

# CANADIAN YOUNG ADULTS AND REGISTERED RETIREMENT SAVINGS PLANS

***Half (53%) Of Young Adults Have An RRSP***



**Public Release Date: February 10<sup>th</sup>, 2005 – 5:00 a.m. (EST)**

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## **CANADIAN YOUNG ADULTS AND REGISTERED RETIREMENT SAVINGS PLANS**

### ***Half (53%) Of Young Adults Have An RRSP***

**Toronto, ON** – According to a recent study conducted by Ipsos-Reid on behalf of the RBC Financial Group, half (53%) of young Canadian adults 18-34 years of age have an RRSP, up from 44% two years ago. Moreover, 51% have already contributed or plan to contribute to an RRSP for the 2004 tax year (up from 41% for the 2002 tax year).

Of these young adults who plan to contribute for 2004, one-quarter (25%) indicate that this is their first year to do so. The mean average amount young adults plan to contribute for 2004 is \$4733.

The most popular means of contributing for young adults is a payroll deduction or pre-authorized deposits, which are used by 55% of Canadians 18-34 years of age. One-third (34%) uses a financial advisor, one-quarter (25%) contributes in-person at a bank, 12% contribute online, and 6% over the phone.

Fewer than half (44%) of young adults have reviewed the types of investments they have in their RRSP portfolio in the past twelve months. Of those who have (56%), most used a financial advisor—40% reviewed their portfolio with a financial advisor and 28% did so sometimes on their own and sometimes with a financial advisor. Just one-third (32%) of young adults who reviewed their portfolio in the last year did so solely on their own.

In fact, most (78%) young adults say they prefer to manage their financial affairs with a financial advisor: 51% get some information and advice from a financial advisor but make their own decisions, 20% sometimes rely on a financial advisor to recommend

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opportunities and make decisions on their behalf, and 7% prefer to rely entirely on their financial advisor.

One in ten (12%) Canadians 18-34 years of age have a formal written retirement plan. Three percent prepared this on their own and 9% prepared it with a financial advisor.

*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.*

Half (53%) of young Canadian adults 18-34 years of age have an RRSP, while 46% do not. In comparison:

- 71% of middle-aged Canadians 35-54 years of age have an RRSP, and
- 66% of older Canadians 55 and older have an RRSP.

Half (51%) of young adults have already contributed or plan to contribute to an RRSP for the 2004 tax year: 7% already made their contribution, 24% already made a contribution and plan to contribute more, and 19% have not made a contribution but plan to. The other half (49%) have not made a contribution and do not plan to. In comparison:

- 61% of middle-aged Canadians have made a contribution and/or plan to, and
- 25% of older Canadians have made a contribution and/or plan to.

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Of these young adults who plan to contribute for 2004, one-quarter (25%) say this is their first year to do so. Conversely, 75% say it is not.

Among young adults contributing to an RRSP for 2004, the mean average amount they plan to contribute for 2004 is \$4733. This compares to:

- \$5918 among middle-aged Canadians, and
- \$6206 among older Canadians.

The most popular means of contributing for young adults is a payroll deduction or pre-authorized deposits, which are used by 55% of Canadians 18-34 years of age. One-third (34%) uses a financial advisor, one-quarter (25%) contributes in-person at a bank, 12% contribute online, and 6% over the phone. In comparison:

- 48% of middle-aged Canadians contribute via payroll deduction or pre-authorized deposits, 42% use a financial advisor, 31% contributes in-person at a bank, 7% contribute online, and 6% over the phone (all other means were cited by 1% of respondents or fewer).
- 21% of older Canadians contribute via payroll deduction or pre-authorized deposits, 43% use a financial advisor, 42% contributes in-person at a bank, 3% contribute online, and 6% over the phone (all other means were cited by 1% of respondents or fewer).



Fewer than half (44%) of young adults have reviewed the types of investments they have in their RRSP portfolio in the past twelve months. Conversely, 56% have. Among their elders:

- 54% of middle-aged Canadians say they have reviewed the types of investments they have in their portfolio on the last year, and
- 55% of older Canadians say they have.

Of those who have reviewed the types of investments in their portfolio over the last year, most used a financial advisor—40% reviewed their portfolio with a financial advisor and 28% did so sometimes on their own and sometimes with a financial advisor. Just one-third (32%) of young adults who reviewed their portfolio in the last year did so solely on their own.

- There are no statistically significant differences between young adults and their elders with respect to this issue.

Most (78%) young adults say they prefer to manage their financial affairs with a financial advisor: 51% get some information and advice from a financial advisor but make their own decisions, 20% sometimes rely on a financial advisor to recommend opportunities and make decisions on their behalf, and 7% prefer to rely entirely on their financial advisor. One-fifth (22%) of young adults prefer to manage their financial affairs completely on their own. In comparison:

- 43% of middle-aged Canadians get some information and advice from a financial advisor but make their own decisions, 22% sometimes rely on a financial advisor to recommend opportunities and make decisions on their behalf, and 13% prefer to

rely entirely on their financial advisor. One-fifth (21%) of middle-aged Canadians prefer to manage their financial affairs completely on their own.

- 35% of older Canadians get some information and advice from a financial advisor but make their own decisions, 17% sometimes rely on a financial advisor to recommend opportunities and make decisions on their behalf, and 10% prefer to rely entirely on their financial advisor. Twice as many older Canadians as younger and middle-aged Canadians (38%) prefer to manage their financial affairs completely on their own.

One in ten (12%) Canadians 18-34 years of age have a formal written retirement plan. Three percent prepared this on their own and 9% prepared it with a financial advisor. On the other hand, nine in ten (87%) young adults do not have a formal plan. Among their elders:

- 24% of middle-aged Canadians have a formal written retirement plan (4% prepared on their own, 20% with a financial advisor), and
- 37% of older Canadians have a formal written retirement plan (13% prepared on their own, 24% with a financial advisor).

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