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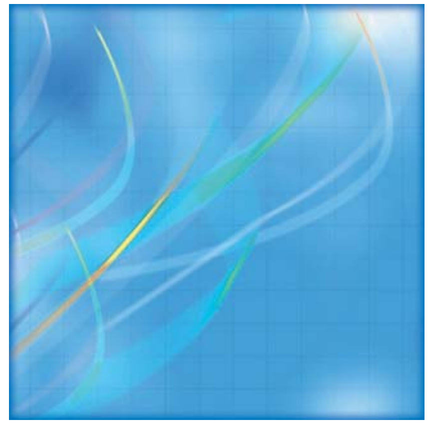
Retirement-Related Highlights from the 2009 Canadian Financial Capability Survey



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Symbols

The following standard symbols are used in Statistics Canada publications:

.	not available for any reference period
..	not available for a specific reference period
…	not applicable
0	true zero or a value rounded to zero
0^s	value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded
^{p}	preliminary
^{r}	revised
x	suppressed to meet the confidentiality requirements of the *Statistics Act*
^{E}	use with caution
F	too unreliable to be published

Introduction

The Canadian Financial Capability Survey (CFCS), released by Statistics Canada in December 2009, was designed to collect information about Canadians' knowledge, abilities, and behaviours concerning financial decision-making. In addition to information on approaches to money management and financial planning, the CFCS collected information on issues relevant to current discussions about Canada's retirement income system. For example, retired respondents were asked about their financial standard of living in retirement and whether their retirement income is sufficient to comfortably cover their bills and financial commitments. Working-age Canadians were asked about their financial preparations for retirement. This research note provides highlights on retirement issues using the CFCS.

The CFCS is a nationally representative survey that collected information from 15,519 respondents 18 years of age or older living in private households in the 10 provinces. The survey was fielded between February and May 2009 - a period during which stock market values declined significantly and considerable media attention was focused on the prospects of a global recession. Answers to some survey questions, particularly those regarding respondents' assessments of their financial plans, should be interpreted with this context in mind.

1 Retirees' subjective assessments of their financial situations

The financial well-being of Canadian seniors can be assessed in various ways. The incidence of low income, that is, the proportion of households below a minimum-income threshold, is one common metric. Since the 1970s, the share of Canadian seniors in low-income has declined markedly, and is now among the lowest among industrialized countries (Baldwin 2009; Veall 2008; Baker and Milligan 2009; Myles 2000). However, low-income rates are higher than average among some groups, such as recent immigrants and divorced individuals (Veall 2008). Financial well-being can also be assessed in terms of replacement rates, defined as the share of pre-retirement income replaced in old age. Longitudinal data indicate that median replacement rates among recent cohorts of seniors meet or exceed levels generally recommended by the financial industry (i.e., 60% to 70%), although some seniors from the middle and upper end of the income distribution fall short of this benchmark (LaRochelle-Côté, Picot and Myles 2008).

Another approach to financial well-being is to ask seniors themselves about their circumstances. Have they been able to maintain their financial standard of living in retirement? Are they able to keep up with their bills and financial commitments? Such questions were included in the CFCS and provide information that complements the income measures noted above. CFCS respondents who identified themselves as retired[1] were asked the following:

> *You mentioned earlier that you are currently retired. The next two questions are about your financial standard of living in retirement.*

1. CFCS respondents were asked about their employment status at the time of the survey. Broad response categories were provided, such as employed, self-employed, retired, not working and looking for work, not working and not looking for work, and doing unpaid household work. The majority of respondents aged 65 or older identified themselves as retired.

Compared to your expectations before you retired, how would you describe your financial standard of living in retirement?

- *Much better than expected*
- *Better than expected*
- *As expected*
- *Not as good as expected*
- *Much worse than expected*

Is your retirement income sufficient to comfortably cover your monthly expenses?

- *Yes*
- *No*

The majority of retirees (59%) reported that their standard of living in retirement is what they expected it would be, while 17% reported that it is better or much better than expected (Table 1). Conversely, about one-quarter of retirees reported that their financial standard of living falls short of what they had expected. The majority of retirees (85%) reported that their retirement income is sufficient to comfortably cover their monthly expenses.

Table 1
Retirees' subjective assessment of their financial standard of living compared to their expectations before they retired, by age group, Canada 2008

	Much better than expected	Better than expected	As expected	Not as good as expected	Much worse than expected	Total
			percent			
Total	4.5	12.4	59.2	18.8	5.0	100.0
55 to 64	4.2	12.6	57.8	21.1	4.4	100.0
65 to 74	5.9	12.4	64.9	13.0	3.8	100.0
75+	4.8	12.5	60.5	17.8	4.3	100.0

CFCS respondents of all ages were asked about their capacity to keep up with their bills and financial commitments. Specifically, the CFCS asked:

Again, thinking of the last 12 months, which one of the following statements best describes how well you and your immediate family have been keeping up with your bills and other financial commitments?

- *Keeping up with all bills and commitments without any problems*
- *Keeping up with all bills and commitments, but it is sometimes a struggle*
- *Having real financial problems and falling behind with bills or credit commitments*
- *Don't have any bills or credit commitments*

Responses to this question, which have been collapsed into three categories because of sample size considerations, are shown in Table 2.[2] Over 80% of retired respondents in all age groups express positive assessments of their capacity to keep up with bills and financial commitments, compared with about 60% to 70% of working-age Canadians.

2. Respondents who reported that they do not have any bills or financial commitments are included with respondents who reported that they keep up with all bills and financial commitments without any problems. About 2% to 5% of retirees responded that they have no bills or financial commitments, while this was the case for fewer than 1% of labour force participants in each age group.

Table 2
Subjective assessment of capacity to keep up with bills and credit commitments, by age group and employment status, Canada 2008

	Don't have bills or financial commitments, or keeping up without any problems	Keeping up but sometimes a struggle	Having real financial problems and falling behind	Total
	percent			
Labour force participants				
25-34	59.6	36.3	4.2	100.0
35-44	59.1	37.5	3.4	100.0
45-54	62.0	35.0	3.1	100.0
55-64	72.4	25.5	2.1	100.0
Total	**62.1**	**34.6**	**3.3**	**100.0**
Retired respondents				
55-64	83.5	16.3	F	100.0
65-74	80.2	18.8	F	100.0
75+	88.9	10.8	F	100.0
Total	**84.0**	**15.4**	**F**	**100.0**

Aggregate distributions such as those in Tables 1 and 2 may conceal differences in the outlooks of different groups of retirees. In order to provide a more nuanced perspective, Table 3 shows the subjective assessments of retirees disaggregated by various socio-economic characteristics. Considering marital status, about 14% of retirees who are married or common-law report it is sometimes a struggle keeping up with monthly bills, while this is the case for 25% of retirees who are separated or divorced. And while 21% retirees who are married or common-law report that their financial standard of living in retirement is not as good as expected or is much worse than expected, 35% of retirees who are separated or divorced are of this opinion. These figures take on added relevance when one considers that the share of seniors who are separated or divorced increased from 2.6% to 7.3% between 1976 and 2008 and that the share of 45-to-64-year-olds who are separated or divorced increased from 4.6% to 12.4%.[3]

Considering other characteristics, large differences in financial assessments are evident across household income categories. While about 10% of retirees with household incomes of $80,000 or more report that keeping up with monthly bills and financial commitments is sometimes a struggle, this is the case for 29% of those with household incomes of less than $20,000. Large differences are also evident across housing tenure, particularly between individuals who are still making mortgage payments and those who are not.

The deterioration of labour market and financial outcomes of recent immigrants in Canada has been well-documented over the last decade, and CFCS results are consistent with that body of research. Specifically, individuals who have immigrated since 1980 and are now retired are more likely than Canadian-born retirees to experience difficulties meeting their monthly expenses.

3. Labour Force Survey Annual Averages.

Table 3
Retirees' subjective assessment of their financial situation, by selected characteristics, Canada 2008

	Retirees say keeping up with bills and financial commitments but sometimes find it a struggle [1]	Retirees say retirement income not sufficient to comfortably cover monthly expenses	Retirees say financial standard of living in retirement is not as good as expected or is much worse than expected
	percent		
Total	**16.0**	**15.2**	**22.2**
Male	15.9	15.2	23.9
Female	16.1	15.2	20.7
Marital status			
Married/Living common-law	14.5	14.0	20.7
Widowed	17.8	15.7	21.8
Separated/Divorced	25.2	25.0	34.9
Never married	13.7	13.7	22.7
Educational attainment			
Less than high school	19.1	17.5	25.8
High school/Some postsecondary	14.2	13.8	21.6
Postsecondary certificate or diploma	17.7	16.5	23.6
University degree	12.1	13.0	16.6
Immigration status			
Born in Canada	14.9	13.2	20.9
Immigrated prior to 1980	19.5	19.8	25.9
Immigrated since 1980	20.4	32.4	27.6
Household income			
Less than $20,000	28.8	28.3	36.3
$20,000 to $39,999	17.6	17.0	27.0
$40,000 to $59,999	11.9	10.0	17.2
$60,000 to $79,999	10.3	11.2	12.2
$80,000 or more	10.2	9.0	14.2
Housing tenure			
Owned, no mortgage	11.2	11.6	17.0
Owned, with mortgage	32.0	22.7	31.9
Rent	20.3	20.6	31.2

1. Retired respondents who reported that they are having serious financial problems and falling behind with bills or credit commitments are included in these figures. This generally accounts for less than one percent of respondents.

To provide further insight on what might account for the differences observed across socio-economic characteristics, results from a set of multivariate regression models are presented in Table 4. These results show the correlation between each specific characteristic in the model and the various financial assessments, while other characteristics in the model are held constant.

The regression results confirm the strength of the correlation between household income and financial assessments. Compared to individuals with household income of $20,000 to $39,999, the likelihood of retirement income not being sufficient to comfortably cover monthly expenses is nine percentage points higher among their counterparts with household income under $20,000, and eight percentage points lower among their counterparts with household income over $80,000.[4]

4. Marginal effects shown in Table 4 are calculated by setting other characteristics in the model to "reference group." See note at bottom of Table 4.

The correlations between financial assessments and housing tenure remain significant when other characteristics are taken into account, including household income. The difference remains largest between retirees who are mortgage-free and retirees making mortgage payments (11 v. 23 percentage points). The decisions or circumstances that lead individuals to retire before paying off their mortgage (or to re-mortgage their home in retirement) cannot be discerned from CFCS data.

When household income and other characteristics are taken into account, the correlations between financial assessments and separation/divorce become non-significant. Compared with retirees in other marital states, those who are separated or divorced are most likely to have household incomes under $20,000 and are least likely to own their homes mortgage-free.[5] It is these factors that account for the prevalence of negative financial assessments among this group.[6]

With regard to immigration status, the predicted probability of negative financial assessments remains significantly higher among immigrants who landed prior to 1980 than among the Canadian-born when other characteristics are taken into account. The difference ranges between 6 and 9 percentage points. Most differences between immigrants who have landed since 1980 and Canadian-born retirees become non-significant in the multivariate model, with the exception of being able to comfortably cover monthly expenses. Small sample is likely a factor.[7]

Finally, while there is no significant difference in the likelihood of women and men reporting difficulties keeping up with their monthly expenses, women are more likely than men to report that their financial standard of living in retirement falls short of their expectations (a difference of five percentage points).

5. The shares of retired CFCS respondents with household incomes under $20,000 are 7%, 36%, 44%, and 29% among married/living common-law, widowed, separated/divorced, and never-married respondents, respectively. The shares living in owned accommodation (with no mortgage) are 70%, 55%, 37%, and 47% for these marital statuses, respectively.
6. This was confirmed in a supplementary set of regression models (not shown) that included only marital status, household income, and housing tenure.
7. Fewer than 100 retired respondents in the sample are immigrants who have landed since 1980, and this may contribute to the non-significance of the variable in the multivariate models.

Table 4
Regression results on retirees subjective assessments of their financial situation, Canada 2008

	Keeping up with bills but sometimes a struggle	Retirement income not sufficient to comfortably cover monthly expenses	Financial standard of living in retirement		
			Much better or better than expected	As expected	Not as good as expected or much worse than expected
	percent				
Predicted probability of outcome	14.1	12.5	14.0	59.4	26.7
	percentage points				
Marginal effects associated with change in:					
Sex					
Male (reference group)	…	…	…	…	…
Female	-0.9	-0.8	2.8	2.4	-5.2 **
Age group					
Age 55 to 64	-0.8	5.7 **	-1.5	-0.3	1.8
Age 65 to 74 (reference group)	…	…	…	…	…
Age 75 or older	-6.6 ***	-4.6 **	2.4	7.3 **	-9.6 ***
Marital status					
Married/Living common-law (reference group)	…	…	…	…	…
Widowed	0.9	1.6	1.4	-3.2	1.8
Separated/Divorced	0.4	-0.6	0.4	2.2	-2.6
Never married	-4.5 *	-4.2 *	3.0	1.8	-4.8
Educational attainment					
Less than high school	2.7	1.8	-0.3	-0.7	1.0
High school/Some postsecondary (reference group)	…	…	…	…	…
Postsecondary certificate or diploma	3.4	1.9	-2.1	-0.2	2.3
University degree	0.2	1.2	-0.4	3.3	-2.9
Immigration status					
Born in Canada (reference group)	…	…	…	…	…
Immigrated prior to 1980	6.4 **	9.0 ***	-1.8	-6.7 *	8.5 **
Immigrated since 1980	1.8	17.0 **	-4.0	2.3	1.7
Household income					
Less than $20,000	10.6 ***	9.1 ***	-2.0	-7.9 **	9.9 ***
$20,000 to $39,999 (reference group)	…	…	…	…	…
$40,000 to $59,999	-5.0 **	-6.0 ***	1.1	8.7 **	-9.8 ***
$60,000 to $79,999	-6.6 **	-5.5 **	6.9 *	7.7 *	-14.7 ***
$80,000 or more	-7.8 ***	-7.7 ***	12.0 ***	1.6	-13.6 ***
Housing tenure					
Owned, no mortgage (reference group)	…	…	…	…	…
Owned, with mortgage	23.4 ***	10.8 ***	-0.8	-17.5 ***	18.3 ***
Rent	5.6 **	4.8 *	-2.5	-9.7 ***	12.1 ***

* p<.05
** p<.01
*** p<.001
Note: Predicted probabilities calculated on the basis of being male, aged 65 to 74, married or living common-law, with high school or some postsecondary education, born in Canada, household income $20,000 to $39,999, and own home with no mortgage.

2 Preparations for retirement among working-age Canadians

The focus of the analysis now shifts to working-age Canadians and their financial preparations for retirement. Specifically, the CFCS asked non-retired respondents the following:

This section contains questions about the plans you may have for your retirement.

Are you financially preparing for your retirement either on your own or through an employer pension plan?

Respondents were also asked:

Do you have a good idea of how much money you will need to save to maintain your desired standard of living when you retire?

The responses of labour force participants aged 25 to 64 are shown in Table 5. Most of them (81%) reported that they are financially preparing for retirement, with descriptive statistics indicating that the shares doing so vary across marital status, educational attainment, immigration status, employment status, household income, and housing tenure. Individuals who reported that they are not making financial preparations for retirement were asked why, with the largest share citing financial reasons.

Other research has documented the degree of uncertainty that working-age Canadians express regarding their retirement plans (Ostrovsky and Schellenberg 2008). This uncertainty is evident in CFCS results, as less than half of labour force participants aged 25 to 64 reported that they have a good idea of how much they will need to save in order to maintain their standard of living in retirement. While differences are evident across socio-economic characteristics, such uncertainty is prevalent among virtually all groups.

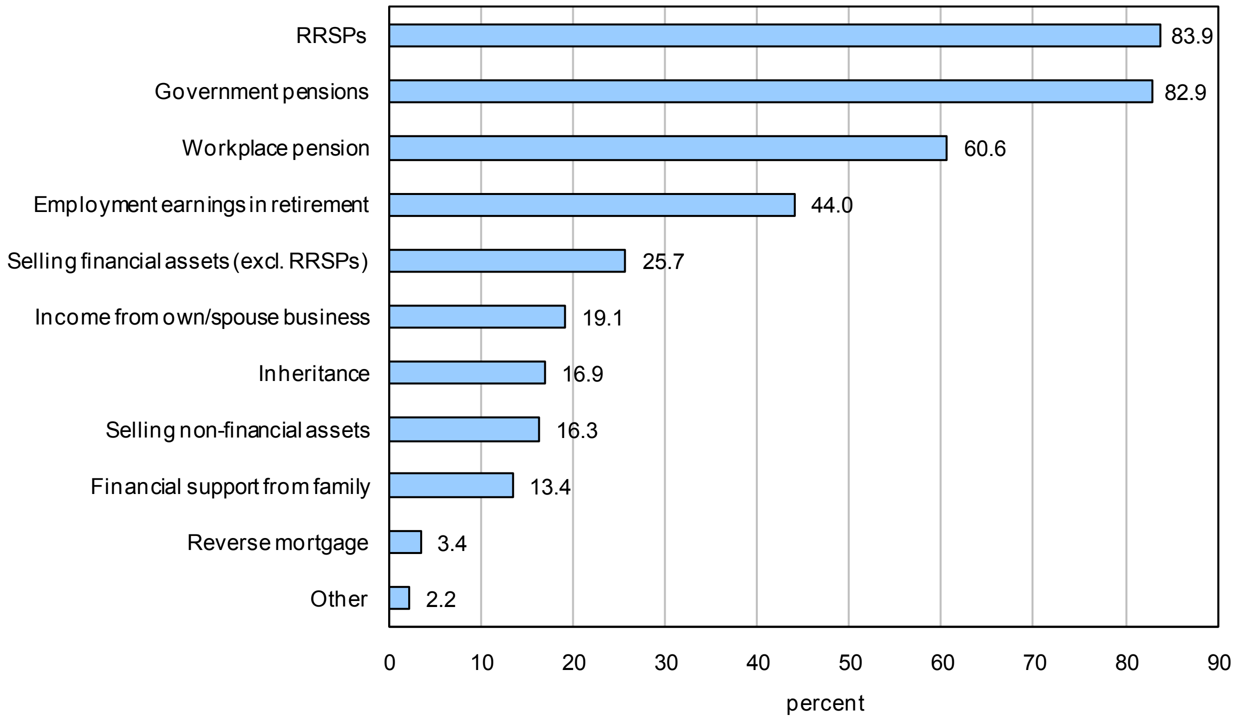
The sources of income upon which today's and tomorrow's seniors rely are central to current discussions of Canada's retirement income system, particularly the role played by workplace pensions and Registered Retirement Savings Plans (RRSPs). Information on other forms of savings, such as non-registered financial assets, property, and business assets, remains extremely limited.

The CFCS offers insights on the variety of revenue sources from which working-age Canadians expect to receive retirement income. CFCS respondents who reported that they are financially preparing for retirement were asked the following:

Which of the following sources of revenue are included in your financial plan for retirement?

The responses are shown in Chart 1. Over 80% of labour force participants aged 25 to 64 include income from Registered Retirement Savings Plans (RRSPs) and government pensions in their plans, and 61% include income from workplace pensions (Chart 1).[8] Respondents were not asked how much income they expect to receive from each source.

Chart 1
Percent of labour force participants aged 25 to 64 who include specific revenue sources in their financial plan for retirement, Canada 2008



Note: Chart 1 includes only those CFCS respondents who reported that they are financially preparing for retirement.

8. The fact that 61% of labour force participants aged 25 to 64 include workplace pension income in their retirement plans may appear high given that pension coverage rates based on the Pension Plans in Canada (PPIC) database are currently around 38%. The 61% figure cited above excludes labour force participants aged 18 to 24 as well as labour force participants who report that they are not preparing for retirement. These exclusions increase the prevalence of pension coverage among remaining respondents. Moreover, anticipated workplace pension income reported in the CFCS could pertain to pension coverage having taken place earlier (or anticipated coverage to take place later) in the respondent's working life, or to pension benefits that will be received by the respondent's spouse. Finally, the PPIC is administrative data while the CFCS is survey data, and the two sources use different methodologies to measure different concepts (specifically, pension coverage at a given point in time versus receipt of pension income at a future point in time).

Table 5
Labour force participants aged 25 to 64: Preparations for retirement, by selected characteristics, Canada 2008

	Participants financially preparing for retirement	Participants who say they know how much they need to save in order to maintain their standard of living in retirement
	percent	
Total	**81.0**	**45.6**
Male	81.3	50.6
Female	80.7	39.9
Age group		
25 to 34	75.0	37.2
35 to 44	82.3	44.0
45 to 54	83.0	48.4
55 to 64	85.1	56.8
Marital status		
Married/Living common-law	84.0	48.2
Separated/Divorced/Widowed	76.2	41.3
Never married	70.2	35.9
Educational attainment		
Less than high school	61.1	28.8
High school/Some postsecondary	79.5	41.1
Postsecondary certificate or diploma	81.1	45.9
University degree	87.8	53.5
Immigration status		
Born in Canada	83.0	46.7
Immigrated prior to 1980	83.7	53.0
Immigrated 1980 to 1994	75.9	42.6
Immigrated 1995 to 2009	67.4	33.2
Employment status		
Paid employee	85.2	45.4
Self-employed	75.0	52.5
Unemployed	50.7	35.0
Household income		
Less than $20,000	39.3	24.6
$20,000 to $39,999	58.8	30.3
$40,000 to $59,999	73.7	35.2
$60,000 to $79,999	80.8	40.2
$80,000 to $99,999	87.5	45.7
$100,000 or more	92.4	58.1
Pension coverage[1]		
No plan	...	50.5
Defined-contribution (DC) plan	...	53.9
Defined-benefit (DB) plan	...	51.6
Other plans[2]	...	38.8
Not financially preparing for retirement	...	24.8
Housing tenure		
Owned - No mortgage	85.1	57.9
Owned - With mortgage	85.6	45.2
Rented	66.9	35.0

1. Respondents who reported that they are not financially preparing for retirement were not asked whether they had pension coverage.
2. Other plans include mixed DB/DC plans and respondents who do not know what type of pension plan they have.

Notably, 44% of respondents include employment earnings as an anticipated source of retirement income. Readers are reminded that the CFCS was fielded during the economic downturn of 2009; consequently, respondents' views may have been influenced by that context. Nonetheless, these data suggest that some Canadians do not view retirement and labour force withdrawal as synonymous, and that partial retirement or post-retirement employment are being considered as options by some. The blurring of the line between retirement and labour force activity is further evidenced by the fact that 19% of respondents include business income as an anticipated source of retirement income.[9]

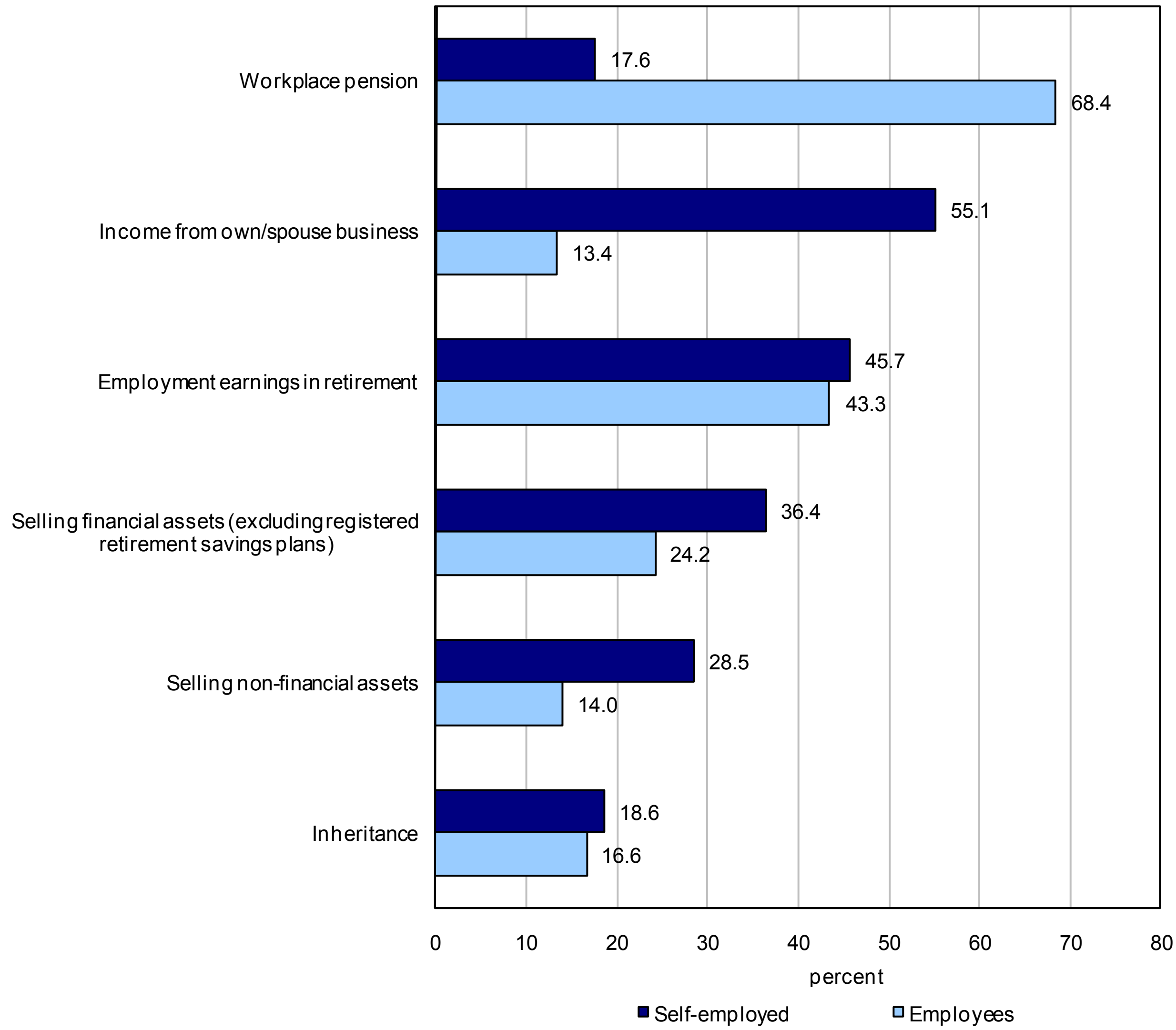
In addition to RRSPs, pensions, and earnings, many working-age Canadians expect to receive retirement income from other sources. For example, 26% expect to receive income from the sale of financial assets held outside of RRSPs, and 16% expect to receive income from the sale of non-financial assets, such as a home, other properties, vehicles, or other tangible assets. The share of respondents intending specifically to derive retirement income by downsizing to a smaller home cannot be determined from the CFCS. However, fewer than 4% expect to generate retirement income from a reverse mortgage. About 17% of working-age Canadians include inheritances in their retirement plans.

Looking across socio-economic characteristics, fairly consistent shares of working-age Canadians expect to receive retirement income from several of these sources, such as employment earnings, inheritances, and the sale of non-financial assets (see Table 6). The other anticipated sources of retirement income, including the sale of financial assets and pension coverage, vary more across socio-economic characteristics, particularly household income.

One comparison of particular note is that between paid employees and self-employed workers. These two groups differ in many respects, such as their eligibility to belong to a workplace pension, their opportunity to accumulate wealth in the form of business assets, and their retirement transitions.[10] The anticipated sources of income that they include in their retirement plans also differ (Chart 2). As one might expect, self-employed workers are far less likely than paid employees to include workplace pension income in their retirement plans and are far more likely to include business income. In addition, self-employed workers are more likely to include revenue from the sale of financial and non-financial assets in their plans.

9. Respondents were allowed to select more than one response to this question. Over half (52%) cited earnings and/or business income as an anticipated revenue source in retirement.
10. In 2008, for example, the average age of retirement among self-employed workers was 65.4 years, compared to 62.0 years among paid employees in the private sector. Labour Force Survey Annual Averages.

Chart 2
Percent of paid employees and self-employed workers aged 25 to 64 who include specific revenue sources in their financial plans for retirement, Canada 2008



Note: Chart 2 includes only those CFCS respondents who reported that they are financially preparing for retirement.

However, while working-age Canadians include income from a variety of sources in their retirement plans, most expect workplace pensions (29%), RRSPs or Retirement Income Funds (28%), or government pensions (16%) to be their primary source of income. Overall, about three-quarters of working-age Canadians expect to rely on one of these three sources. Of the remaining respondents, 14% expect to rely on some other source of income in retirement, and 13% do not know what their primary source of income will be. Primary sources of income anticipated in retirement vary considerably across socio-economic characteristics, including age group, immigration status, employment status (i.e., paid employees and self-employed), pension coverage, and household income (see Table 7).

Table 6
Labour force participants aged 25 to 64 who are financially preparing for retirement: Source of revenue included in financial plan, by socio-economic characteristics, Canada 2008

	Earnings from employment in retirement	Selling financial assets	Selling non-financial assets	Drawing income from own or spouse's business	Inheritance	Occupational or workplace pension
	percent					
Total	**44.0**	**25.7**	**16.3**	**19.1**	**16.9**	**60.6**
Male	46.0	29.3	17.9	21.9	17.5	58.7
Female	41.7	21.6	14.4	15.9	16.3	62.7
Age group						
25 to 34	43.3	23.4	13.5	21.2	20.2	60.8
35 to 44	43.8	27.5	16.4	20.0	18.9	62.4
45 to 54	43.6	26.5	17.8	17.2	15.1	61.7
55 to 64	46.1	24.3	17.1	18.1	12.1	54.7
Marital status						
Married/Living common-law	44.2	26.7	16.5	19.9	17.4	60.7
Separated/Divorced/Widowed	48.2	23.7	16.4	15.1	16.9	62.2
Never married	39.8	21.6	14.7	17.4	14.2	58.8
Educational attainment						
Less than high school	41.3	12.5	17.0	17.0	9.3	47.6
High school/Some postsecondary	44.5	22.6	15.5	19.7	14.5	58.1
Postsecondary certificate or diploma	44.5	26.8	17.1	17.7	18.1	61.3
University degree	43.7	29.7	16.1	20.2	19.4	64.3
Immigration status						
Born in Canada	44.2	25.5	15.9	18.3	17.4	62.7
Immigrated prior to 1980	41.3	29.4	18.3	17.8	13.3	52.2
Immigrated 1980 to 1998	45.9	28.4	16.3	26.0	14.2	55.9
Immigrated 1999 to 2009	40.2	20.7	16.8	22.3	15.4	47.6
Employment status						
Paid employee	43.3	24.2	14.0	13.4	16.6	68.4
Self-employed	45.7	36.4	28.5	55.1	18.6	17.6
Unemployed	50.5	22.4	21.6	16.9	17.9	46.9
Pension plan coverage						
No RPP coverage	41.9	29.1	19.6	26.7	16.9	…
Defined-contribution plan	46.3	24.6	15.5	15.6	16.6	…
Defined-benefit plan	45.5	24.1	13.7	13.6	17.6	…
Plan mixed or not stated	44.2	18.7	13.3	13.9	15.1	…
Household income						
Less than $20,000	47.8	18.6	22.7	17.5	16.9	42.8
$20,000 to $39,999	40.8	17.6	14.3	16.8	14.4	48.9
$40,000 to $59,999	44.8	18.8	13.9	19.0	14.9	53.0
$60,000 to $79,999	44.1	19.8	14.5	16.0	15.4	59.1
$80,000 to $99,999	47.3	24.1	16.2	17.6	14.7	64.6
$100,000 or more	43.0	32.2	17.7	21.2	19.3	65.0
Housing tenure						
Owned, no mortgage	42.0	31.0	16.2	22.0	16.3	54.2
Owned, with mortgage	44.3	26.1	17.7	18.9	17.9	63.0
Rent	45.7	18.5	11.9	16.1	14.5	61.6

Table 7
Non-retired labour force participants aged 25 to 64: Primary source of income anticipated in retirement, by socio-economic characteristics, Canada 2008

	Government pensions	Workplace pensions	Registered retirement savings plan or retirement income fund	Other	Don't know	Total
			percent			
Total	**16.2**	**29.3**	**27.6**	**14.3**	**12.7**	**100.0**
Male	14.3	28.6	29.0	16.2	12.0	100.0
Female	18.3	30.2	26.0	12.1	13.5	100.0
Age group						
25 to 34	9.9	27.5	30.6	15.6	16.3	100.0
35 to 44	12.0	29.4	30.9	14.6	13.0	100.0
45 to 54	20.6	30.8	23.7	13.5	11.4	100.0
55 to 64	25.6	29.2	24.1	12.8	8.4	100.0
Marital status						
Married/Living common-law	15.2	30.1	28.8	14.6	11.3	100.0
Separated/Divorced/Widowed	23.2	29.3	19.5	12.3	15.7	100.0
Never married	16.8	25.8	26.5	13.9	17.1	100.0
Educational attainment						
Less than high school	31.2	14.9	13.9	17.8	22.3	100.0
High school/Some postsecondary	19.6	25.9	24.5	14.8	15.2	100.0
Postsecondary certificate or diploma	14.5	30.3	29.5	13.9	11.8	100.0
University degree	10.5	35.3	32.4	13.1	8.7	100.0
Immigration status						
Born in Canada	14.9	32.4	27.6	14.3	10.9	100.0
Immigrated prior to 1980	19.8	26.9	29.8	12.6	10.8	100.0
Immigrated 1980 to 1998	21.4	18.9	30.1	10.5	19.1	100.0
Immigrated 1999 to 2009	21.3	13.7	25.8	16.1	23.1	100.0
Employment status						
Paid employee	15.4	35.4	26.4	10.6	12.2	100.0
Self-employed	13.1	5.7	37.8	34.5	9.0	100.0
Unemployed	28.9	13.1	20.5	13.3	24.2	100.0
Pension plan coverage						
No RPP coverage	19.0	2.9	48.5	20.3	9.3	100.0
Defined-contribution plan	9.1	47.6	23.2	9.1	11.0	100.0
Defined-benefit plan	7.0	63.5	17.1	5.8	6.6	100.0
Plan mixed or not stated	10.5	39.2	22.6	9.6	18.1	100.0
Not planning for retirement	33.0	5.3	14.1	22.3	25.3	100.0

Table 7
Non-retired labour force participants aged 25 to 64: Primary source of income anticipated in retirement, by socio-economic characteristics (Canada, 2008) (concluded)

	Government pensions	Workplace pensions	Registered retirement savings plan or retirement income fund	Other	Don't know	Total
	percent					
Household income						
Less than $20,000	34.1	6.7	15.2	16.8	27.2	100.0
$20,000 to $39,999	30.4	15.6	16.7	16.0	21.3	100.0
$40,000 to $59,999	24.2	22.8	23.5	13.2	16.2	100.0
$60,000 to $79,999	18.8	27.6	25.5	14.0	14.1	100.0
$80,000 to $99,999	11.4	35.5	29.5	12.7	11.0	100.0
$100,000 or more	7.7	36.7	33.8	14.6	7.3	100.0
Housing tenure						
Owned, no mortgage	16.9	27.8	28.4	16.2	10.8	100.0
Owned, with mortgage	13.5	32.7	29.3	14.0	10.6	100.0
Rent	22.1	23.1	23.3	13.2	18.3	100.0
Province						
Newfoundland & Labrador	28.7	33.3	18.0	7.4	12.6	100.0
Prince Edward Island	27.2	27.3	16.5	14.1	14.9	100.0
Nova Scotia	21.1	33.9	19.6	16.2	9.2	100.0
New Brunswick	26.7	30.0	18.8	11.2	13.3	100.0
Québec	18.4	32.8	25.7	11.0	12.2	100.0
Ontario	14.1	30.7	29.0	12.8	13.5	100.0
Manitoba	14.1	34.0	21.8	13.9	16.2	100.0
Saskatchewan	11.6	31.9	24.3	21.4	10.8	100.0
Alberta	10.6	22.3	32.2	22.7	12.2	100.0
British Columbia	20.2	22.4	29.6	16.2	11.7	100.0

3 Conclusions

The objective of this research note has been to provide a timely overview of selected highlights from the 2009 Canadian Financial Capability Survey. Results show that the majority of retired Canadians have positive assessments of their financial situations and feel that their standard of living in retirement is what they expected it would be. Nonetheless, depending on the measure used, some 15% to 22% of retirees express negative assessments. Not surprisingly, lower household income in retirement is strongly correlated with negative assessments, and this explains why such assessments are more prevalent among certain groups, such as retirees who are separated or divorced and those who immigrated to Canada. These findings are consistent with other studies of financial well-being among seniors (Veall 2008).

The correlations between housing tenure—specifically, having a mortgage or being mortgage-free—and financial assessments are particularly striking, even when household income is taken into account. CFCS data do not allow us to identify the circumstances or events that led people to retire before paying off their mortgages or to re-mortgage their homes in retirement.

Most working-age Canadians are making financial preparations for retirement, although about half report that they do not know how much they need to save to maintain their standard of living in old age. And while most Canadians expect to rely on government pensions, workplace pensions, or their RRSPs as their primary source of retirement income, many are also saving in other ways, such as through non-registered financial assets, non-financial assets, and business assets. This is particularly so for self-employed individuals.

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