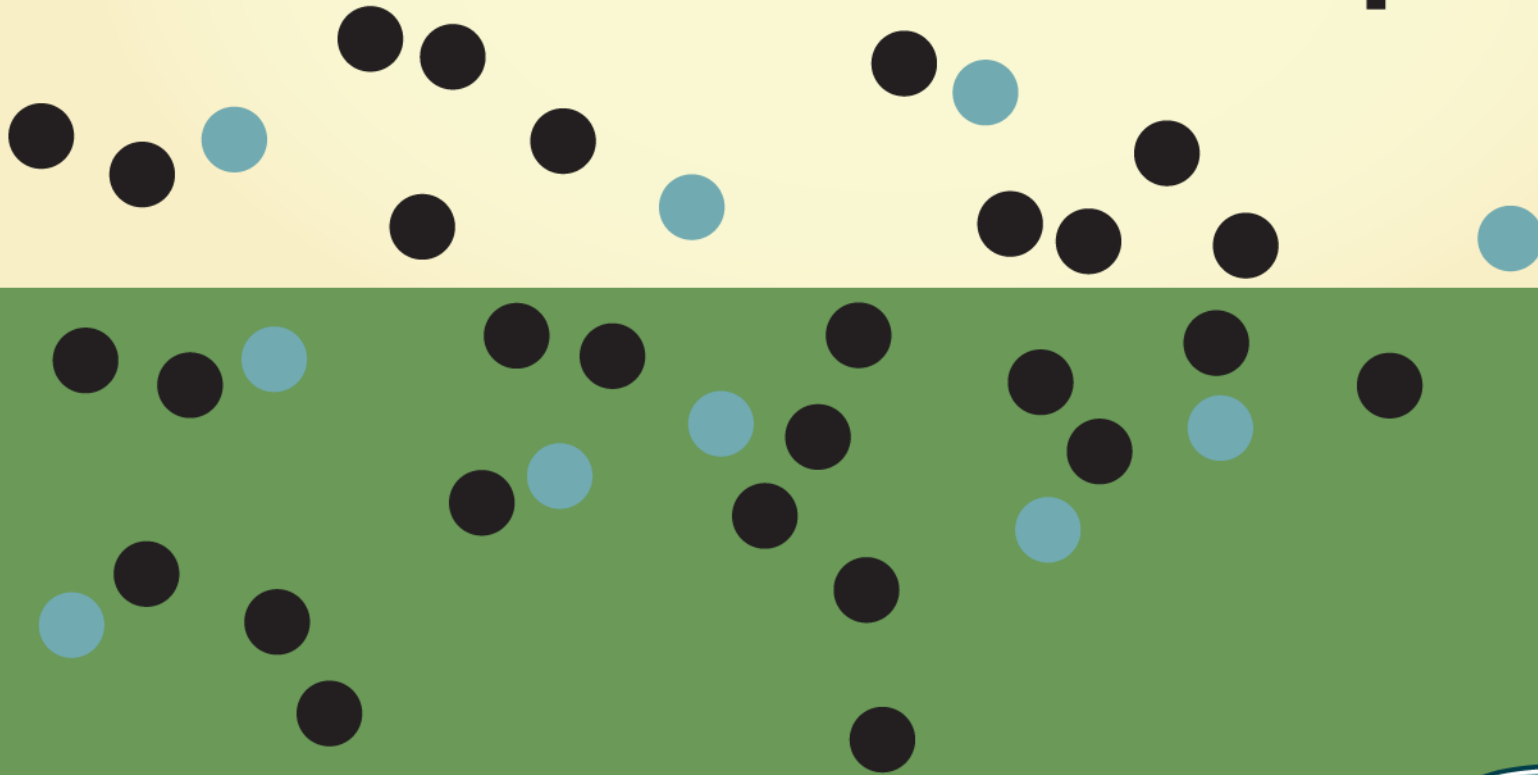


THE BENSIMON BYRNE

Consumerology Report



Methodology

- ❑ The Gandalf Group conducted qualitative and quantitative research to produce the *Consumerology Report*. A national proportionate quantitative online survey was conducted in English and French with 1,500 Canadians between September 20 and September 30, 2010.
- ❑ Each quarter the *Consumerology Report* tracks consumer opinions about the economy, their personal financial expectations, consumer buying intention, and attitudes toward key national issues.
- ❑ Now in its tenth quarter, the primary purpose of this edition of *Consumerology* is to probe and measure perceptions and preparedness surrounding retirement as well as work and quality of life expectations.

Key Findings

- ❑ On balance, most people look forward to retirement.
- ❑ Most people would like to retire earlier than they expect to be able to.
- ❑ However, today's workers expect that their retirement will be very different from those who preceded them – most think they will continue to work for money in some fashion.
- ❑ Most working people have little or no confidence that they have or will save enough money for retirement and anticipate relying on government pensions like CPP/QPP and OAS.
- ❑ There is a strong disconnect between the life people anticipate in retirement – less stressful, more travel, more socializing, helping children financially – and most people's lack of financial preparedness for retirement.

Retirement – How it is Defined

Retirement Age Expectancies

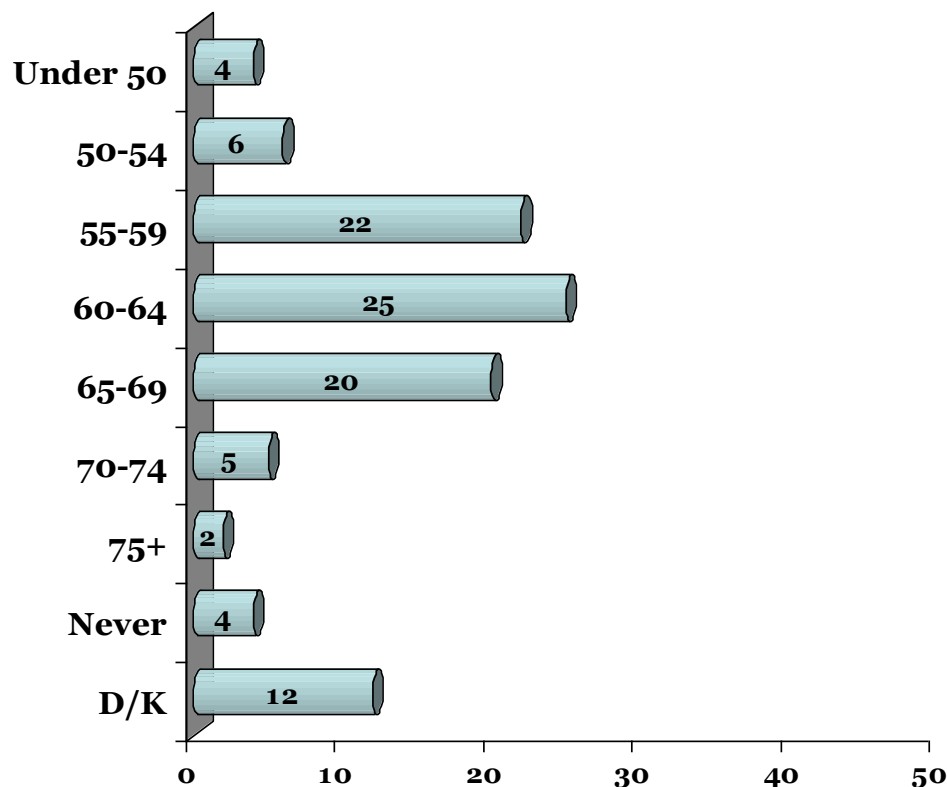
- ❑ Most people expect to retire later than they would like to.
- ❑ Only a third expect to be retired before 65.
- ❑ Almost one in five expect to be working after age 70.
- ❑ The average length of time people expect to live in retirement is 25 years.
- ❑ There is a rejection of traditional notions of a set retirement date – most oppose both a mandatory retirement age and an increase in the mandatory retirement age.

Retirement Age – Non-retired

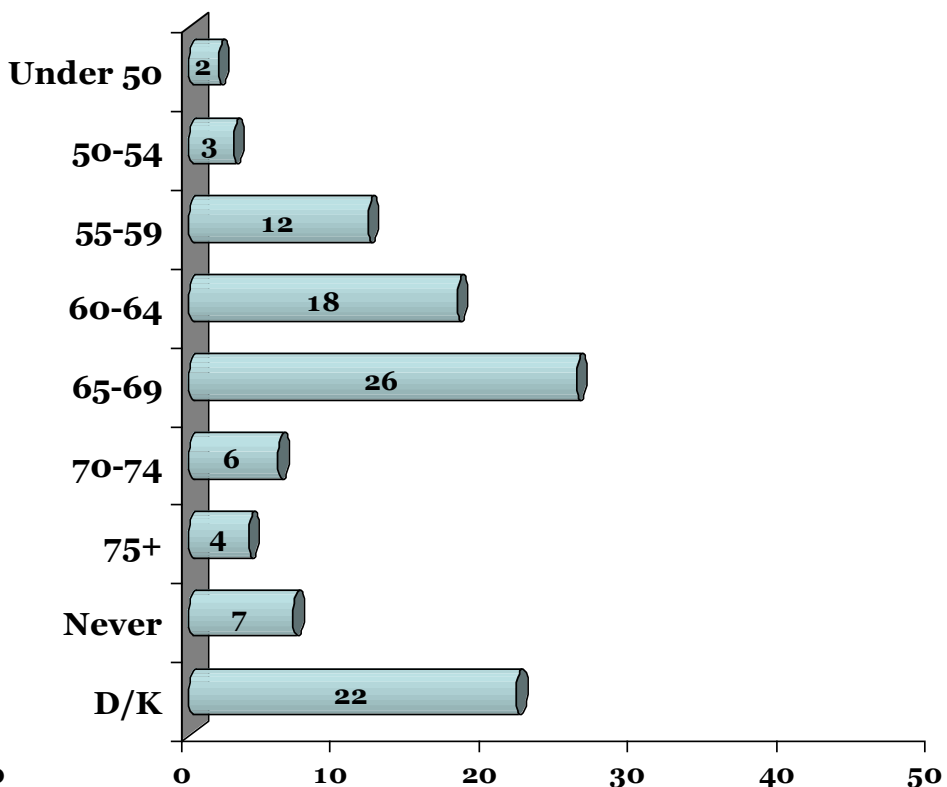
“Thinking of your preferences, what age would you say would be the ideal age at which to retire?” AND
“At what age do you expect you will retire?”

(To all those EXCEPT retired and retired homemaker)

Ideal Age



Expected Age

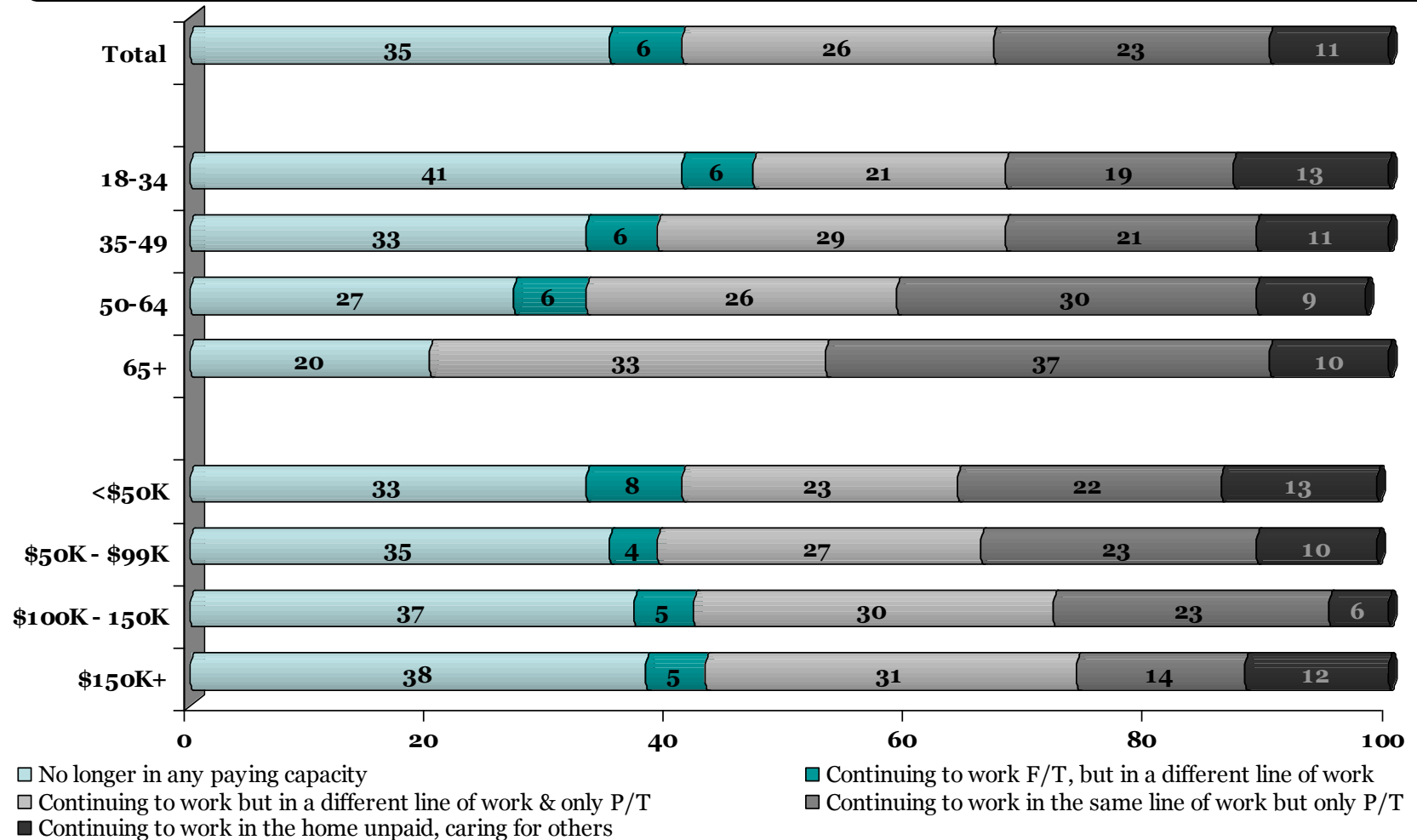


Retirement Work Expectations

- ❑ Three quarters of current retirees have not worked for pay since their retirement. Only one third of current working Canadians expect a retirement without work.
 - The closer you get to retirement, the more likely it seems to you that you will have to continue working in some capacity

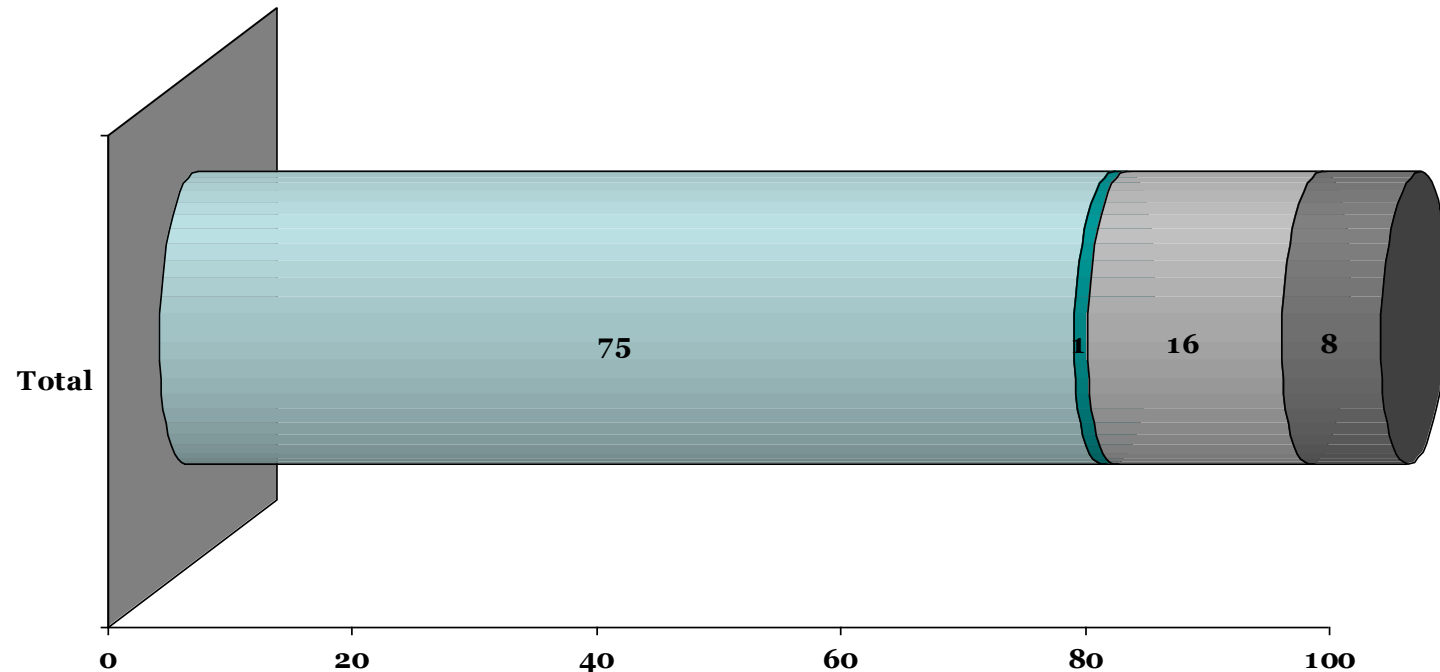
Expected Working Capacity in Retirement

“Do you think your retirement will consist of (select one):” (To all those **EXCEPT** retired and retired homemaker)



Working capacity in Retirement

“Since your retirement would you say you (select one):” (To all those who are **RETIRED** but **NOT** retired homemaker)



□ Have not worked in any paying capacity

□ Have cont'd to work but in a different line of work & only P/T

■ Have cont'd to work F/T, but in a different line of work

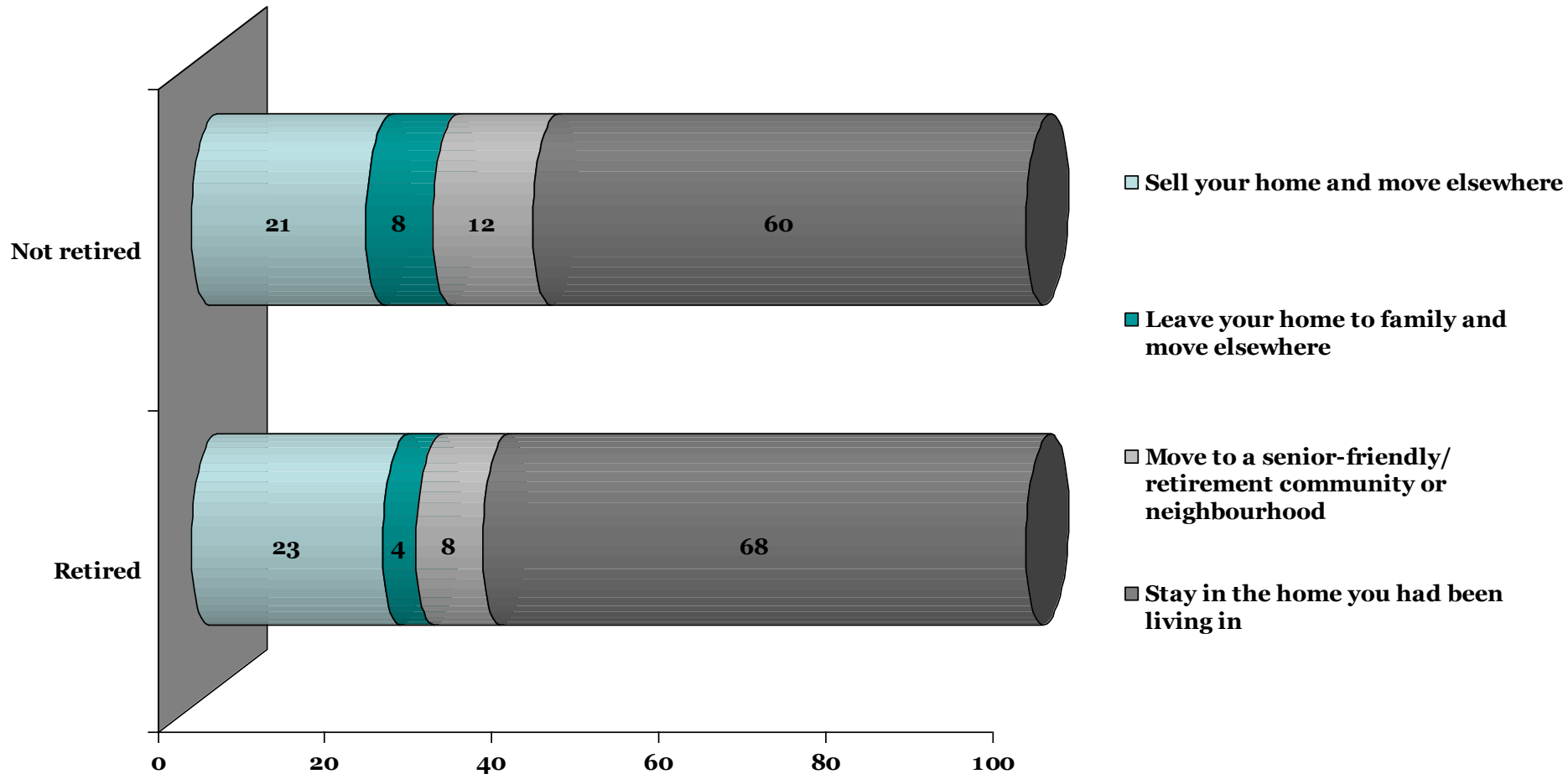
■ Have cont'd to work but only P/T in the same line of work

Living Arrangements in Retirement

- ❑ Staying in their home is a priority for most Canadians when they retire.
 - 70% of existing retirees did, and 60% of current workers expect to
 - Most say they do not want to be in a nursing home in any circumstances
- ❑ Yet, 2/3 of homeowners are relying on their home for income in retirement.

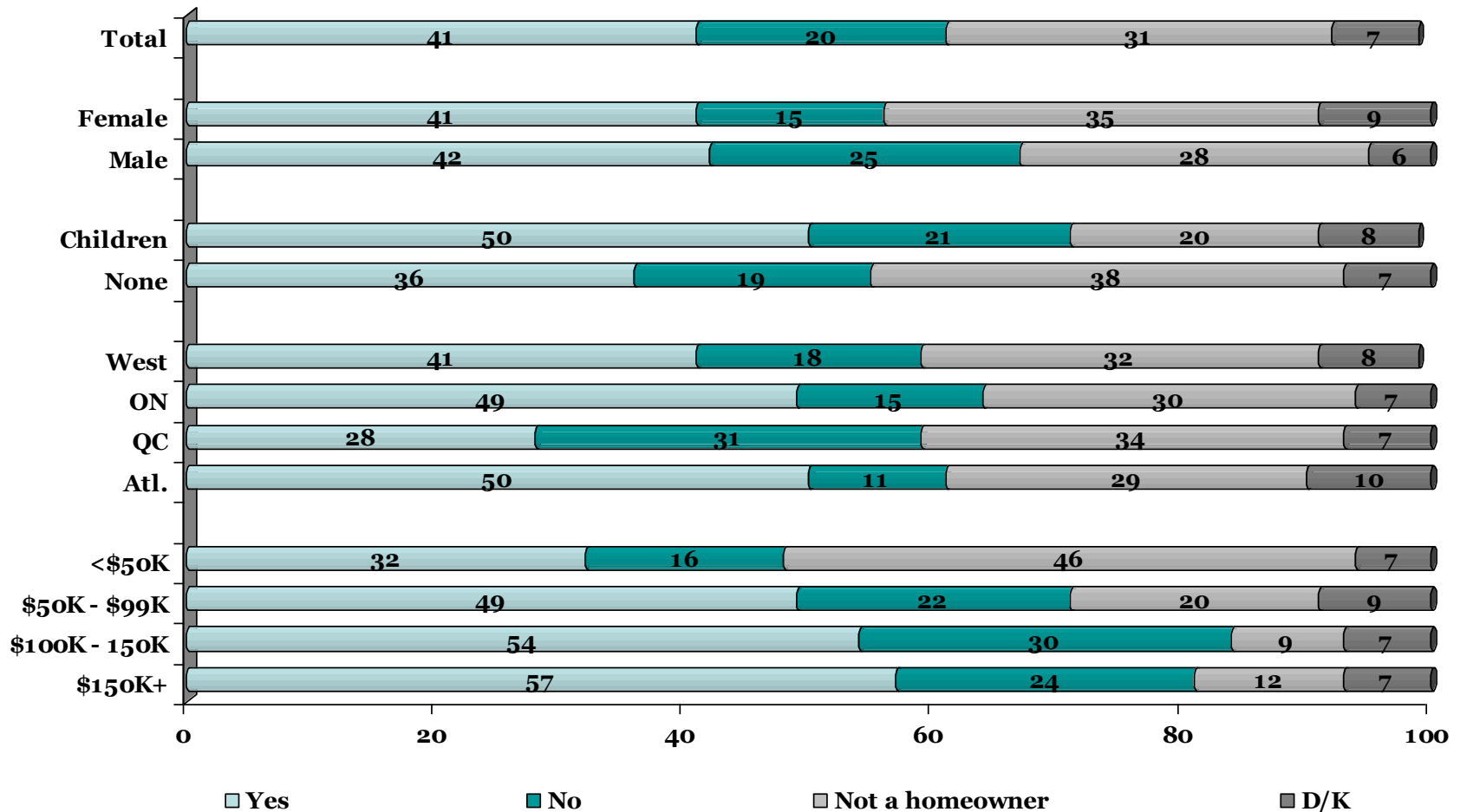
Living Arrangements in Retirement – Expected Vs. Reality

“When you retire, do you expect that you will:”



Home as a Retirement Investment

"Is your home an important part of your retirement income plan?" (Asked of all EXCEPT those who are retired and retired homemakers)



Retirement Lifestyles

Ambitions For Retirement

- ❑ Most people see retirement as a relaxed version of what went before, but four out of ten people see it as an entirely new phase of their life, significantly different than what went before.
- ❑ It is remarkable how much people's idea of retirement centres around family – whether it is recreational time or providing care

Ambitions For Retirement

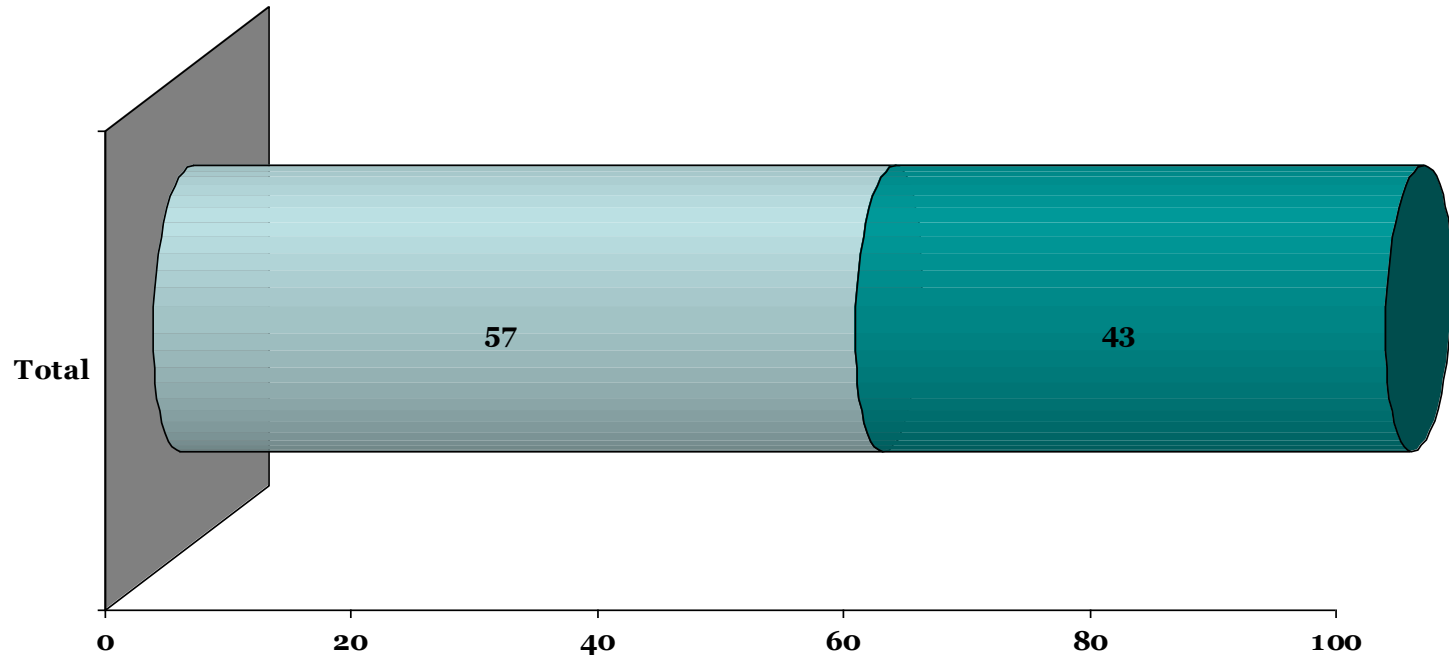
- ❑ If they follow the pattern of current seniors, life will not be exactly as they anticipate
 - They will spend less time providing care than they expect to
 - They will travel less than they expect to
 - In fact, more people cut back on travel spending than increase it when they retire
 - They will be less active, - physically, academically or in the community - than they expect to be
 - They won't get south as much as they want

Ambitions For Retirement

- ❑ Peoples hopes and fears about retirement are primarily the same – people want to be healthy and they do not want to be poor

Views on Retirement Lifestyle

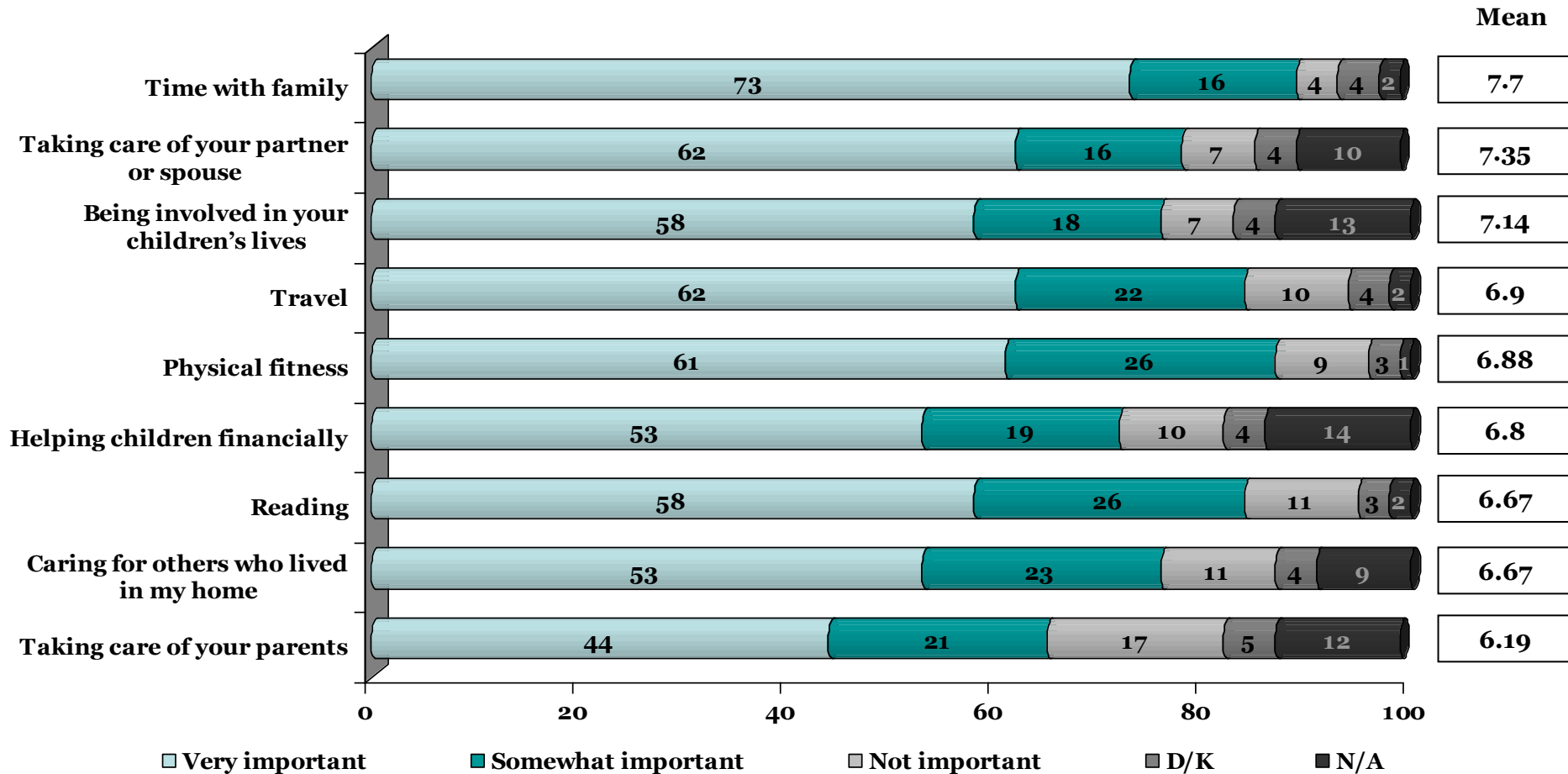
“Which of the following is closer to your idea of retirement?”



- Some people see retirement as a more relaxed continuation of the life they had been leading
- Other people see retirement as a chance to have a very different, second life.

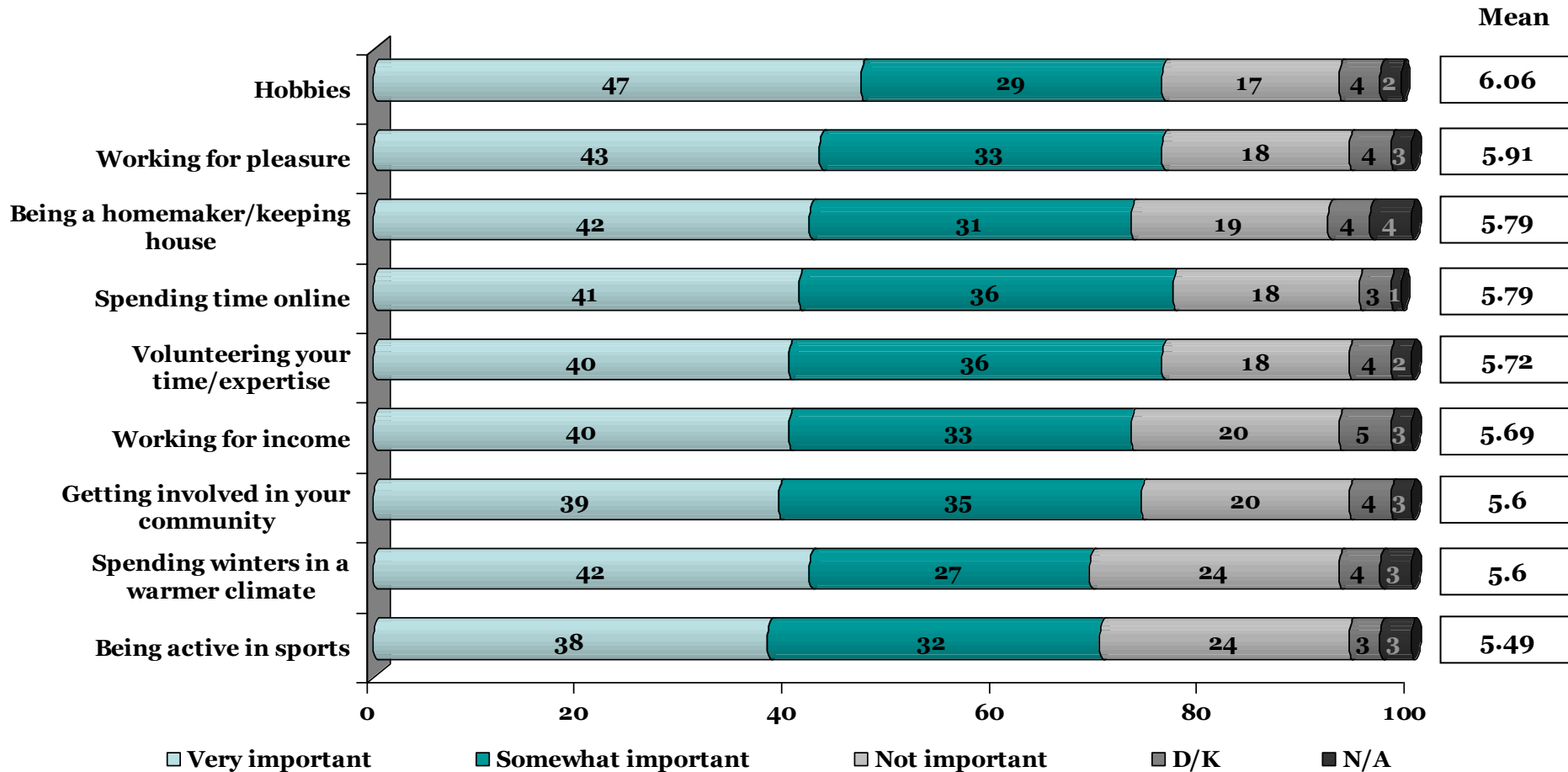
Future Retirement Objectives and Obligations – Tier 1

“The following are a number of life objectives or obligations. On a scale of one to nine where one means not at all important and nine means very important, please tell us how important you expect it to be once you have retired.”
(Asked of all EXCEPT those who are retired and retired homemakers)



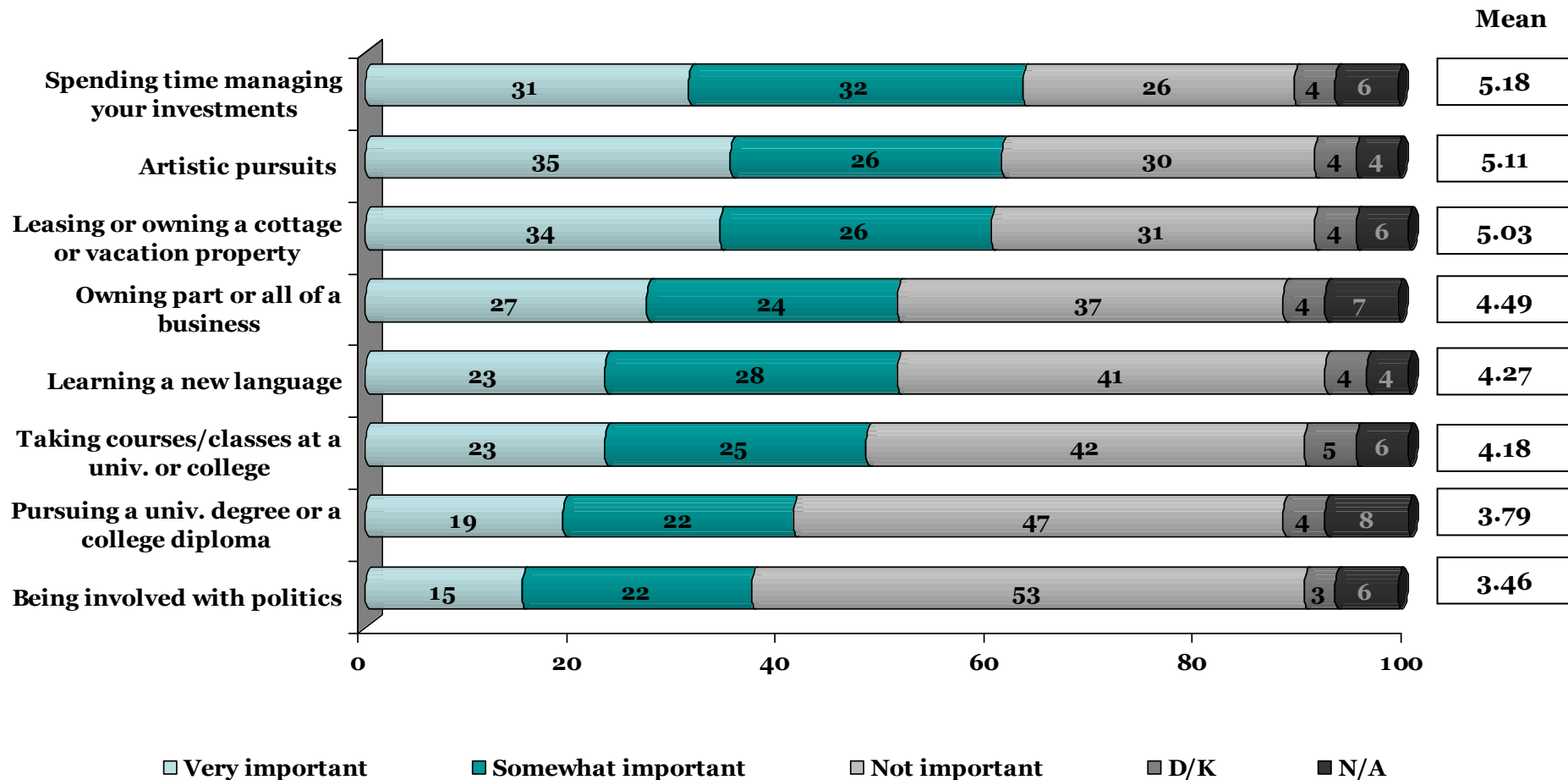
Future Retirement Objectives and Obligations – Tier 2

“The following are a number of life objectives or obligations. On a scale of one to nine where one means not at all important and nine means very important, please tell us how important you expect it to be once you have retired.”
(Asked of all EXCEPT those who are retired and retired homemakers)



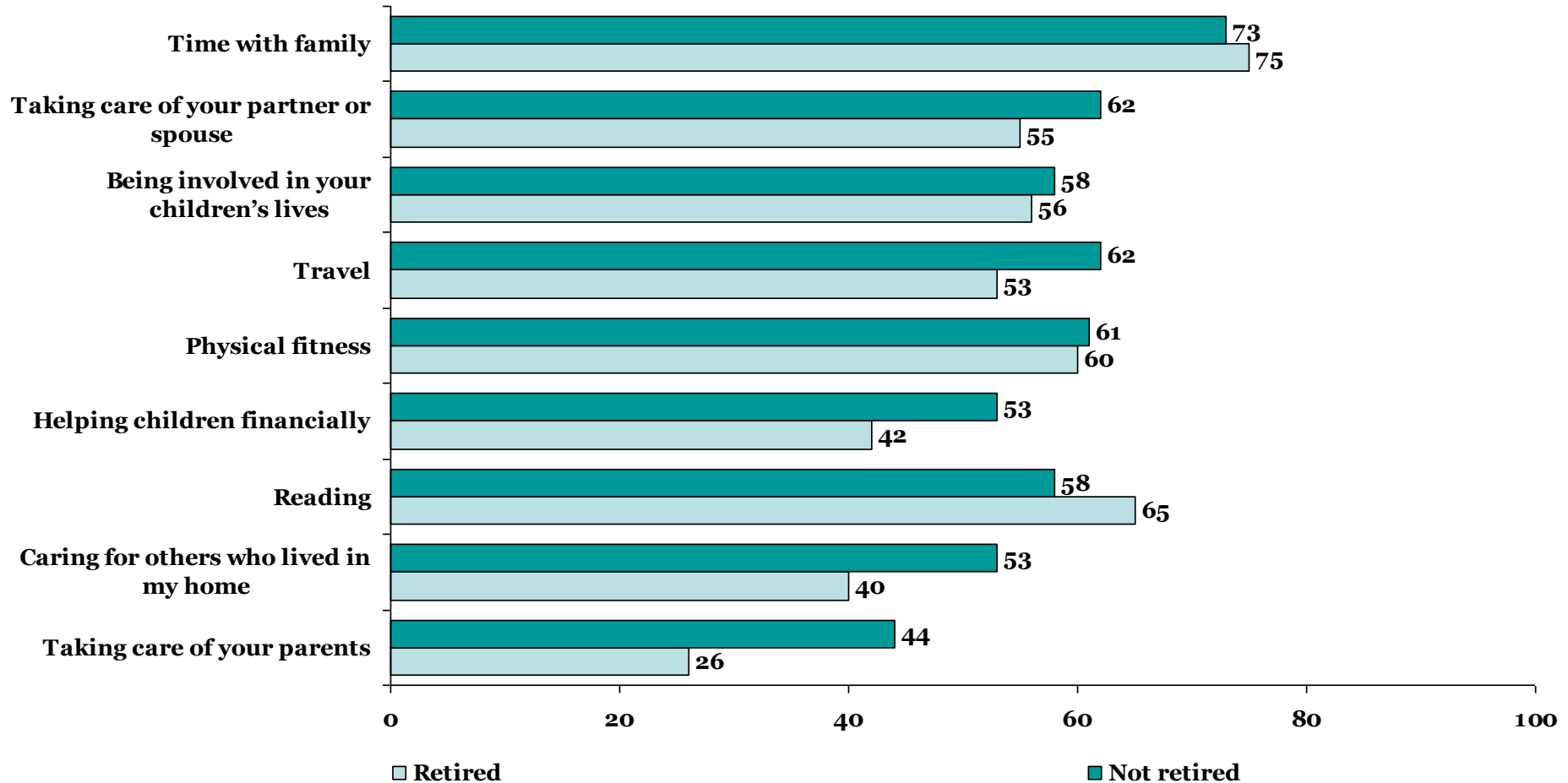
Future Retirement Objectives and Obligations– Tier 3

“The following are a number of life objectives or obligations. On a scale of one to nine where one means not at all important and nine means very important, please tell us how important you expect it to be once you have retired.”
(Asked of all EXCEPT those who are retired and retired homemakers)



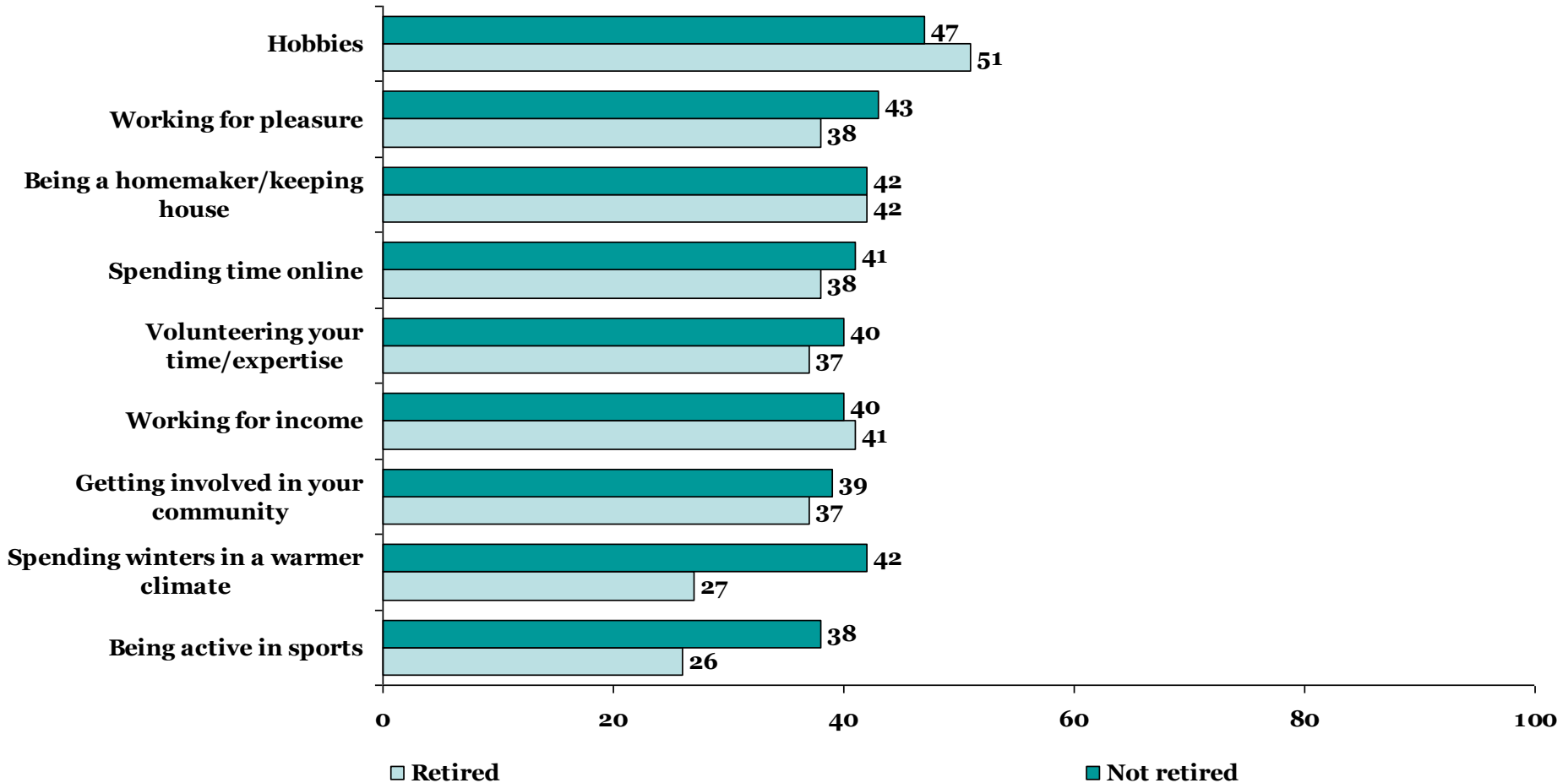
Comparing Retirement Objectives and Obligations – Tier 1

“The following are a number of life objectives or obligations. On a scale of one to nine where one means not at all important and nine means very important, please tell us how important you expect it to be once you have retired.”
(Very important)



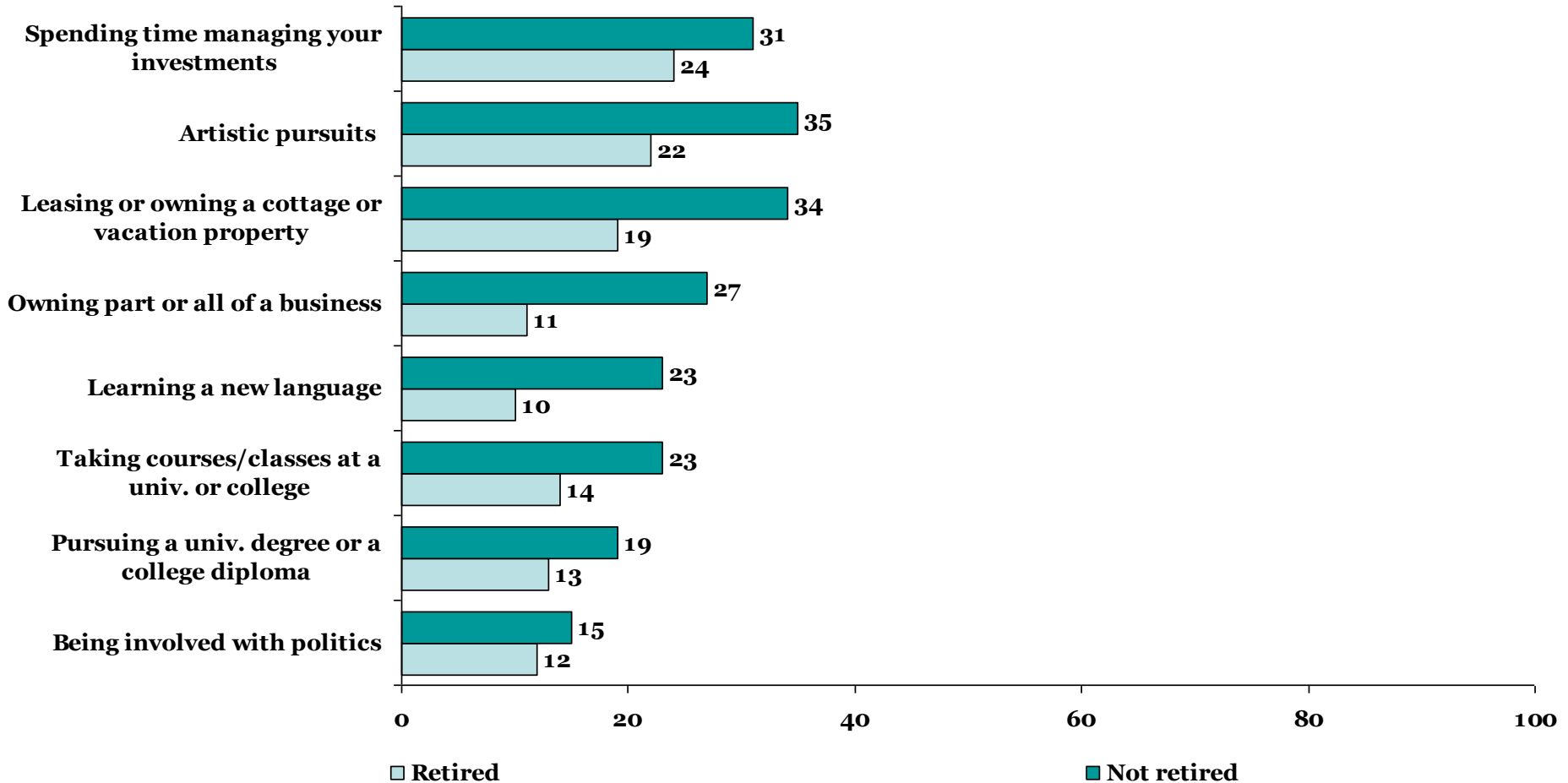
Comparing Retirement Objectives and Obligations – Tier 2

“The following are a number of life objectives or obligations. On a scale of one to nine where one means not at all important and nine means very important, please tell us how important you expect it to be once you have retired.”
(Very important)



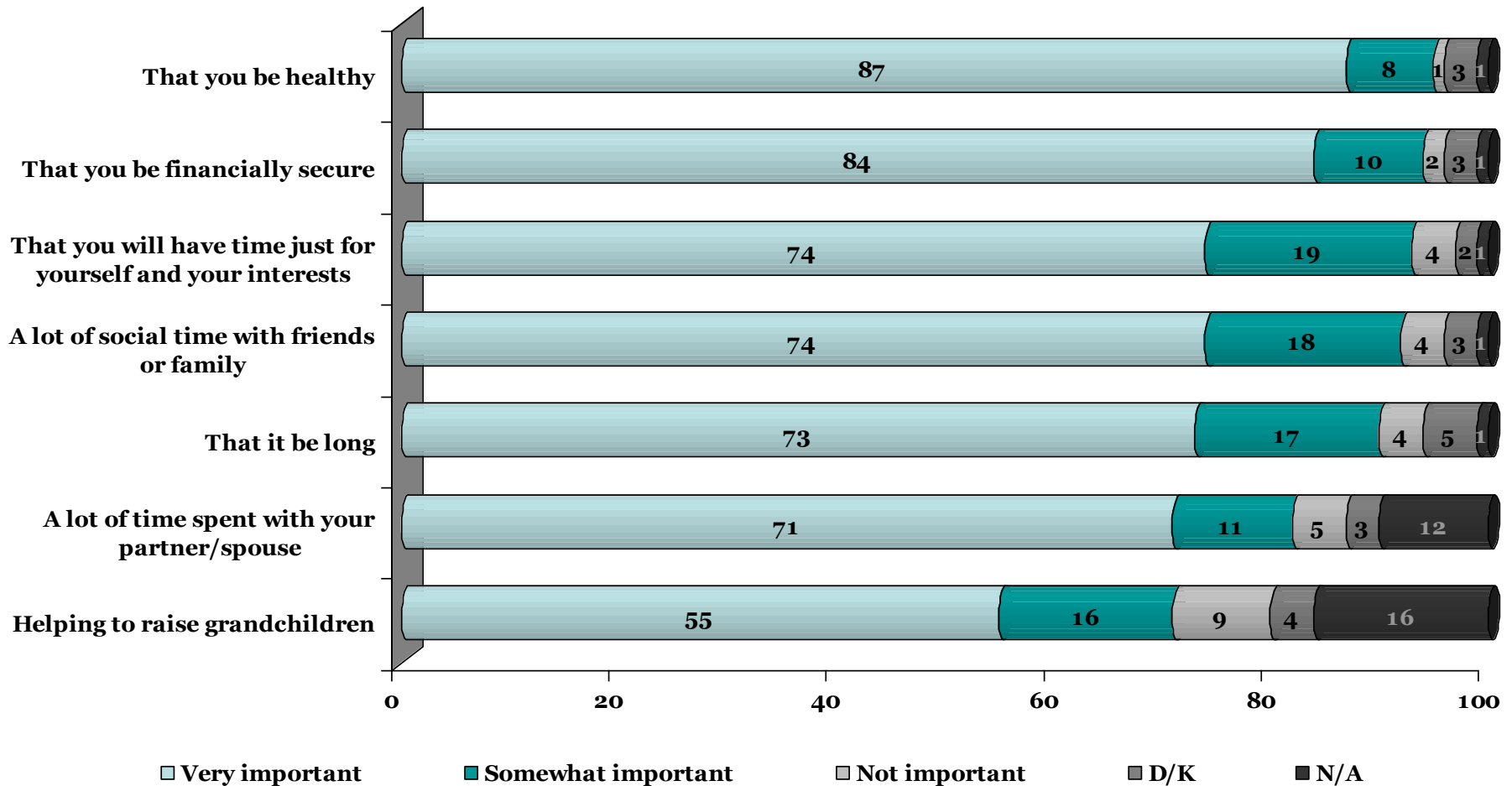
Comparing Retirement Objectives and Obligations – Tier 3

“The following are a number of life objectives or obligations. On a scale of one to nine where one means not at all important and nine means very important, please tell us how important you expect it to be once you have retired.”
(Very important)



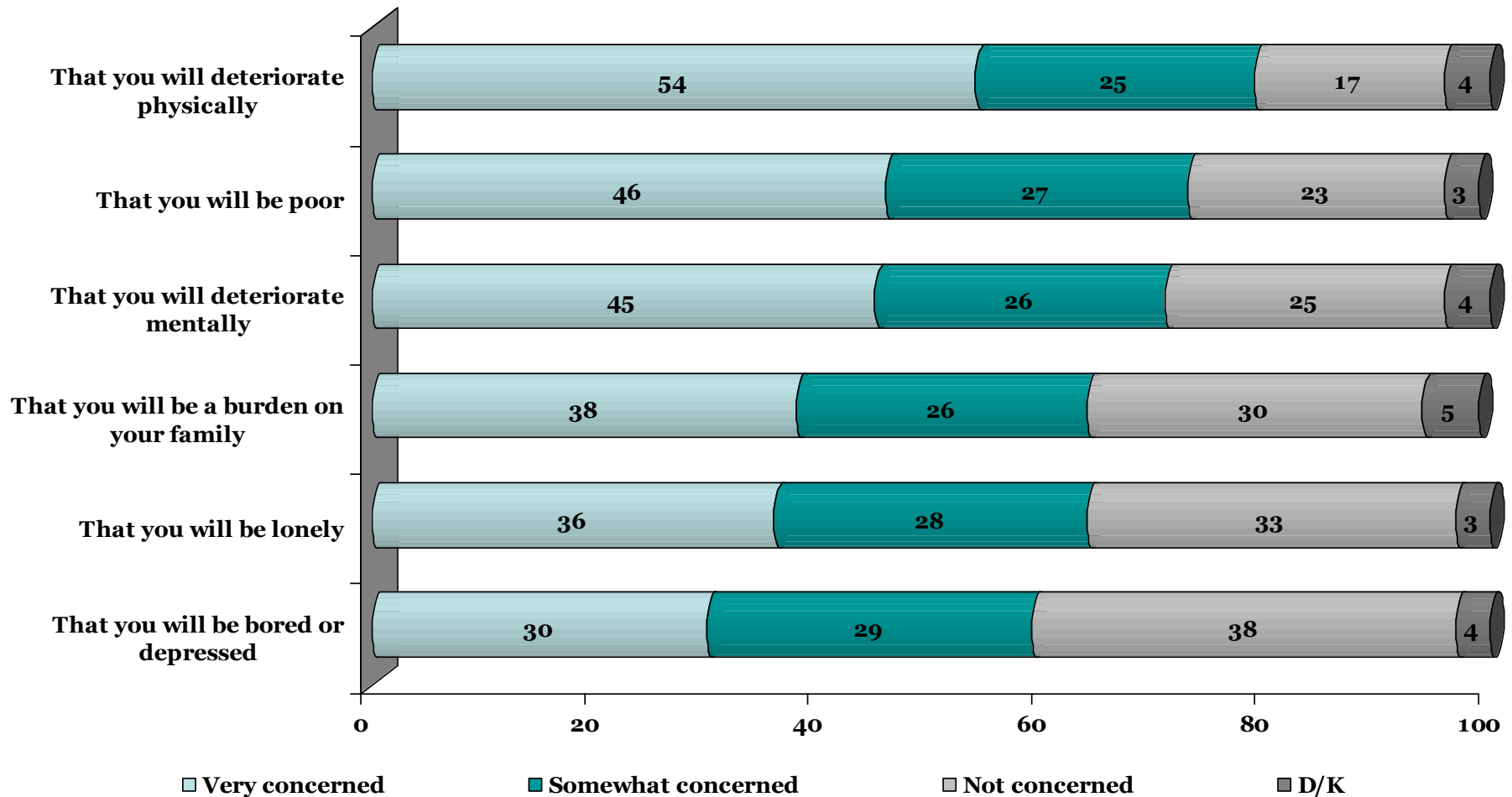
Hopes for Retirement

“On a scale of one to nine where one means not very important and nine means very important, please tell us how important the following ‘hopes’ are to you for retirement.”



Fears for Retirement

“On a scale of one to nine where one means not very concerned and nine means very concerned, please tell us how concerned you are with the following ‘fears’ about retirement.”



Paying for Retirement

Savings Adequacy

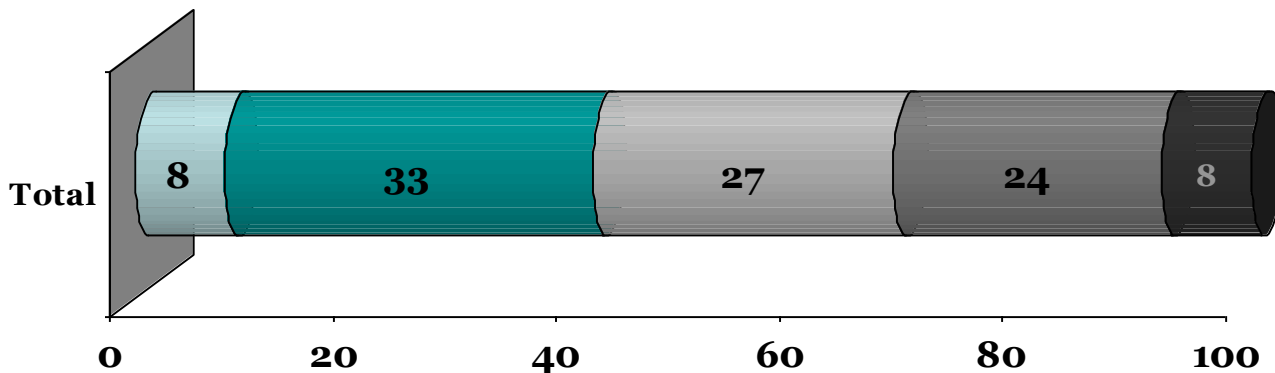
- ❑ Over half of Canadians have little or no confidence that they have saved enough for their retirement.
 - Only one in ten people would describe themselves as confident that they have saved enough
 - Not surprisingly, the market losses of the last couple years have made the task more difficult, especially for those in the 50-65 age group
 - Almost half of Canadians are worried that they outlive their savings
 - But they are also afraid to look – almost half have not calculated what their savings will generate in retirement income

Savings Adequacy

- ❑ The closer you get to retirement, the more problematic the current low interest rate environment is
- ❑ Most working Canadians expect the same or higher standard of living in retirement. The experience of retired people is different. Over 40% faced a reduction in standard of living and few saw it go up

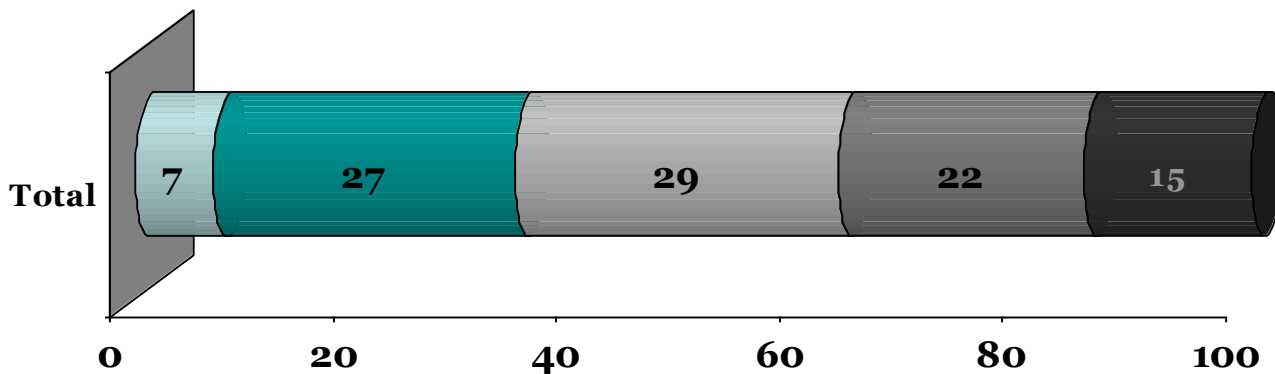
Confidence in Financial Security for Retirement

“How confident are you that you are saving/have saved enough money to make you financially secure in your retirement?”



Very confident Somewhat confident Not very confident Not at all confident D/K

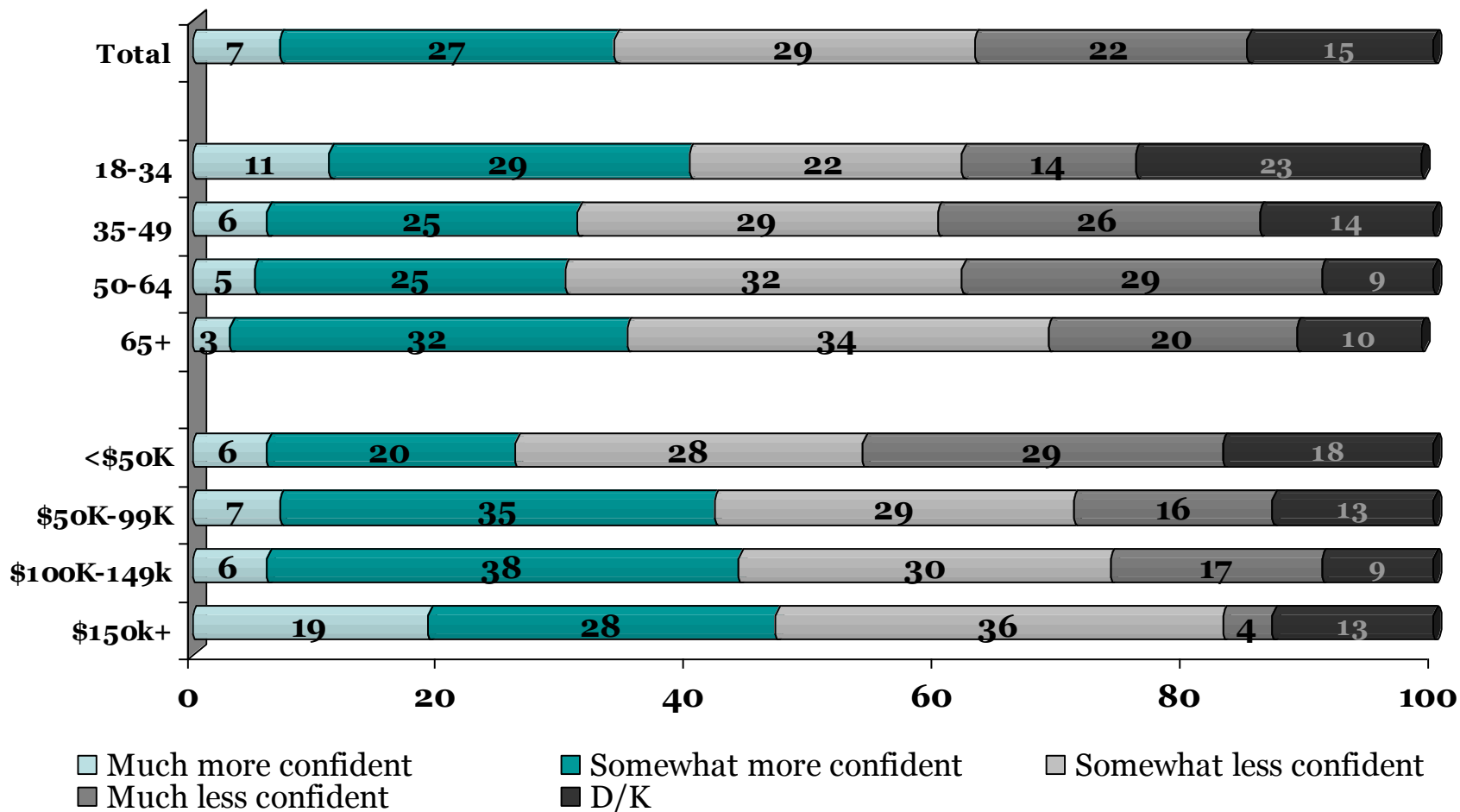
“Have you become more or less confident about your ability to afford retirement in the last two years?”



Very confident Somewhat confident Not very confident Not at all confident D/K

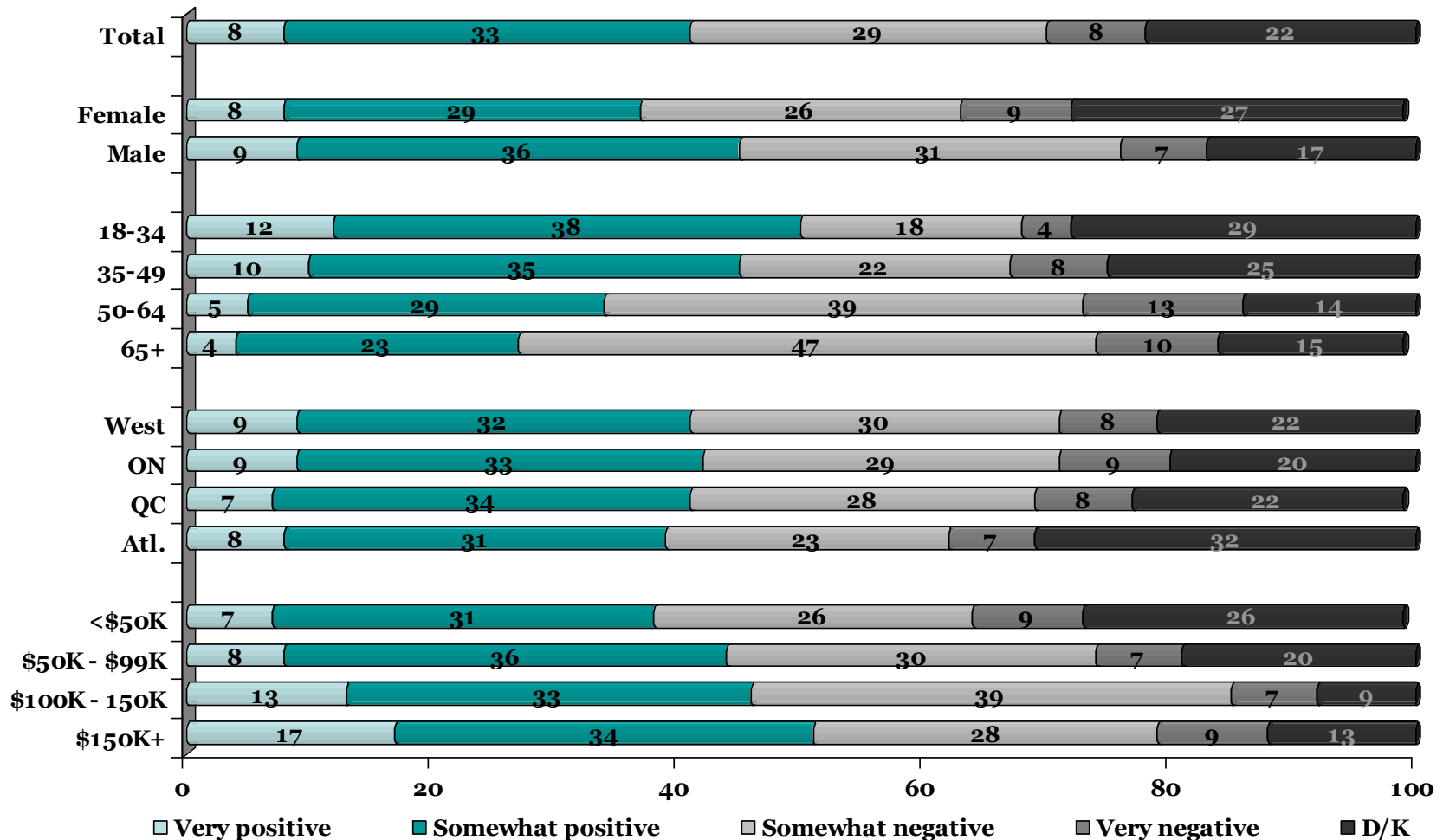
Confidence in Financial Security for Retirement

“Have you become more or less confident about your ability to afford retirement in the last two years?”



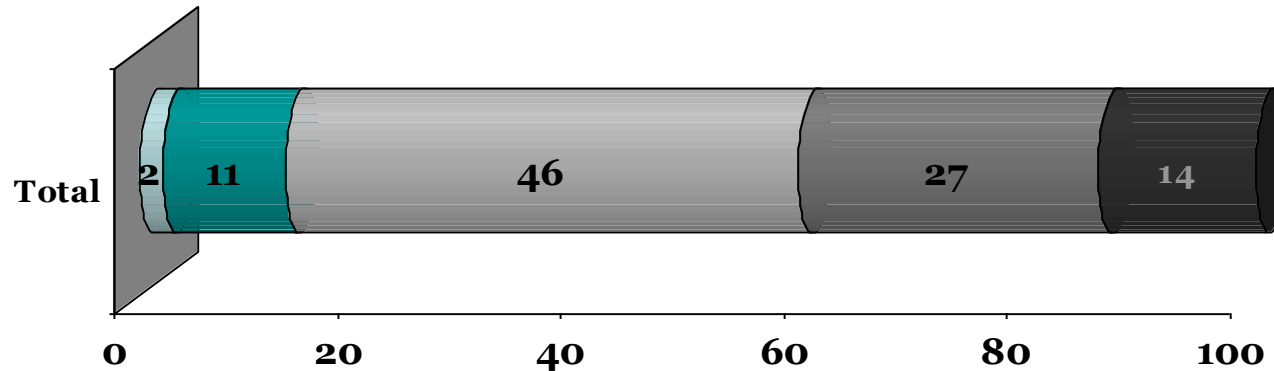
Interest Rate Impact on Personal Finances

“On balance, has the current low level of interest rates had a very positive, somewhat positive, somewhat negative, or very negative impact on your personal financial position?”



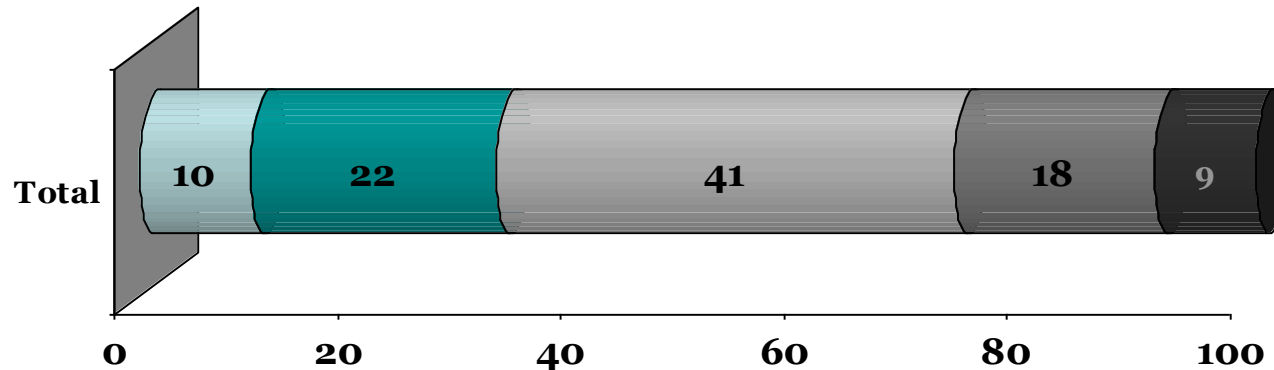
Standard of Living in Retirement

“Is your current standard of living much higher, somewhat higher, about the same, somewhat lower, or much lower than it was when you were working?” **(Asked only of those who are retired and retired homemakers)**



■ Much higher ■ Somewhat higher ■ About the same ■ Somewhat lower ■ Much lower

“Do you expect your standard of living in retirement to be much higher, somewhat higher, about the same, somewhat lower, or much lower than it is now?” **(Asked of all EXCEPT those who are retired/retired homemakers) DK suppressed**



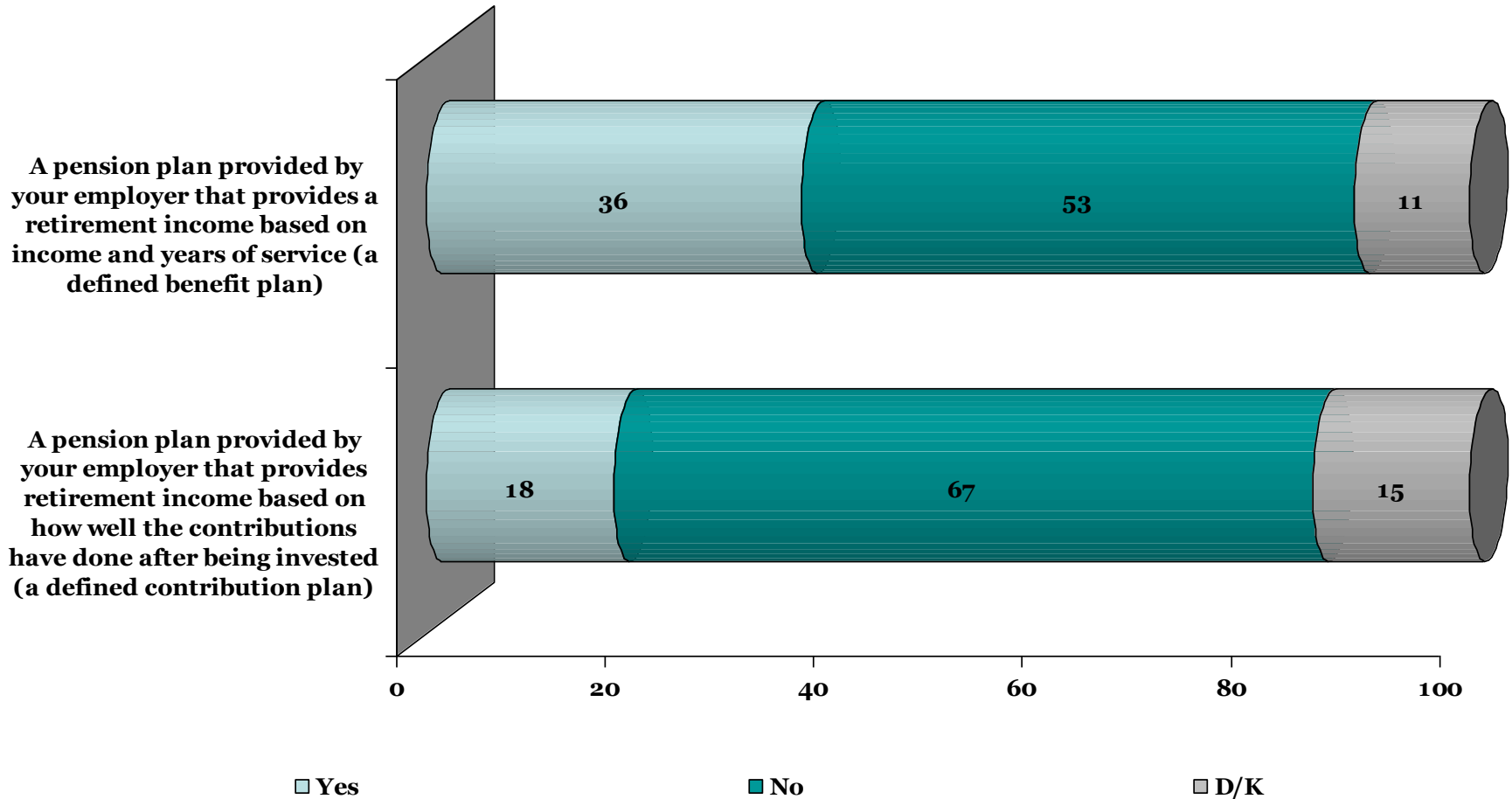
■ Much higher ■ Somewhat higher ■ About the same ■ Somewhat lower ■ Much lower

Pension Plans

- ❑ Only half of Canadians have either a Defined Benefit or Defined Contribution pension plan. Only 45% expect a pension to be a very important part of their retirement income.
- ❑ Most people will be relying on their savings and on the CPP/QPP and the OAS/GIS. Most people also consider the CPP/QPP and OAS an inadequate income for retirement.
- ❑ Half of working Canadians expect that they will need some financial support from their family in retirement.
- ❑ Most people strongly agree that the government has a role in ensuring adequate retirement incomes.
 - 50% say that the government should have done more to help them prepare financially for retirement

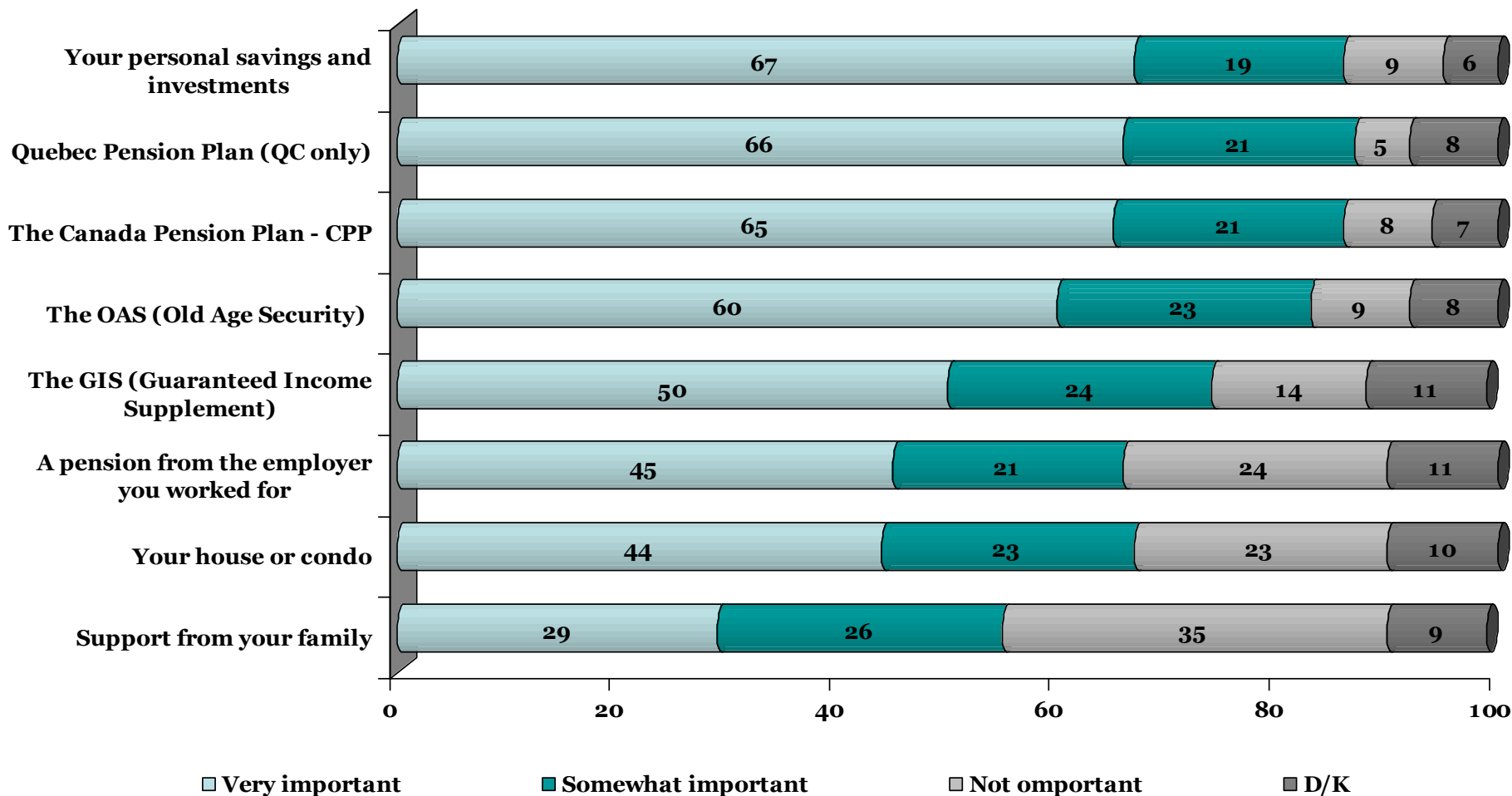
Pension Plans

“Do you have either/both:”



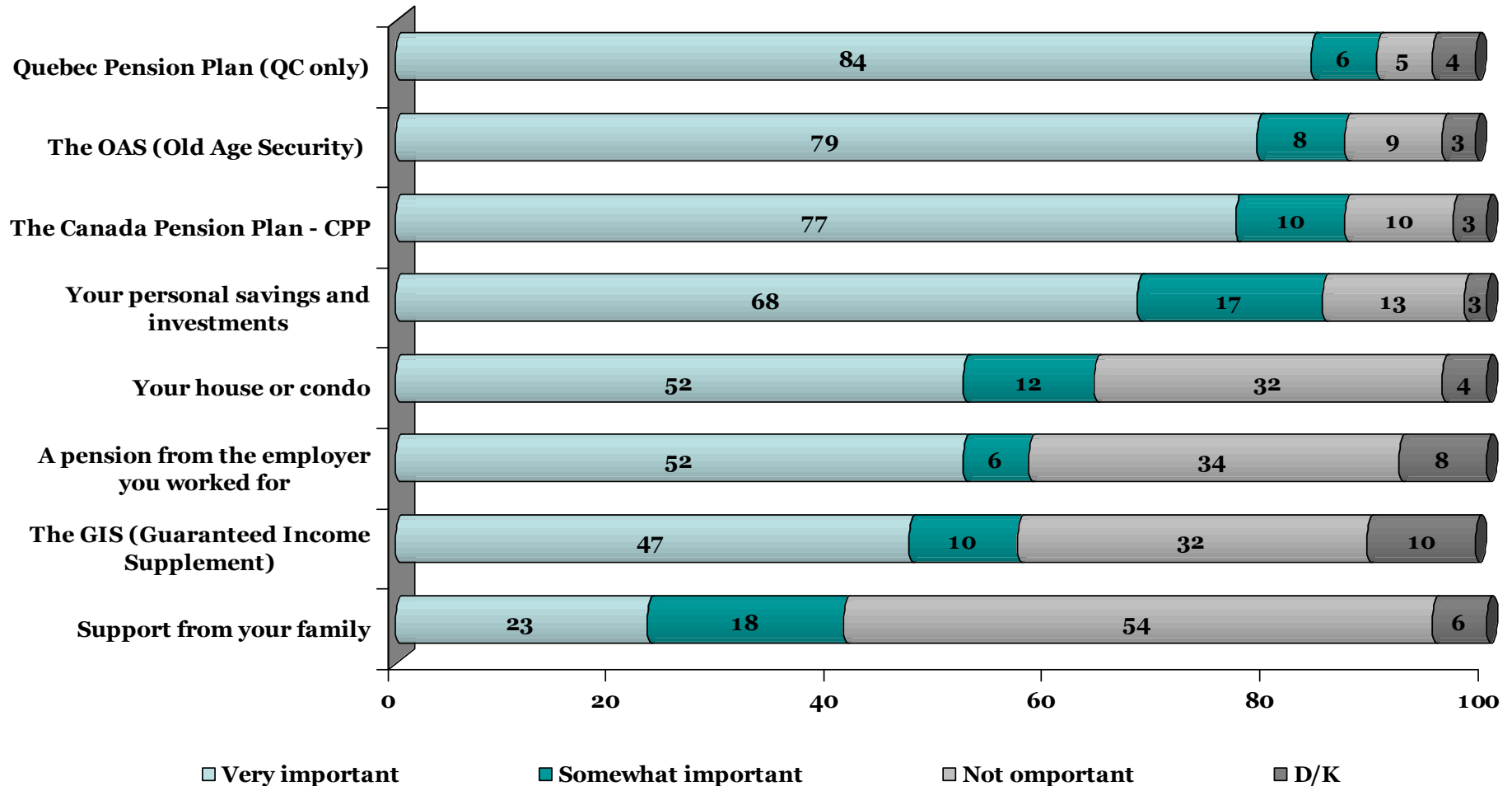
Important Source of Income – Not Retired

“On a scale of one to nine where one means not AT ALL important and nine means very important, please tell us how important you expect each of the following possible sources of income will be for you when you are retired?”



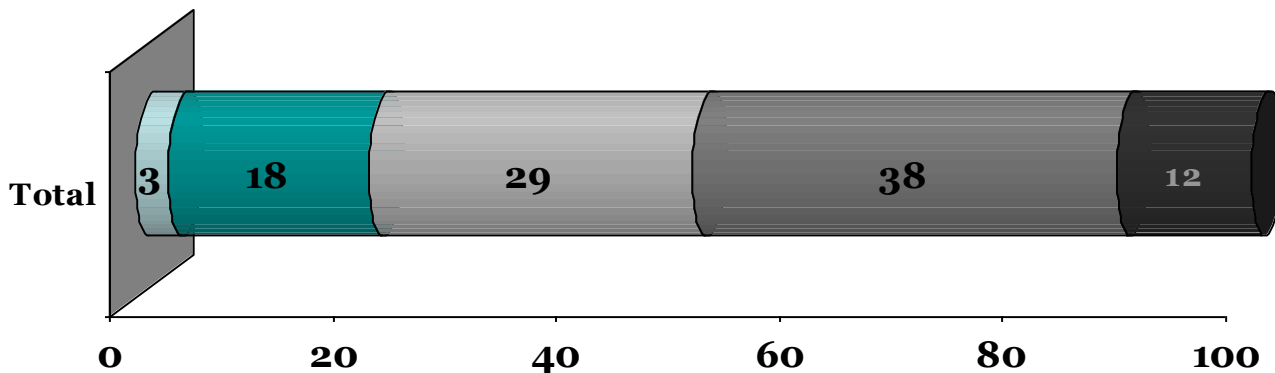
Important Source of Income – Retired

“On a scale of one to nine where one means not at all important and nine means very important, please tell us how important each of the following are to you as sources of retirement income?”



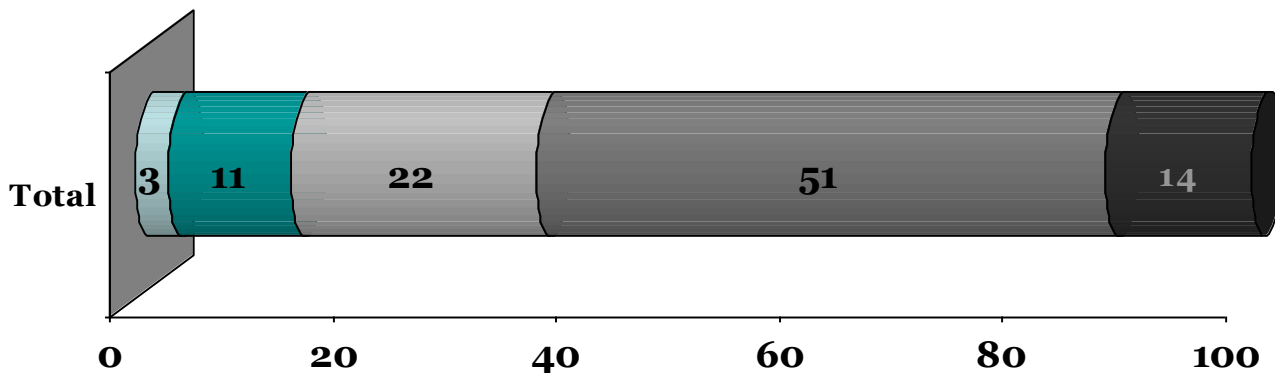
CPP/QPP – Not Retired

“If your income sources in retirement were the CPP/QPP and the OAS only, would that be an adequate retirement income for you?” (Asked of all EXCEPT those who are retired and retired homemakers)



Very adequate Somewhat adequate Not very adequate Not at all adequate D/K

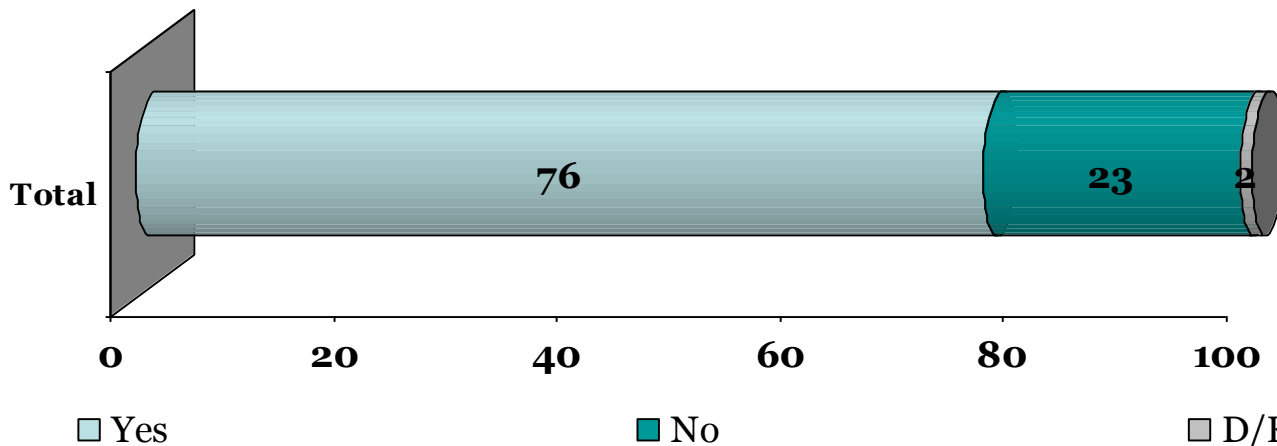
“If your income source in retirement is only the OAS, would that be an adequate retirement income for you?” (Asked of all EXCEPT those who are retired and retired homemakers)



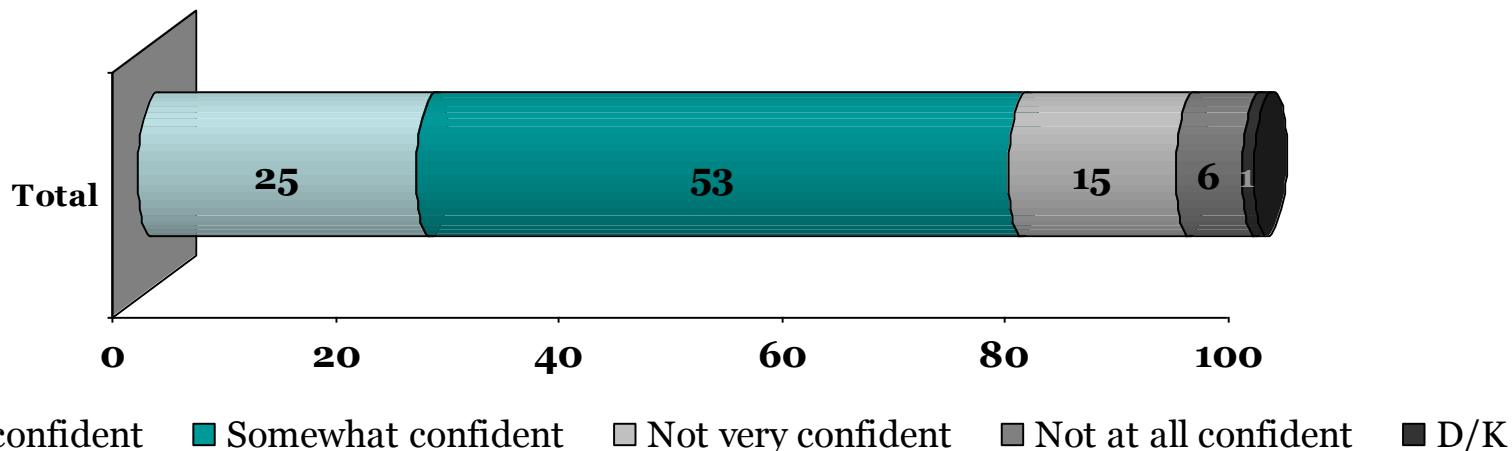
Very adequate Somewhat adequate Not very adequate Not at all adequate D/K

CPP/QPP – Retired

“Are you collecting the CPP/QPP?” (Asked only of those who are retired and retired homemakers)

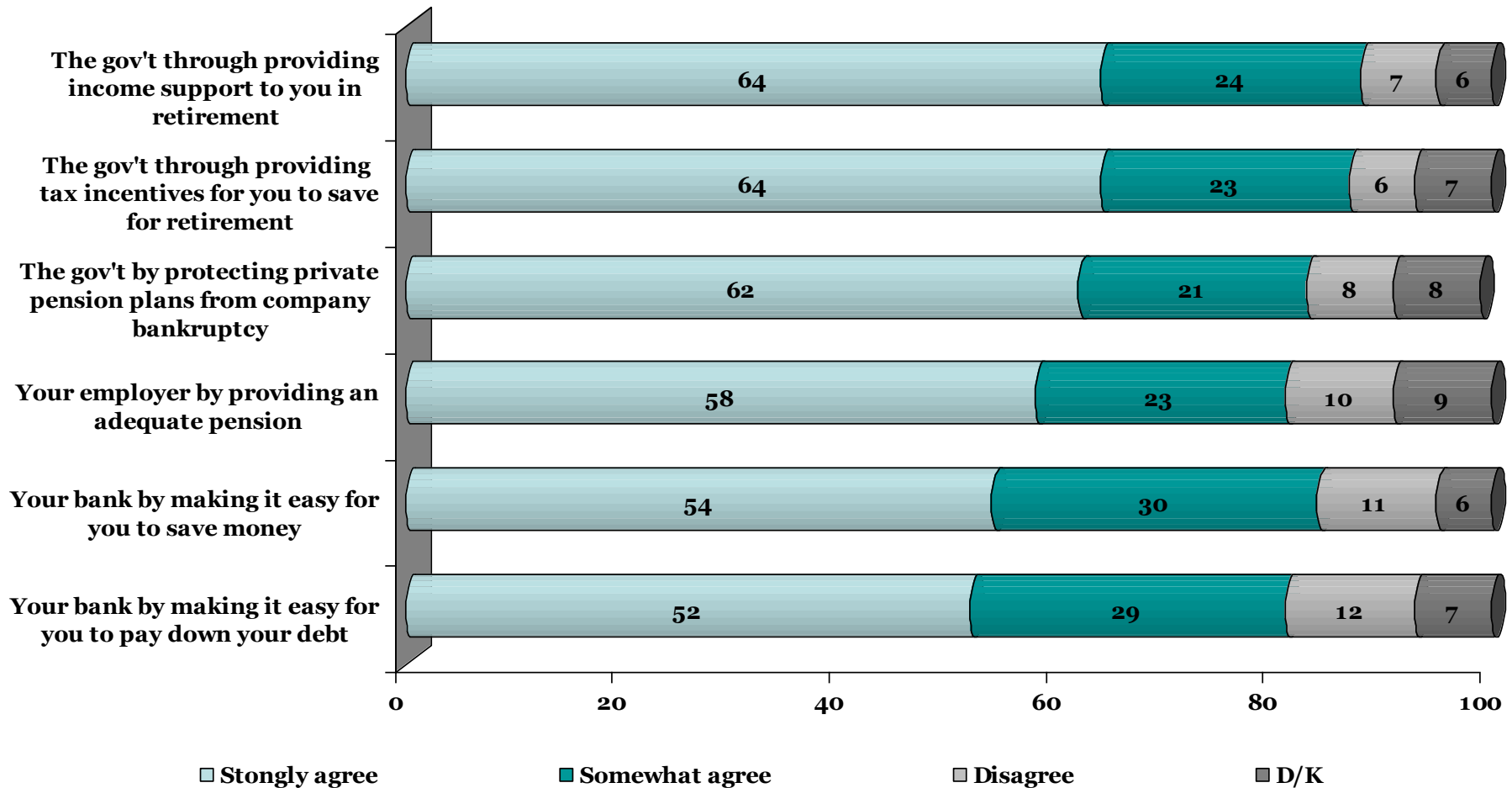


“How confident are you that the CPP/QPP will have enough money to continue to pay you a monthly payment for as long as you are alive? Very confident, somewhat confident, not very confident, not at all confident?” (Asked only of those who are retired and retired homemakers)



Ensuring Adequate Retirement Incomes

“On a scale of one to nine where one means strongly disagree and nine means strongly agree, please tell us how much responsibility each of the following institutions should have for ensuring that Canadians have adequate incomes in retirement?”



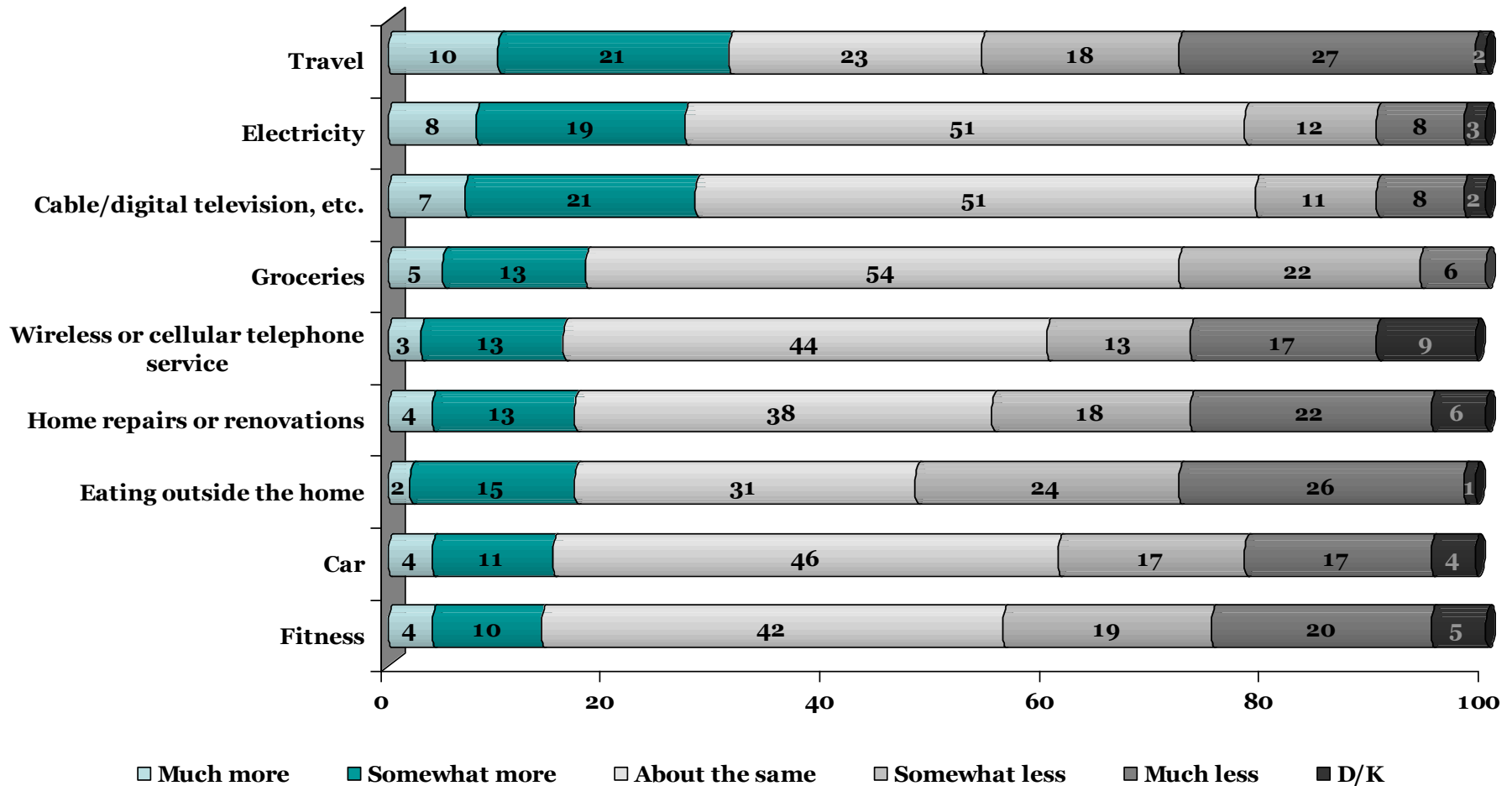
Life In Retirement

- ❑ Current retired Canadians report significant changes in their spending patterns once they retired.
 - 30% spend more on travel, but more than 50% spend less on travel
 - Other areas where major spending reductions occur when people retire are: eating outside the home, home renovations, clothing, and going to live sporting events
- ❑ Working people have positive expectations for retirement and current retirees indicate that they can expect much of that to be true.
 - Most expect to be happier and less stressed, and retirees say they are
 - Most expect that the future will still be in front of them and they will still have dreams to fulfill, and current retirees say that they do
 - Most expect to have more sex, however current retirees say that they don't

Life In Retirement

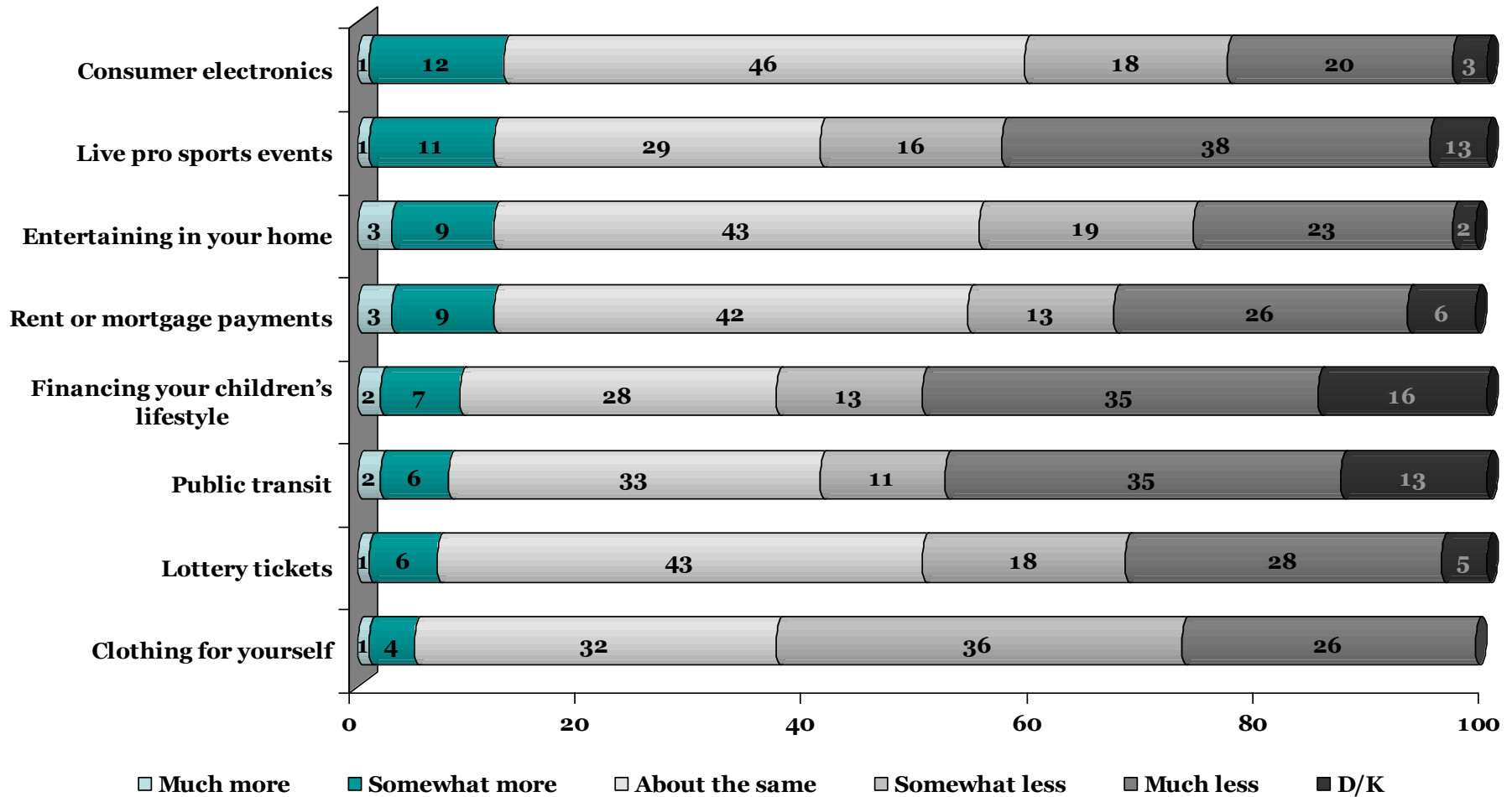
Retiree Spending – Tier 1

“Since being retired, do you spend more money or less money on each of the following areas?”



Retiree Spending – Tier 2

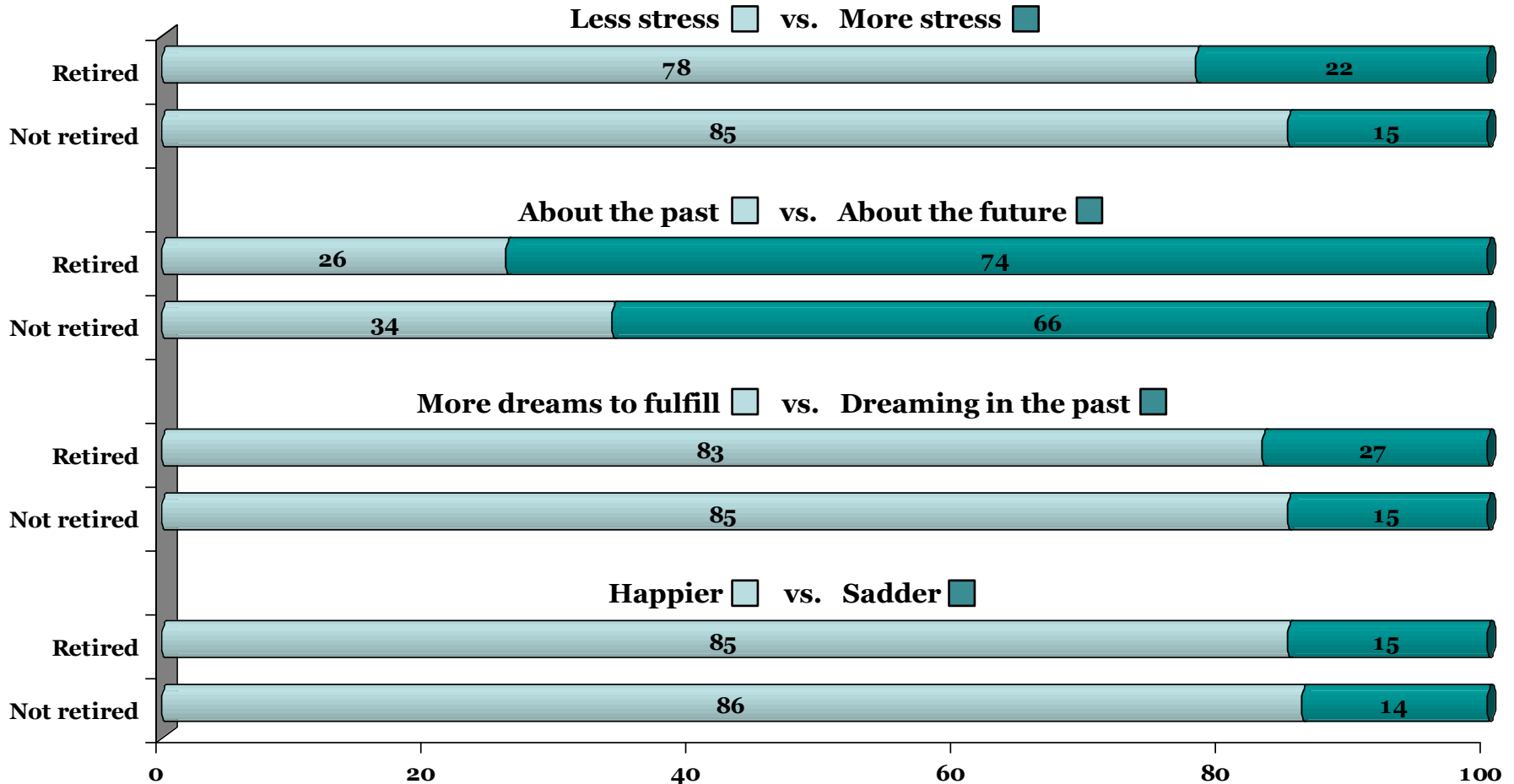
“Since being retired, do you spend more money or less money on each of the following areas?”



Expectations in Retirement – Tier 1

Asked of Non Retired: “Please let us know which option in each of the following paired choices seems more likely for you in retirement compared to your current life:” **(DK suppressed)**

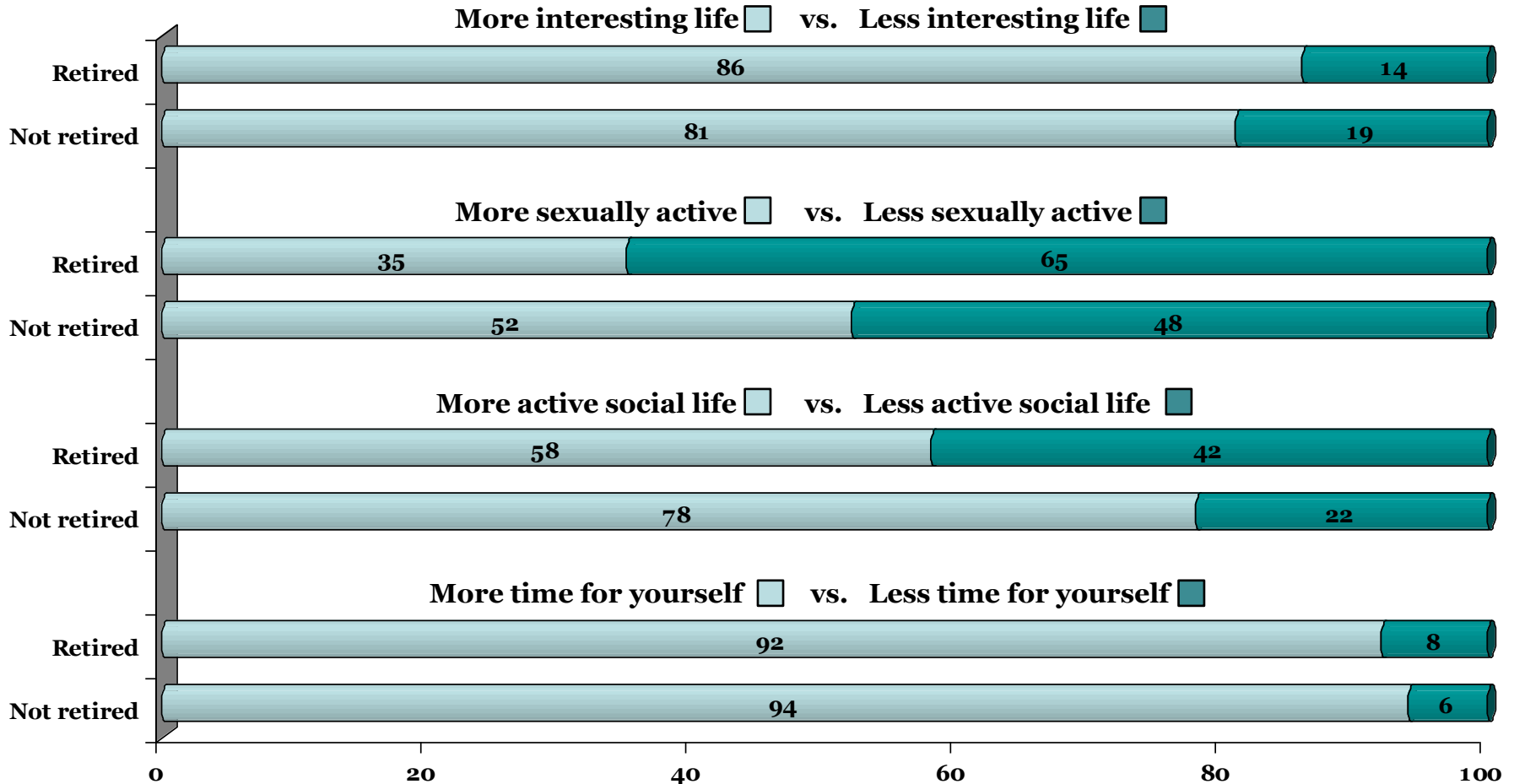
Asked of Retired: “Comparing your current life in retirement with when you were working, do you think: **(DK suppressed)**



Expectations in Retirement – Tier 2

Asked of Non Retired: “Please let us know which option in each of the following paired choices seems more likely for you in retirement compared to your current life:” **(DK suppressed)**

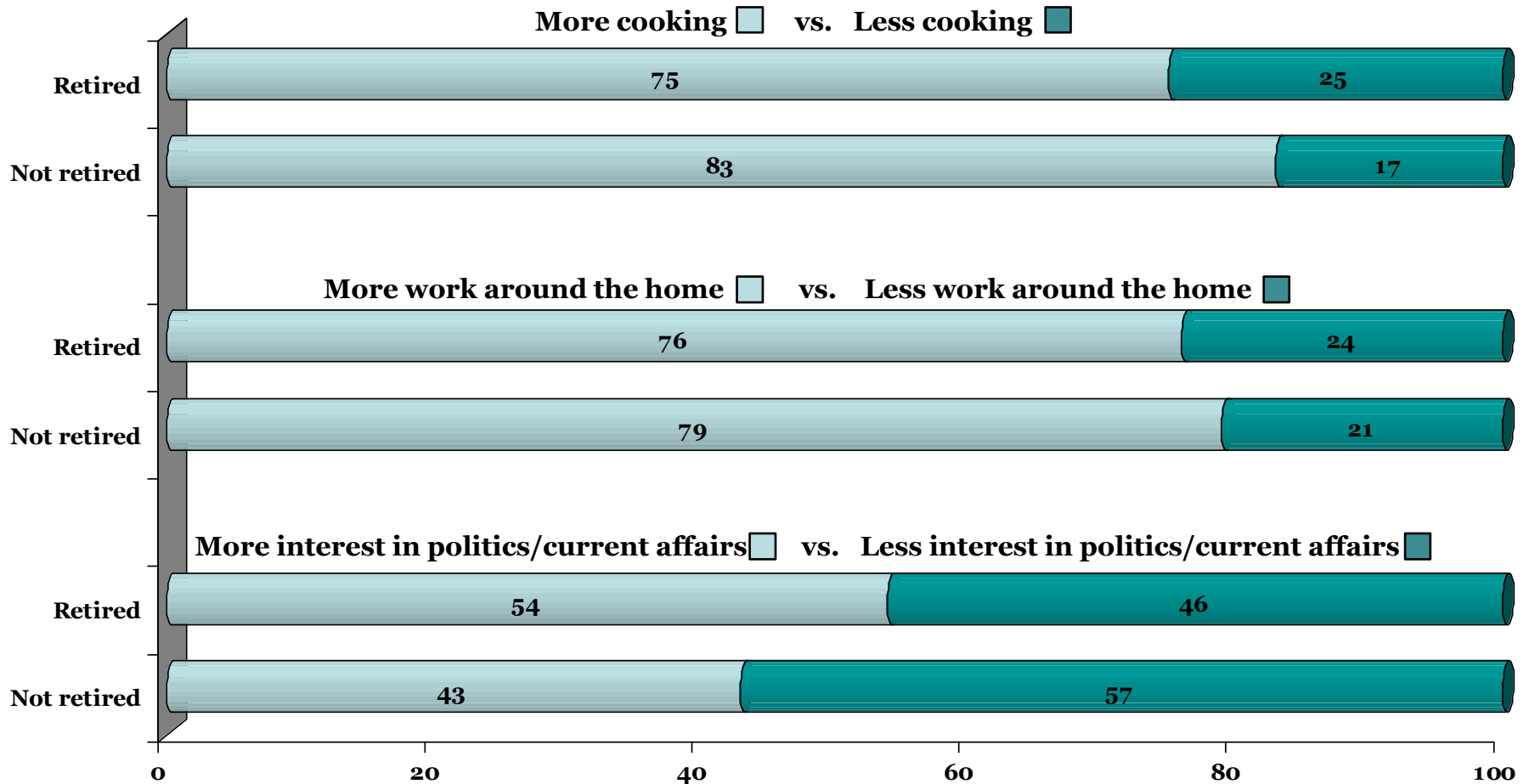
Asked of Retired: “Comparing your current life in retirement with when you were working, do you think: **(DK suppressed)**



Expectations in Retirement – Tier 3

Asked of Non Retired: “Please let us know which option in each of the following paired choices seems more likely for you in retirement compared to your current life:” **(DK suppressed)**

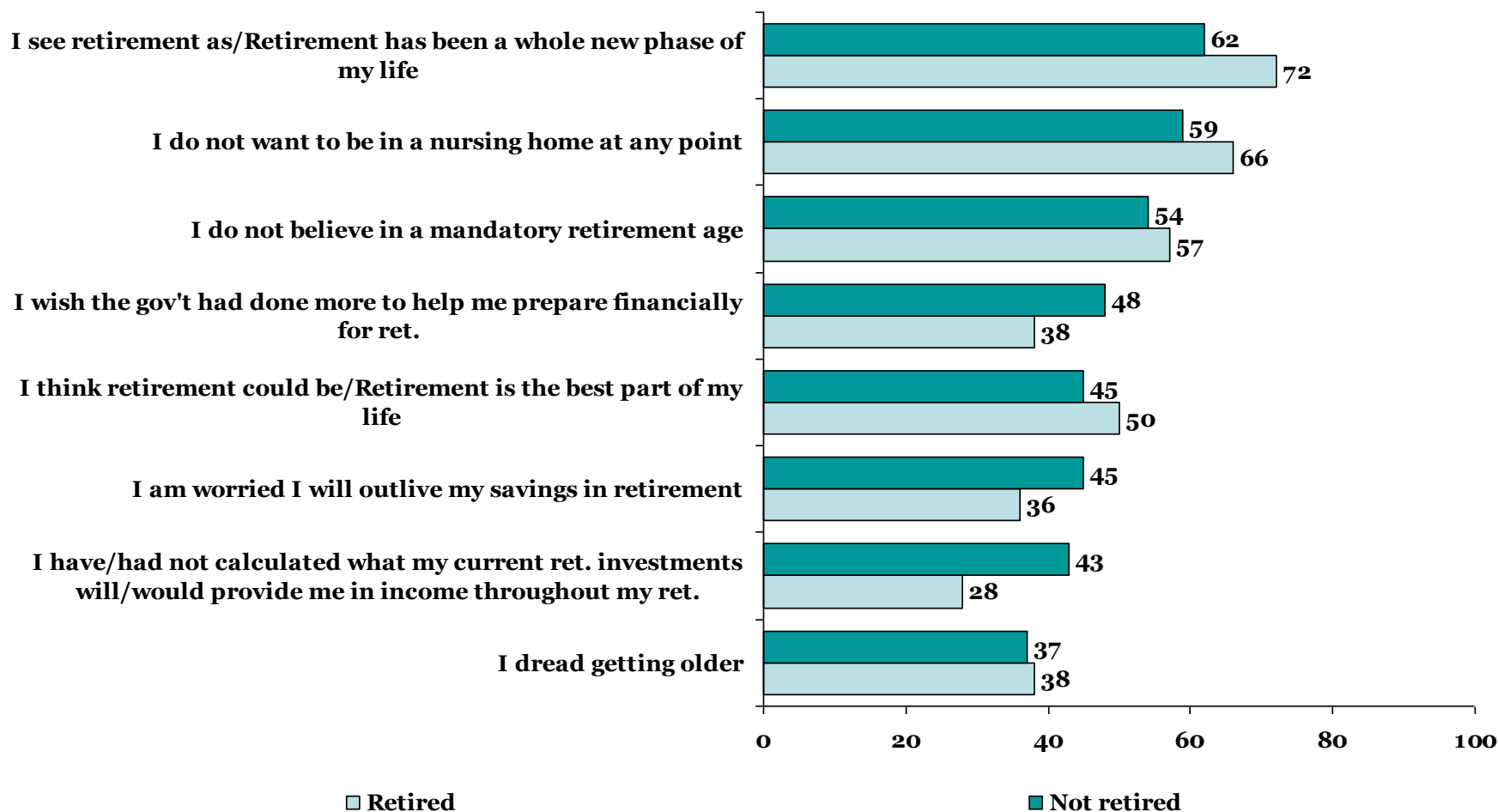
Asked of Retired: “Comparing your current life in retirement with when you were working, do you think: **(DK suppressed)**



Underlying Attitudes

“The following is a list of statements some people might make. On a scale of one to nine where one means strongly disagree and nine means strongly agree, please tell us how much you agree with each of them.”

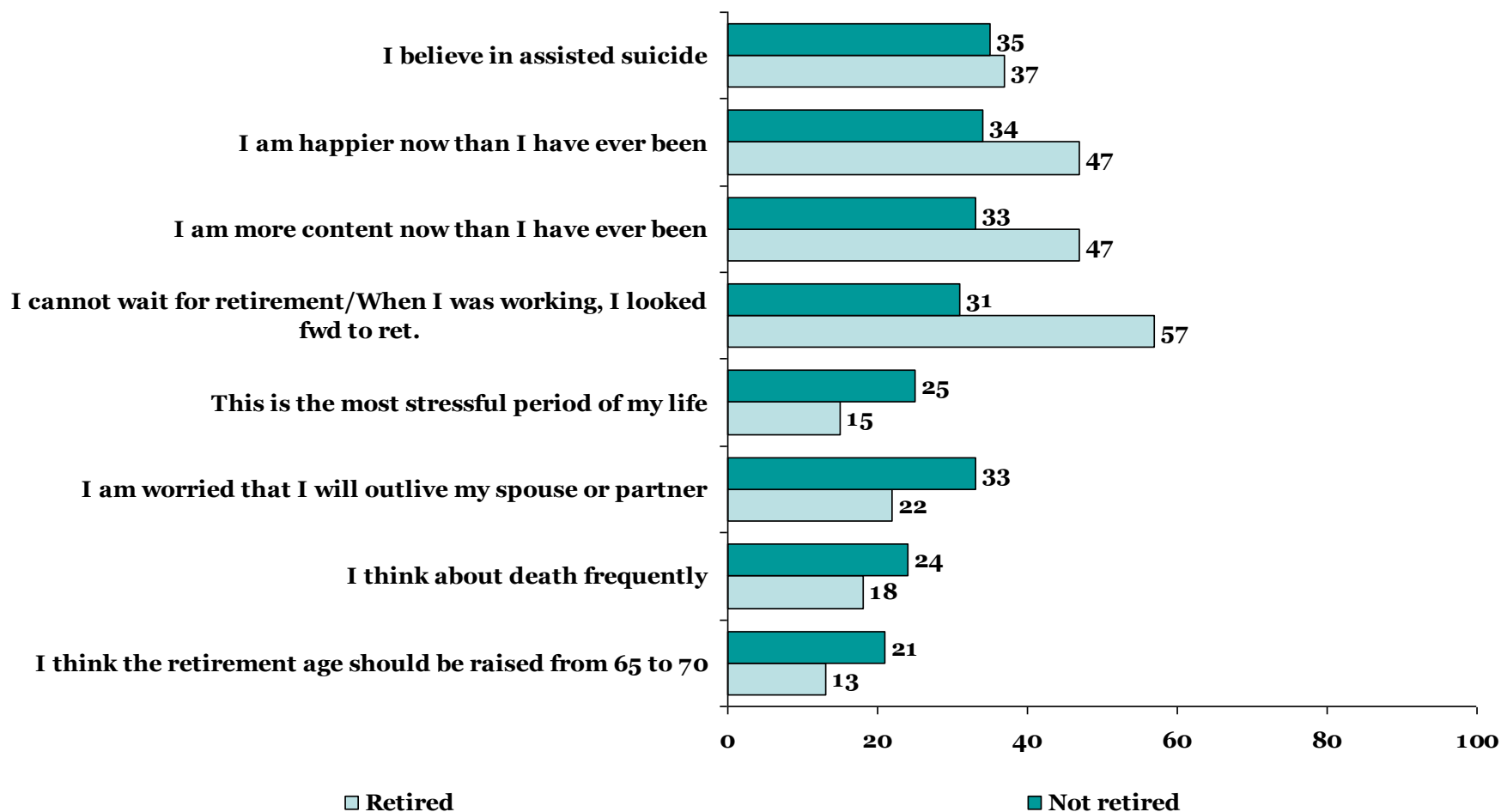
(Strongly Agree)



Underlying Attitudes

“The following is a list of statements some people might make. On a scale of one to nine where one means strongly disagree and nine means strongly agree, please tell us how much you agree with each of them.”

(Strongly Agree)



Conclusions

- ❑ Retired Canadians are a largely contented lot. They describe their lives as less stressful and happier than they were when they were working. Most do not describe themselves as depressed, or focussed on the past. For many, it is the best and most contented time of their life.
- ❑ Working Canadians have a positive impression of retirement, seeing it as chance to start afresh in many ways. They anticipate having to work because they are very concerned about their income prospects and their level of savings.
- ❑ They anticipate very different retirements in some respects than current retirees report as their reality. They expect a more active, youthful retirement than has been past experience.
- ❑ Canadians look primarily to government to ensure adequacy of retirement income

Appendix

Key Findings for Under 35

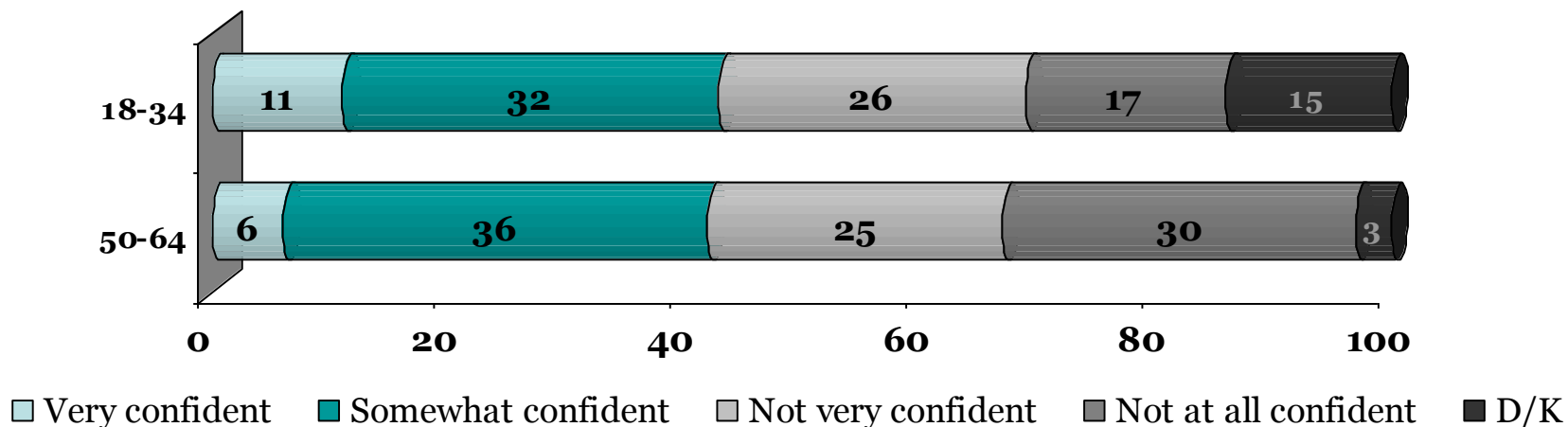
- ❑ Retirement planning and issues are much less top of mind for young Canadians in comparison to older generations.
 - 26% have altered their retirement plans in the last 2 years, compared with 50% of 50-64's. 13% of under 35's hadn't even thought about it.
 - One in five doesn't know what kind of pension plan they have or whether they have one.
 - They tend to be much more optimistic on financial security in retirement – 41% expect their standard of living to improve in retirement, compared with 17% of people aged 50-64 who expect that.
 - They are much less likely to expect to rely heavily on government pensions.

Key Findings for Under 35

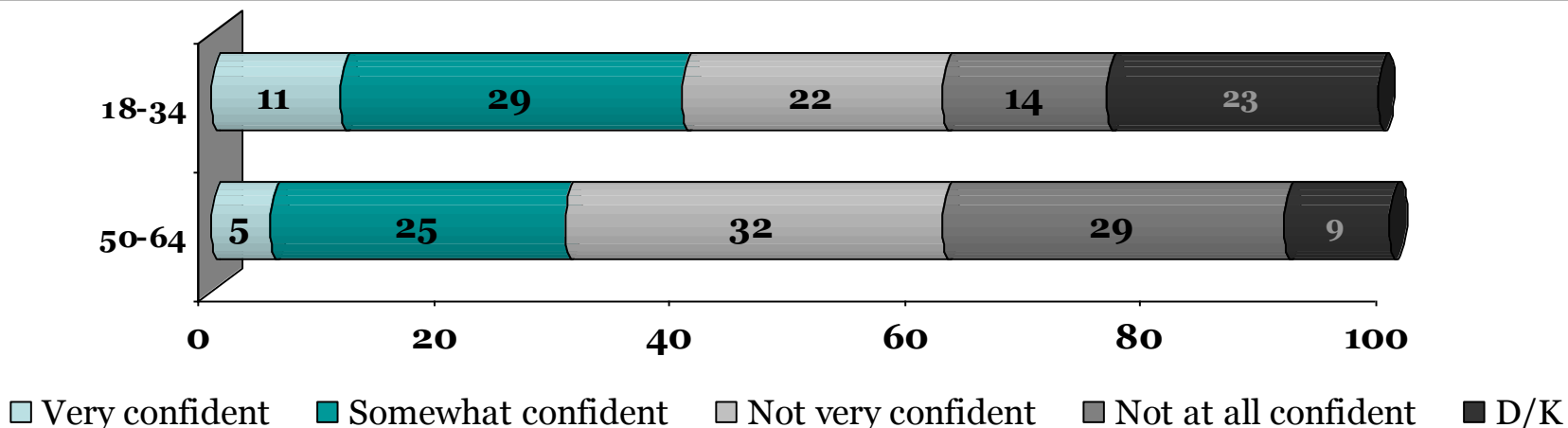
- ❑ On lifestyle issues, they really don't know what to expect.
 - They reflect their current lifestyles forward, but mostly they indicate uncertainty about what life in retirement entails.
 - They are more likely to think that it is an end of life stage rather than the new beginning envisioned by older working people.

Confidence in Financial Security for Retirement – Under 35

“How confident are you that you are saving/have saved enough money to make you financially secure in your retirement?”



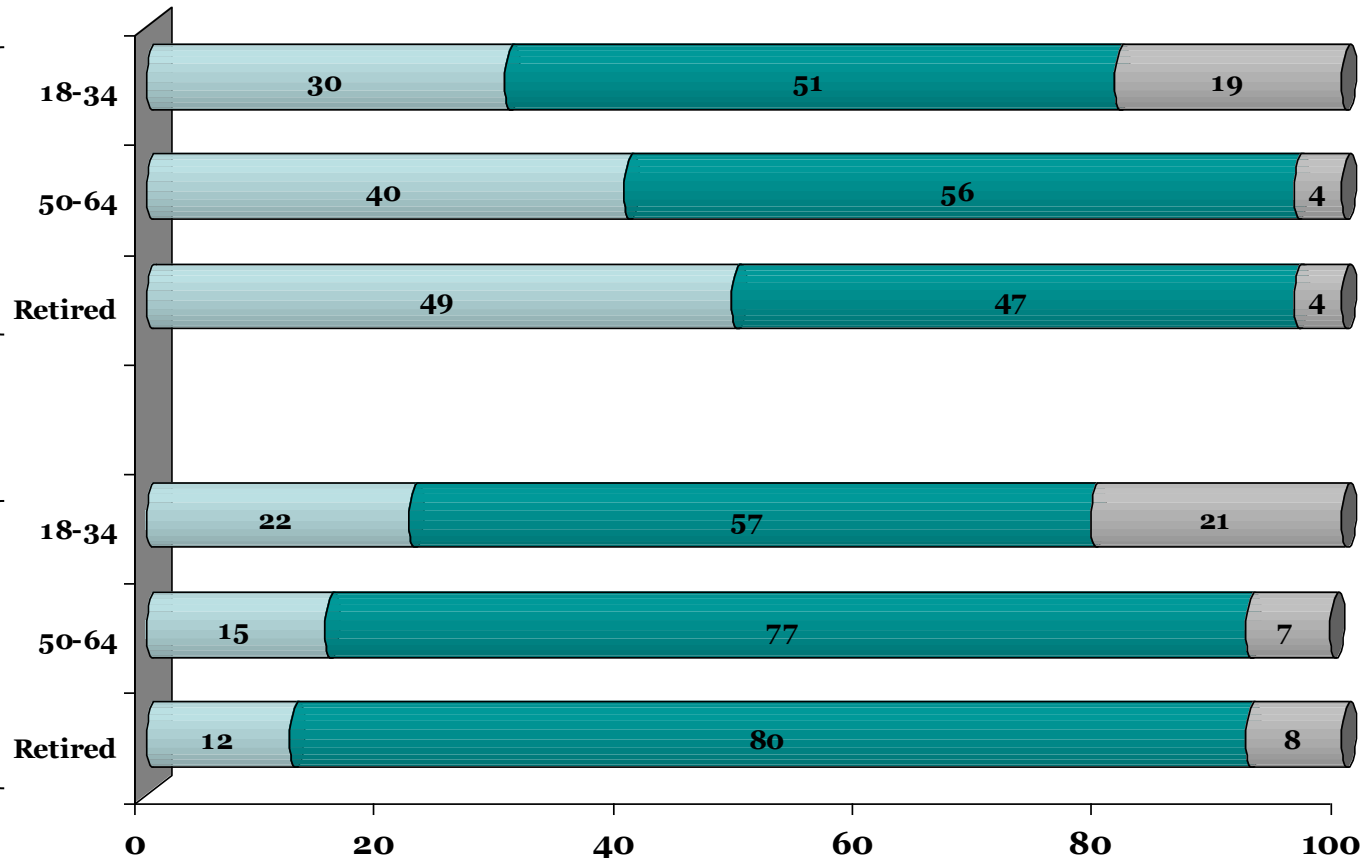
“Have you become more or less confident about your ability to afford retirement in the last two years?”



Pension Plans – Under 35

“Do you have either/both: “

A pension plan provided by your employer that provides a retirement income based on income and years of service (a defined benefit plan)



Yes

No

D/K

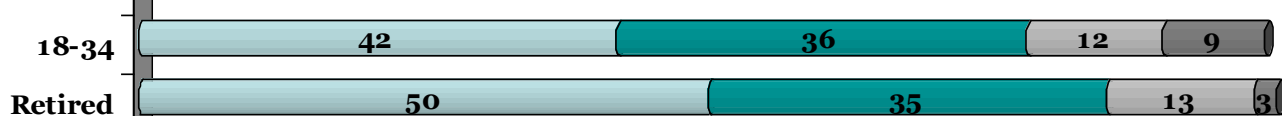
Opinions on Retirement – Under 35 – Tier 1

“The following is a list of statements some people might make. On a scale of one to nine where one means strongly disagree and nine means strongly agree, please tell us how much you agree with each of them.”

I cannot wait for retirement/When I was working, I looked forward to retirement



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



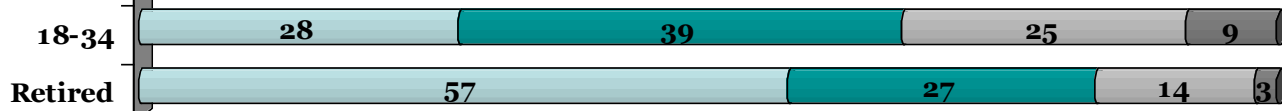
I am worried I will outlive my savings in retirement



Retirement could be/is the best part of my life



I see retirement as a whole new phase of my life/Retirement has been a whole new phase of my life



Strongly agree

Somewhat agree

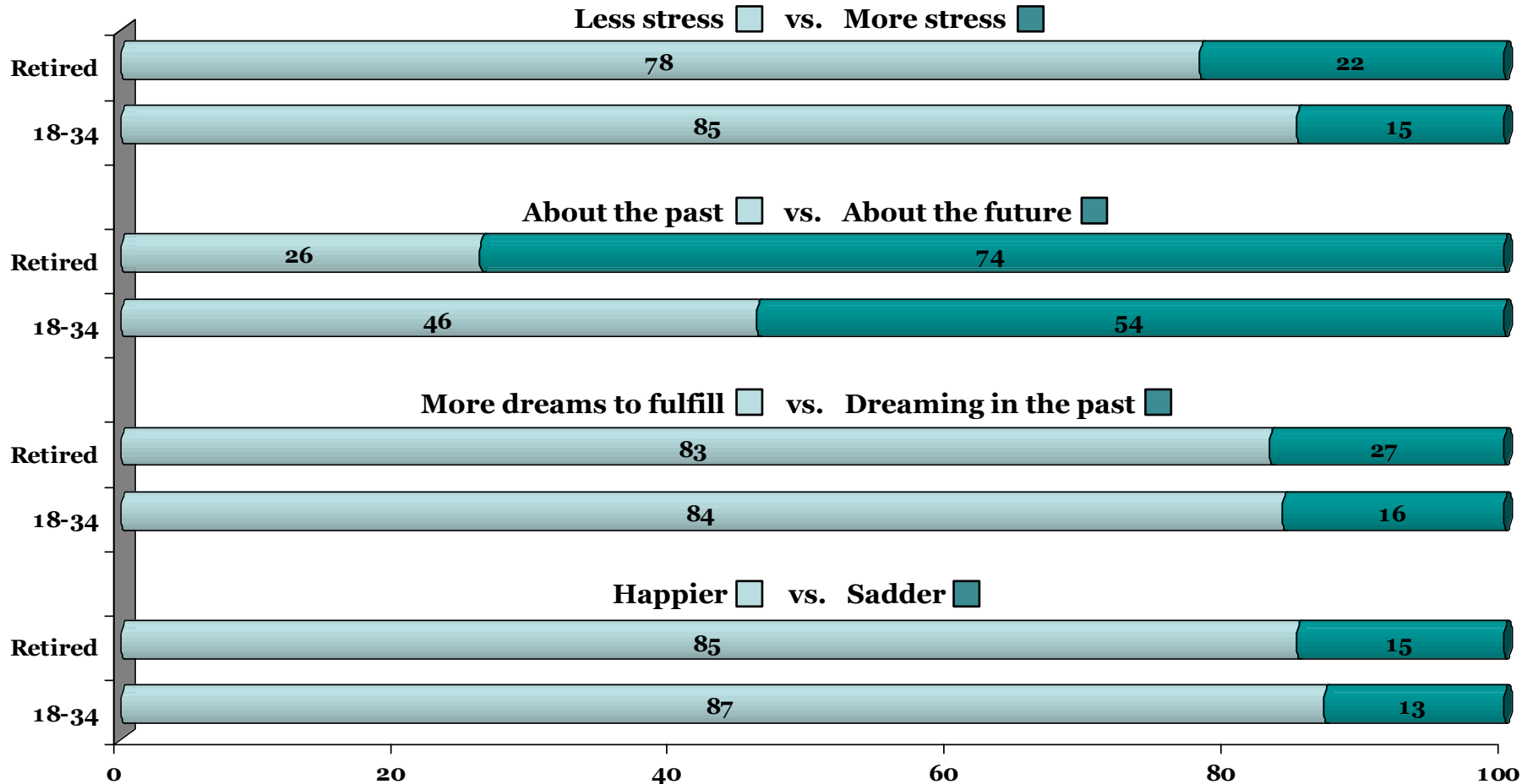
Disagree

D/K

Expectations in Retirement – Tier 1

Asked of 18-34 year olds : “Please let us know which option in each of the following paired choices seems more likely for you in retirement compared to your current life:” **(DK suppressed)**

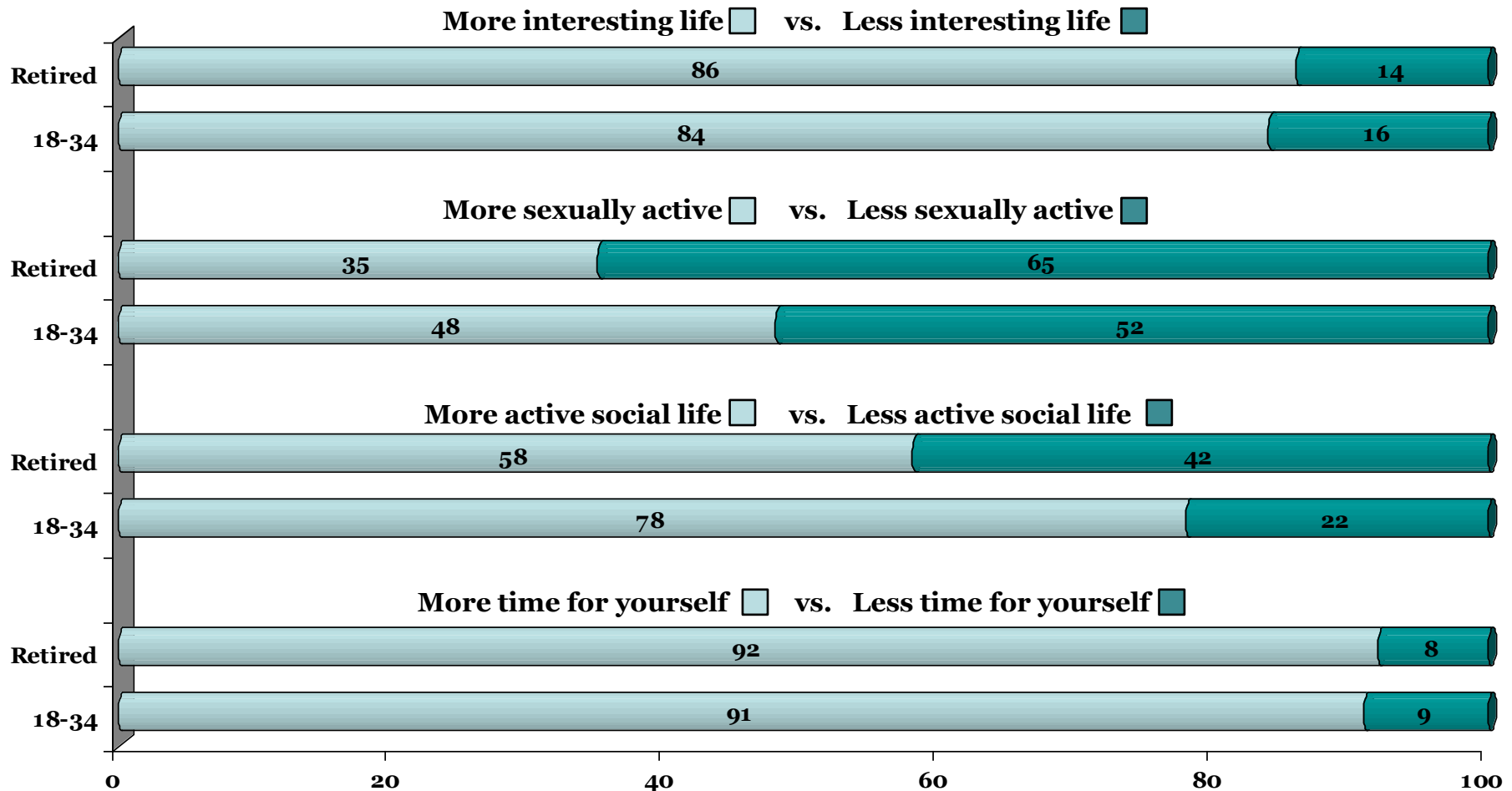
Asked of Retired: “Comparing your current life in retirement with when you were working, do you think: **(DK suppressed)**”



Expectations in Retirement – Tier 2

Asked of 18-34 year olds: “Please let us know which option in each of the following paired choices seems more likely for you in retirement compared to your current life:” **(DK suppressed)**

Asked of Retired: “Comparing your current life in retirement with when you were working, do you think: **(DK suppressed)**



Expectations in Retirement – Tier 3

Asked of 18-34 year olds : “Please let us know which option in each of the following paired choices seems more likely for you in retirement compared to your current life:” **(DK suppressed)**

Asked of Retired: “Comparing your current life in retirement with when you were working, do you think: **(DK suppressed)**”

