



# Letter from the authors

This is Fidelity's 16<sup>th</sup> year providing insights about Canadians approaching and living in retirement. And we can safely say that navigating the COVID-19 pandemic since March 2020 has made it like no other time in our history of sharing these insights.

As we navigate the pandemic, we have transitioned from buying toilet paper in bulk and baking sourdough bread to exploring the world in new but also familiar ways. We changed the way we exercise, selling out dumbbells and stationary bikes, and we cheered on the 2020 Olympic athletes in Tokyo, albeit during summer 2021. Both in Canada and south of the border, we even managed to vote, either through mail-in ballots or in person. We have learned to be experts at video calls, with students studying remotely, adults working from home, and family and friends connecting around the globe. We have adapted through it all.

Retirement planning and retirement itself have adapted as well, as this year's report shows. Canadians want to travel, to tick vacation destinations off their bucket list, but of course this will be delayed until travel restrictions are lifted. You also told us that you value quality time with family and friends more than ever. Many pre-retirees are considering delaying the start of their retirement. This may be for a variety of reasons, including adding more working years and therefore having more years to save and build retirement nest eggs, and on the flip-side, reducing the number of retirement years to save for. In addition, we also saw heightened concerns about the potential rise in the cost of living.

The trend of pre-retirees who plan to work in retirement continues. For many, the reasons to work after they have retired from their primary careers are to thrive: to stay active both mentally and physically, to keep busy. There are also financial reasons to give them the flexibility to do the things they enjoy.

This report is full of insights and trends for pre-retirees navigating the path to retirement and for retirees who have taken steps into retirement. Often people are overwhelmed about how to start the planning process. The first step, and in our opinion a fun step, is to create a retirement vision. Think about the activities and lifestyle you want to enjoy in retirement, and try to be more specific than the happy couple on the beach that media often portrays. With this vision, you will know what you are striving for. Next you will want to create a written plan. This is often where people get stuck, but if you are just starting, keep it simple, and then build from there. A financial advisor can help you do this. Having a written plan will help you feel better prepared, not just better prepared financially, but also emotionally, socially and physically. Finally, ensure you regularly evaluate your progress and adapt as needed.

Retirement planning is a long-term process. Success comes from taking consequential choices, sometimes seemingly small choices, over long periods of time, to reach your retirement goals.



**PETER BOWEN**

Vice President,  
Tax and Retirement Research



**MICHELLE MUNRO**

Director,  
Tax and Retirement Research

# About the 2021 Fidelity Retirement Report

The Fidelity Retirement Report is focused on how Canadians near, and already in, retirement approach the next stage of their lives.

This study was commissioned by Fidelity Canada and was fielded between August 1 and August 20, 2021.

**TOTAL NUMBER OF RESPONDENTS:**

**1,901**

CANADIANS SURVEYED

**RESPONDENTS' AGE:**

**61**

MEDIAN AGE

**RESPONDENTS' GENDER (%):**

**48/52**

MALE FEMALE

This is the 16<sup>th</sup> year the survey has been conducted.

- A disproportionate sample of pre-retirees and retirees was completed to allow for regional and gender analysis.
- The results are then weighted to reflect the national proportionate distribution of those 45 years of age and older based on Statistics Canada census data.

Results are accurate to +/- 2.2 percentage points, 19 times out of 20.

*Fidelity Research and Thought Leadership Manager Quinn Flaherty provided editorial direction and data analysis for this report.*

**Corrections:** The following corrections have been made to the original version of the report:

- Page 3: 43% of pre-retirees believe COVID-19 changed how they expect to live their life in retirement (previously - 57%).
- Page 13: All respondents were asked about incidences of estate plans, wills and financial powers of attorney (previously - only those with a written plan).

## Reading guide



Survey questions asked in multiple years of the Fidelity Retirement Survey.



Impact of COVID-19 on Canadian retirement planning.



Additional report insights from Fidelity retirement expert Peter Bowen.

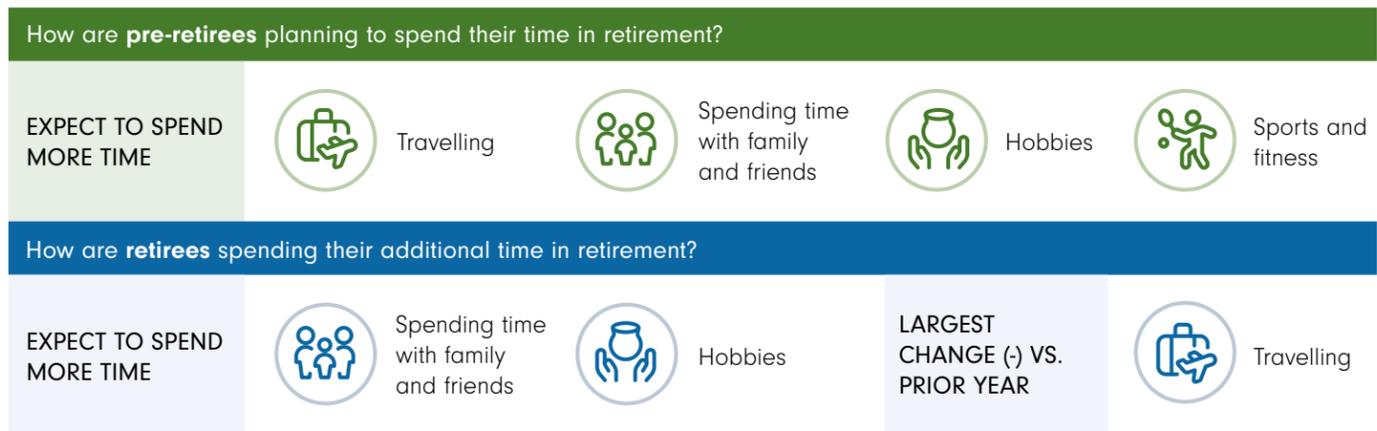


Additional report insights from Fidelity retirement expert Michelle Munro.



## What does retirement look like to you?

Every Canadian's retirement plan is different. Some Canadians want to travel the world, learn a new language or volunteer at a local charity. No matter how you plan to spend your time, it is important to have a vision that guides your financial decision-making toward retirement.



While pre-retirees still plan to travel in retirement, the percentage of retirees planning to travel dropped compared with last year, likely as a result of the COVID-19 pandemic.

Activities women indicate that they spend (plan to spend) their additional time on in retirement, more so than men.



## How COVID-19 is affecting Canadian retirement plans

The COVID-19 pandemic has affected each Canadian differently. Our research shows that retirees have seen their retirement plans disrupted by the pandemic. For pre-retirees, the pandemic has caused some to take pause and alter their planned retirement.



**Pre-retirees** on how the COVID-19 pandemic has affected their planned retirement lifestyle:

- "I think COVID has made me be more appreciative of family and friends and the time spent with them. I would rather spend time with them than travel."
- "I expect to spend less time staring at a computer screen and more time staring at live human beings."
- "Less things and more moments."

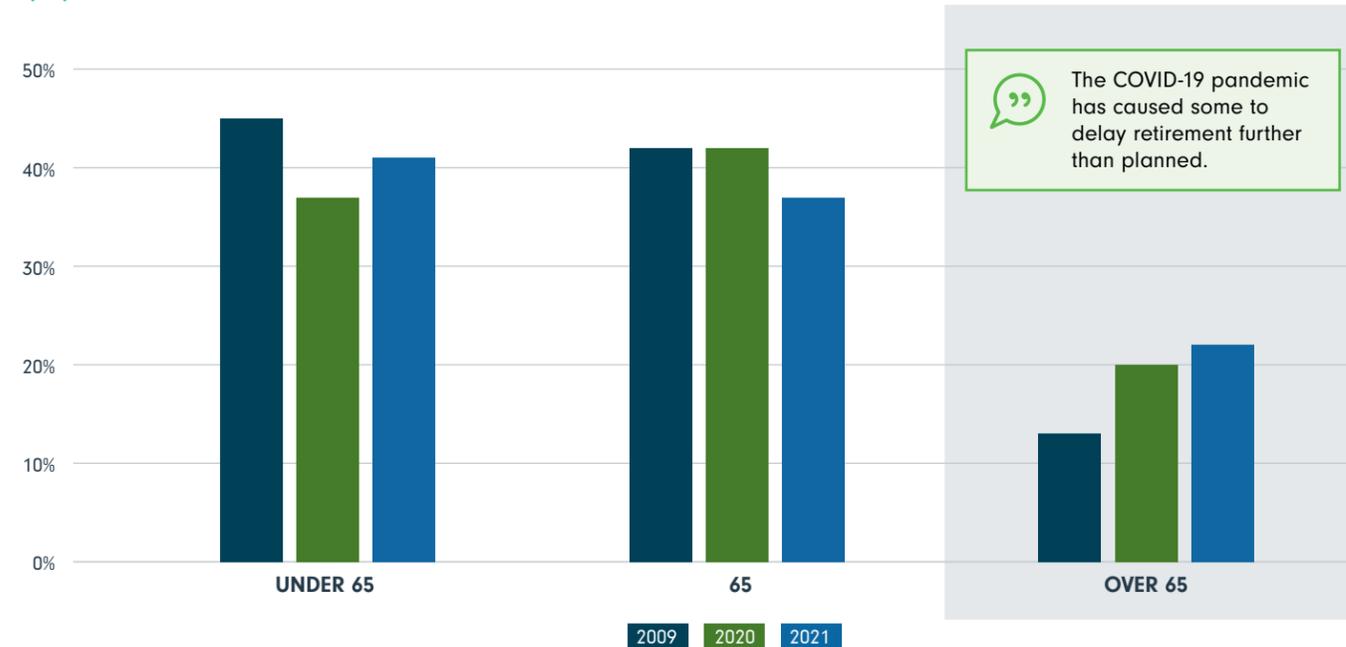
**Retirees** on how COVID-19 changed their retirement lifestyle:

- "We thought we would be travelling; wanted to go to Finland, England, possibly Australia, and many other countries, but we can't now."
- "Spending more quality time with my family and friends."
- "We have not been able to participate in the volunteer work that we normally did (before COVID-19)."

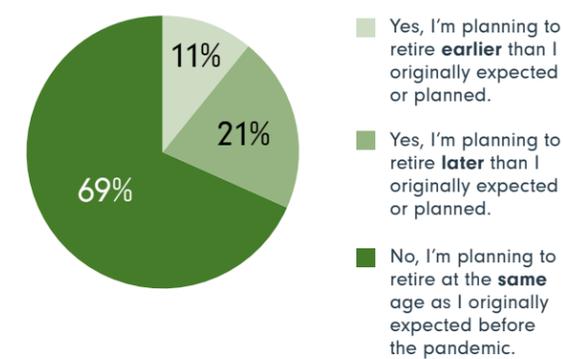
# When are Canadians expecting to retire?

How many times have you heard this question: when are you going to retire? The truth is that there's not always an easy answer, because deciding when to retire depends on many factors. Our research shows that while Canadians are retiring at different ages, a growing number are deciding to push their retirement past age 65.

**Pre-retirees:** At what age do you plan to retire?



**Pre-retirees:** Has the COVID-19 pandemic influenced when you think you will retire?



Note: Percentages may not equal 100% due to rounding.

Other factors influencing timing of retirement:

**COVID-19:** Survey respondents who experienced a decrease in salary or earnings brought on by the pandemic were more likely to retire later than those unaffected.

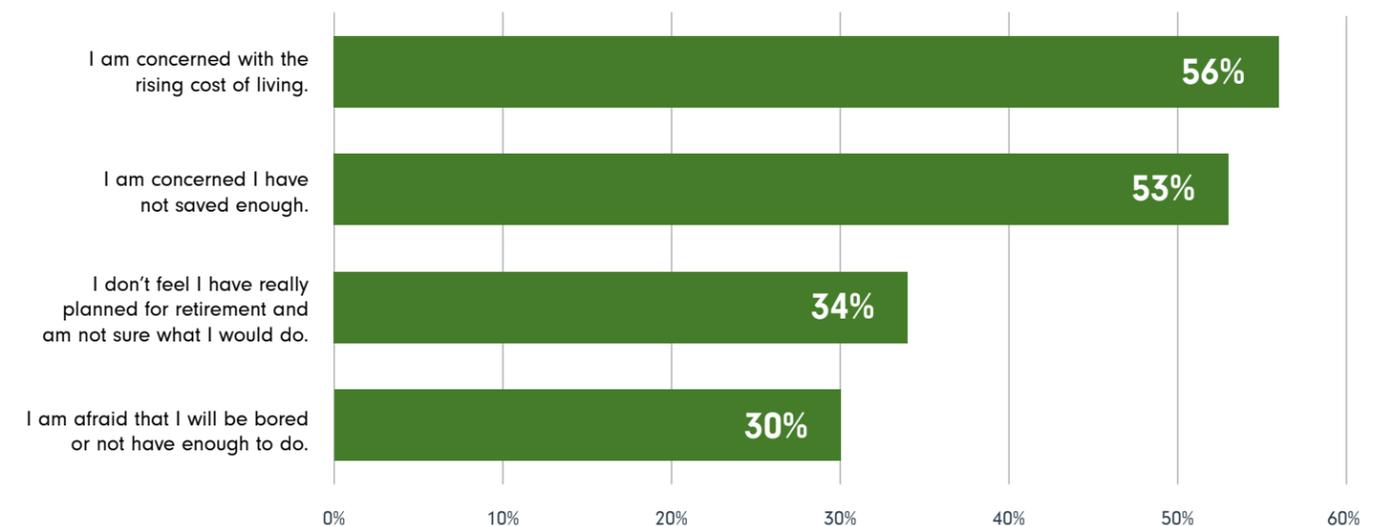
**Income:** Those in the highest income quintile were more likely to retire before age 65.

**Location:** Those from Ontario were more likely to retire later than all other regions studied.



# What's holding Canadians back from retiring?

**Pre-retirees:** Which of these factors is holding you back from retiring when you would like to?

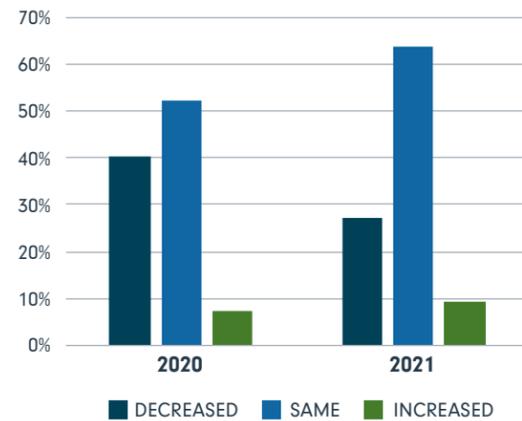


While savings concerns are often the most common barrier to retirement, rising inflation has many Canadians concerned about how the rising cost of living will affect their retirement plans.

# Are today's financial challenges altering Canadians' retirement outlook?

Every Canadian has faced unique challenges brought on by the COVID-19 pandemic. Since our last retirement survey in May 2020, Canadians have generally been less financially impacted than last year and are more optimistic about their financial future.

**All respondents (currently working):** Has the COVID-19 pandemic had an impact on your salary or earnings?

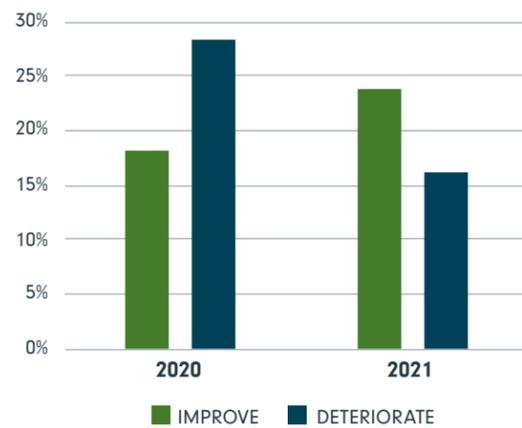


**Pre-retirees:** Outlook on life in retirement

	All pre-retirees	Have written plan	No written plan
Feeling positive about life in retirement	68%	91%	60%
Feeling negative about life in retirement	32%	9%	40%

This is the largest gap between those with a written plan and those without since we first asked this question in 2017.

**All respondents:** Do you expect the financial well-being of your household over the next year will...



Note: "Same" option not shown.

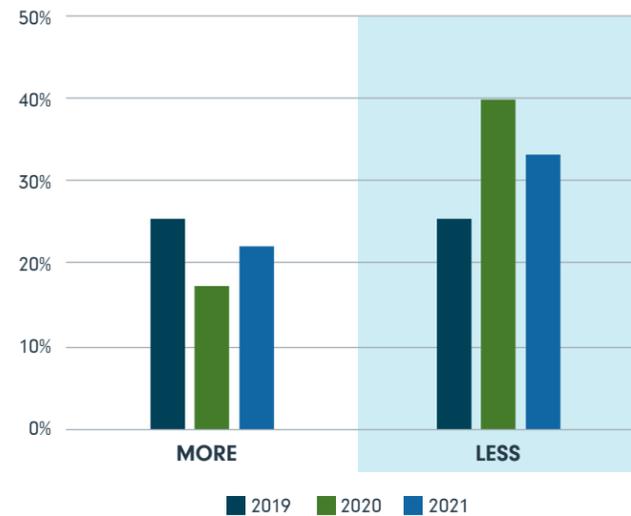
## DOES HOME OWNERSHIP AFFECT CANADIANS' OUTLOOK ON RETIREMENT?

Our research shows that Canadians currently renting are less likely to feel positive about life in retirement, compared with those who own their home.

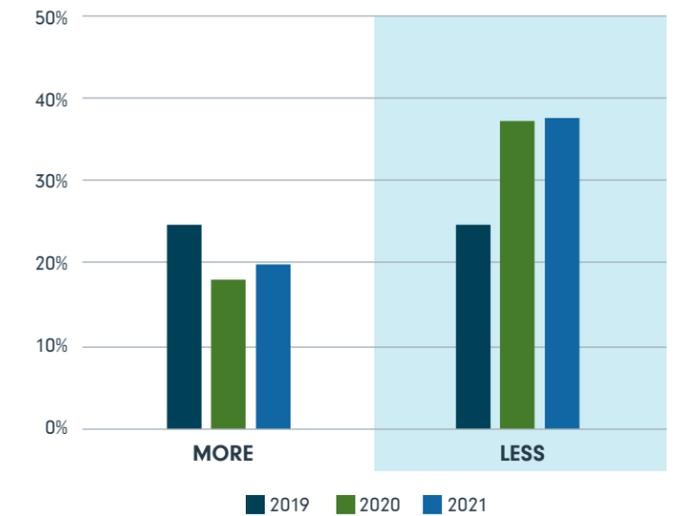
Pre-retirees	Own home (mortgage free)	Own home (mortgaged)	Renting
Feeling positive about life in retirement	81%	71%	48%
Feeling negative about life in retirement	19%	29%	52%

# How Canadians are spending less, saving more and investing differently

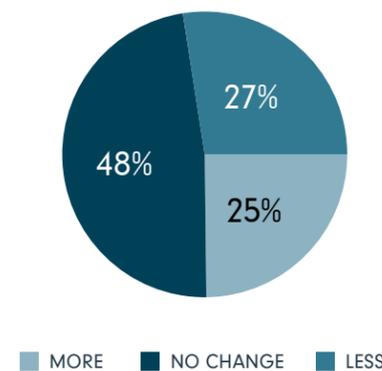
**Pre-retirees:** How has your overall spending changed compared with this time last year?



**Retirees:** How has your overall spending changed compared with this time last year?



**All respondents:** How has the amount you generally save changed in comparison with last year?



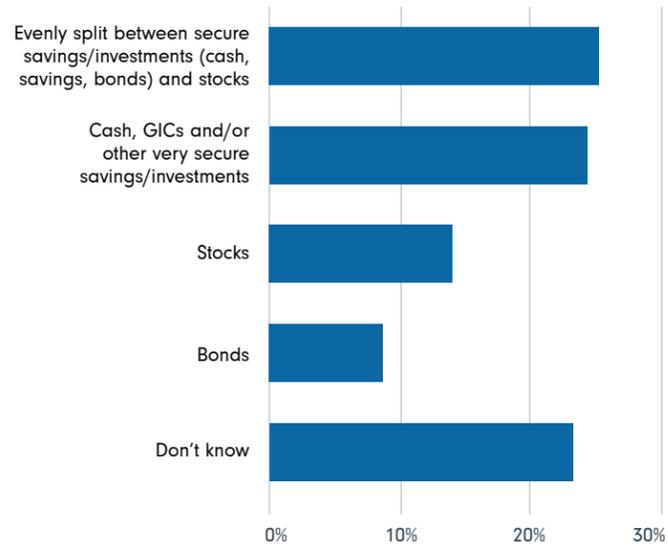
**All respondents:** What is the greatest priority you plan to put your savings toward?



Pre-retirees prioritize their savings toward retirement, while some retirees are expecting to spend their additional savings on travel.



**All respondents:** Most of my investment portfolio is made up of...



Note: Stocks and bonds could be held inside Mutual Funds, ETFs, or held outside of both.



One in five respondents indicated that they don't know what is in their investment portfolio as they plan their own retirement.

**All respondents:** Most of my investment portfolio is made up of...

	WORK WITH ADVISOR	NO ADVISOR
BALANCED PORTFOLIO	33%	14%
CASH, GICS AND/OR OTHER VERY SECURE SAVINGS/INVESTMENTS	25%	23%
DON'T KNOW	14%	38%



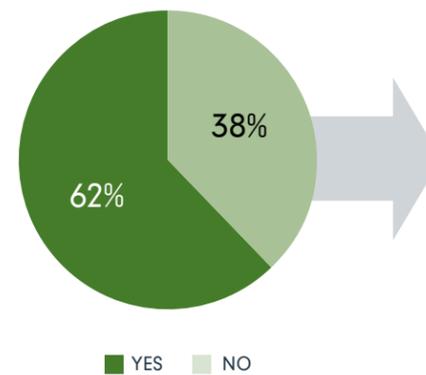
Canadians working with a financial advisor are more likely to know what they are invested in and build a balanced portfolio. This long-term strategy can help keep you on track to retire when expected.



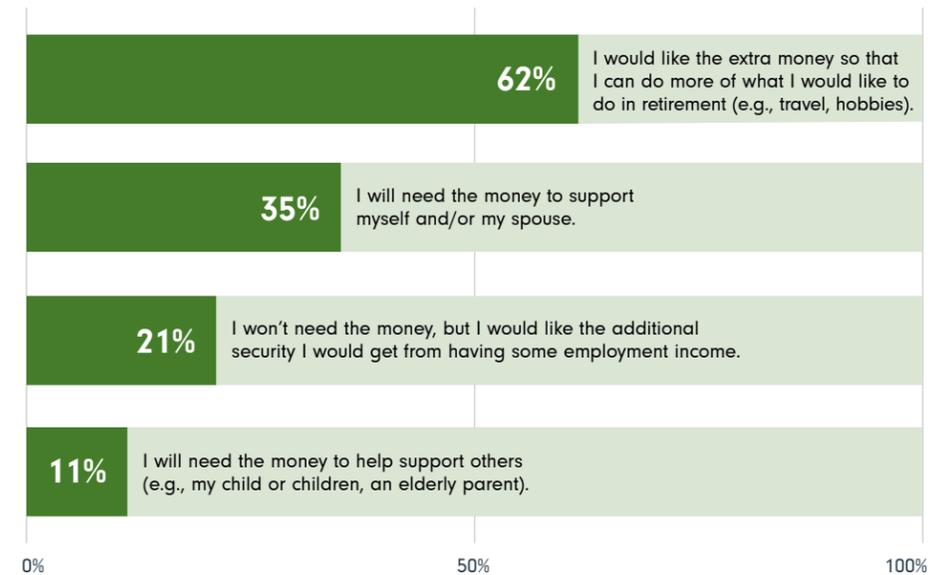
## Working in retirement



**Pre-retirees:** Do you believe you are likely to work (to some degree) in retirement?



**Pre-retirees:** What are the financial reasons why you think you will work (to some degree) in retirement?



A consistent trend is that a majority of pre-retirees are expecting to work in retirement. The financial reasons for working are to thrive and do more of what they love, such as travel, hobbies, etc.

# Want to feel better prepared for retirement?

Grab a pen and paper or laptop.

This insight is very clear – when you have a written financial plan, you are more likely to feel better prepared for retirement. The benefits of a written financial plan go beyond dollars and cents, as Canadians are also more likely to feel better prepared emotionally, socially and physically. So grab a pen, paper or your laptop and start feeling better prepared today.



**All respondents:** How prepared are (were) you for retirement?

	PRE-RETIRES		RETIRES	
	WITH a plan	WITHOUT a plan	WITH a plan	WITHOUT a plan
Financially	85%	46%	94%	72%
Emotionally	85%	64%	92%	80%
Socially	83%	66%	89%	78%
Physically	85%	69%	93%	80%



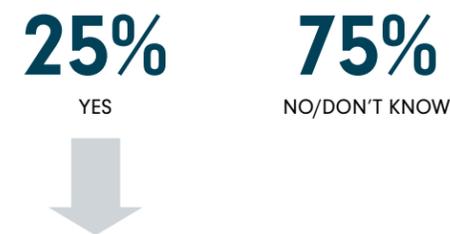
The 39% gap in financial preparedness between pre-retirees with a written plan and those without is the largest gap in the history of our Fidelity Retirement Survey.

# Components of a written financial plan for retirement

While the benefits of a written financial plan are clear, the majority of Canadians approaching retirement don't have one. Among those with a written financial plan, many haven't updated their plan, or may be missing important considerations for life's unexpected events. Whether you have a plan or are just starting to write one, there are many important components to consider.



**Pre-retirees:** Do you have a written financial plan that specifically deals with your retirement?



**Pre-retirees:** Did you work with a financial advisor to build your written financial plan?



Common components of Canadians' written financial plans

- Retirement income sources
- Budget estimate for spending in retirement
- Estimate of total savings required in retirement
- A plan for desired activities and lifestyle in retirement

Less common components of Canadians' written financial plans

- A plan to transfer wealth to the next generation
- Budget for health care costs and requirements

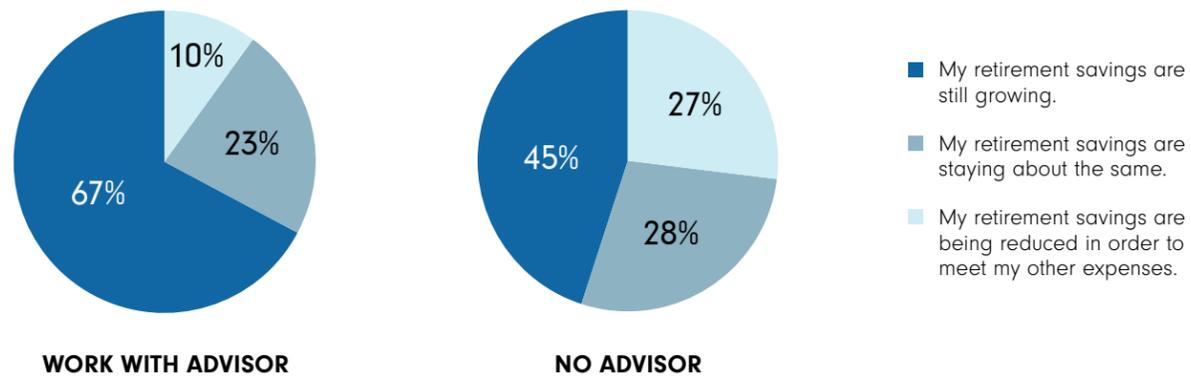


Less than 60% of pre-retirees have included a budget for health care costs in their written financial plan in each of the last four years of the Fidelity Retirement Survey.

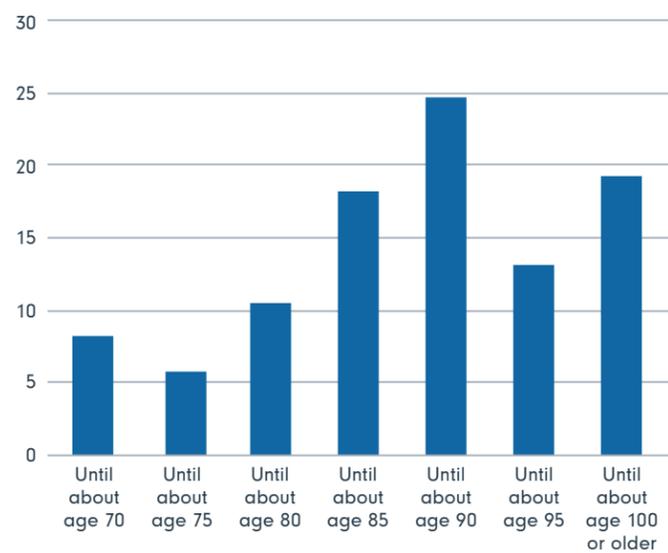
# Ensure your future is funded

An important part of retirement planning is determining how to pay for it. Our research shows that Canadians approaching retirement differ on how long and where to place their savings and investments. Working with a financial advisor to build a personalized written plan can help you answer these questions and give you peace of mind that you are on the right track.

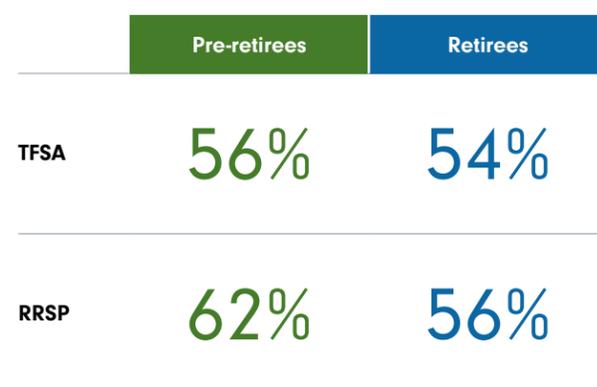
**Pre-retirees:** Which statement best describes your situation when it comes to your retirement savings?



**All respondents:** How long do you need your retirement savings to last you?



**All respondents:** Do you rely on (intend to rely on) the following as a source of retirement income?



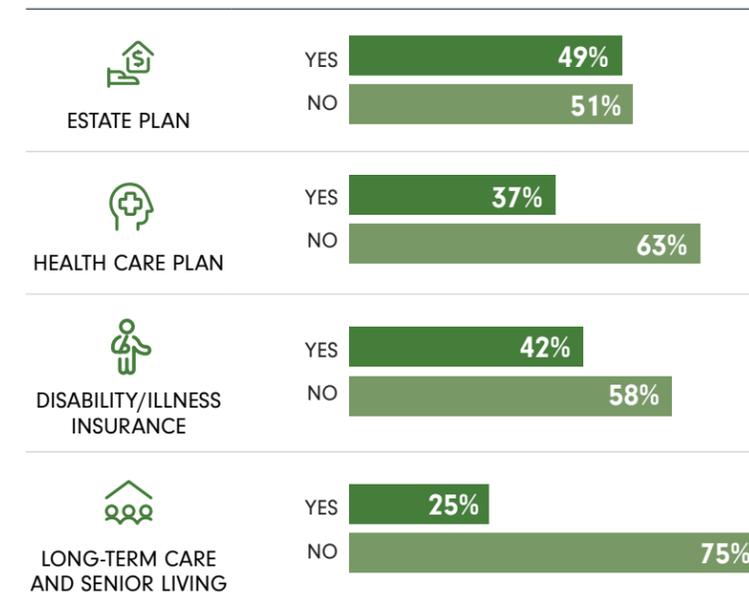
Registered investment accounts are an effective and tax-efficient way to save for retirement, and yet close to 40% of respondents are not relying on them.

# Ensure your future is protected

Life is full of unexpected events. However, when it comes to your retirement, it's important to protect yourself, your family and your finances from unnecessary consequences. Have you considered the following components in your plan?

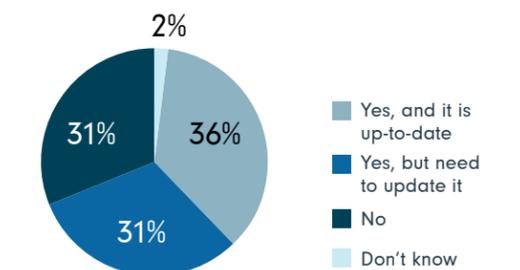


**All respondents:** Which of the following, if any, do you have?

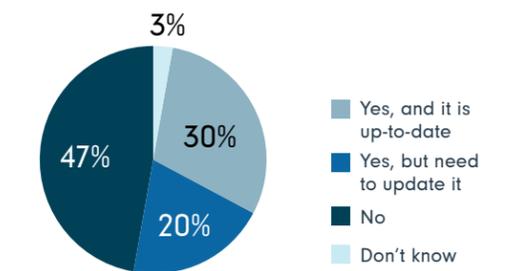


Given the impact of COVID-19 on Canada's health care sector, a written plan that specifically addresses health care and long-term care is more important than ever.

**All respondents:** Do you currently have a will?



**All respondents:** Do you currently have a financial power of attorney?



# Trusted financial advice helps Canadians feel better prepared for retirement

You've made it to page 14 of this year's report; clearly retirement planning is important to you. You seem like someone who wouldn't leave their retirement planning to chance. A financial advisor can be a trusted partner in your planning process and give you confidence that you are on the right track.

**All respondents:** Most trusted source for information about retirement planning

1		A financial planner or advisor
2		My spouse/partner
3		Independent financial blogs or websites

**All respondents:** To what extent do you agree or disagree with the following statements? (Net: Agree)

	WORK WITH ADVISOR	NO ADVISOR	DIFFERENCE
I currently have peace of mind that my financial goals are on track.	77%	48%	29%+
I feel optimistic that there will be lots of opportunities for future investment growth.	57%	31%	26%+
I feel/felt financially prepared for retirement. (Net: Prepared)	78%	55%	23%+

**All respondents (who work with an advisor):** How confident are you in the advice you receive from your financial advisor?



**All respondents (who work with an advisor):** During the COVID-19 pandemic, has your confidence in the advice you receive from your financial advisor...



Note: "Neither" and "Don't Know" responses not shown.

# The enduring value of financial advice during uncertain times

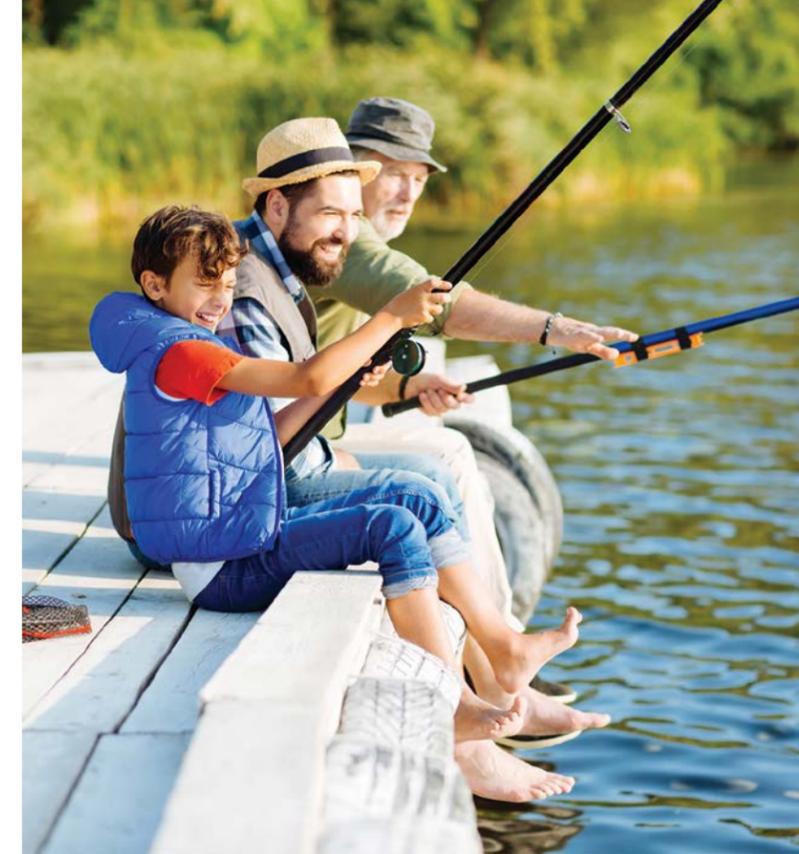
Our research shows that professional financial advice gives Canadians confidence that they are on the right track toward retirement. Whether it's a global pandemic or unexpected event in your life, having a trusted partner to help you stay on track during uncertain times can make a meaningful difference.

**All respondents (working with a financial advisor):** How important are the following issues for you in dealing with your advisor? How good a job do you think your advisor is doing on these issues?

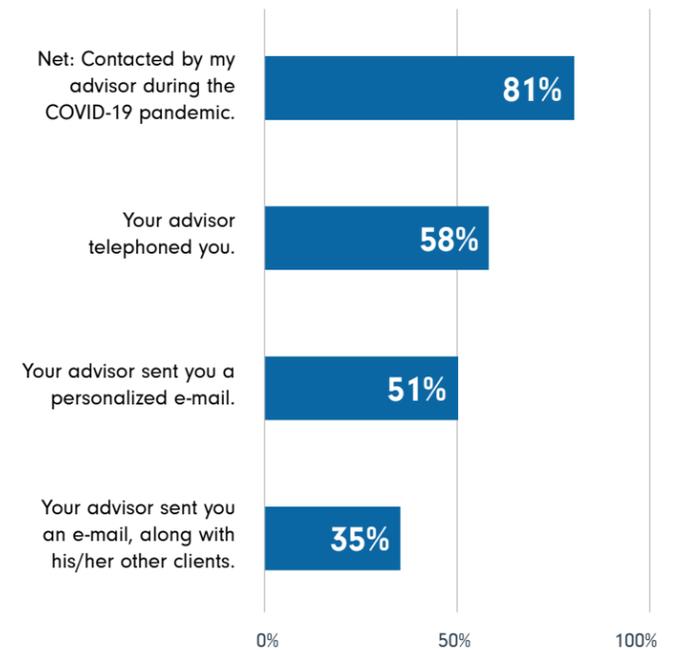
Helps me feel comfortable that I have financial security in the future



Lets me know what issues and trends have the potential to impact my investments in the future



**All respondents (working with a financial advisor):** Please indicate if you have had contact with your financial advisor in any of the following ways during the COVID-19 pandemic.



# We're here to help

Looking for more retirement planning materials? We've got what you're looking for. Whether you enjoy watching, reading or listening to content, we have industry-leading insights that can further assist you in your retirement planning journey.

### LIVE INTERACTIVE WEBCASTS

FidelityConnects - Our live, interactive webcast series gives you frequent and direct access to insights from Fidelity's subject-matter experts on trending issues that affect Canadians.



### PODCASTS

Our popular webcast series, FidelityConnects, is now available as a podcast.



### THE UPSIDE YOUTUBE SERIES

The Upside helps you make sense of your financial life, providing you with financial tips and timely discussion on topics we find interesting and you find informative.



### INVESTOR NEWSLETTER

The Upside - Your monthly resource designed to help keep you ahead of the ever-changing financial world with insights, tips and tools.



### Looking for more information?

Visit [fidelity.ca/retirement](https://fidelity.ca/retirement) to learn more on current retirement trends and the value of advice in Canada.

Follow us on social media @FidelityCanada



## About the authors



### PETER BOWEN

Vice President, Tax and Retirement Research (2012-current)

Peter leads the Tax and Retirement Research team at Fidelity Canada, travelling across the country to inform investors and advisors on the changing retirement and tax landscapes in Canada.

#### CAREER EXPERIENCE

- Fund Treasurer, Fidelity Investments (1994-2012)
- Principal in the tax department of PricewaterhouseCoopers (1988-1994)

#### OF NOTE

- Architect of the T-SWP® series, an award-winning innovation launched by Fidelity in 2002.
- Peter is a recipient of the Queen's Golden Jubilee Medal for volunteer services provided to Athletics Canada, where he acted as honorary treasurer for several years.

JOINED FIDELITY - 1994

#### INDUSTRY EXPERIENCE

32 years

#### EDUCATION

BA, University of Waterloo

#### DESIGNATION

CPA, CA



### MICHELLE MUNRO

Director, Tax and Retirement Research (2018-current)

Michelle is a leading member of the Tax and Retirement Research team at Fidelity Canada, with a special interest in women and wealth, estate planning and emerging retirement trends.

#### CAREER EXPERIENCE

- Director of Corporate Tax, Fidelity Investments (2008-2018)
- Senior Manager, Tax, Ernst & Young (1999-2008)

#### OF NOTE

- Michelle is the past co-chair of Fidelity's Women's Leadership Group (WLG), an internal employee resource group aiming to develop and support women leaders.
- Michelle has an interest in planning for life's unexpected events, and how to plan for life pivots and manage these sometimes difficult and stressful situations.

JOINED FIDELITY - 2008

#### INDUSTRY EXPERIENCE

22 years

#### EDUCATION

BMath,  
University of Waterloo

#### DESIGNATION

CPA, CA





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