FACTUM

Retirement Reality Check: Canadians Feeling the Cash Flow Squeeze

Nearly Four in Ten Canadians Lack Confidence That Their Retirement Income Will Support Their Desired Lifestyle, While Many Cut Spending and Revise Retirement Plans

Toronto, Canada, November 18, 2026 — Canadians are feeling increasing pressure when it comes to financing retirement. Four in ten (37%: 10% strongly agree/27% somewhat agree) Canadians are not confident that their retirement income will support their desired lifestyle, while many are already making changes to their spending, saving, and retirement plans due to rising costs, according to a survey conducted by Ipsos on behalf of HomeEquity Bank.

Rising Living Costs Reshape Retirement Plans

Among Canadians who have not yet retired, one-third (33%) expect their monthly expenses to increase once they retire (9% significantly, 24% somewhat), while only 29% believe they will decline (23% somewhat, 6% significantly). Another 28% anticipate expenses will remain about the same.

Canadians are making significant adjustments in response to inflation and rising living costs. Majorities report having already changed spending habits in preparation for retirement including:

- Eating out or socializing less (64%)
- Spending less on groceries or changing the food they buy (58%)
- Increasing the amount needed to save before retiring (57%)
- Delaying major purchases (56%)
- Reducing travel or vacations (53%)
- Delaying home repairs or renovations (39%)
- Reducing financial support for children or grandchildren (23%)

Beyond spending reductions, many Canadians are altering their retirement expectations:

- Nearly half (49%) expect they will need to work part-time during retirement.
- Nearly half (45%) have reduced the lifestyle they expect to have in retirement.
- Four in ten (40%) are drawing more heavily on savings or investments.
- Almost four in ten (39%) are using a credit card, line of credit or other debt more often
- More than one-third (35%) have delayed their planned retirement date.

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The impact varies across generations. Gen X (57%) and Boomers (60%) are especially likely to expect they will need to work part-time in retirement, while Gen Z (58%) and Millennials (60%) are more likely to anticipate increasing their savings requirements and making lifestyle compromises to achieve their retirement goals.

Retirement Costs Exceed Expectations for Many Retirees

Retirement is proving more expensive than expected for a sizeable share of retirees. Three in ten retirees (29%) say they need more money each month than anticipated before retiring, including 11% who say they need much more. By comparison, only 19% report needing less than expected (13% somewhat less, 6% much less), while 45% say their needs align with what they anticipated and 6% had not estimated how much they would need.

Among retirees, rising living costs are driving meaningful changes to day-to-day financial behaviour. Half (51%) report eating out or socializing less, while 44% are spending less on groceries or changing the food they buy. Many have also scaled back discretionary spending, with 38% reducing travel or vacations and 37% delaying a major purchase. Others have turned to their existing financial resources to manage rising expenses, including 28% who are drawing more heavily from their savings or investments and 15% who are withdrawing more than planned from their RRSPs or RRIFs. More than one-quarter (26%) have delayed home repairs or renovations, while one in five have postponed or reduced healthcare, dental, or other health-related spending (20%) or relied more frequently on credit cards, lines of credit, or other forms of debt (20%). Some retirees are considering larger adjustments to their living arrangements, with 12% contemplating downsizing their home. Others have reduced financial support provided to children or grandchildren (14%), while very few have returned to work for additional hours (2%). Together, these findings suggest that many retirees are making both short-term spending adjustments and longer-term financial trade-offs to manage rising costs in retirement.

Confidence in Retirement Cash Flow Divides Canadians

Canadians are sharply divided on whether they are financially prepared to sustain their desired lifestyle in retirement. Just 37% agree that their retirement income is or will be enough to support the lifestyle they want, while 35% disagree. Confidence is closely tied to household income, with higher-income Canadians expressing greater confidence in their retirement outlook than those with more modest incomes.

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This uncertainty extends beyond day-to-day retirement income. Four in ten Canadians (40%) are not confident they could absorb a major unexpected expense without significantly changing their lifestyle, while just 39% believe they could. Similarly, only 38% are confident their retirement savings will last for the rest of their lives, compared with 35% who are not. Canadians also appear divided on their ability to navigate financial shocks in retirement, as 38% say they have a clear plan for what they would do if their expenses significantly exceeded their income, while 36% do not. Together, these findings suggest that Canadians lack confidence not only in the adequacy of their retirement income, but also in their financial resilience should circumstances change.

Financial Security Does Not Always Mean Cash Flow Security

One of the clearest tensions emerging from the study is the distinction between overall wealth and accessible cash flow. Four in ten Canadians (41%) agree that they feel financially secure overall but still worry about having enough readily available cash, while 37% disagree. Many Canadians may own valuable assets while continuing to experience concerns about day-to-day liquidity and their ability to manage ongoing expenses or unexpected costs in retirement.

Home Equity Dominates Retirement Wealth Planning

When Canadians think about resources available to support retirement, registered savings programs and government benefits top the list:

- RRSPs/RRIFs (61%)
- CPP/QPP (59%)
- TFSAs (57%)
- Cash savings (52%)
- Workplace pensions (37%)

Home equity also plays a significant role, with more than one-quarter (27%) identifying it as a resource available to support retirement. One in five (20%) consider part-time or other employment as an available resource. Moreover, when asked to identify their single largest financial asset, two-thirds (66%) point to their home, far surpassing RRSPs/RRIFs (8%), workplace pensions (6%), TFSAs (4%), or cash savings (4%). Many Canadians' retirement wealth is concentrated in their homes, creating potential challenges when financial security on paper does not translate into readily available retirement cash flow.

About the Study

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These are the findings of an Ipsos survey conducted on behalf of HomeEquity Bank that was fielded between October 26-27, 2026. A total of n=1,500 Canadians aged 18+ participated in the survey, including a boost sample of n=500 Canadians aged 55 and older. The survey was conducted using the Ipsos panel. Quotas and weighting were used to ensure the sample's composition reflects that of the Canadian population according to census parameters. This survey has a credibility interval of +/- 2.7 per cent 19 times out of 20, of what the results would have been had all Canadian adults 18+ been surveyed.

For more information on this Factum, please contact:

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