



the gandalf group

Standard Life-BNN Retail Investors' Survey Spring 2010

Conducted on behalf of Standard Life, BNN
and CTV

April 15, 2010





- ❑ This is the third quarterly survey of “Retail Investors” conducted for Standard Life in partnership with BNN & CTV.
 - In each edition we track investor confidence and examine a particular investor trend. In this edition, we examined investors’ decisions during the RRSP season just ended and what might assist investors to with retirement savings decisions.
- ❑ Our sample consists of 573 “Retail Investors,” who represent approximately 19% of the adult population surveyed online.
- ❑ Canadians who qualified as “Retail Investors” for this survey were those who said they buy or sell investments at least once a year and who have invested at least \$50,000 in stocks, bonds, mutual funds or RRSPs.
 - The Gandalf Group surveyed a representative sample online of the Canadian adult population, proportionate to age, region and gender in order to identify a sample of “Retail Investors.”
 - Because respondents were recruited online, it is not a probability sample.
 - This survey was conducted online between March 19th and 23rd, 2010.



- ❑ Very few “Retail Investors” invest the maximum allowed to their RRSPs.
- ❑ At a general level, people know they are not putting away enough and are worried about it.
- ❑ But at a granular level, there is very little knowledge of what they need to save.
- ❑ As a consequence, advice and tools are well received, particularly from financial advisors. Planning and regular information are important, but risk is a top consideration when planning contributions.
- ❑ But the fundamental problem for most investors at middle and lower incomes is simply the lack of available investment funds, especially those with personal debt issues.
- ❑ Retail investors are optimistic about returns for the coming year. They have been increasing their holding in stocks and mutual funds over the last year and were far more likely to be buying than selling. But when it comes to bonds or gold they were as likely to be sellers as buyers.
- ❑ Their expectations have increased over the last six months, from an anticipated rate of return from their investments of 8% six months ago to an 10% now. But a significant number are still concerned about the markets and an underlying lack of confidence in investing.

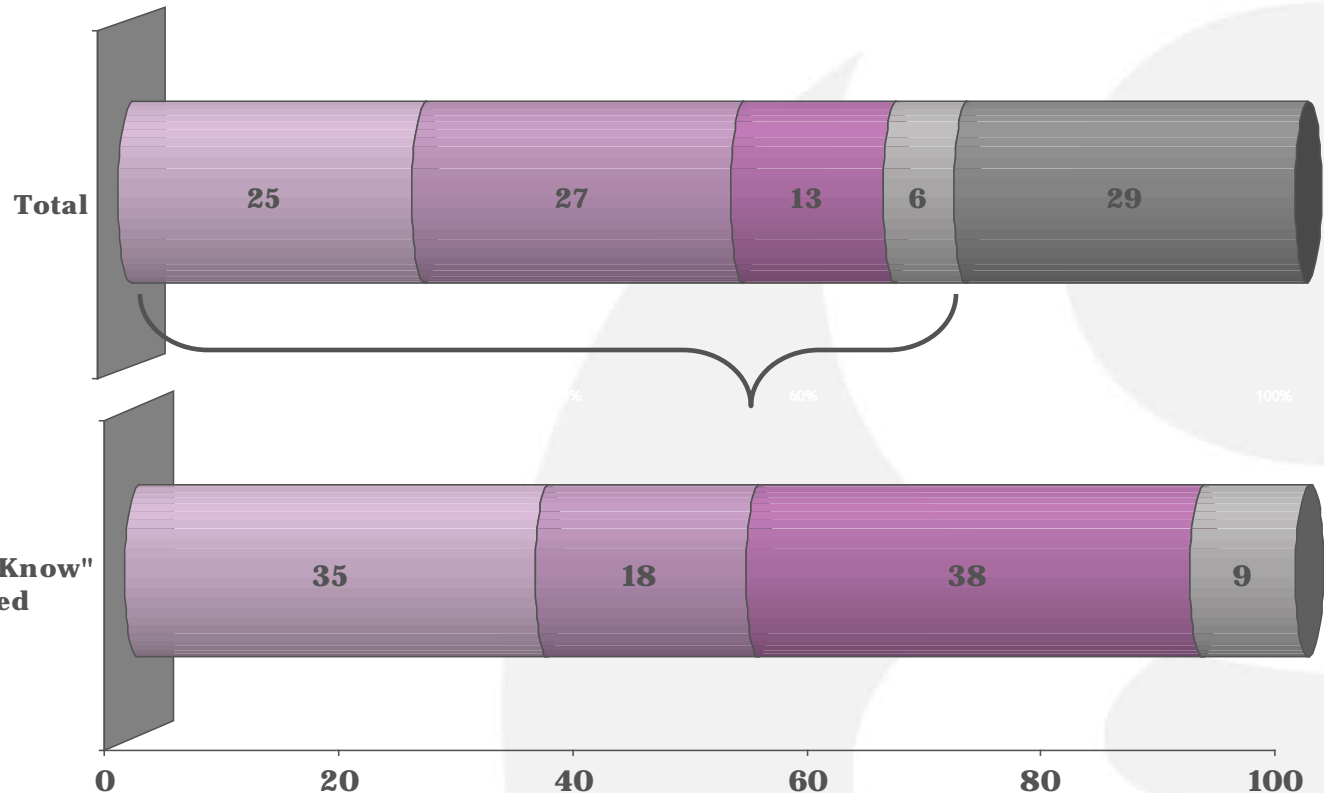


- ❑ For the RRSP season just past, only a quarter of “Retail Investors” with RRSPs said they contributed the maximum amount allowed by the deadline.
- ❑ Nearly half contributed less than 50% towards the maximum amount allowable.
- ❑ Those with more than \$150k invested in the markets are contributing far more towards their RRSP contribution limit than those with less to invest.
 - Above \$150k, half have contributed the maximum.
 - Among those with between \$50k and \$75k, that number drops to one in ten. The majority of this group – 60% - believes they are putting away less than they should and are concerned about it (one in four are very concerned).
 - Women with RRSPs and those aged 51 to 60 are especially likely to say they should have contributed more.



RRSP Contributions

“Can you tell us how much you contributed to your RRSP by the recent March 1, 2010 deadline as a percentage of the amount you were allowed to contribute?” (Asked of those with RRSPs)



Above: All responses including percentage saying “Don’t know”.

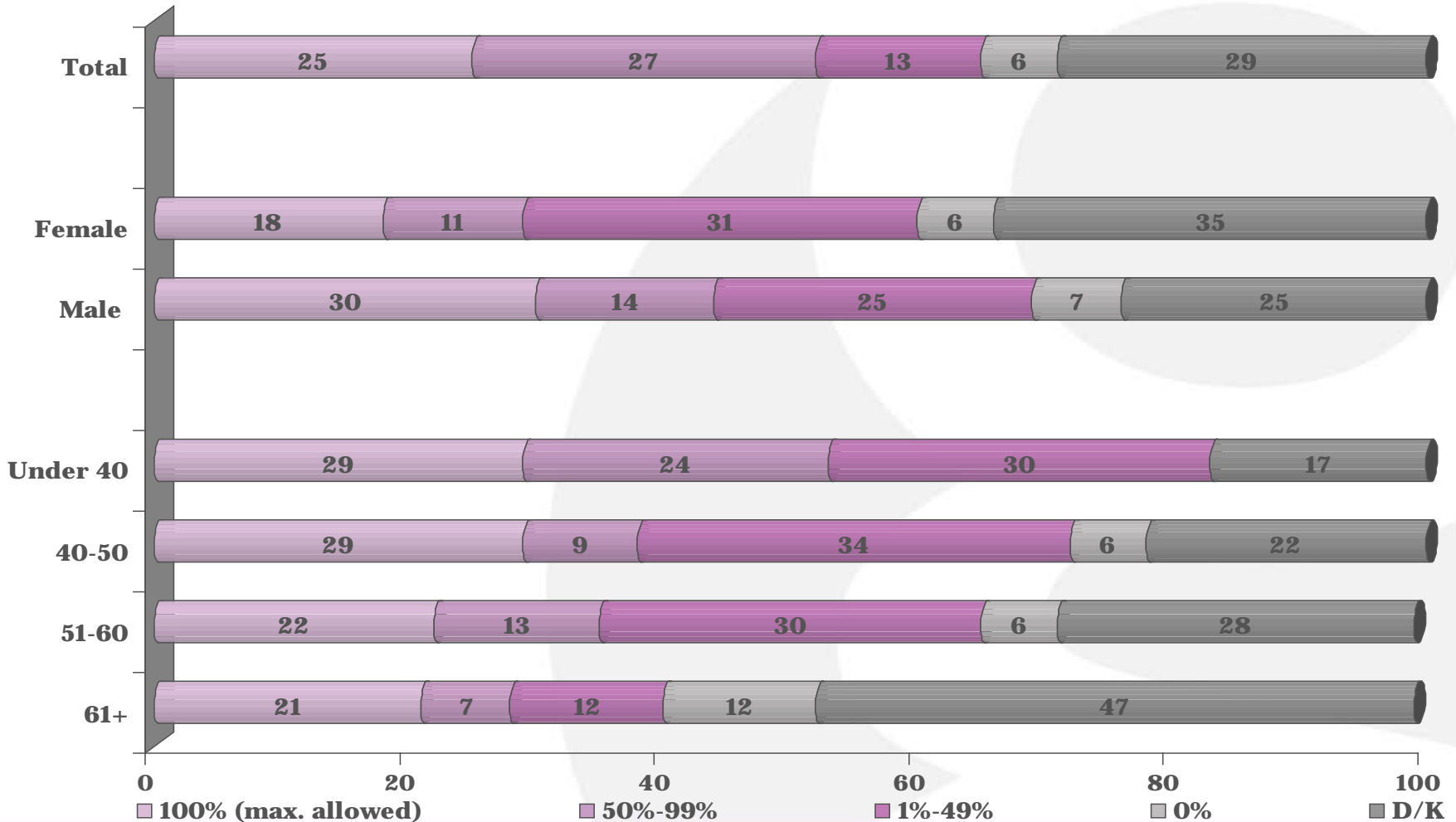
Below: Percentage contributing maximum, zero and levels in between among those with a valid response (not including don’t know).

100% (max. allowed)
 50%-99%
 1%-49%
 0%
 "Don't know"



RRSP Contributions

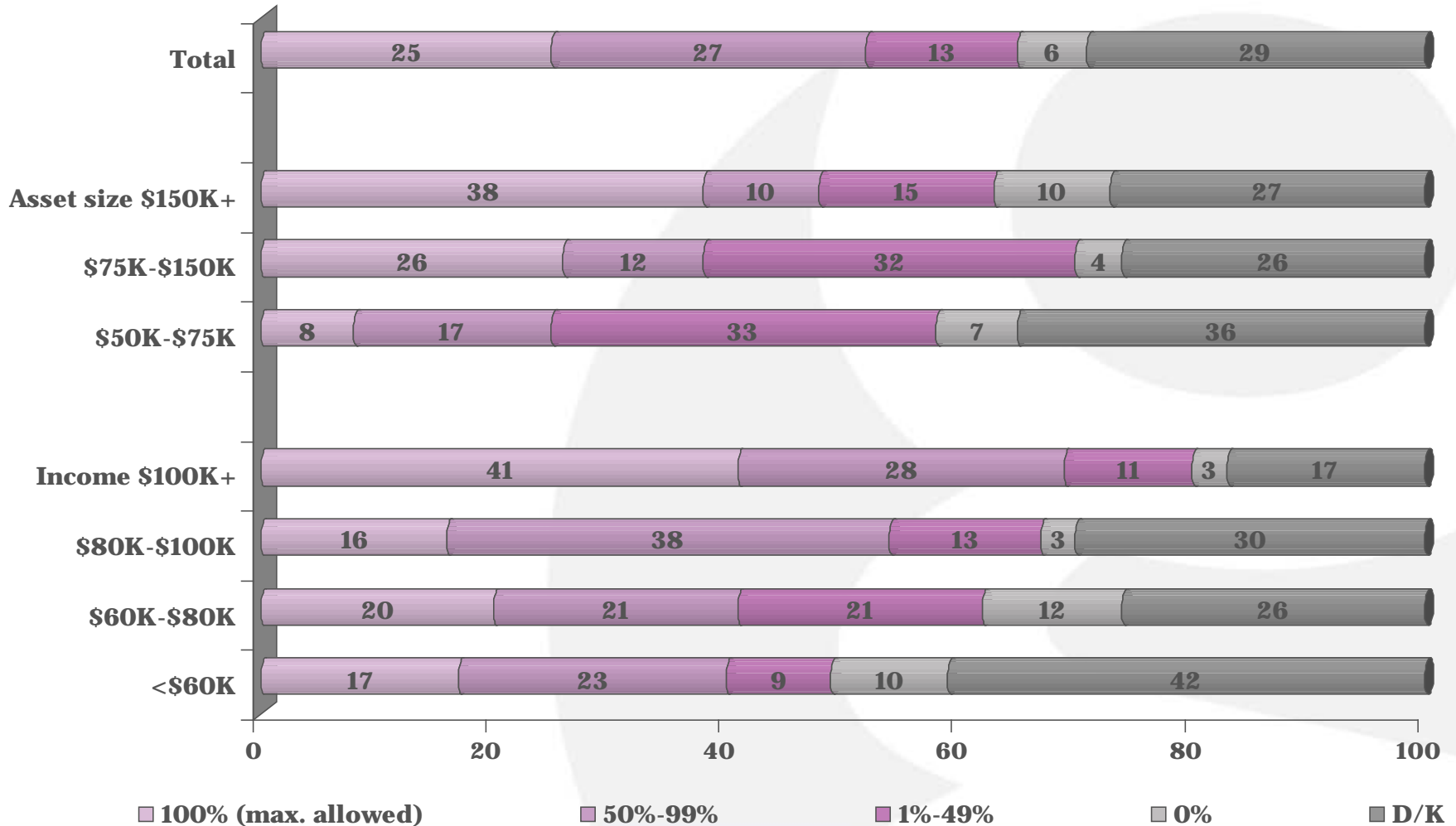
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RRSP Contributions

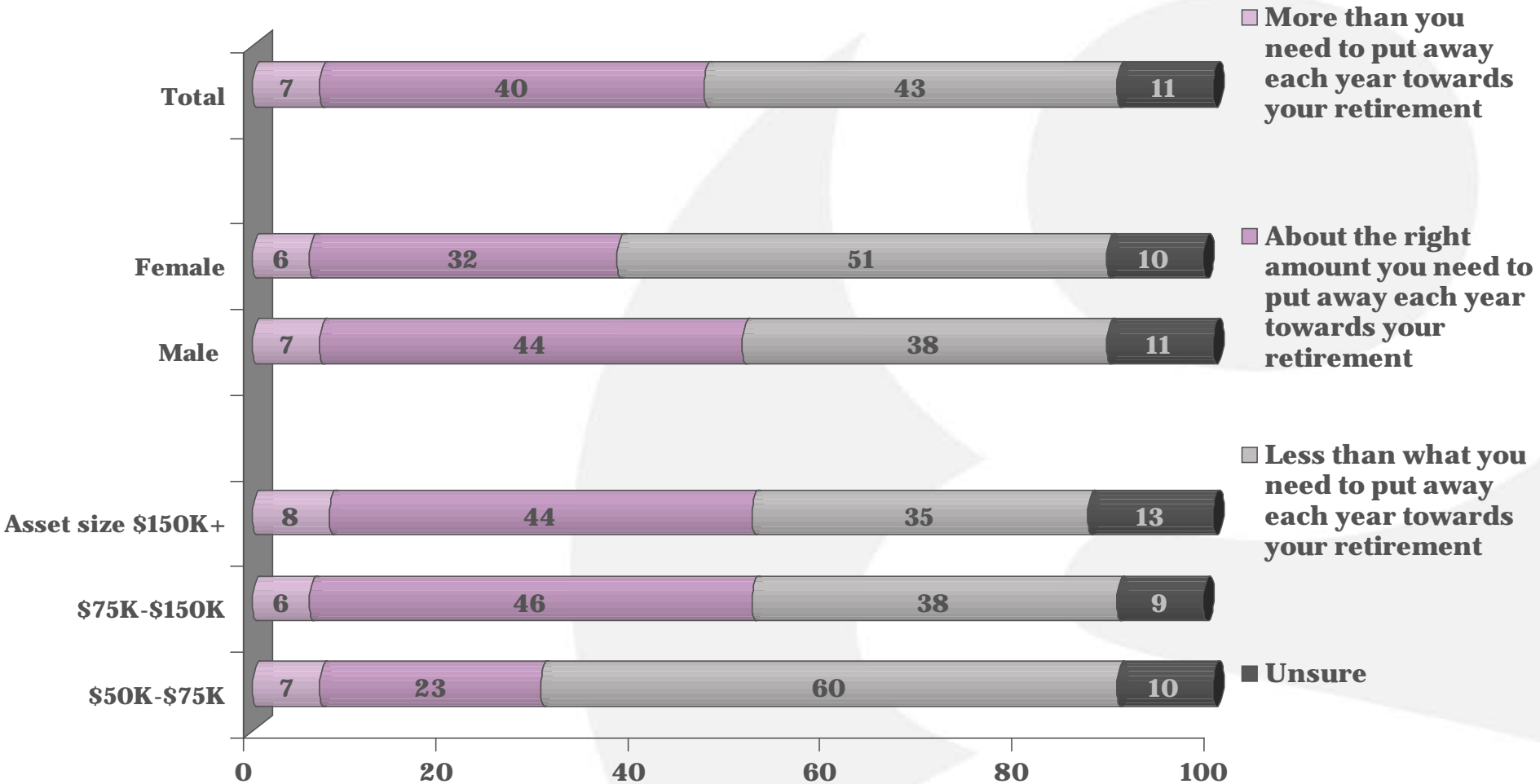
“Can you tell us how much you contributed to your RRSP by the recent March 1, 2010 deadline as a percentage of the amount you were allowed to contribute?” (Asked only of those with RRSPs)





Retirement Income and RRSPs – Tier 1

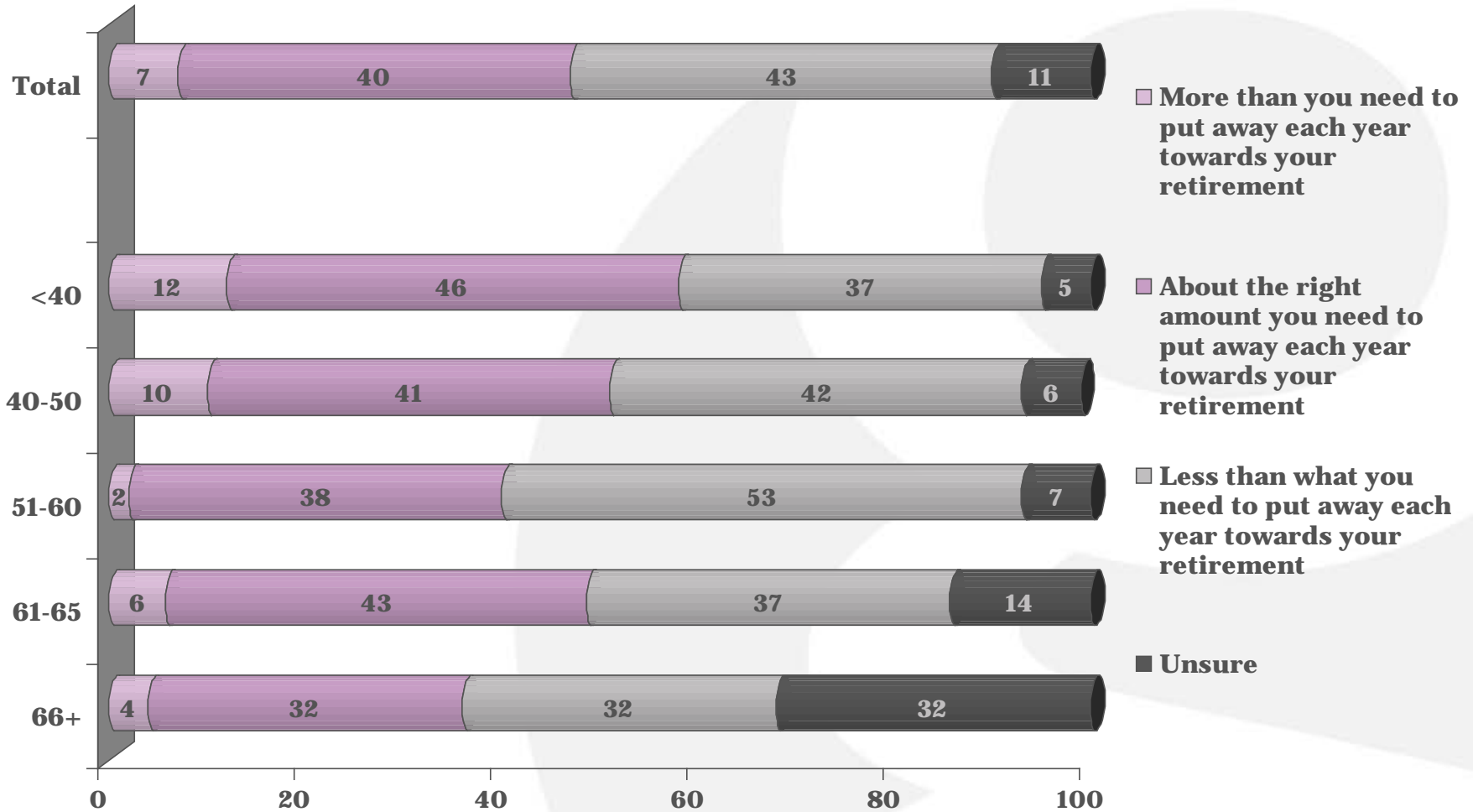
“Thinking of your retirement income needs, do you believe that the amount you contributed to your RRSP over the last year was:” (Asked only of those with RRSPs)





Retirement Income and RRSPs – Tier 2

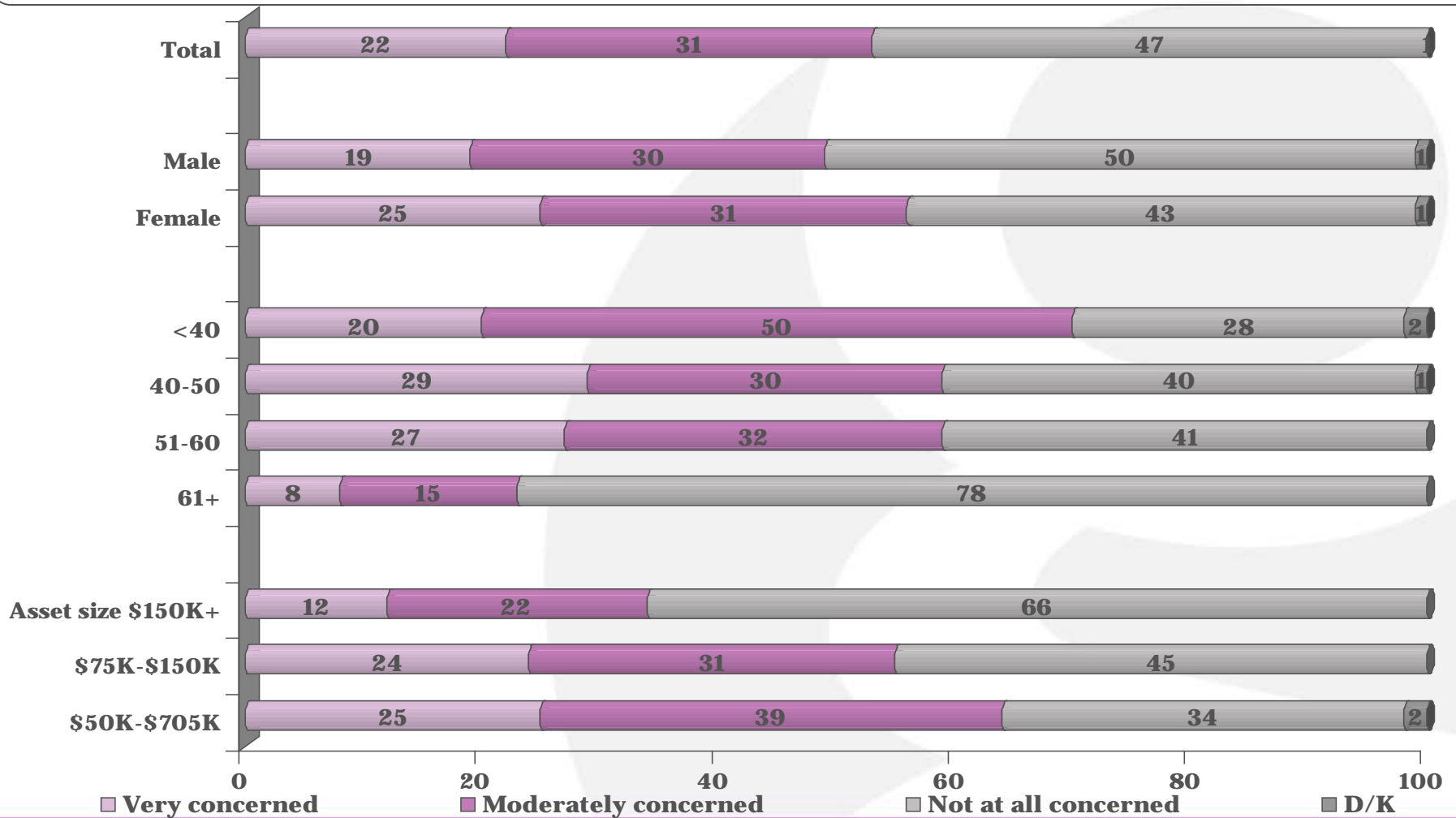
“Thinking of your retirement income needs, do you believe that the amount you contributed to your RRSP over the last year was:” (Asked only of those with RRSPs)





Concern about RRSP Contributions

“On a scale of one to nine, where one means not at all concerned and nine means very concerned, how concerned you about the fact that you did not contribute the maximum amount to your RRSP by the March 1, 2010 deadline?”
(Asked only of those with RRSPs who did not contribute maximum)



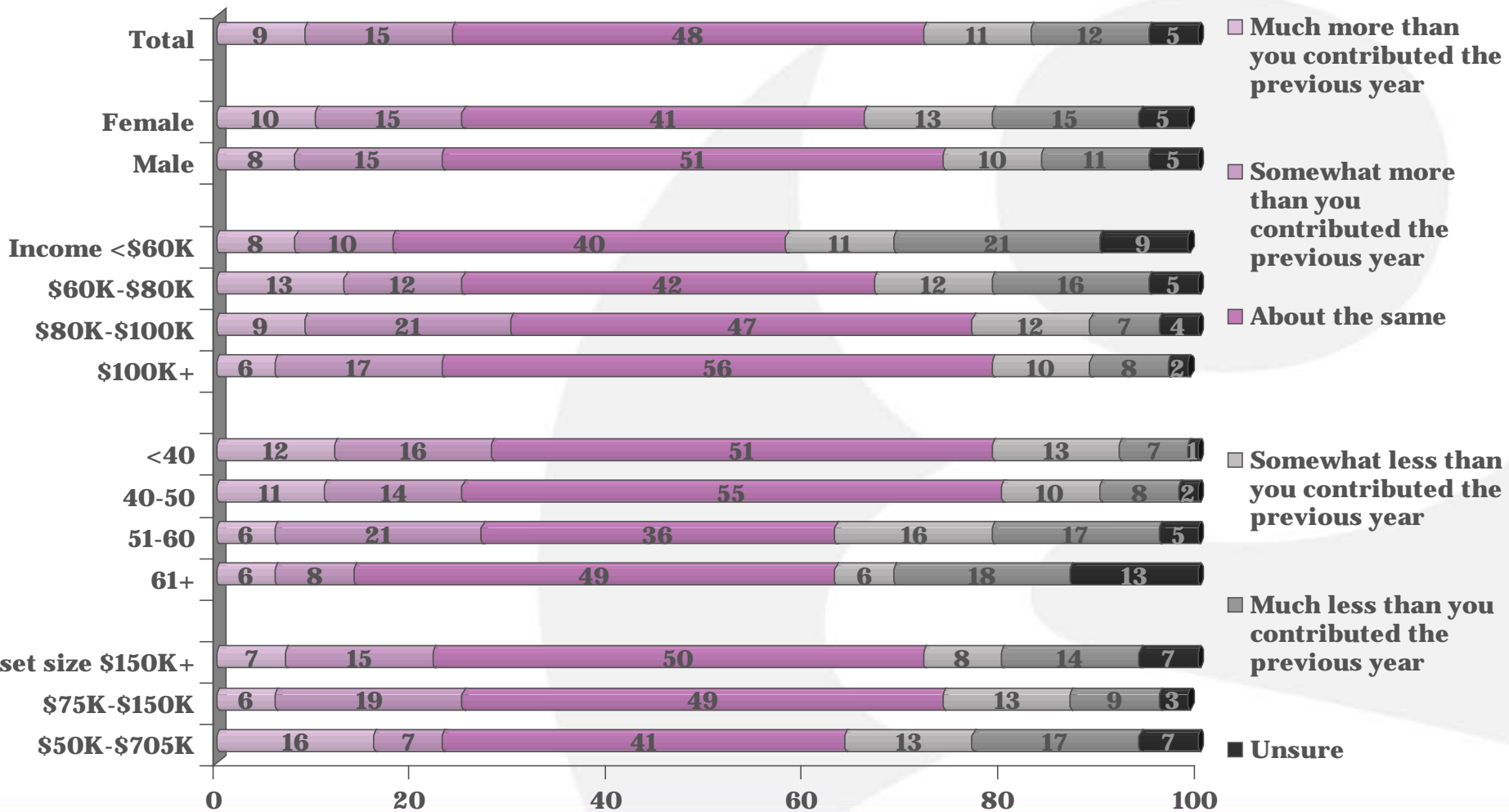


- ❑ As many investors were cutting back on retirement income saving as were increased their contributions this past year compared to the previous year.
- ❑ Overall, however, investment for the season just past should be higher than last though, because higher income Canadians were more likely to be increasing than decreasing.
- ❑ Women with RRSPs and those aged 51 to 60 were more likely to have contributed less this year than last, compared to others.
- ❑ And among those who did not contribute the maximum last year, they are also among the most concerned about that fact.
 - Younger generations and those closest to retirement who did not contribute the maximum, are less concerned, as are those with \$150k or more invested already.



RRSP Contributions

“Thinking of the amount you contributed last year to your RRSP by March 1, 2010, was it:”
(Asked only of those with RRSPs)



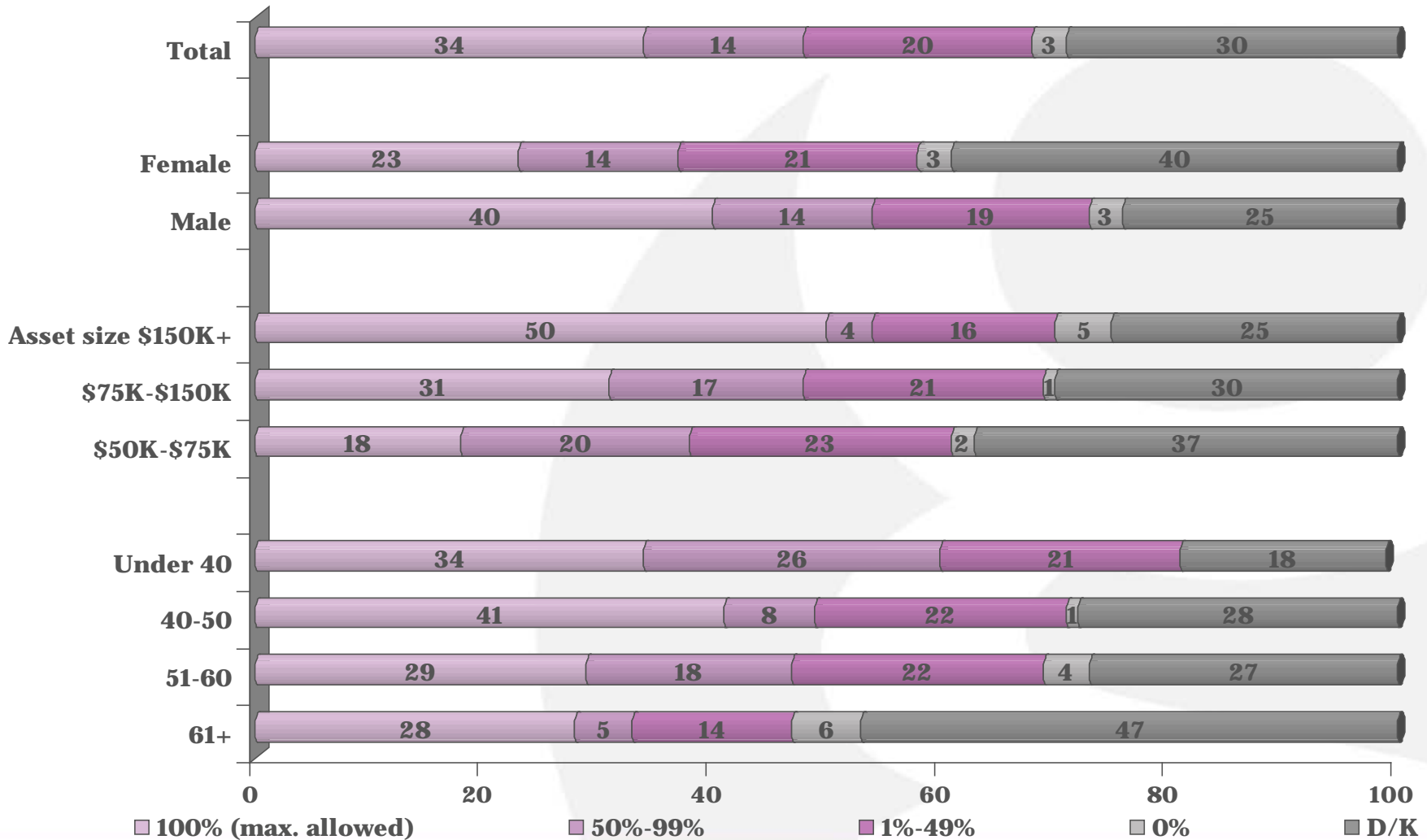


- ❑ Thirty percent of those with RRSPs said they were unsure how much they should have invested last year as a percentage of what they were allowed.
 - Women are significantly more likely than men to be unsure.
- ❑ Just under half – 43% - said they have not discussed their retirement needs with their advisor or calculated what their savings and investment will yield in retirement.
 - This is highest among younger retail investors, but four out of ten people in age brackets that we know have high anxiety about retirement have not had a real conversation about it with a financial advisor
- ❑ The majority of homeowners say their real estate equity is going to be important to their retirement income. This is especially true of those aged 51 to 60.



RRSP Contributions

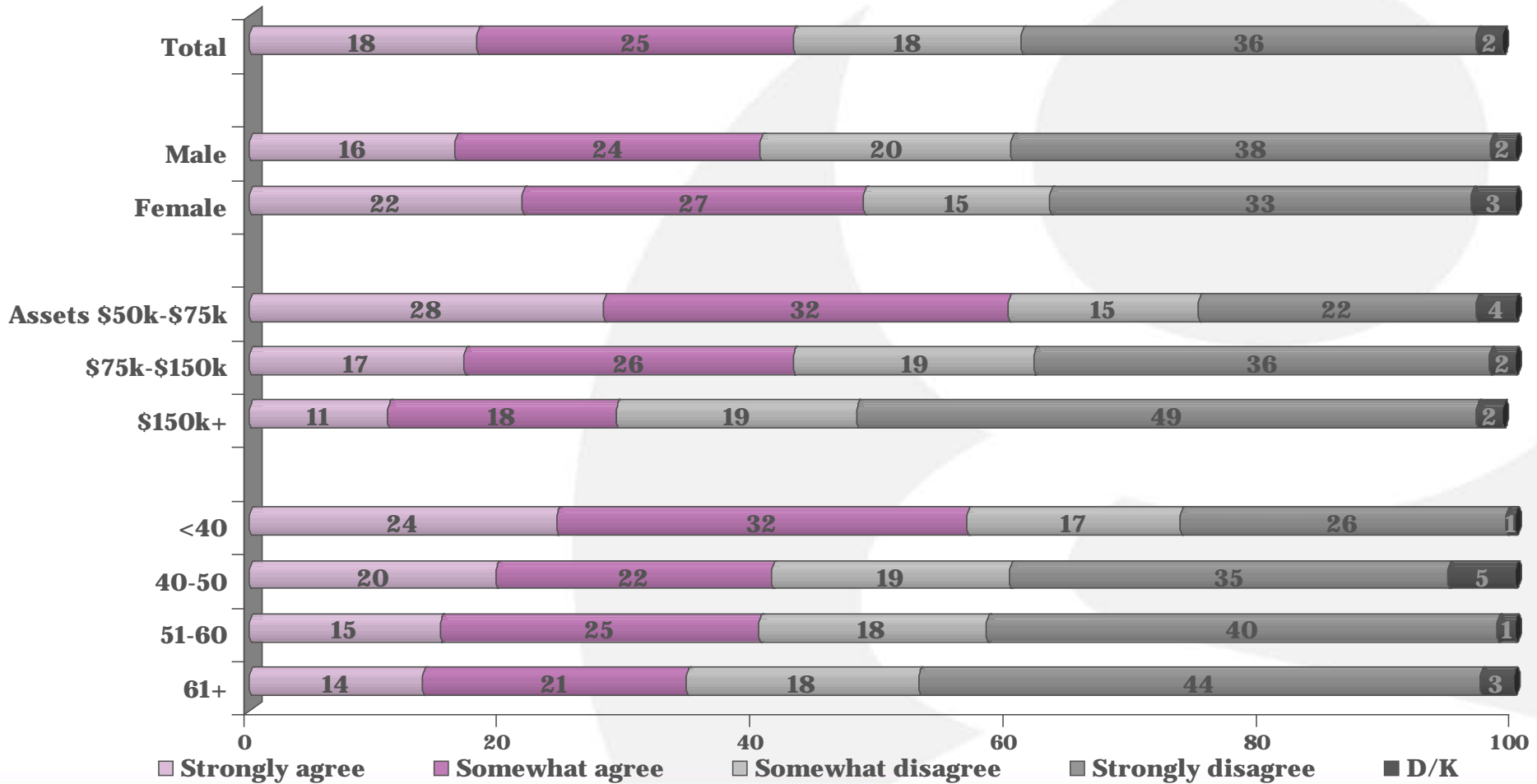
“How much do you believe you should have contributed last year to your RRSP as an annual contribution towards your retirement income needs – the maximum or something less?” (Asked only of those with RRSPs)





RRSP Contributions

“The following are statements people might make about their investments. Please indicate whether you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with each.” **I have not discussed my retirement needs with my financial advisor**

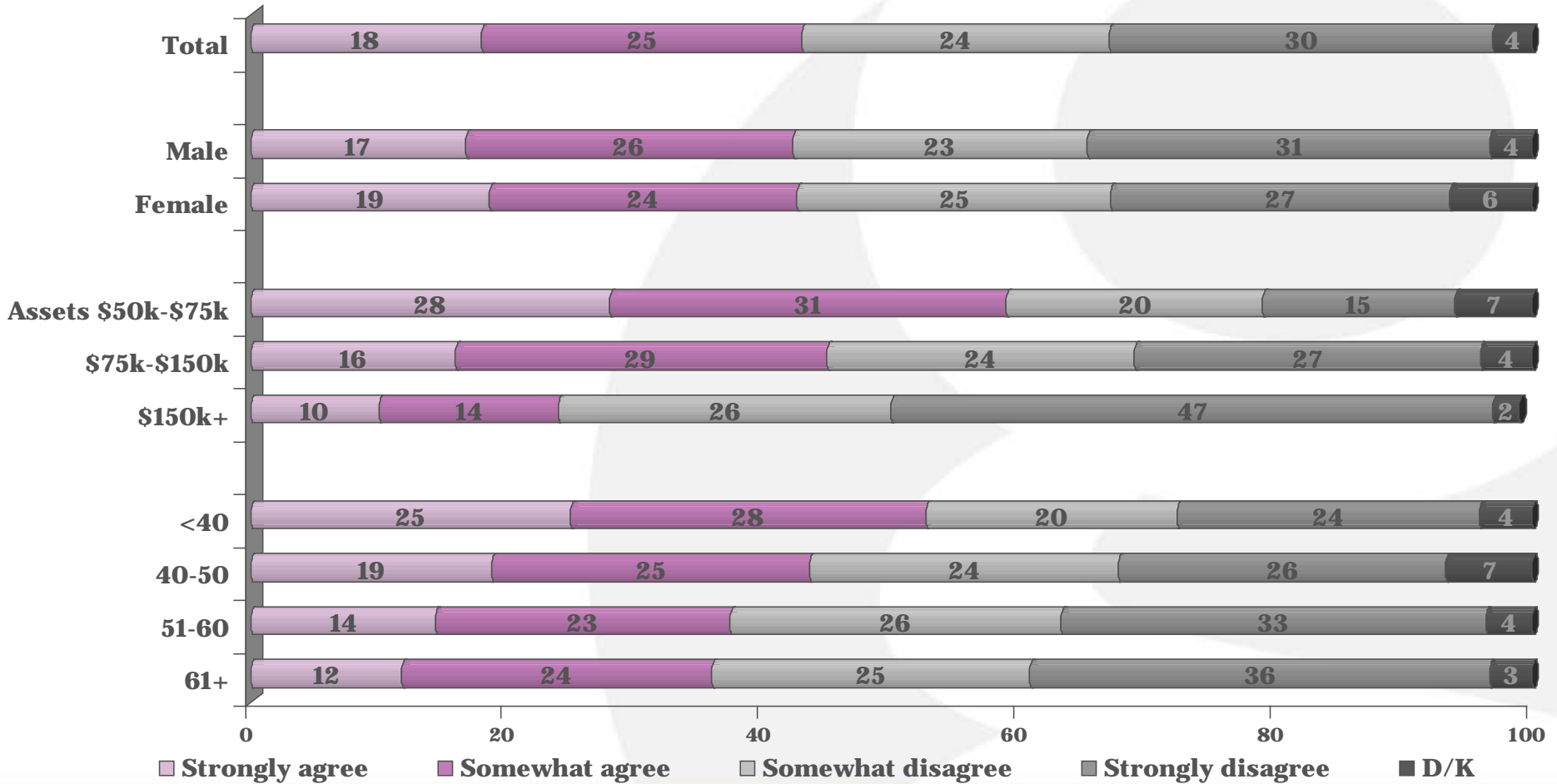




RRSP Contributions

“The following are statements people might make about their investments. Please indicate whether you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with each.”

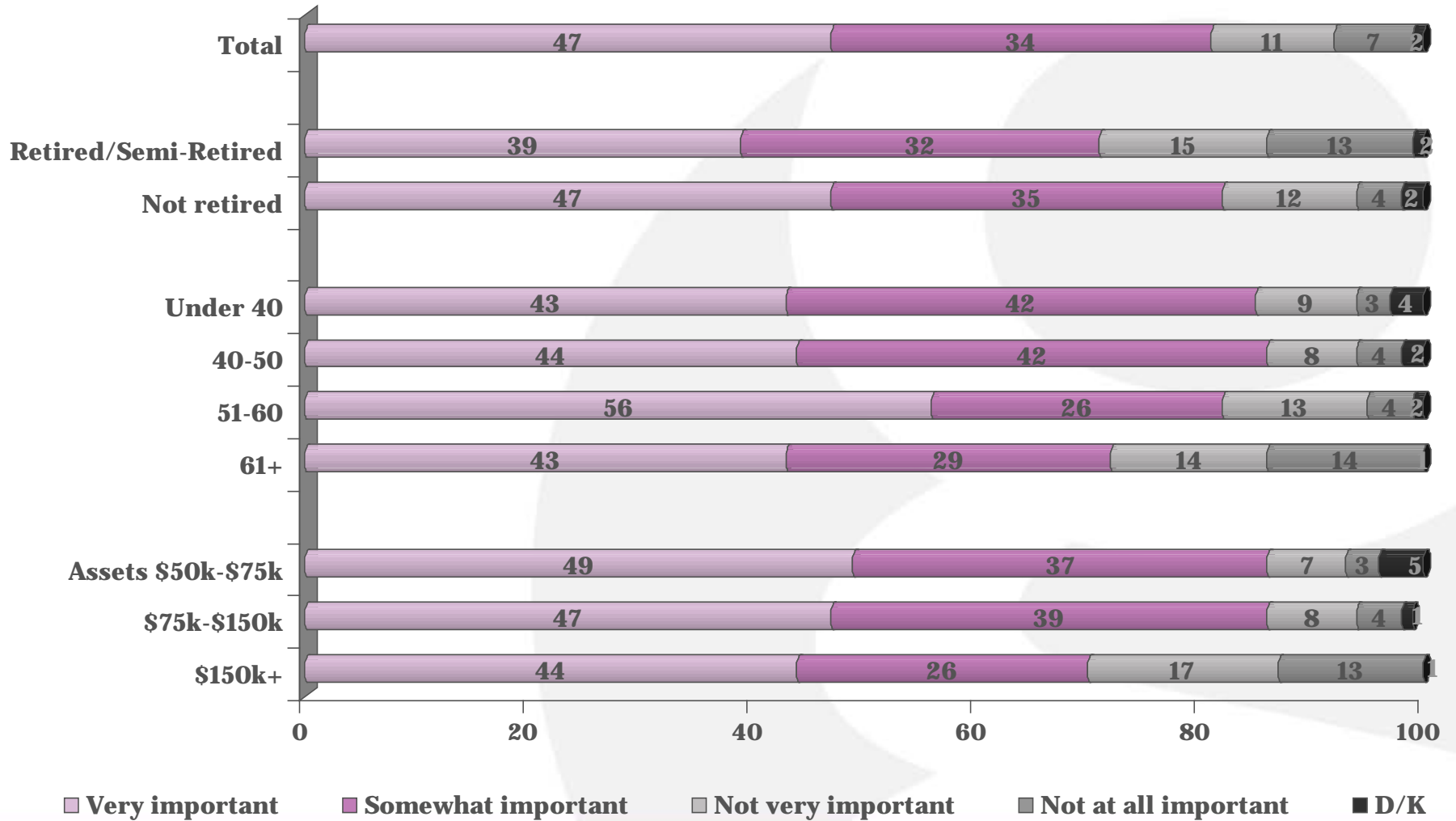
I have not calculated what my current retirement investments will provide me in income throughout my retirement





Homeowners and Retirement

“How important is your home to your retirement income plans?” (Asked only of homeowners)



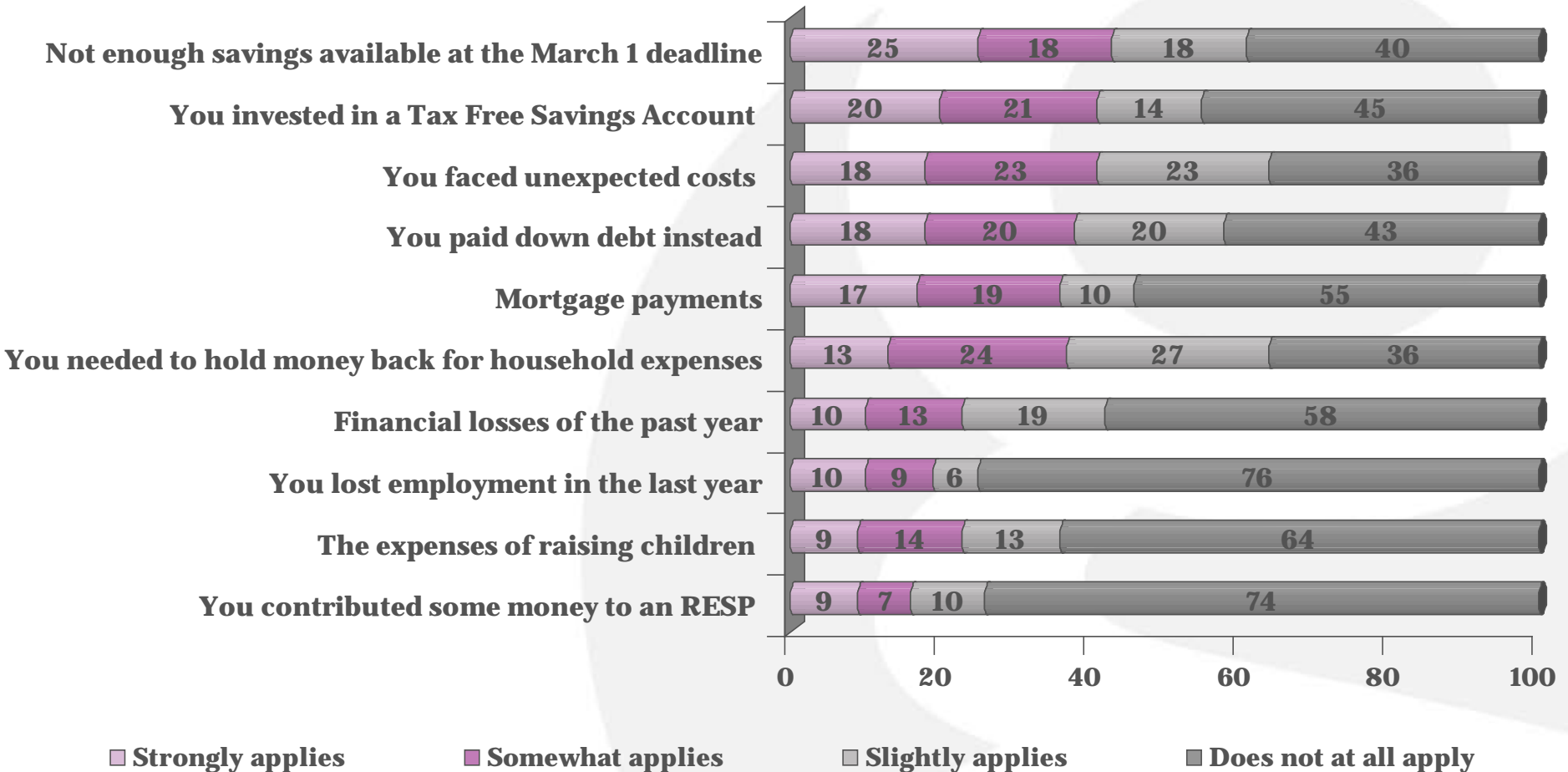


- ❑ Those who contributed less than the maximum allowed point primarily to either inadequate savings at the deadline or competing costs, debt or household expenses.
- ❑ Only 6% used a loan to contribute to RRSPs in the last year, far fewer than said paying back debt prevented them from contributing the maximum allowed. The vast majority did not use a loan to purchase investments.



RRSP Constraints – Tier 1

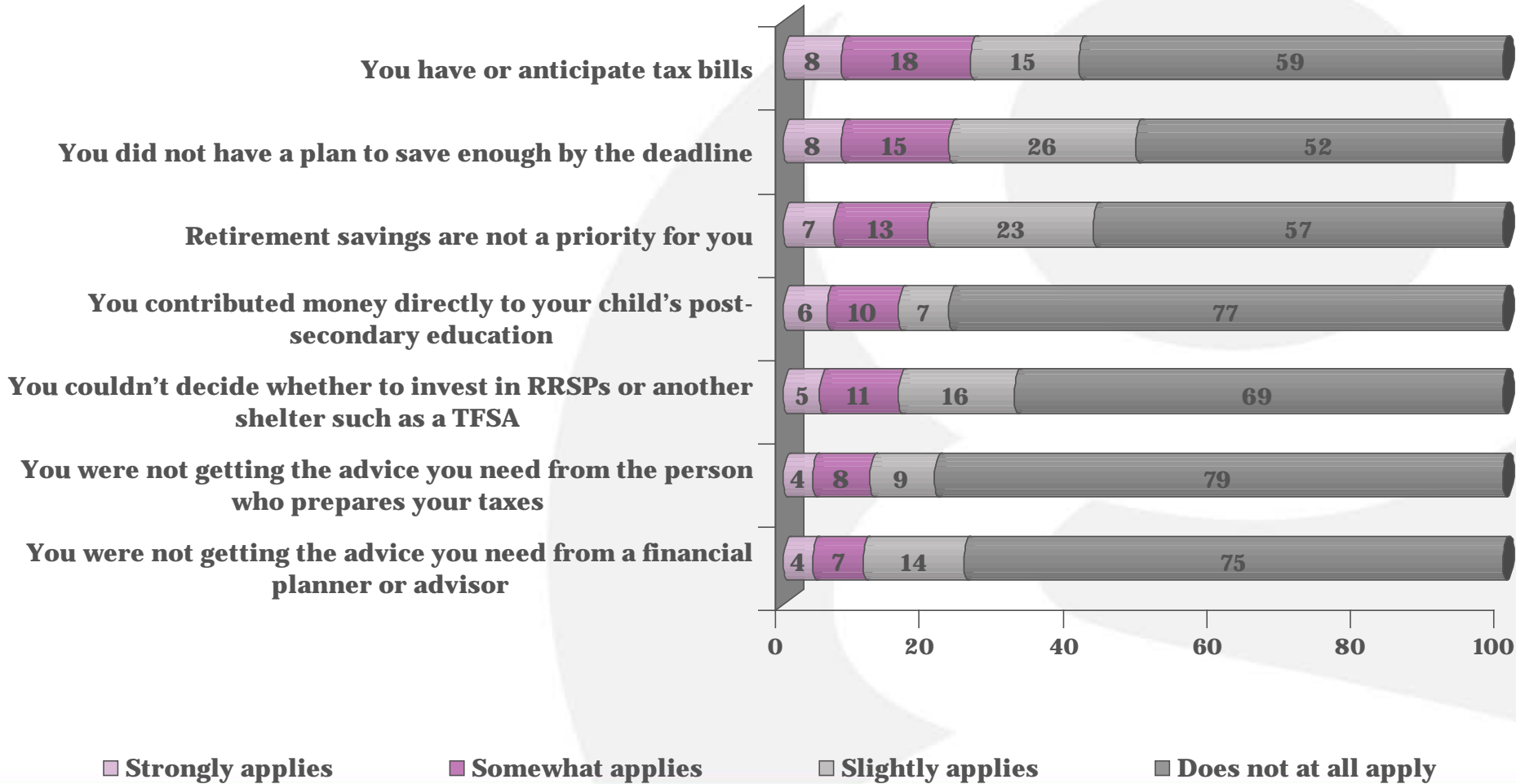
“The following is a list of reasons why individuals may not have contributed the maximum amount allowable to their RRSP. Please tell us how much each applies to you as a reason why you did not contribute the maximum amount to your RRSP last year.” (Asked only of those with RRSPs who did not contribute maximum)





RRSP Constraints – Tier 2

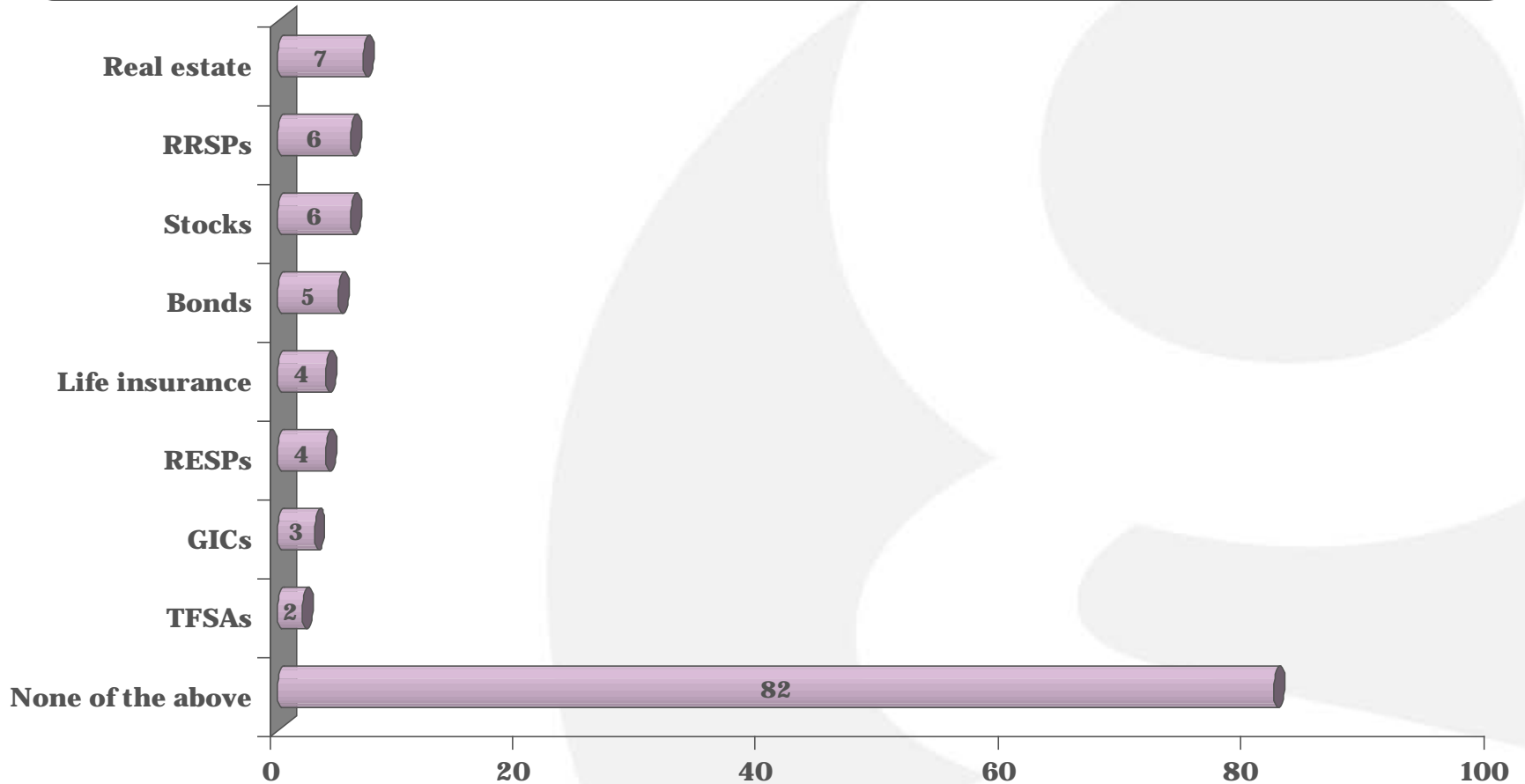
“The following is a list of reasons why individuals may not have contributed the maximum amount allowable to their RRSP. Please tell us how much each applies to you as a reason why you did not contribute the maximum amount to your RRSP last year.” (Asked only of those with RRSPs who did not contribute maximum)





Loans to Contribute/Buy

“Did you use a loan (including mortgages or a reverse mortgage) in order to make a contribution to or buy any of the following in the last year?” (Respondents were allowed to select more than one option.)



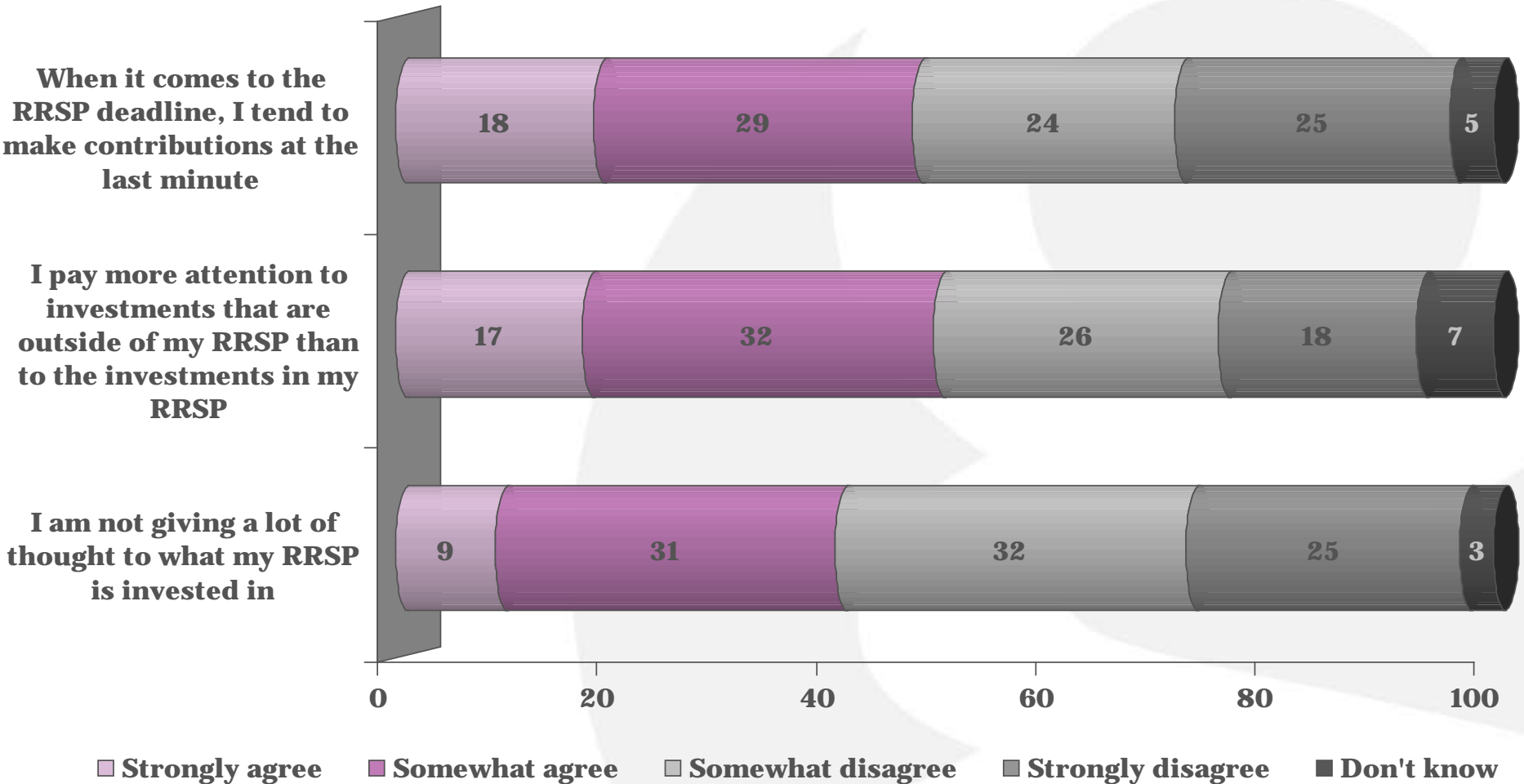


- ❑ Nearly half of retail investors are leaving contributions to the last minute.
- ❑ And just over half agreed they pay more attention to what is invested outside their RRSP than what is invested in it.
- ❑ Younger investors are far less likely to see an advantage to investing well before the contribution deadline.



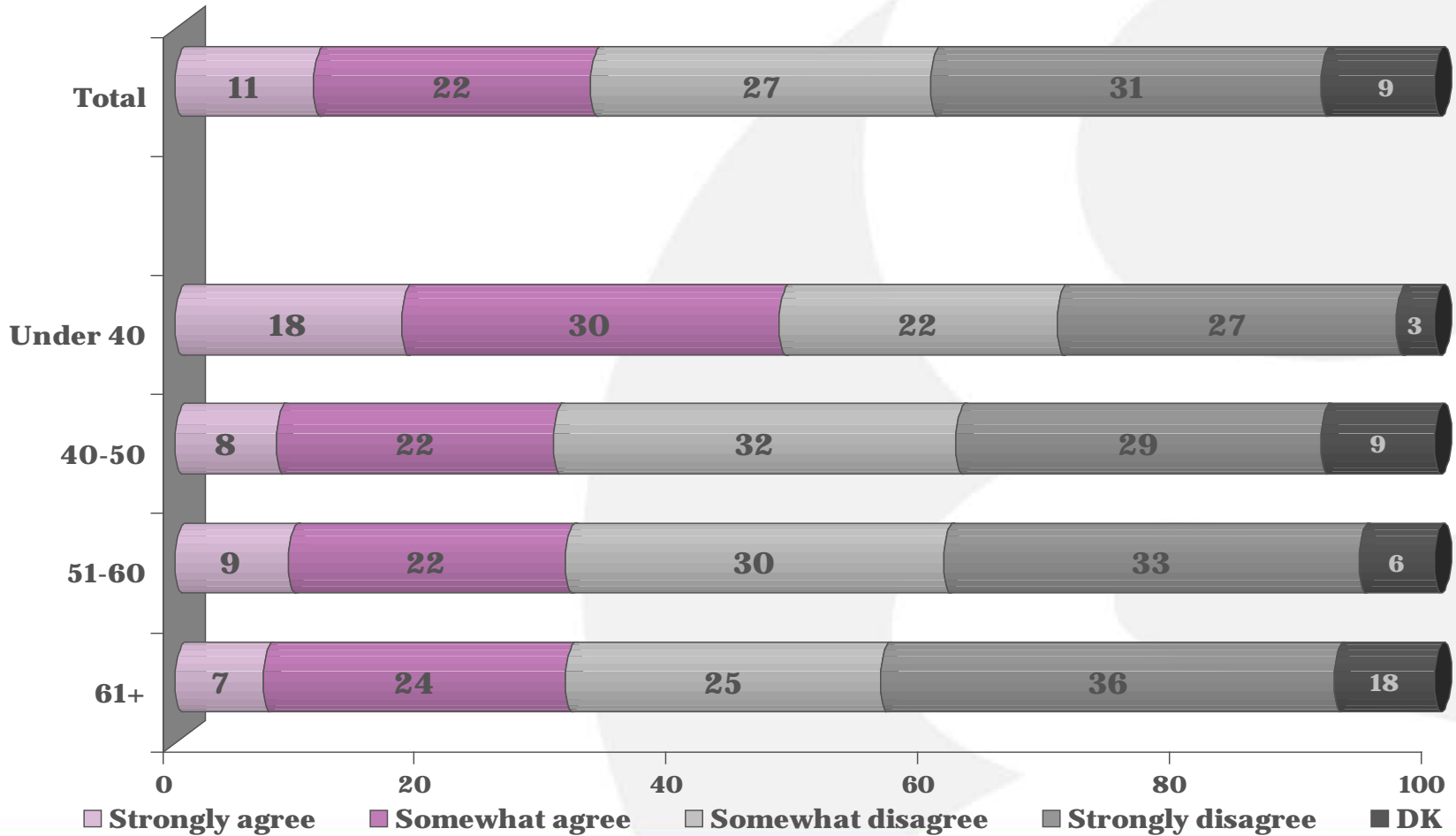
Agree Disagree: Investment Trends

“The following are statements people might make about the markets. Please tell us if you agree or disagree with each.” (Asked only of those with RRSPs)



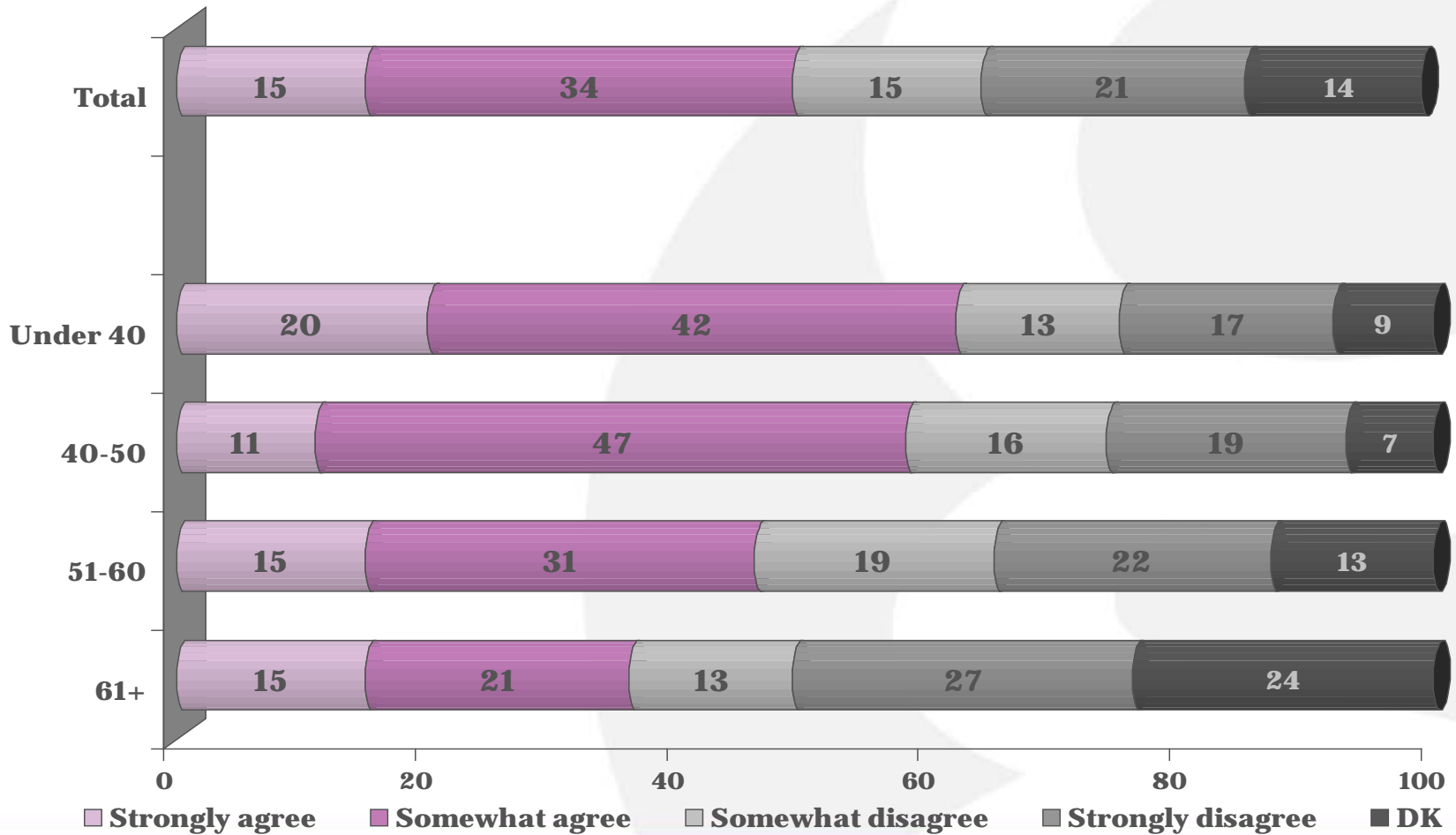


“The following are statements people might make about the markets. Please tell us if you agree or disagree with each: **‘I do not think there is a financial advantage to contributing to an RRSP as early in the year as possible.’**”





“The following are statements people might make about the markets. Please tell us if you agree or disagree with each: **‘My advisor, broker or planner tells me not to make contributions at the last minute.’**” (Asked only of those with advisors/brokers/planners.)



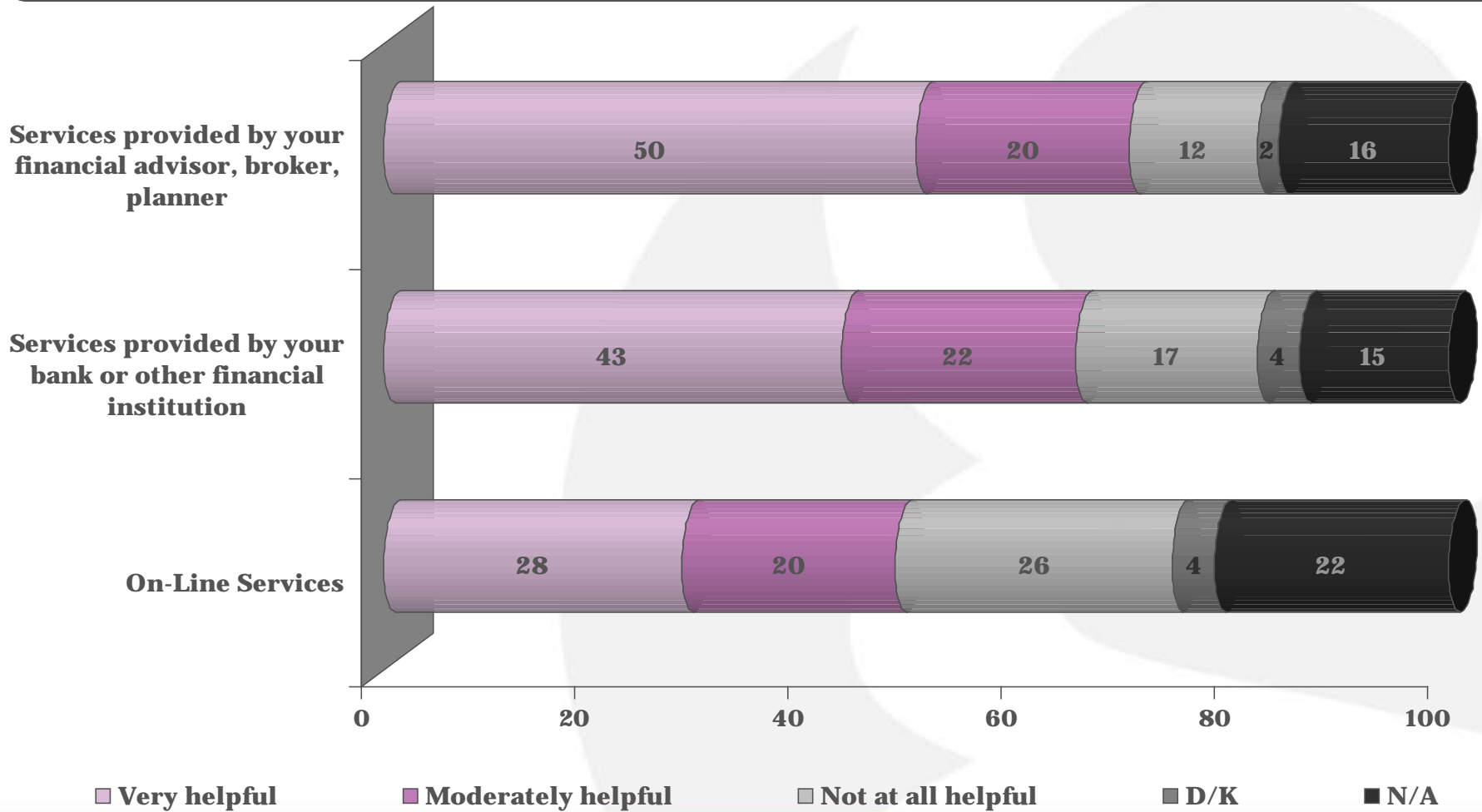


- ❑ The vast majority believe that advice from an advisor would be helpful to determining how much to contribute in RRSP season.
- ❑ Less than half are currently leaving most decisions to an advisor. The majority are making at least most decisions involving their RRSP themselves.
 - Investors under 40 are especially likely to say they manage most or all of their investments.
- ❑ Of all the considerations advisors could assist with in helping investors determine how much to invest for retirement, considerations around risk are most important.
- ❑ Retail investors say advice on the amount of risk they face, how much risk is appropriate for them and what combination of assets match their risk profile, would be most helpful in deciding on contributions to RRSPs and retirement.



Advice and Assistance on RRSPs

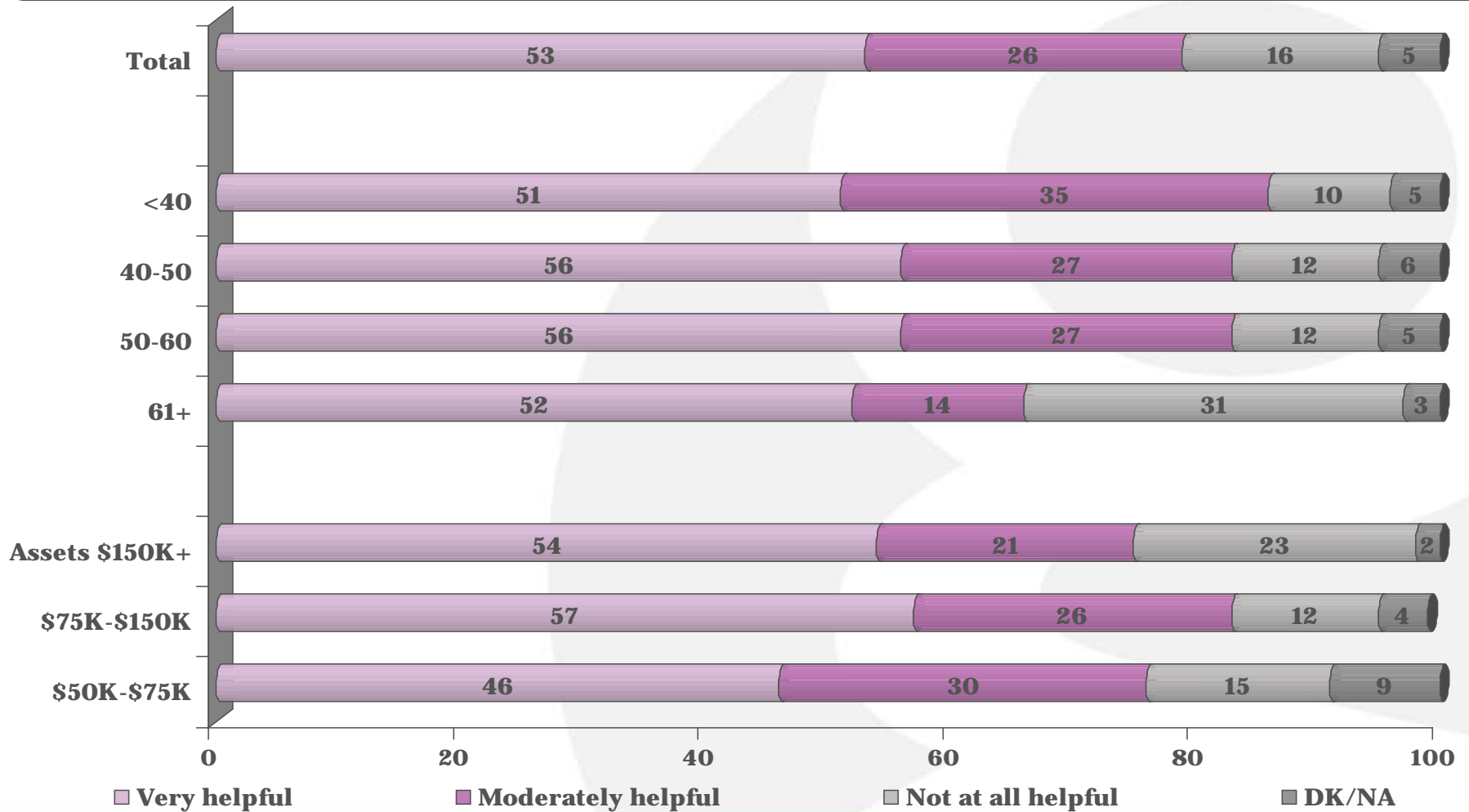
“On a scale of 1 to 9 with 1 being “not at all helpful” and 9 being “completely helpful,” please rate the extent to which the advice and services you currently receive are helpful to you when making decisions regarding how much to contribute to your RRSP and retirement savings.”





Advice and Assistance on RRSPs

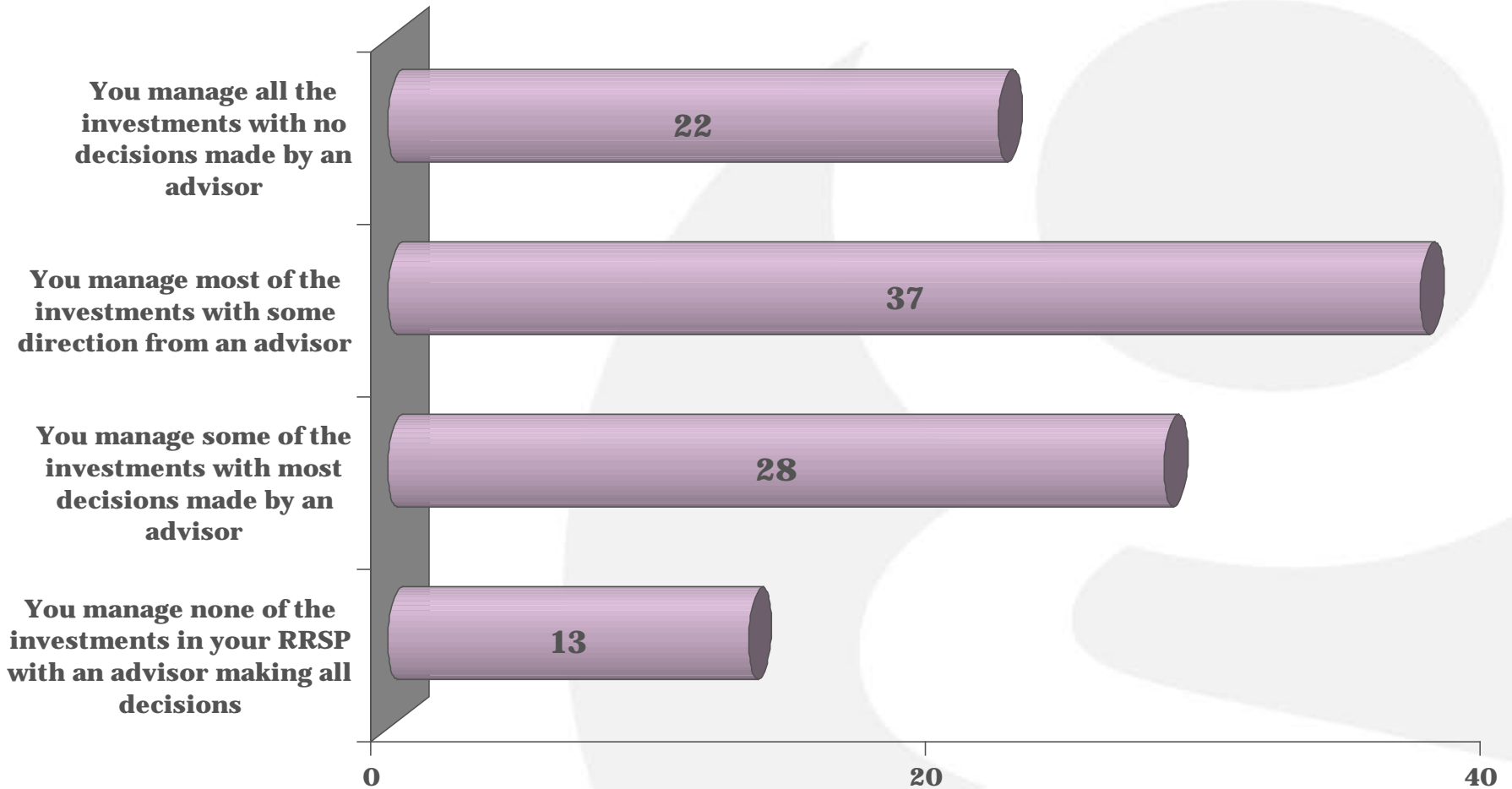
“Regardless of whether or not you consulted an advisor, planner or broker, how helpful do you think a financial planner would be in order to help you plan your finances so you are in a position to maximize the advantages of an annual RRSP contribution?”





Advice and Assistance on RRSPs

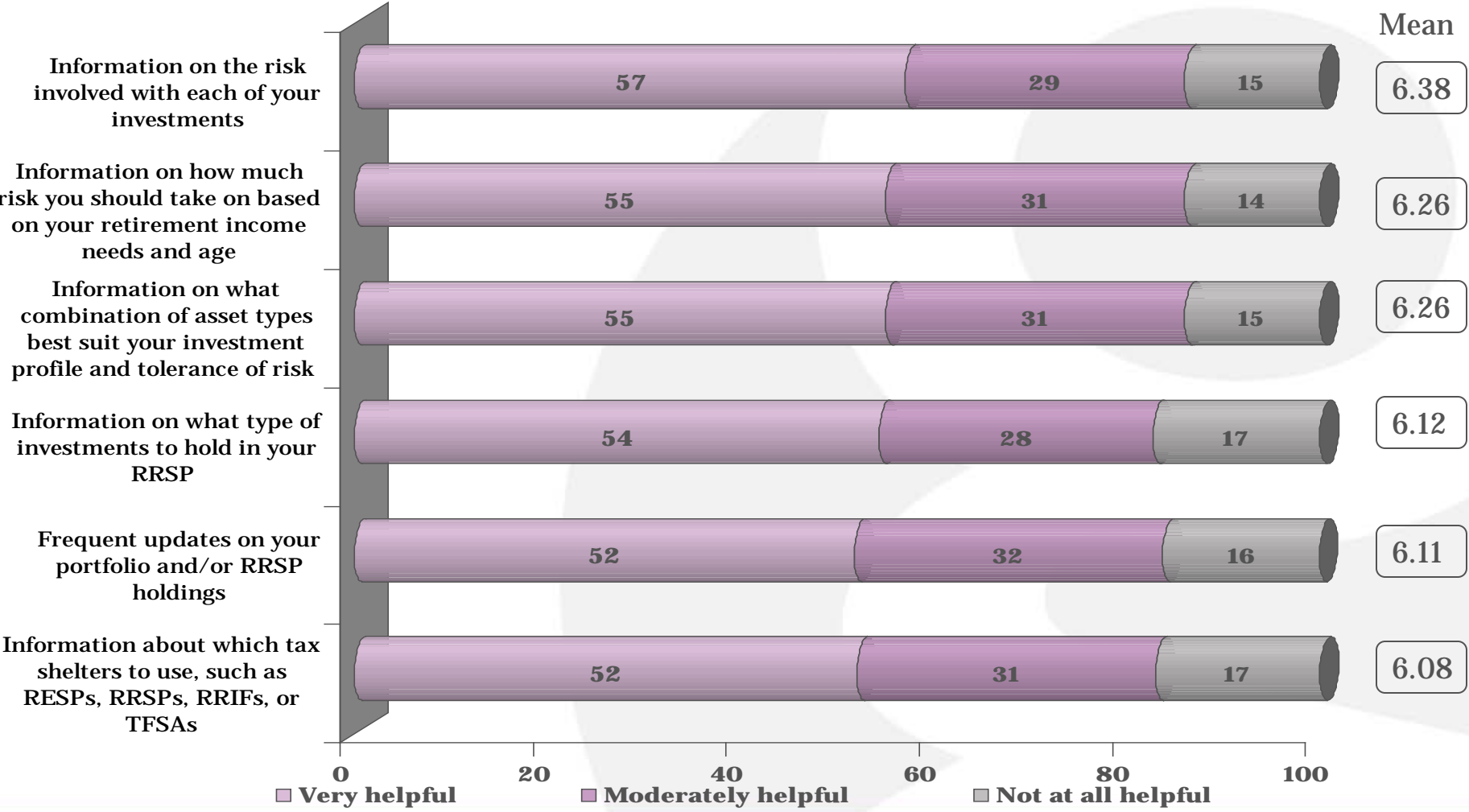
“Please review the following statements about your RRSP and select the one that most applies to you.” (Asked only of those with RRSPs)





Advice and Assistance on RRSPs

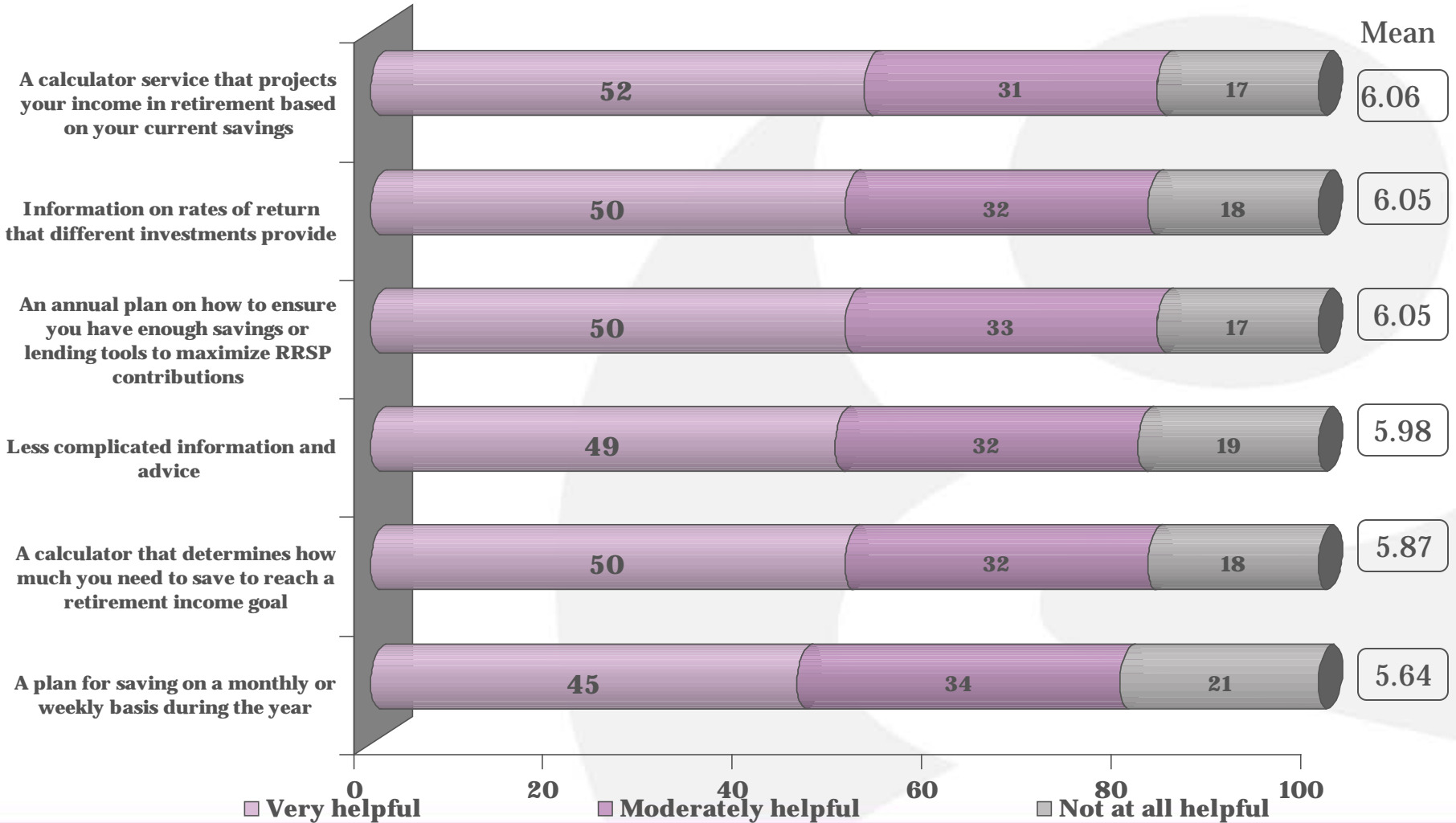
“How helpful would the following services be to you at helping you make decisions around how much to contribute to RRSPs and retirement savings?” (Scale 1 to 9, – 1 is not at all helpful and 9 is very helpful)





Advice and Assistance on RRSPs

“How helpful would the following services be to you at helping you make decisions around how much to contribute to RRSPs and retirement savings?”





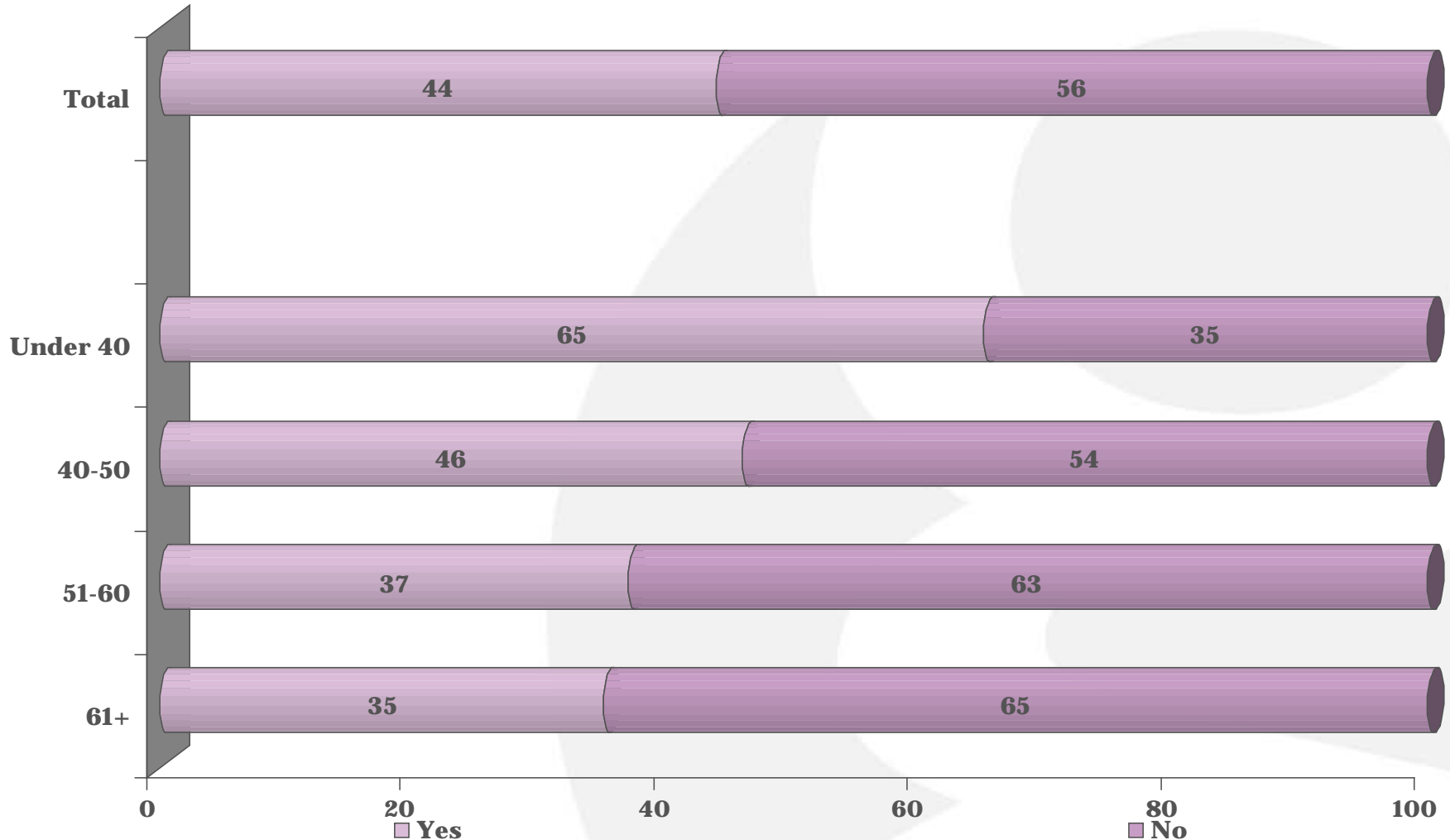
Online RRSP Services

- ❑ More than half of retail investors with RRSPs or RRIFs are not using the Internet to review information about their retirement savings.
- ❑ Yet the majority would consider most online tools we presented to be helpful to them in making decisions around RRSPs.



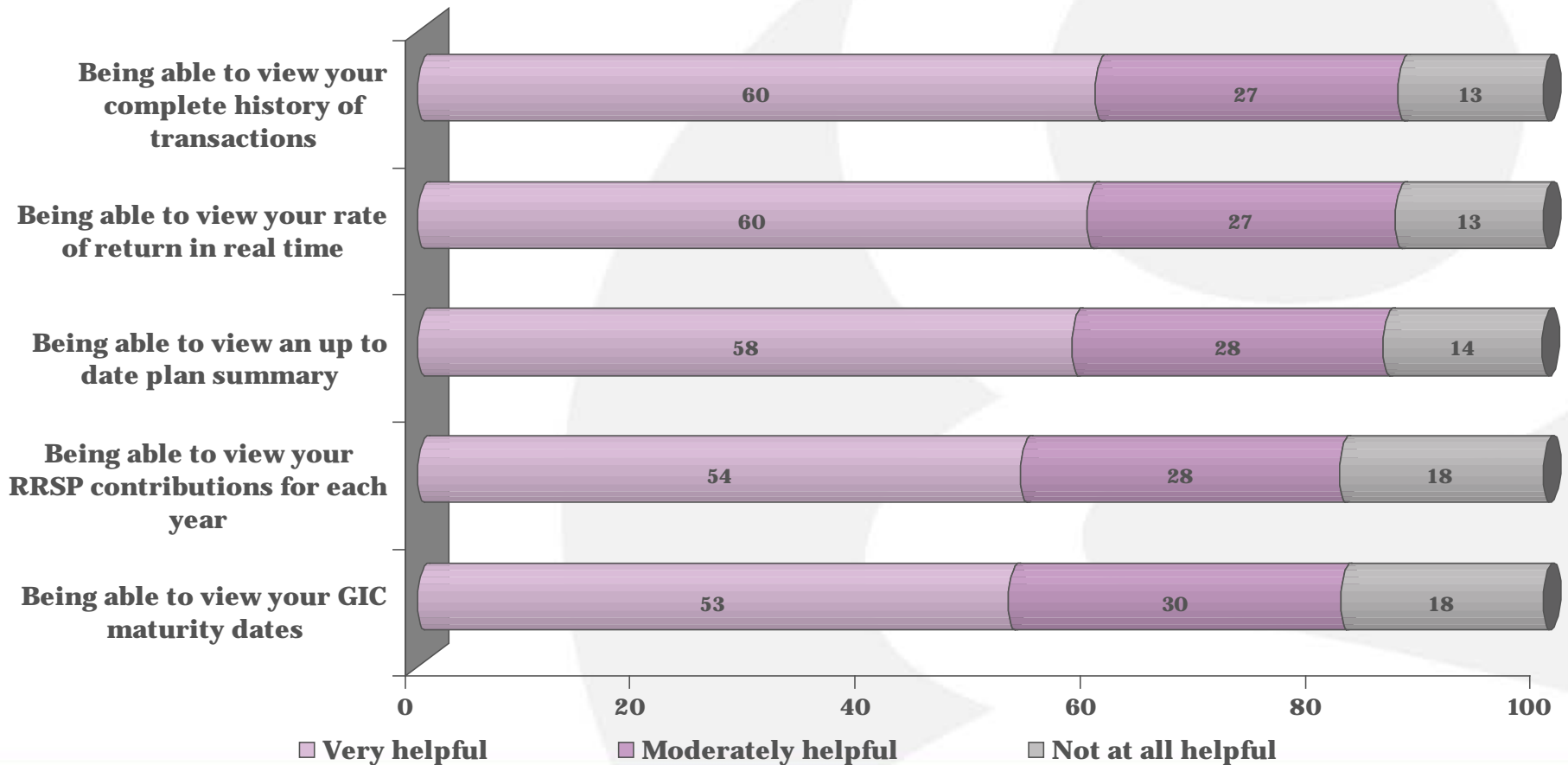
Online RRSP Services

“Do you use an online service to review information about your RRSP or RRIF?” (Asked only of those with RRSPs and RRIFs)





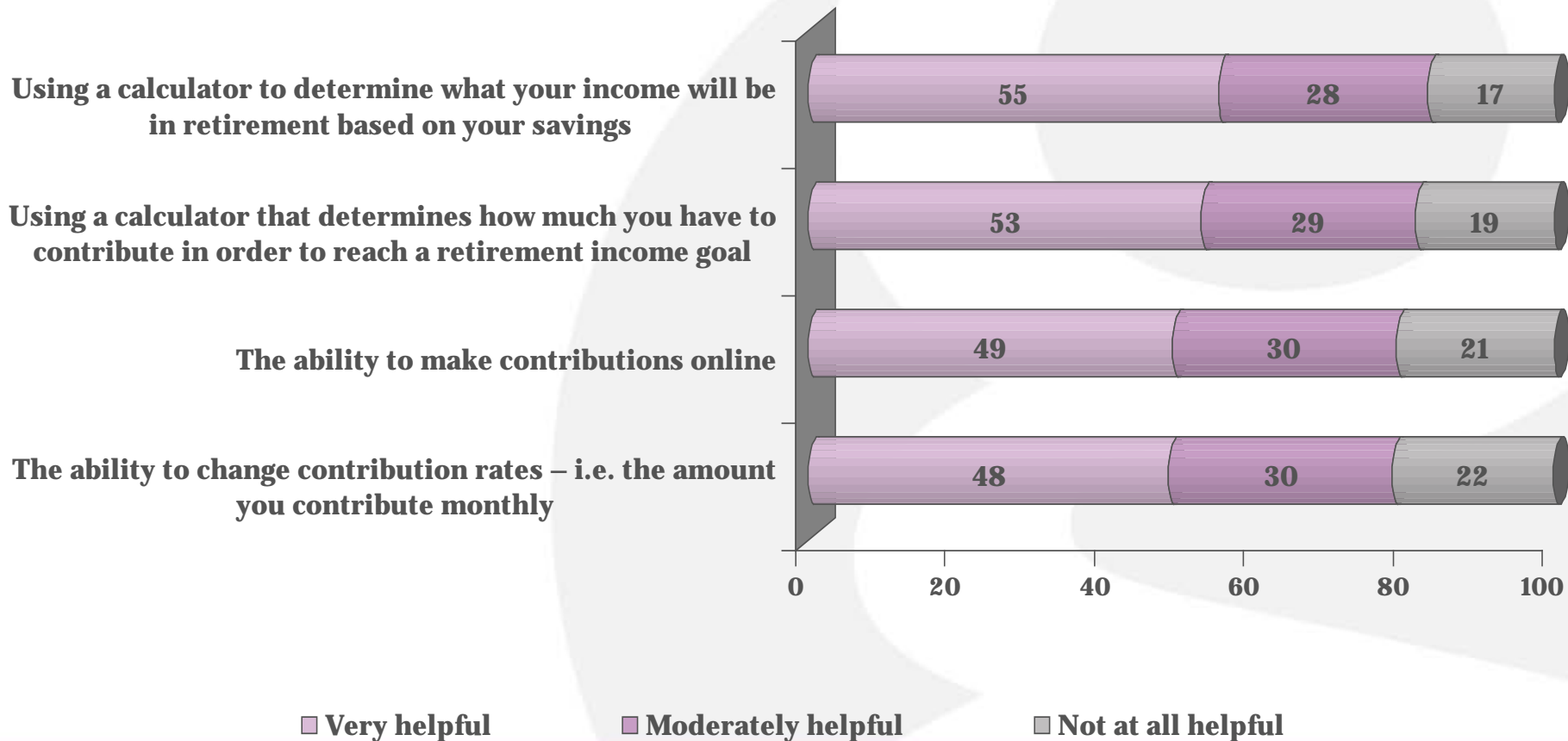
“Whether or not you currently review or manage your investments online, we’d like to know how helpful certain online tools would be to you when it comes to decisions about RRSP contributions and retirement savings. Please tell us using a scale of one to nine where one means not at all helpful and nine means very helpful.”





Online RRSP Services

“Whether or not you currently review or manage your investments online, we’d like to know how helpful certain online tools would be to you when it comes to decisions about RRSP contributions and retirement savings. Please tell us using a scale of one to nine where one means not at all helpful and nine means very helpful.”



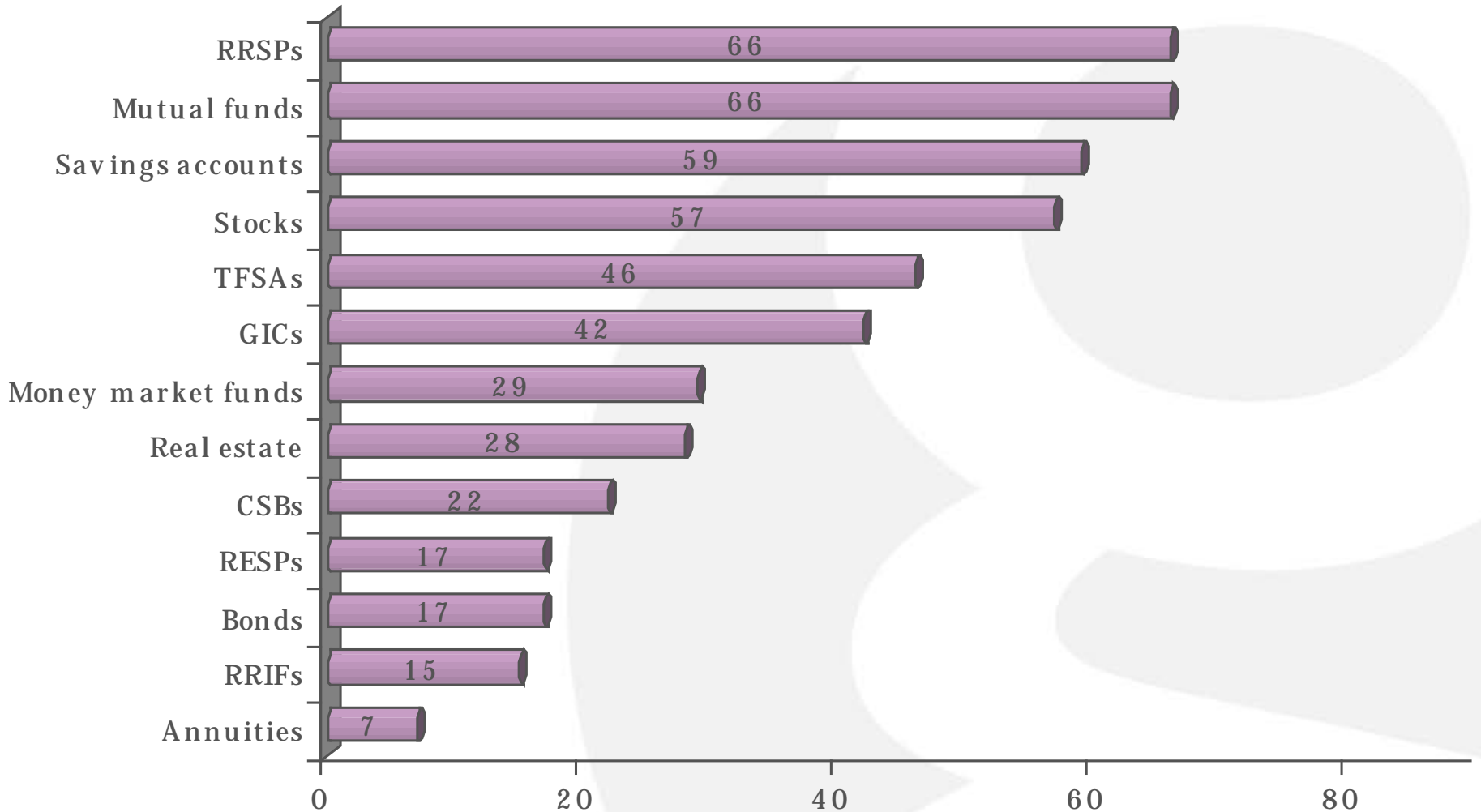


- ❑ While registered retirement plans – both RRSPs and RRIFs - are widely held by Retail Investors, almost half have opened up a Tax Free Savings Account since they were created in 2009.
- ❑ Retail investors are more likely to own stocks and mutual funds than bonds. But over the past year they have been even more likely to be buyers than sellers of stocks and funds. In contrast, they are as likely to saying they have been selling bonds as buying them. While far fewer are buying and selling gold, those that do have been selling as much as buying.
- ❑ Expectations for investments are growing more bullish. On average retail investors expect to see gains of 10%. Six months ago, they were predicting on average 8%.
- ❑ Yet while TSX values have increased over the last six months, and predictions for a rate of return are optimistic, there is still a segment of investors who remain concerned about investing in current conditions. There is still an underlying lack of confidence in investing that is little changed over the last two quarters.



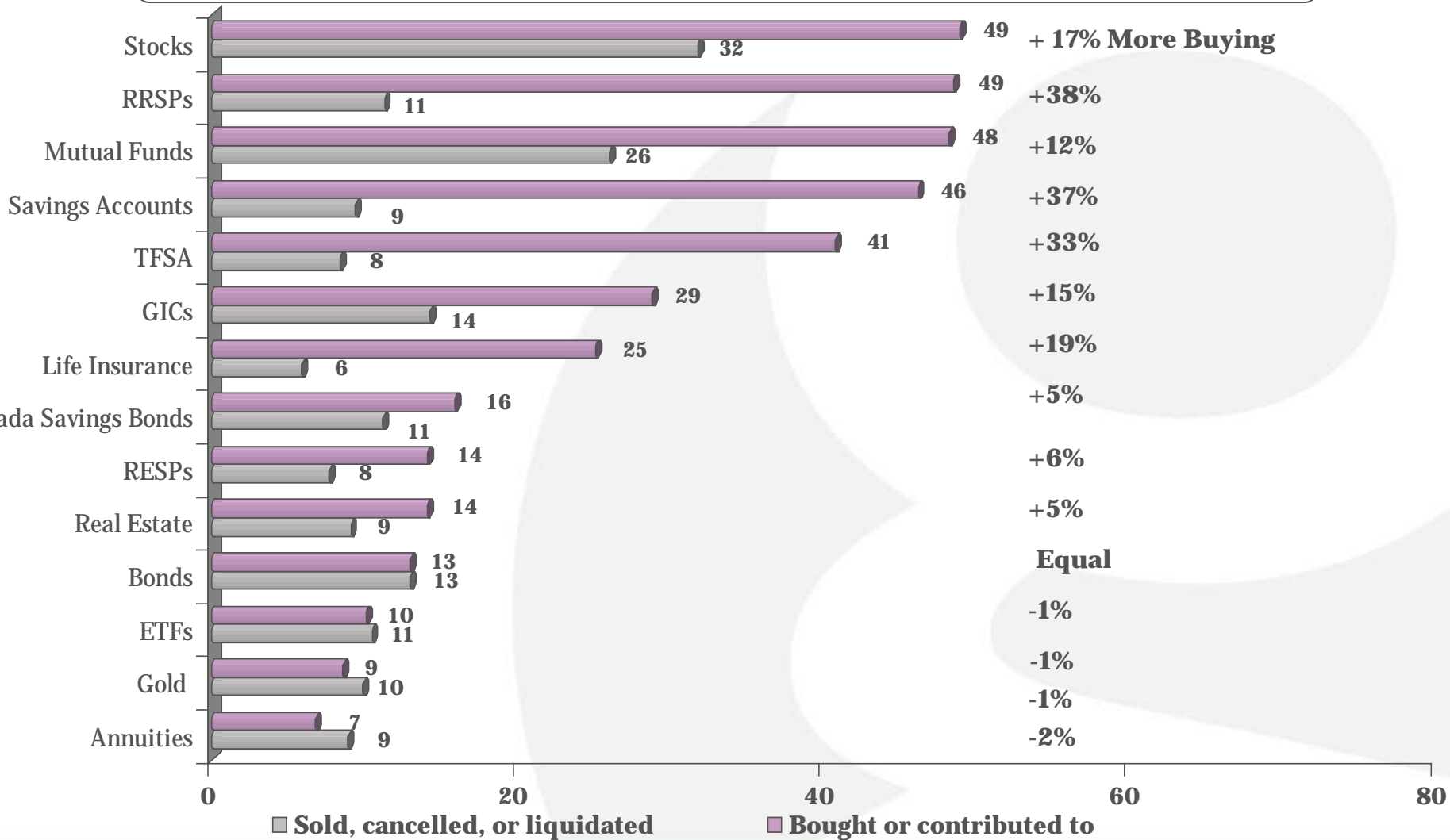
Type of Investment

“Please tell us which of the following investment types you own.” (% saying they owned each)





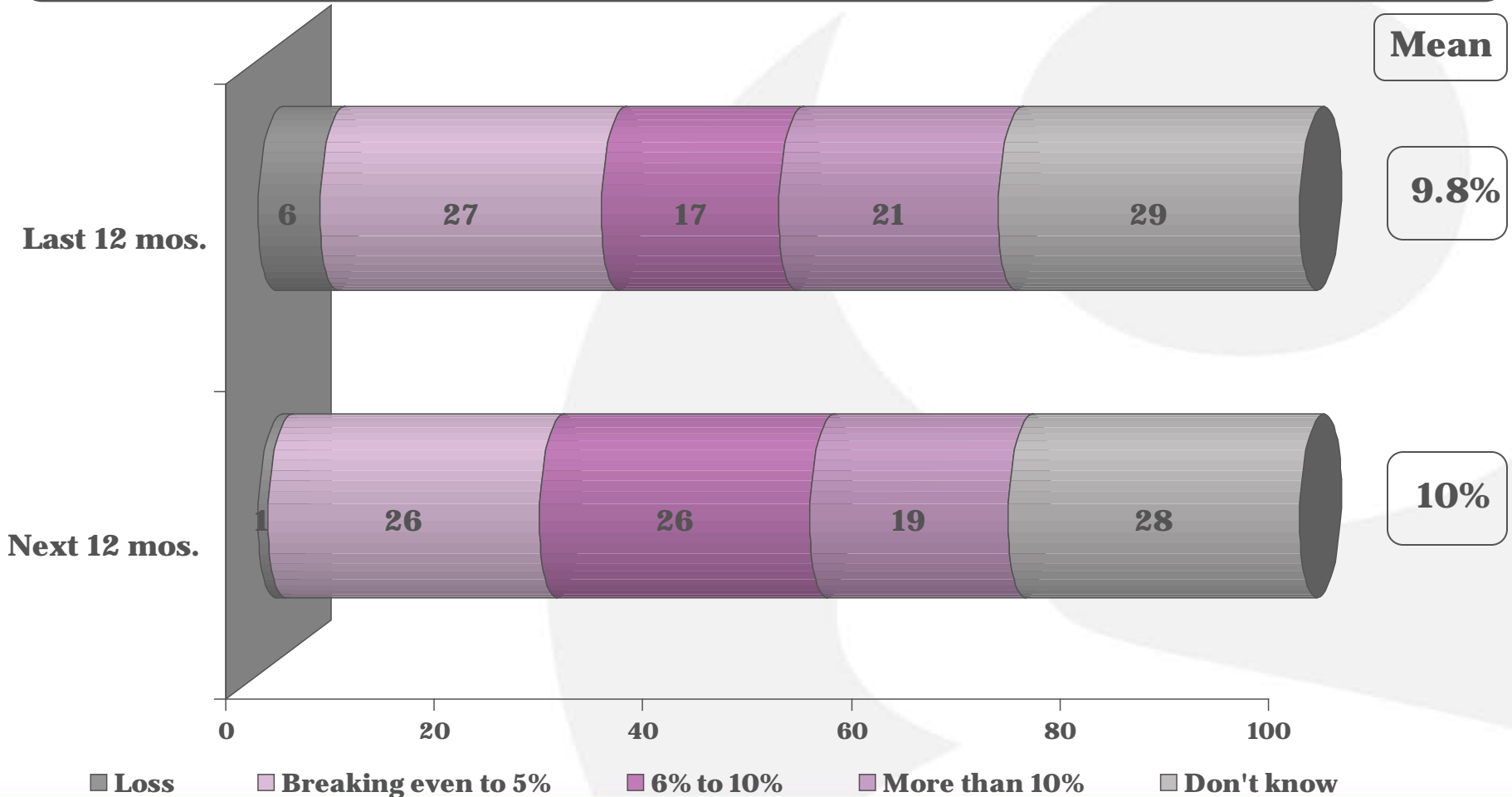
“Please tell us which of the following you bought or contributed to and then tell us which you sold, cancelled or liquidated over the last six months”





Expected ROI

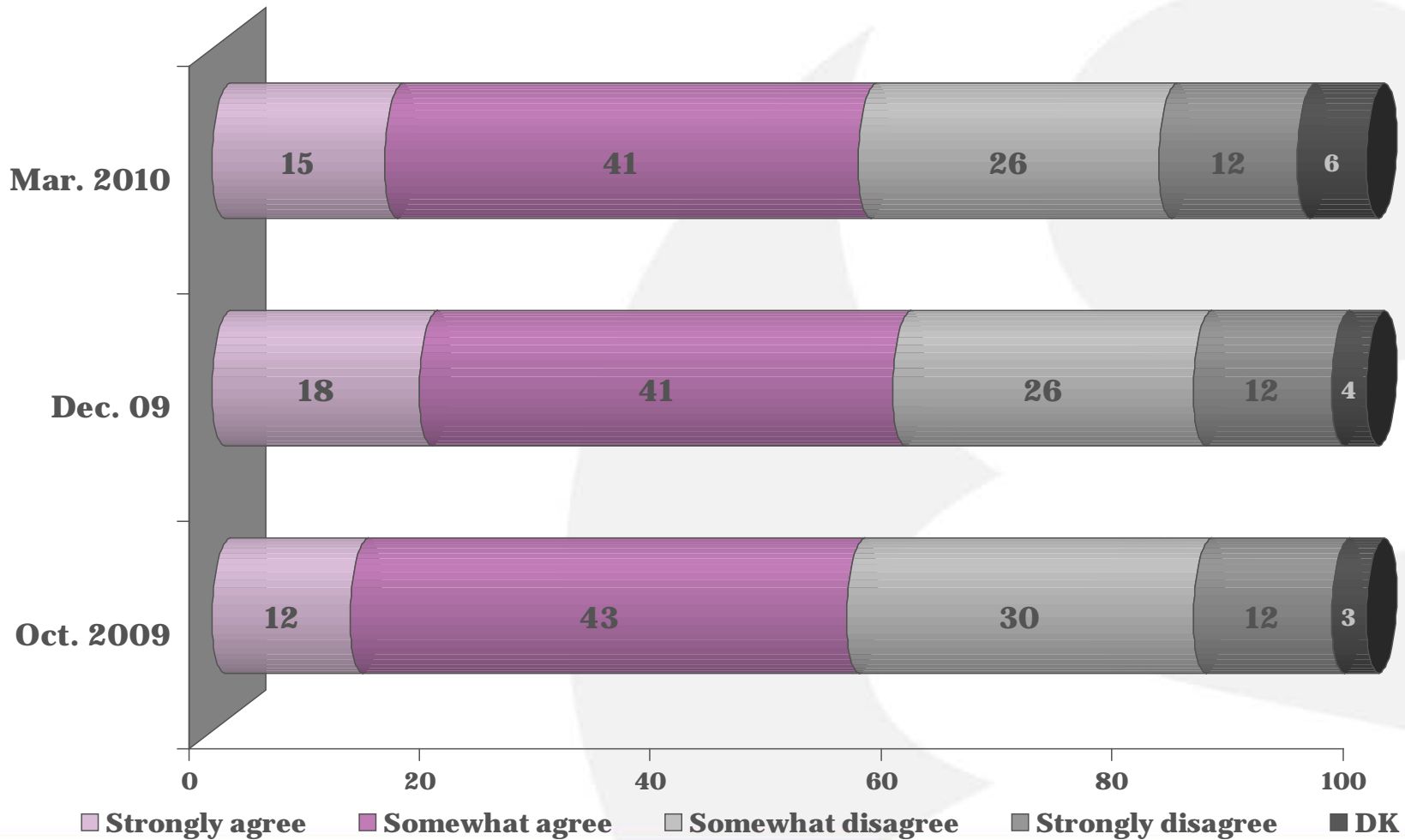
“Please tell us what rate of return in percentage terms you have seen from your investments in stocks bonds and mutual funds over the last 12 months.” AND “What rate of return...you expect from your investments in stocks bonds and mutual funds over the next 12 months.”





Confidence in the Markets

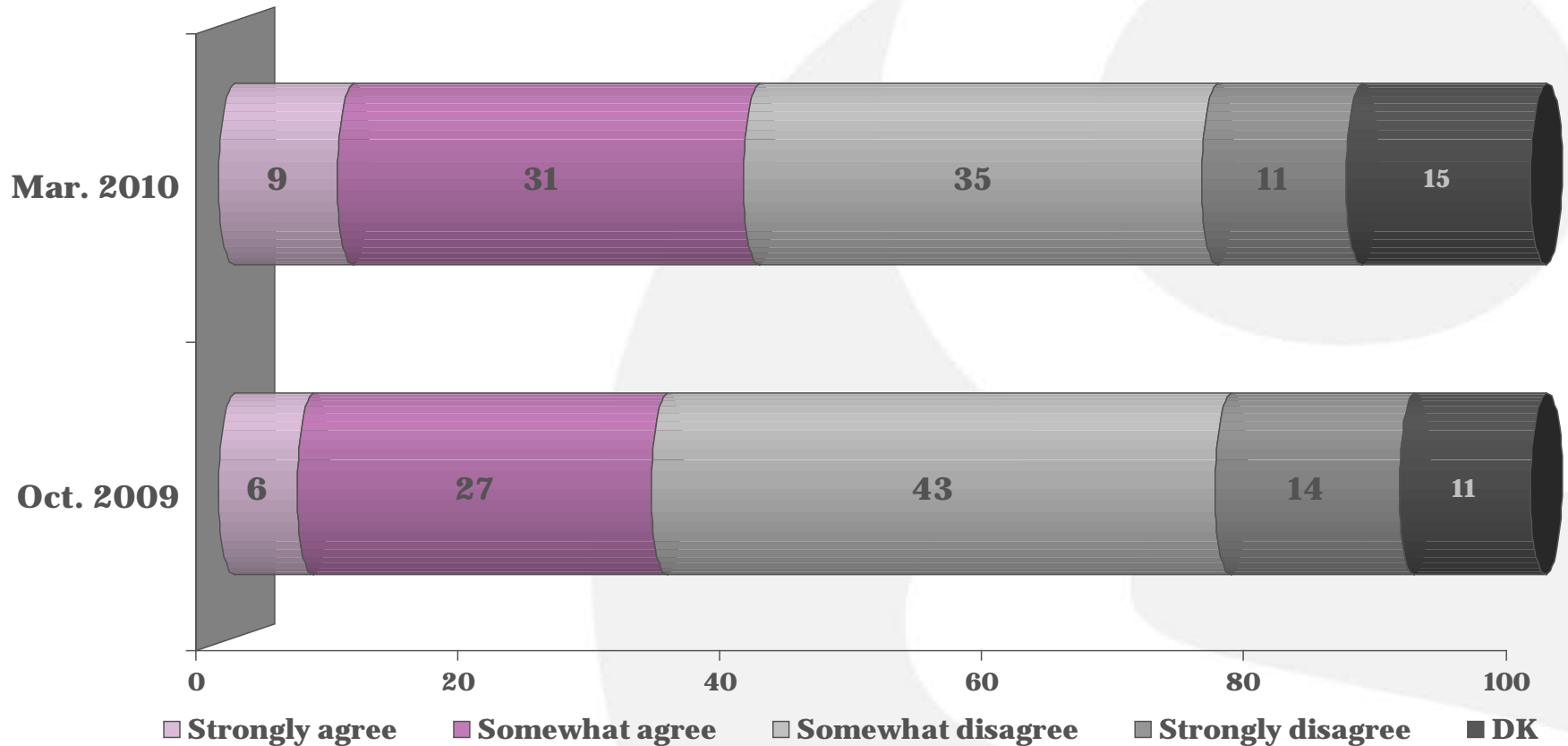
“The following are statements people might make about the markets. Please tell us if you agree or disagree with each: **I’m more worried about falling behind than I am excited about getting ahead.**”





Confidence in the Markets

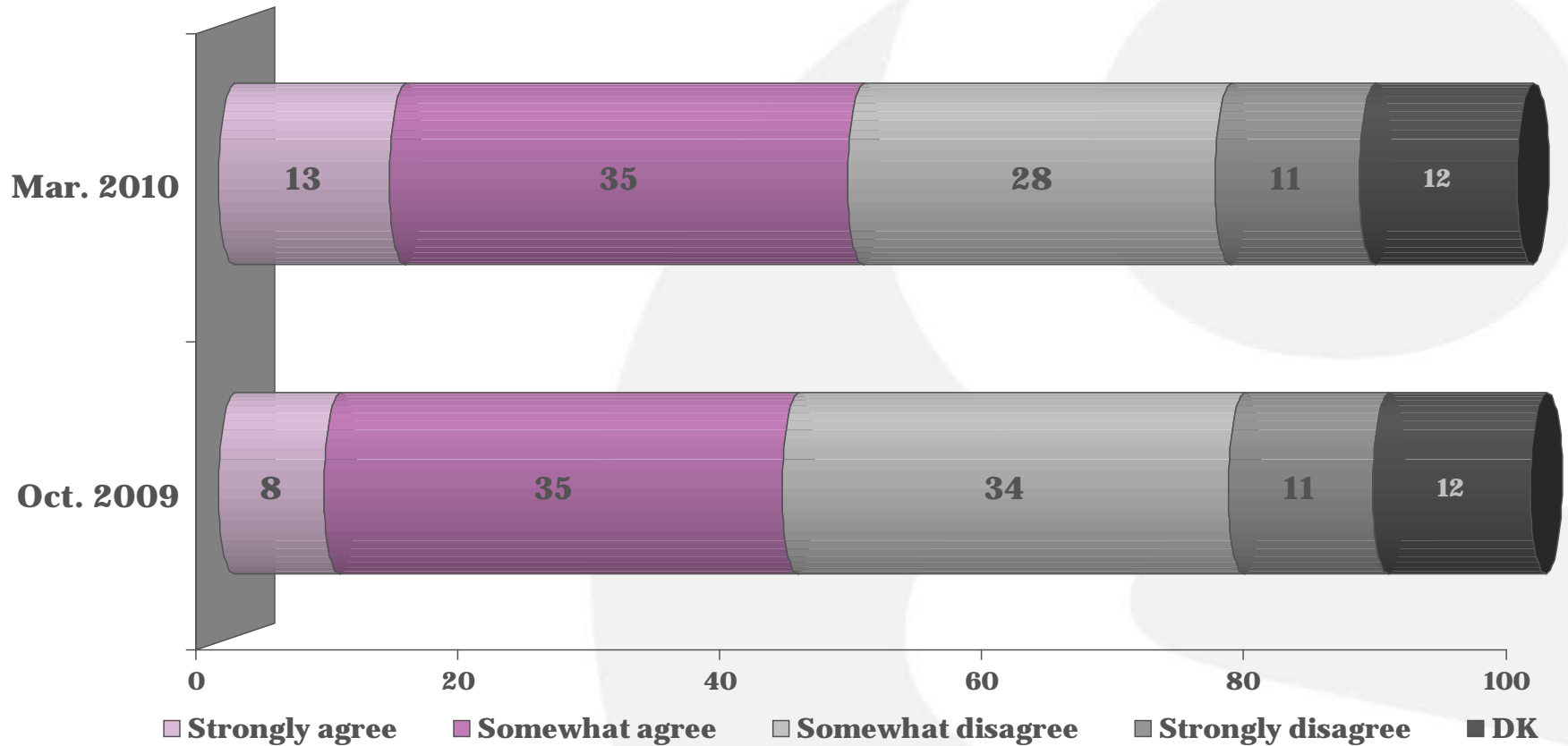
“The following are statements people might make about the markets. Please tell us if you agree or disagree with each: **I think stock market values are likely to drop some time in the next six months**”





Confidence in the Markets

“The following are statements people might make about the markets. Please tell us if you agree or disagree with each: **I think it’s safer to invest in real estate than in the stock markets right now**”





Confidence in the Markets

“What is your level of confidence when it comes to investing your money in the stock market at the current time? Please tell us on a scale of 1 to 9 where 1 means not at all confident and 9 means very confident.”

