

# Nearly One Half (45%) of Young Adults Have Not Begun Saving for Retirement

*Just Four in Ten (39%) Young Adults Aged 18 to 34 Have an RRSP*

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**Ipsos Reid**

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# Nearly One Half (45%) of Young Adults Have Not Begun Saving for Retirement

## *Just Four in Ten (39%) Young Adults Aged 18 to 34 Have an RRSP*

**Toronto, ON** - Nearly one half (45%) of young adults aged 18 to 34 have not yet started saving for retirement, according to the 21<sup>st</sup> annual RBC RRSP poll conducted by Ipsos Reid. Moreover, just four in ten (39%) young adults have an RRSP, a five-point drop from last year's poll and the lowest figure in nearly a decade. By comparison, seven in ten (70%) Canadians aged 35 to 54 have an RRSP, a thirteen-point increase over last year.

The silver lining in the cloud, though, is that younger RRSP holders are more likely (33%) than middle-aged (20%) or older (24%) investors to contribute their maximum allowable contribution - although this is likely a function of lower overall incomes in the below-35 age category.

Further, one in three (35%) Canadians make regular weekly or bi-weekly contributions to their RRSP with Canadians aged 18-34 making up nearly one half (47%) of this group. Similarly, one in three (34%) RRSP investors make regular contributions through a plan, 45% of whom are aged 18 to 34. This suggests that younger Canadians are more likely to be regular contributors and stick to a plan, while middle-aged and older Canadians are more inclined to make lump-sum payments, likely as the deadline approaches.

Among younger Canadians, saving for retirement appears to be lower down on the financial priority list. When asked to rank their top 3 financial priorities from a list, a plurality ranked regular payments to reduce or eliminate debt (56%) among their most important priorities,

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while others included general savings for a rainy day (45%), home ownership (44%), just trying to keep their head above water (34%), savings for a self-rewarding purchase (29%), and saving for children's education (27%) among their top-three most important priorities.

In contrast, just one quarter (26%) ranked saving for retirement among their top three important priorities, while even fewer said the same about home renovations (17%), supporting aging parents (12%) and building an investment portfolio (11%).

Another benefit of RRSPs for potential first-time homebuyers is the government program which allows for tax-free withdrawals to help finance a first home purchase. Despite home-ownership being the third-most-often chosen important financial priority for younger adults, the data reveal that this might be an under-utilized program as only 6% of young RRSP holders have withdrawn money from their RRSP in the last year for this purpose.

*These are some of the findings of an Ipsos Reid poll conducted between October 29 to November 4, 2010, on behalf of the Royal Bank of Canada. For this survey, a sample of 1,457 adults from Ipsos' online panel was interviewed online, of which 184 were 18-34 year olds. Weighting was then employed to balance demographics and ensure that the sample's composition reflects that of the adult population according to Census data and to provide results intended to approximate the sample universe. A weighted probability sample of 1,457 Canadian respondents, with 100 per cent response rate, would have an estimated margin of error of  $\pm 3$  per cent, 19 times out of 20. A weighted probability sample of 184 18 to 34-year-old respondents, with 100 per cent response rate, would have an estimated margin of error of  $\pm 7.2$  per cent, 19 times out of 20. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.*

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**For more information on this news release, please contact:**

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