



Ipsos Reid

2010 CSA Survey on Retirement and Investing

Prepared for:

Canadian Securities Administrators

Executive Summary

September 28, 2010

TABLE OF CONTENTS

EXECUTIVE SUMMARY..... 1

- Key Findings 1
- Methodology 1
- Overview of Findings 2
 - Canadians’ Financial Readiness for and Sources of Income in Retirement.....2
 - Willingness to Take Investment Risk and Anticipated Behaviour in Response to a Referred Investment 2
 - Behaviour with Respect to Researching Investment Opportunities..... 3

EXECUTIVE SUMMARY

Canadian provincial and territorial securities regulators provide information to help investors make informed investment decisions and recognize, avoid and report fraudulent investments. In 2010, the Canadian Securities Administrators (CSA) commissioned Ipsos Reid to conduct a survey on attitudes and experiences relating to preparedness for retirement and investing decisions.

More specifically, the research investigates:

- ✓ Canadians' financial readiness for retirement
- ✓ Investments set aside for the future
- ✓ Sources of income in retirement
- ✓ Anticipated behaviour in response to a referred investment
- ✓ Behaviour with respect to researching investment opportunities

Key Findings

1. Canadian investors are twice as likely as non-investors to believe they will have enough money to meet their retirement needs.
2. Investors say they have done research on their last investment opportunity (either themselves or through their financial advisor).
3. When it comes to recommendations on high return investments from friends and family, most Canadians would do more research before investing.

Methodology

Ipsos Reid interviewed 2,318 Canadian adults online, between August 16 and 19, 2010. The sample was comprised of a "general population" sample, in which disproportionate sampling was conducted for three provinces, Manitoba, Nova Scotia and New Brunswick, in order to provide reliable provincial samples. Weights were applied to the data to reflect Canada's adult population.

In the summary of results, the data are presented for Canada in total and by province where there are notable provincial differences in results. Note that, because of the small sample sizes in Saskatchewan, Prince Edward Island, Newfoundland and Labrador and the Territories, data are not presented separately for these provinces or this region.

A sample of this size is associated with a ± 2.4 percentage point margin of error (calculated at a 95% confidence interval).

Overview of Findings

Canadians' Financial Readiness for and Sources of Income in Retirement

- Canadians are evenly split (50/50) as to whether they believe they will have enough money for their retirement needs or not. Half (50%) agree that they definitely (10%) or probably (40%) will have enough; an equal percentage believe that they probably will not (34%) or definitely will not (16%).
 - Canadians in Manitoba are more likely to believe that they will have enough money for their retirement needs (62% agree that they definitely or probably will have enough), while those in New Brunswick are less likely (42% agree that they definitely or probably will have enough).
- Six-in-ten current investors (62%) believe they will have enough money for their retirement needs. By comparison, only three-in-ten (31%) of those who do not currently have investments believe that they will have enough.
- Six-in-ten Canadians (62%) have investments set aside for the future. Over half (55%) have investments in an RRSP, RRIF or pension plan and two-in-ten have investments in a TFSA (21%) or outside of these plans (21%). Four-in-ten (38%) Canadians do not have any investments set aside for the future.
 - Canadians in Manitoba (80%), Alberta (69%) and Ontario (66%) are more likely to have investments set aside for the future.
 - Canadians in Quebec (48%), New Brunswick (48%) and Nova Scotia (46%) are less likely to have investments set aside for the future.
- Seven-in-ten Canadians (71%) plan to rely on government pensions as a source of income in retirement. Half (50%) expect to have pension income from an employer. Four-in-ten (44%) plan to rely on income from their own or their household's investments and/or cashing in their investments, one-in-three (32%) has savings other than investments and one in-five (20%) plans to use home equity. Four-in-ten Canadians (39%) plan to work part-time or occasionally as a source of income in retirement.

Willingness to Take Investment Risk and Anticipated Behaviour in Response to a Referred Investment

One-in-ten Canadians (9%) say that they would or have made riskier investments in order to potentially get higher returns. Those who have investments are more likely to take risks; more than one-in-ten (13%) would or have made riskier investments in order to potentially get higher returns. Almost half of Canadians (47%) and six-in-ten of those who do not currently have investments (62%) say that they would not make riskier investments regardless of their financial situation.

- An additional four-in-ten Canadians (43%) and half of current investors (49%) would be willing to consider some riskier investments.
 - Canadians in Nova Scotia (10% would or have made riskier investments, 52% would consider some riskier investments), Alberta (9%, 52%), British Columbia (7%, 52%) and Manitoba (6%, 52%) are more likely to make or consider riskier investments.

- Canadians in Quebec (57%) and New Brunswick (53%) are more likely to say that they would not make riskier investments regardless of their financial situation.
- If a friend, family member, co-worker or member of a group they are associated with recommended an investment that offered high returns, more than four-in-ten Canadians and investors (44%) would do more research on the investment and three-in-ten (28% of Canadians, 33% of investors) would ask their financial advisor about it.
- One-in-four Canadians (26%) and one-in-five current investors (21%) would not invest in any investment opportunity that they heard about this way. Only two percent say that they would invest before the opportunity disappeared.

Behaviour with Respect to Researching Investment Opportunities

- When we ask current investors if they did any research or a background check on their last investment opportunity, three-in-ten (31%) say that they personally did research or a background check on the company or individual offering the investment.
- Nearly half of Canadians turned to their financial advisor to do research or a background check for them (40% said that their financial advisor did research, 9% assumed that their financial advisor did research).
 - More than one-in-three (36%) in Quebec say that they personally did research, while half of those in Manitoba (50%) and British Columbia (47%) say that their advisor did the research.
- Two-in-ten (17%) did not do research or a background check, while four percent left it up to a friend or the person who recommended the investment.