



FACTUM

Inflation Accelerates into Top-Three Retirement Worries among Canadians

Growing Proportion of Canadians Now Have an RRSP (53%, Up 7 points Since Last Year)

Toronto, ON, January 21, 2022 – Inflation and its negative impact on retirement finances has catapulted into the top-three worries that Canadians have when they think about retirement, according to the RBC Financial Independence in Retirement Poll conducted by Ipsos. Three in ten (29%) place the impact of inflation on their retirement finances among their top-three retirement worries, rising to 32% and 34% among those aged 25-34 (32%) and 55+ (34%), respectively.

While having enough savings (47%) and being able to maintain their standard of living (36%) are the top-two concerns, worries about inflation beat out worries about the cost of healthcare (27%) and the chance that they could outlive their savings (25%). Worries about the impact of inflation in retirement haven't been this high in over a decade.

Not only is inflation a cause of concern in retirement, but it is also impacting Canadians' ability to save money. When asked what is preventing them from saving more money than they currently do, three in ten (29%) cite that their fixed expenses are too high (and likely rising further given inflation), only behind the belief that their income is too low (36%). Rounding out the top-five factors acting as a barrier to saving more are not having any money left at the end of the month (26%), unexpected expenses such as car repairs or dental work (26%) and unstable employment income (13%).

Once again, younger Canadians aged 25-34 are most likely to say that high fixed expenses prevent them from saving more (40%), compared to just 23% of those aged 55+ (23%). Moreover, younger adults are most likely (85%) to say they worry about balancing savings for their immediate priorities versus putting money away for the longer term or retirement compared to those aged 35-54 (77%) or 55+ (63%).

Many appear to have taken the pandemic as an opportunity to focus on their finances, as the poll reveals that nearly half (48%) of Canadians have a financial plan, either formal or informal. Among those who do, most (86%) express positive feelings about that plan. Furthermore, a growing proportion of Canadians report having an RRSP, a reversal of a seven-year downward trend. A majority (53%) now have an RRSP, up 7 points since last year. Within those RRSPs, Canadians increasingly have a diversified portfolio of assets, including mutual funds (36%, +6 pts), stocks (20%, +6 pts) and ETFs (11%, +4 pts).

Additional good news from the research is that more Canadians (28%, up 3 points) list building their investment portfolio as a top-three priority for them, rising to 32% among those aged 25-34, and two in ten (22%) have paid more attention to the value of their investments during the COVID-19 pandemic. While nearly half (46%) of Canadians overall say that they are willing to pay fees if it means a better return on their investments, once again those aged 25-34 take the lead (48%).



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About the Study

The RBC Financial Independence in Retirement Poll was conducted by Ipsos Canada from October 22 to 30, 2021. For the poll a sample of 2,000 surveys were completed online by Canadian adults aged 25+, represented in six different regions (British Columbia, Alberta, Saskatchewan/Manitoba, Ontario, Quebec and Atlantic Canada). Quotas and weighing were employed to ensure that the sample reflects the Canadian population. 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 had all Canadian adults been polled. The credibility interval will be wider among subsets of the population represented. All sample surveys and polls may be subject to other sources of error, including, but not limited to, coverage error, and measurement error.

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