Contact for Media:
Maeve Hannigan
T – 416-643-4058
C – 416-564-1540

Email: Maeve.Hannigan@blackrock.com

Press Release
For Immediate Release

BlackRock 2015 Global Investor Pulse Survey:

Canadians Place a High Priority on Saving for Retirement, but Attitudes and Behaviours Need to Change

While investors have high income expectations for their after-work years, many lack the "Retirement IQ" to achieve their goals

Toronto, October 27, 2015 – More than four in 10 Canadians say that saving for retirement is a top financial priority for them, but most say they do not have the knowledge or a clear plan to help them achieve their retirement goals, according to the latest Global Investor Pulse survey from BlackRock, Inc. (NYSE:BLK).

In a poll of more than 31,000 individuals in 20 nations, including 2,000 Canadians, BlackRock's Global Investor Pulse found that slightly more than half (55 per cent) are confident in their ability to meet their retirement goals. Yet most of those surveyed also acknowledge that their savings goals are not well-defined – and that they have little idea on how to reach them. Perhaps as a result of this uncertainty, Canadians continue to hold high amounts of cash and are wary of investing in stocks and other assets. And among those who have started to save, many haven't amassed nearly enough to meet their stated retirement income goals.

"Retirement is one of the most important global issues that we face today, this survey reinforces that point," said Chip Castille, BlackRock's Chief Retirement Strategist. "As we contend with a decline in traditional sources of retirement income, coupled with global populations living longer, understanding the gaps and taking meaningful steps to address them is both a challenge and an opportunity. Whether it's starting early, engaging in a workplace plan or simply understanding how much annual income you'll need, just getting started is a powerful first step that everyone should be taking."

For Canadians, a Goal to Save but a Gap in 'Retirement IQ'

Canadians understand that saving to live comfortably in their after-work years is an important financial priority, and 60 per cent say they have started saving for retirement, including 52 per cent of 25-to-34-year-olds. But the Investor Pulse revealed a clear discrepancy between retirement income expectations and actual savings habits. On average, respondents said they expect an annual income of $46,900 for a 25-year retirement. However, among those who have started saving, the average nest egg amounts to only $70,700 – barely enough for 18 months of retirement. Even among pre-retirees aged 55 to 64 - who have lower income expectations ($39,100), the current amount saved for retirement averages just $125,000, according to the survey, which given income expectations would only last about three years. Even with compounding over time, current levels of savings are highly unlikely to grow into a sustainable retirement portfolio that meets income goals.

The good news is, they are starting from a solid commitment to save. When it comes to participating in savings and retirement plans, 47 per cent are contributing to registered retirement savings plans (RRSPs) and 42 per cent are taking advantage of tax-free savings accounts (TFSAs). But beyond that, the survey showed a lack of basic knowledge about retirement goals and planning. Only 40% said they were very or somewhat knowledgeable about how much money they will need to last through retirement, and one third said they had no idea at all. Just two in five respondents understand or somewhat understand of how much they need to save for retirement, and one in three said that they were not very or not at all knowledgeable about how much they had already saved. While participation in tax-sheltered plans is strong, fewer than half (45 per cent) of Canadians are aware of the tax benefits of saving for retirement. More than half (52 per cent) do not know what the maximum contribution to their workplace retirement plans is, and just one-third usually contribute the maximum.

The Investor Pulse also revealed very low levels of awareness among Canadians about how to reach their retirement goals. Fewer than one in 10 said they were very knowledgeable about the investment choices they should consider to maximize their retirement savings, with only 36% claiming some level of knowledge. By contrast, almost one in four Canadians said that they had no knowledge of their investment options at all.

"There's an underlying knowledge deficit about retirement planning and financial goals, but taking a few simple steps – like taking stock of your options and starting to decide what's right for you – can make a huge difference," said Karrie Van Belle, Managing Director at BlackRock Canada[1]. "The process of planning for a good retirement really starts with taking ownership of your financial life, and that means taking take the time to brush up on your Retirement IQ."

Heavy on Cash – and Caution

According to the survey, two-thirds of Canadians believe they have the right asset allocation mix to reach their retirement needs. Yet the Investor Pulse revealed once again that they continue to hold levels of cash[2] that are far too high to achieve their investment goals, given record low interest rates and the impact of inflation. While respondents said that they ideally should have about 30% of their wealth and investments in cash and cash products, they are currently holding 60% in cash, and nearly half – 45 per cent – said that they plan to increase their cash allocations in the next year.

When asked why they are so heavily exposed to cash, many cited its ready accessibility (46 per cent) and convenience (33 per cent). A quarter of respondents hold cash to avoid the risk of losing money, even though the purchasing power of cash declines over time from inflation. One in 10 say they hold cash because they don't know what their other options are.

In addition to the 60% held in cash, Canadians investors also hold 19% in equities, 7% in bonds, 4% in property, 3% in alternatives, and 7% listed as "other."

What is holding Canadians back?

Canadians' conservative attitudes towards investing are accompanied by a wide range of fears and concerns about their financial futures. Only slightly more than half have a positive outlook financially. That's the same level of optimism as last year's survey results, but underlying the average number is a sharp decline in confidence among lower-income Canadians. While 73 per cent of affluent Canadians (net wealth and investments of $150,000 or more) are positive about their financial futures, only 43 per cent of others are – a level of optimism that has dropped from nearly 50 per cent two years ago.

What's driving the concern? Two-thirds of respondents say that the high cost of living is the biggest threat to their financial security, while nearly half (46 per cent) point to the state of the Canadian economy and 43 per cent each cite the threat of rising taxes and inflation. Yet respondents said that on average they hold more

[1] BlackRock Asset Management Canada Limited.

[2] Cash includes all cash products including cash deposits and savings accounts, GICs and money markets.

than three-quarters of their investments in Canada – a remarkable home bias, given their widespread uncertainty over the state of the domestic economy.

The survey also suggests that low levels of non-cash investments are driven by widely held skepticism about stock markets and investing risk. Fewer than half (44 per cent) of Canadians agree with the statement "Investing is for people like me," and the same proportion feel that they are comfortable making their own investment decisions. On the other hand, only one in three (35 per cent) claim to be knowledgeable about investing, and half (51 per cent) believe that investing is like gambling.

"The results suggest that the investment industry, and investing in general, has something of an image problem among Canadians," said Van Belle. "Given recent market volatility, that might not be surprising, but there is clearly a need for a renewed commitment to financial literacy and investor education, not just to inspire confidence in the markets, but also to help Canadians realize that they do have choices."

Transactional View of Advice Undermines Long-term Planning

Canadians' attitudes towards the benefits of financial planning may also be contributing to a disconnect between retirement expectations and behaviours. More than half of survey respondents (51 per cent) describe themselves as focused more on short-term needs than on long-term goals (more than 10 years into the future). As well, more than a third of Canadians surveyed say that they do not take financial planning seriously.

This short-termism is reflected in the way Canadians work with their financial advisors – or, more often, don't. The findings suggest that Canadians' approach to financial advice is often transactional and short-term, and not undertaken with a view to long-term planning or developing a habit of seeking sound advice when they need it most.

While 38 per cent of respondents said they currently consult a financial advisor and 21 per cent have used one in the past, only a small minority feel the need to consult a financial advisor to help them plan for long-term goals or address important life events. For example, only 30 per cent say they would use an advisor if they received an inheritance, and only 16 per cent would seek advice when retiring from work. Fewer than one in five would talk to an advisor when buying investment property (18 per cent), starting a new business (17 per cent), or buying a new home (14 per cent). And fewer than one in 10 would use a financial advisor when getting a divorce (eight per cent), starting a family (six per cent) or graduating from university (two per cent).

Among those who do use an advisor, they commonly cite using those based in their bank branches (43%) followed by full-service brokerage firm advisors associated with their bank (19%) and those with independent firms (16%). While satisfaction with all types of advisors is high, it increases for those based in the full-service brokerage firms with 63% of investors stating they are very satisfied versus that of 46% for those using bank-branch advisors. Furthermore, independent investment counselors received top marks for satisfaction levels at 67%; however, fewer Canadians (7%) are using their services today.

Delivering Greater Access Through Technology

There are, of course, a variety of ways to get advice, and the Investor Pulse shows a tendency among Canadians, especially younger ones, to take advantage of alternatives to traditional financial advice models. For instance, more than half - 59 per cent – say they go to online sources to make long-term decisions about their savings and investments. Younger respondents (aged 25 to 34) are even more likely to go digital for advice, with 73 per cent saying they use online sources when making investment decisions. Bank websites (43 per cent) and search engines were the most consulted destinations for under-35s seeking financial guidance. The main reason for using the internet: convenience.

On the other hand, many respondents also said they prefer dealing with a person – and even those who do take advantage of digital platforms and online information sources say they desire some level of personalization in the process (44 per cent).

"Good advice can and should come in many forms, and Canadians are telling us that they appreciate the convenience of online accessibility," noted Van Belle. "However, whatever the platform, they are also demanding that the information they get is relevant to them. As alternative forms of advice grow, it's an opportunity for the investment industry and investors alike."

To learn more, please visit: **blackrockinvestorpulse.ca**

About BlackRock

BlackRock is a global leader in investment management, risk management and advisory services for institutional and retail clients. At September 30, 2015, BlackRock's AUM was US $4.506 trillion. BlackRock helps clients around the world meet their goals and overcome challenges with a range of products that include separate accounts, mutual funds, iShares® (exchange-traded funds), and other pooled investment vehicles. BlackRock also offers risk management, advisory and enterprise investment system services to a broad base of institutional investors through BlackRock Solutions®. As of September 30, 2015, the firm had approximately 12,900 employees in more than 30 countries and a major presence in key global markets, including North and South America, Europe, Asia, Australia and the Middle East and Africa. For additional information, please visit the Company's website at www.blackrock.com/ca **|** Twitter: @BlackRockCA **|** Blog: www.blackrockblog.com/can

About the Survey

One of the largest global surveys ever conducted, the BlackRock Global Investor Pulse survey interviewed over **31,100** respondents, in **20** nations: the US and Canada; in Europe, Belgium, France, Germany, Italy, the Netherlands, Spain, Sweden, and the UK; In Latin America, Brazil, Chile, Colombia, and Mexico; in Asia, China, Hong Kong, India, Japan, Singapore and Taiwan. The Canada sample comprised 2,000 respondents. Executed with the support of Cicero Group, an independent research company, the survey took place from July to August 2015. For the global sample the margin of error is +/-0.7% and for the Canada sample of 2,000 respondents the margin of error is **+/- 2.2 per cent**.