

FACTUM

Advice Helping Canadians Navigate Financial Uncertainty During the Pandemic

Canadians are Reassessing their Financial Priorities as a Result of COVID-19

Toronto, ON, March 23, 2021 – Only a minority of Canadians have a financial plan (46%, down 8 points in 2 years), seven in ten (71%) have not connected with a financial advisor in the past year, and nearly three in ten (28%) say they do not actively seek out financial advice, according to a new Ipsos poll conducted on behalf of RBC.

Among the 28% who do not seek out financial advice, nearly half (45%) don't have a TFSA or RRSP, 43% are in the sandwich generation (aged 35-54) which is typically juggling work, children, homelife and aging parents while meeting their financial obligations, and two in three (67%) feel like they are behind in saving for retirement. In contrast, those who have a financial plan report feeling organized (45%), confident (34%), optimistic (32%), reassured (30%), and calm (24%) as a result. They're also more likely to have a TFSA (71%) or RRSP (58%) and are less likely (39%) to feel like they're falling behind in saving for retirement.

The pandemic has caused Canadians to pay closer attention to their finances in many ways, chief among them their day-to-day expenses and cash flow (38%). Others say they're paying closer attention to the general state of their finances (32%), managing their debt (27%), having enough money on hand if the pandemic worsens (25%), the value of their investments (24%) and the value of their retirement savings (16%)

In fact, one quarter (26%) of Canadians say that their cash flow has worsened as a result of the pandemic, maintaining that they have less money left over after they pay their necessary expenses. This compares to 15% who say their situation has improved, and 59% who say their cash flow is largely unchanged.

Among those for whom their cash flow has deteriorated, three quarters (74%) say that they are feeling more anxious about their financial future compared to the early days of the COVID-19 pandemic.

The pandemic has also caused Canadians to shift the focus of their financial priorities. Nearly half (46%) point to debt reduction as a top financial priority, up 6 points since last year. Conversely, saving for retirement has dropped by 7 points and now sits at 49%. These results suggest that many Canadians are turning to a short-term focus to manage during the pandemic.

On this balancing act between short and long term priorities, seven in ten (71%) worry (24% a lot/47% a little) about balancing saving for their immediate priorities versus putting money away for their longer term or for their retirement, rising to 77% among those without a financial plan). Moreover, nearly half (47%) are concerned that they haven't saved enough for their retirement (once again rising to 53% among those without a financial plan), and 29% worry a lot about how to be financially prepared for unexpected life events.



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About the Study

These are some of the findings of an Ipsos poll conducted between October 30 to November 7, 2020, on behalf of RBC. For this survey, a sample of 2,000 Canadians aged 18+ was interviewed online. Quotas and weighting were employed to ensure that the sample's composition reflects that of the Canadian population according to census parameters. The precision of Ipsos online polls is measured using a credibility interval. In this case, the poll is accurate to within ± 2.5 percentage points, 19 times out of 20, had all Canadians aged 18+ been polled. The credibility interval will be wider among subsets of the population. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.

For more information on this news release, please contact:

Sean Simpson
Vice President, Ipsos Public Affairs
+1 416 324 2002
Sean.Simpson@ipsos.com

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