

Sun Life Canadian Unretirement™ Index Drops in 2010 as Canadians Lose Confidence About When and How Well They Can Really Retire

Even Confidence in Government Benefits Has Fallen

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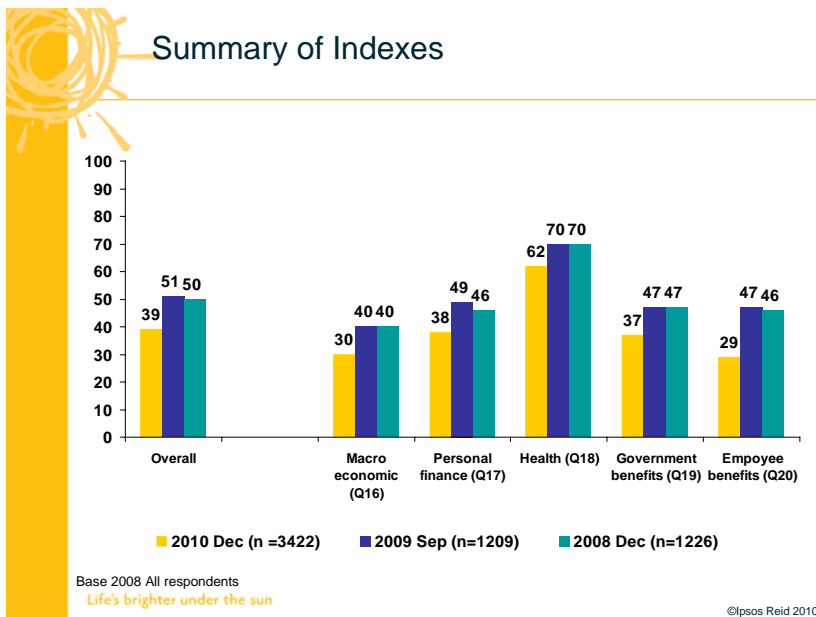
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Toronto, ON - The results of the third annual Sun Life Canadian Unretirement™ Index survey conducted by Ipsos Reid for Sun Life Financial of Canada show a stark bottom line for many working adult Canadians aged 30+ against the backdrop of a recent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

The scores this year are down from prior years' scores on all indices as shown below.





As with most of the findings in this study, the index and all but one of the sub-indices rises with income from 35 among those in the under \$50,000 category to 47 among those with incomes over \$100,000 p.a. The only sub-index that does not change with income is confidence in Government Benefits which holds steady at 37 across the lowest and middle income bands and 39 among the highest income earners.

Overall, men index higher than women (40 vs. 38 respectively) and on Macroeconomics (32 vs. 28) and on personal finance (40 vs. 6). Women index better on health (63 vs. 60 for men).

Younger Canadians (aged 30 to 39) are more likely to express higher confidence levels on the Macroeconomic (32 versus 30 for those in their 40s, 29 for those in their 50s and 28 for those in their sixties) perhaps because they have more years ahead than behind them. That said, confidence in Government benefits increases with age from a low of 33 among those in their thirties to 50 among those in their sixties. In contrast confidence in employer benefits declines as age increases from 31 for those in their thirties and forties to 27 among those in their fifties and 24 to those in their sixties. The Health sub-index shows that Canadians in their thirties (63) and sixties (65) see themselves as healthiest versus the time-crunched, stresses-out, growing-family cohorts in their forties (60) and fifties (61).

Ontario is under-indexed on the overall and most sub-indices, scoring 37 overall, 26 in Macroeconomics, 35 in Personal finance, 59 in health and 26 in Employee Benefits. The only provinces scoring lower in government benefits were BC (35), Alberta (33) and Quebec (34) (38 Ontario). Saskatchewan/Manitoba lead on nearly every index (46 Overall, 39 Macroeconomic 45 Personal finance, 44 government benefits (shared with Atlantic) and 39 employee benefits.) Only Quebec scored higher on health at 66 vs. Sask/Man 62.



Those with financial planning support universally indexed higher than those without a financial advisor or written financial plan. Similar patterns emerged for each sub-index with Macroeconomics scoring 31 for those with a group retirement plan (GRP) vs. 29 for those without, 33 for those with a financial advisor vs. 29, and 37 for those with a written financial plan vs. 29. The personal finance sub-index is 43 for those with a GRP vs. 32 among those without, 48 for those with an advisor vs. 32 for those without and 56 for those with a written financial plan vs. 34 without. The Health index shows 64 for those with an advisor vs. 60 for those without, 69 for those with a written financial plan vs. 60 for those without and no significant difference for those with or without a GRP. Government benefits show the same pattern with 39 vs. 34 for those with and without a GRP respectively, 40 for those with an advisor vs. 35, and 46 for those with a written financial plan vs. 35 for those without. Employer benefits show the same pattern: 43 among those with a GRP vs. 13 without, 36 with an advisor vs. 26 without and 46 with a written financial plan vs. 26 without. Clearly, having these external supports for retirement planning raises confidence in all aspects of retirement.

The Sun Life Financial Unretirement™ Index

The Unretirement™ Index is a composite index designed to measure the confidence that Canadian workers have towards issues that influence retirement. The lower the index number, the more negative or pessimistic the outlook is on issues that influence retirement.

The Overall Index is a composite of confidence scores in five sub-indices:

- Macroeconomics
- Personal Finance
- Health
- Government Benefits



- Employer Benefits

Each of these sub-indices is comprised of a battery of attributes that respondents are asked “how you think things are going for each item below” on a scale of 1 = Terrible to 5=Excellent.

Macroeconomic sub-Index Components

Men tend to be proportionally more likely to score 5 Excellent or a 4 on the scale than women are for the following components of the macroeconomic index cost of home energy (9% vs. 4%), inflation (14% vs. 6%), level of taxes (6% vs. 2%), stock market levels (10% vs. 6%) and interest rates (26% vs. 17%). As income rises so does the proportion who score 5 Excellent or 4 on the scale for Inflation (18% vs. 10% middle and 8% lower income), employment opportunities (23% highest versus 13% lowest), house prices (14% vs. 8% middle and 7% lowest), stock market levels (11% highest and 10% middle versus 6% lowest), interest rates (28% highest and middle versus 14% lowest) and safety of pensions or savings (18% vs. 12% middle and 8% lowest). Regionally, Sask/Man expresses the proportionally highest scores versus any other of the provinces or regions on all attributes. Those with an advisor or a written plan are more likely to have positive views of employment opportunities (34% of those with an advisor vs. 22% without and 49% of those with a plan vs. 20% of those without). Those with a written financial plan are more positive about house prices (18% vs. 7% without) and stock market levels (17% vs. 6% of those without a plan).

Personal Finance sub-Index Components

Only one quarter (24%) of Canadians score their annual income now as 5 excellent or 4, 16% score income growth in the top 2 scale points, 15% the amount of personal savings, 16% for



the amount of money invested, 12% the growth of their investments and 30% the amount of household debt. There are few differences by age, with 19% of those in their thirties scoring income growth well (versus those in their fifties at 13%) and those in their sixties being proportionally more content with the amount of household debt they carry (42% versus 27% and 29% of those in their thirties and forties respectively). Contentment with every measure of personal finance increases with income, as one might expect. Similarly, on every measure, those with an advisor and/or a written financial plan score higher than those without either or both these supports. As with the Macroeconomic sub-index those in Sask/Man score higher than any of the other provinces/regions on every attribute.

Government Benefits sub-Index Components

One third (36%) of Canadians are not at all confident that they will receive a government pension at a level comparable to today's retirees. This lack of confidence declines the closer one is to retirement age from 46% of those in their thirties to 16% of those in their sixties. Neither gender nor income differ in either agreement or disagreement. Regionally, only one quarter of Sask/Man and the Atlantic region disagree or are not at all confident in receiving benefits at the same level as today's retirees. Half of those without a group retirement plan (47%) are not at all confident versus only 34% of those who have a GRP.

Confidence in prescription drug benefits from the government is not healthy with 42% saying they are not at all confident that they will receive these types of benefits at a level comparable to today's retirees. Confidence increases with age as one might expect, since older people will receive those benefits imminently. As with other components of the overall index, our Sask/Man and Atlantic Canadians are the most confident (66% and 65% very or somewhat confident, respectively). Those without a written financial plan are less confident (47% "not



at all confident" versus 31% of those with a plan. The presence or absence of an advisor or group financial plan shows no confidence differences.

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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