CANADIANS' FINANCIAL GOALS

And How they Plan on Achieving Them

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Toronto, ONTARIO (Wednesday, February 26th, 2003) – According to a recent study conducted by Ipsos-Reid on behalf of the Bank of Nova Scotia, six in ten (59%) Canadians *strongly agree* that "setting financial goals is very important" to them, but just four in ten (38%) *strongly agree* they are "generally very satisfied with [their] ability to achieve financial goals".

So what are Canadians' financial goals? According to the study, nine in ten (90%) believe that "paying down debt, such as a mortgage or other loans" is *important*. In fact, three-quarters (77%) say that it is *very important*. However, just four in ten (39%) of the group that feel this goal is *important,* say they are personally *very close* to achieving this goal. Other goals that are viewed by a majority of Canadians to be *very important* include "making the best choices for my investments" (62%); "saving for retirement" (60%); "building up a 'nest egg' in case of emergencies" (55%); and "saving for children's education" (52%).

Half (48%) of Canadians indicate that they use advice from professional financial advisers in seeking to achieve their financial goals. When asked to identify what type of financial advisor they use most often, three in ten (30%) cite a "financial advisor or planner at a bank branch", while 18% mention an "independent financial advisor or planner". Other types of financial advisors mentioned include "accountant" (12%), "mutual fund company representative" (11%), "stockbroker" (11%), "financial advisor or planner at a credit union" (11%), and "insurance agent or representative" (3%).

While half of Canadians indicate they consult with a professional financial advisor to help them achieve their goals, just under one in three (30%) have a formal written plan they use to support the process of achieving these goals.

These are some of the findings of an Ipsos-Reid poll conducted on behalf of the Bank of Nova Scotia between February 4th and February 6th, 2003. The poll is based on a randomly selected sample of 1,000 adult Canadians. With a sample of this size, the results are considered accurate to within ± 3.1 percentage points, 19 times out of 20, of what they would have been had the entire adult Canadian population been polled. The margin of error will be larger within regions and for other sub-groupings of the survey population. These data were statistically weighted to ensure the sample's regional and age/sex composition reflects that of the actual Canadian population according to the 2001 Census data.

Importance of Financial Goals

Six in ten (59%) Canadians *strongly agree* that "setting financial goals is very important" to them, but just four in ten (38%) *strongly agree* they are "generally very satisfied with [their] ability to achieve financial goals".

- Residents of Alberta (65%), Ontario (63%) and British Columbia (63%) are more likely than residents of Atlantic Canada (47%) to *agree strongly* that they feel "setting financial goals is very important". This position is also stronger among middle aged (64% versus 54% of those who are older) respondents and men (63% versus 56% of women). Canadians with total household financial assets of over $100,000 (71%) are more likely than those with between $30,000 and just under $100,000 (61%) and those with less than $30,000 (55%) in total household financial assets to share this position.

- Older Canadians (42%) are more likely to *strongly agree* they are "generally very satisfied with their ability to achieve their financial goals" than are younger (32%) Canadians. This view is also more likely to be held by higher net worth households ($100,000+ financial assets) (48%) than by those in the middle range ($30,000 to <$100,000) (38%) or those in the lowest range (28%) of total household financial assets.

- Canadians who have a written financial plan (45%) are more likely than those who do not have a written financial plan (34%) to *strongly agree* that they are "generally very satisfied with their ability to achieve their financial goals."

- As well, Canadians who contribute to their savings/investment on a regular monthly basis (42%) are more likely to say they *strongly agree* that they are satisfied with their ability to achieve their financial goals, than are those who contribute less than once a year (32%).

So What Are Canadians' Financial Goals? And How Close Are They to Achieving Their Goals?

According to the study, nine in ten (90%) believe that "paying down debt, such as a mortgage or other loans" is *important*. In fact, three-quarters (77%) say that it is *very important*. However, just four in ten (39%) of those who feel this is an *important* goal, say they are personally *very close* to achieving this goal.

Other goals that are viewed by Canadians to be *important* include:

- "Making the best choices for my investments" (89% - 62% *very important*);

- "Saving for retirement" (85% - 60% *very important*);

- "Building up a 'nest egg' in case of emergencies" (87% - 55% *very important*);

- "Saving for children's education" (70% - 52% *very important*):

Younger and middle aged Canadians are more likely to believe that "paying down debt" (94% each group), "building up a 'nest egg'" (younger 90%; middle aged 89%), and "saving for children's education" (younger 79%, middle aged 72%) are *important* goals than do older Canadians ("paying down debt" 81%; "building a 'nest egg'" 82%; "saving for children's education 58%).

Households in the various financial assets categories show differences in their goals. Those in the low range of financial assets (<$30,000) are the most likely to say "paying down debt, such as a mortgage or other loans" (94%) is an *important* financial goal for them. However, those in the mid range ($30,000 - <$100,000) are the most likely to believe that "building up a 'nest egg' in case of emergencies" (92%) is *important*. "Saving for children's education is more likely to be seen as *important* by those in the low (73%) and mid (73%) range of total household financial assets than by those in the high ($100,000 +) range (61%). Canadians in the high and mid-range are more likely to view as *important* "making the best choices for [their] investments" (high 95%, mid 93%) and "saving for retirement" (high 90%, mid 89%) than do those in the low range (investment choices 84%, "saving for retirement" 82%).

Among those who consider specific goals *important*, how close are they to achieving them?

- "Making the best choices for my investments" (29% *very close*);
- "Paying down debt" (39% *very close*);
- "Saving for retirement" (25% *very close*);
- "Building up a 'nest egg' in case of emergencies" (31% *very close*);

- "Saving for children's education" (22% *very close*).

Regionally, Quebecers (39%) who feel that "building up a 'nest egg' in case of emergencies" is *important* are more likely to say they are *very close* to achieving this goal than are those in Ontario (30%), British Columbia (24%) or Atlantic Canada (23%).

In general, middle aged and older residents are more likely than their younger counterparts to say they are *very close* to achieving the goals they view as *important*. This is also true of those in the high and mid range of total household financial assets compared to their counterparts in the low range group.

Use of Financial Advisers and Formal Financial Plans

Half (48%) of Canadians indicate that they use advice from professional financial advisors in seeking to achieve their goals.

- Older (52%) and middle aged (51%) Canadians are more likely to indicate they use advice from a professional financial advisor in seeking to achieve their financial goals than are younger (41%) Canadians.

- Canadians with a university degree (60%) are the more likely to use professional financial advice than those with some university or other post-secondary education (46%), a high school diploma (44%) or without a high school diploma (36%).

- Those in the high net worth range (69%) are more likely to use professional advice than are those in the mid (54%) or low (37%) range.

When asked to identify what type of financial advisor they use most often, three in ten (30%) of those who use an advisor cite a "financial advisor or planner at a bank branch", while 18% mention an "independent financial advisor or planner". Other types of financial advisors mentioned include "accountant" (12%), "mutual fund representative" (11%), "stockbroker" (11%), "financial advisor or planner at a credit union" (11%), and "insurance agent or representative" (3%).

- Canadians in the low range of total household financial assets (37%) are more likely than those in the high range (22%) to cite a "financial advisor or planner at a bank branch" as the professional financial advisor they use most.

- Canadians in the mid range of total household financial assets (18%) are more likely than those in the low range (8%) to identify "an accountant" as the professional financial advisor they use the most, while this mid group (13%) is more likely than those in the high range (5%) to say they most often consult a "financial advisor or planner at a credit union."

- Higher net worth Canadians (23%) are the most likely to cite "a stockbroker" as the professional they use most often regarding their financial goals.

While half of Canadians indicate they consult with a professional financial advisor, just one in three (30%) have a formal written plan to help achieve their financial goals.

- Middle aged (36%) are more likely than either their older (27%) or younger (27%) counterparts to say they have a formal written plan to achieve their financial goals.

- Canadians in the higher range of total household financial assets (49%) are more likely than either their counterparts in the mid (32%) or low (22%) range to say they have a formal written plan.

Canadians' Savings and Investment Habits

Four in ten (43%) of Canadians say they add to their savings or investments on a regular basis, at least once a month, while 18% indicate they do this on a regular basis several times during the year, and 17% say they add to their savings or investments in a yearly lump sum. One in ten (11%) say they make lump sum payments to their savings or investments less often than once a year.

- Residents of Ontario (50%) are more likely than those in British Columbia (40%), Quebec (38%) or Atlantic Canada (34%) to indicate that they add to their savings or investments on a regular monthly basis. Quebecers (24%) are more likely than Ontarians (14%), those in Saskatchewan/Manitoba (13%) or Alberta (8%) to indicate they make a once a year lump sum addition to savings or investments.

- Canadians in the high (54%) and mid-range (50%) of total household financial assets are more likely than those in the low range (36%) to make regular monthly additions to their savings/investments. Those in the low range of total household financial assets (20%) are more likely than those in the high range (12%) to make yearly lump sum additions. Those in the low range (16%) are also more likely than either their counterparts in the high (8%) or mid (7%) range to indicate they make lump sum additions less than once a year.

- Younger (23%) and middle aged (19%) Canadians are more likely to say they make additions to their savings/investments on a regular basis several times a year, than are their older (12%) counterparts.

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