



the gandalf group

Standard Life-BNN Retail Investors' Survey Winter 2009-2010

Conducted on behalf of Standard Life, BNN
and CTV

January 25, 2010





- ❑ This second quarterly survey of Canadian Retail Investors is sponsored by Standard Life in partnership with BNN and CTV.
- ❑ The focus of this edition of the survey was two-fold:
 - Retirement goals and their influence on investing
 - RRSP season and investment decisions
- ❑ Canadians who qualified as Retail Investors for this survey were those who said they buy or sell investments at least once a year and who have invested at least \$50,000 in stocks, bonds, mutual funds or RRSPs.
 - The Gandalf Group surveyed a representative sample online of the Canadian population, proportionate to age, region and gender in order to identify a sample of “Retail Investors.” Because respondents were recruited online, it is not a probability sample.
 - The following results represent the responses of 536 Retail Investors from across Canada. Responses were collected between December 27 2009 and January 2, 2010.



- ❑ Many of this financially elite group of Canadians are concerned about whether they will be able to afford their retirement.
- ❑ **The most important concerns when it comes to retirement are cost of living concerns, e.g. affording one's own home or being a burden on family.**
 - As a result, their focus is on high returns and income generating investments, such as dividend paying stocks
- ❑ The majority of Retail Investors who are not yet retired expect they will continue working at or after retirement age to generate income.



- ❑ As they make decisions about where to invest this RRSP season, Retail Investors are cautiously optimistic. They see the value of the TSX rising over the next year but few expect the markets will be much higher 12 months from now
- ❑ **The top picks of Retail Investors looking for high-growth stocks are banking and financials and the oil and gas sector.**
- ❑ Most expect **interest rates will rise** over the year.
- ❑ Expectations of return have risen from last quarter - **Retail Investors expect their investments overall to net 10% returns this year**
- ❑ **Almost half** say they will **not** make the maximum contribution to their RRSPs this year.

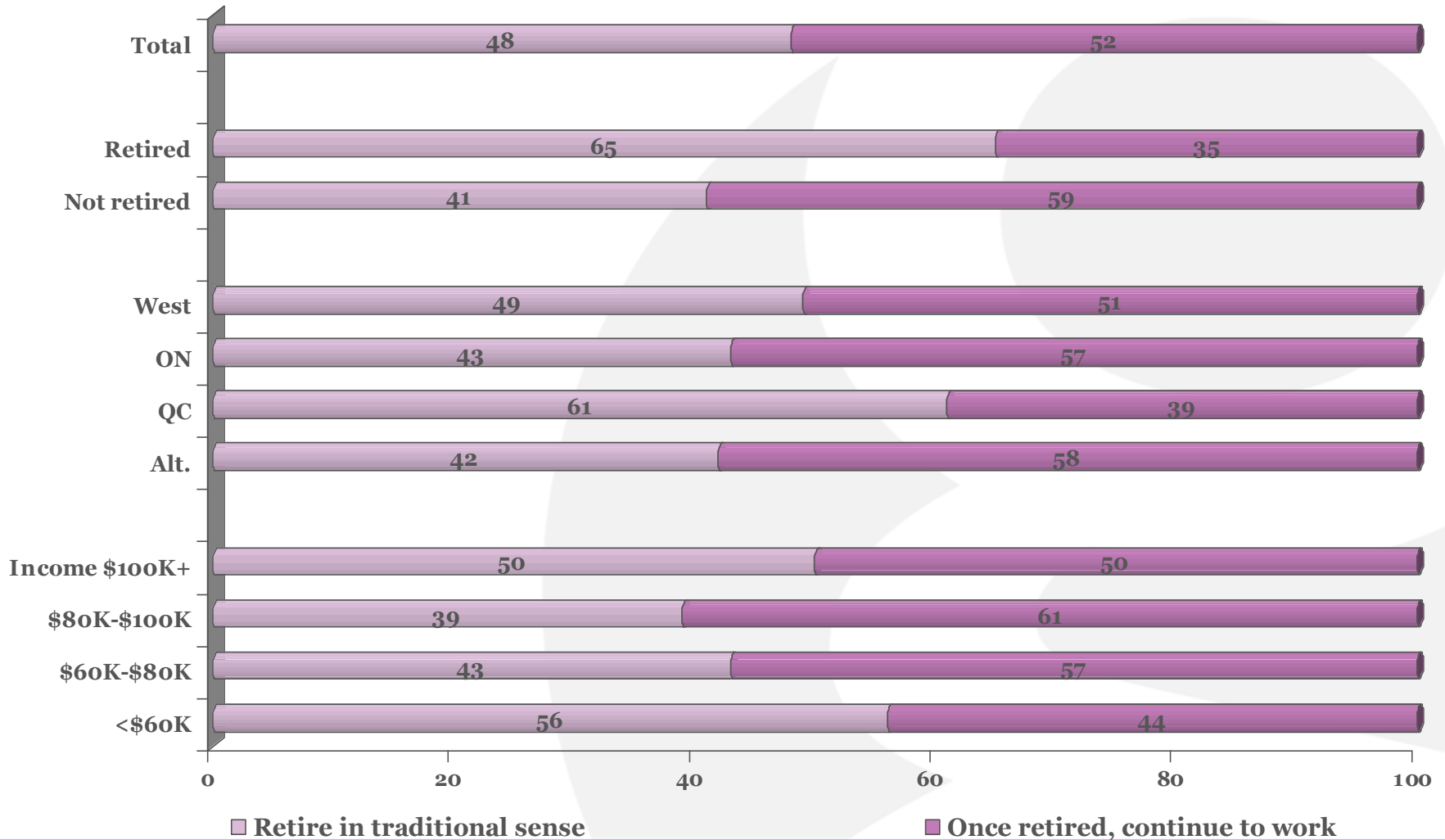


- ❑ Freedom 55 is a dream for less than a third of Canadians. The average Retail Investor expects to retire at 63, slightly later than the age at which they said they would like to retire (61, on average). Older investors expect to retire later in life than younger investors do.
- ❑ Most Retail Investors who are not yet retired think it's more likely they will work after retirement age than take a traditional retirement.
 - Those closest to retirement – aged 51-60 – were among those most likely to think they face a working retirement, as are middle income earners.
- ❑ Quebec Retail Investors are least likely to say they expect to continue working in retirement. The majority expect a traditional retirement and are less likely than those in other regions to want a high level of activity in retirement.
- ❑ Most Retail Investors expect to stay active in retirement.



A Working Retirement?

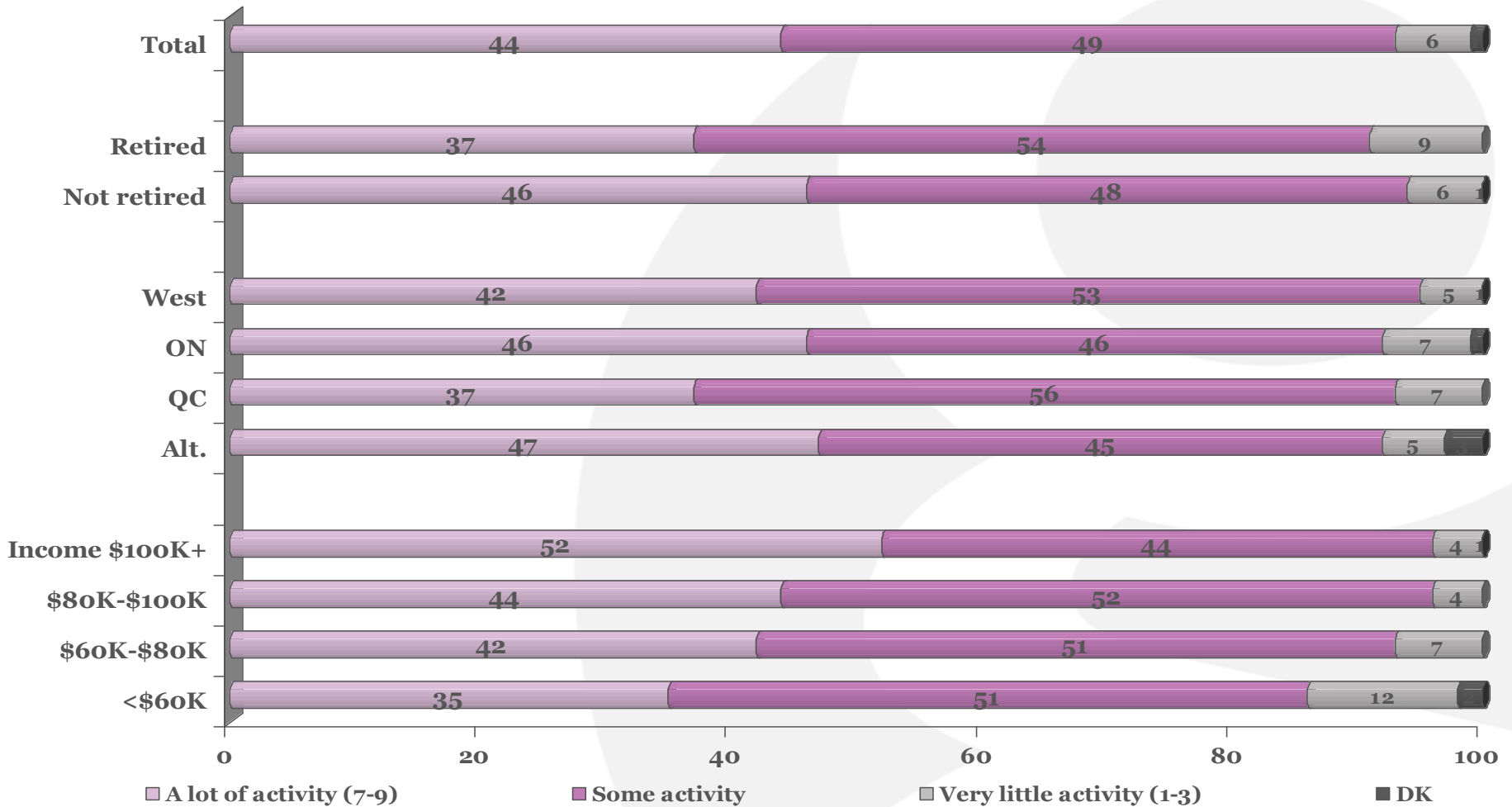
“Which of the following scenarios seems most likely for you? You see yourself retiring in the traditional sense.
OR Once retired you will continue to work in some fashion in order to generate income at retirement age.”





Retirement Activity

“When it comes to the lifestyle people want in retirement, some might want a lifestyle that keeps them as active as ever while and others might want a lifestyle that is more relaxed than they had before retirement. On a scale of one to nine where one means very little activity and nine means a great deal of activity, what would be ideal for you when thinking of your retirement?”



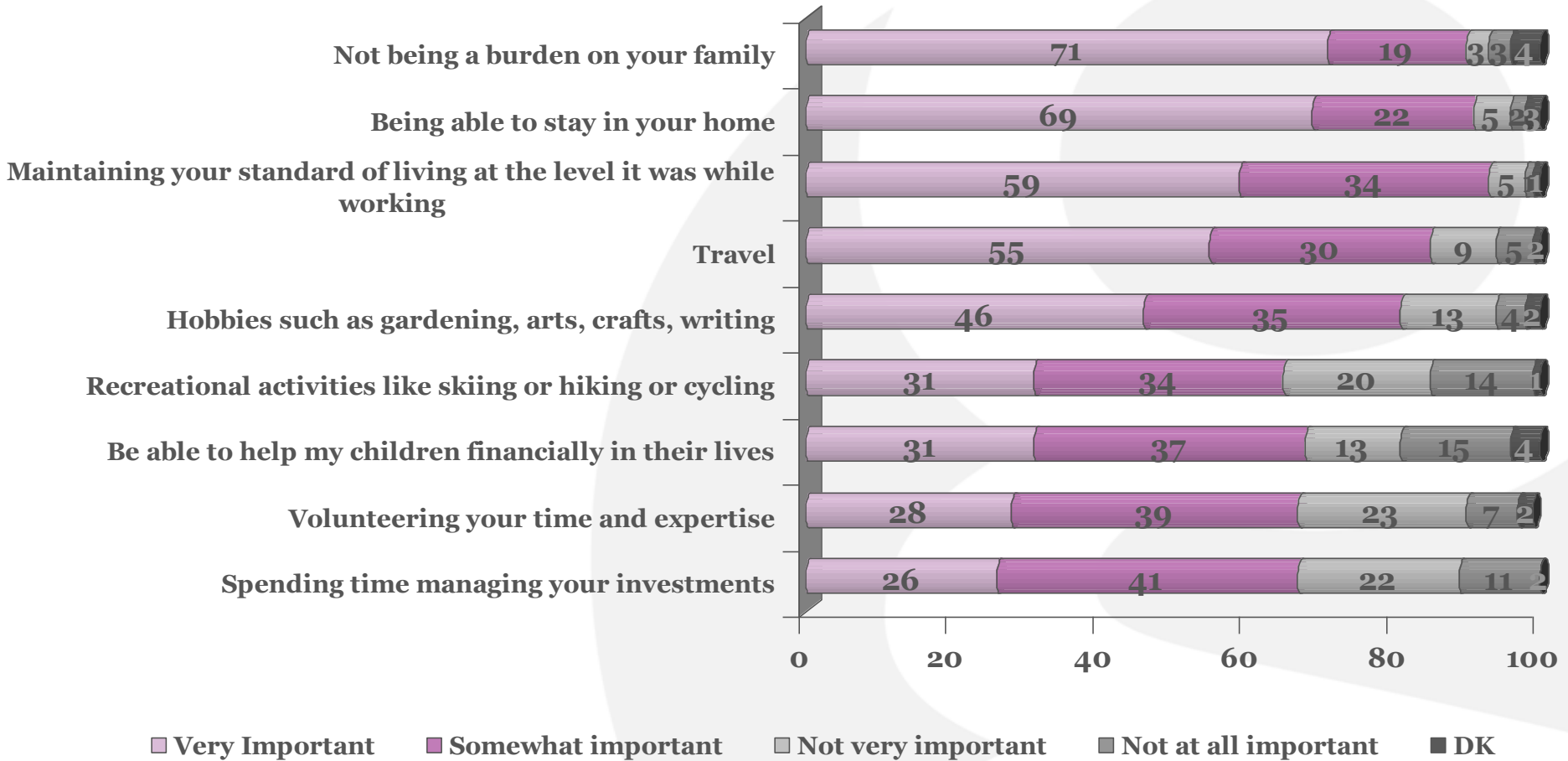


- ❑ The top retirement lifestyle priorities for Retail Investors relate to cost of living concerns: e.g. maintaining standard of living, being able to stay in one's home and not being a burden on family.
 - For retired investors, these objectives are even higher in importance.
- ❑ The top lifestyle activities Retail Investors want in retirement are travel and hobbies. Both retired investors and non-retired are likely to see these activities as central to their retirement.
 - Retired Investors were less likely than the non-retired to say high-activity recreation, or leasing/owning recreation properties, were important to them. They were even less likely to say a second career, volunteering, or owning a business were important to them. In contrast, those who are not yet retired were more likely to say these activities were important to their plans.
 - Quebec investors were less likely than others to say most of these activities were important to them in retirement, including travel, hobbies, leasing/owning a weekend property, or a business or second career.
 - Women investors were more interested in hobbies than men, while male investors were more likely to express interest in being active in a business.



Retirement Lifestyle Plans – Tier 1

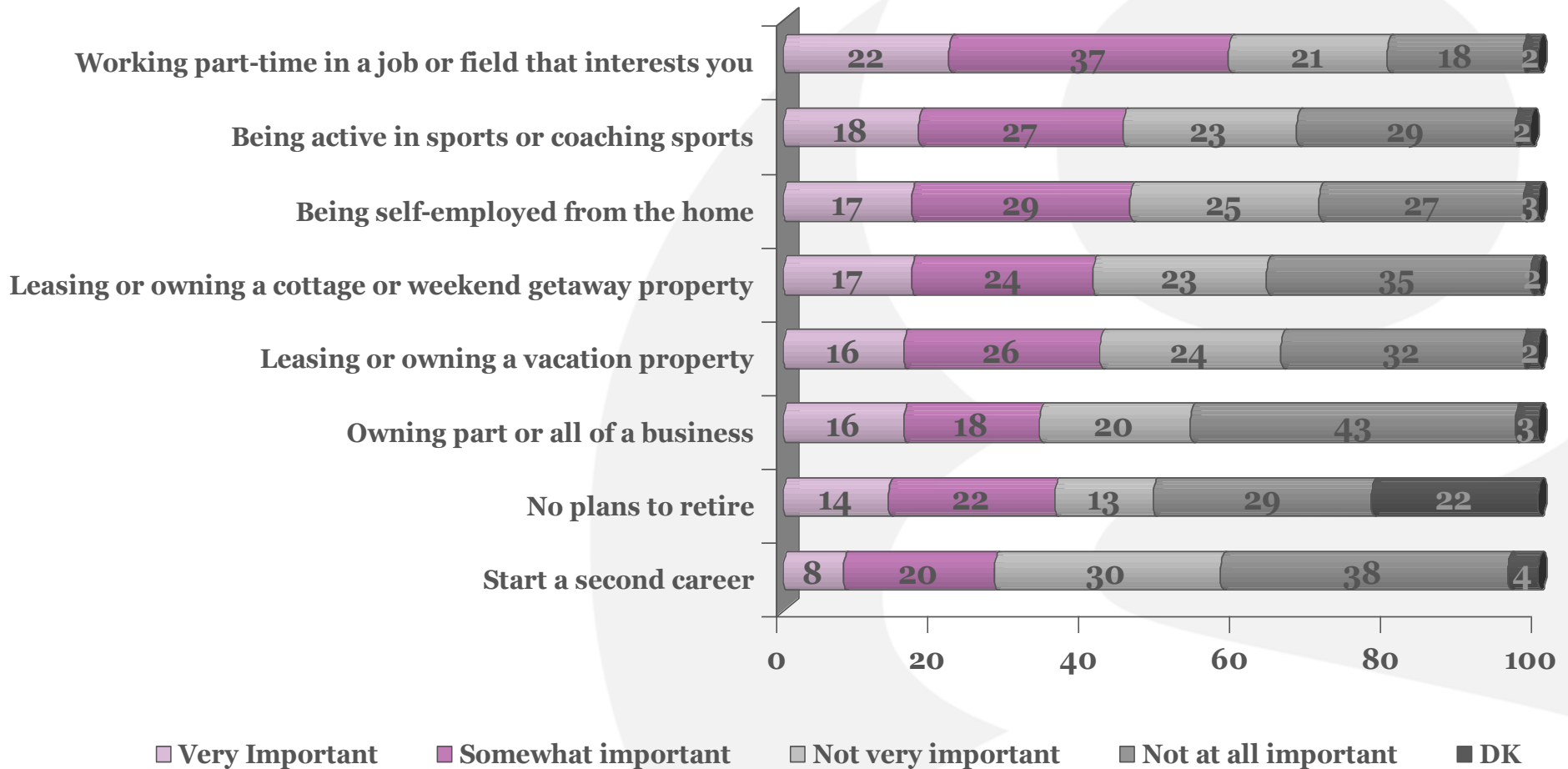
“Please tell us how important each of the following lifestyle expectations are to your plans for retirement.”





Retirement Lifestyle Plans – Tier 2

“Please tell us how important each of the following lifestyle expectations are to your plans for retirement.”



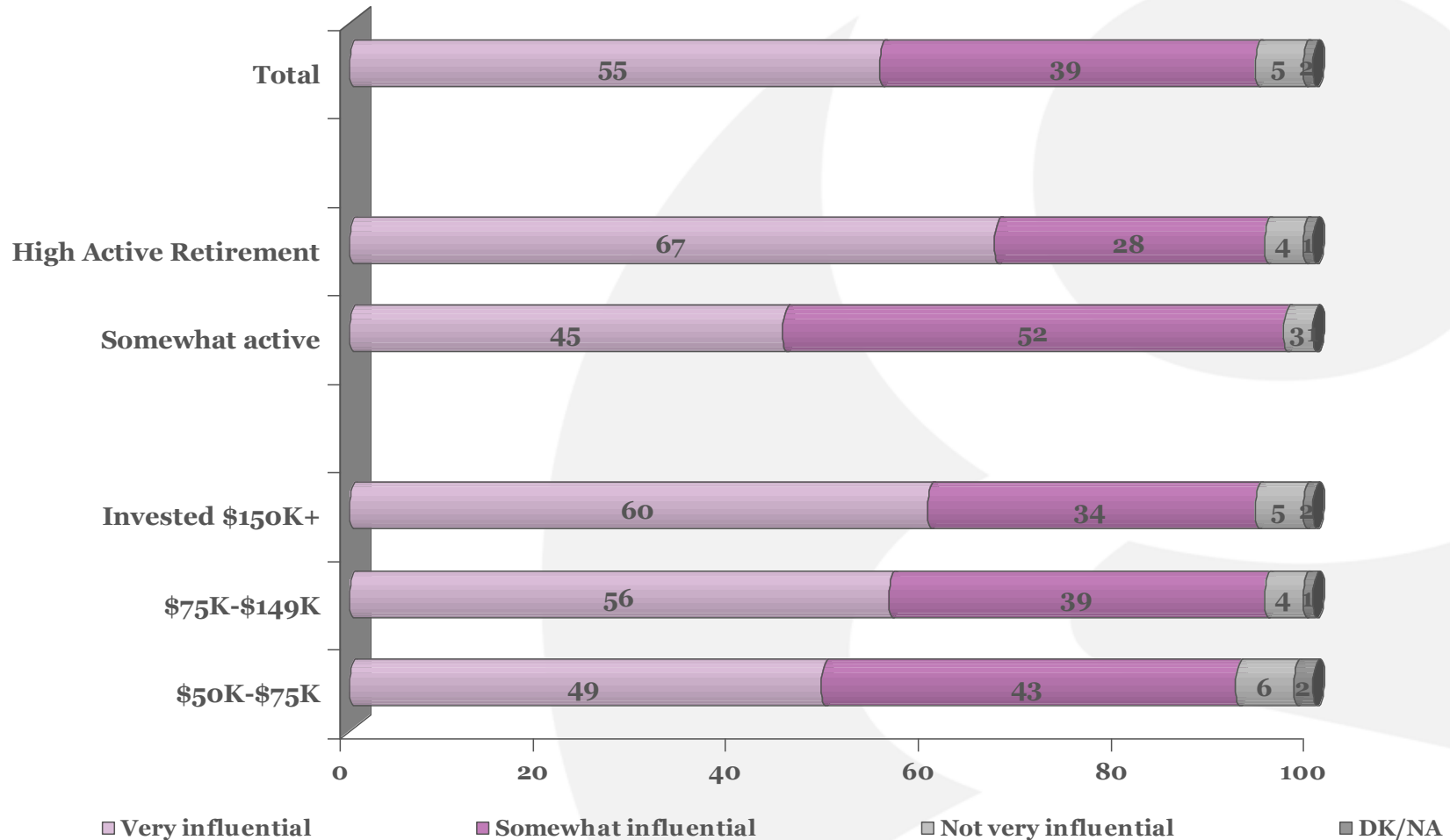


- ❑ **Almost half of retired Retail Investors – 45% – agreed their income is not sufficient to meet their lifestyle expectations.**
 - Those who said they expect to continue working in retirement were more likely to agree than those who expect a traditional retirement.
- ❑ **The majority of investors agreed they had not calculated what their investments will provide in retirement.**
 - This is true of 60% of Retail Investors between the ages of 51-60
- ❑ The majority of Retail Investors said their lifestyle expectations are very influential to their investment plans.
 - Those with larger investment portfolios and higher household incomes are more likely to say lifestyle considerations are influential to their investment decisions.
 - Those who expect a more active retirement are also more likely to say their lifestyle goals will affect their investment decisions.



Lifestyle and Investments

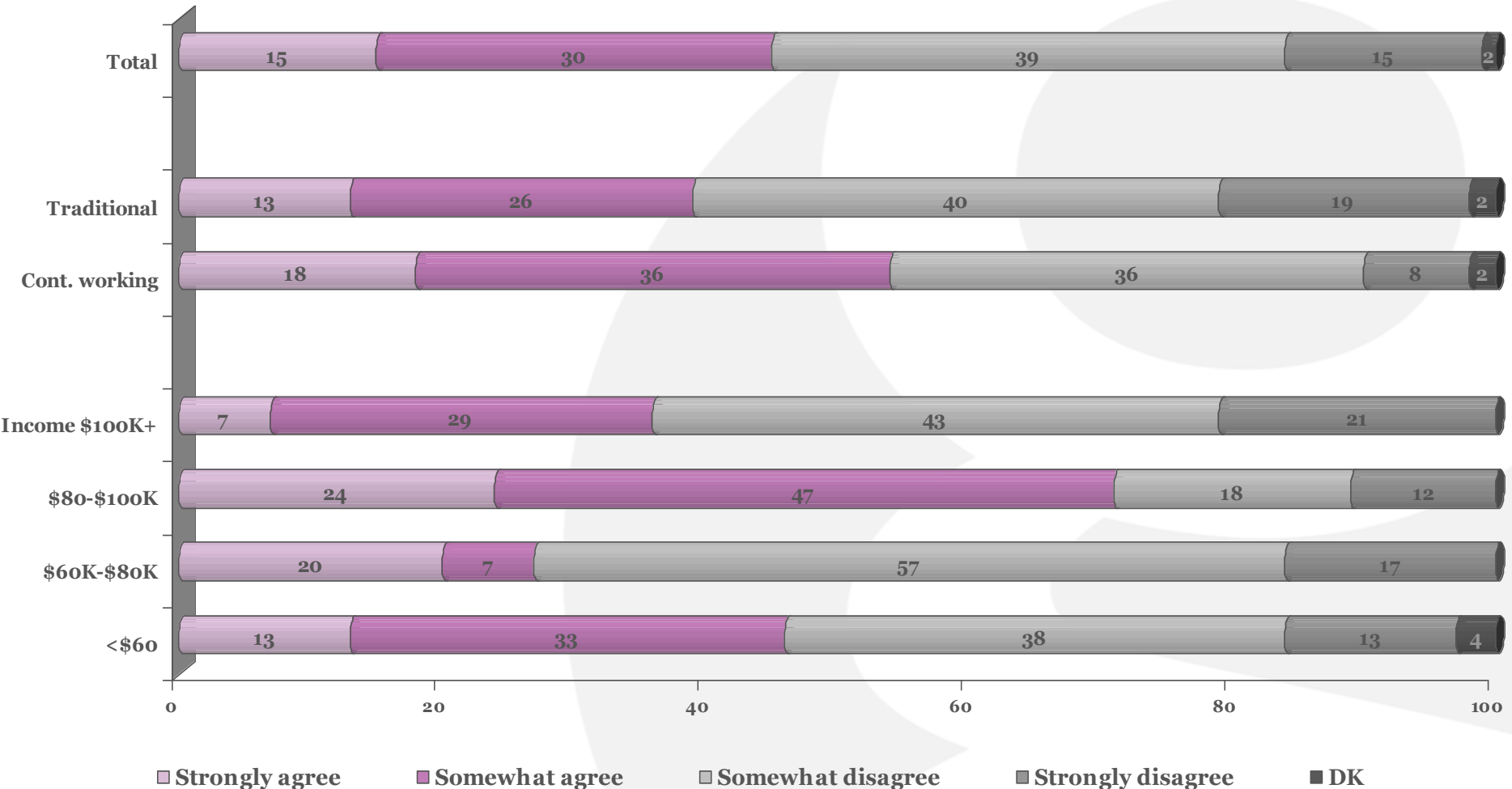
“Would you say your lifestyle expectations influence the decisions you make about your investments for retirement? Please tell us using a scale of one to nine where one means lifestyle expectations are not at all influential on your investment decision-making and nine means lifestyle expectations are very influential in your investment decision-making.”





Retirement savings

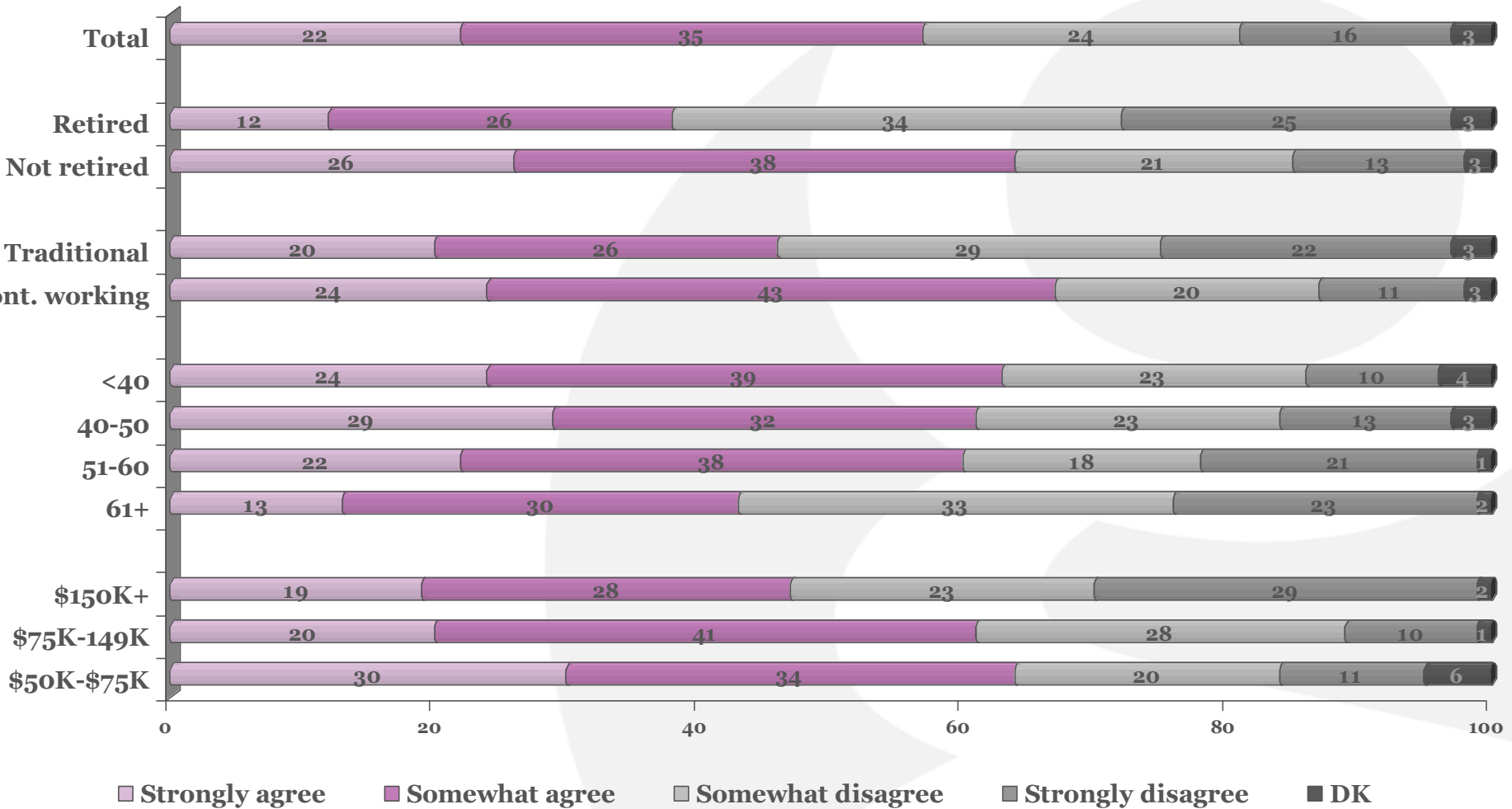
“The following are statements people might make about their investments. Please indicate whether you agree or disagree with each: **My retirement income is not helping me to reach the goals I had set for my retirement lifestyle.**”
(Asked of retired investors only)





Retirement savings

“The following are statements people might make about their investments. Please indicate whether you agree or disagree with each: **I have not calculated what my current retirement investments will provide me in income throughout my retirement**”

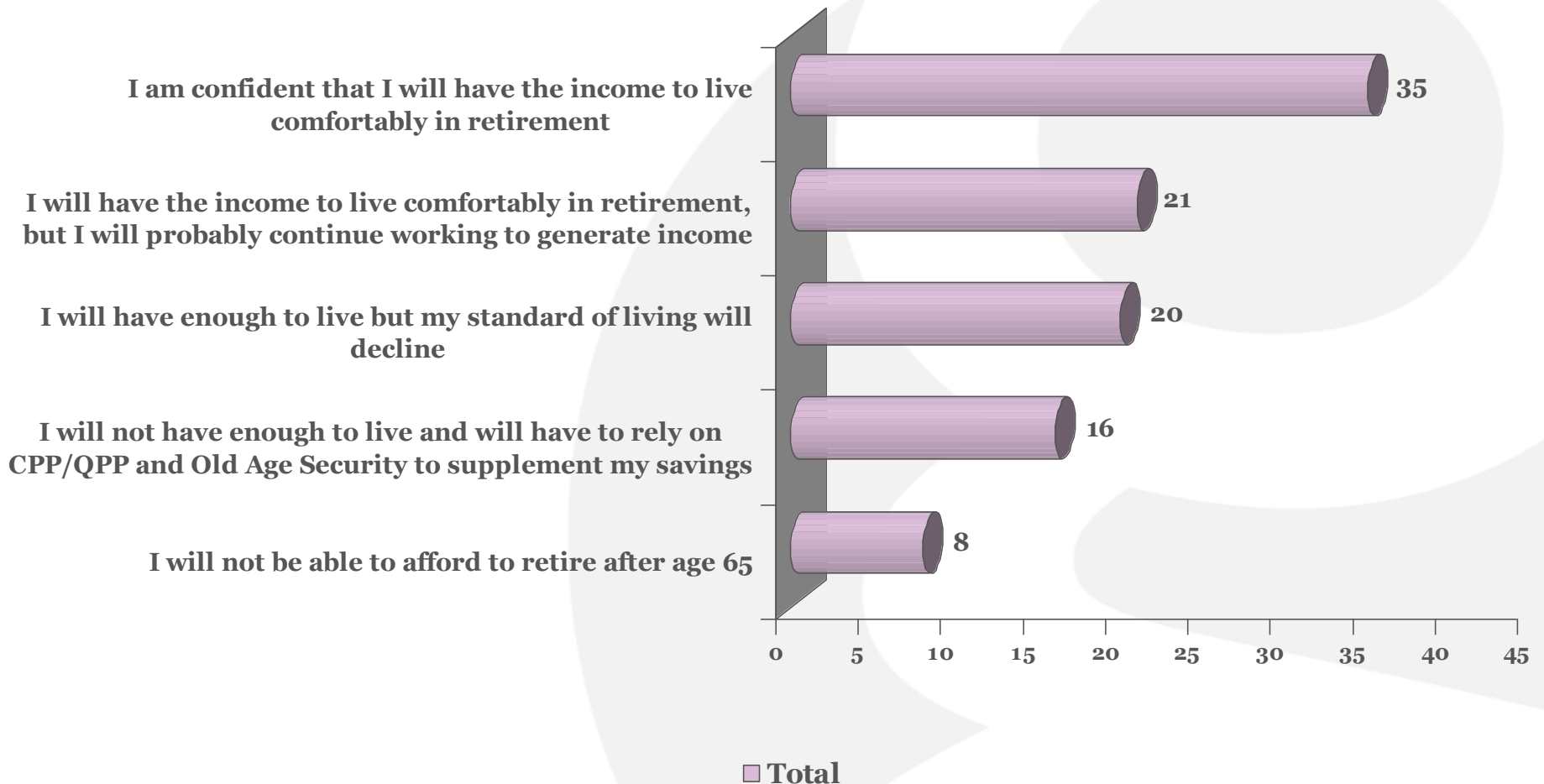




- ❑ **Only 35% of Retail Investors are confident they have enough to live on in retirement.** Most believe they will have to work or rely on CPP/QPP or Old Age Security or see their standard of living decline.
 - Those who are just below retirement age (51-60) were least confident they will have enough to live on in retirement, compared to other age groups.
- ❑ The majority of those under 60 are worried they will outlive their savings
 - **40% of current retirees are worried about running out of money**
 - Very pronounced among those with less than \$150,000 invested



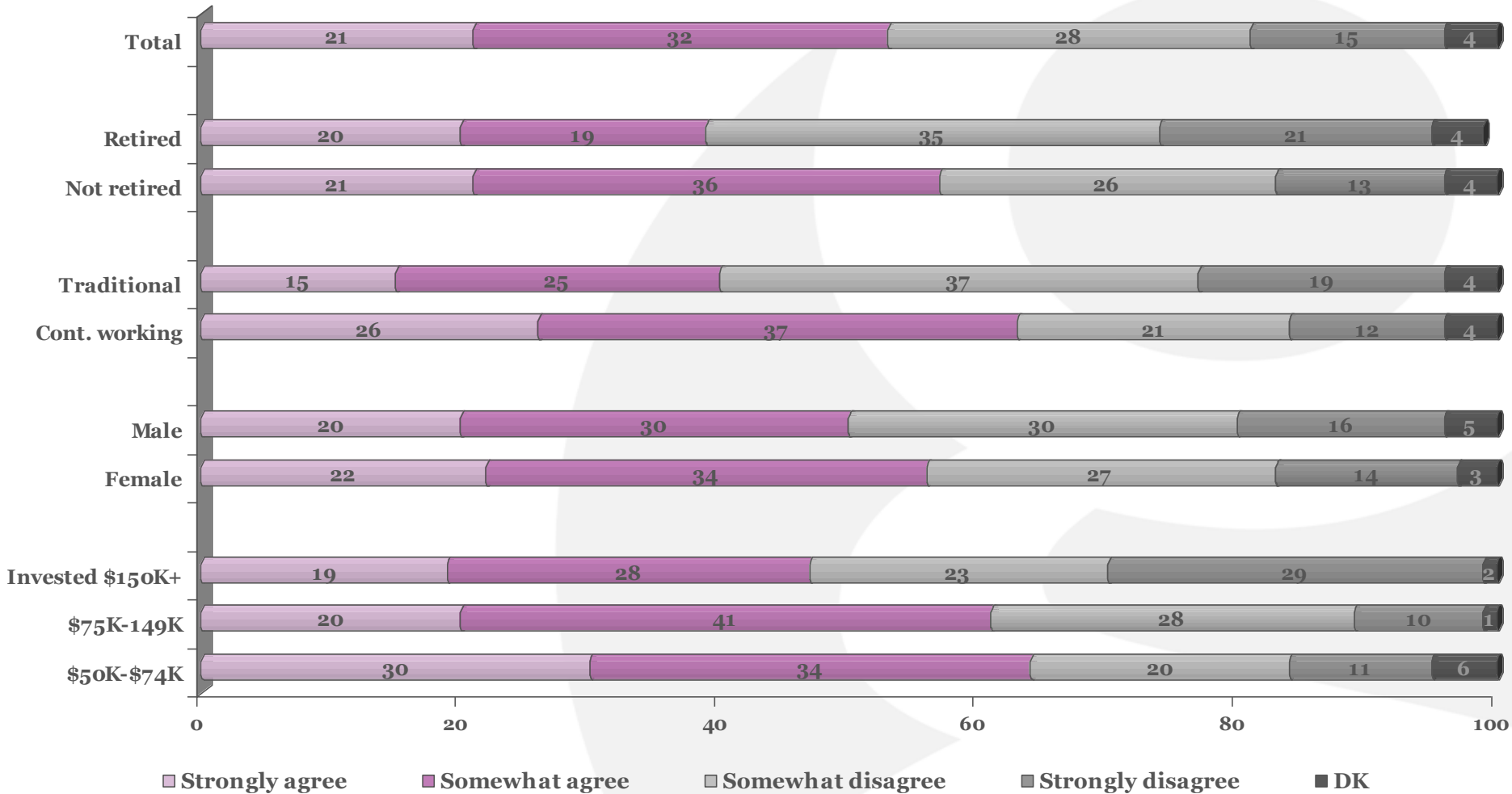
“Thinking about your income after age 65, whether you have already reached 65 or not, which of the following best describes how you feel about the income available to you to retire?” (% saying each)





Retirement savings

“The following are statements people might make about the markets. Please indicate whether you agree or disagree with each:
I am worried that I will outlive my savings for retirement.””



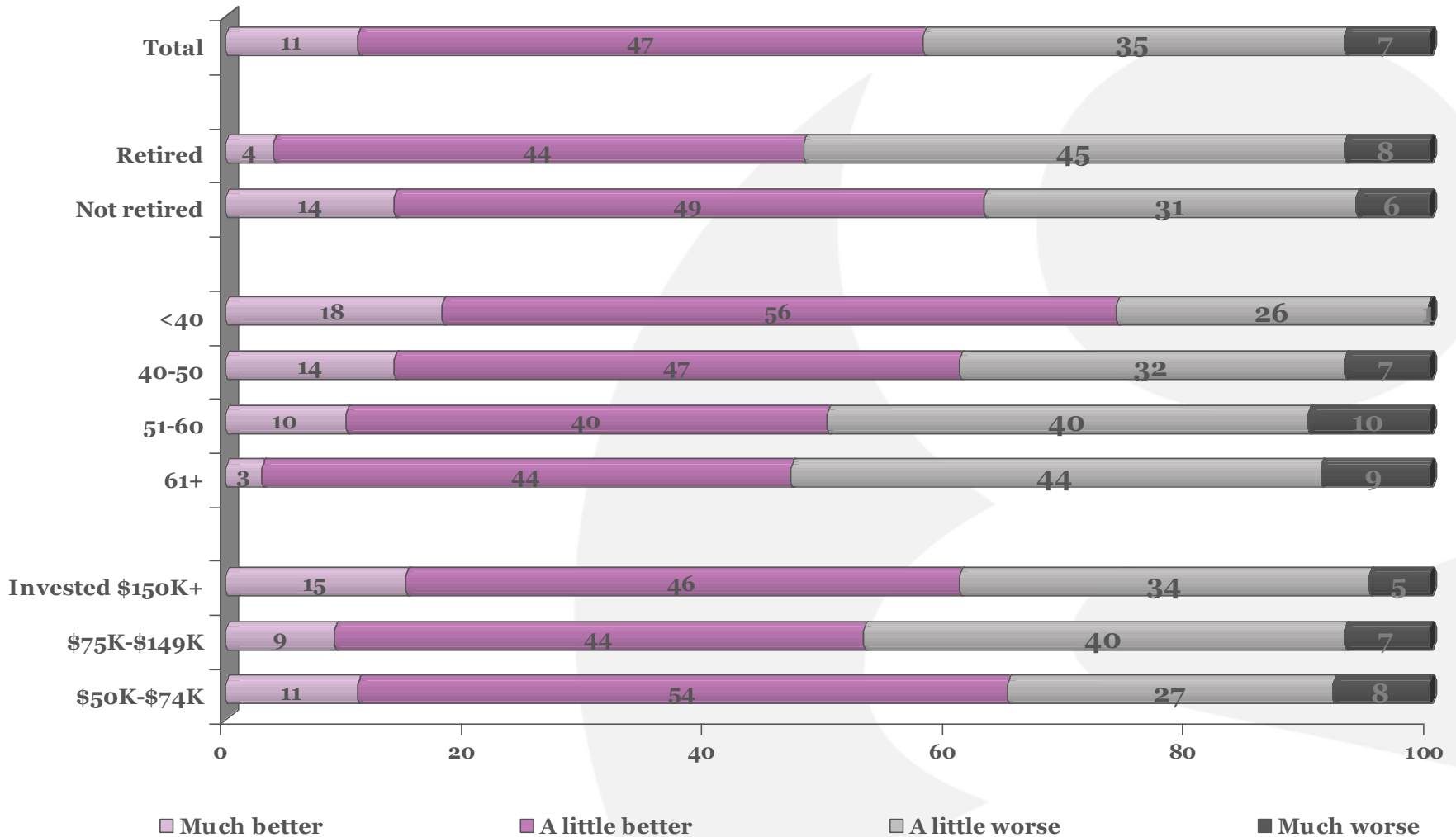


- ❑ Most Retail Investors believe their situation will be better a year from today, but their optimism is guarded. Few believe it will be much better.
 - The majority of Retail Investors – 58% – said their financial and economic situation is better today than a year ago.
 - This is higher than among the Canadian population, among whom just under half (44%) in a recent survey said their situation was much or a little better.
 - Retired Retail Investors are more likely to say they are worse off, however, and they are not as optimistic about where they will be a year from now, compared to younger investors.
- ❑ **Most investors remain wary - more worried about falling behind than excited about getting ahead.**
- ❑ **A majority of seniors said low interest rates had a negative effect on their situation.**



Personal financial situation

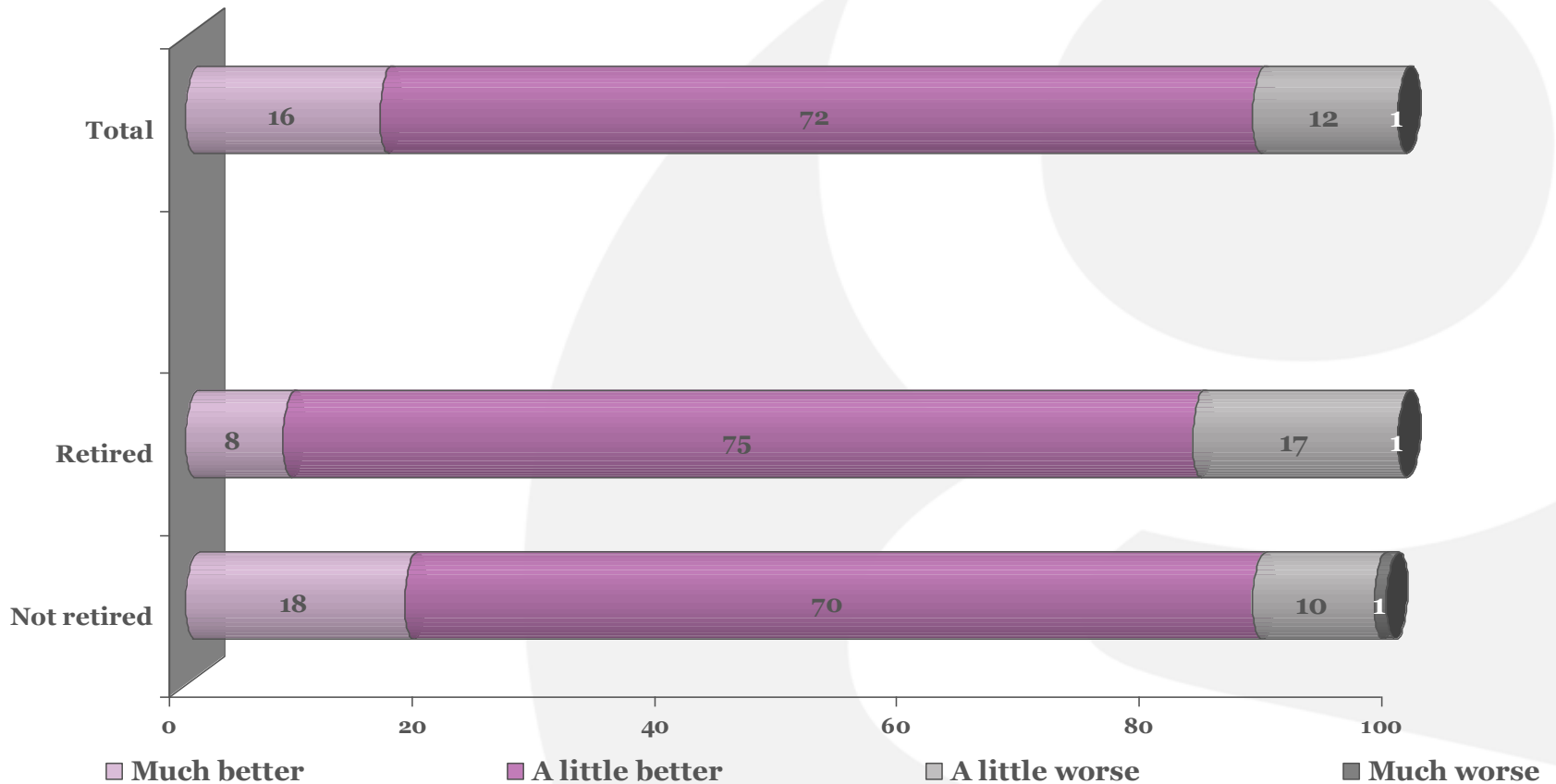
“How would you say your personal financial or economic situation is compared to one year ago?”





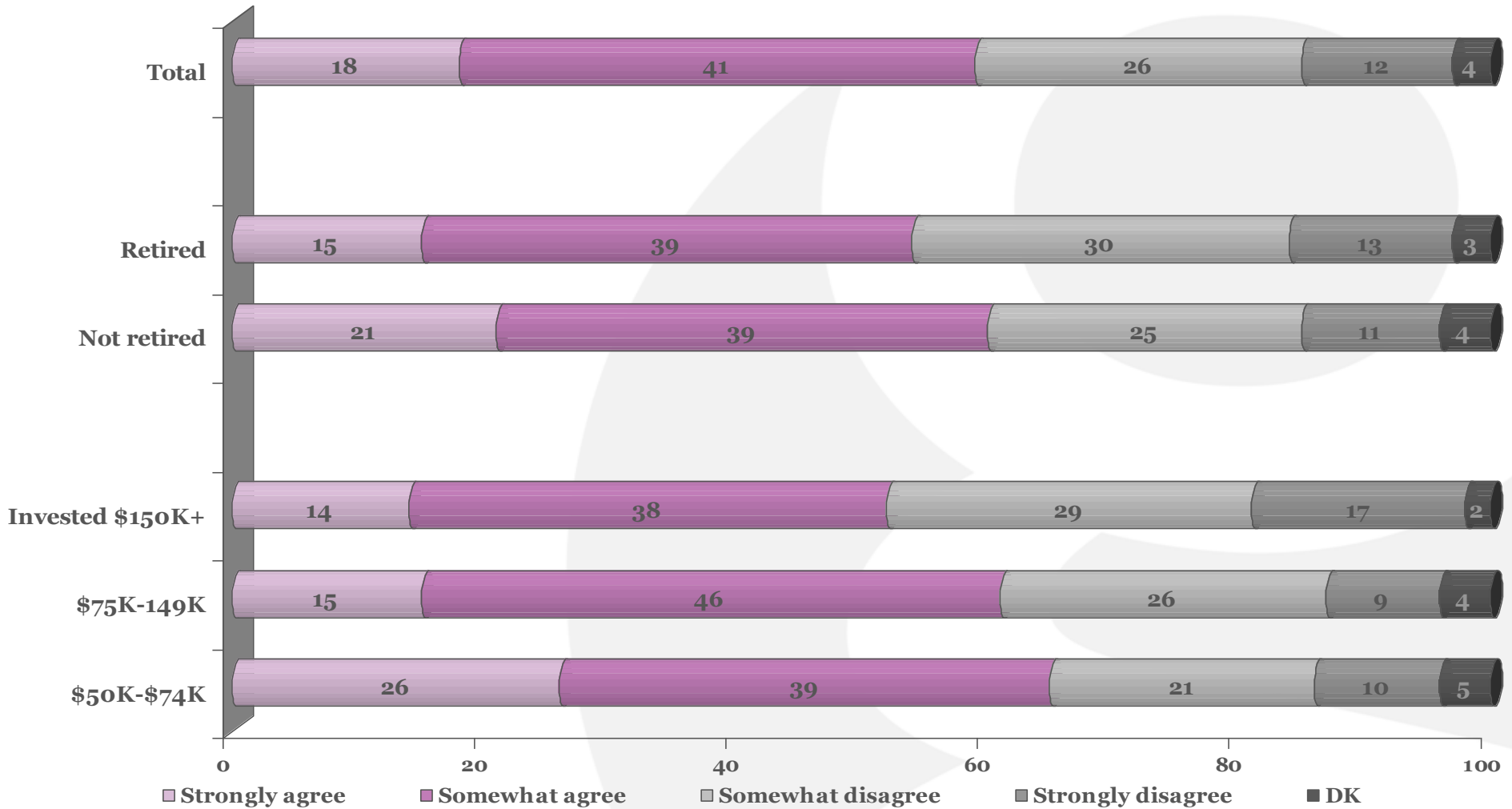
Personal financial situation

“How do you expect your personal financial or economic situation to be one year from now compared to what it is like today? Do you expect that your personal financial or economic situation will be: In much better shape than it is now, in a little better shape than it is now, in a little worse shape than it is now, in much worse shape than it is now?”





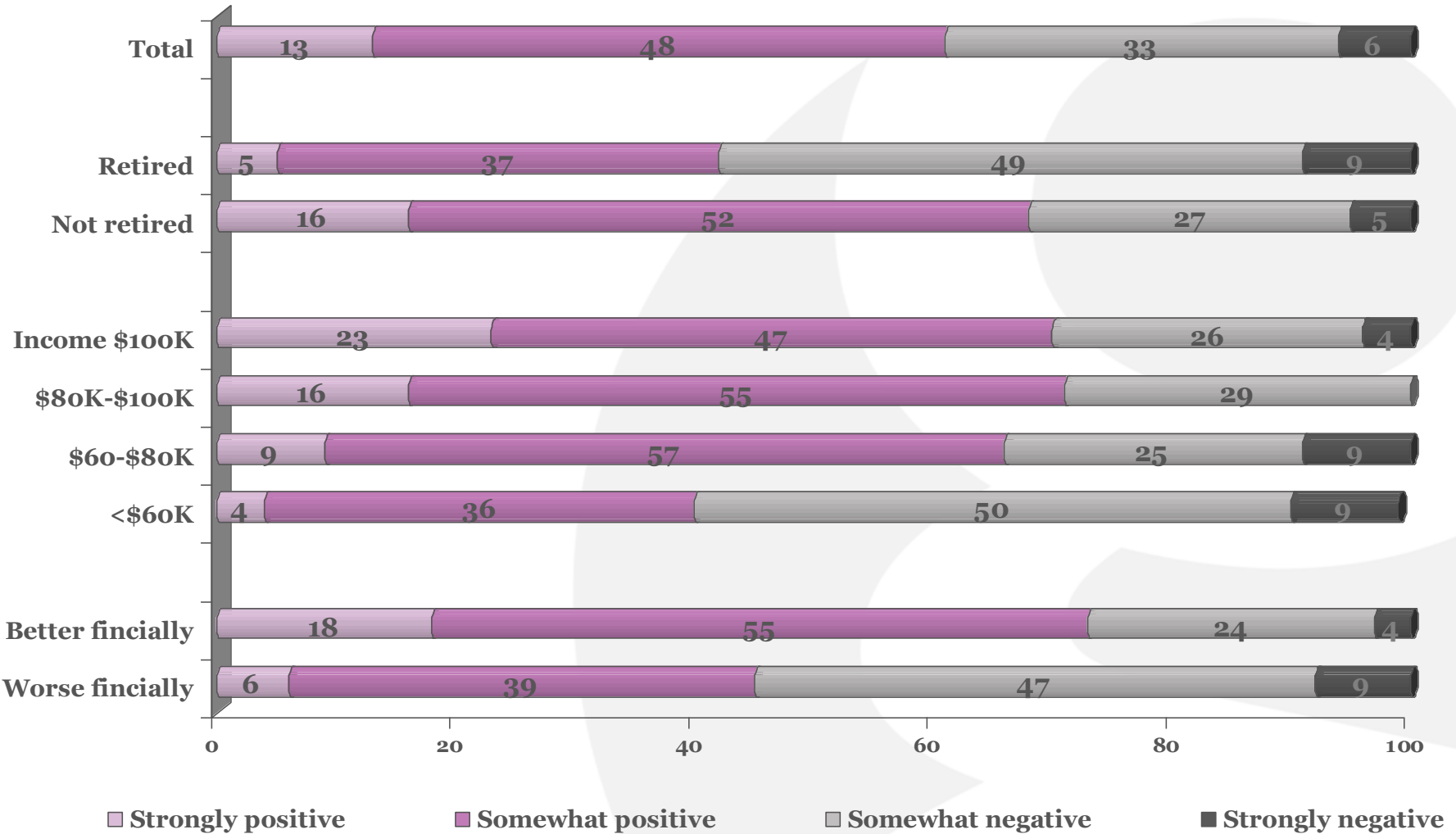
“The following are statements people might make about the markets. Please indicate whether you agree or disagree with each:
I’m more worried about falling behind than I am excited about getting ahead””





Investment rates impact

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





- ❑ **Less than half of Retail Investors who are not retired expect to make their maximum RRSP contribution this year.**
 - Those with incomes of less than \$60k are half as likely as those earning \$100k to say they'll make their maximum contribution.
- ❑ On balance, Retail Investors are confident about investing in the markets at the current time. Their confidence level is up slightly from last quarter.
 - Men and those with higher incomes and assets invested are somewhat more confident as are younger Retail Investors.
- ❑ Retail Investors **expect a return of 10.3%** on their investments over the next 12 months.
 - Last quarter, on average, Retail Investors said they expected 8.2% in annual returns.
- ❑ When it comes to the investments they hold in their RRSPs, they expect somewhat lower returns: 8.1% on average.
- ❑ Retired and older investors expect less in returns from all their investments and their RRSPs compared to younger investors. Younger investors in turn place a smaller percentage of their investments overall in their RRSPs.



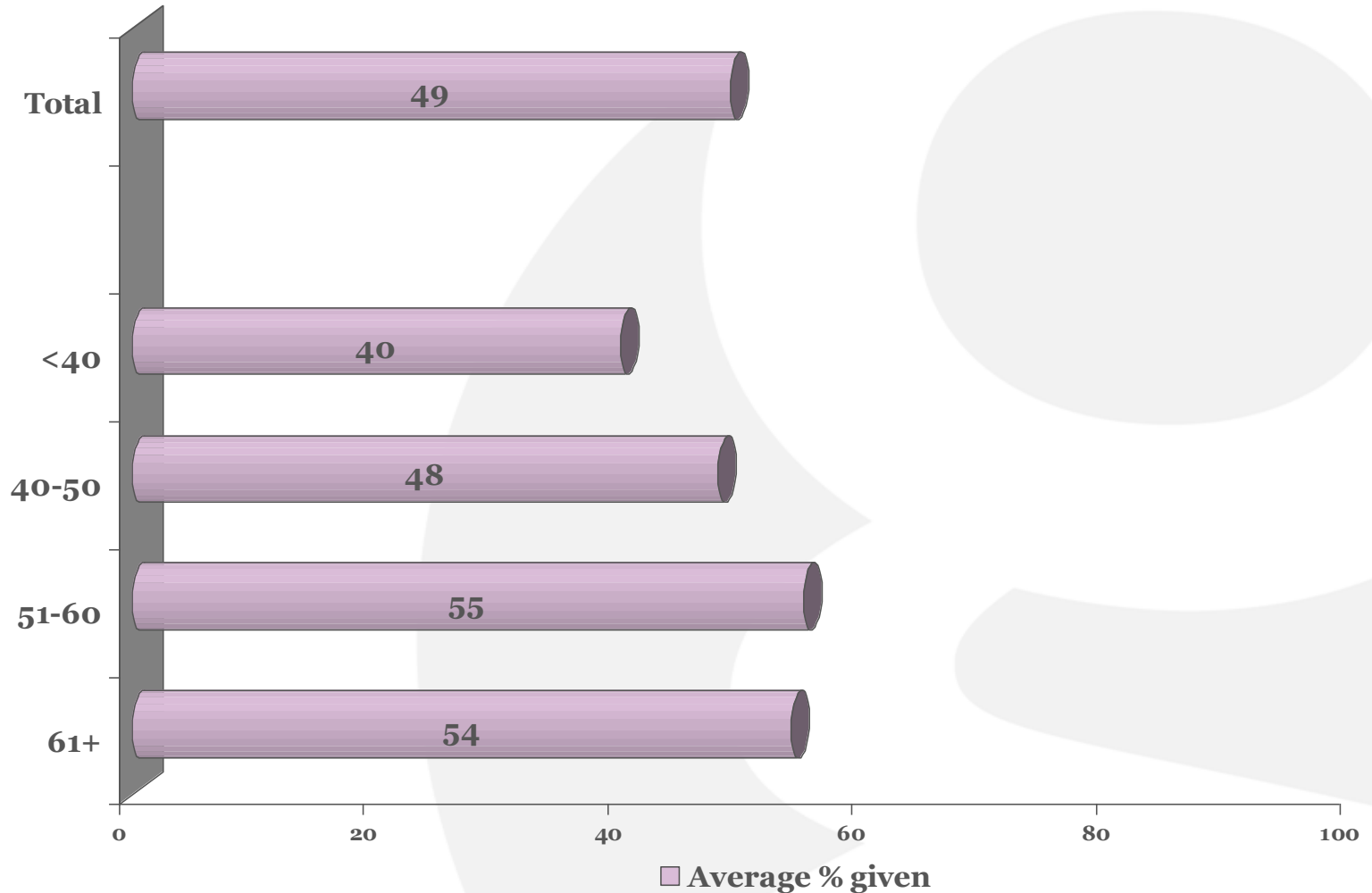
Confidence in the Markets

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





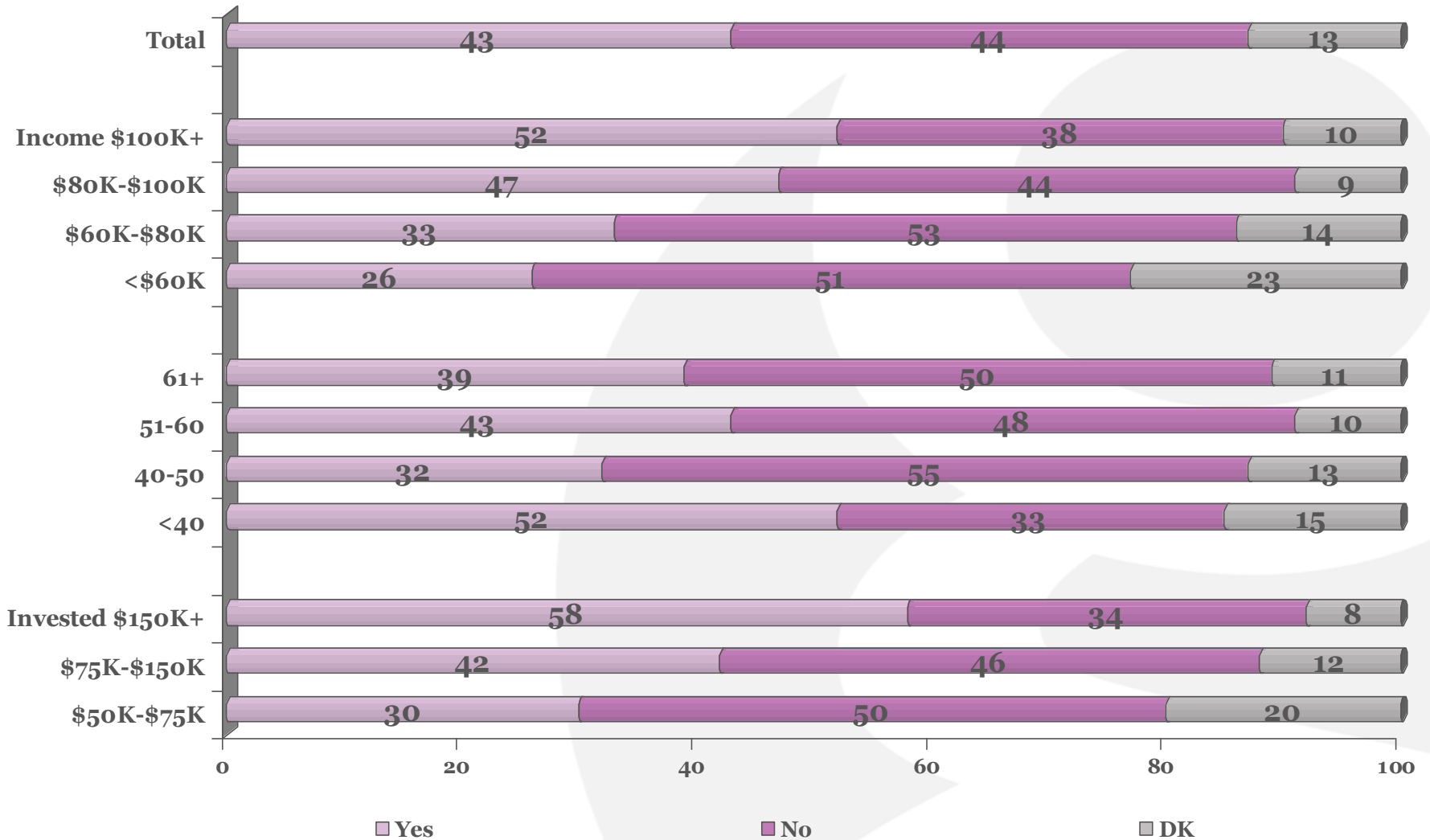
“Approximately what percentage of all the investments you own is held within your RRSP?”
(Open-ended - Asked of those with RRSPs.)





RRSP contributions

“Will you make the maximum contribution allowable to your RRSP this year ?”
(Asked of those who are not retired)



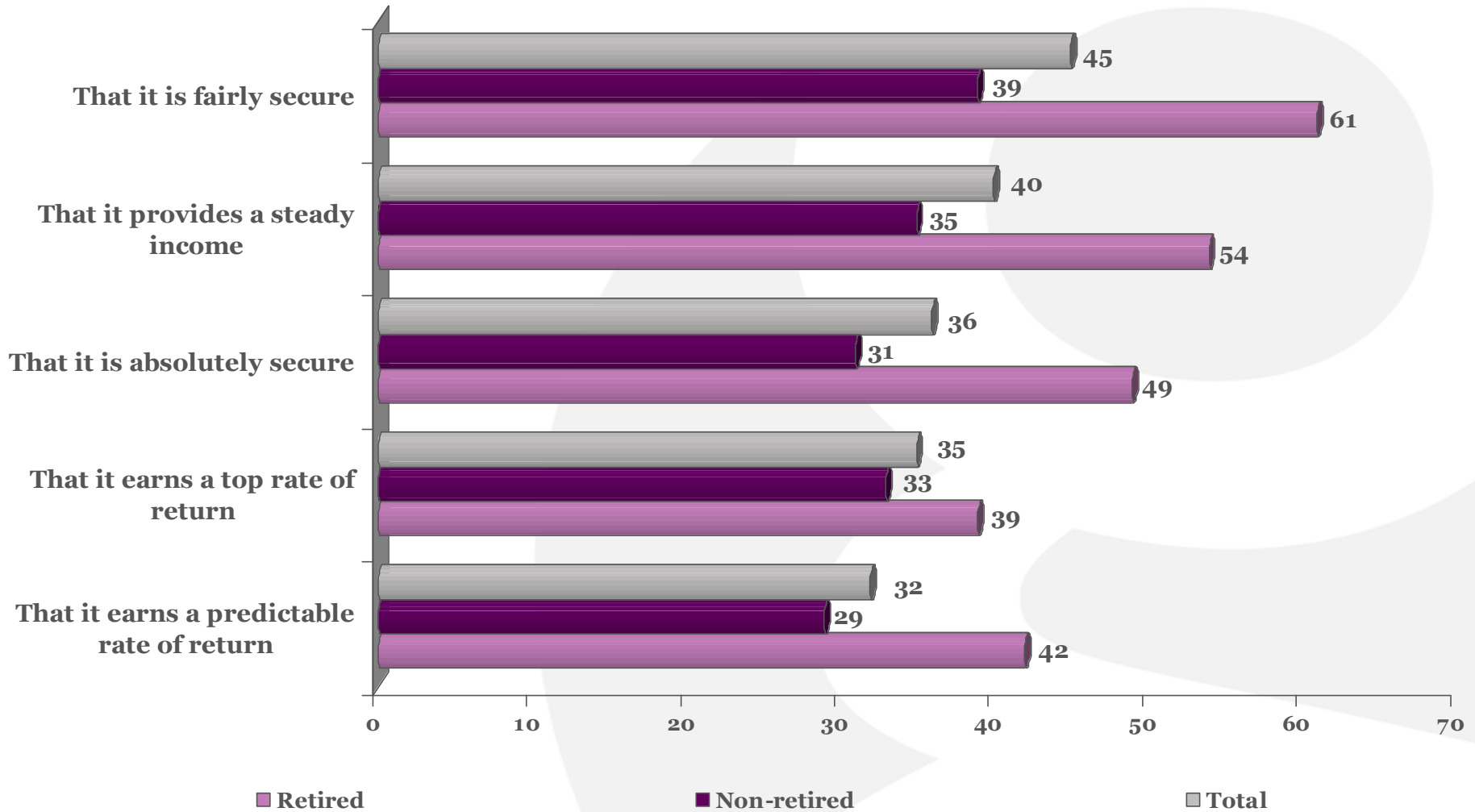


- ❑ Ensuring investments are secure and earn a top or predictable rate of return are important considerations for the majority of retail investors.
 - Retired investors place more emphasis on security and working investors on rate of return
- ❑ The majority of Retail Investors prefer stocks that pay a dividend
 - This holds for both savers and investors and for high-value investors and those with less to invest.
 - Those who are most likely to agree they prefer dividend-paying shares are older Retail Investors.



Investment Priorities

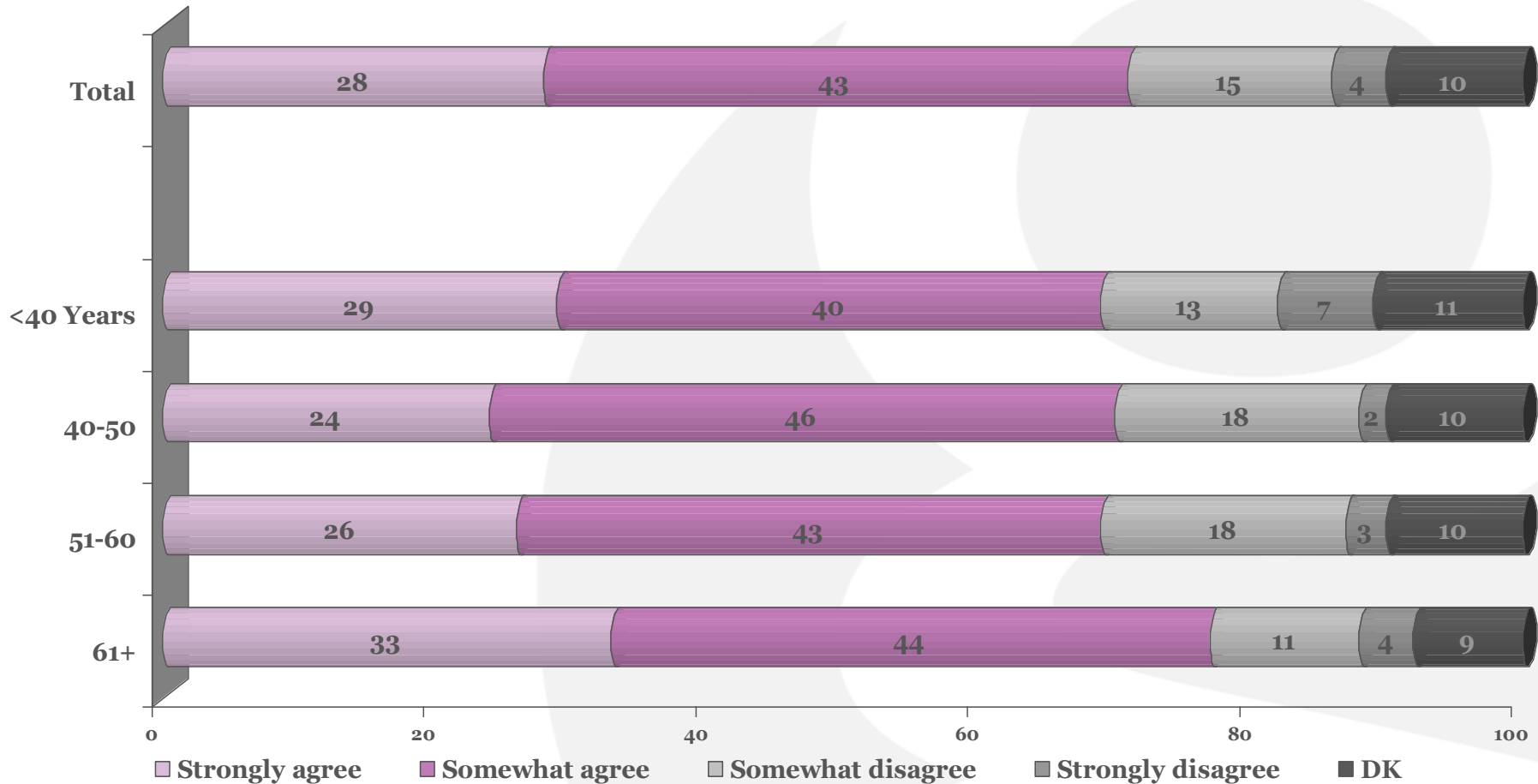
“How important are the following considerations for you when it comes to what your investments provide at the current time?” (% saying very important among retired and non-retired)





Investment Priorities

“The following are statements people might make about the markets. Please indicate whether you agree or disagree with each. **‘I prefer stocks that pay a dividend.’**”



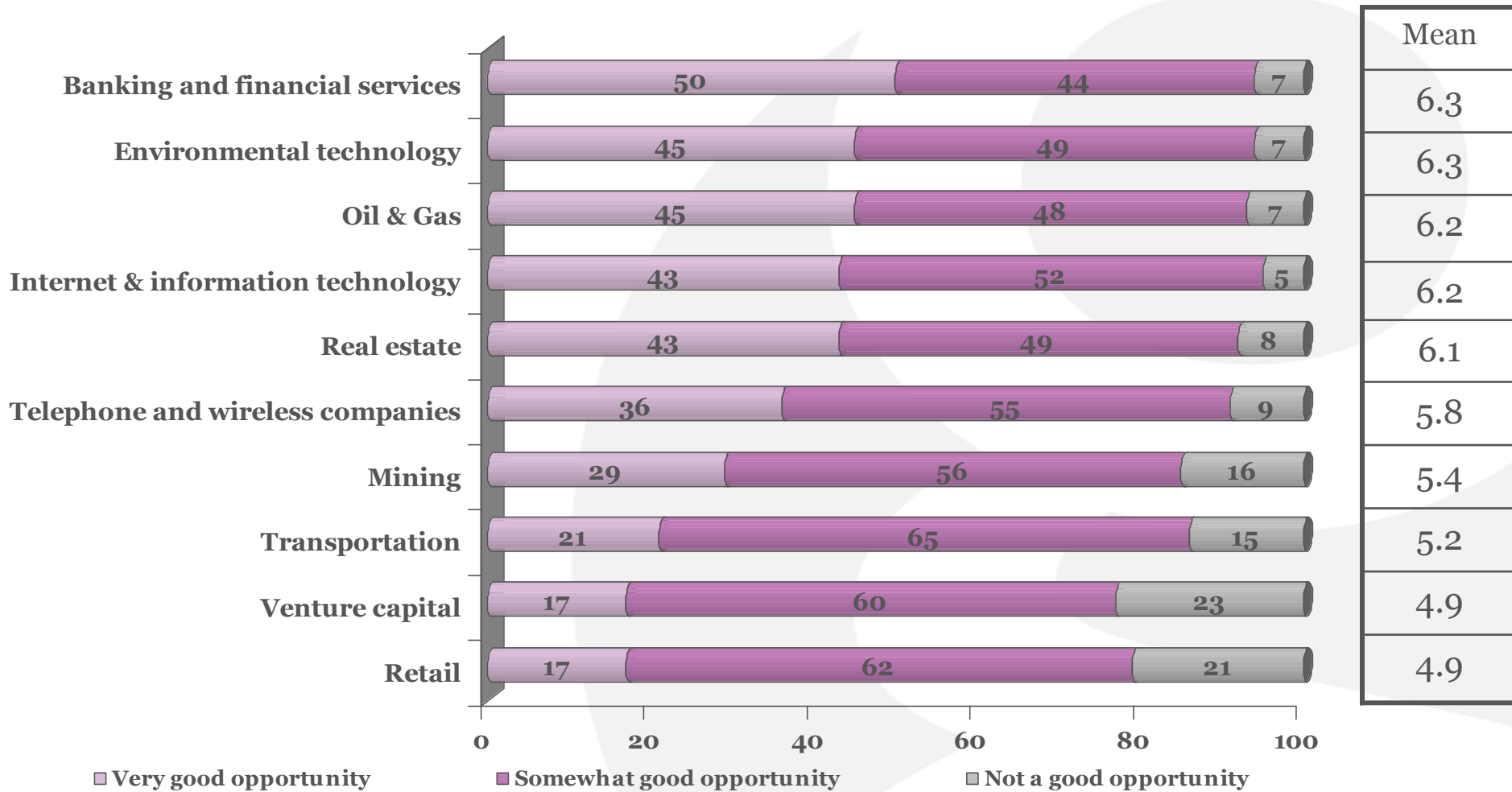


- ❑ Retail Investors are most interested in banking and financials, environmental technologies, oil & gas, and remain positive about real estate.
 - They are less enthusiastic about retail, transportation and venture capital.
- ❑ While they are confident in the information technology and Internet-oriented companies they are slightly less enthusiastic about telephone and wireless investments.
- ❑ Those who consider themselves “savers,” meaning they prefer to invest in secure savings, are somewhat less enthusiastic about some of these top sectors, compared to those who consider themselves more “investors” than “savers” – i.e. those who expect seek investments that will deliver growth and good rates of return. “Investors” are especially likely to see good opportunities in oil and gas and financials.



Investment opportunities

“We’d like to know if you think the following sectors of the economy represent good investment opportunities or poor investment opportunities at the current time as far as you and your investments are concerned”





- ❑ While most Retail Investors expect the value of the TSX to rise in the next year, few expect strong growth in the markets. They are more likely to say they expect the price of oil will rise higher in the coming year.
- ❑ They are less certain about gold, with only just over half expecting its value to rise.
- ❑ Most expect interest rates to rise somewhat – only a third expect them to stay at current levels.
- ❑ Perhaps as a result, few see the dollar dropping in value – nearly half expect it to stay at current levels – and just over a third expect its value to increase.



Investors' Predictions

“If you had to guess, do you think each of the following will be higher one year from now than it is today, somewhat higher, about the same, somewhat lower, or much lower?”

