

# **FOREIGN MARKETS NOT FULLY UTILIZED BY CANADIANS**

***One Third (35%) Of RRSP Holders Do Not Invest Outside Of  
Canada***



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## **FOREIGN MARKETS NOT FULLY UTILIZED BY CANADIANS**

### ***One Third (35%) Of RRSP Holders Do Not Invest Outside Of Canada***

**TORONTO, ON** – According to a recent study conducted by Ipsos-Reid on behalf of the RBC Financial Group, despite the ongoing popularity of RRSPs, only 5% of Canadian RRSP holders have contributed their 30% maximum foreign content limit. 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 and 5% say more than 30%.

Prior to this survey, half (51%) of respondents said they were not aware that the current maximum is 30%.

When respondents were asked if the foreign content limit was raised higher, would they be likely to increase the amount of foreign content in their RRSP, one quarter (24%) said “yes.”

Among those Canadians with foreign content in their RRSPs, mutual funds are most common with 71% who say so. This is followed by 31% who say their foreign content is in stocks and 8% who say bonds.

The part of the world where respondents stated that they had the most investments is the United States (44%) distantly followed by Europe (20%) and the Far East/ China/ Japan/



Asia (15%). A rather significant minority (34%) do not know where their funds are invested.

Two-thirds (65%) of Canadians currently have an RRSP (Registered Retirement Savings Plan) and nearly half of Canadians (47%) have or plan to make a contribution to an RRSP for the 2004 taxation year.

*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.*

Despite the ongoing popularity of RRSPs, only five percent of Canadian RRSP holders have contributed their 30 percent maximum foreign content limit.

- Quebecers are significantly more likely than those in the Prairie and Atlantic regions to have no foreign content (42% versus 28% and 26% respectively).

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 5% report more than 30% while one-in-six (17%) do not know what percentage of their RRSP portfolio is in foreign content.

- There are no statistically significant regional differences with respect to this question.

This may be because prior to this survey half (51%) of Canadians who have contributed to an RRSP in the past said they did not know that the current maximum amount is 30%.

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

When respondents were asked if the foreign content limit was raised higher, would they be likely to increase the amount of foreign content in their RRSP, one quarter (24%) said “yes”, 71% said “no”, while the remaining 5% say they “don’t know.”

- Given Quebec’s lower utilization of foreign content it is not surprising that 76% said “Non”, a significantly greater proportion than those in the Prairies (64%).

Among those Canadians with foreign content in their RRSPs, mutual funds are most common with 71% who say so. This is followed by 31% who say their foreign content is in stocks and 8% who say bonds. One in ten (10%) mention some other type of investment and 19% say they “don’t know.”

- Quebecers who do have foreign content in their RRSPs show a distinctive disinclination to mutual funds (41% versus 64% elsewhere in Canada) and a preference for foreign stocks (33% versus 13% elsewhere in Canada).

The part of the world where respondents stated that they had the most investments is the United States (44%) distantly followed by Europe (20%) and the Far East/China/Japan/Asia (15%). A rather significant minority (34%) do not know where their funds are invested. All other areas were cited by fewer than 5% of respondents.



- There are no statistically significant regional differences with respect to this question.

Sixty-five percent of Canadians currently have an RRSP while 35% do not.

- 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.

- 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.)

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