



Innovative Research Group, Inc.

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Key Highlights

Investing As We Age

September 26, 2017

Prepared for:

Investor Office

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, ON M5H 3S8

Investing As We Age

These materials are intended for use as general information to understand investor behaviour and provide deeper insights into pre- and post-retirement planning among Ontarians aged 45 and older. They are not intended to provide specific investment, tax, legal, or accounting advice and should not be relied on for that purpose.

The conclusions drawn and opinions stated are those of the authors. Research for this study was conducted in May 2017.

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This report has been prepared by Innovative Research Group Inc. for the Investor Office of the Ontario Securities Commission (OSC).

Introduction

Research Objective

Understanding the knowledge, attitudes, and behaviour of Ontario investors is critical to the Ontario Securities Commission's (OSC) evidence-based approach to effective policy development.

In this study, the OSC Investor Office has engaged Innovative Research Group (INNOVATIVE) to provide further meaningful insights regarding pre- and post-retirement planning among Ontarians aged 45 and older and provide information to help support the development of the OSC's Seniors Strategy.

Methodology

The *Investing As We Age* survey was conducted online among a representative sample of 1,516 Ontarians, 45 years or older, between May 9 and 16, 2017.

The sample has been weighted down to n=1,500 by age, gender and region using the latest Statistics Canada Census data to reflect the actual demographic composition of the adult population 45+ residing in Ontario.

Since the online survey was not a random probability based sample, a margin of error cannot be calculated. The Marketing Research and Intelligence Association prohibits statements about margins of sampling error or population estimates with regard to most online panels.

However, a random probability based sample of this size would have an estimated margin of error of $\pm 2.5\%$, 19 times out of 20. The estimated margin of error would be larger within each sub-grouping of the sample.

Note: *Graphs may not always total 100% due to rounding values rather than any error in data. Sums are added before rounding numbers.*

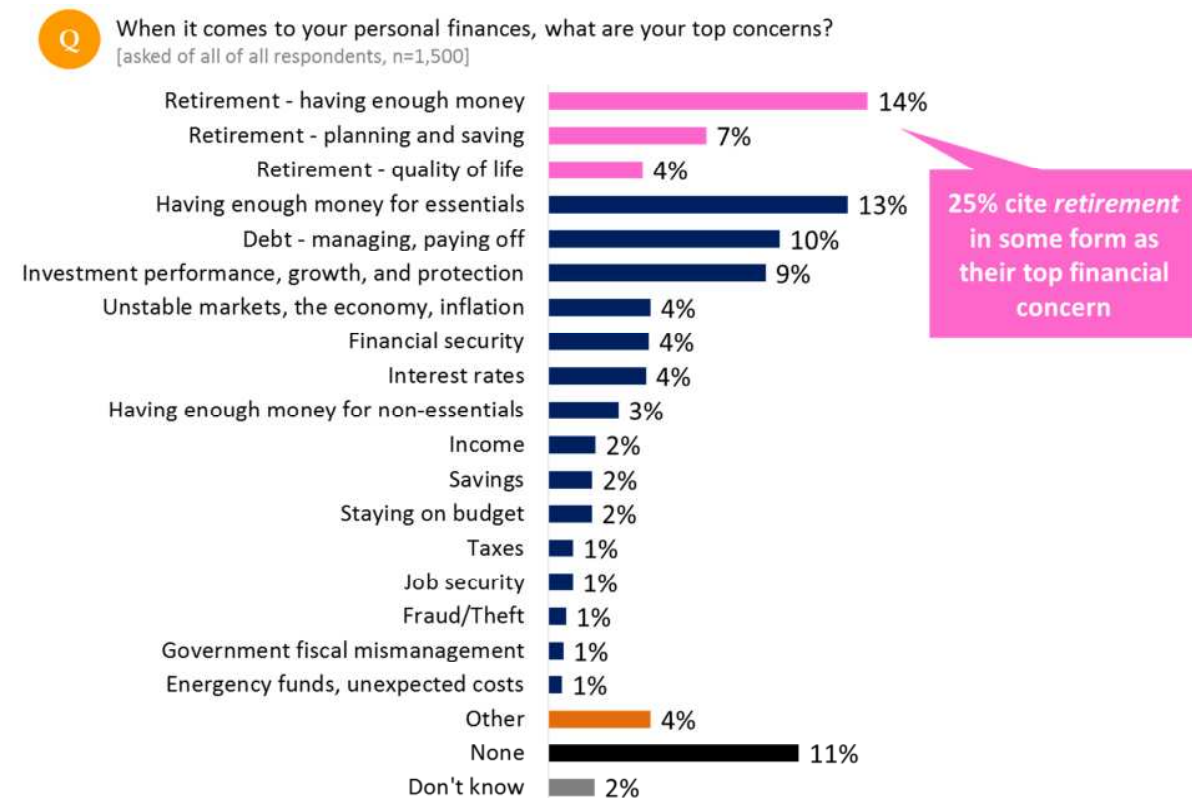
Financial concerns of Ontarians 45+

Retirement-related issues are the top financial concerns of Ontarians 45+

The top financial concerns for a quarter of Ontarians 45+ are retirement-related, including having enough money for retirement, planning and saving for retirement, and maintaining a quality of life in retirement.

Following concerns about retirement, Ontarians 45+ express concerns about having enough money to pay for the cost-of-living today (13%), paying off or managing debt levels (10%) and investment performance, growth and protecting capital (9%).

1-in-10 (11%) Ontarians 45+ say they don't have any financial concerns.



Not surprisingly, sub-groups of Ontarians 45+ have different top financial concerns:

- Retirement planning is of greater concern among pre-retirees and younger Ontarians 45+.
- Paying for day-to-day costs of living is a higher concern among women compared to men.
- Paying off or managing debt levels is the single most important issue to women 45-54 (18% vs. 10% among all Ontarians 45+).
- As a top concern, performance of investment holdings is twice as important to men than women (13% vs. 6%).

The table below illustrates the difference in top individual financial concerns by retirement status and by age-gender segments:

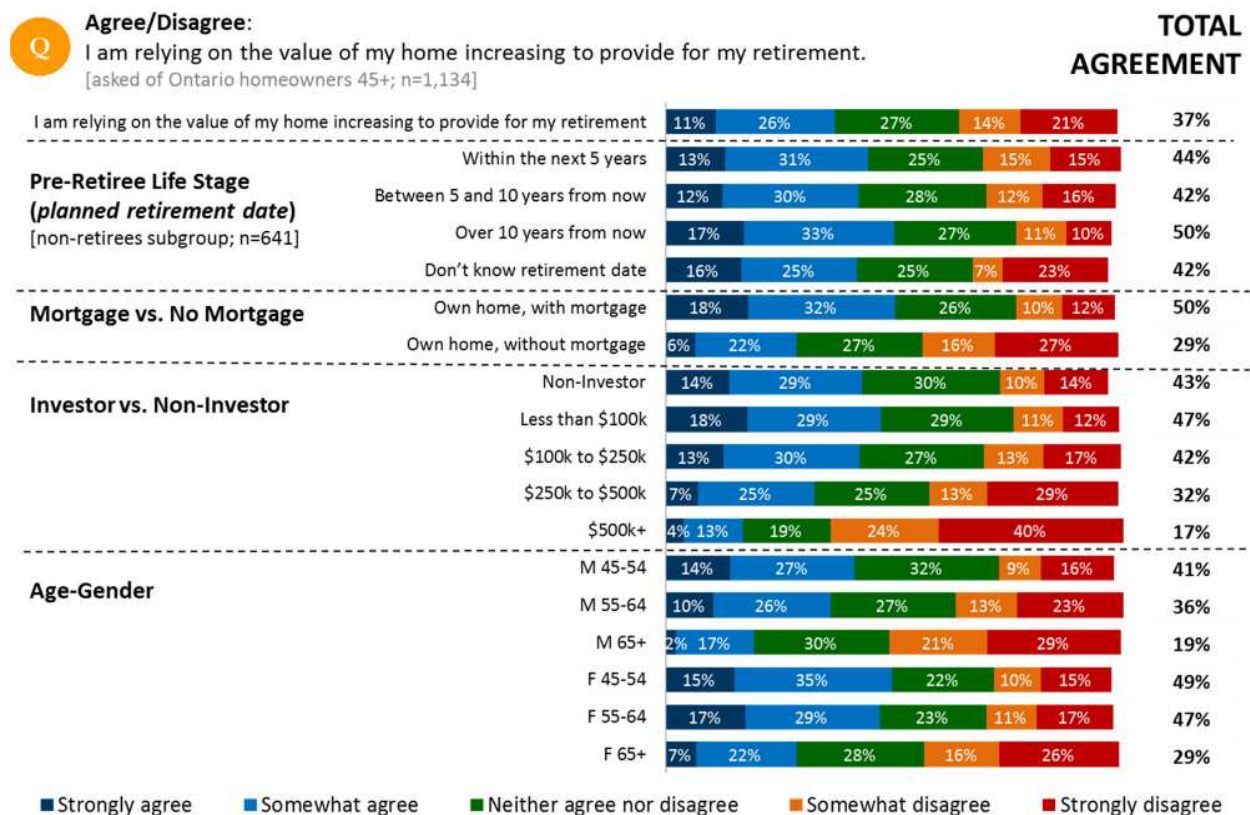
Top Financial Concerns	Total	Pre-retired	Retired	M 45-54	M 55-64	M 65+	F 45-54	F 55-64	F 65+
Retirement - having enough money	14%	15%	12%	13%	13%	14%	13%	17%	14%
Retirement - planning and saving	7%	10%	2%	11%	9%	2%	9%	7%	3%
Retirement - quality of life	4%	4%	4%	3%	4%	3%	5%	5%	5%
Overall Retirement Related Issues	25%	30%	18%	26%	25%	19%	27%	30%	21%
Having enough money for essentials	13%	13%	13%	12%	10%	11%	17%	11%	15%
Debt - managing, paying off	10%	12%	7%	8%	7%	4%	18%	14%	8%
Investment performance, growth, protection	9%	8%	12%	10%	13%	16%	4%	8%	8%
Unstable markets, the economy, inflation	4%	3%	6%	3%	5%	8%	3%	3%	6%
Financial security	4%	3%	6%	4%	4%	9%	2%	4%	4%
Interest rates	4%	3%	6%	3%	4%	5%	3%	5%	6%
Having enough money for non-essentials	3%	3%	4%	3%	3%	3%	1%	4%	5%
Income	2%	3%	1%	2%	4%	2%	3%	1%	--
Savings	2%	3%	1%	4%	2%	0%	3%	1%	--
Staying on budget	2%	2%	2%	3%	--	2%	2%	2%	2%
Taxes	1%	1%	1%	1%	--	1%	1%	--	2%
Employment security	1%	2%	--	2%	--	--	2%	1%	--
Fraud/Theft	1%	1%	1%	--	1%	--	1%	1%	1%
Government fiscal mismanagement	1%	1%	1%	--	2%	1%	1%	--	--
Emergency funds, unexpected costs	1%	--	1%	--	--	--	1%	--	2%
Health concerns	--	--	--	1%	--	--	--	--	1%
Other	4%	3%	5%	6%	4%	4%	3%	2%	5%
None	11%	8%	14%	8%	13%	14%	9%	9%	14%
Don't know	2%	2%	1%	3%	2%	1%	1%	--	1%

House & Home: the *new* retirement savings plan?

Nearly 4-in-10 (37%) of Ontario homeowners 45+ say that they are relying on the value of their home increasing to provide for their retirement

Findings from the *Investing As We Age* study suggest a large number of Ontario homeowners, 45+ (particularly pre-retirees) are replacing retirement planning with the belief that home equity gains will finance their retirement. This approach to retirement planning can be sustainable so long as residential properties maintain or increase in value. However, to the extent Ontarians 45+ are overestimating their ability to finance their retirement using their homes, or if there is a downward pricing correction in Ontario's housing market, a number of Ontarians 45+ may be at risk of not meeting their retirement savings goals.

Three-quarters (76%) of Ontarians 45+ own their home. Among this group of homeowners, nearly 4-in-10 (37%) say that they are relying on the value of their home increasing to provide for their retirement. *Pre-retirees, Ontarians 45-54 years of age, non-investors, and investors with smaller portfolios* are most likely to rely on rising home equity value for retirement.



Almost half (45%) of pre-retired Ontario homeowners 45+ say that they are relying on the value of their home increasing to provide for their retirement

Like retired Ontarians, most 45+ Ontarians who are not yet retired own their own home; nearly three-quarters of pre-retirees (73%) own their home: 38% with a mortgage and 37% without a mortgage.

Nearly 4-in-10 (38%) of these pre-retirees (who own their home) have no investment savings. The smaller the amount of investment savings, the more likely the pre-retiree is to rely on an increase in their home' value to finance their retirement.

The investment savings profile of this group is as follows:

- 38% have no investments
- 21% have an investment portfolio less than \$100k
- 25% have an investment portfolio between \$100k and less than \$500k
- 11% have an investment portfolio of \$500k or more
- 5% would not disclose the size of their investment portfolio

It appears that pre-retiree (45+) homeowners, who have not started saving, are more likely to be banking on the continued appreciation of their home to help finance their retirement.

Other characteristics of pre-retirees who rely on the value of their home increasing to pay for their retirement include:

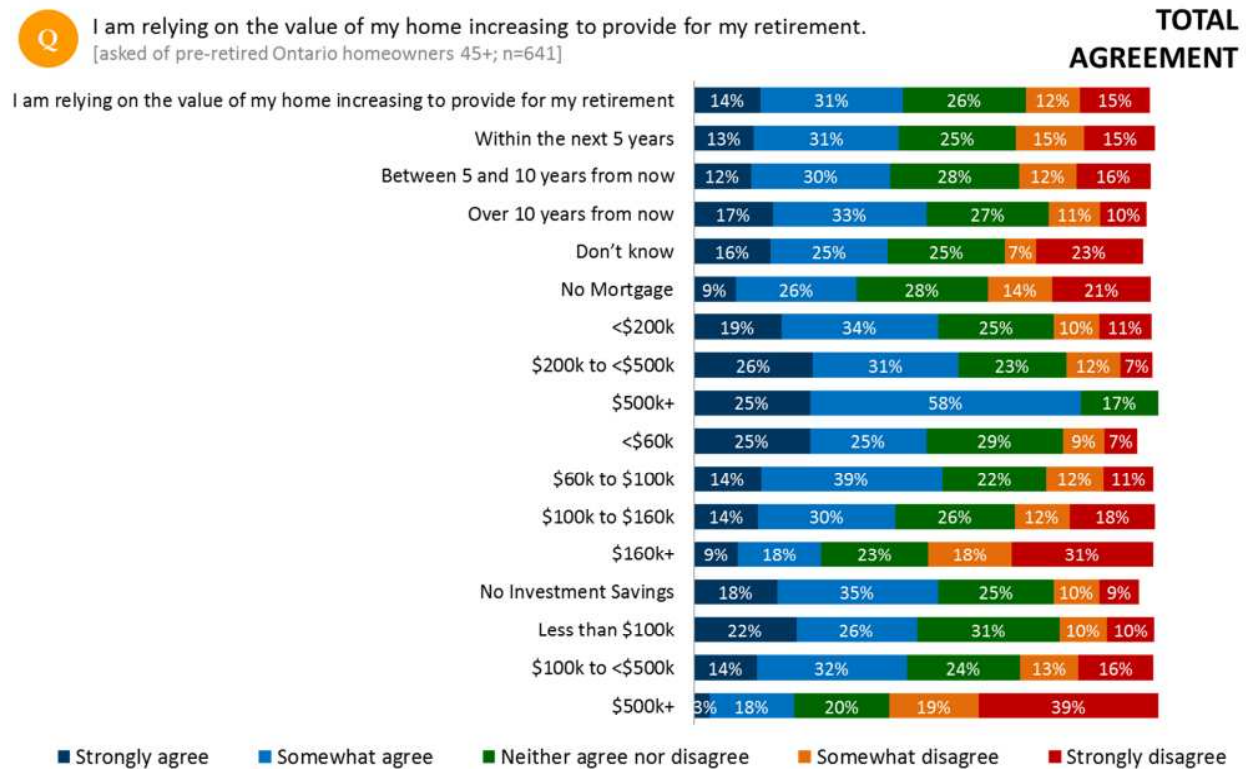
Retirement Timeline: Those who plan to retire in more than 10 years are more likely to rely on their home.

Size of Mortgage: The larger the pre-retiree mortgage, the greater the reliance on increasing home values.

Household Income: Lower-income households are more likely to rely on increasing home values.

Investment Savings: The smaller the investment portfolio, the greater the reliance on increasing home values.

Region: With the considerable increase in residential property values across the GTA in recent years, it's not surprising that pre-retirees in Toronto and the GTA are most likely to say that they are relying on the value of their home increasing to provide for their retirement.



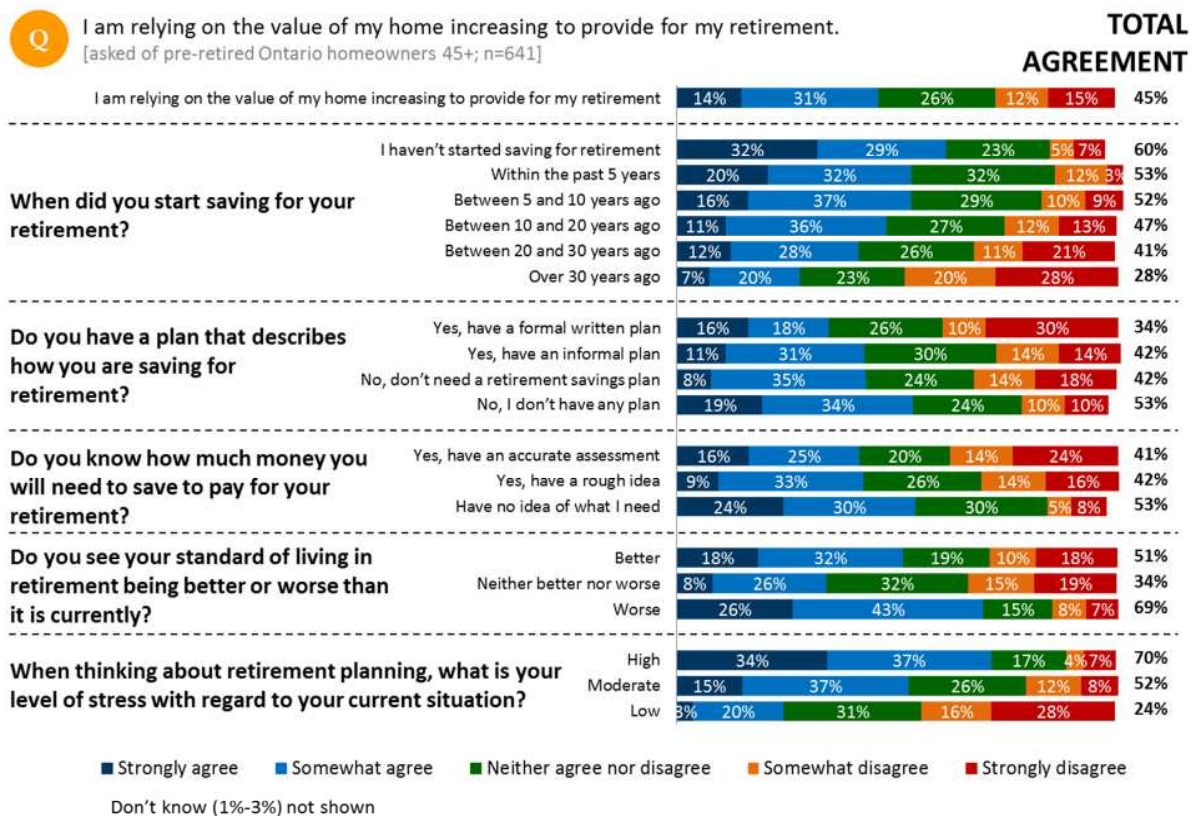
Pre-retiree homeowners who are least prepared for retirement are more likely to rely on the value of their home increasing to finance their retirement.

Length of Time Committed to Retirement Saving: Pre-retirees who have been saving for retirement the shortest amount of time are most likely to rely on their home value.

Retirement Savings Plan: Those with a formal plan are least likely to rely on their home value. Homeowners that don't have a retirement savings plan are most likely to rely on the belief that the value of their home will continue to increase.

Knowing Your Number: Those who have no idea of how much money they will need for retirement are most likely to rely on their home.

Stress Levels: While not necessarily an indication of retirement preparedness, pre-retirees with higher reported levels of financial stress are more likely to rely on the value of their home appreciating to finance their retirement.



Retirement Ready? Measuring financial knowledge, behaviour, and stress

Compared to men, women report that they are less knowledgeable and more stressed when it comes to retirement savings

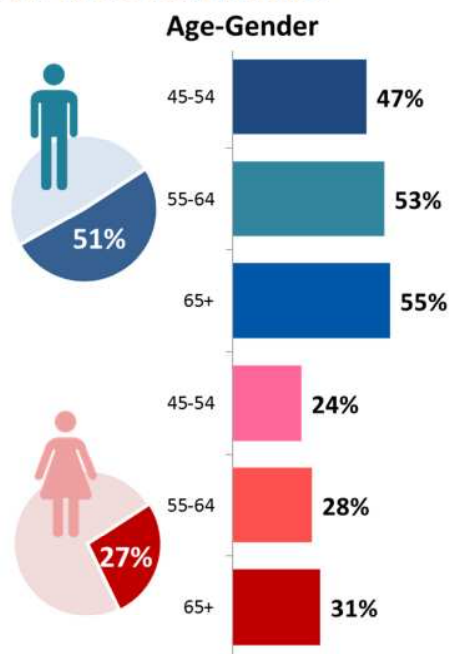
39% report good or excellent knowledge of investing, but results diverge by gender: Half as many women (27%) as men (51%) report good or excellent knowledge.

This gender gap in reported investment knowledge persists in all age groups. Among men, nearly half aged 45-54 (47%) and more than half of those 55-64 (53%) and 65+ (55%) report good or excellent knowledge; the same is true of fewer than one in four women 45-54, and less than one in three women 55-64 (28%) and 65+ (31%).

36% of Ontarians 45+ said they ‘have no idea’ how much they will need for retirement, but again, results diverged by gender. The gender gap is especially large among those 45-54, with 45% of women and 35% of men saying they have no idea.

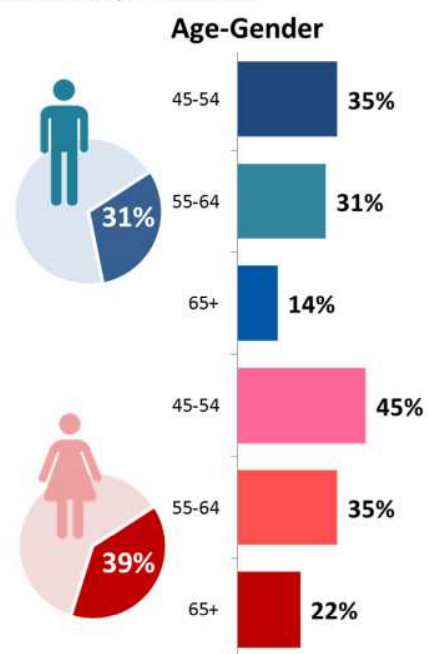
Segmentation ▶▶

Respondents who say they have a “good” or “excellent” understanding of investing.



Segmentation ▶▶

Respondents who say they have “No idea” what they need to save for retirement



Women are also more concerned about retirement, and are more worried about running out of money. Overall, two-in-ten (22%) pre-retirees report high stress regarding their retirement planning. There is no substantive gender difference among those 45-54 who have not yet retired, but pre-retiree women 55 and over are more stressed than men the same age (gender gap 10+ percentage points).

Respondents who say their stress is high or very high.

Men 45-54	Men 55-64	Men 65+	Women 45-54	Women 55-64	Women 65+
24%	16%	3%	23%	27%	13%

When asked how important saving for retirement is, women aged 55-64 say it is the most important; 85% say it is extremely or very important, 9 percentage points higher than men the same age. The gender gap persists, but is smaller, among respondents 65 and older.

Finally, women are more likely to worry that they will run out of money during retirement than men. The gender gap in total agreement is largest among Ontarians 55-64 – 53% of women this age agree they are worried they will run out of money, compared to 44% of men. Overall, just under half (48%) of Ontarians 45+ worry that they will run out of money during retirement.

Aided Concern
Total Importance:
Retirement savings.

Total Agreement:
I worry that I will run out of money during my retirement.

Men 45-54	Men 55-64	Men 65+	Women 45-54	Women 55-64	Women 65+
76%	76%	71%	76%	85%	74%
55%	44%	38%	63%	53%	40%

Women more likely to use and rely on financial advisors, men more likely to act on their own, conduct own research

65% of Ontario investors 45+ use a financial advisor. Nearly seven-in-ten (69%) women use a financial advisor, slightly more than the six-in-ten men who do (62%).

Women are also more likely to agree that they “need to use an advisor to plan for my retirement”; total agreement among women is 45%, 5 percentage points more than men (39%).

	Men 45-54	Men 55-64	Men 65+	Women 45-54	Women 55-64	Women 65+
Total Agreement: <i>“I need to use a financial advisor to plan for my retirement”</i>	43%	38%	35%	49%	45%	41%

While women are more likely to rely on a financial advisor, **men are more likely to act on their own.** Overall, 25% of Ontario investors 45+ currently use an online discount brokerage, but there is a substantial gender gap—almost twice as many men as women currently use an online discount brokerage (32% compared to just 17%). Pre-retiree men are also more likely to have and consult their financial plan (gender gap among those who do so “often” or “always” is 8 percentage points) and to do their own research (gender gap among those who do so “often” or “always” is 16 percentage points).

About the Investor Office of the Ontario Securities Commission

A regulatory operations branch of the OSC, the Investor Office sets the strategic direction and leads the OSC's efforts in investor engagement, education, outreach and research. The Office also has a policy function, plays a key role in the oversight of the Ombudsman for Banking Services and Investments, and provides leadership in the area of behavioural insights at the OSC.

About Innovative Research Group

Innovative Research Group, Inc. (INNOVATIVE) is a national public opinion research and strategy firm with offices in Toronto and Vancouver. The firm provides critical information needed to assess and overcome public affairs and corporate communications challenges, identify and evaluate potential solutions, and monitor outcomes. To learn more about INNOVATIVE, visit www.innovativeresearch.ca.