



Letter from the authors

Fidelity has been providing insights about Canadians approaching and living in retirement for 17 years. Retirement planning can feel more complex than ever with things like market volatility, inflation and global conflict. This retirement report is filled with insights to help you understand your retirement planning process, gain perspective and help you create and live your retirement vision.

The path to retirement is expected more than ever to have many more curves and pivots, and our survey shows that pre-retirees seem to better understand longevity risk – the risk of outliving your savings – and the corollary need to save more for your retirement.

The timing of retirement is changing too. With rising inflation and volatile markets, many pre-retirees are planning to delay their retirement, and some are finding it easier to do so in a hybrid working environment. Hybrid working has also made it easier for some to work in their retirement years (after retiring from their primary career or profession).

Once in retirement, pre-retirees plan on spending more time travelling, enjoying hobbies and spending time with family and friends. The pandemic has produced more focus on a preference for aging at home. While technology has made aging in place easier, there can be additional costs for home modifications and/or home care. These costs can be substantial, and many Canadians have not planned for these expenses.

Inflation appears to be a frequent headline in the media recently, and it is one of five key risks to financial security in retirement. The others are health care costs, withdrawal rate, longevity and asset allocation risks. Working with a financial advisor can help you understand the risks and create a plan to mitigate them to provide financial comfort for your entire retirement.

Having a written plan will help you feel better prepared, not just financially better prepared, but also emotionally, socially and physically. These are four pillars of well-being that are improved by having a written financial plan; this is an insight that we find is consistent over the years.

Retirement planning is an evolving process. We hope that the insights from our retirement survey will help you think about your retirement and create your retirement plan or update your plan, and ultimately help you feel prepared, optimistic, hopeful and confident for your retirement.



PETER BOWEN

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About the 2022 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 July 14 and July 26, 2022.

TOTAL NUMBER OF RESPONDENTS:

1,917
CANADIANS SURVEYED

RESPONDENTS' AGE:

62
MEDIAN AGE

RESPONDENTS' GENDER (%):

48/52
MALE FEMALE

This is the 17th year the report 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.
- Statistical significance tested at 95% confidence interval.

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

Fidelity Canada's Research and Editorial Content teams provided data analysis and editorial direction for this Report.

Reading guide



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



Additional report insights from Fidelity retirement expert Peter Bowen.



Additional report insights from Fidelity retirement expert Michelle Munro.



Fidelity's five key risks to financial security in retirement

In 2005, Fidelity Investments Canada launched a ground-breaking research report that outlined five key risks to sustaining a lifetime source of retirement income: longevity, withdrawal risk, asset allocation, inflation and health care costs. Each of these risks has the potential to greatly influence your retirements plans and preparedness. Look for more insights on these risks throughout this year's report.

The five key risks to financial security in retirement

Inflation



The risk that inflation will reduce your purchasing power and negatively affect your standard of living.

Health care costs



The risk that unexpected health care costs will deplete your retirement savings and reduce your standard of living.

Withdrawal risk



The risk that you may withdraw too much and too soon from your savings early in retirement.

Longevity



The risk that you will outlive the money that you have saved for retirement.

Asset allocation

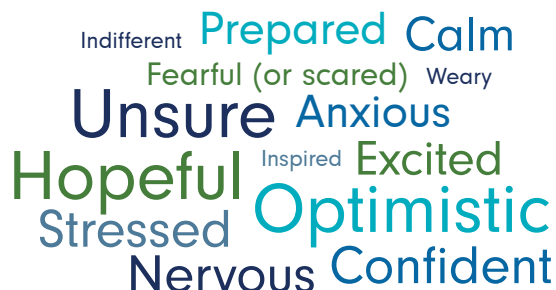


The risk that the type of investments you hold are either too risky or conservative to meet your retirement income needs.

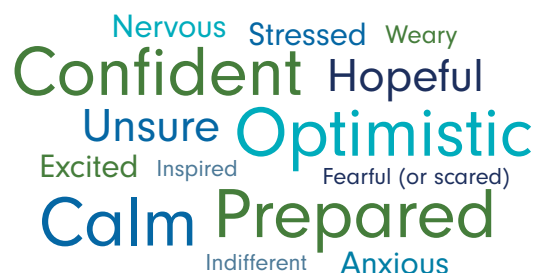
How are Canadians feeling about retirement?

Your retirement is just as much an emotional decision as it is a financial one. This year's report indicates that some Canadians approaching retirement are feeling unsure about their retirement plans. However, our research shows that those with a written financial plan that specifically addresses retirement planning are more likely to feel optimistic, confident and prepared.

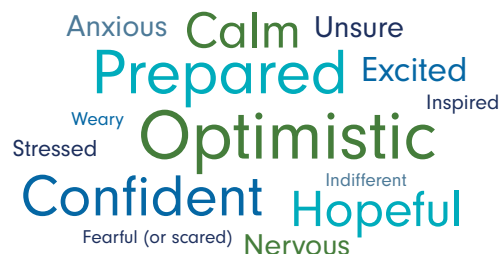
Pre-retirees: Which of the following words best describes how you are currently feeling about your retirement planning?



Retirees: Which of the following words best describes how you are currently feeling about your retirement planning?



All respondents (with a written plan): Which of the following words best describes how you are currently feeling about your retirement planning?



Canadians with a written financial plan are more likely to feel optimistic, confident and prepared about their retirement planning than those without one.

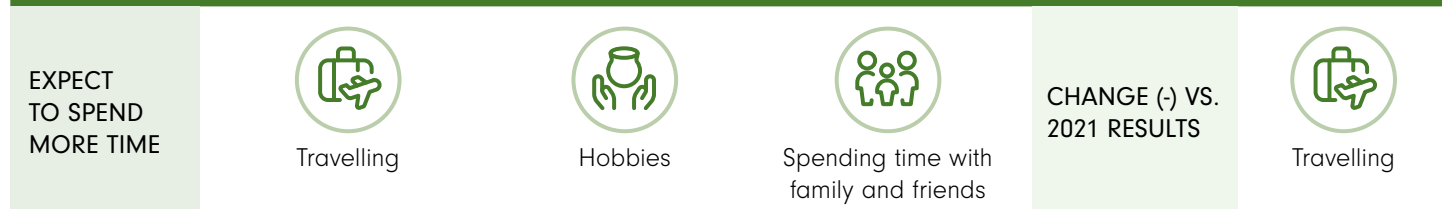




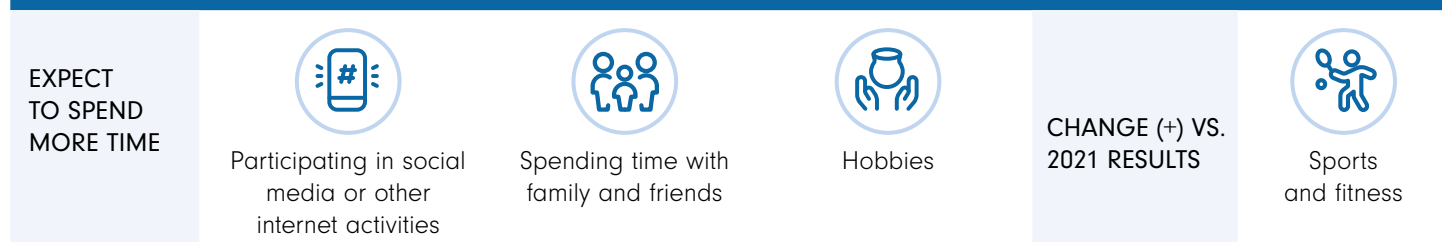
How are Canadians spending their time in retirement?

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 to retirement.

How are pre-retirees planning to spend their time in retirement?



How are retirees spending their additional time in retirement?



Retirees: How does household income affect activities in retirement?

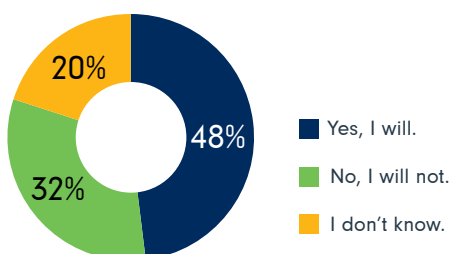


How to ensure those retirement dreams become reality

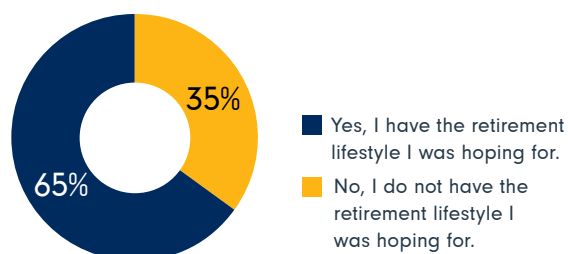
We all have dreams about what we would do during our own retirement. Whether you are close to or far away from retiring, there are steps each of us can take to ensure we enjoy the lifestyle we are hoping for. As our report indicates, those who prioritize retirement savings and make wise investment decisions feel they will enjoy the lifestyle they are hoping for.

Please indicate how you would complete the following statement...

Pre-retirees: I will have the kind of retirement lifestyle I was hoping for.





Retirees: I have the kind of retirement lifestyle I was hoping for.




Pre-retirees who work with a financial advisor were more likely to indicate they will enjoy the retirement lifestyle they are hoping for than those who do not.


Pre-retirees: How are you ensuring you will have the kind of retirement lifestyle you are hoping for?

1  Saving and managing my money for retirement


2  Investment portfolio – making wise investments

3  Plan for enjoying life in retirement

Retirees: Why do you believe you did not reach the kind of retirement lifestyle you were hoping for?

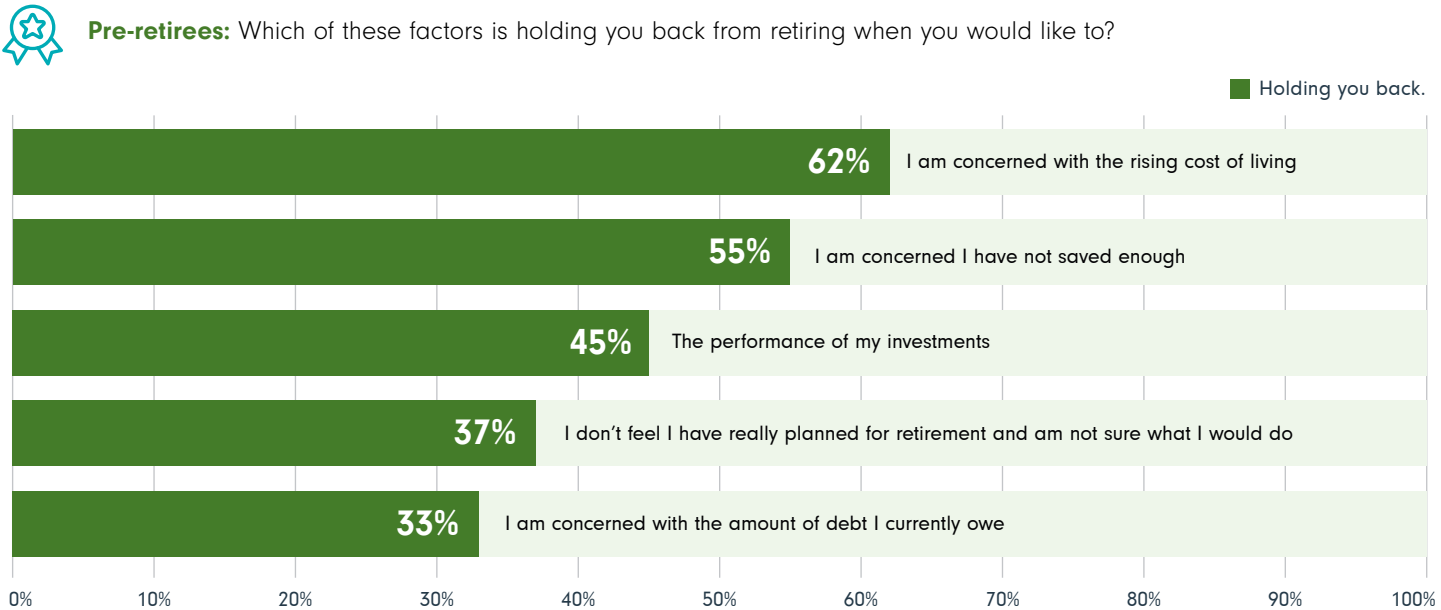
1  Financial concerns – not enough money saved for retirement


2  Inflation and the rising cost of living

3  Health issues, long-term illness or disability

What’s holding Canadians back from retiring?


Canadians are contemplating multiple factors that may be holding them back from retirement. The biggest concern? Inflation and the rising cost of living. No matter what your household income or where you may live, we are all addressing inflation and the rising cost of living this year.



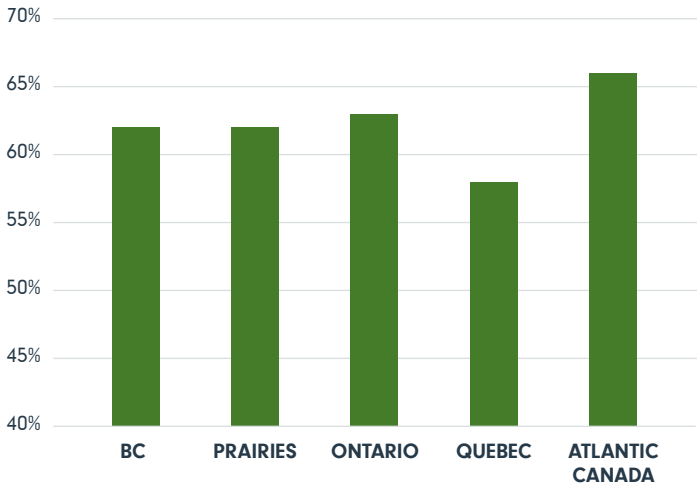
 Each of the factors listed increased compared to last year’s Retirement Report, indicating Canadians approaching retirement have multiple planning concerns in 2022.

Pre-retirees (concerned about rising cost of living):
Households in the lowest income quintile are more concerned than the highest income quintile (gap indicated below).

+16
PERCENTAGE POINTS

 Four in ten pre-retirees in the highest household income quintile indicated they were concerned with the rising cost of living, signalling that inflation is a retirement hurdle facing Canadians regardless of income.

Pre-retirees (concerned about rising cost of living):
Which of these factors is holding you back from retiring when you would like to?

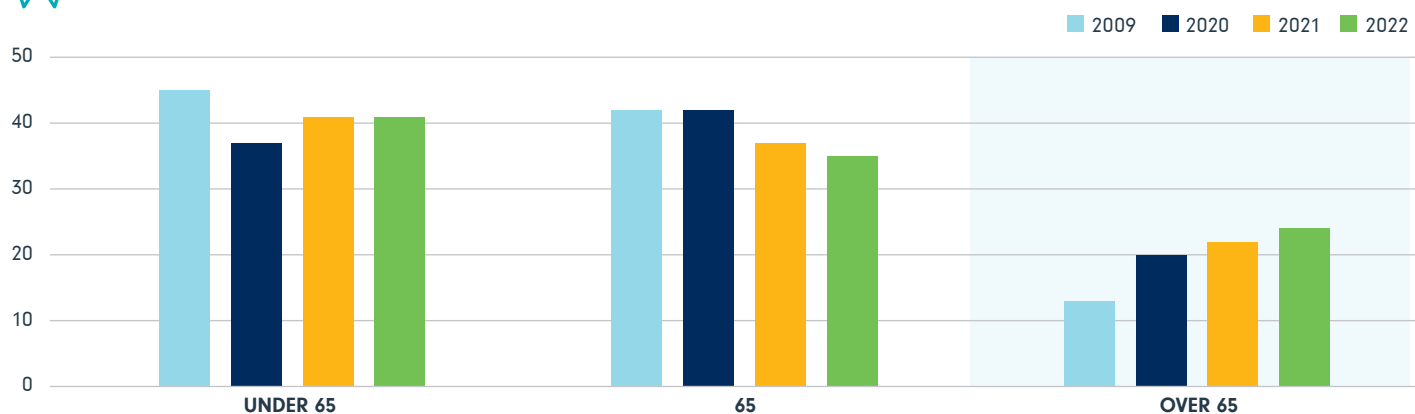


When are Canadians expecting to retire?

How many times have you heard this question: when are you going to retire? Whether it's family, friends or colleagues, deciding when to retire depends on many factors. Our study shows that while Canadians are retiring at different ages, many are deciding to push their retirement past age 65.



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



Pre-retirees: Are you likely to work to some degree in retirement?

60%

YES

40%

NO

Retirees: Are you currently doing at least some part-time work in this stage of your retirement?

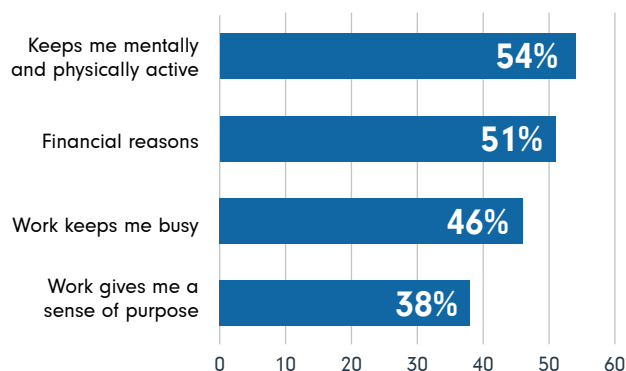
17%

YES

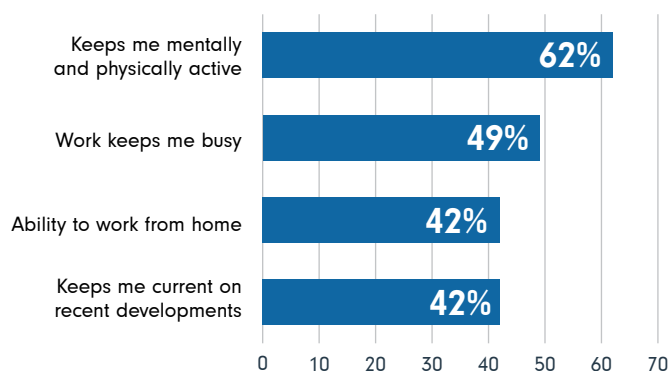
83%

NO

Retirees (currently working): What are the reasons why you are working now or worked during your transition into retirement?



Retirees (currently working): What are the reasons why you are working now or worked during your transition into retirement? (Top household income quintile)








One in four working retirees said that working from home was a reason for working in retirement. Working retirees in the highest household income quintile were even more likely to work in retirement because of the ability to work from home – a trend to keep an eye on in the future.

The five key risks to financial security in retirement

For the first time since 2014, Fidelity asked Canadians whether they believed these risks are a threat to their financial security in retirement. Put simply, Canadians are concerned, with one in two pre-retirees indicating each of the five key risks poses a threat to their financial security in retirement.

Pre-retirees: Please indicate the extent to which you believe each will be a risk to your personal financial security in retirement.

Retirees: Please indicate the extent to which you believe each is a risk to your personal financial security in your retirement.

	PRE-RETIREEES	RETIREEES
	(Serious/Moderate Risk)	
 Inflation	66%	52%
 Health care costs	58%	45%
 Withdrawal rate	54%	35%
 Longevity	53%	38%
 Asset allocation	52%	37%



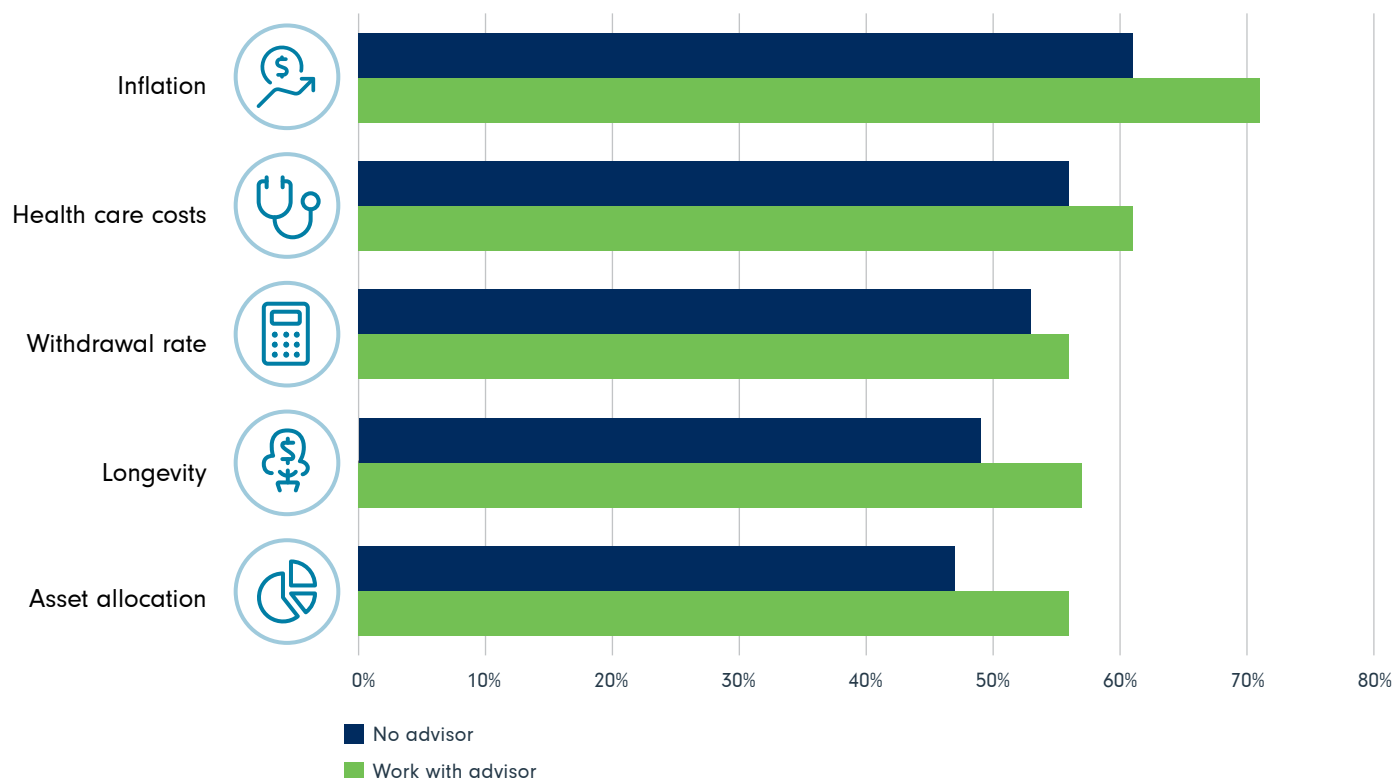
Each of the key risks, except longevity, saw statistically significant increases among pre-retirees compared with the last time we asked this set of questions in 2014. Inflation and asset allocation risks saw significant statistical increases amongst retired respondents.



Do all Canadians share similar concerns about their financial security?

This year's report indicates that married or common-law Canadians and those who work with a financial advisor are more likely to indicate that they believe the five key risks pose a threat to their financial security in retirement.

Pre-retirees: Please indicate the extent to which you believe each will be a risk to your personal financial security in retirement (Serious/moderate risk)

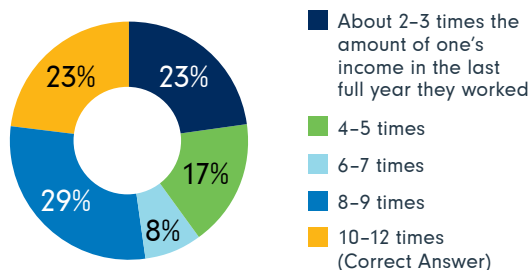


Pre-retirees working with a financial advisor were more likely to indicate each of the five key risks posed a risk to their financial security than those who do not, indicating advised Canadians may have a greater understanding of these risks.

The financial facts that may help Canadians face the five key risks

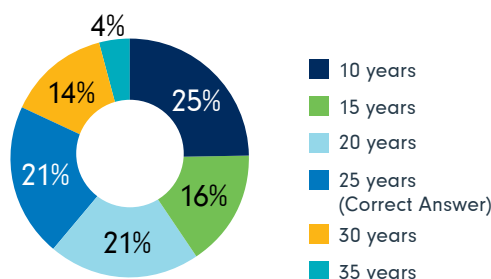
Identifying the risks to your financial security in retirement is one step. Understanding how to address the risks is another. Our survey indicates that many Canadians near and approaching retirement do not understand the average guidance given by financial experts when it comes to retirement planning. How would you answer the following questions?

All respondents: Roughly how much do investment professionals estimate people should save by the time they retire?



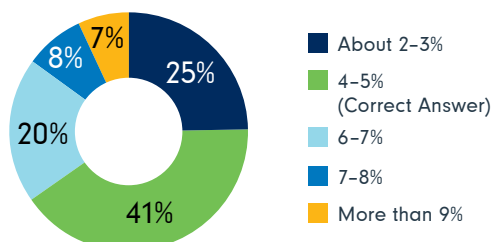
Investment professionals typically suggest Canadians save at least 10-12x their income at retirement. Of course, everyone's situation is different, and savings rates may be different depending on your financial situation.

All respondents: Approximately, how many of the last 36 years do you think the Canadian stock market has had a positive annual return?



Over the last 36 years, the Canadian stock market has had 25 years of positive annual returns. Despite this fact, nearly one in three respondents who do not work with an advisor answered only 10 years of positive annual returns.

All respondents: What is the maximum percentage of your savings many financial experts suggest you withdraw annually in retirement so that you still have enough savings over the long term?



Less than half of survey respondents correctly predicted the annual withdrawal rate financial experts suggest Canadians plan for.

Note: Responses may not add up to 100% due to rounding.

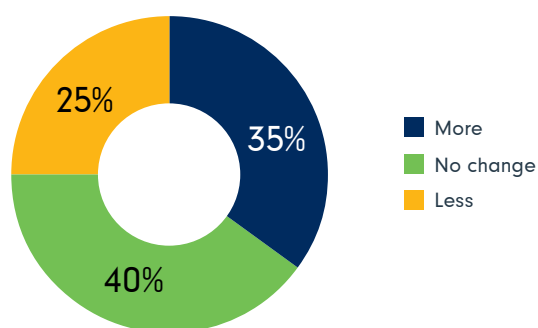


How are Canadians dealing with inflation?

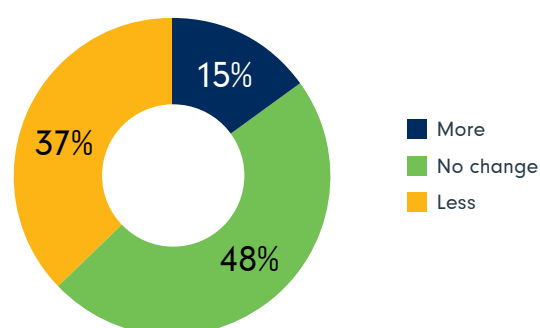
No one can avoid the effects of inflation in this country. From the groceries we buy to the power that keeps our lights on, every Canadian is making some sort of financial decisions affected by the rising cost of living. For those near and in retirement, many are spending less while trying to maintain savings toward retirement.



All respondents: How has your overall spending changed compared with this time last year?



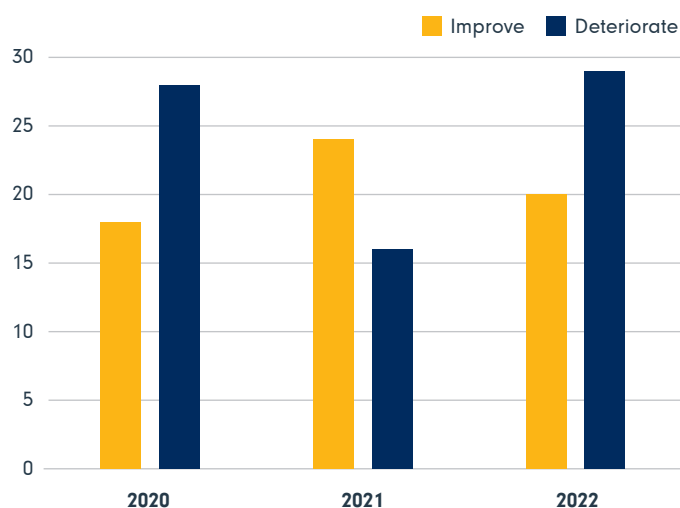
All respondents: How has the amount you generally save changed in comparison with last year?



In this year's survey, we found a statistically significant increase in the number of respondents who are spending more and saving less than last year.



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



Pre-retirees: What savings goals are most important to you right now?



MOST IMPORTANT

My retirement savings



LEAST IMPORTANT

Saving for a new home, larger home or vacation



Saving for retirement remains the most important priority for many Canadians nearing retirement, while delaying major purchases like a new car or home.

Note: "Stay the same" and "Don't know" responses not shown.

Canadians are navigating volatile markets differently

Rising inflation, among other factors, has caused market volatility to spike this year at different moments. For those Canadians near and approaching retirement, volatile markets can make retirement planning difficult. So how are Canadians coping?



	PRE-RETIREES	RETIREES
There is no point in following the financial markets because there is simply too much volatility and I can't keep up with it. (Net: agree)	35%	36%
I am not going to invest in anything but very safe investments for a long time because of everything that has happened in the markets in the last little while. (Net: agree)	37%	43%

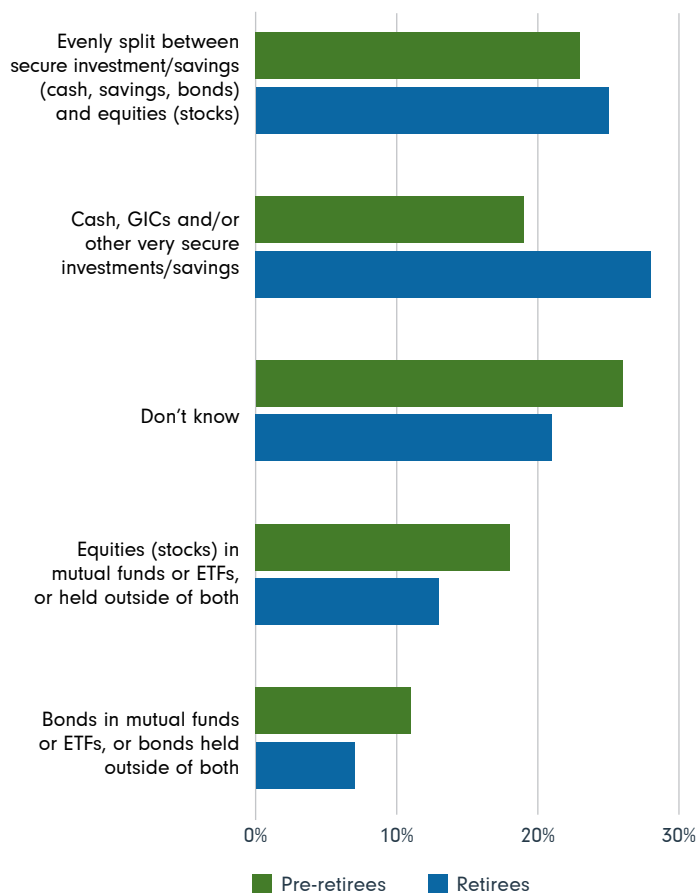


Given current inflation levels, there is a considerable asset allocation risk that many Canadians may have too conservative an investment portfolio to meet their retirement income needs.

	AGREE	NEITHER AGREE OR DISAGREE	DISAGREE	DON'T KNOW
Pre-retirees: The volatility of the markets means I feel like I can't plan for what my retirement income will be.	37%	34%	22%	7%
Retirees: The volatility of the markets means I feel like I can't plan for what my retirement income is.	31%	35%	26%	8%



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



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

Pre-retirees: Most of my investment portfolio is made up of...

	WORK WITH ADVISOR	NO ADVISOR
BALANCED PORTFOLIO	28%	16%
CASH, GICS AND/OR OTHER VERY SECURE SAVINGS/INVESTMENTS	20%	18%
DON'T KNOW	15%	38%

Retirees: Most of my investment portfolio is made up of...

	WORK WITH ADVISOR	NO ADVISOR
BALANCED PORTFOLIO	35%	11%
CASH, GICS AND/OR OTHER VERY SECURE SAVINGS/INVESTMENTS	28%	29%
DON'T KNOW	13%	33%



Canadians who work with an advisor are more likely to know what's in their investment portfolio and to have a balance of cash, equities and bonds.







Want to feel better prepared for retirement?

Grab a pen and paper. Or tablet!

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



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

	PRE-RETIREEES		RETIREEES	
	WITH a plan	WITHOUT a plan	WITH a plan	WITHOUT a plan
 Financially	83%	47%	93%	68%
 Emotionally	79%	59%	88%	78%
 Socially	78%	60%	88%	75%
 Physically	86%	62%	91%	79%



This year, retirement preparedness across each of the four areas listed fell for both pre-retirees and retirees.



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. Have you considered everything in this checklist?

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

23%

YES

77%

NO/DON'T KNOW



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

83%

YES

17%

NO/DON'T KNOW

Common components of Canadians' written financial plans



Retirement income sources



Budget estimate for spending in retirement



Estimate of total savings required in retirement



Budget for day-to-day spending

Infrequent components of Canadians written financial plans



Wealth transfer plan to the next generation



Budget for home modifications and renovations to age in place



Three in ten survey respondents with a written financial plan indicated they did not include a component that considered the activities and lifestyle they want to enjoy in retirement.

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?

	PRE-RETIREES	RETIREES
	(Yes. Included)	
Insurance to cover disability or illness	45%	35%
An estate plan for the next generation	42%	56%
A health care plan for retirement	32%	38%
A health care plan for long-term care and senior living	26%	24%

Trusted financial advice helps Canadians feel better prepared for retirement

If you are concerned about the five key risks affecting your retirement, the good news is there are solutions. The most used and trusted source for retirement planning advice? Financial advisors. Take it from your fellow Canadians: working with a professional financial advisor can make you feel better prepared and confident in your retirement planning journey.

All respondents: Which source do you use to get information and advice about retirement planning?



All respondents: Which source do you trust the most for information and advice on retirement planning?



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



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

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



Gets to know my family situation and how that affects the amount and type of investments I should be making



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

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



RETIREMENT TOOLS AND CALCULATOR

Fidelity's brand-new retirement calculator gives you a snapshot of your retirement savings so far and where there may be gaps in your plan.

PODCASTS

Fidelity's podcasts provide industry-leading insights when and where you want them. Download our retirement-focused episodes wherever you get your podcasts.



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 to learn more on current retirement trends and the value of advice in Canada.

Follow us on social media @FidelityCanada



About the authors



JOINED FIDELITY – 1994

INDUSTRY EXPERIENCE

33 years

EDUCATION

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DESIGNATION

CPA, CA

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 Fidelity Tax-Smart CashFlow Solutions™, 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.



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INDUSTRY EXPERIENCE

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EDUCATION

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University of Waterloo

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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.





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