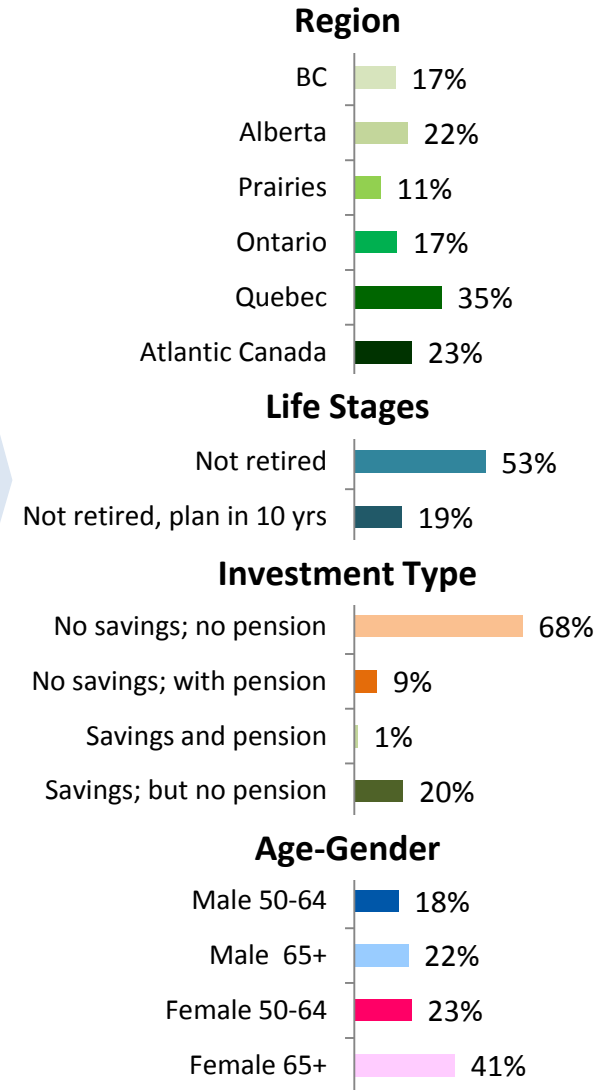
How are you saving for retirement?

[asked of those who have yet to retire; n=673; multiple mention, percentages will not total 100%]



Segmentation ▶▶

Respondents who say "Don't Save":



18%

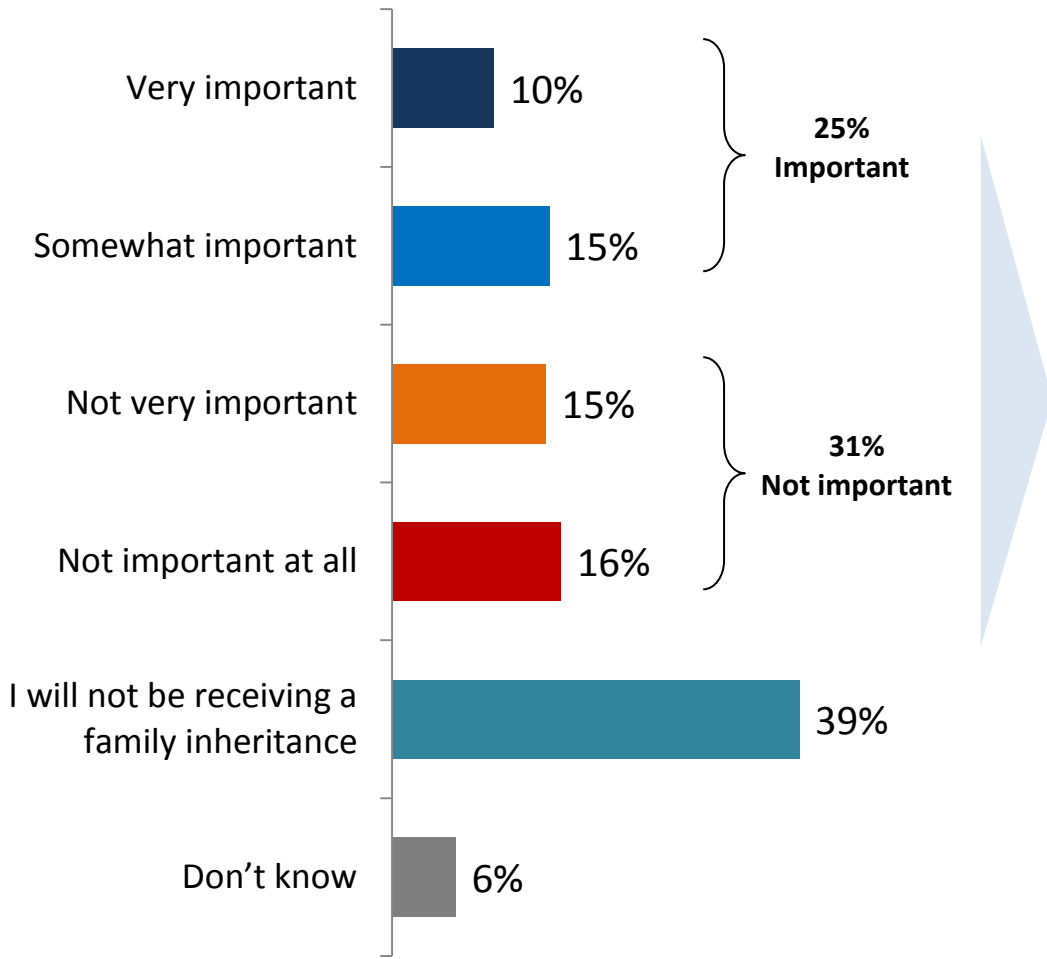
26%

Family Inheritance (Pre-retirement): A quarter feel inheritance will be an important part of their retirement plan



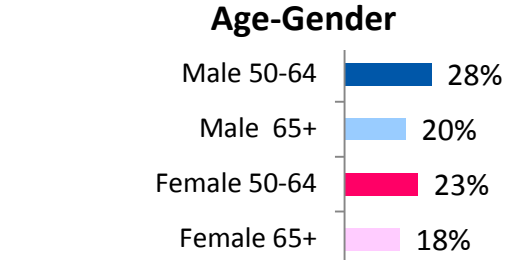
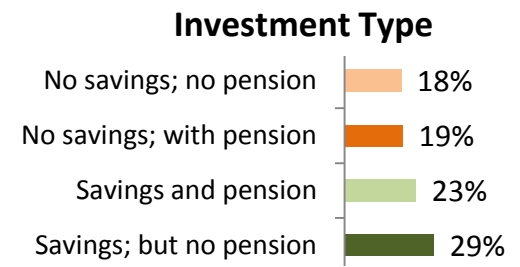
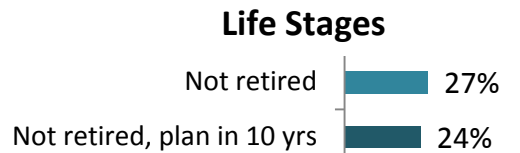
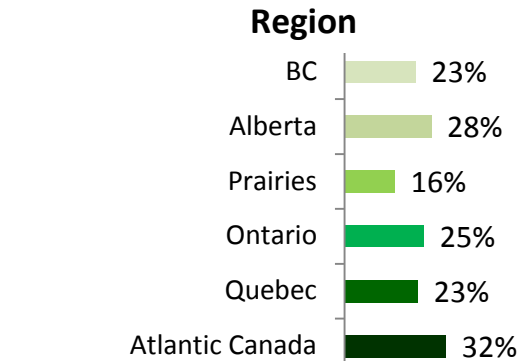
How important was receiving, or someday receiving a family inheritance to your retirement savings plan?

[asked of those who have yet to retire; n=673]



Segmentation ▶▶

Respondents who say "Important" (very & somewhat):

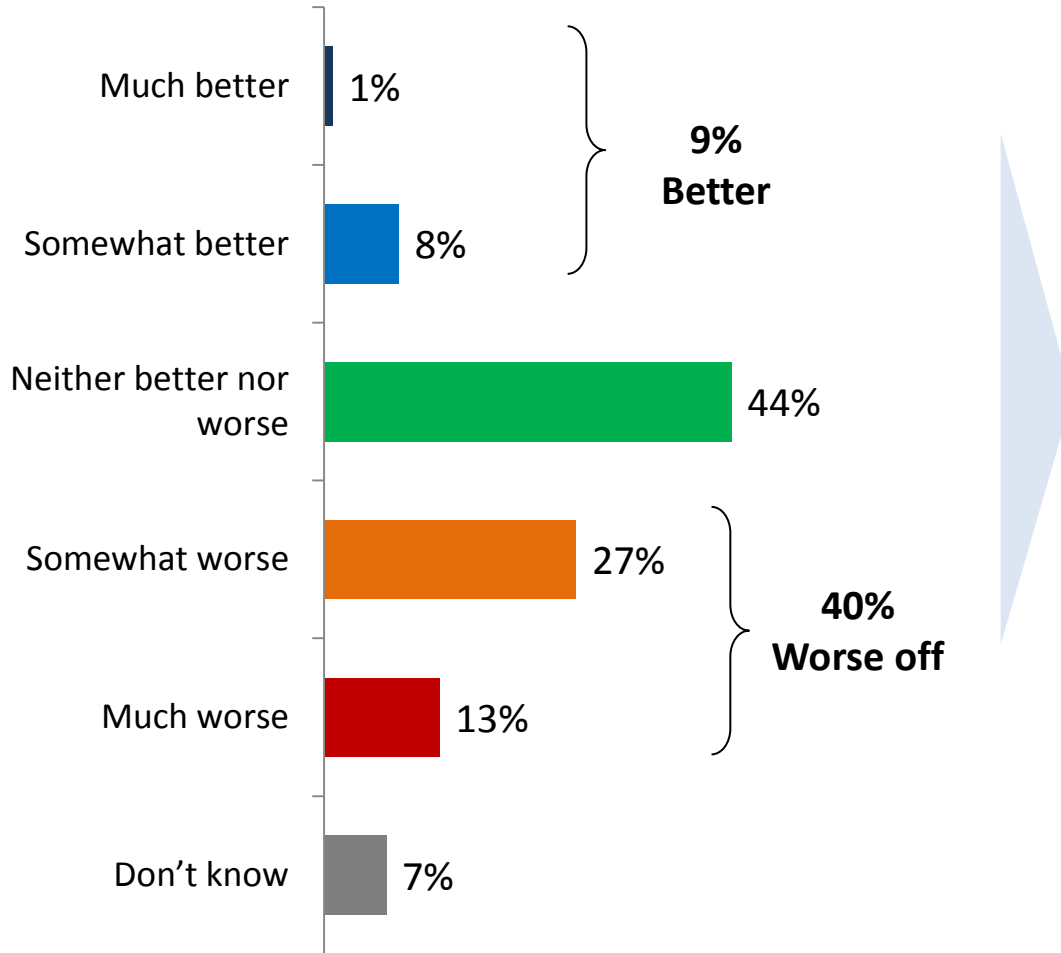


Standard of Living (Pre-retirement): 4-in-10 believe they will be worse off in retirement



Thinking about your standard of living when you retire, do you see your standard of living in retirement being better or worse than it is currently?

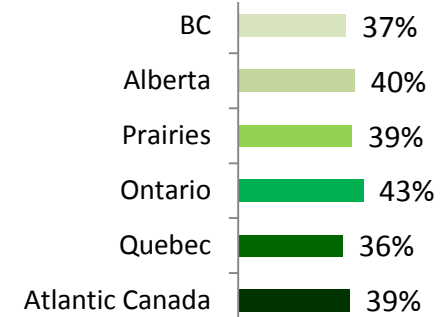
[asked of those who have yet to retire; n=673]



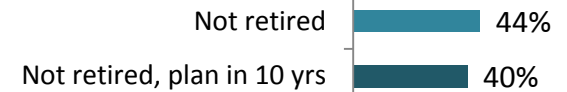
Segmentation ▶▶

Respondents who say "Worse":

Region



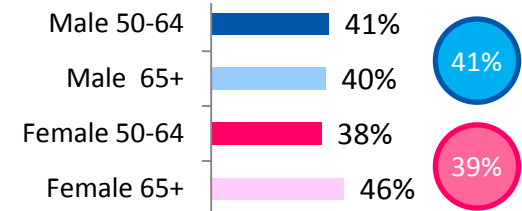
Life Stages



Investment Type



Age-Gender

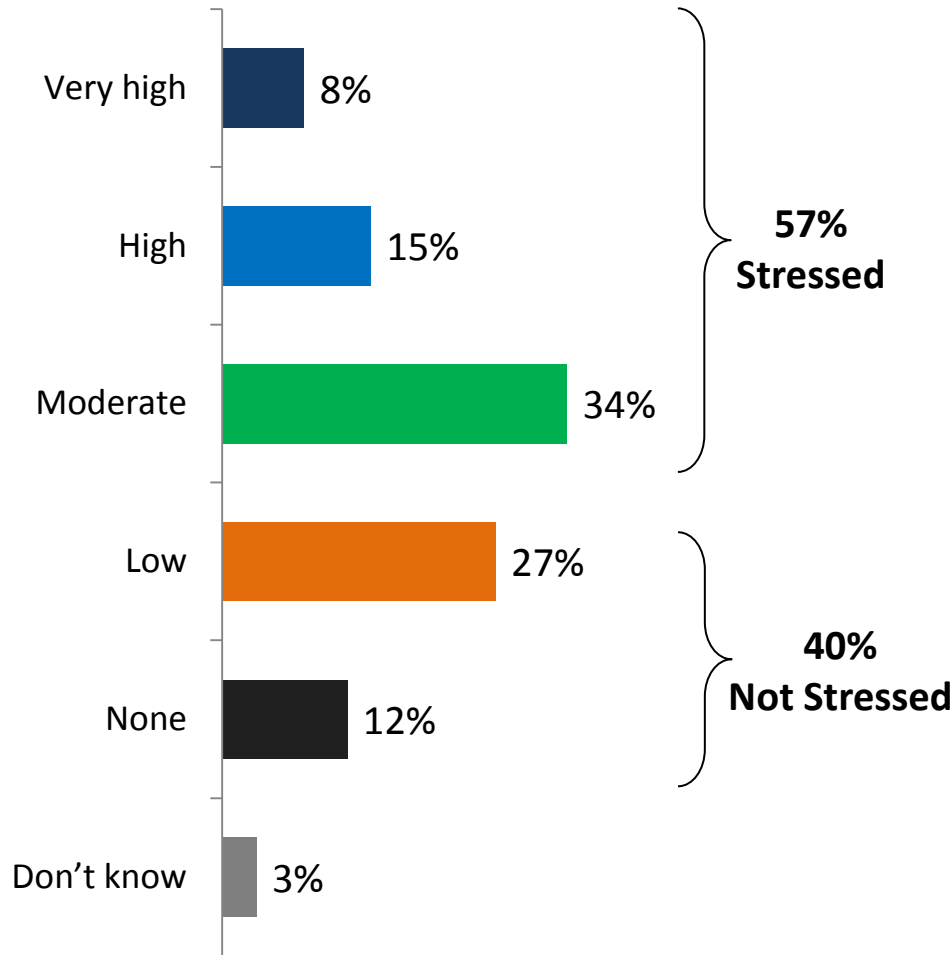


Planning Stress (Pre-retirement): Majority (57%) stressed about retirement planning



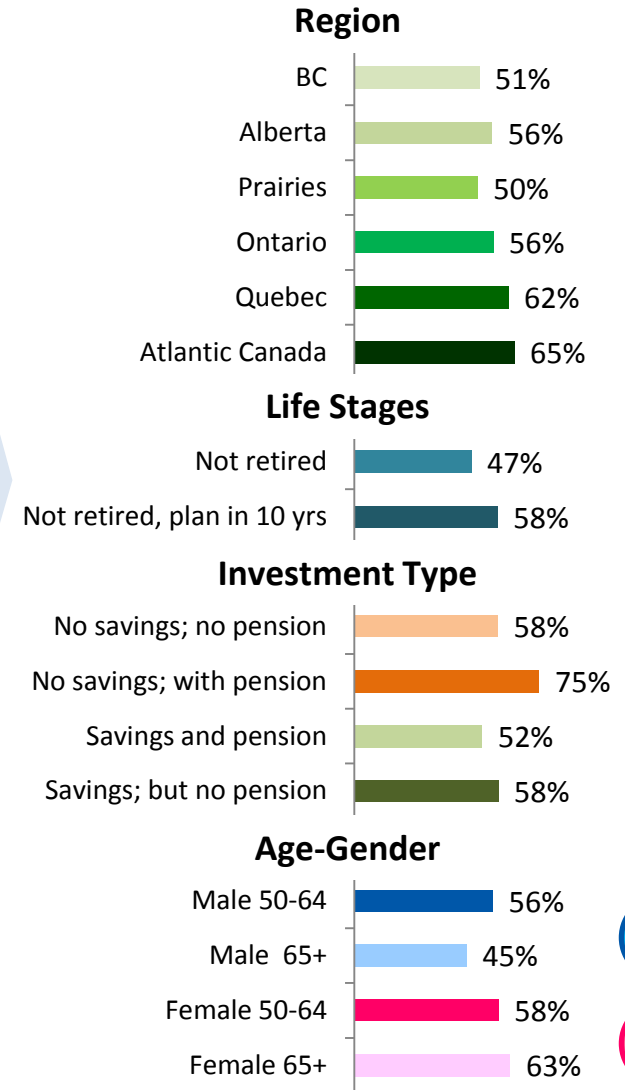
When thinking about retirement planning, what is your level of stress with regard to your current situation?

[asked of those who have yet to retire; n=673]



Segmentation ▶▶

Respondents who say "Stressed":



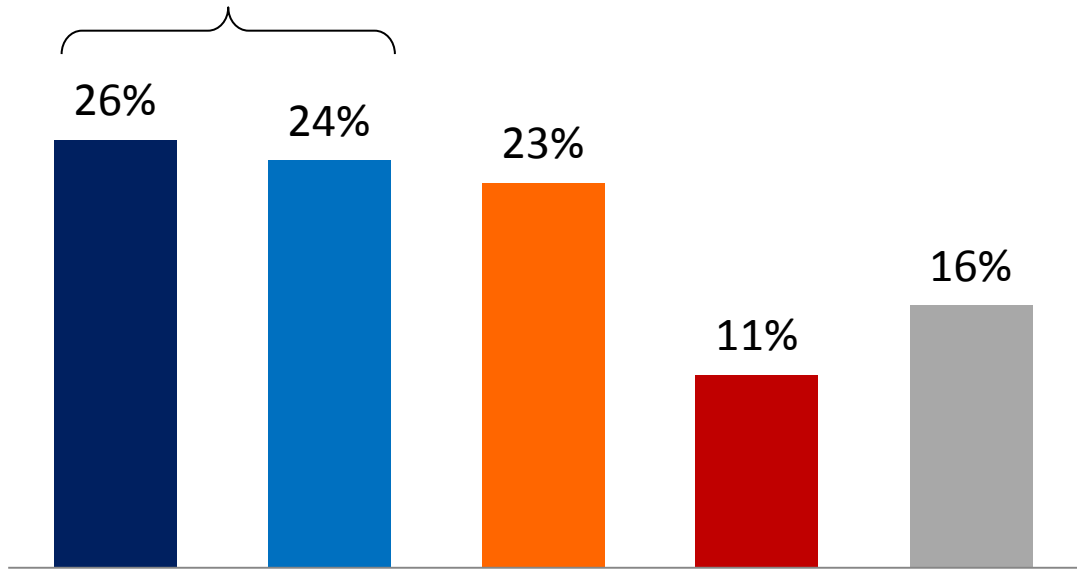
Reaching Savings Goals (Pre-retirement): Over a quarter of those without savings don't have a back-up plan



If you don't reach your savings goal by the time you want to retire, what are you most likely to do?

[asked of those who have yet to retire and either don't have a plan or feel behind in savings plan; n=476]

50% would continue working in some capacity

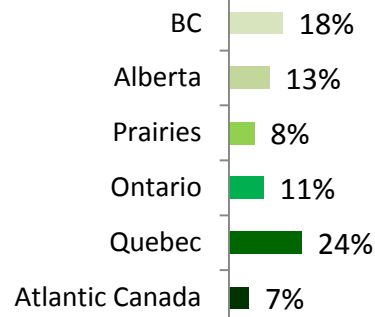


"Other" includes unable to work, continue to work (enjoy working), selling assets.

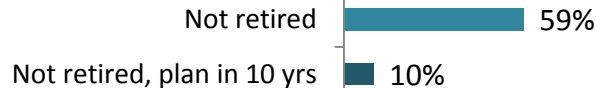
Segmentation ▶▶

Respondents who say "Don't Know":

Region



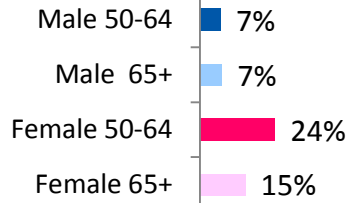
Life Stages



Investment Type



Age-Gender



Pre-Retirees' Fears about Retirement

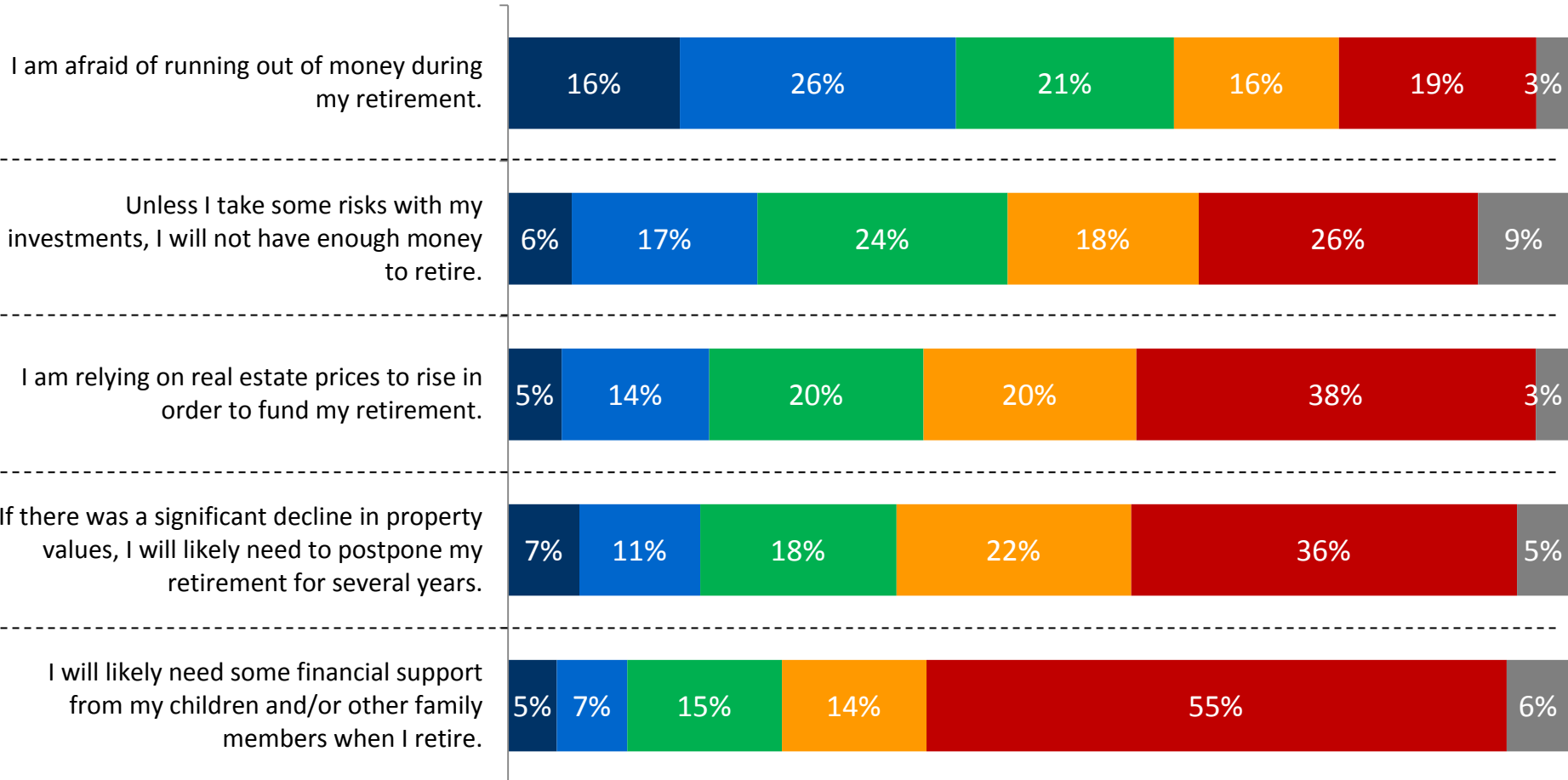
Those who completed this section of the survey are not yet retired. Questions in this section deal with respondent concerns with their retirement.

Retirement Expectations: Plurality (42%) fear running out of money in retirement; few will rely on children for support



Please indicate if you agree or disagree with the following statements:

[asked of those who have yet to retire; n=673]



■ Strongly agree

■ Somewhat agree

■ Neither agree nor disagree

■ Somewhat disagree

■ Strongly disagree

■ Don't know

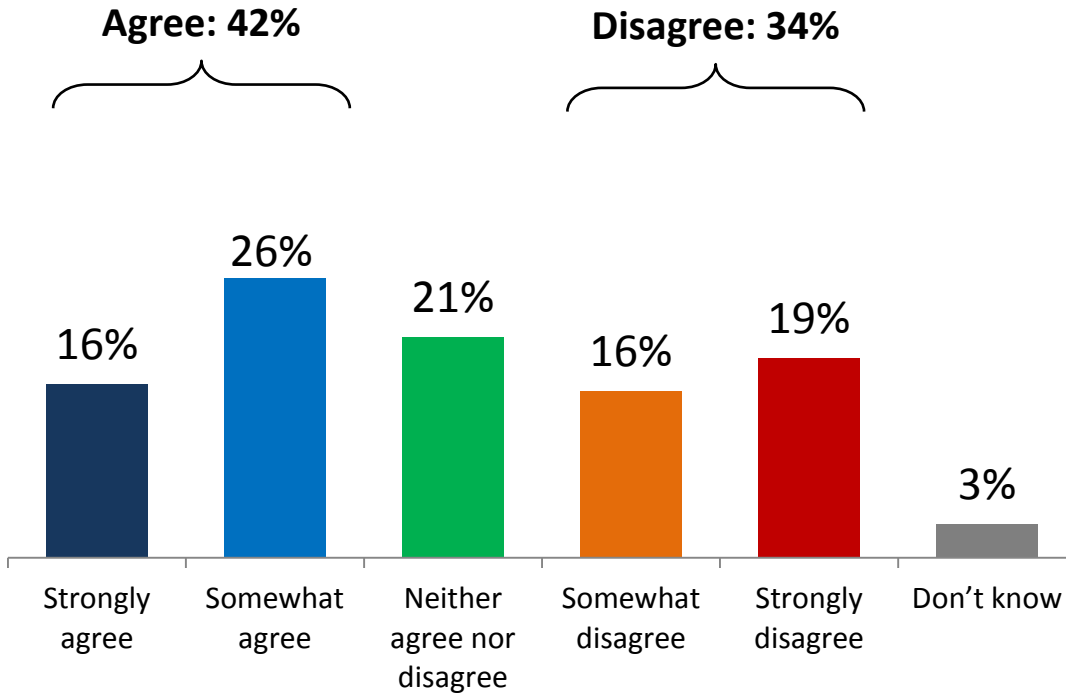
Running out of Money: 4-in-10 (42%) pre-retirees are afraid of running out of money; highest among women



When thinking about retirement planning, what is your level of stress with regard to your current situation?

I am afraid of running out of money during my retirement.

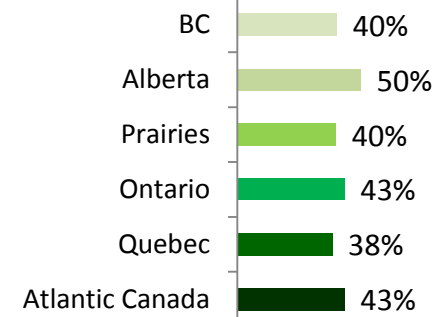
[asked of those who have yet to retire; n=673]



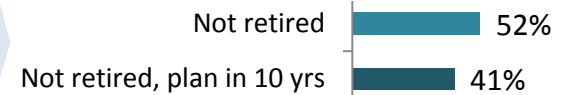
Segmentation ▶▶

Respondents who "Agree":

Region



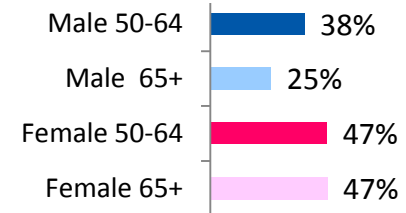
Life Stages



Investment Type



Age-Gender



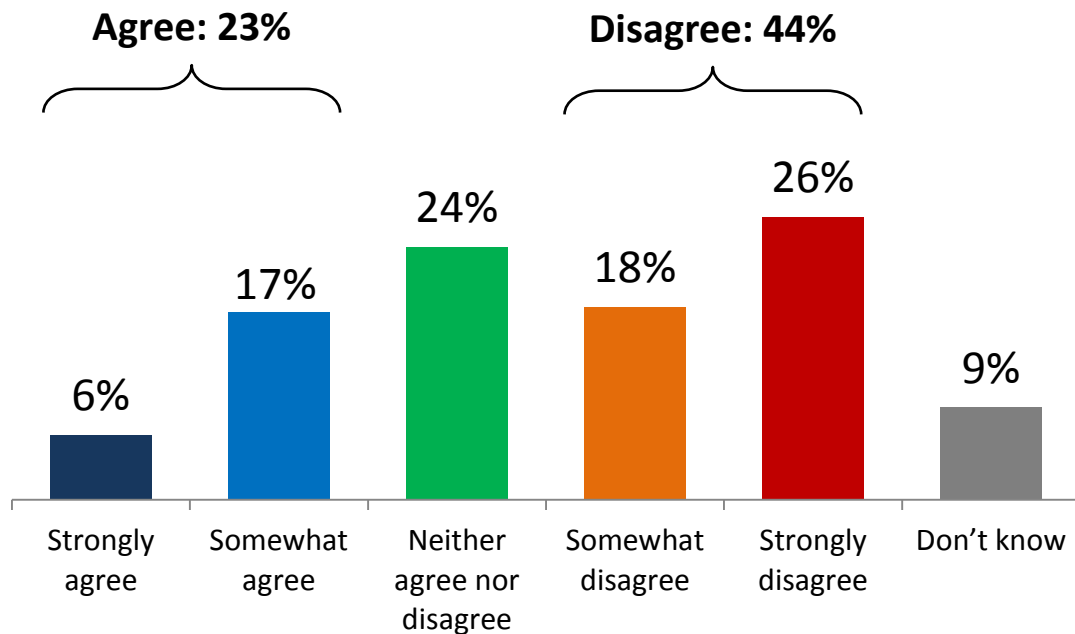
Investment Risk: Almost 1-in-4 feel they have to take risks to have enough money to retire



When thinking about retirement planning, what is your level of stress with regard to your current situation?

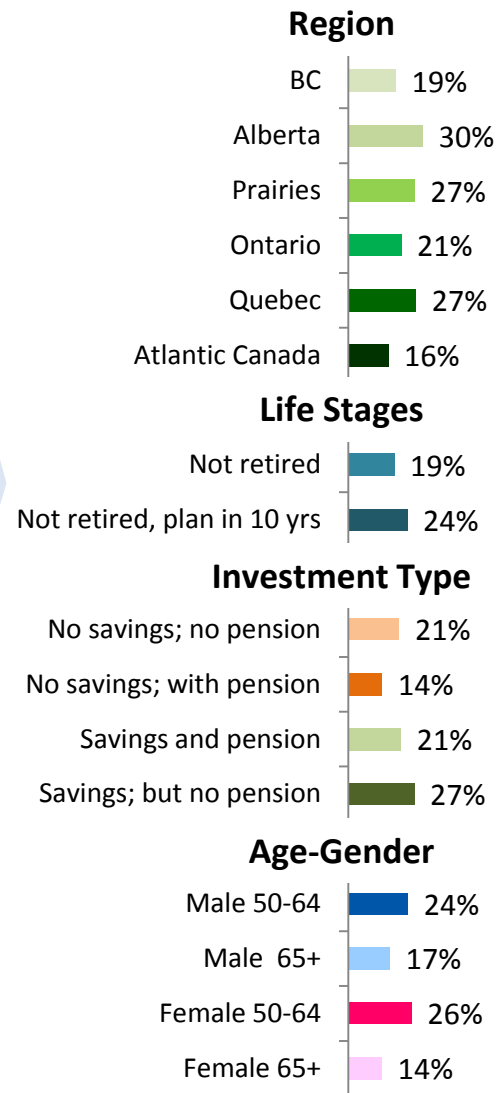
Unless I take some risks with my investments, I will not have enough money to retire.

[asked of investors who have yet to retire; n=546]



Segmentation ▶▶

Respondents who "Agree":



23%

24%

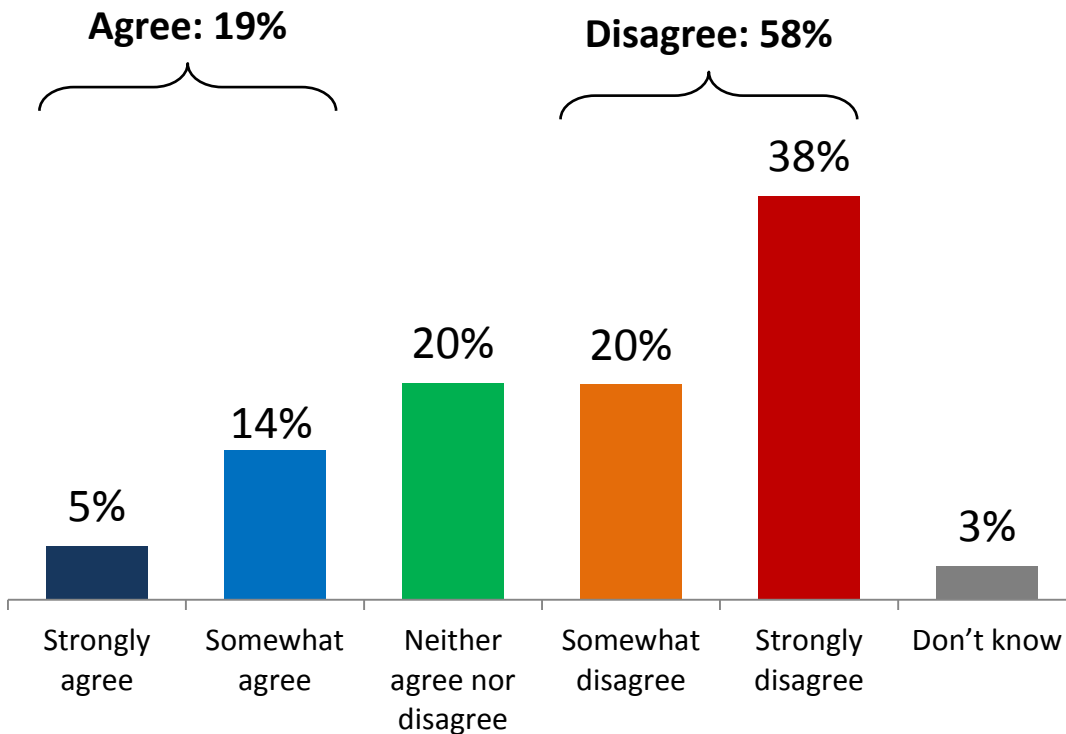
Relying on Real Estate: About 1-in-5 are relying on rising real estate; higher amongst those without a pension



When thinking about retirement planning, what is your level of stress with regard to your current situation?

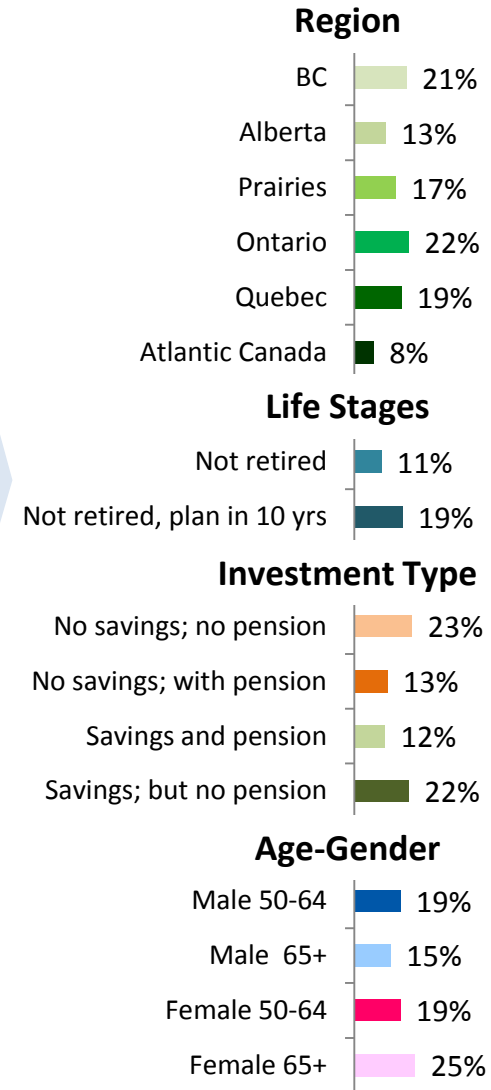
I am relying on real estate prices to rise in order to fund my retirement.

[asked of homeowners who have yet to retire; n=487]



Segmentation ▶▶

Respondents who "Agree":



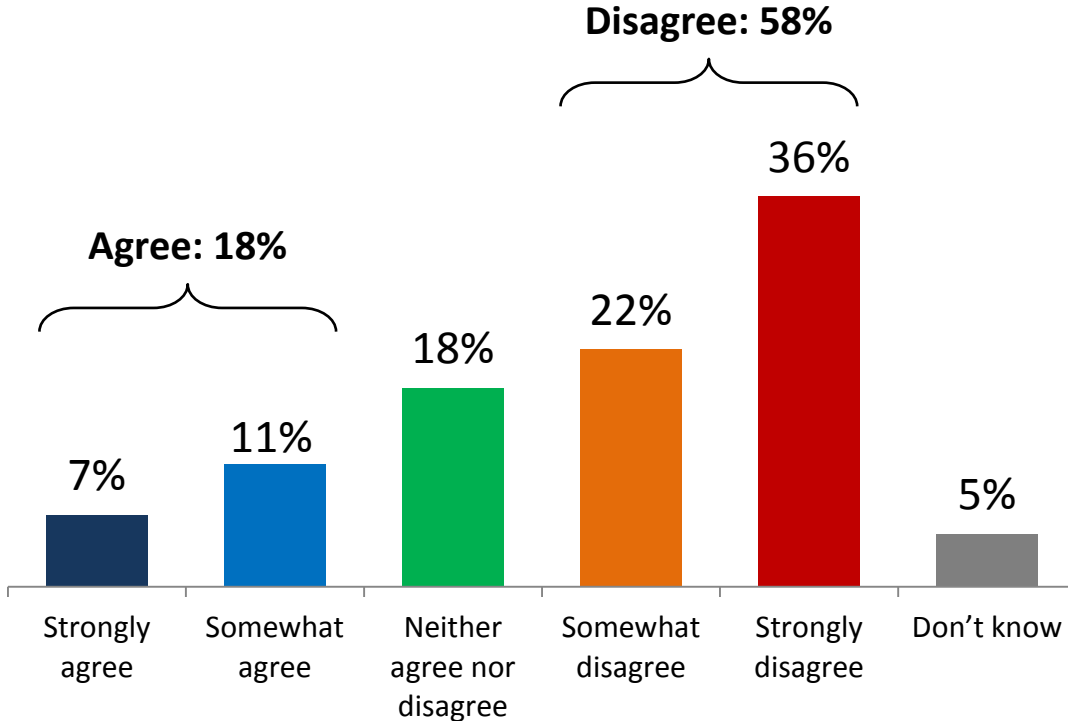
Decline in Property Values: About 1-in-5 would have to postpone retirement if property values declined



When thinking about retirement planning, what is your level of stress with regard to your current situation?

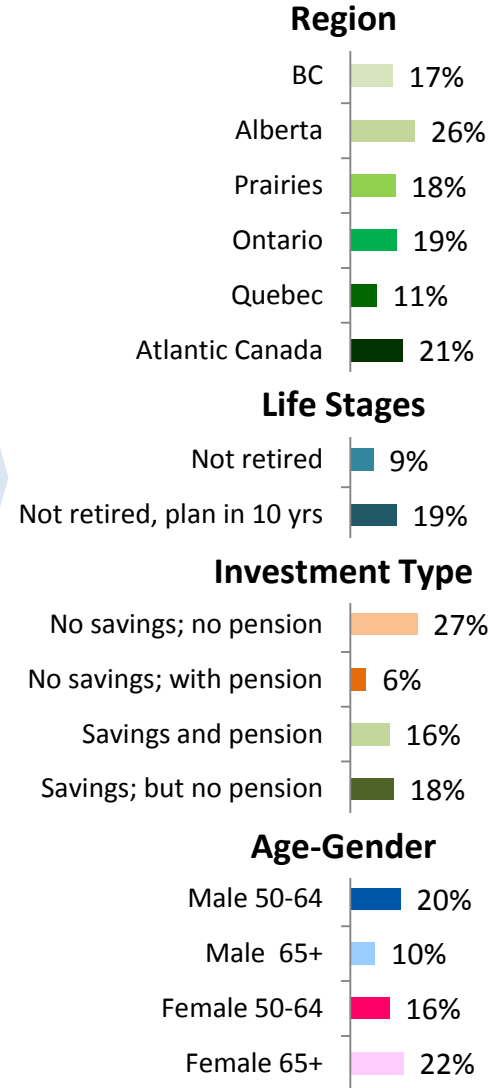
If there was a significant decline in property values, I will likely need to postpone my retirement for several years.

[asked of homeowners who have yet to retire; n=487]



Segmentation ▶▶

Respondents who "Agree":



19%

17%

Support from Children: About 1-in-10 are relying on children for support; highest among those without savings



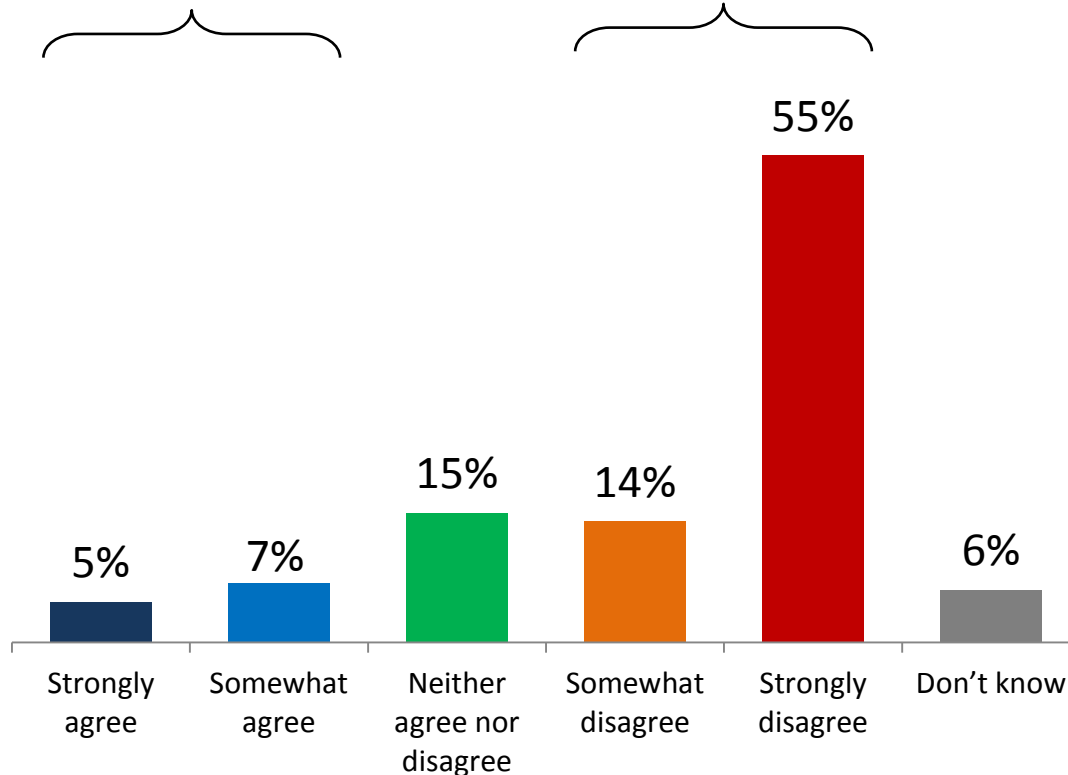
When thinking about retirement planning, what is your level of stress with regard to your current situation?

I will likely need some financial support from my children and/or other family members when I retire.

[asked of those who have yet to retire; n=673]

Agree: 11%

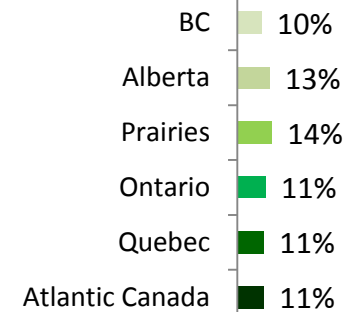
Disagree: 68%



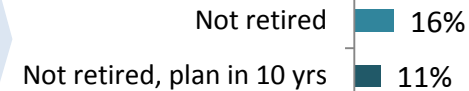
Segmentation ▶▶

Respondents who "Agree":

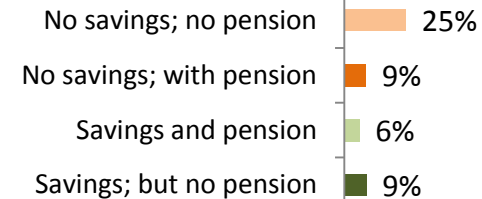
Region



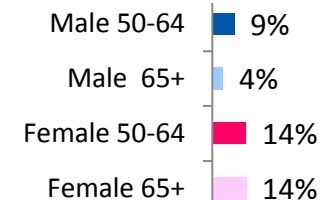
Life Stages



Investment Type



Age-Gender



8%

14%

Retirement

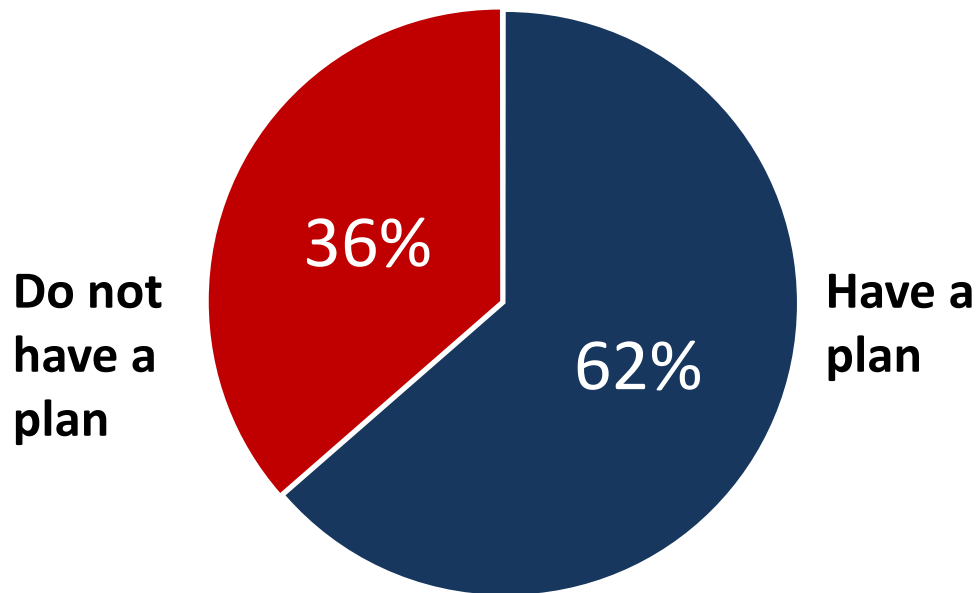
This section of the survey deals with retirement and the preparation that retirees have made up to this point.

Financial Planning (Retirees): Over one third (36%) have no financial plan for retirement



Do you have a financial plan for your retirement?

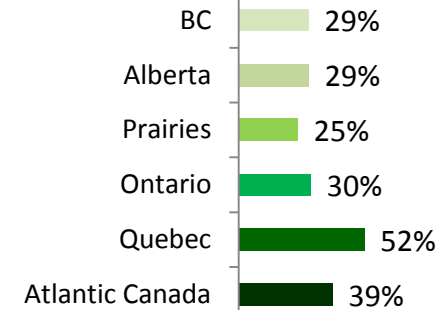
[asked of all retirees; n=798]



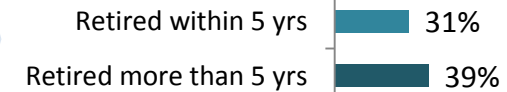
Segmentation ▶▶

Respondents who say "No Plan":

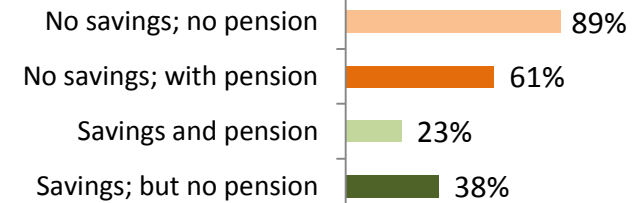
Region



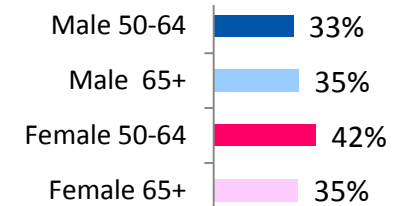
Life Stages



Investment Type



Age-Gender



34%

37%

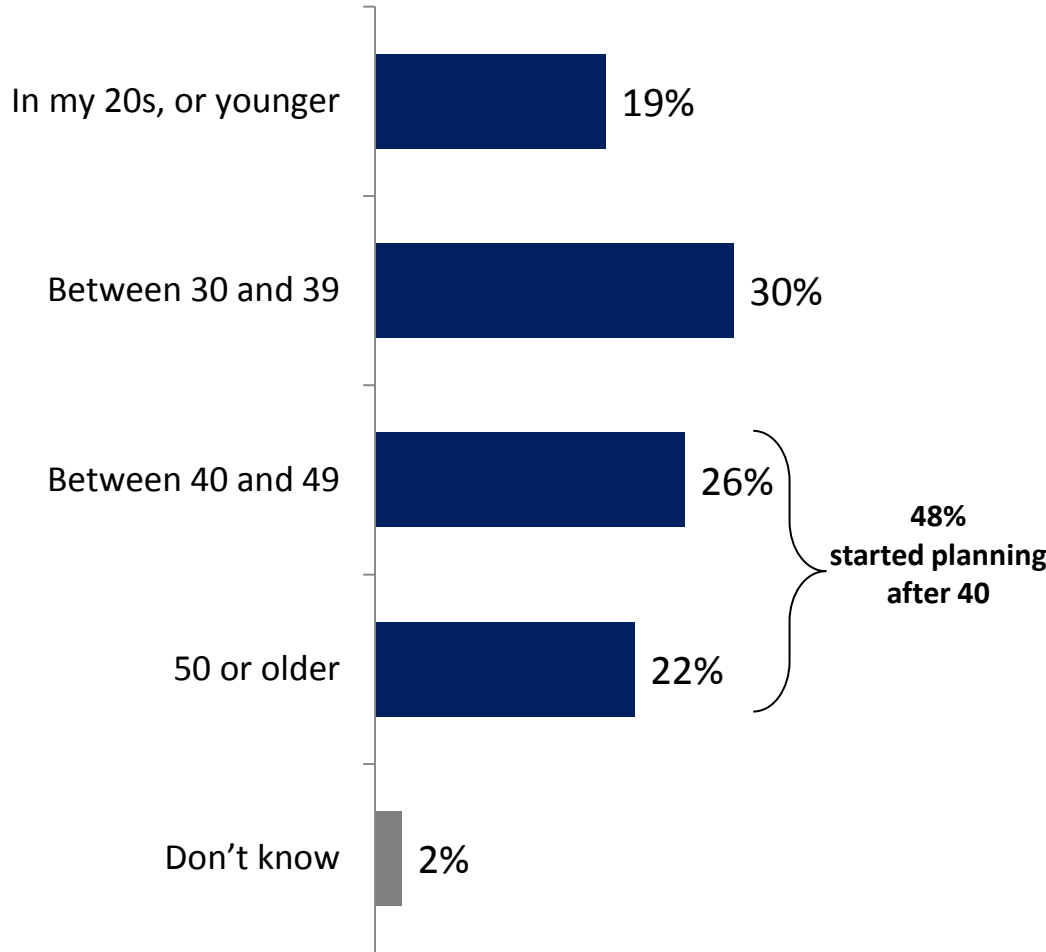
Note: 'Don't Know' (2%) not shown

Age of Retirement Plan: Nearly half (48%) started planning for retirement at age 40+ 23



When did you first start to prepare your retirement savings plan?

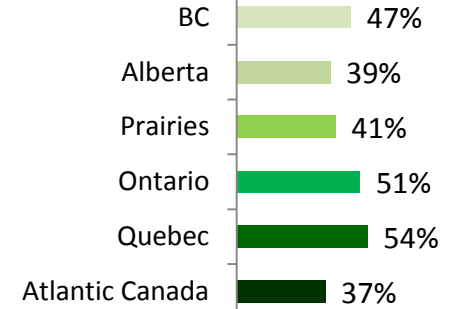
[asked of all retirees who have a financial plan; n=491]



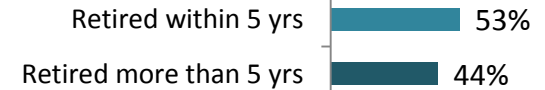
Segmentation ▶▶

Respondents who say "Over 40":

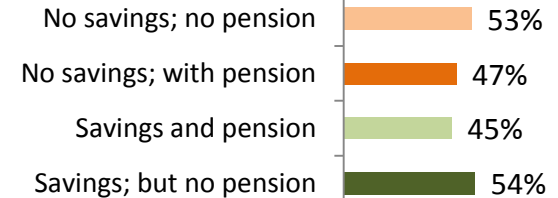
Region



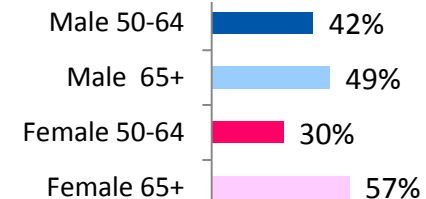
Life Stages



Investment Type



Age-Gender

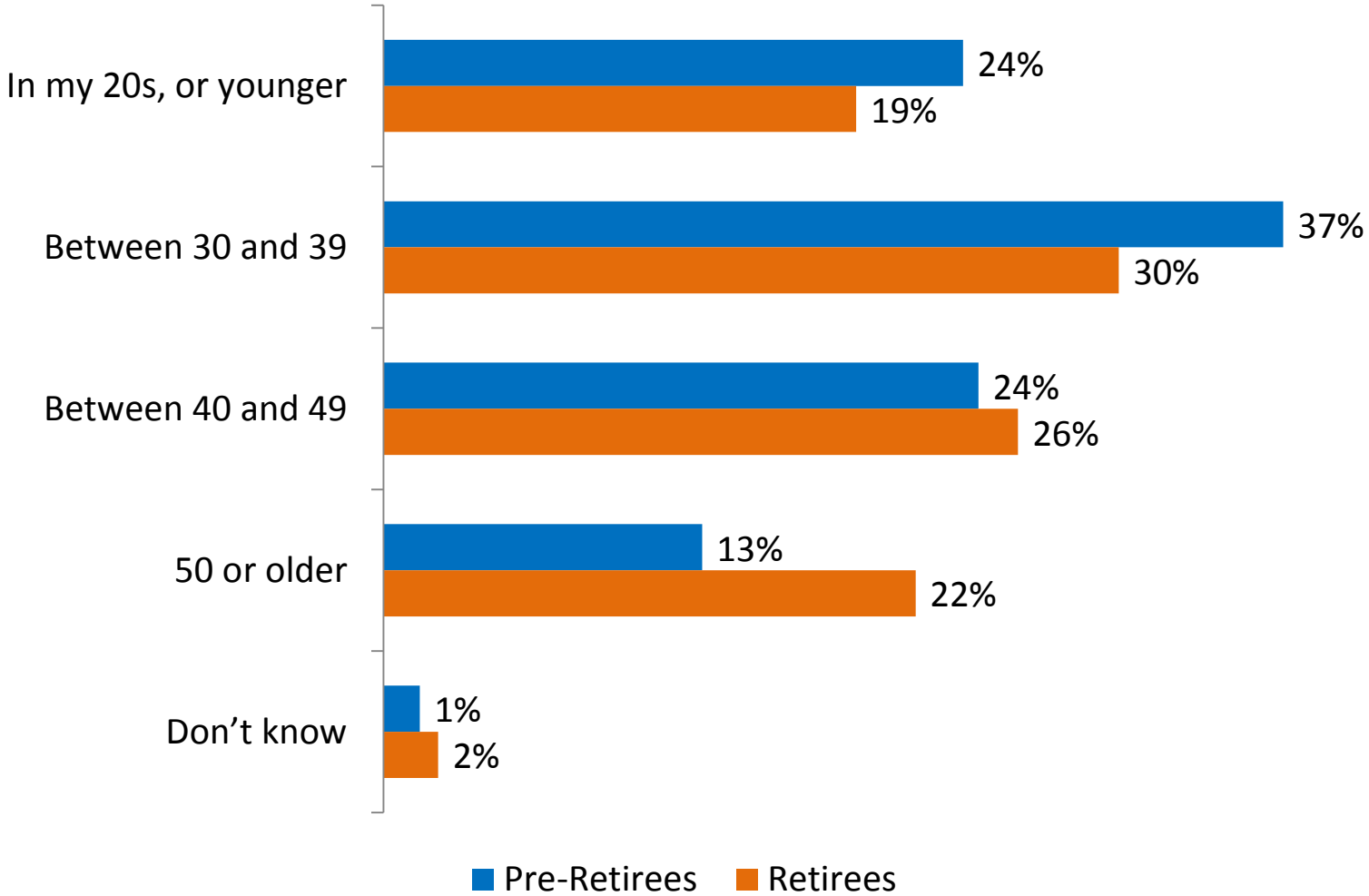


Age of Retirement Plan: Retirees much more likely to start saving later in life; most pre-retirees start under 39 years



When did you first start to prepare your retirement savings plan?

[asked of all retirees (n=491) and pre-retirees (n=299) who have a financial plan]

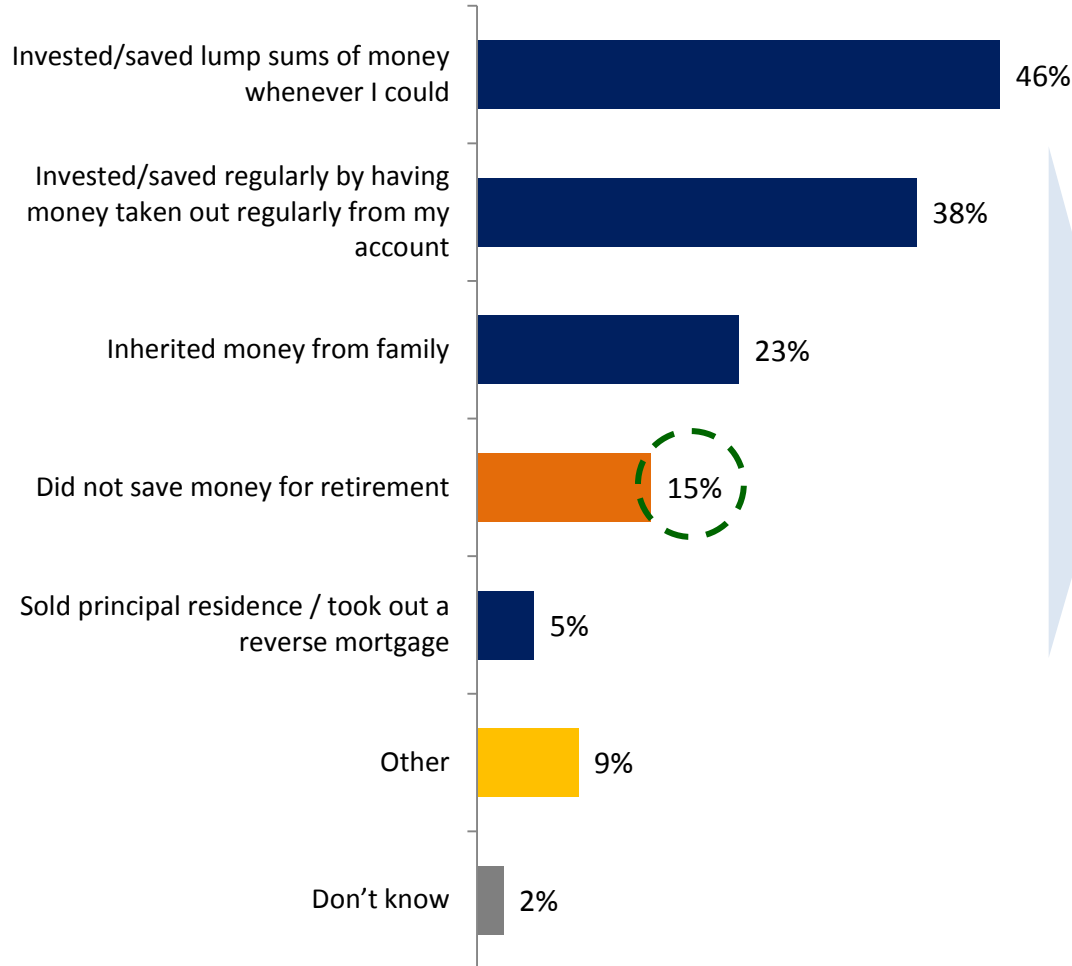


Retirement Savings Profile (Retirees): 15% did not save at all for retirement



Aside from any pension plans you may have, how did you save for your retirement?

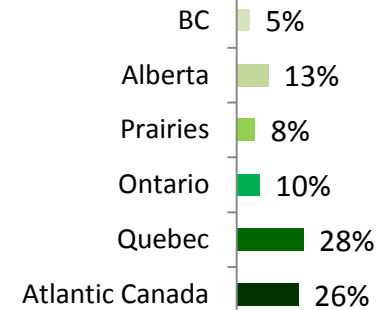
[Select all that apply; asked of all retirees; n=798]



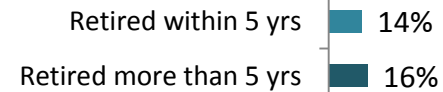
Segmentation ▶▶

Respondents who say "Did not Save":

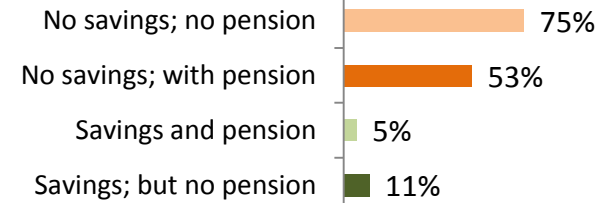
Region



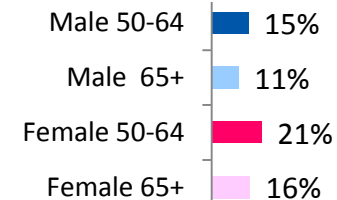
Life Stages



Investment Type



Age-Gender



13%

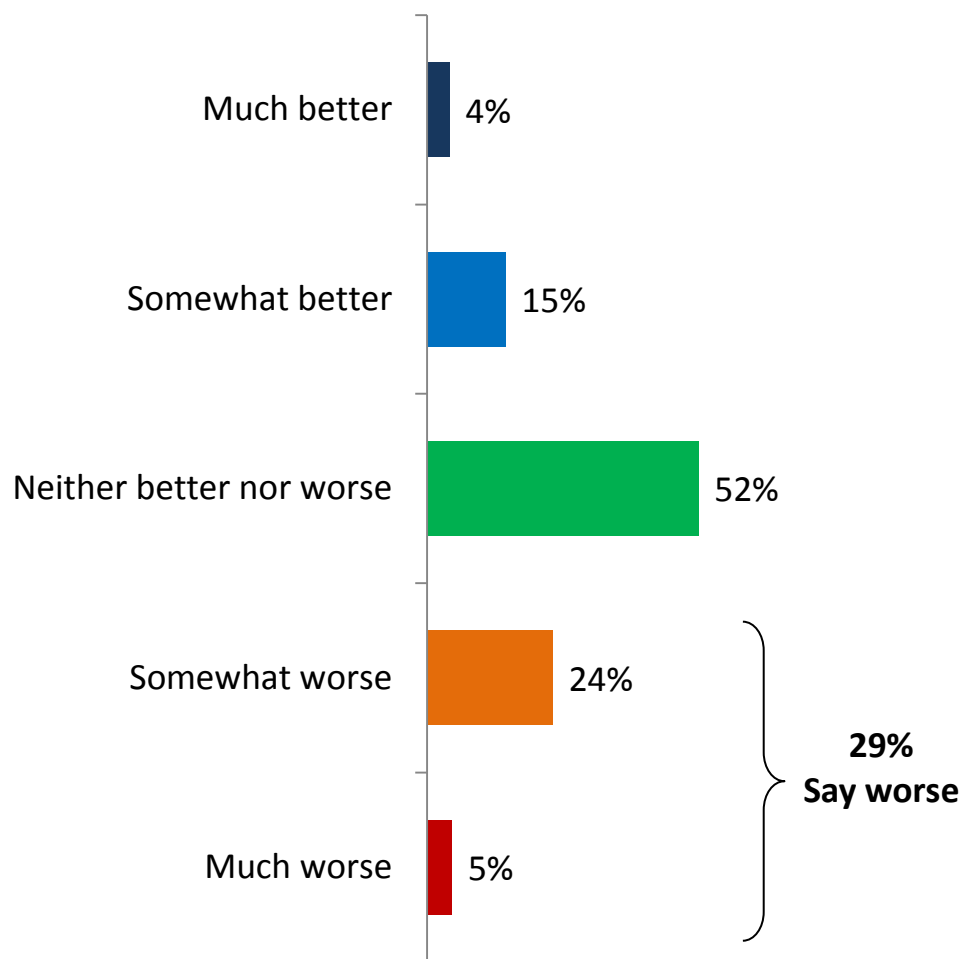
17%

Standard of Living (Retirees): Majority (52%) feel their standard of living will stay the same in retirement



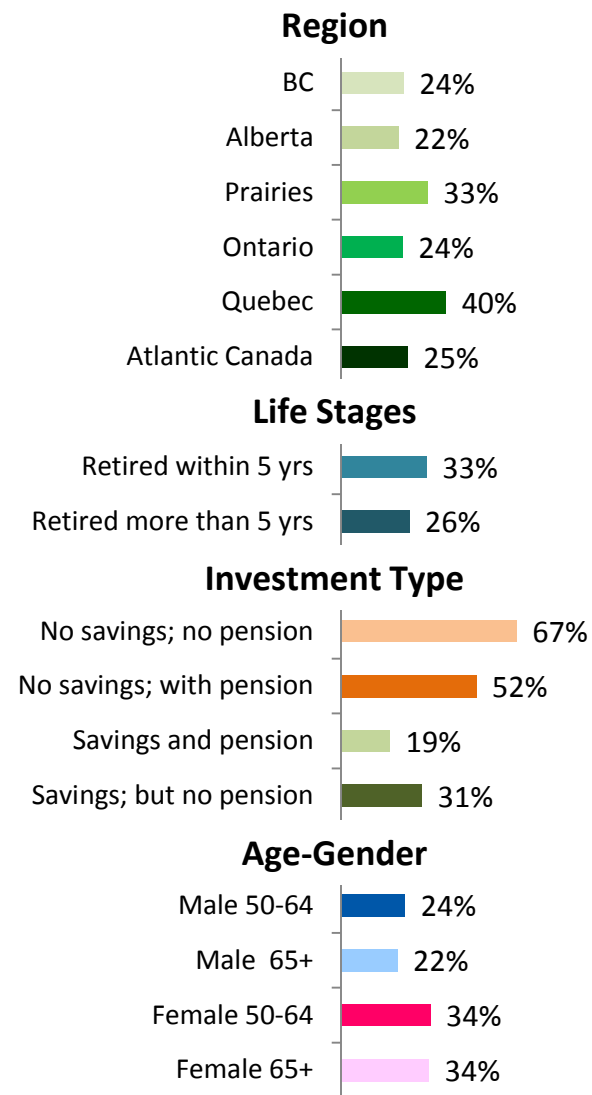
Thinking about your standard of living, is it better or worse than it was before retirement?

[asked of all retirees; n=798]



Segmentation ▶▶

Respondents who say "Worse":



23%

34%

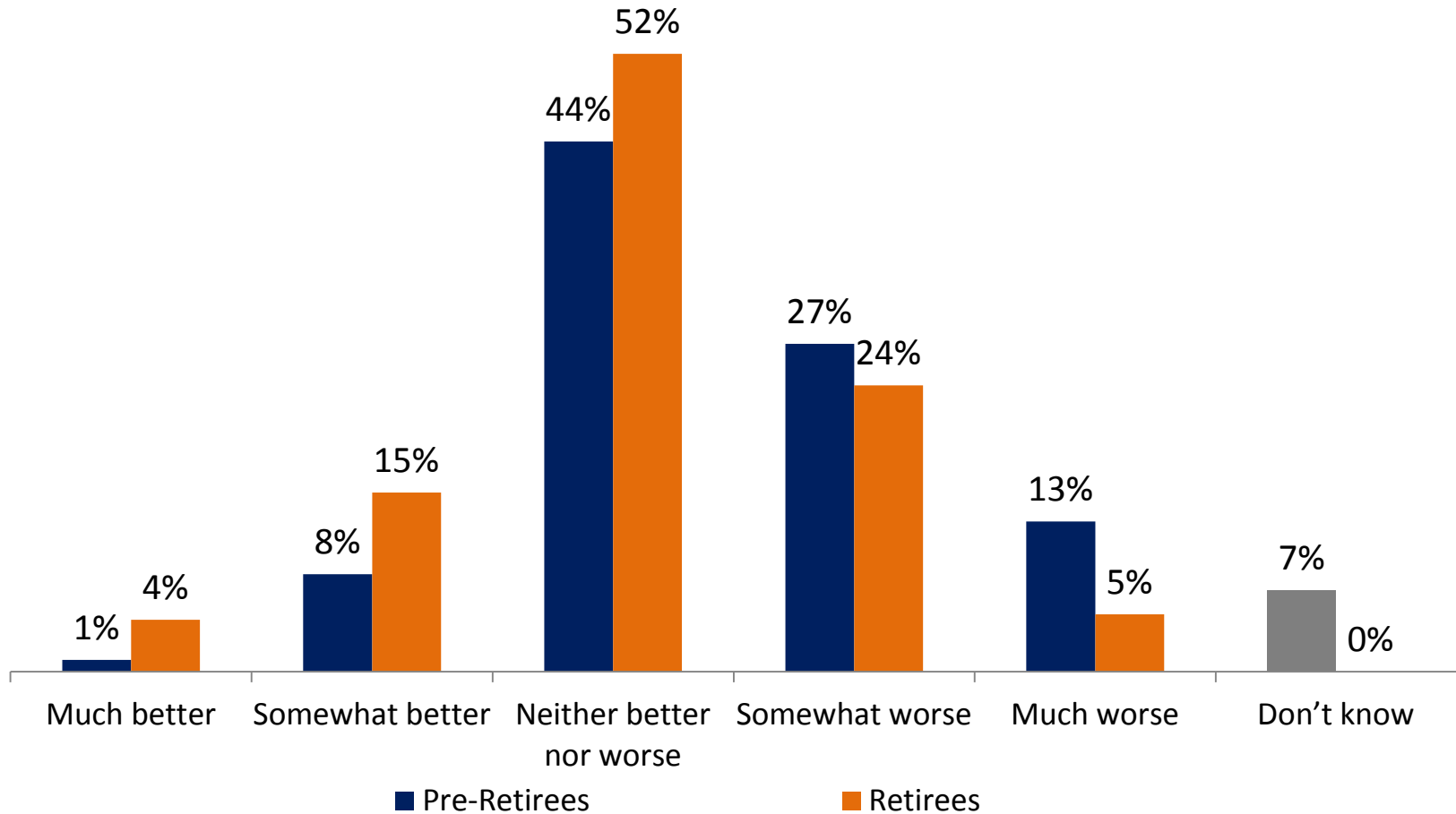
Standard of Living (Pre-retirement and post comparison):

Pre-retirees much more pessimistic about standard of living after retirement



Thinking about your standard of living, is it better or worse than it was before retirement?

[asked of all retirees (n=760) and pre-retirees (n=299)]



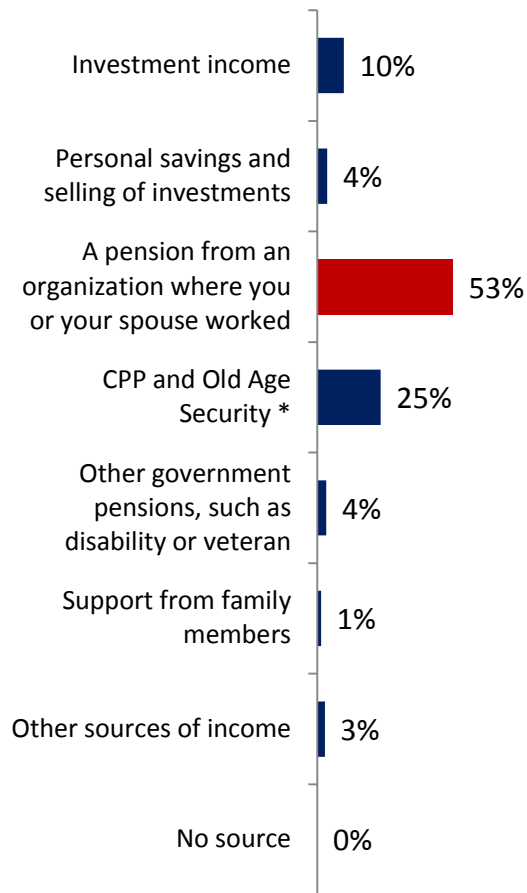
Income Ranking (Retirees): A pension is the most important source of income for most retirees



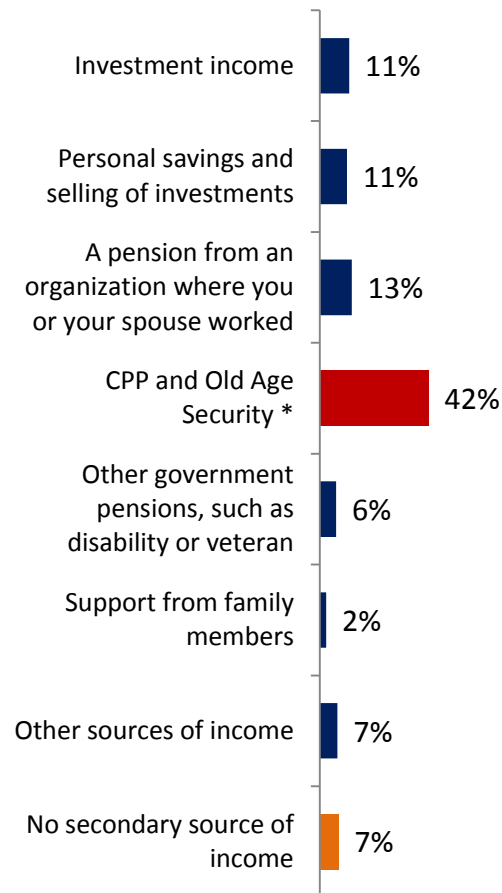
Thinking about the money you have to live on in an average month, from which of these categories do you receive the most amount of income per month?

[asked of all retirees; n=798]

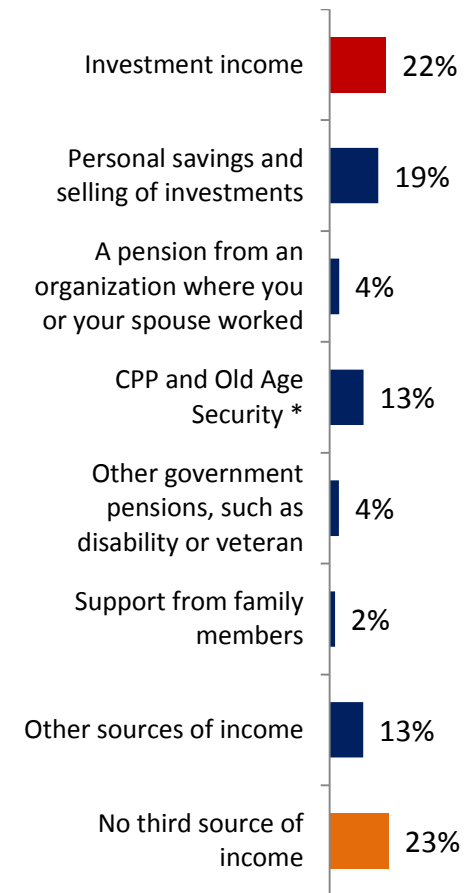
Largest Source



Second Largest Source



Third Largest Source

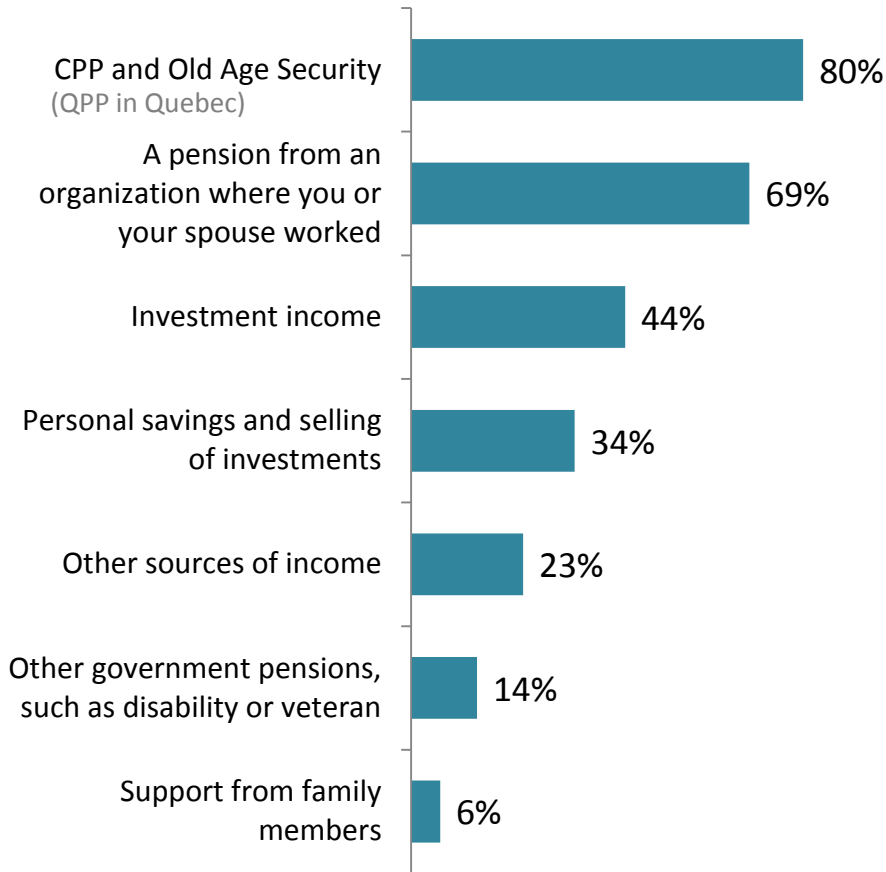


Note: 'Don't know' (21%) not shown.

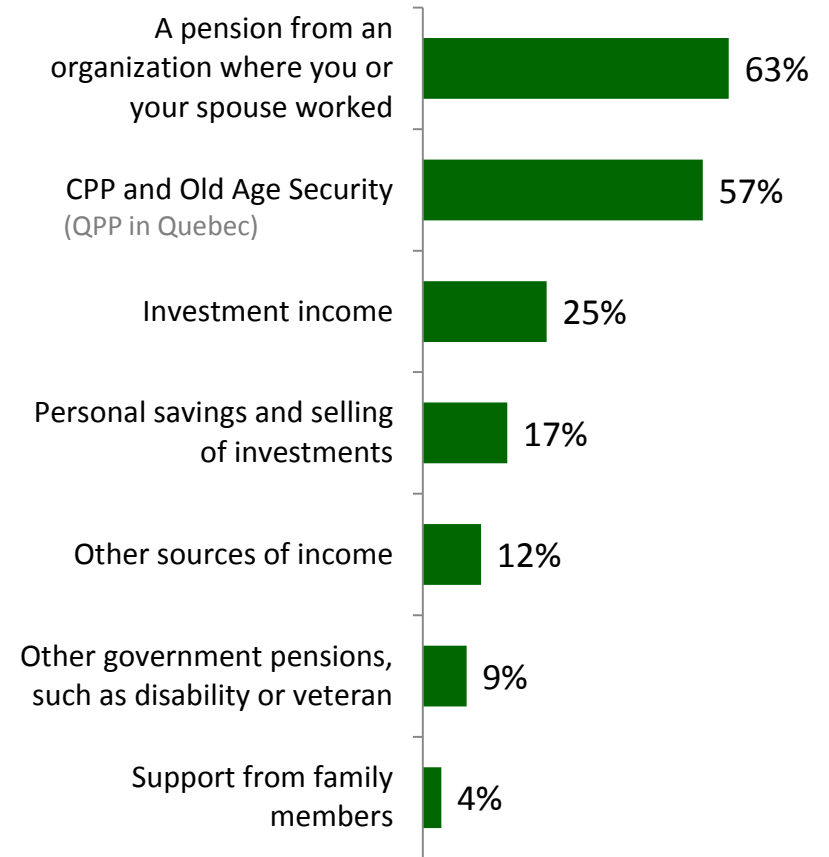
*Read as "QPP and Old Age Security" in Quebec.

Income Ranking

Cumulative Income Sources



Weighted Importance of Income



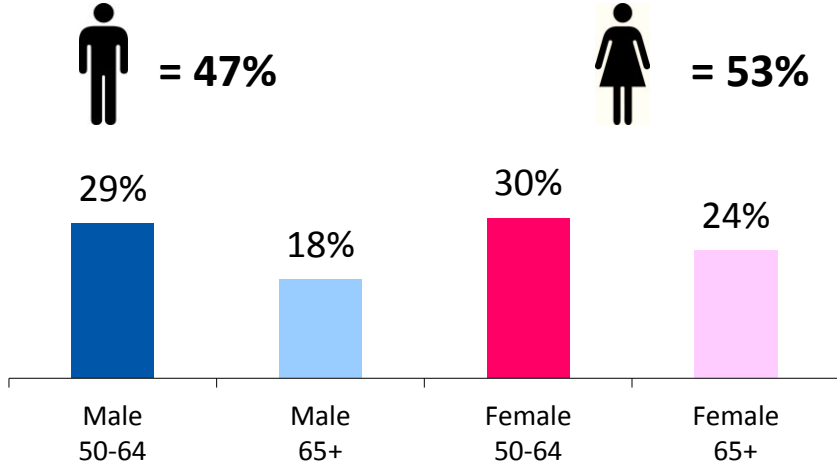
Note: rankings calculated by weighted averages (scale bound between 100% and 0%; where 100% would represent the most important source of retirement income)

Appendix

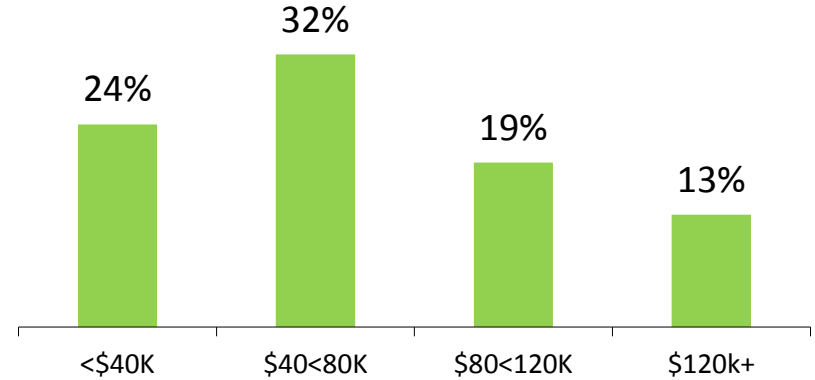
Respondent Demographics and Asset Profile

Demographics: Respondent Profile

Gender and Age



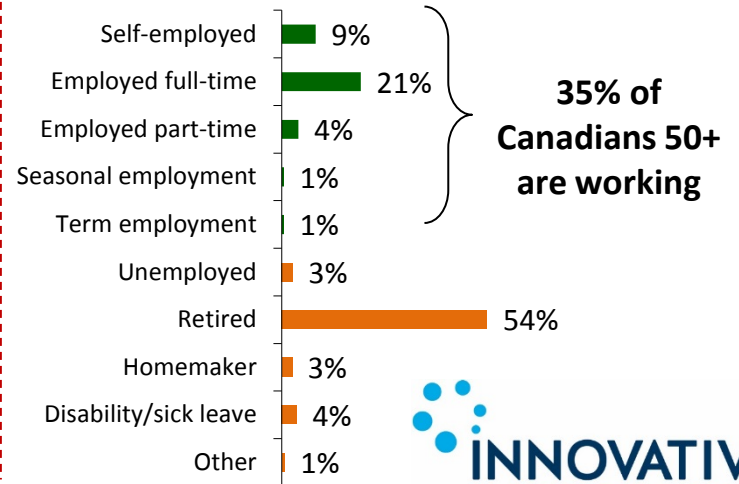
Household Income



Note: 'Prefer not to say' (12%) not shown

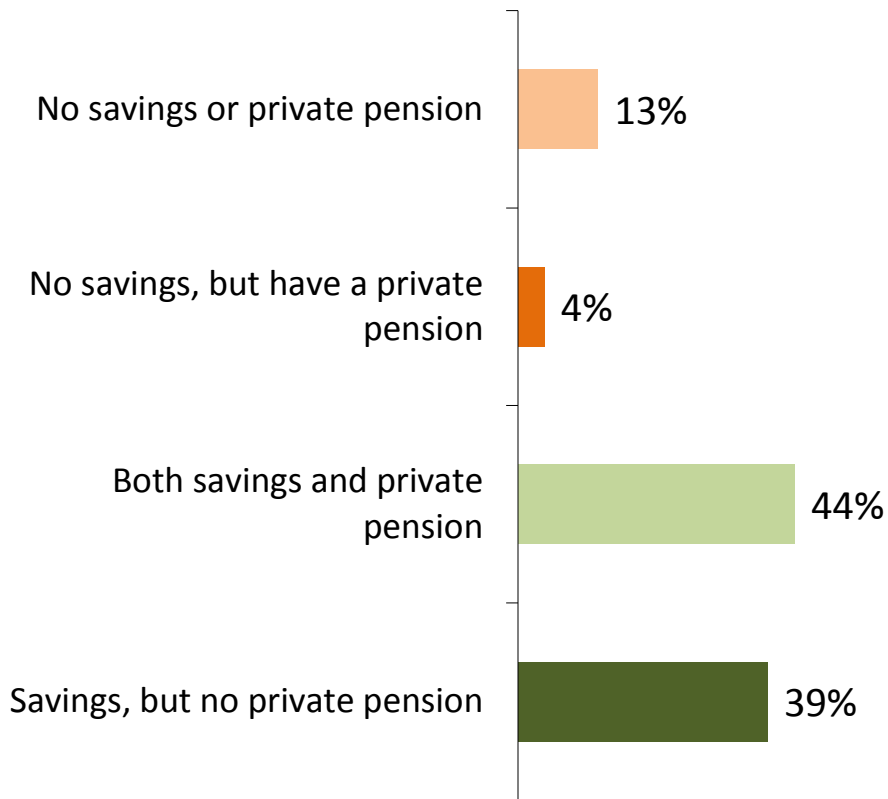
	National Sample	Male 50-64	Male 65+	Female 50-64	Female 65+
Pre-retirement (n= 673)	46%	68%	12%	70%	14%
Post-retirement (n= 798)	54%	32%	88%	30%	86%

Employment Status

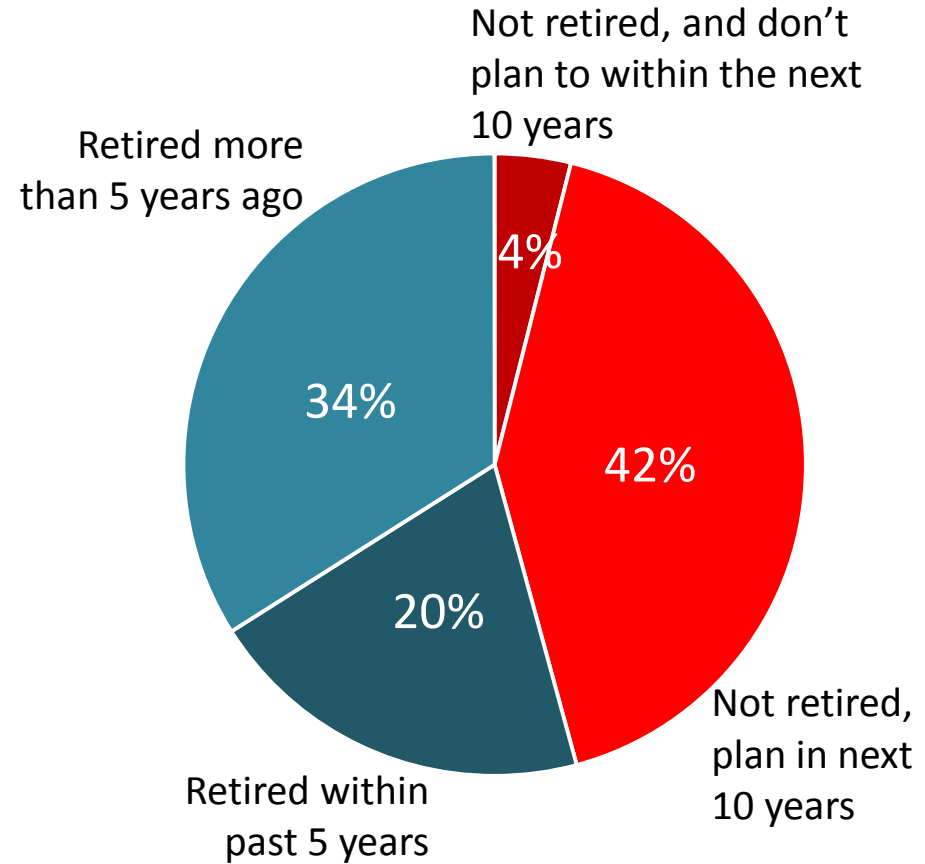


Demographics: Respondent Profile

Investor Type



Life Stages



Regional Segmentation among Canadians 50+

Regional groupings include:

- British Columbia (Yukon)
- Alberta (Northwest Territories)
- Prairie Region (Manitoba, Saskatchewan and Nunavut)
- Ontario
- Quebec
- Atlantic (PEI, New Brunswick, Nova Scotia and Newfoundland & Labrador)

National
Weighted n=1,471

British Columbia
Weighted n=205

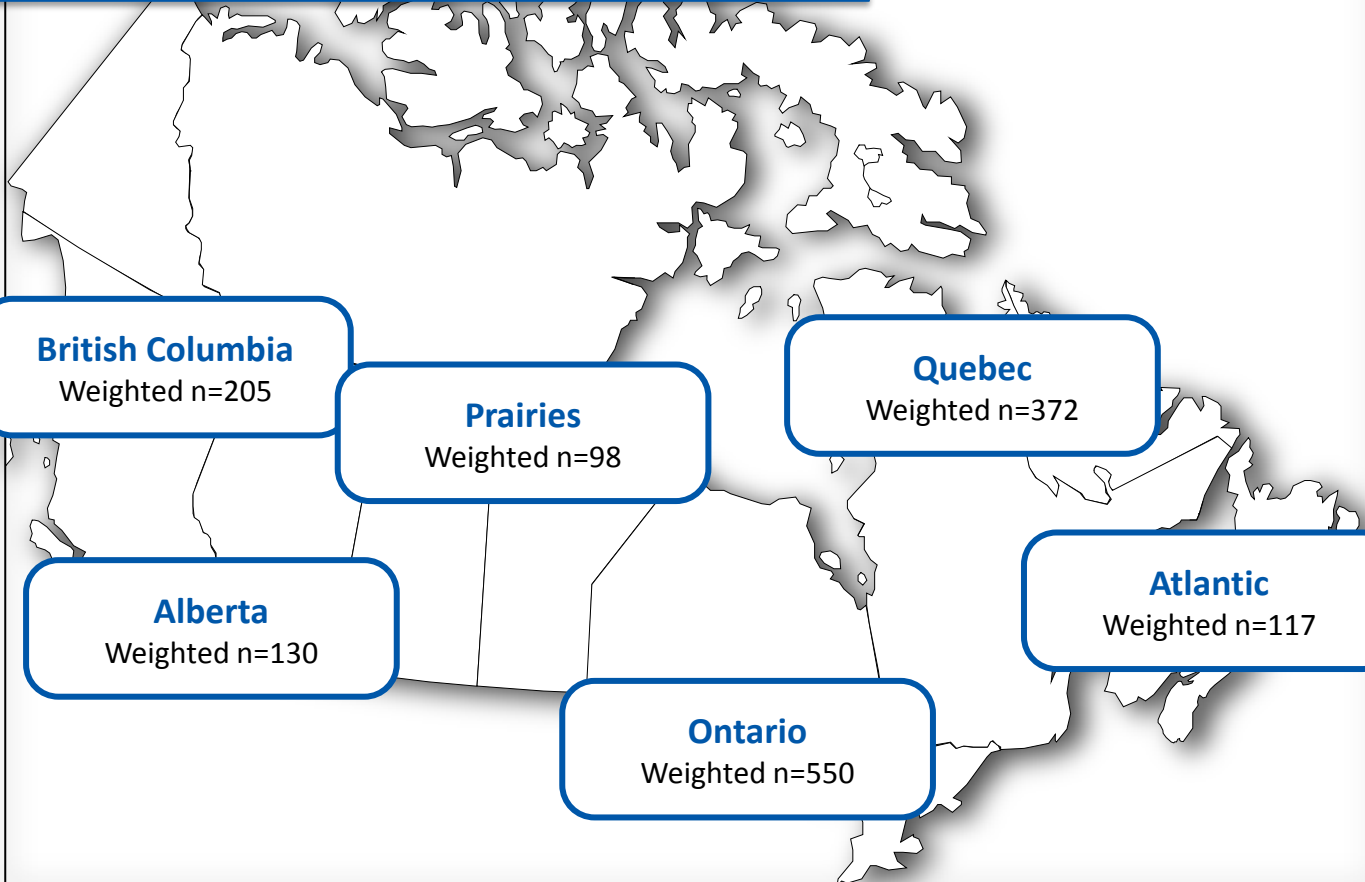
Prairies
Weighted n=98

Quebec
Weighted n=372

Alberta
Weighted n=130

Ontario
Weighted n=550

Atlantic
Weighted n=117

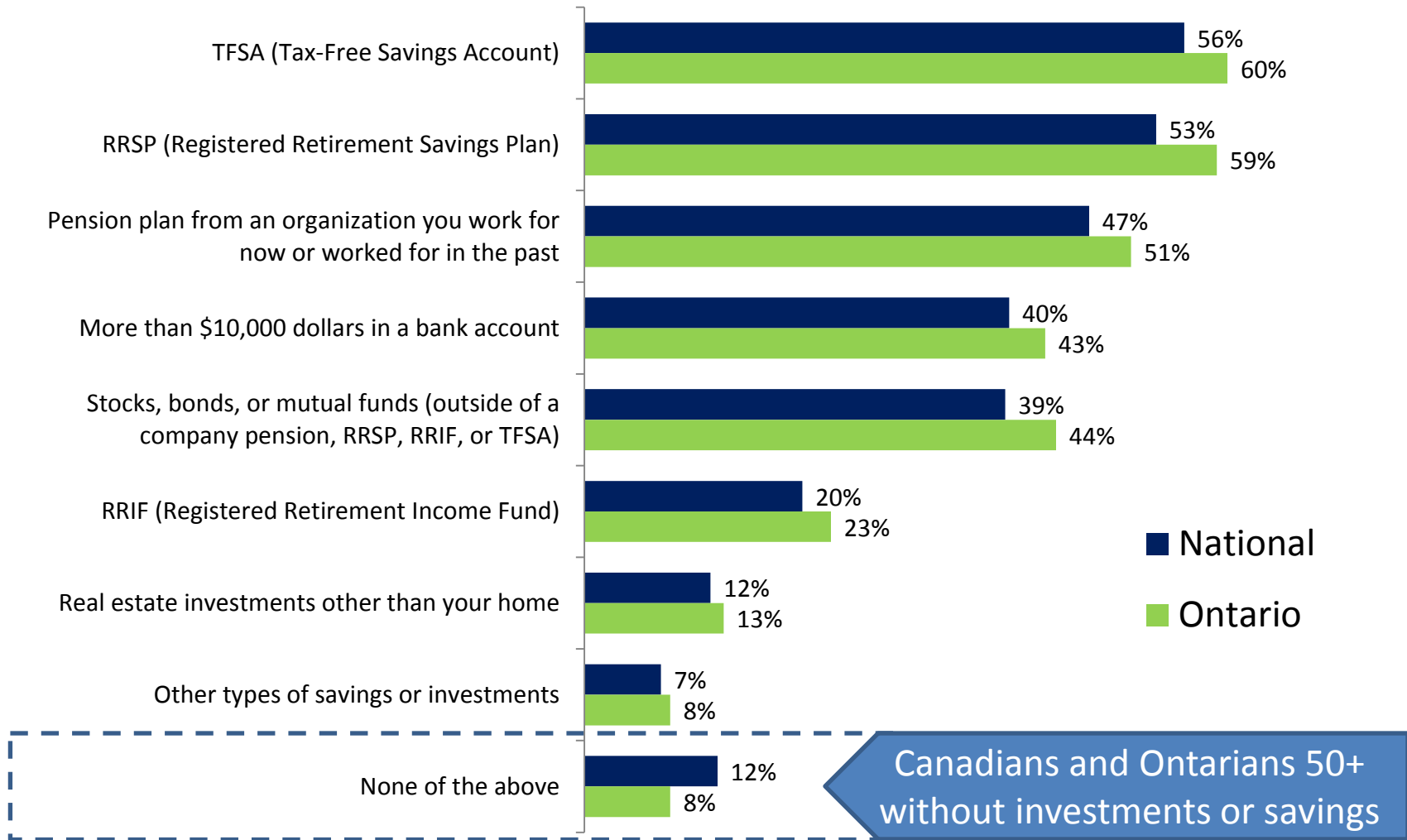


Asset Profile of 50+: About half have a work pension; nationally, 12% have no investments or savings



To the best of your knowledge, do you have any of the following types of investments or savings?

[Select all that apply; asked of all respondents; n=1,471]



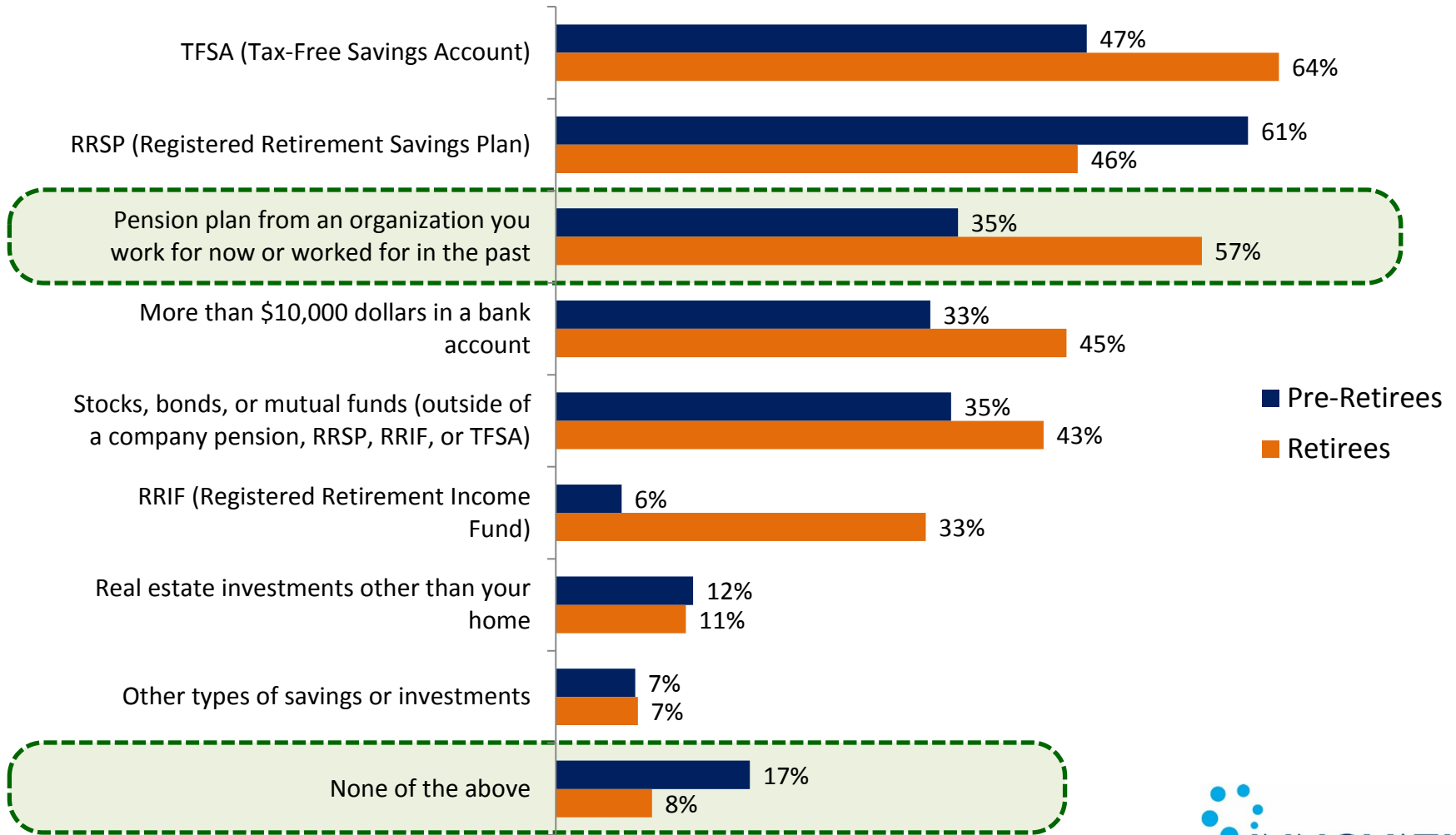
Note: "Don't know" not shown (2% nationally, 1% Ontario)

Asset Profile: Pre-retirees twice as likely as retirees to have no savings; majority (57%) of retirees have a private pension



To the best of your knowledge, do you have any of the following types of investments or savings?

[Select all that apply; asked of all respondents; n=1,471]

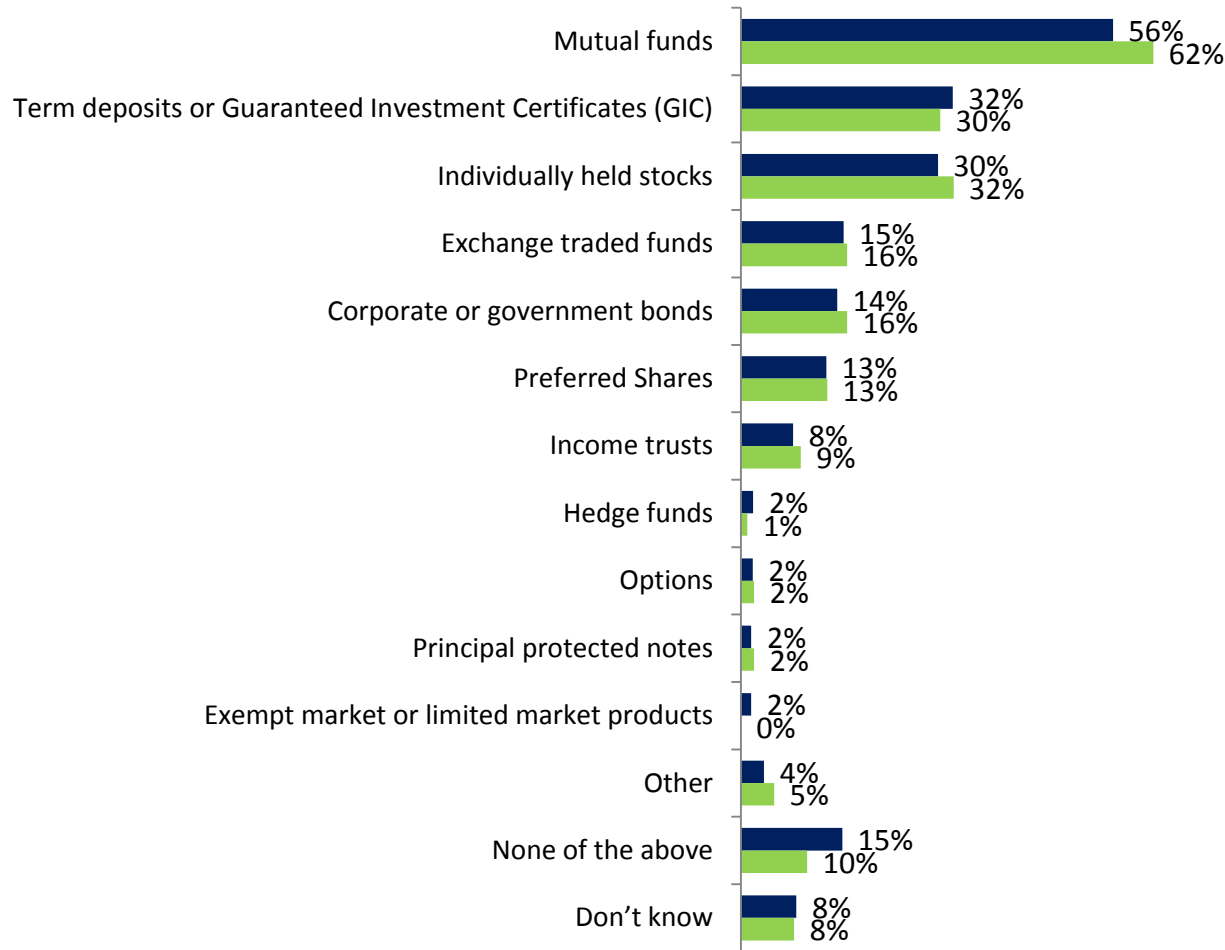


Investor Profile: An estimated 67% of Canadians 50+ own securities outside of pensions; a majority own mutual funds



Which of the following investment products do you own?

[Select all that apply; asked of those who have an RRSP, RRIF, TFSA, stocks bonds or mutual funds or other savings or investments; n=1,168]



■ National

■ Ontario

An estimated 67%* of Canadians 50+ own securities outside of private pensions.

This is higher in Ontario with an estimated 77%* of those 50+ owning securities outside of private pensions.

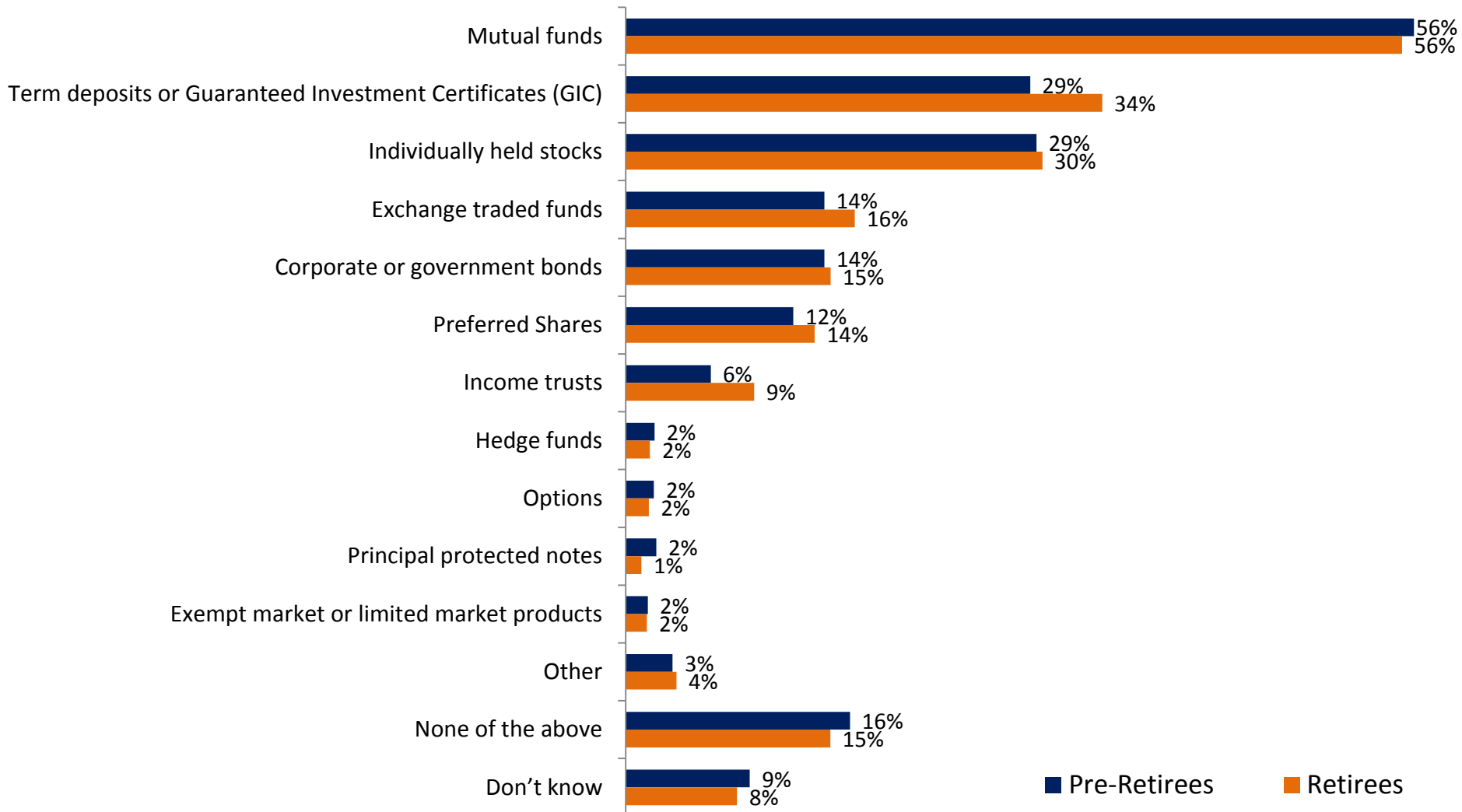
* 8-in-10 (79%) of the national sample indicated that they have some form of savings or investment. However, when asked what specific investment products this sub-sample of respondents own, 15% indicated they own "none of the above". By removing those who do not own any investment products from the total sample, we can estimate that 67% of Canadians 50+ own some form of securities. In Ontario, 85% of the sample were asked which types of investment products they own. By removing 10% of the Ontario sample (those who indicated "none of the above", we can estimate that 77% of Ontarians 50+ own some form of securities.

Investor Profile: Pre-retirees and retirees have similar profiles; retirees more likely to have terms deposits & GICs



Which of the following investment products do you own?

[Select all that apply; asked of those who have an RRSP, RRIF, TFSA, stocks bonds or mutual funds or other savings or investments; n=1,168]

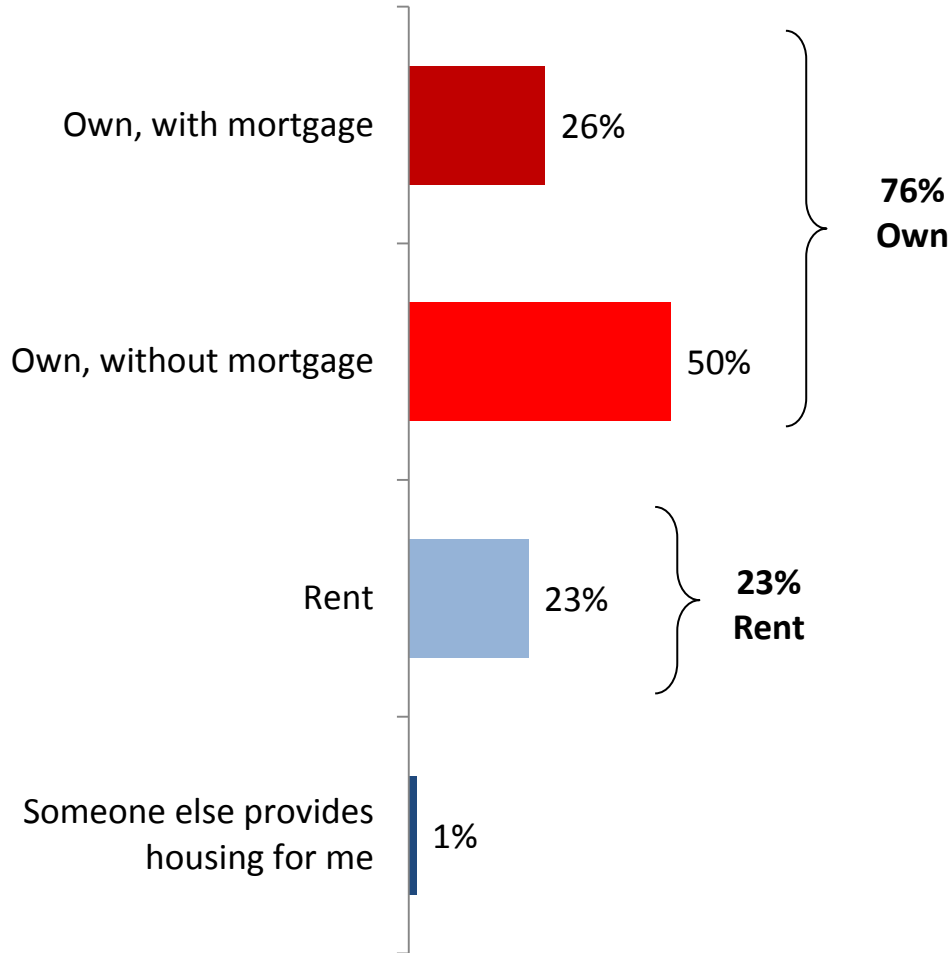


Home Ownership: Strong majority (79%) of retirees are home owners



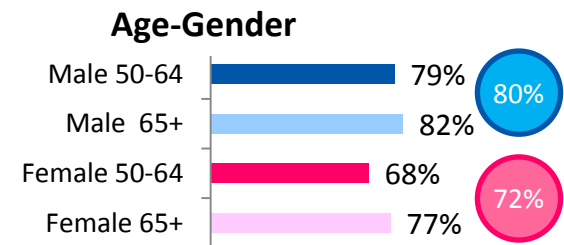
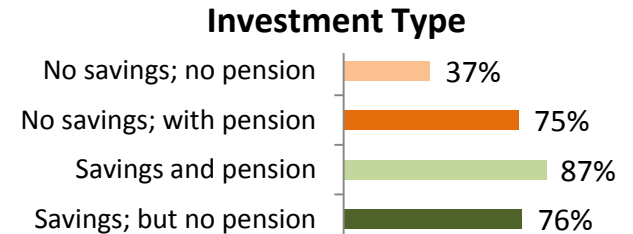
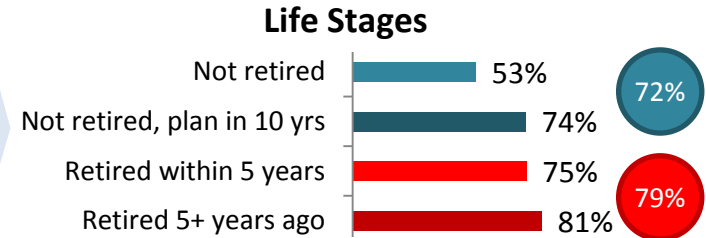
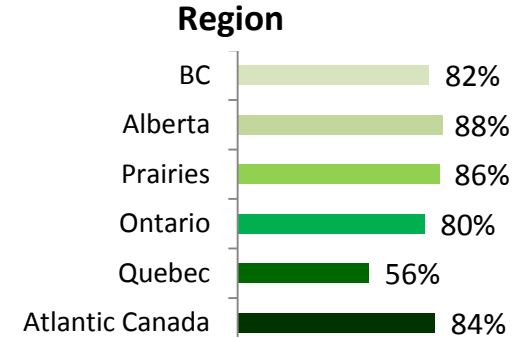
Do you own or rent your own home?

[asked of all respondents; n=1,471]



Segmentation ▶▶

Respondents who say "Own":

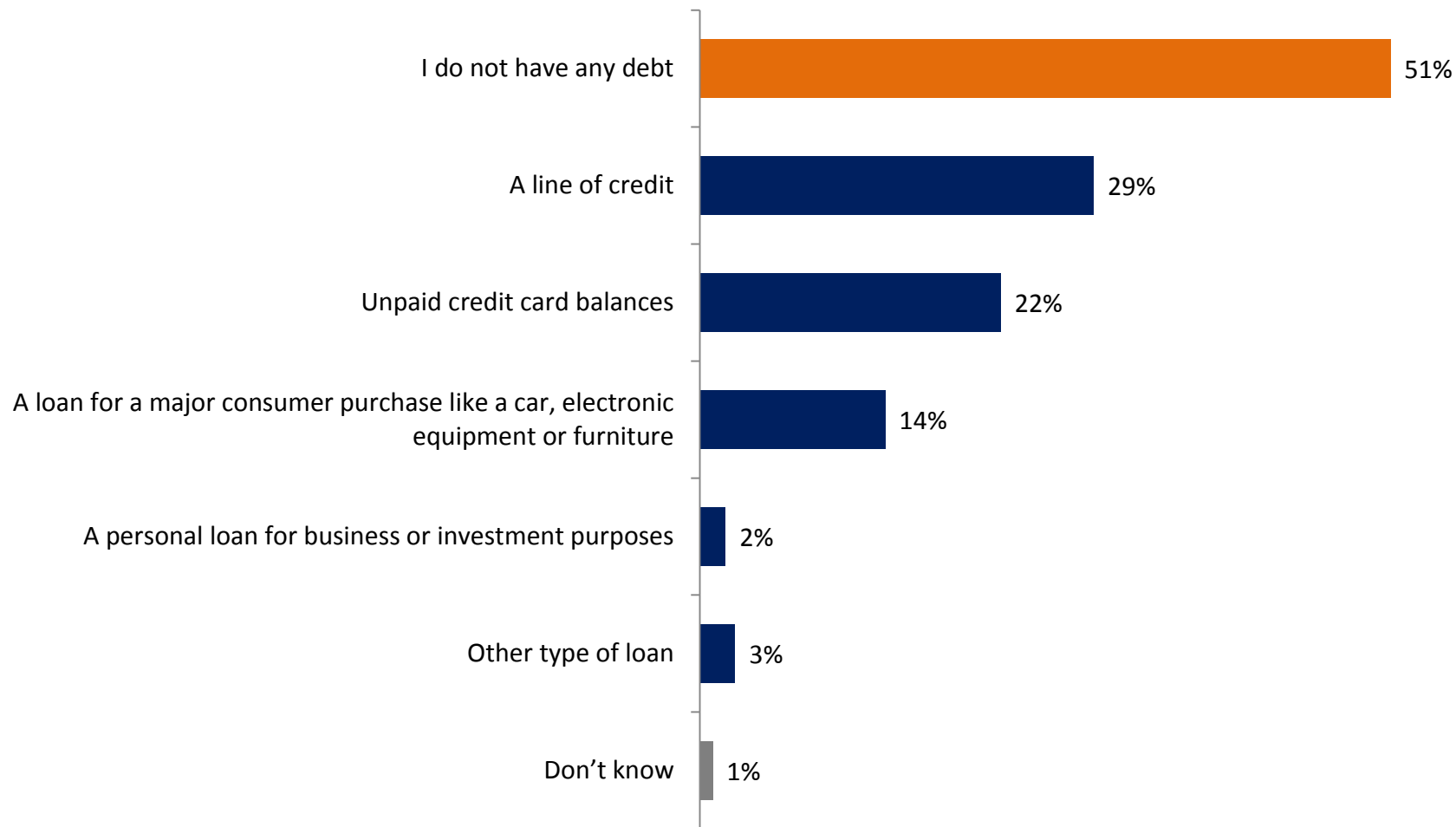


Debt Profile: Majority (51%) of respondents do not have any debt; about 1-in-3 have a line of credit



Do you owe money for any of the following types of loans (not including mortgages)?

[Asked of all respondents, n=1,471; multiple mention, percentages will not equal 100%]

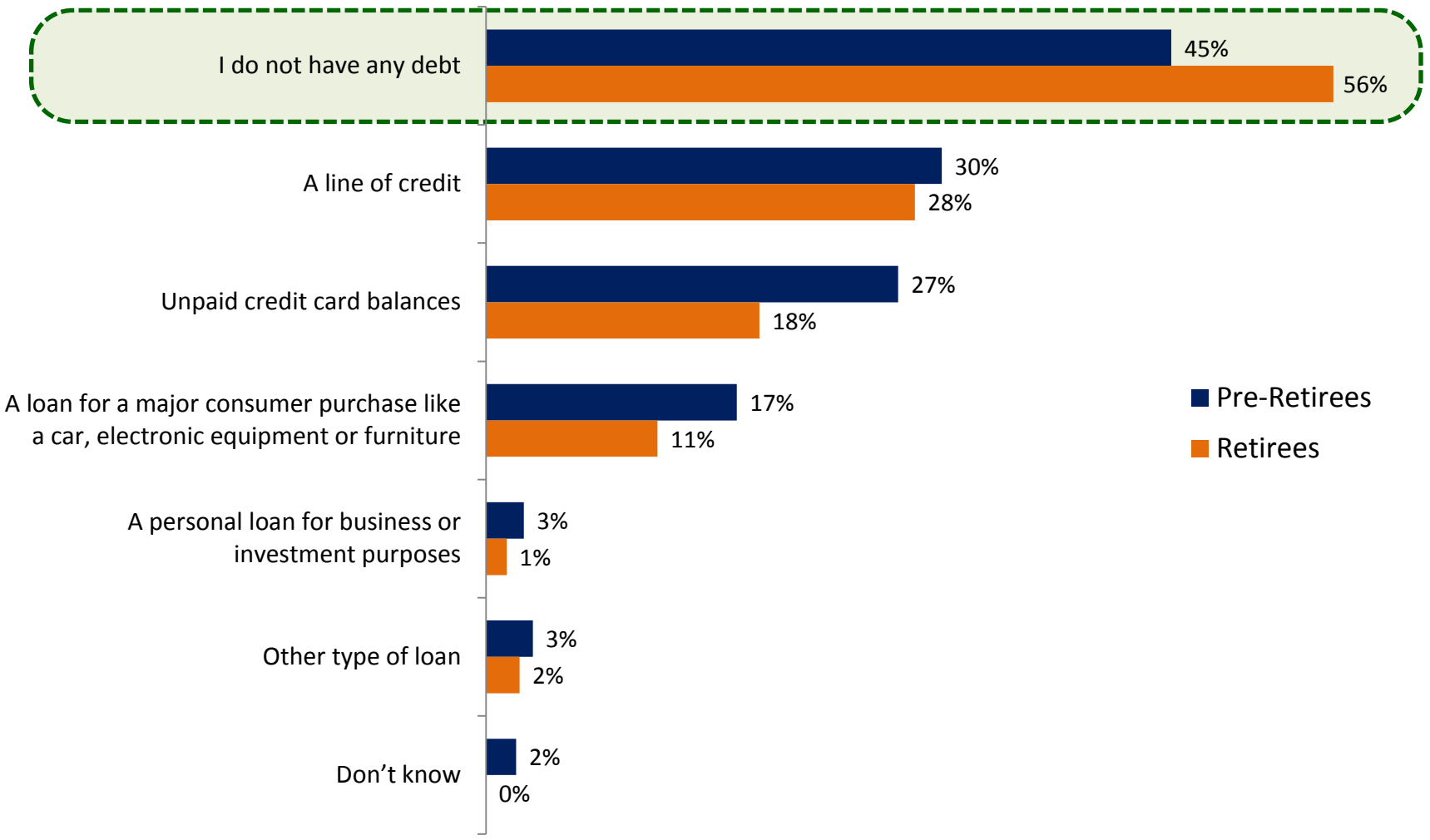


Debt Profile: More than half (56%) of retirees have no debt;⁴⁰ Pre-retirees more likely to have unpaid credit card debt



Do you owe money for any of the following types of loans (not including mortgages)?

[Asked of all respondents, n=1,471; multiple mention, percentages will not equal 100%]

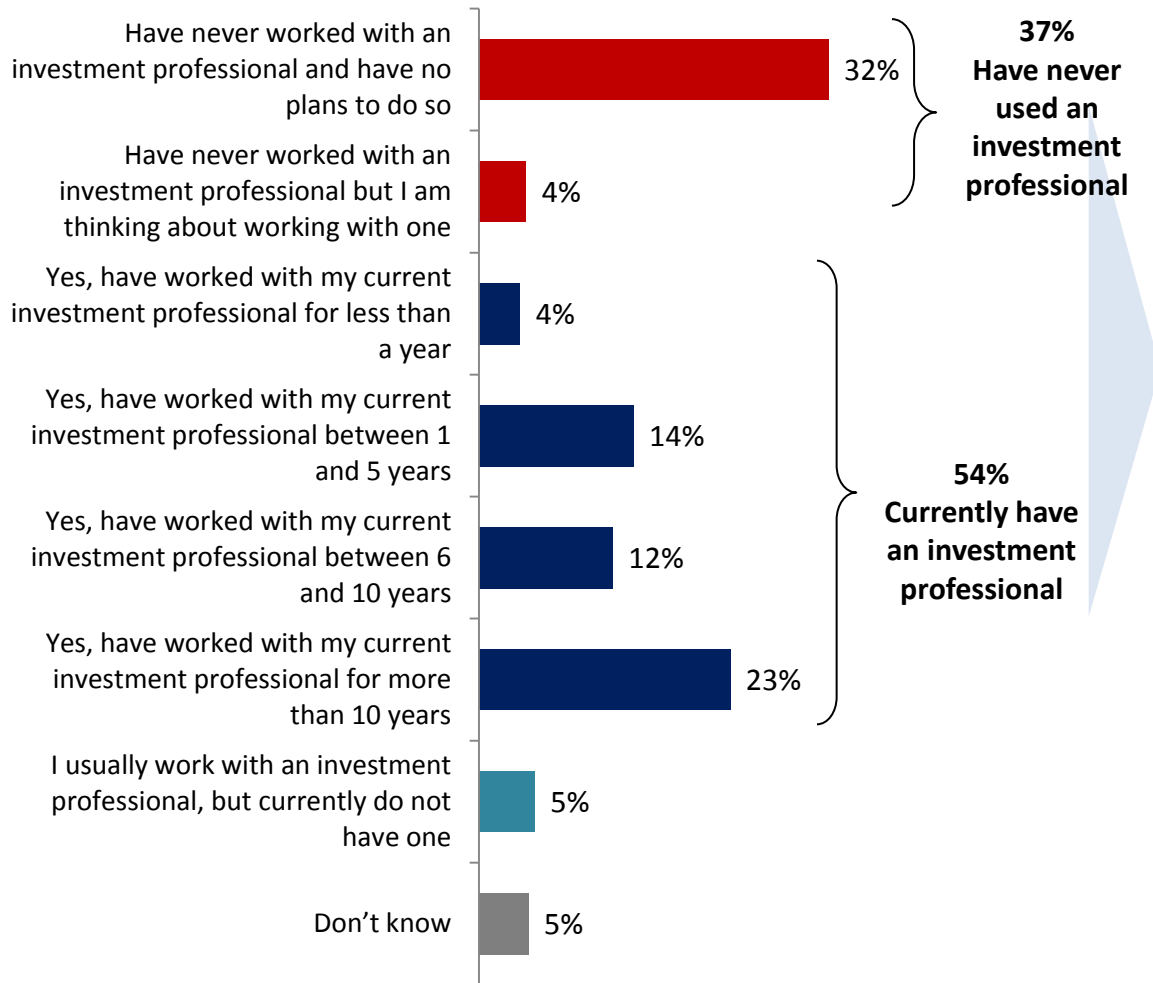


Investment Professionals: Nearly 4-in-10 have never worked with an investment professional



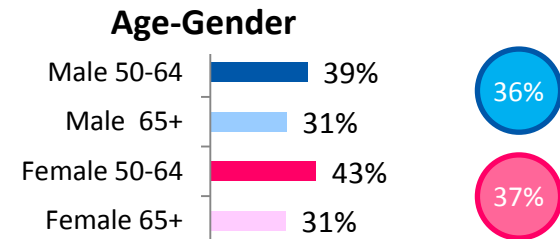
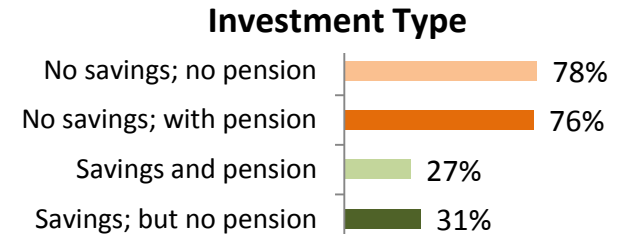
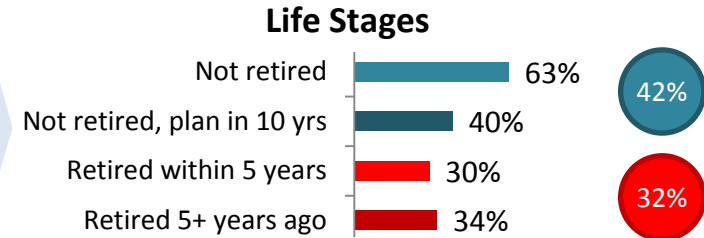
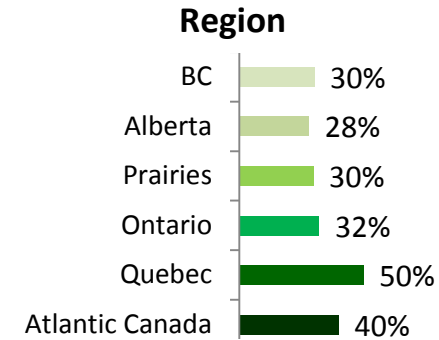
Do you have an **investment professional** to help you with your investment decisions? If so, how long have you worked with this investment professional?

[asked of all respondents; n=1,471]



Segmentation ▶▶

Respondents who say "Never":





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