

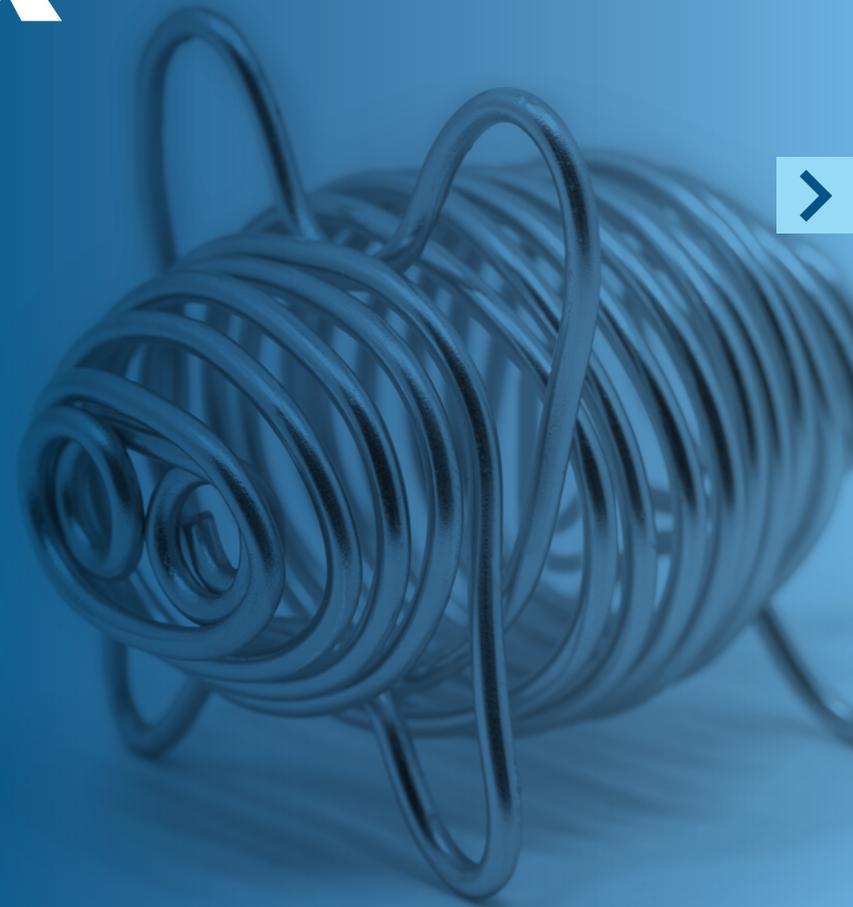
Mackenzie Retirement Reality Check 2020

Retirement rewired,
with your retirement partner.

That's better together



MACKENZIE
Investments



Methodology

Retirement
Reality

Work &
Save More

Get Your
Plan Going

Seek
Understanding

Live the
Retired Life

Connect &
Contribute

Start Early

Conclusion



Canadians are facing a new retirement reality – one that’s more complex and uncertain, yet still filled with endless opportunities. Unlike the retirees of the past, today’s working Canadians must save in a low interest rate environment, where high yields are harder to come by. They’re also investing in a more volatile market, while many can no longer rely on a guaranteed workplace pension to get them through their golden years.

Now’s the time for Canadians to take a reality check on their retirement plan. They need to see where they stand when it comes to their investments, their financial knowledge and review their retirement roadmap to ensure they’re on the right track. Mackenzie’s Retirement Reality Check 2020 report takes an in-depth look at how Canadians, aged 30 to 50, and those 65 plus who have already left the workforce, feel about retirement. The report found that while today’s workers may well be on their way to planning for the future, there’s more to do if they want to live out their dream retirement.

Methodology

The Mackenzie Retirement Reality Check 2020 report was conducted with an online sample of **adult Canadians between 30 and 75 years of age**, including those yet to retire and those already in their retirement.

1,511

total number of
adult Canadians
surveyed

759

surveyed
were retired
Canadians

752

surveyed
were working
Canadians

The survey was conducted between August 7 and August 12, 2020. Results from a probability sample of this size could be considered accurate to within ± 2.5 percentage points, 19 times out of 20. Results have been weighted based on age, gender and region to be representative of the Canadian population.



The New Retirement Reality



Longer Work Life

- Working Canadians expect to retire, on average, five years later than previous retirees.
- They also believe they'll need to have significantly more savings than retirees had when they left the workforce.
- Despite saying they'll need to work longer and save more, many workers think they'll need to continue working part-time in retirement to supplement their income and stay professionally engaged.



Savings Head Start

- Nearly three-quarters of working Canadians have already started saving for retirement. Just 7% said they have not considered saving at all.
- At this point, most are focused on investing and generating more income sources than they are on financial planning and managing money in retirement.
- Working Canadians are willing to do what it takes to increase their savings, from budgeting to taking advantage of government programs to working with an advisor.



Lack of Learning

- Working Canadians do not know enough about the logistics of retirement, including taxes, expenses, income sources and how to manage their finances when they retire.
- While they don't think that overseeing their retirement finances will be more difficult than handling their money today, many don't know the difference between managing their pre-and post-retirement finances.



Confident retirees

- Retirees are more confident in their retirement-related financial knowledge – both now and before they left the workforce – than working Canadians.
- Retirees do not think money management gets any more difficult in retirement – in fact many think it gets easier.
- They also think it's important to save early, plan ahead and stay on top of government programs.



Looking for help

- Working Canadians are open to working with an advisor as part of the financial planning process.
- Because of their lack of financial knowledge, they're interested in working with someone who can help them grow their assets and manage their money now and in retirement.

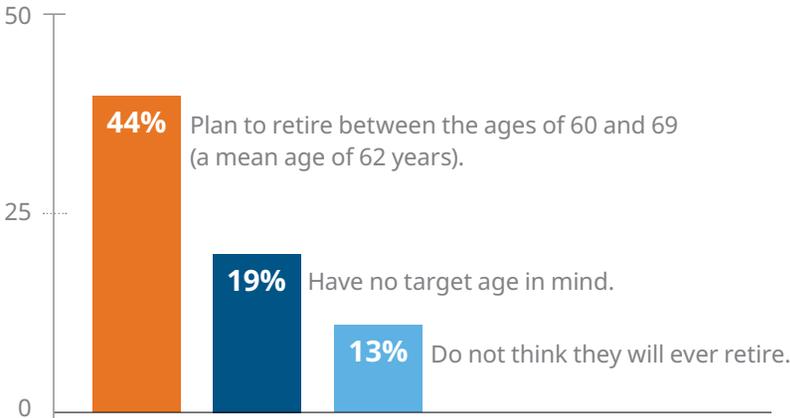


Reality Check #1: More Work, More Saving Ahead

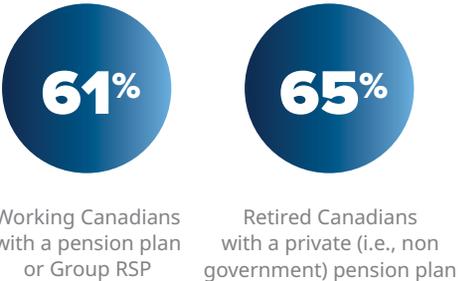
This year's report found that many Canadians are preparing to work well past the typical retirement age and they think they must save more money - about double the amount - than the surveyed retirees did.

Fortunately, more than a majority of working-age Canadians have a pension or Group Contribution RSP they can tap into, but there are still many who have no workplace retirement savings at all.

Retire later



Only **27%** of both working and retired Canadians do not have either a pension plan or Group Contribution RSP to see them through retirement.



Expanding nest eggs

\$427,000 total savings of currently retired workers.

\$878,000 average total savings working Canadians believe they will need to retire comfortably.

On average, retired Canadians actually left the workforce at age 57, five years younger than the planned age estimated by currently working Canadians.



Reality Check #2: Saving and Money Management

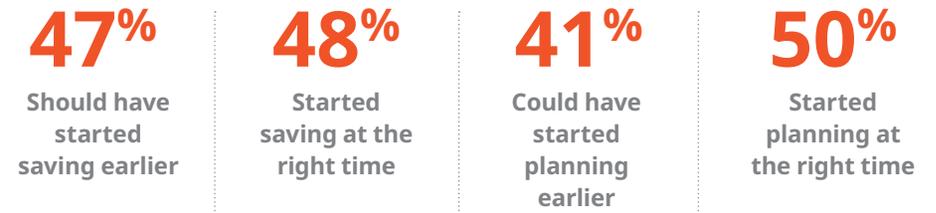
First the good news: Close to three-quarters of Canadians surveyed have started to save for retirement. Now the bad: Most don't know what they'll need to live on or how they'll manage their money once they get there. The report indicates that there's a disconnect between saving today and thinking about tomorrow. Fortunately, retirees are satisfied with how much they've saved – though close to half said they should have started saving earlier – and how well they've planned. Now's the time for working Canadians to start thinking carefully about how they want to live out their golden years.

Saving started

- 72%** of working Canadians have already started saving for retirement.
- 37%** are planning how much they will need to retire.
- 32%** are planning how they will manage their money once retired.

43% Of retired Canadians started saving between 30 to 49 years of age (36 on average).

When to start?



To save or to manage?

Both working and retired Canadians see the value of both saving and managing.

Working Canadians



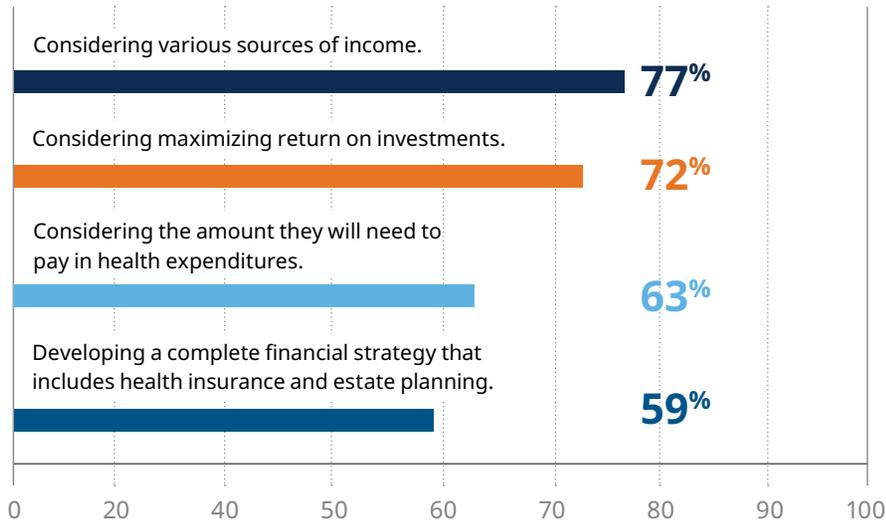
Retired Canadians





What's important in a retirement plan?

When considering how much they will need to save for retirement, Canadian workers are focused primarily on income sources, return on investments, and other planning concerns.



Caring about healthcare

88% Once retired, most consider saving money to pay for health expenditures in the future (including long-term care or retirement facilities) to be important.

Retirees with a plan are right on track

Retired Canadians say their plans for retirement met their real-world needs.





Reality Check #3: Financial Understanding and Knowledge

Working Canadians are not as confident in their knowledge of money management as retirees, who said they had a good understanding of their finances both before and after they retired. While both groups are well versed in the details of their pension plans, the former are not familiar enough with the sources of income they'll receive in retirement, such as OAS and CPP, and they're unsure of how to grow their investments. Fortunately, the building blocks of good financial management are there. Most working Canadians have enough money to cover unexpected expenses, the vast majority feel it's important to stick to a budget and are willing to use multiple savings strategies. With a little help from an advisor – which most working Canadians say they're willing to use – they should be able to develop strong money management habits.

No pension problems

 **2 OUT OF 3**
workers feel confident they are knowledgeable about their pension.

 **8 OUT OF 10**
retirees feel likewise.

When it comes to other aspects of the transition to retirement:

 **2 OUT OF 5**
working Canadians are knowledgeable about other income sources (OAS and CPP).

 **1 OUT OF 2**
working Canadians are knowledgeable when it comes to making investments grow and managing investments.

Knowledge gap

Working Canadians clearly are behind retirees when it comes to their financial planning knowledge.

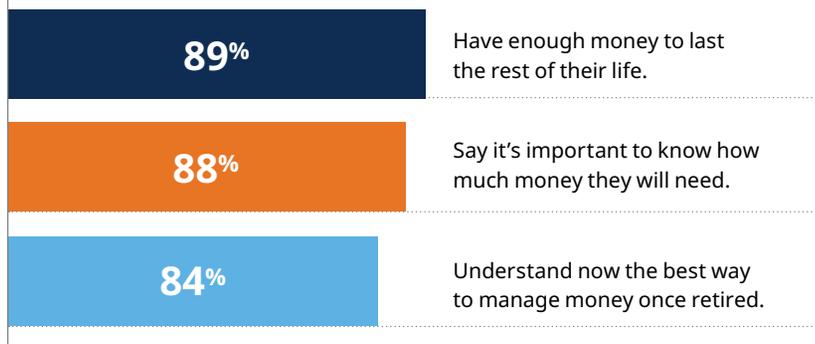
	Workers	Retirees
Details of your company's group RSP plan	74%	83%
Income from your work pension plan	65%	84%
How to best manage your finances overall	58%	74%
Making retirement savings grow <i>before</i> your retirement	55%	65%
The amount you will need to pay for monthly expenses	55%	79%
How to manage your taxes efficiently in retirement	51%	69%
How to best manage your investments	50%	71%
Making retirement savings grow <i>after</i> you retire	45%	62%
Income from CPP	42%	76%
Guarding investments against inflation	42%	55%
Income from OAS	38%	74%



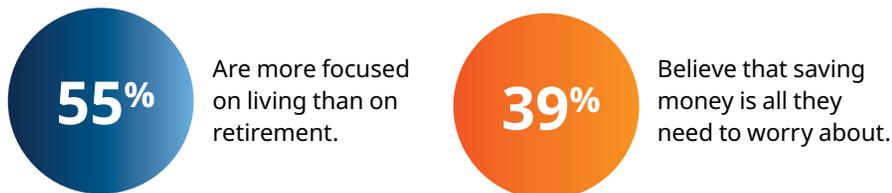
Reality Check #4: Preparing for the Retired Life

While working Canadians may not know how much they need for retirement, they know it's important to figure that number out. That's encouraging, along with several other stats related to people's attitudes toward their finances. For instance, most agree that having enough money to last the rest of their life is key, while the majority feel that managing money in retirement will not be as difficult as managing money while working – something retirees say is true.

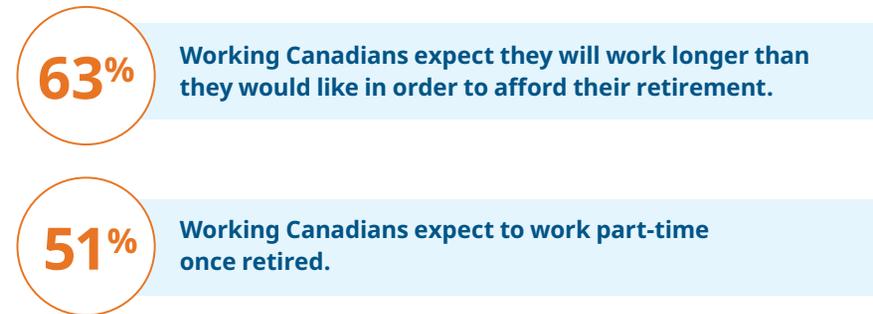
Getting prepared for the future



Save for tomorrow or live for today?

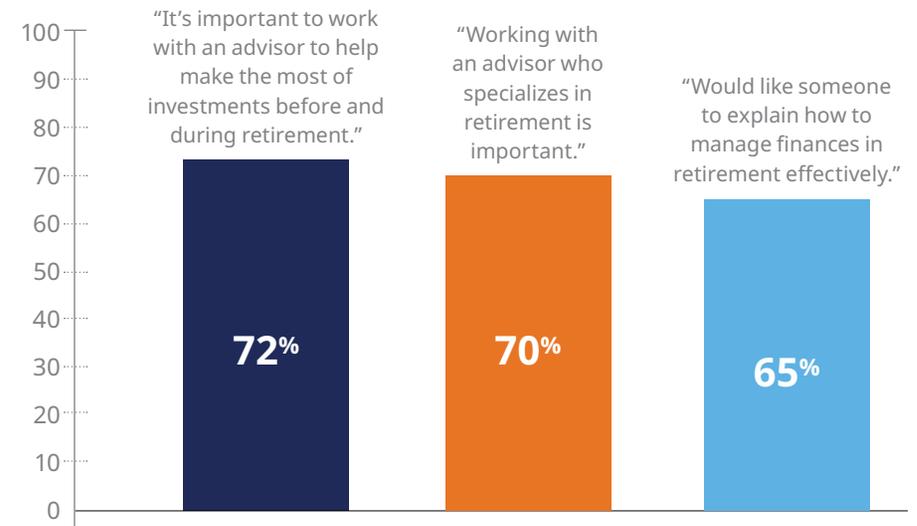


Working longer



Planning help

Working Canadians value advice and advisors.

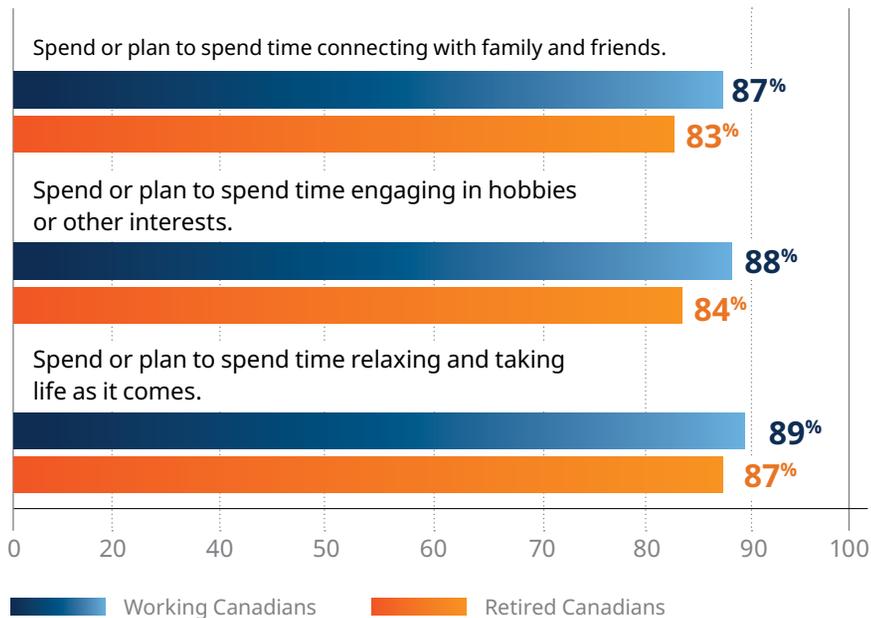




Reality Check #5: Connected, Engaged and Contributing in Retirement

As crucial as saving for retirement may be, it's also important for Canadians to plan how they'll want to spend their post-working years. Most working Canadians expect to do many of the same things that retirees are doing now – spending time with friends and family, engaging in hobbies, pursuing other interests, travelling and, of course, relaxing. There is one activity that non-retirees think they'll continue to do later in life: work. Many hope to stay professionally engaged by learning a new skill and working part-time with the latter having the added benefit of bringing in some additional income.

The retired life



Staying engaged

The main difference between working and retired Canadians is that working Canadians are far more likely to continue to work, develop new interests and stay professionally engaged:

	Working Canadians	Retired Canadians
Learning a new skill or revisiting interests through continued education.	58%	26%
Staying professionally engaged through a business or part-time job.	45%	9%
Working part-time to supplement their income.	42%	6%

Jet setting and volunteering

Working Canadians are also far more likely to be planning to travel and make contributions to the community through volunteer work or other involvement.

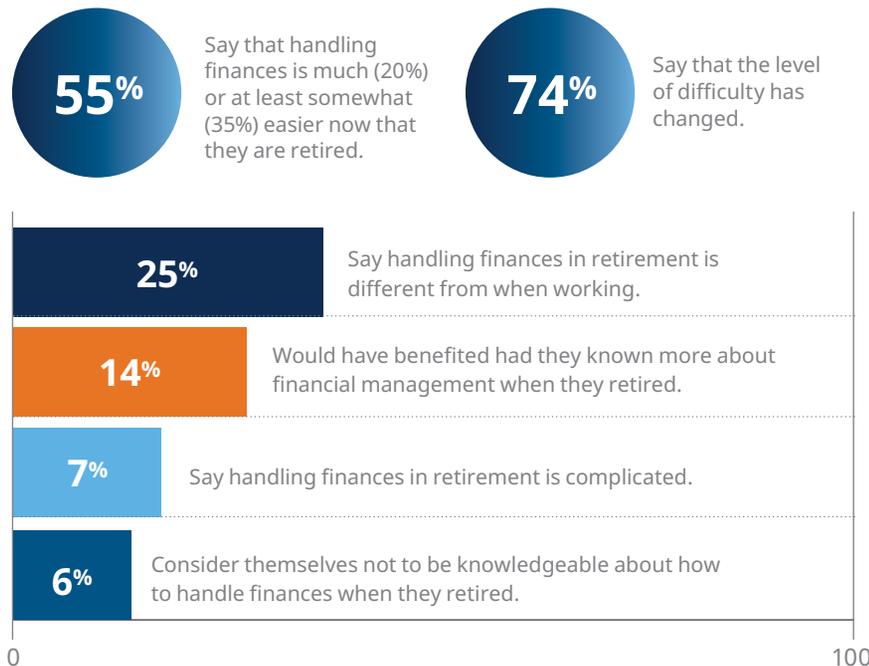
	Working Canadians	Retired Canadians
Planning to travel.	76%	44%
Planning to make contributions to the community.	51%	33%



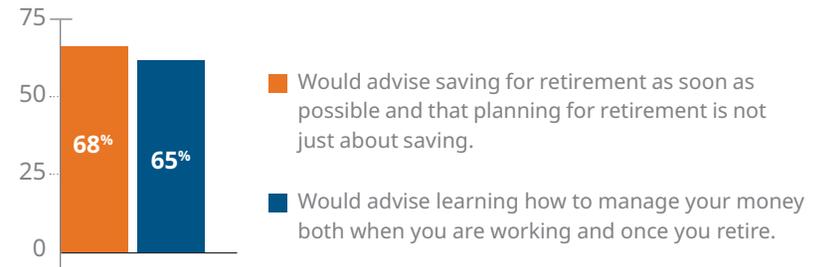
Reality Check #6: Start Earlier, Learn More, But Don't Fret

Canadians can take comfort in knowing that today's retirees are generally happy with the way they saved and how their planning turned out. Most say they began retirement planning at the right age – though many do think they should have started earlier – and that handling finances now is easier than it was when they were working. If they can give any advice to the future retirees, it's this: save for retirement as soon as possible and focus on more than just saving – planning involves careful money management, too.

Dollar discipline



Wise advice



Only 39% would advise that an individual should curb spending when they are young in order to fund their retirement.

39%



Conclusion: Good Advice Can Get You Ready For Retirement

It's clear from the report that while working Canadians may be conscientious savers, they're not doing all they can do to set themselves up for a successful retirement. They need to focus more on retirement planning, beef up their money management skills and improve their overall financial knowledge. Fortunately, they don't have to do it themselves – most like the idea of working with a financial advisor, who can help them oversee their nest eggs and ensure they're prepared for their post-working years.

While retirement may be different for Canadians in the future, there will still be a day when you can get some much-needed rest and relaxation and do things you've always wanted to do. Consider it retirement rewired – a retirement with realities that previous generations may have not had to face, but, with some bold thinking and proper planning, can be far more fulfilling.



Retirement



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Retirement rewired, with your retirement partner.

That's **better** together

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