

MANY SEE NO NEED TO “RETIRE” THEIR DEBT BEFORE THEY RETIRE FROM WORK

*Half (48%) Are Of The Opinion That It Is Not Essential To Be
Debt Free In Order To Retire*

*One In Three (33%) Retired Canadians Have Debt – With Average
Of \$35,500*

*Four In Ten (44%) Say That They Never Planned On Paying Off
Their Debt Before They Retired*



Ipsos Reid

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Toronto, ON -- A new Ipsos Reid survey conducted on behalf of RBC, reveals that many Canadians are receptive to the idea of retiring with debt and do not think they need to “retire” their debts before they themselves can retire from work.

In fact, half (48%) are of the opinion that it is not essential to be debt free in order to retire: 33% say it is “important, but not completely necessary”, 11% believe it is “nice to have, but not that important”, and 4% feel it’s “not really important at all”.

One in three retired Canadians (33%) are currently in debt - with an average debt load of \$35,500. Most of those who are retired with debt have a debt-load of less than \$20,000(57%), but, one in seven (14%) have debts in excess of \$100,000.

Further, among those retired with debt, four in ten (44%) say that they never planned on paying off their debt before they retired. And half (51%) decided to take on debt after they were retired -- a further one in ten (11%) took on debt before and after retirement

Not surprisingly then, one in five retired Canadians (20%) currently supplements their income by working part-time, by occasionally working, or by taking on contract jobs from



time to time. Those who are retired with debts are more likely to work occasionally than are those who do not have debts (35% vs. 13%).

These are the findings of an Ipsos Reid/RBC poll conducted from November 11th to November 21st, 2005. For the survey, a representative randomly selected sample of 1250 adult Canadian was interviewed by telephone. With a sample of this size, the results are considered accurate to within ± 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 weighted to ensure the sample's regional and age/sex composition reflects that of the actual Canadian population according to the 2001 Census data.

One In Five Canadians (20%) Is Currently Retired...

One in five Canadians (20%) is currently retired (consistent with years past surveys), 80% are not retired.

- 29% of retired Canadians come from households with less than \$50,000 of yearly income, and they
- Are slightly more likely to be women (22%) than men (18%).

Fifty-Eight Years Old Is Average Of Age Of Retirement For Canadians...

Retirees, on average, retired at the age of 58. Broken into ranges reveals that:

- 20% retired before the age of 55
- 56% retired when they were between the ages of 55 to 64
- 22% retired after age 65.

When it comes to demographics:

- Men, on average, tend to retire about a year earlier than do women (age 57 vs. age 58).
- Residents of Alberta (age 59), Quebec (age 58), and Atlantic Canada (age 57) retire earliest – with one-quarter of Quebec retirees having retired before age 55.

... But Non-Retired, On Average, Hope To Retire 2 Years Later At Age 60...

Non-retired hope to retire at an average age of 60, revealing that Canadians, on average, are actually retiring two years earlier (age 58) than they expect to – this during their prime-earning years.

- As annual income level rises, expectations about the age at which they hope to retire declines – from an average of 61 among those with less than \$50,000 a year of income to an average of 58 among those with an income of \$150,000 or more.
- Men and women have identical expectations about the age at which they hope to retire (both have average expectation of 60 years old).

Half Of Canadians (48%) Don't Think It's Essential To Be Debt Free When They Retire...

Half (48%) are of the opinion that it is not essential to be debt free in order to retire: 33% say it is “important, but not completely necessary”, 11% believe it is “nice to have, but not that important”, and 4% feel it’s “not really important at all”. However, 52% feel it is “essentially to be debt free in order to retire”.

- Women are more likely than men to believe that it is essential to be debt free in order to retire (57% vs. 46%) – as 54% of men don’t think it’s necessary to retire debt free.

- As age rises, likelihood to believe that it is not essential to retire debt free also rises (36% among 18-34 year olds, 49% among 35-54 year olds, and 65% among those age 55 and over).

If Fact, One-Third (33%) Of All Retired Canadians Currently Have Debts...

Six in ten Canadians (63%) currently have debt – with one-third (33%) of those who are retired having debt.

- No notable demographic variance is apparent with respect to this question.

...With An Average Debt Load Of \$35,500...

Of those retired with debt, on average their debt is approximately \$35,500. Most (57%) have a debt-load of less than \$20,000. But, one in seven (14%) have retired with debts in excess of \$100,000.

Further, 44% Never Planned On Paying Off Their Debts Before Retiring...

Among those retired with debt, four in ten (44%) say that they didn't plan on paying off their debt before they retired. Fifty-four percent, though, intended on paying off this debt before retirement.

- Women are more likely than men to say they did not plan on paying off their debt before they retired (50% vs. 40%).

And Half (51%) Of Those Who Are Retired With Debt Decided To Take On Debts After They Retired...

Not only do many retirees display a willingness to retire with debt: A full half (51%) of those who are retired with debt decided to take on debt after they were retired, and a further one in ten (11%) took on debt before and after retirement. Four in ten (39%) acquired their debt before they retired.

- Women display more willingness to take on debt after retirement than do men (59% vs. 43%).

Two-Thirds Of Those Retired With Debt (67%) Did Not Foresee The Need To Take On Debt Before They Retired...

Of those who incurred some debts after they retired, two-thirds (67%) did not foresee having to take on debt post-retirement. One-third (33%) did think they would need to take on debt after they retired.

So, What Kind Of Debt Are Retirees Taking On? Usually Either Mortgage (42%) Or Credit Card (42%) Debt....

Of those who are retired with debt, the most common debt they hold is either “mortgage” or “credit card” debt (both at 42%). But a substantial numbers of retirees also hold a “line of credit” (6%), “business loans” (5%), and “car loans” (5%).

- RRSP holders are more likely to have mortgage debt than are non-RRSP holders (65% vs. 37%), while non-RRSP holders are more likely to have credit card debt (45% vs. 30%).
- Those with less than \$10,000 in debts are most likely to have credit card debts (86%) while those with debts of \$20,000 or more are most likely to have mortgage debt (84%).

In Order To Supplement Their Income, One In Five Retirees Works Occasionally On Contract Or Part-Time...

One in five retired Canadians currently supplements their income by working part-time, by occasionally working, or by taking on contract jobs from time to time -- eight in ten (80%) do not.

- Retired men are more likely than women to work occasionally (33% vs. 12% among women).



- Those with higher levels of education are more likely to work occasionally (26% among those with a post-graduate education vs. 13% among those with a high-school education or less).
- Those who are retired with debts are more likely to work occasionally than are those who do not have debts (35% vs. 13%).

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