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in-Seven Have a Written Financial Plan*

Public Release Date: day March 8, 2011, 9:00 AM PST



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Toronto, ON – The results of the third annual Sun Life Canadian Unretirement™ Index survey conducted by Ipsos Reid for Sun Life Financial of Canada show a stark bottom line for many working adult Canadians aged 30+ against the backdrop of a recent recession which continues to take its toll on individuals.

In 2008, the average expectation age as to when workers would finally stop working and be fully retired was 64.9 years. Last year, that dipped slightly to 64.2 years. However, this year it jumped 2.8 years to an average retirement expectation time of 67.7 years.

The presence of a Group Retirement Plan, a Group Benefits Plan, a Financial Advisor or a written financial plan lowers the anticipated retirement age versus those who do not have these supports from 65.7 vs. 70, 65.8 vs. 68.8 and 64.8 vs. 68.4 respectively.

Expectations haven't changed among nearly half (46%) of Canadians

Nearly half of Canadians (46%) haven't changed their retirement expectations at all, 39% disagree and 15% are not sure. Disagreement with the statement (i.e. expectations have changed) increases with age to 45% of those over 50. Men are more likely to hold steady in their expectations (49%) than are women (43%).

Nearly half of Canadians (45%) agree that they “now expect to work longer than they had originally”. One in five (19%) are not sure and only one-third (35%) disagree. Those with an advisor are more likely to disagree with this statement (42% vs. 31% of those without) and 48% of those with a written financial plan vs. 32% of those without, disagree. Agreement with this sad statement increases with age from 44% among those in their 30s to roughly 60% of those aged 50 or more. With increased household income there is less agreement with the statement: six in ten (59%) of those earning less than \$50k agree versus 38% of those in the highest income bracket. Regionally, those most likely to agree are in Ontario (58%), followed by BC (53%) while the most optimistic Canadians are in Sask/Man where 40% disagree with the statement and 44% agree.

Canadians’ most likely solution if they believed today that they would not have enough income to retire comfortably: work longer (47%).

It is most prevalent among those in their fifties (52%) versus those in their thirties and forties (44%). It is also more prevalent among males (50%) than females (45%). Working longer is most likely among those in Sask/Man 51% versus Quebecers at 43%. It is proportionally more likely to be the solution of those without an advisor (48% vs. 35% of those with an advisor). Those with a group retirement plan or a financial advisor are proportionally more likely to say that they would move their money to safer investments (18% and 21% respectively vs. 8% and 7% among those without those respective supports.)

Working longer declines as the most likely reaction as income increases from 51% of those earning under \$50,000 to 40% of those earning over \$100,000. As income increases, other options rise in likelihood such as saving more (49% among the highest income earners vs 28%

among the lowest) and Spending less (45% among the highest vs. 36% among the lowest who have less discretionary spending options).

Working longer is followed by spending less (39%) and saving more (37%). Saving more is the most preferred solution of the young (49%) and declines as the most likely option as people age to a mere 22% of those in their sixties. This is not surprising as one closes in on retirement age, the years of saving ahead fall increasingly short of what's already been done (or not done).

Just how much advice do Canadians feel they need to make good decisions about their retirement plan at work?

Fully 86% would appreciate some help including 11% who would like a little, 26% who would like some general advice, 32% who would like detailed personal advice and 17% who would like a lot of detailed one-to one personal advice. Men are more likely than women to say they can go it alone (11% vs. 4% respectively). The desire for advice increases with income from 79% of those earning under \$50,000 to 90% of those earning over \$100,000. Regionally, Albertans are the most advice-hungry (93%), with 30% craving general advice and 40% wanting detailed personal advice. Quebecers are proportionally more likely to go it alone (12%) versus Albertans (3%), Sask/Man (6%) and Atlantic (6%).

And where do they actually get advice? Many don't know!

Fully 41% don't know or are not sure where they get any financial advice. Women are less likely than men to say this (47% versus 34%). Nearly one quarter (24%) get advice from a bank, followed by group plan at work, family members and self each at 21%. Men are more likely than women to rely upon themselves (27% versus 14% respectively). Fifteen percent

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say they get advice from a financial planner or advisor not at a bank, mutual fund company, etc, 14% from a friend and 10% from an advisor at an insurance or financial services company. Getting advice from virtually any source increases with income. As age increases, use of advisors increases as does use of group plans at work and reliance upon oneself. With age, comes lessening reliance upon family members, co-workers and friends. Albertans are proportionally the most likely to use an advisor at a bank or a family member. British Columbians are proportionally the most likely to rely upon online sources such as blogs or forums, themselves or a friend. Sask/Man is the most likely to rely upon an advisor at an investment brokerage, planner or advisor not at a bank, mutual fund company etc or upon an advisor at an insurance or financial services company. Ontarians and Maritimers are the most likely to get advice from their group plan at work. Quebecers and those in Sask/Man are proportionally most likely to see advice from an advisor at a credit union or caisse populaire.

Having access to a group retirement plan has a favourable impact on retirement readiness.

Four-in-ten Canadians have direct access to a **group retirement plan** of their own (43%) and an additional 11% have spouses or partners who do. Nearly half of Canadians (47%) have no such plan. As Canadians age, the proportion who are covered declines to a whopping 62% of those in their sixties. Men are more likely to have direct coverage (46%) than women (40%). As one might expect the lower the household income the less likely there is to be access to a group retirement plan. Indeed 70% of those with household incomes under \$50,000 do not have access to a group retirement plan. That percentage declines as income rises to 19% among the highest income earners where 63% have direct coverage and an additional 18%

have spousal/partner coverage. Regionally the prairies have the best coverage (Sask/Man 74% direct or spousal, followed by the Atlantic region with 67%, BC and Alberta each with 54%, Ontario with 51% and lastly Quebec with 47%.

How well do these group retirement plan members understand their plans? So-so.

On a scale of 1 to 100 the average is 61.1. Not an honour-roll grade. Those who have advisors and/or a written financial plan score a little better (70.2 and 79.3 respectively). Not surprisingly comprehension of one's group retirement plan increases with age as the worker approaches retirement from a bare-pass at 53.6 among those in their thirties to a 68.5 among those in their sixties who are on the cusp of retirement. Quebecers score highest among the provinces at 61.1, significantly greater than British Columbians (52.4) and Albertans (56.3). Comprehension rises with income from 51.2 among the lowest earners to 63.8 among the highest earners.

Just over one-third (37%) of Canadians work with a financial advisor on retirement planning.

As one might expect use of an advisor increases with age but still tops out at 40% among those in their 50's and older. There are no significant differences between the genders in the use of an advisor. But as one might expect, use of an advisor increases with income from 24% among those with household incomes below \$50,000 to 57% among those earning over \$100,000 per year. Regionally the prairies (Sask/Man 49%) are advised the most with Ontarians being the least advised (34%). Interestingly, only 35% of those with an advisor,

also have a written financial plan. Nearly two-thirds (63%) of those with an advisor have group retirement plan coverage (directly or indirectly).

Top Risks that Canadians feel should be addressed in a retirement plan include costly healthcare, money won't last my full lifetime and inflation.

As one might expect the concern about inclusion of costly healthcare increases as Canadians approach retirement age from 41% of those in their thirties to 58% of those in their peri-retirement sixties. The concern about outliving one's money is shared across the cohorts. Inflation concerns increase with age and income as well from 39% of those in their thirties to 54% of those in their sixties and from 41% of those in the lowest income bracket to 56% of those in the highest income brackets.

Other risks for inclusion in a retirement plan that increase with income include employer health benefits stop when I stop working (26% lowest to 38% highest), death of a spouse (20% to 39% lowest to highest), rate of return won't be high enough (21% lowest to 30% highest) and financial market risk (17% to 33% lowest to highest).

Women are proportionally more likely than men to want to plan for long term care (44% vs. 37% of men), employer health benefits stop when I stop working (36% vs. 28% of men), the death of a spouse (33% vs. 21% of men) and change in marital status (16% vs. 11% of men).

Regionally Quebecers are significantly less likely to want to plan for the top risks than are those in other provinces and regions.



Those with an advisor are more likely to want to include planning for costly health care and inflation (48% and 40% respectively than those who do not have an advisor (36% and 31% respectively).

These are some of the findings of an Ipsos Reid poll conducted November 24 to December 7, 2010, on behalf of Sun Life Financial. For this survey, a sample of 3,422 adults from Ipsos' Canadian online panel was interviewed online. 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 survey with an unweighted probability sample of this size and a 100% response rate would have an estimated margin of error of +/-1.7 percentage points, 19 times out of 20, of what the results would have been had the entire population of adults in Canada been polled. 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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