

Generation Gap Over Financial Planning

*Six In Ten Boomers (59%) Have A Financial Plan In Place
Compared To Only Four In Ten (40%) Younger Canadians*

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Toronto, ON - The level of financial planning is strikingly different between younger Canadians (aged 18-34) and those from the Boomer generation (aged 55-69), according to the 22nd annual RBC RRSP poll conducted by Ipsos Reid. In fact, a majority of six in ten Boomers (59%) have a financial plan in place compared to a minority of only four in ten (40%) younger Canadians. Furthermore, Boomers are more likely to have their plans written on paper (52%) compared to the younger generation (28%), and those aged 18-34 (40%) are twice as likely as the older generation (21%) to have their financial plans kept in their head. Another popular format for keeping a financial plan was to hold it electronically, three in ten of those aged 18-34 (30%) and two in ten Boomers (21%) use this more modern method.

Despite having different methods of financial planning, Canadians from across the generations are now getting serious about becoming debt free. In fact during 2011, half (50%) of younger people aged 18-34 who indicated that reducing debt was a priority, made regular payments in 2011 to reduce or eliminate debt, and four in ten Boomers aged 55-69 (44%) did the same.

Other findings from the poll indicated that both younger Canadians and Boomers are both concerned about the balancing act between saving for immediate priorities versus putting money away for the longer term or for retirement. Eight in ten (78%) of those aged 18-34 say they worry (26% a lot/51% a little) about this balancing act, compared to seven in ten (72%) 55-69 year olds (22% a lot/50% a little).



A majority of younger Canadians and Boomers are confident that they will have enough money saved up so that they won't end up outliving their savings during retirement. Seven in ten 18-34 year olds (72%) are confident of this, compared to two thirds (66%) of those aged 55-69. Half of Canadians in these two age groups (51% of younger Canadians, 44% of Boomers) are also confident that their companies' defined benefit pension plan will protect them. A minority of both younger Canadians (18%) and Boomers (9%) don't worry about outliving their savings because they believe their family will take care of them.

In the event that they didn't outlive their savings in retirement, four in ten younger Canadians (40%) and half of Boomers (50%) say that working either part-time or full-time during retirement would be an appealing solution. Other solutions that are seen as appealing include moving most or all investments into the safety of GICs (47% younger, 44% Boomers), leveraging government programs for additional financial help (45% younger, 48% Boomers) or moving most or all investments to a Life Annuity (35% younger, 32% Boomers). The least popular solution offered was to reduce their standard of living, seen as appealing by only a quarter (25%) of younger Canadians and a third (32%) of Boomers.

The proportion of Canadians who currently have any Registered Retirement Savings Plans (RRSPs) is consistent with previous years. Six in ten (60%) Canadians currently have an RRSP, including 43% of those aged 18-34 and 69% of those aged 55-69. The proportion of those prepared to make the maximum allowable contribution to their RRSP in 2011 is mostly unchanged at 25%, however the proportion of 18-34 year olds making the maximum contribution has significantly declined from 33% in 2010 to 16% in 2011. In contrast, more Canadians aged 55-69 made the maximum contribution in 2011 (31%) than in 2010 (24%).

These are some of the findings of an Ipsos Reid poll conducted from October 24 to November 15, 2011, on behalf of RBC. For this survey, a sample of 1,224 adults from Ipsos' Canadian online panel was interviewed online. Weighting was then employed to balance demographics and political composition to 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 +/-1.5 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.

For more information on this news release, please contact:

***Sean Simpson
Associate Vice President
Ipsos Reid
Public Affairs
(416) 572-4474***

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