

New Tax-Free Savings Account Unlikely to Reduce RRSP Contributions This year

*Only 8% of Those Who Plan to Open a Tax-Free Savings Account
Plan to Reduce their RRSP Contributions as a Result*

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Ottawa, ON – The 19th annual Ipsos Reid/RBC RRSP poll has revealed that the new tax-free savings accounts introduced by Finance Minister Jim Flaherty will not have a great impact on the amount of money Canadians will contribute to their RRSPs this year, as only 8% of those who are aware of the new TFSA and plan to invest in a tax-free savings account plan to reduce their RRSP contributions as a result.

In fact, 30% of these Canadians will maintain their current level of RRSP contributions while contributing to a tax-free savings account as well, while 23% will reallocate funds from existing non-registered savings accounts into a TFSA, and 16% will continue their current level of savings and contribute above and beyond that into a TFSA. Just one in ten (13%) will reduce the amount of money they were planning on saving elsewhere and put it into a TFSA instead.

Among those who plan to open an account, the data reveal that the most popular use for a TFSA will be for long-term savings for retirement (44%), a strategy that is particularly popular among those aged 35 to 54 (57%) and 18-34 (53%). Further intended uses for this account include saving for an emergency (40%), everyday savings (29%), and saving for a large or special purpose (25%).

Still, with the TFSA being so new, many Canadians remain unaware of its existence. More specifically, a majority (55%) of Canadians claim to have not heard of the tax-free savings accounts that will be available in January of 2009. Among the four in ten (39%) who say they have heard of these accounts, 47% are planning to open and put money into these accounts.

These are the findings of an Ipsos Reid poll conducted on behalf of RBC from October 16 to October 23, 2008. This online survey of 1,272 Canadians was conducted via the Ipsos I-Say Online Panel, Ipsos Reid's national online panel. The results of this poll are based on a sample where quota sampling and weighting are employed to balance demographics and ensure that the sample's composition reflects that of the actual Canadian population according to Census data. Quota samples with weighting from the Ipsos online panel provide results that are intended to approximate a probability sample. Statistical margins of error are not applicable to online polls, however, an unweighted probability sample of this size, with a 100% response rate, would have an estimated margin of error of +/- 2.7 percentage points, 19 times out of 20, had the entire adult population of Canada been polled.

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