

# TWO-THIRDS OF CANADIANS HAVE AN RRSP

*Nearly Half Of Canadians Have Made Or Will Make  
Contributions For This Tax Year*



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## TWO-THIRDS OF CANADIANS HAVE AN RRSP

### *Nearly Half Of Canadians Have Made Or Will Make Contributions For This Tax Year*

**TORONTO, ON** – According to a recent study conducted by Ipsos-Reid on behalf of the RBC Financial Group, sixty-five percent of Canadians currently have an RRSP. Nearly half of Canadians (47%) have or plan to make a contribution to an RRSP for the 2004 taxation year.

Among those who have or plan to make a contribution to their RRSP in the 2004 taxation year, 84% say that the reason they do so is because it is part of their retirement plan (48% of first mentions) followed by 74% who do it for the tax deduction (40% of first mentions). The average contribution these Canadians have or plan to make is \$5,560. Four-in-ten (43%) Canadians take advantage of payroll deduction or pre-authorized deposits to their RRSPs. Three-quarters (76%) of those who have or plan to make a contribution plan to hold these investments for the longer term while 16% plan to 'park' their money and change their investment when they've had time to review their choices.

Only 10% of those who have or plan to contribute this year are doing so for the first time. Just over one-in-five (22%) Canadians who have contributed to an RRSP in years past have taken out an RRSP loan at some point, to make their contribution. Forty-three percent of those who have contributed in previous years and are not retired contribute through payroll deduction or pre-authorized deposits.

For Canadians who say they have not and will not contribute to their RRSPs for this tax year the most common reason is "do not have enough money to contribute" (41%)

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followed by 23% who say they are already retired/too old to contribute. Only 11% of those who are not contributing this year did so last year and of these only one-third (38%) contributed the maximum allowable personal contribution amount.

Half of Canadians (51%) say to the best of their knowledge, the 2004 rate of return on their total RRSPs was 10% or less. Three-in-ten (31%) say they don't know what the rate of return was on their RRSPs.

The average current market value reported for RRSPs is \$64,600. Roughly one-third of those who have contributed in previous years say that Mutual Funds make up the greatest portion of their RRSP. Fully 52% of Canadians have or plan to include Mutual funds in their 2004 RRSP contributions.

One-in-three (35%) Canadians do not take any advantage of foreign content in their RRSPs while another four-in-ten (38%) do not take full advantage of the 30% limit. Another one-in-six (17%) do not know what percentage of their RRSP portfolio is in foreign content. Over half (51%) were not aware of the current maximum 30% limit.

Among Canadians who have contributed in previous years to RRSPs, 52% say they have reviewed the types of investments they have in their RRSP portfolio in the past twelve months. Among those who did, 41% do it with a financial advisor, 33% both with an advisor and on their own and 26% did so independently. Fully three-quarters (75%) of all Canadians do not have a formal written retirement plan. Nearly one-in-five (18%) have one that was prepared with a financial advisor and only 6% prepared one by themselves. Despite so many not having a formal plan, sixty-three percent of Canadians agree that if they hold steady to their financial plan, they will be fine, with 37% in total agreement with this statement. Four-in-ten Canadians get some information and advice from an advisor but make their own decisions (43%), one-quarter (26%) prefer to manage their financial

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affairs completely on their own, one-in-five (20%) rely on an advisor to recommend opportunities and to make decisions on their behalf and one-in-ten (10%) rely entirely on their advisors.

Many Canadians tend towards risk averseness in their investment style with 23% saying they would take not take 'any risk' with their investments and another 36% saying 'only a little bit of risk'. One-third (32%) said they would be willing to take 'some risk' to achieve above-average returns and only one-in-ten (9%) would take a 'fair amount of risk' to achieve above-average returns.

*These are some of the findings of an Ipsos-Reid poll conducted on behalf of the RBC Financial Group between November 4th and November 23rd, 2004. The poll is based on a randomly selected sample of 1,201 adult Canadians from the Ipsos-Reid Online Panel. With a sample of this size, the results are considered accurate to within  $\pm 2.8$  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.*



Sixty-five percent of Canadians currently have an RRSP.

- Nearly seven-in-ten of those in the Prairie provinces and Ontario (68% and 69%) have RRSPs, making them significantly higher users of RRSPs than Quebecers (57%) and those in the Atlantic region (55%).

Nearly half of Canadians (47%) have or plan to make a contribution to an RRSP for the 2004 taxation year.

- Here again, Quebecers and Atlantic Canadians demonstrate a proportionally lower percentage of RRSP contributors (38% and 39% respectively, with fully 60% saying they have not and do not plan to contribute this year.)

For 10% of Canadians this is the first year they have made an RRSP contribution.

- Atlantic Canadians are more likely than Ontarians to be first time contributors (17% versus 7% respectively).

Among those who have or plan to make a contribution to their RRSP in the 2004 taxation year, 84% say that the reason they do so is because it is part of a retirement plan (48% first mention), followed by 74% who do it for the tax deduction (40% first mention).

The average contribution that these Canadians have or plan to make is \$5,560 with Ontarians contributing a high of \$6,600 and Quebecers contributing a low of \$3,974.

Only 10% of those who have or plan to contribute this year are doing so for the first time. Just over one-in-five Canadians (22%) who have contributed to an RRSP in the past have taken out an RRSP loan at some point.

- Quebecers and Ontarians are the least likely to do so (17% and 18% respectively).



Four-in-ten Canadians take advantage of payroll deduction or pre-authorized deposits to their RRSPs (43%).

- Ontarians are proportionally more likely to do so (47%).

Three-quarters (76%) of Canadians plan to hold their RRSP investments for the longer term. One-in-six of RRSP contributors say they will 'park' their money while reviewing their choices.

Among the 51% of Canadians who say they have not and will not contribute to their RRSPs for this tax year the most common reason is "do not have enough money to contribute" (41%,) followed by 23% who say they are already retired/too old to contribute. Only 11% of those who are not contributing this year did so last year.

Half of Canadians (51%) say to the best of their knowledge, the 2004 rate of return on their total RRSPs was less than 10%. Three-in-ten say they don't know what the rate of return was on their total RRSPs.

The reported average current market value of Canadians total personal RRSPs is \$64,600.

- Ontarians have a significantly higher average of \$74,773, with Quebecers with less in their RRSP, averaging \$48,264 in value.

Among those who have contributed to an RRSP the past, 32% say that Mutual funds now make up the greatest portion of their RRSP. GICs are a distant second as an RRSP investment, at 12%. Fully 52% of Canadians have or plan to include Mutual funds in their RRSP contributions.



One-in-three (35%) Canadians do not take advantage of foreign content in their RRSPs while another four-in-ten (38%) do not take full advantage of the 30% limit. Another one-in-six (17%) do not know what percentage of their RRSP portfolio is in foreign content. This may be because fully half (51%) of Canadians who have contributed to an RRSP in the past do not know that the current maximum amount is 30%.

- Quebecers are the least aware at 66% followed by Atlantic Canadians (54%), Ontario 50% and BC 49% unaware. The Prairie provinces are the most aware of the limit at 65%.

Among Canadians with RRSPs, 52% say they have reviewed the types of investments they have in their portfolio in the past twelve months.

- Quebecers and Atlantic Canadians are less likely to have reviewed their portfolios (58%, 52% respectively).

Among Canadians who have done a review in the past 12 months, 41% do it with a financial advisor, 33% both with an advisor and on their own and 26% did so independently.

Fully three-quarters (75%) of all Canadians do not have a formal written retirement plan. Nearly one-in-five (18%) have one that was prepared with a financial advisor and only 6% prepared one by themselves. Despite not having a formal plan, sixty-three percent of Canadians agree that if they hold steady to their financial plan, they will be fine (with 37% in total agreement) with this statement. Four-in-ten Canadians get some information and advice from an advisor but make their own decisions (43%), one-quarter (26%) prefer to manage their financial affairs completely on their own, one-in-five (20%) rely on an



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advisor to recommend opportunities and to make decisions on their behalf and one-in-ten (10%) rely entirely on their advisors.

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