

# CANADIAN INVESTORS' PERCEPTIONS OF MUTUAL FUNDS AND THE MUTUAL FUND INDUSTRY

2010

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THE INVESTMENT FUNDS INSTITUTE OF CANADA



By:

POLLARA 

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# Introduction

The following report contains the findings of the fifth wave of IFIC's annual telephone survey of mutual fund investors in Canada. The survey was conducted by POLLARA, an independent public opinion and market research firm.

The study was initiated by the mutual fund industry, through The Investment Funds Institute of Canada, to better understand the attitudes and opinions of Canadian mutual fund holders; to identify their needs, expectations, behaviours and opinions and to track these over time.

This research is designed to explore attitudes and behaviour regarding mutual funds, including:

- Confidence in mutual funds meeting financial goals;
- Methods of purchasing mutual funds and advisor's role in decisions;
- Staying informed about mutual fund investments; and,
- The role of mutual funds and pension plans in retirement.

# Methodology

For the current wave of research, 1,002 telephone interviews were conducted with mutual fund holders eighteen years of age or older who make all or some of the decisions regarding mutual fund purchases in their household. All interviews were conducted between June 11, 2010 and June 24, 2010.

Where possible, national results from the current wave are tracked against the national results from the fourth wave of research, which consisted of 1,002 interviews conducted between May 28, 2009 and June 9, 2009; the third wave of research, which consisted of 1,895 interviews conducted between May 29, 2008 and June 17, 2008; the second wave of research, which consisted of 2,508 interviews conducted between May 23, 2007 and June 27, 2007; and/or against the first wave of research, which consisted of 1,865 interviews conducted between June 15, 2006 and July 11, 2006. For all five waves, interviews were conducted in both English and French, depending on the respondent's language preference.

The following tables show the actual number of interviews conducted in each wave of research, the weighted number of interviews, and the corresponding margins of error for overall results. National results in all waves were then weighted<sup>1</sup> to ensure the results were representative of mutual fund holders by region. Regional results tend not to vary substantially. As such, the report highlights national findings.

Results at the national level in 2010 are accurate to within  $\pm 3.1\%$ , nineteen times out of twenty. For 2009, 2008, 2007 and 2006, national results are accurate to within  $\pm 3.1\%$ ,  $\pm 2.3\%$ ,  $\pm 2.0\%$ , and  $\pm 2.2\%$  respectively, nineteen times out of twenty. Sub-sample results (i.e. results for different demographic groups) have a larger margin of error. Generally speaking, changes of 5 points or less from year to year are not considered statistically significant.

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<sup>1</sup> In 2010 regional weights were applied based on 2010 PMB data, in 2009 & 2008 regional weights were applied based on 2007 PMB data, and in 2007 and 2006 regional weights were applied based on 2006 PMB data.

**Table A: Sample Distribution 2010**

	Actual Interviews (#)	Weighted Interviews (#)	Margin of Error (%)
Atlantic Canada	101	30	±9.8%
Quebec	200	90	±6.9%
Ontario	301	210	±5.7%
Manitoba/Saskatchewan	100	35	±9.8%
Alberta	150	65	±8.0%
BC	150	70	±8.0%
<b>TOTAL</b>	<b>1,002</b>	<b>500</b>	<b>±3.1%</b>

**Table B: Sample Distribution 2009**

	Actual Interviews (#)	Weighted Interviews (#)	Margin of Error (%)
Atlantic Canada	101	25	±9.8%
Quebec	200	95	±6.9%
Ontario	300	210	±5.7%
Manitoba/Saskatchewan	100	35	±9.8%
Alberta	150	65	±8.0%
British Columbia	151	70	±8.0%
<b>TOTAL</b>	<b>1,002</b>	<b>500</b>	<b>±3.1%</b>

**Table C: Sample Distribution 2008**

	Actual Interviews (#)	Weighted Interviews (#)	Margin of Error (%)
Atlantic Canada	302	52	±5.6%
Quebec	303	198	±5.6%
Ontario	481	438	±4.5%
Manitoba/Saskatchewan	206	73	±6.8%
Alberta	302	136	±5.6%
British Columbia	301	146	±5.7%
<b>TOTAL</b>	<b>1,895</b>	<b>1,043</b>	<b>±2.3%</b>

**Table D: Sample Distribution 2007**

	<b>Actual Interviews (#)</b>	<b>Weighted Interviews (#)</b>	<b>Margin of Error (%)</b>
Atlantic Canada	402	52	±4.9%
Quebec	402	198	±4.9%
Ontario	459	459	±4.6%
Manitoba/Saskatchewan	442	72	±4.7%
<i>Manitoba</i>	403	38	±4.9%
<i>Saskatchewan</i>	39	34	n/a
Alberta	402	125	±4.9%
British Columbia	401	136	±4.9%
<b>TOTAL</b>	<b>2,508</b>	<b>1,042</b>	<b>±2.0%</b>

**Table E: Sample Distribution 2006**

	<b>Actual Interviews (#)</b>	<b>Weighted Interviews (#)</b>	<b>Margin of Error (%)</b>
Atlantic Canada	301	60	±5.6%
Quebec	302	228	±5.6%
Ontario	458	528	±4.6%
Manitoba/Saskatchewan	202	84	±6.9%
Alberta	302	144	±5.6%
British Columbia	300	156	±5.7%
<b>TOTAL</b>	<b>1,865</b>	<b>1,200</b>	<b>±2.2%</b>

Please note that unweighted sample sizes are cited throughout the report as the margin of error calculation uses the actual number of interviews.

# Executive Summary

Overall, this year confidence in mutual funds is up and many other key measures show positive directional growth following some declines in 2009.

## **A. Mutual Funds Now Rival Primary Residences as the Investments in which Investors have the Greatest Confidence**

- After a directional decline in investor confidence last year, mutual funds (78%, up 4 points) now rival primary residences (79%, down 2 points) as the investment vehicles in which consumers have the most confidence.
- Meanwhile, confidence in stocks might have also improved (59%, up 4 points) while confidence in guaranteed investment products has declined. Investors are less confident in both GICs (67%, down 5 points) and Canada Savings Bonds (60%, down 4 points).

## **B. Investors Continue to Rely on Advisors and Advisor Channels Retain Large Majority of Customers for Subsequent Purchase**

- The vast majority of mutual fund investors (85%, up 2 points) purchased their last mutual funds from an advisor.
- Three-in-five (59%, down 1 point) investors who purchase through an advisor report that their advisor is involved in their decisions about mutual funds.
- Bank advisors, non-bank advisors and stock brokers retain a large majority of their mutual fund customers for subsequent purchases. The majority of investors who used a financial advisor at a bank (78%), a non-bank planner/investment advisor (74%), or a stock broker (63%) for a previous mutual fund purchase used the same channel for their most recent purchase.



**C. More Advisors May Be Discussing Fees, Compensation, and Suitability with Investors**

- One-half of investors (50%, up 3 points) say their advisor informed them of how they would be compensated and nearly two-thirds (62%, up 4 points) say their advisor discussed whether or not they would be charged a sales commission when they bought or sold a mutual fund.
- The proportion of investors who say their advisor discussed the Management Expense Ratio (MER) during their last mutual fund purchase appears to be up from last year (53%, up 3 points).
- Nearly nine-in-ten (88%, up 3 points) investors who purchased mutual funds through an advisor report that their advisor discussed how well suited the mutual fund was for reaching their investment objectives.
- These improvements follow declines last year.

**D. Fewer Investors are “Very Satisfied” with Their Advisor’s Advice and Knowledge of Risk Tolerance – Yet Total Satisfaction is Stable**

- Despite the reliance on advisors, there appears to have been a slight directional decline in the proportion who are “very satisfied” with their advice (20%, down 3 points) and in the proportion of investors who are “very satisfied” with their advisors’ original assessment of their risk tolerance (62%, down 3 points).
- Still, the vast majority of investors who last used an advisor to buy mutual funds remain at least somewhat satisfied with the advice given by their advisor (91%, up 1 point) and their advisor’s original assessment of their risk tolerance when they opened their account (94%, up 1 point).

**E. Investors Confident in Knowledge of Fees and Prefer to Pay as Part of Their Mutual Fund Rather than Separately**

- Two-in-three (66%) investors are at least somewhat confident with their knowledge of any fees they pay for their mutual funds.
- More than one-half (54%) prefer to pay for their advisor’s advice through fees that are part of their mutual fund while just over one-third (37%) would prefer to pay through a separate annual payment, assuming both methods cost the same amount.

## **F. Investor Perceptions of Mutual Fund Information Sources Remain Stable**

- There has been little change in the proportion of investors who feel at least somewhat comfortable that the last time they invested in a mutual fund they had the right information to make an informed decision (91%, up 1 point). However, the proportion feeling “very comfortable” has continued to decline (down 10 points since 2008).
- There has been no change in the proportion of investors who say the information received about mutual funds answers most or all of the questions they have about the performance of their investment (70%, no change).
- The majority of investors (67%, up 2 points) continue to feel that the non-performance related information received about their mutual fund investments answers their questions about those investments.
- The majority of investors (59%, up 17 points<sup>2</sup>) continue to prefer to receive point-of-sale information about mutual funds from advisors.

## **G. Main Purpose of Mutual Funds is to Fund Retirement**

- Three-quarters of investors (76%) say the main purpose of their mutual fund investments is to fund their retirement.
- Relatively few investors (21%) say their mutual funds will be used for another purpose with the top mention being to supplement retirement (13%) followed by succession planning purposes such as funeral or estate planning and inheritances (10%).
- Mutual funds will be or are the main source of retirement income for 27% of investors while 65% plan to or currently rely on another source of income.

## **H. Many Investors Feel Confident Their Workplace Pension Plan Will Meet Their Financial Goals**

- More than seven-in-ten (72%) mutual fund investors have a workplace pension plan, most commonly a defined benefit plan (43%). The vast majority of these investors (86%) feel at least somewhat knowledgeable about their plan and are at least somewhat confident that their plan will help them meet their household’s financial goals (85%).
- Investors with pension plans feel more confident that their pension plan will meet their financial goals than investors of primary residences (83%),

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<sup>2</sup> This change should be interpreted with caution, as it may be due to the removal of three questions that have been asked in previous years.

GICs (81%), Stocks (79%), ETFs (76%), or Bonds (73%) do of these respective investment products.

## **I. Majority of Investors Confident in Their Retirement Finances**

- The majority of mutual fund investors (87%) are at least somewhat confident that their retirement finances will allow them to live the life they plan in retirement.

# Detailed Findings

## I. Confidence in Mutual Funds

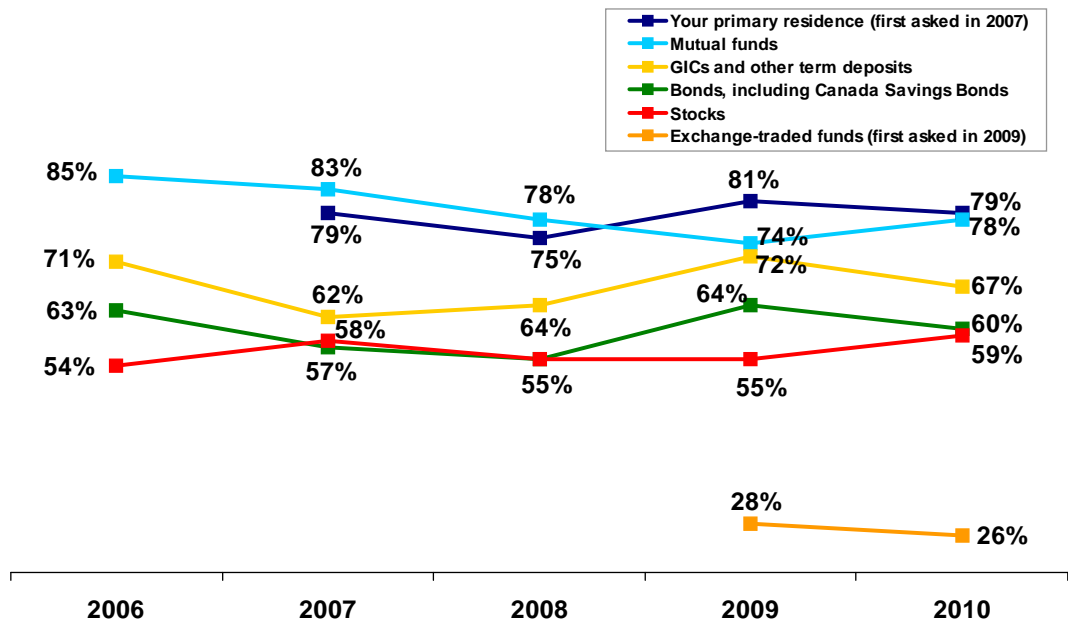
### A. Confidence in Mutual Funds Meeting Financial Goals

After a directional decline in confidence in mutual funds last year, mutual funds are now nearly tied with primary residences as the investments in which mutual fund investors have the greatest confidence. Investor confidence in mutual funds' ability to meet financial goals has improved 4 points since 2009 (with 78% giving a score of 5 or higher on a 10-point scale - up from 74% last year). Confidence that a primary residence will meet financial goals remains fairly stable since last year with 79% confident compared to 81% in 2009. Investors continue to be considerably more likely to feel 'completely confident' in their primary residence's ability to meet their financial goals relative to mutual funds (18% compared to 3%, respectively).

Confidence in stocks (59%, up 4 points) has improved this year while confidence in guaranteed investment products has declined; investors are less confident in GICs (67%, down 5 points) and Canada Savings Bonds (60%, down 4 points). Investors have the least confidence in ETFs (26%, down 2 points).

Mutual fund investors are still cautious in terms of confidence in the abilities of investment vehicles to meet their financial goals, with only 1% to 18% feeling completely confident.

**Figure 1.**  
**Confidence in Investment Products Meeting Financial Goals (Decided)**

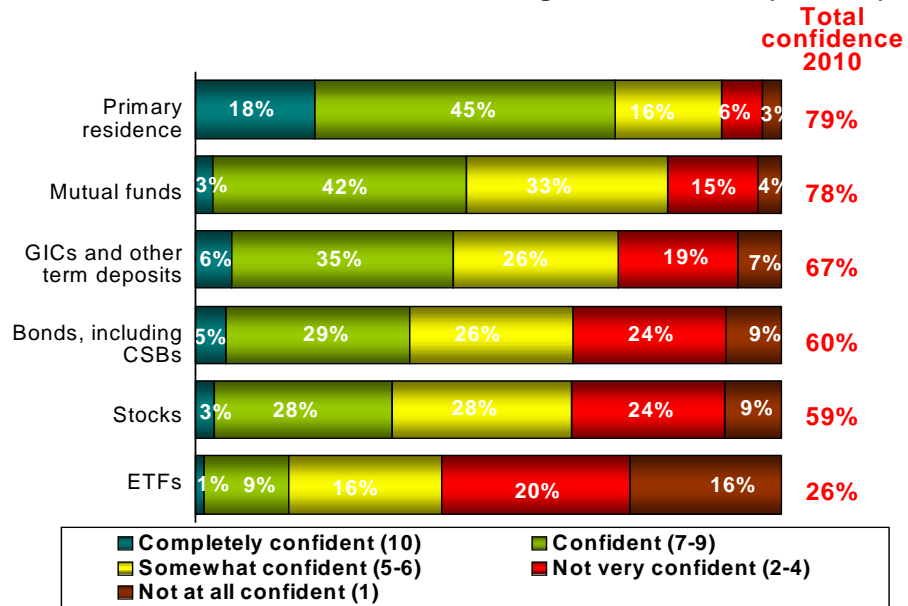


Q3-8: Using a 10-point scale, where 1 means 'not at all confident' and 10 means 'completely confident'; overall, how confident are you that each of the following investment products would help you meet your household's financial goals? How about: (RANDOMIZE AND READ) (June 2006, n=1,865) (June 2007, n=2,508) (June 2008, n=1,895) (June 2009, n=1,002) (June 2010, n=1,002)

Perceived knowledge about investing in mutual funds continues to make a difference in investors' confidence in meeting financial goals. Specifically, investors who consider themselves knowledgeable about investing in mutual funds (89% of those 'very knowledgeable', 88% of those 'knowledgeable' and 84% of those 'somewhat knowledgeable') are more likely to be confident in mutual funds than those who say they are 'not very knowledgeable' (57%) or 'not at all knowledgeable' (45%).

Older investors have become more confident that mutual funds will meet their financial goals than they were last year (80% up from 71% of those 55 and older). The majority of younger investors (79% of those 35 to 54 and 76% of those 18 to 34) continue to be confident in the ability of mutual funds to meet their financial goals.

**Figure 2.**  
**Confidence in Investment Products Meeting Financial Goals (Decided)**



Q3-8: Using a 10-point scale, where 1 means 'not at all confident' and 10 means 'completely confident'; overall, how confident are you that each of the following investment products would help you meet your household's financial goals? How about: (RANDOMIZE AND READ) (June 2006, n=1,865) (June 2007, n=2,508) (June 2008, n=1,895) (June 2009, n=1,002) (June 2010, n=1,002)

Similar shifts in confidence have occurred among those invested in each product. Specifically, investors in bonds, GICs and primary residence owners have slightly less confidence in these products than last year, while investors in stocks and ETFs have slightly more confidence.

Investor confidence continues to be higher among those who are currently invested in each vehicle than among mutual fund investors in general. Those who invest in bonds are more likely to say they are 'somewhat confident' to 'very confident' (73%) that bonds would help them meet their household's financial goals (compared to 53% of those who do not invest in bonds). Similarly, those currently invested in stocks are more likely (79%) than those who are not (42%) to say they are 'somewhat confident' to 'very confident' that stocks would help them meet their investment goals. Those currently invested in GICs (81%) or ETFs (76%) are more likely to say they are 'somewhat confident' to 'very confident' that those investment products would help them meet their household's financial goals (compared to 47% and 21%, respectively, of those who are not invested in the products). Not surprisingly, those who own their primary residence (83%) are more likely to be confident that it will help them meet their financial goals (compared to 45% of those who do not own their primary residence).

Those who believe they are knowledgeable about investing in mutual funds are also more likely to be confident in all other vehicles tested.

**Table 1:  
Confidence That Product Will Help Meet Financial Goals Among Those Who Invest in Each Product**

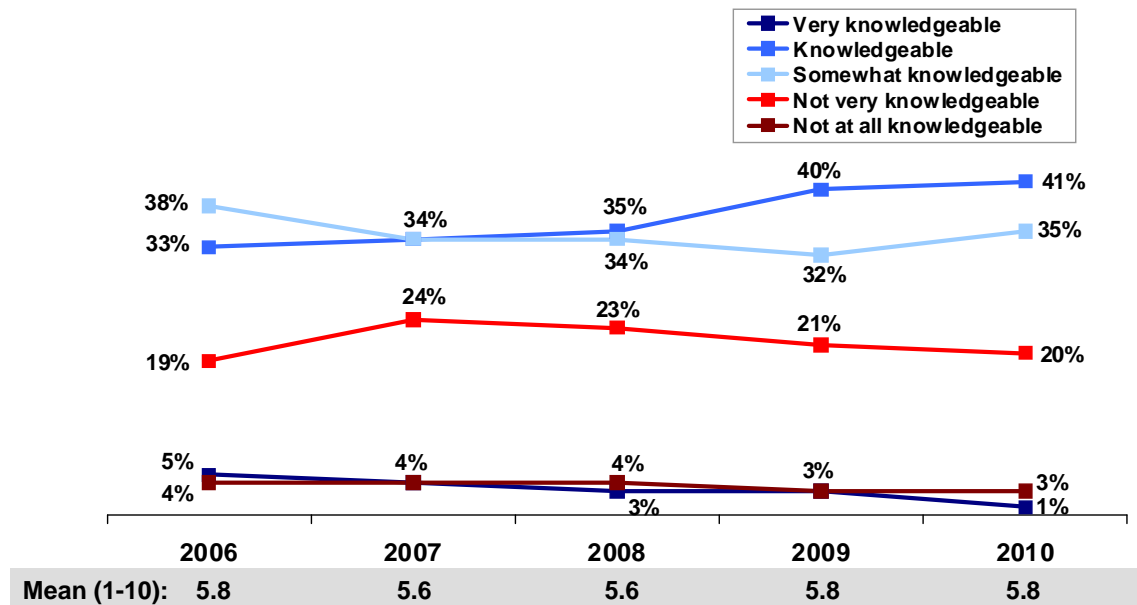
Product	Confidence in Product Meeting Financial Goals	
	Invested in product (change from 2009)	Not invested in product (change from 2009)
Bonds	73% (-9)	53% (-3)
Stocks	79% (+3)	42% (+5)
GICs	81% (-3)	47% (-11)
ETFs	76% (+13)	21% (-4)
Primary Residence	83% (-3)	45% (-6)

## B. Knowledge About Investing in Mutual Funds

Three-quarters of investors (77%, up 2 points) report being knowledgeable about investing in mutual funds including 1% (down 2 points) who report being 'very knowledgeable', two-in-four (41%, up 1 point) 'knowledgeable' and one-third (35%, up 3 points) 'somewhat knowledgeable'. Almost one-quarter (23%, down 1 point) of investors consider themselves 'not very' or 'not at all' knowledgeable.

This year, investors in Quebec (89%) are the most likely to consider themselves knowledgeable about investing in mutual funds followed by Ontarians (77%), Albertans (77%), Atlantic Canadians (73%), residents of Manitoba/Saskatchewan (71%) and BC (69%). Older investors (74% of those 35 to 54 and 81% of those 55 and older) claim greater knowledge of mutual fund investing than younger investors (66% of those under 35).

**Figure 3.**  
**Knowledge About Investing in Mutual Funds**



Q2: Overall, using a scale from 1 to 10 where 1 means you are 'not at all knowledgeable' and 10 means you are 'very knowledgeable', how knowledgeable would you say you are about investing in mutual funds? (RECORD ONE ONLY) (June 2006, n=1,865) (June 2007, n=2,508) (June 2008, n=1,895) (June 2009, n=1,002) (June 2010, n=1,002)

## II. Methods of Purchasing Mutual Funds and Advisor's Role in Decisions

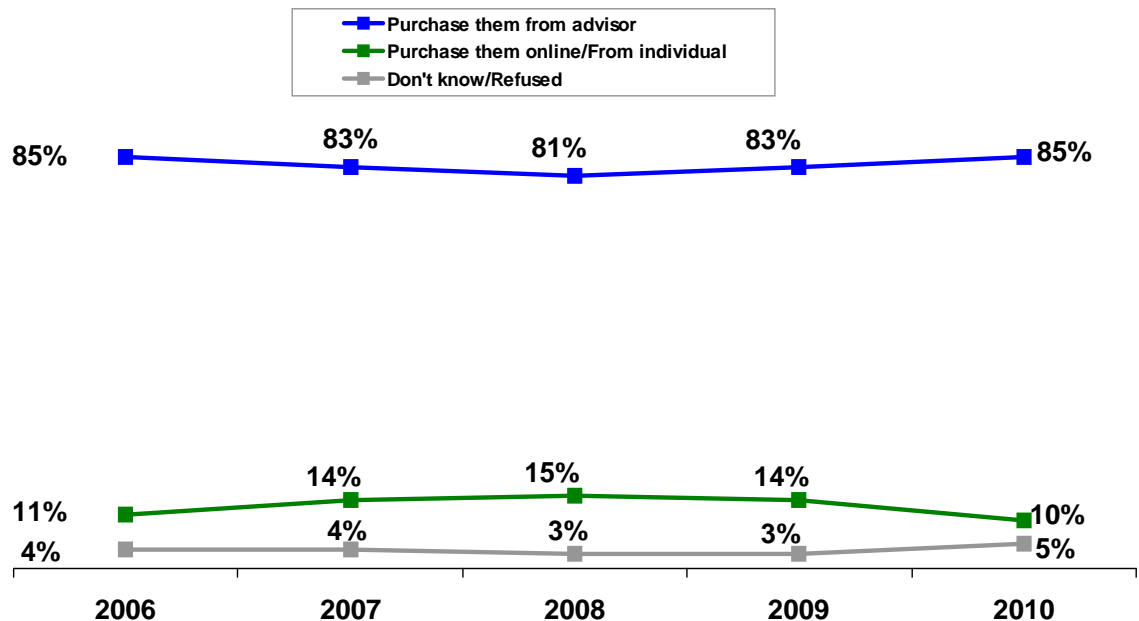
### A. Use of Advisor for Purchasing Mutual Funds

In terms of mutual fund purchase channels, there has been little change in the use of advisors. The majority (85%, up 2 points) of mutual fund investors report making their last mutual fund purchase through an advisor while a minority (10%, down 4 points) say they purchased without advice (online or from an individual who just took their order).

Female investors (89%, up 2 points) continue to be more likely than male investors (81%, up 3 points) to purchase mutual funds from an advisor. As well, Atlantic Canadians (91%) are most likely to do so and Albertans (80%) are least likely.

Younger investors are least likely to purchase mutual funds from an advisor (79% of those 18 to 34, compared to 81% of those 35 to 54 and 89% of those 55 and older); they are instead most likely to purchase online or from an individual who just took the order (14% of those 18 to 34, compared to 14% of those 35 to 54 and 7% of those 55 and older).

**Figure 4.**  
**Methods of Purchasing Mutual Funds: Most Recent Purchase**



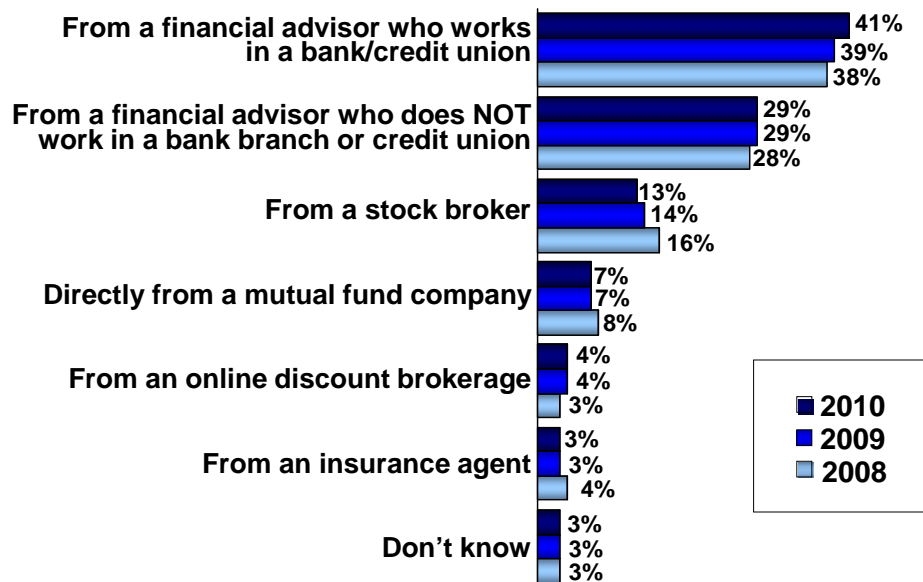
Q9: For the next few questions I would like you think about the last time you invested in a mutual fund, when buying those mutual funds did you: (READ AND RECORD ONE ONLY) (June 2006, n=1,865) (June 2007, n=2,508) (June 2008, n=1,895) (June 2009, n=1,002) (June 2010, n=1,002)



## B. Purchase Channel

Over the past 3 years there appears to be a slight increase in buying from a financial advisor who works in a bank or credit union (41%, up 3 points since 2008) and a possible decline in using a stock broker to buy mutual funds (13% down 3 points since 2008). Buying from other purchase channels remains quite stable with more than one-quarter (29%, no change) buying their last mutual fund from a financial advisor who does not work in a bank branch or credit union. Purchasing directly from a mutual fund company (7%, no change), an insurance agent (3%, no change) or an online discount brokerage (4%, no change) continue to be less common.

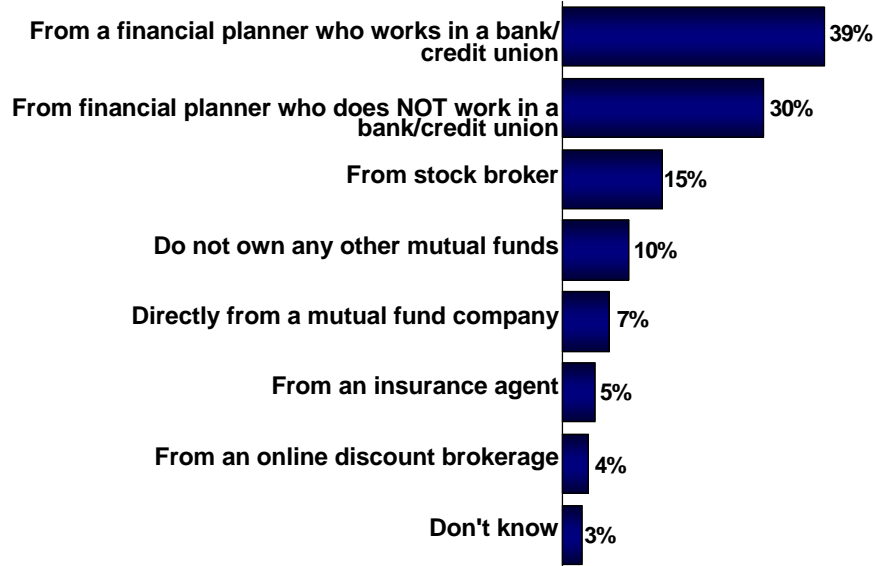
**Figure 5.**  
**Purchase Channel – Last Mutual Fund Purchase**



Q22: Still thinking back to the last time you invested in a mutual fund, when buying those mutual funds did you buy them: (DO NOT RANDOMIZE. READ LIST SLOWLY) (RECORD ONE ONLY). (June 2008, n=1,895) (June 2009, n=1,002) (June 2010, n=1,002)

When it comes to *previous* purchases, the *purchase* channels used represent the same proportion as those used for the most recent purchase, with no significant differences.

**Figure 6.  
Purchase Channel – Previous Mutual Fund Purchase**



Q23: Thinking now about any OTHER mutual funds you may now own that you purchased previously, did you buy them: (READ LIST, CHOOSE ALL THAT APPLY – ACCEPT UP TO 6 RESPONSES) (June 2010, n=1,002)

Bank advisors, non-bank advisors and stock brokers retain a large majority of their mutual fund customers for subsequent purchases. The majority of investors who used a financial advisor at a bank (79%), a non-bank planner/investment advisor (75%), or a stock broker (64%) for a previous mutual fund purchase used the same channel for their most recent purchase.

Nonetheless, some investors move between channels for new purchases of mutual funds. For example, many investors who bought through an online discount brokerage made their most recent mutual fund investment through either a financial advisor at a bank (22%) or a non-bank advisor (12%). At the same time, some advisor customers moved online - i.e. 4% of those who bought from a stock broker and 3% of those who bought from a bank/credit union advisor made their subsequent purchase through an online discount brokerage.

**Table 2:  
Channel Changes From Previous to Recent Purchase<sup>3</sup>**

Channel Used Previously to Buy Mutual Funds	Most Recent Channel Used to Buy Mutual Funds					
	Stock Broker	Financial Advisor At Bank/ Credit Union	Financial Advisor NOT At Bank/ Credit Union	Online Discount Brokerage	Insurance Agent	Mutual Fund Company
<b>Stock Broker</b>	64%	18%	12%	4%	1%	2%
<b>Financial Advisor At Bank/ Credit Union</b>	3%	79%	10%	3%	1%	4%
<b>Financial Advisor NOT At Bank/ Credit Union</b>	3%	13%	75%	1%	1%	7%
<b>Online Discount Brokerage</b>	4%	22%	12%	57%	3%	2%
<b>Insurance Agent</b>	4%	32%	11%	0%	48%	5%
<b>Mutual Fund Company</b>	19%	16%	9%	2%	0%	55%
<b>Do Not Own Any Other Mutual Funds</b>	6%	42%	32%	2%	7%	12%

<sup>3</sup> Interpret with caution due to small sample sizes of investors who used the following channels for their last purchase: Online discount brokerage n=32; Insurance agent n=28; and Mutual fund company n=68.

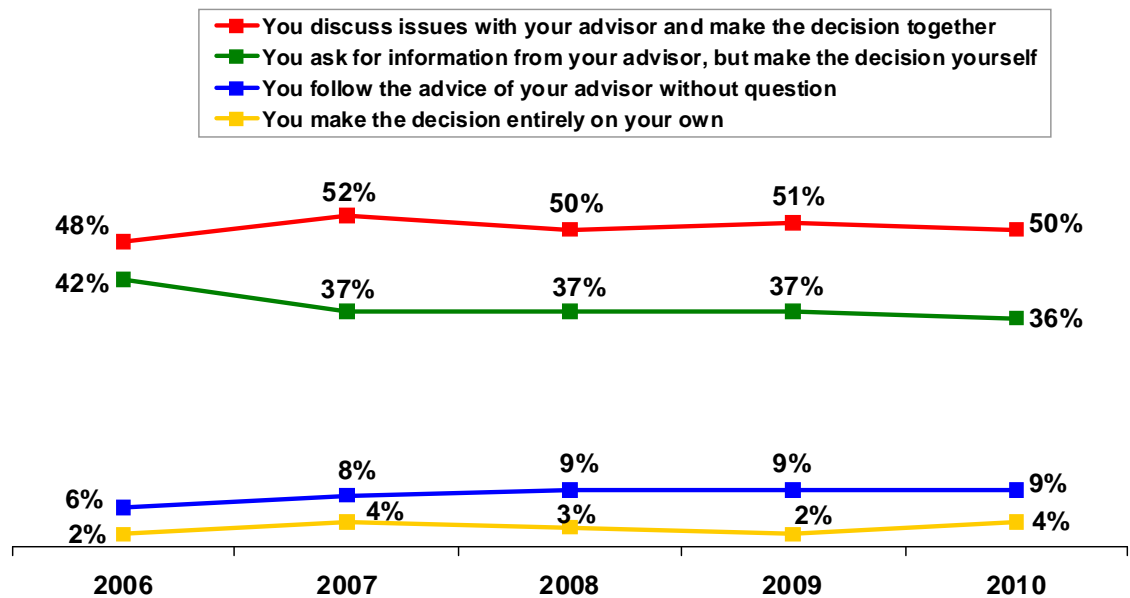
## C. Role of Investor and Advisor in Decisions About Mutual Funds

Investors who purchase mutual funds through an advisor continue to rely on their advisor when making decisions about mutual funds and there has been little change since 2007. Specifically, three-in-five (59%, down 1 point) investors who purchase through an advisor report that their advisor is involved in their decisions about mutual funds. This includes one-half (50%, down 1 point) who report making the decision jointly with their advisor and 9% (no change) who follow the advice of their advisor without question.

Meanwhile, just over one-third (36%, down 1 point) seek information from their advisor but make the decision themselves and 4% (up 2 points) report making the decision entirely on their own.

Older investors (56% of those 55 and older) are more likely than younger investors (50% of those 18 to 34 and 43% of those 35 to 54) to say they make the decision jointly with their advisor. Meanwhile, younger investors (45% of those 18 to 34, and 42% of those 35 and 54) are more likely to say they seek information from their advisor but make the decision themselves (compared to 30% of those 55 and older).

**Figure 7.**  
**Role of Investor and Advisor in Decisions About Mutual Funds**



Q15: (IF PURCHASED FROM ADVISOR IN Q9) And overall, when making decisions about mutual funds, which one of the following best describes the roles that you and your advisor play in the decision? (IF NECESSARY: By 'advisor' I mean the person you purchased the mutual fund from. Your advisor could be a bank employee, a broker, an insurance agent, a financial planner, or have a number of other titles.) (READ AND RECORD ONE ONLY. DO NOT ROTATE) (June 2006, n=1,596) (June 2007, n=2,089) (June 2008, n=1,512) (June 2009, n=829) (June 2010, n=856)

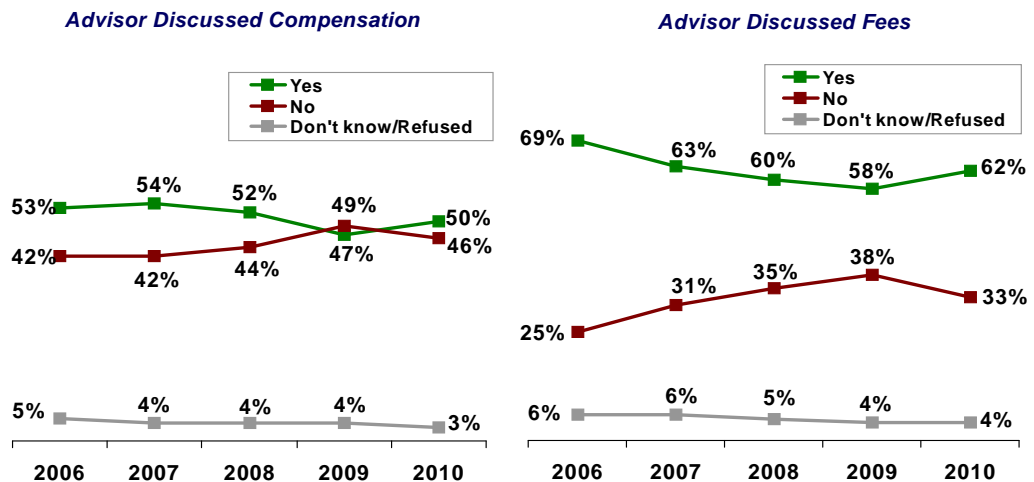
## D. Whether Advisor Discussed Fees, Compensation and MER When Last Purchased Mutual Funds

Following a decline last year, directionally more investors say their advisor informed them of how they would be compensated (50%, up 3 points) this year. As well, the proportion who say their advisor discussed whether or not they would be charged a sales commission when they bought or sold the mutual fund appears to have grown since last year (62%, up 4 points).

Older advisor users are more likely to say their advisor discussed compensation (54% of those 55 and older, compared to 48% of those 35 to 54 and 39% of those 18 to 34) and sales commission (66% of those 55 and older, compared to 60% of those 35 to 54 and 48% of those 18 to 34). Similarly, the more money an investor has invested in mutual funds, the more likely compensation was discussed (60% of investors with \$75,000 or more in mutual fund investments discussed compensation compared to 39% of those with less than \$25,000 invested in mutual funds). Those with more money invested in mutual funds are also more likely to have discussed whether or not a sales commission would be charged (71% of investors with \$75,000 or more in mutual fund investments discussed a sales commission compared with 45% of those with less than \$25,000 invested in mutual funds).

Quebeckers are less likely to say their advisor discussed compensation (42%, compared to 50% in the rest of Canada) and sales commission (56%, compared to 63% in the rest of Canada). Similarly, women are less likely to say they discussed compensation (46%, compared to 56% of men) or sales commission (56%, compared to 68% of men).

**Figure 8.**  
**Whether Advisor Discussed Fees/Compensation when Last Purchased Mutual Funds**



Q11-12: (IF PURCHASED FROM ADVISOR IN Q9) And still thinking back to the last time you invested in a mutual fund, did your advisor: (RANDOMIZE AND READ LIST) (IF NECESSARY: By 'advisor' I mean the person you purchased the mutual fund from. Your advisor could be a bank employee, a broker, an insurance agent, a financial planner, or have a number of other titles.) (June 2006, n=1,596) (June 2007, n=2,089) (June 2008, n=1,512) (June 2009, n=829) (June 2010, n=856)  
Make you aware of how he/she would be compensated for your purchase of that fund.  
Discuss whether or not you will be charged a sales commission when you buy or sell the mutual fund - also called 'front-end load' and 'back-end load' fees.

Financial advisors not at a bank or credit union were the most likely to have discussed compensation (69%) and fees (75%).

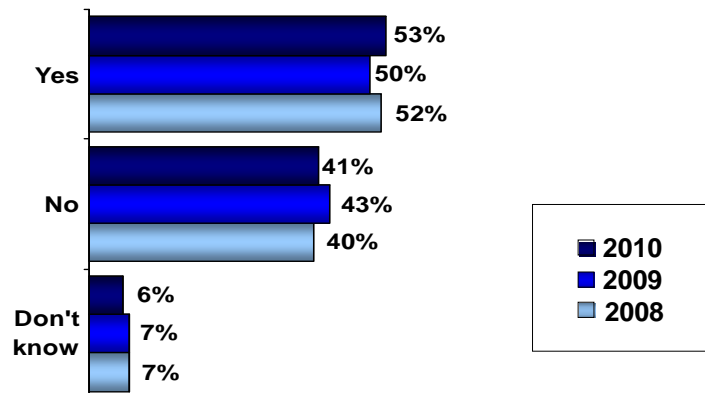
**Table 3:  
Percentage of Advisors Discussing Compensation and Fees by Channel**

	Discussed Compensation	Did Not Discuss Compensation	Discussed Fees	Did Not Discuss Fees
<b>Stock Broker</b>	50%	47%	64%	31%
<b>Financial Advisor At Bank/ Credit Union</b>	39%	57%	53%	42%
<b>Financial Advisor NOT At Bank/ Credit Union</b>	69%	30%	75%	22%

The proportion of investors who say their advisor discussed the Management Expense Ratio (MER) during their last mutual fund purchase appears to be up after declining last year (53%, up 3 points).

Older investors (51% of those 35 to 54, and 54% of those 55 and older) are more likely than younger investors (47% of those 18 to 34) to say they discussed the MER with their advisor the last time they invested in a mutual fund. Likewise, investors with \$75,000 or more invested in mutual funds (60%) more often discussed the MER than those with less than \$25,000 invested in mutual funds (42%). Investors in Quebec (47%) are less likely than those in the rest of Canada (54%) to say they discussed the MER with their advisor.

**Figure 9.  
Whether Advisor Discussed Management Expense Ratio/MER**



Q13: (IF PURCHASED FROM ADVISOR IN Q9) And still thinking back to the last time you invested in a mutual fund, did your advisor: (RANDOMIZE AND READ LIST) (IF NECESSARY: By 'advisor' I mean the person you purchased the mutual fund from. Your advisor could be a bank employee, a broker, an insurance agent, a financial planner, or have a number of other titles.) Discuss the fee the mutual fund company receives for managing the fund, also known as the Management Expense Ratio or the MER? (June 2008, n=1,512) (June 2009, n=829) (June 2010, n=856)

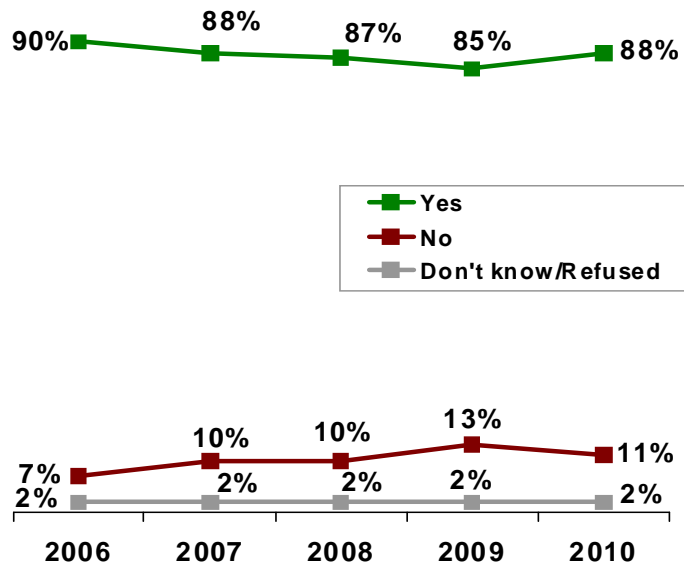
## E. Whether Advisor Discussed Suitability When Last Purchased Mutual Funds

Nearly nine-in-ten (88%, up 3 points) investors who purchased mutual funds through an advisor report that their advisor discussed the fund's suitability with them.

Younger investors (94% of those 18 to 34) are more likely than older investors (88% of those 35 to 54 and 86% of those 55 and older) to have discussed the suitability of the funds the last time they invested. Similarly, investors with \$75,000 or more invested in mutual funds (93%) more often discussed how well suited the mutual fund is for meeting investment objectives than those with less than \$25,000 invested in mutual funds (80%).

Investors in Manitoba/Saskatchewan (91%) and Alberta (91%) are most likely to have engaged in a suitability discussion with their advisor while those in Atlantic Canada (82%) are least likely to have done so.

**Figure 10.**  
**Discussion of Suitability When Last Purchased Mutual Funds**



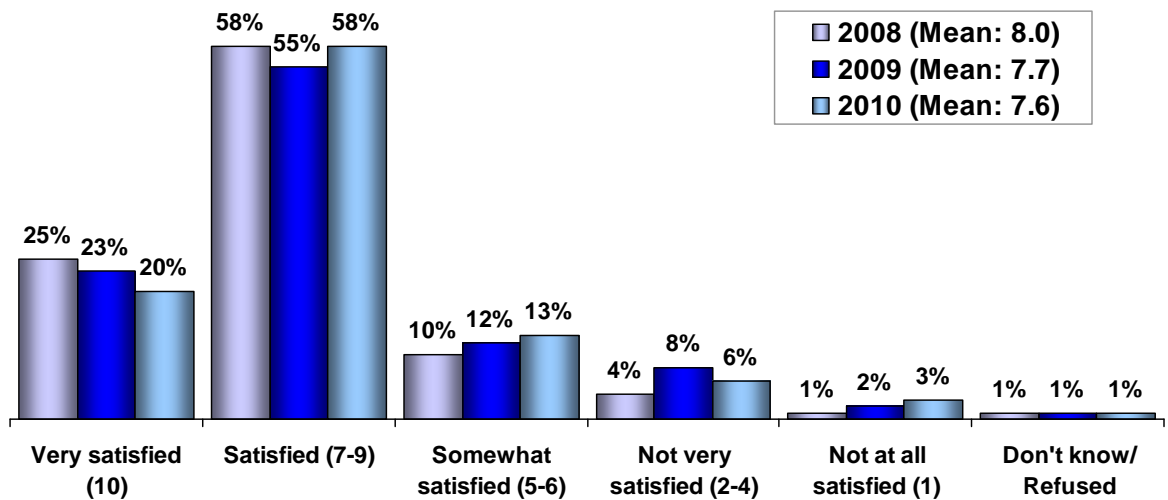
Q10: (IF PURCHASED FROM ADVISOR IN Q9) And still thinking back to the last time you invested in a mutual fund, did your advisor: (RANDOMIZE AND READ LIST) (IF NECESSARY: By 'advisor' I mean the person you purchased the mutual fund from. Your advisor could be a bank employee, a broker, an insurance agent, a financial planner, or have a number of other titles.) Discuss how well suited that mutual fund is for reaching your investment objectives. (June 2006, n=1,596) (June 2007, n=2,089) (June 2008, n=1,512) (June 2009, n=829) (June 2010, n=856)

## F. Satisfaction with Advice Provided by Advisor

Over the past two years, there appears to have been a steady decline in the proportion of investors who are “very satisfied” with the advice given by advisors. One-in-five (20%, down 3 points) say they are “very satisfied” compared with one-in-four only two years ago (25% in 2008). Still, the vast majority of investors who last used an advisor to buy mutual funds (91%, up 1 point) provide a score of five or more on the ten-point scale.

Female investors (25%), especially those 55 and older (28% compared to 15% of males 55 and older) are more likely than male investors (15%) to be ‘very satisfied’ with the advice provided by their advisor. Similarly, retired investors (24%) are more likely than non-retired investors (18%) to be ‘very satisfied’.

**Figure 11.**  
**Satisfaction with Advice From Advisor**



Q21: (IF PURCHASED FROM ADVISOR IN Q9) I would now like to ask you about your relationship with your financial advisor – meaning the advisor who you buy your mutual funds from. Using a scale from 1 to 10 where 1 means ‘not at all satisfied’ and 10 means ‘completely satisfied’, how satisfied are you with the advice provided by your financial advisor? (RECORD ONE ONLY) (IF NECESSARY: Your advisor could be a bank employee, a broker, an insurance agent, a financial planner, or have a number of other titles.) (June 2006, n=1,596) (June 2008, n=1,512) (June 2009, n=829) (June 2010, n=856)

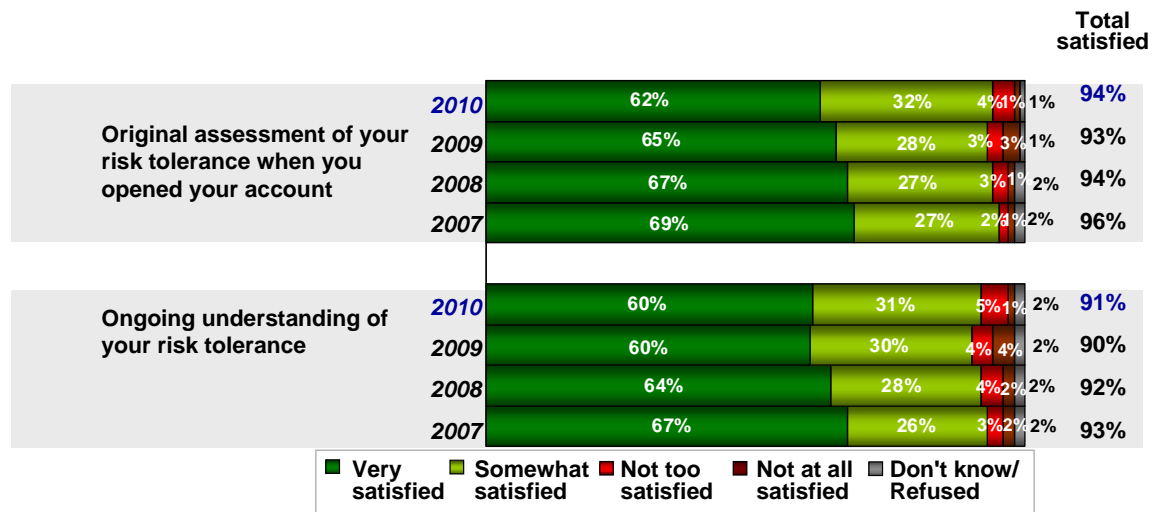


## G. Satisfaction with Advisor’s Understanding of Risk Tolerance

The proportion of investors who are “very satisfied” with their advisor’s original assessment of their risk tolerance continues to follow a slight decline each year since 2007 (62%, down 3 points). Still, the majority of investors who use an advisor report that they are satisfied with their advisor’s original assessment of their risk tolerance when they opened their account (94%, up 1 point).

General satisfaction with the advisor’s ongoing understanding of risk tolerance remains stable this year (91%, up 1 point). Likewise, the proportions of those saying they are “very satisfied” with their advisor’s ongoing understanding of their risk tolerance (60%, no change) has also remained stable.

**Figure 12.**  
**Satisfaction with Advisor’s Original Assessment/Ongoing Understanding of Risk Tolerance**

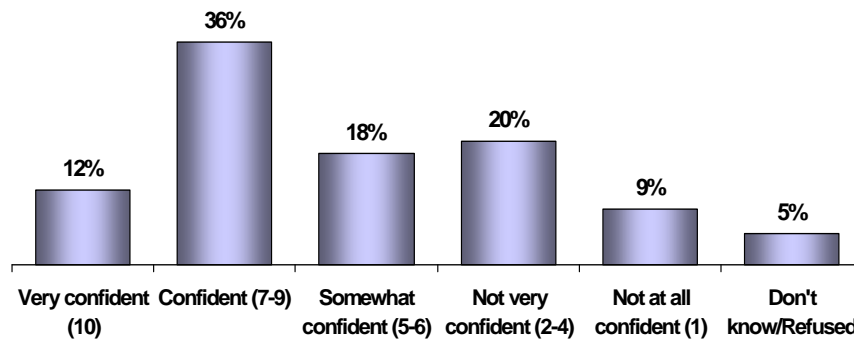


Q16-17: (IF PURCHASED FROM ADVISOR IN Q9) And thinking about your advisor, are you very satisfied, somewhat satisfied, not too satisfied or not at all satisfied with each of the following. How about your advisor's: (DO NOT RANDOMIZE) (June 2007, n=2089) (June 2008, n=1,512) (June 2009, n=829) (June 2010, n=856)

## H. Confidence in Knowledge of Mutual Fund Fees

The majority (66%) of investors are at least somewhat confident with their knowledge of any fees paid for their mutual funds. Older investors appear to feel more confident in their knowledge than younger investors (69% of those ages 55 or older are confident in their knowledge compared to 52% those 18-34). Similarly, male investors (70%) are more likely than female investors (62%) to be confident in their knowledge, especially males 55 and older (75% compared with 64% of females ages 55 and older). Investors in BC (69%) and Ontario (64%) are most likely to feel confident about their knowledge of the fees paid for a mutual fund while those in Manitoba/Saskatchewan (57%) are least likely to feel confident in their knowledge of fees.

**Figure 13.**  
**Confidence in Knowledge of Mutual Fund Fees**

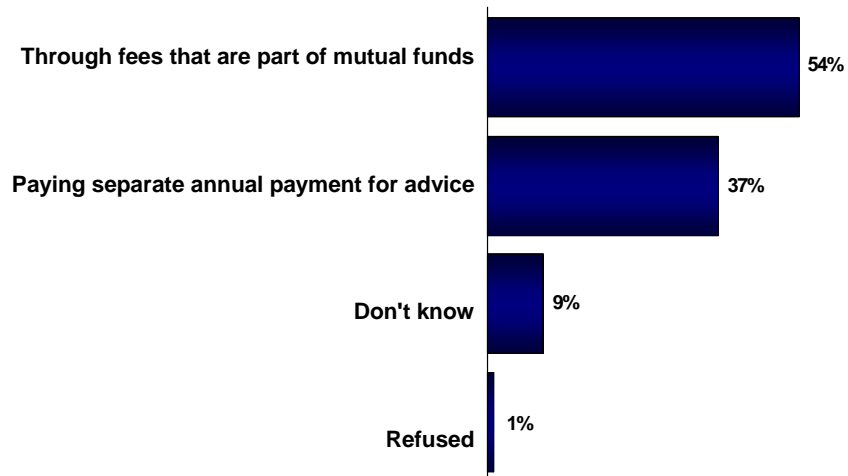


Q34: Overall, using a scale from 1 to 10 where 1 means you are 'not at all confident' and 10 means you are 'very confident', how confident are about your knowledge of any fees you pay for your mutual funds? (June 2010, n=1,002)

## I. Paying for Advisor's Advice

Assuming both methods cost the same amount, more investors would prefer to pay fees that are part of their mutual funds (54%) than pay fees through a separate annual payment (37%). This is especially true among younger investors (61% of those ages 18-34 prefer the fee to be included as part of their mutual fund compared to 51% of those 34-55 and 55% of those 55 or older). Likewise, female investors (57%) are more likely than male investors (51%) to prefer the fee is part of their mutual fund, especially females ages 18 to 34 (68% compared to 53% of males ages 18 to 34). Investors in Atlantic Canada (64%) and Quebec (59%) are most likely to prefer the fee is part of their mutual fund while investors in BC (47%) are the least likely to prefer this method.

**Figure 14.**  
**Preferred Method of Paying for Advisor's Advice**



Q35: (IF USES ADVISOR IN QUESTION 9) Payment for advisors' advice tends to be included in mutual fund fees. Some people say they want to pay for their advisor's advice (ROTATE OPTIONS) through fees that are part of their mutual funds, while other people say they want to pay through a separate annual payment. Which of these two views best represents your own preference, assuming both methods cost the same amount? (June 2010, n=1,002)

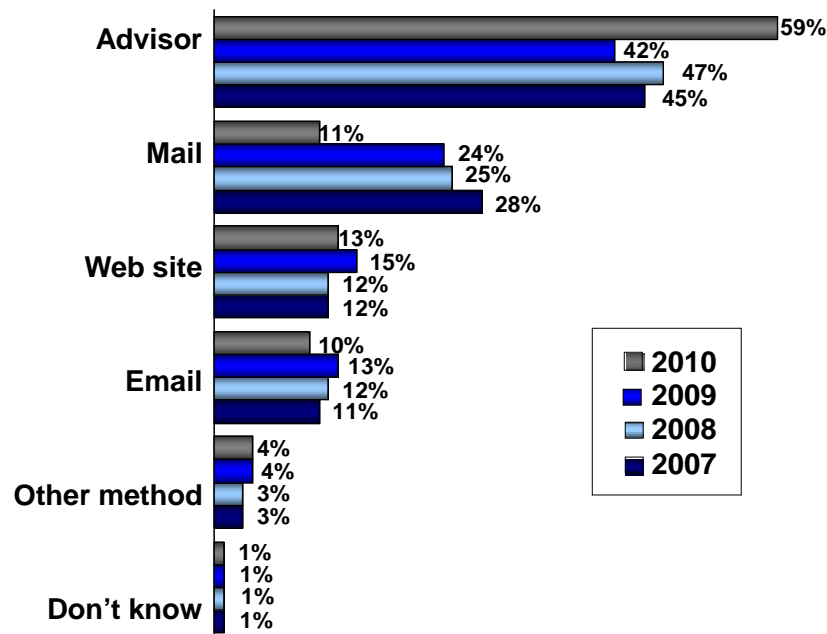
### III. Staying Informed about Mutual Funds

#### A. Sources Consulted When Considering Purchase

This year, investors continue to prefer to receive point-of-sale information about mutual funds from advisors (59%, up 17 points), while one-in-ten (11%, down 13 points) would prefer to receive this information through regular mail.<sup>4</sup> This year, preference for visiting a web site (13%, down 2 points) or receiving e-mail (10%, down 3 points) to obtain this information is directionally down.

Older investors are more likely to say they prefer to obtain information through an advisor (62% of those ages 55 or over, compared to 56% of those ages 35-54 and 56% of those ages 18-34). Male investors prefer to receive information about a mutual fund through a web site more often than female investors (17% compared to 8% respectively). Similarly, those who have completed university are more likely than those with a secondary school education to prefer obtaining information from a web site (17% compared to 6% respectively).

**Figure 15.**  
**Preferred Methods of Receiving Information about Mutual Funds**



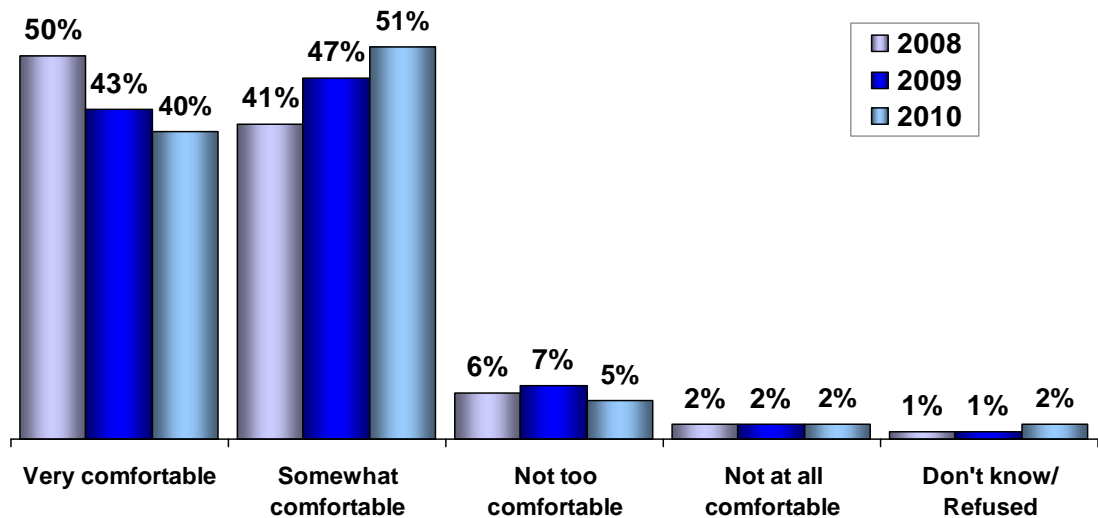
Q14: How would you prefer to receive information about a mutual fund you are considering for purchase? Would you prefer to receive it (ROTATE OPTIONS) through regular mail, through email, by visiting a web site, from an advisor, or through another method? (RECORD ONE ONLY) (June 2007, n=2,508) (June 2008, n=1,895) (June 2009, n=1,002) (June 2010, n=1,002)

<sup>4</sup> These changes should be interpreted with caution, as they may be due to the removal of three questions that have been asked in previous years.

## B. Comfort with Information to Make Informed Investing Decisions

There has been little change in the proportion of investors who feel at least somewhat comfortable that the last time they invested in a mutual fund they had the right information to make an informed decision (91%, up 1 point). Nevertheless, the proportion of investors who feel “very comfortable” continues to decline (40%, down 10 points since 2008), while the proportion of those who feel “somewhat comfortable” has increased (51%, up 10 points since 2008). The proportion of investors who report that they were not comfortable they had the right information to make an informed decision (7% down 2 points) has also seen little change.

**Figure 16.**  
**Comfort with Information to Make Informed Investing Decision**



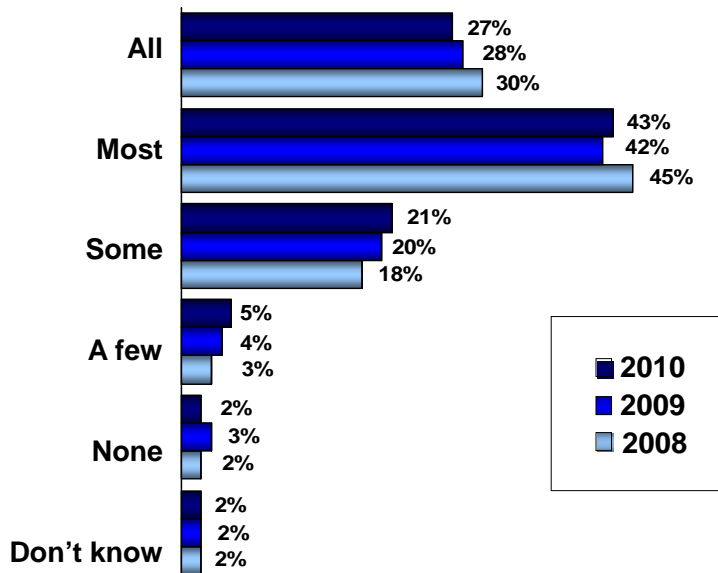
Q20: Thinking back to the last time you invested in a mutual fund, prior to making this last investment, did you feel very comfortable, somewhat comfortable, not too comfortable, or not at all comfortable that you had the right information to make an informed decision? (RECORD ONE ONLY) (June 2006, n=1,865) (June 2008, n=1,895) (June 2009, n=1,002) (June 2010, n=1,002)

### C. Whether Information Received Answers Questions about Existing Mutual Funds

Since last year, there has been no change in the proportion of investors who say the information received about mutual fund investments answers most or all of the questions they have about the performance of their mutual fund investments (70%, no change). Specifically, the proportion that say that the information they receive about their existing mutual fund investments answers “all” (27%, down 1 point), or “most” (43%, up 1 point) of their questions have both remained stable. Correspondingly, the proportion who say it answers “all” (27%, up 1 point), “some” (21%, up 1 point), “a few” (5%, up 1 point) or “none” (2%, down 1 point) of their performance-related questions has remained stable.

Older investors are more likely than younger ones to feel that the information received about mutual fund investments answers all or most of the questions they have about the performance of their mutual fund investments (72% of those ages 55 or older and 70% of those ages 35-54 compared to 61% of those ages 18-34). Likewise female investors are more likely than male investors to say the information they receive answers all or most of their questions about the performance of their mutual funds (73% compared with 67% respectively). Additionally, those with \$75,000 or more invested in mutual funds (75%) are more likely to say this is the case compared with those who have \$25,000 or less invested (62%). Investors in Quebec (75%) are most likely to feel the information answers performance-related questions while those in Alberta are less likely to think this is the case (66%).

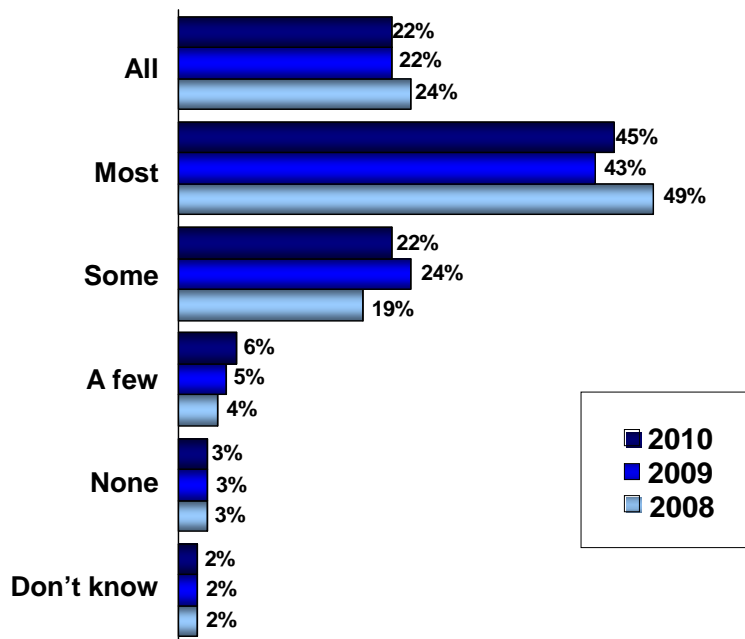
**Figure 17.**  
**Whether Information Received Answers Questions About Performance of Existing Mutual Funds**



Q18: Do you feel the information you receive about your existing mutual fund investments answers all, most, some, a few or none of your questions about the performance of your mutual fund investments? (June 2006, n=1,865) (June 2007, n=2,508) (June 2008, n=1,895) (June 2009, n=1,002) (June 2010, n=1,002)

The majority of investors (67%, up 2 points) continue to feel that the information received about their mutual fund investments answers their non-performance related questions about these investments. The proportion of mutual fund investors reporting that the information they receive about their existing mutual fund investments answers “all” (22%, no change) or “most” (45%, up 2 points) of their non-performance related questions has remained stable since last year. Again, the proportion (31%, down 1 point) that say only “some” (22%, down 2 points), “a few” (6%, up 1 point) or “none” (3%, no change) of the questions are answered has, correspondingly, remained stable.

**Figure 18.**  
**Whether Information Received Answers Non-Performance Related Questions About Existing Mutual Funds**



Q19: And aside from performance, do you feel the information you receive about your existing mutual fund investments answers all, most, some, a few or none of your questions about your mutual fund investments? (June 2006, n=1,865) (June 2007, n=2,508) (June 2008, n=1,895) (June 2009, n=1,002) (June 2010, n=1,002)

## IV. Mutual Funds and Pension Plans In Retirement

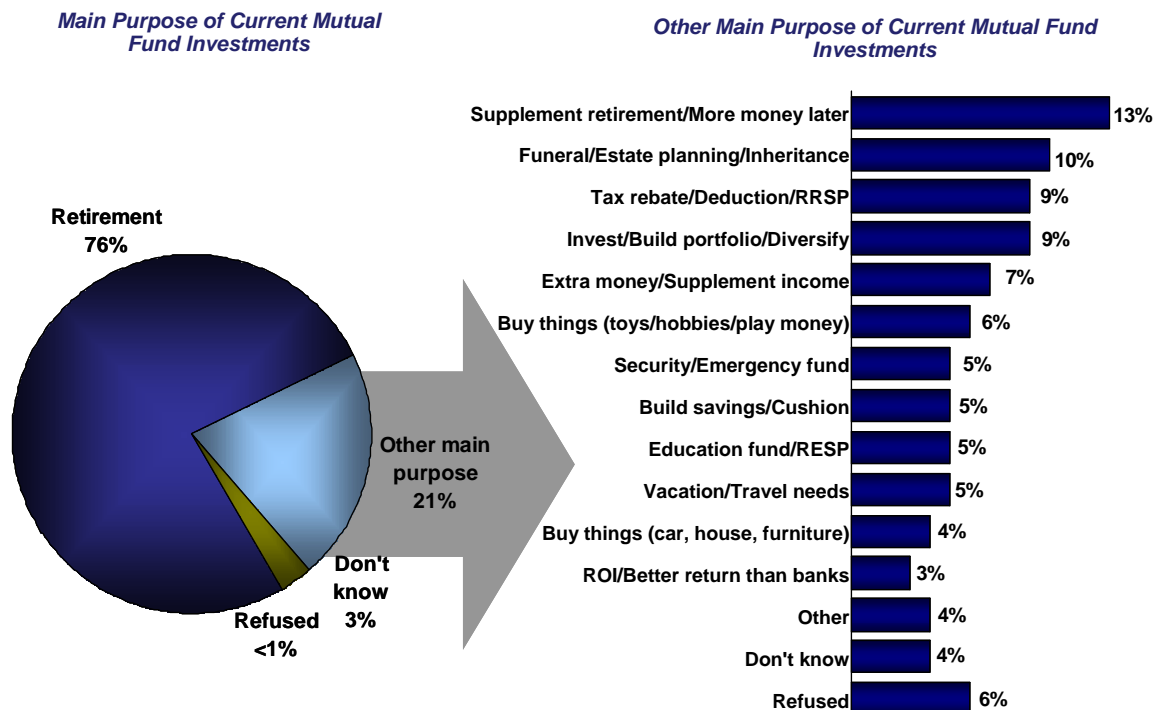
### A. Purpose of Mutual Fund Investments

Three-quarters (76%) of investors say the main purpose of their mutual fund investments is to fund their retirement while one-in-five (21%) say their mutual funds will be used for another purpose. Of the 21% who say the main purpose of their mutual funds will be something other than retirement, the most often cited purposes are to supplement their retirement savings (13%) and for succession planning purposes such as funeral or estate planning and inheritances (10%).

Investors with \$75,000 or more invested in mutual funds (80%) say the main purpose of their mutual fund investments is to fund retirement more than those with less than \$25,000 invested in mutual funds (71%). Likewise, female investors (79%) are more likely than male investors (74%) to say the purpose of their mutual fund investments are for retirement. Similarly, non-retired investors (80%) are more likely than retired investors (68%) to say they will use their mutual fund investments for retirement.

Albertans (80%) are most likely to say the main purpose of their mutual funds is for retirement and investors in BC (70%) are least likely.

**Figure 19.**  
**Purpose of Mutual Fund Investments**



Q26-27: Would you say the main purpose of your current mutual fund investments is to fund your retirement, or do they have another main purpose? (June 2010, n=1,002) (IF OTHER MAIN PURPOSE) What is the main purpose of your current mutual fund investments? (OPEN-ENDED) (June 2010, n=197)



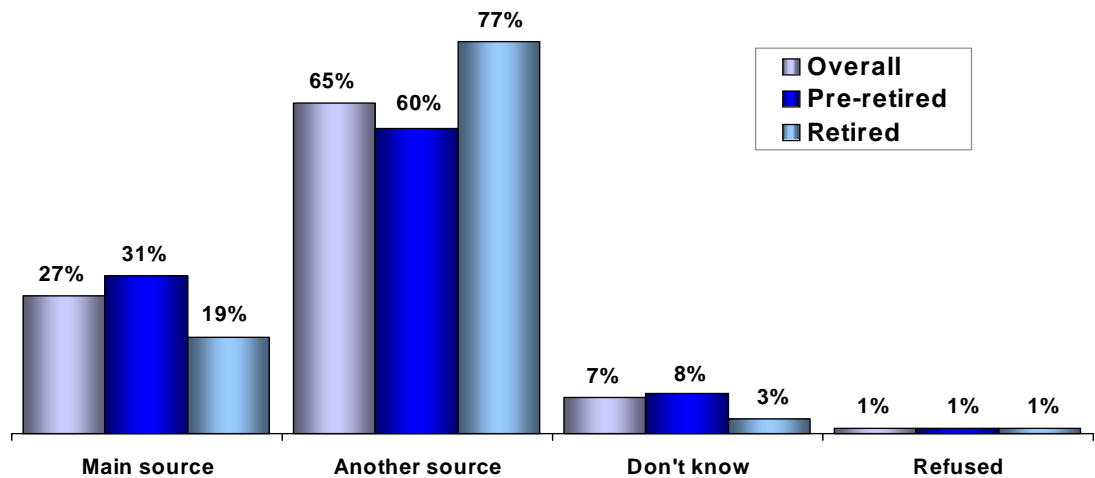
Mutual funds will be or are the main source of retirement income for 27% of investors while 65% plan to rely or currently rely on another source of income.

Younger investors (44% of those 18 to 34) are more likely than older investors (29% of those 35 to 54, and 23% of those 55 and older) to use their mutual fund investments as a main income source in retirement. Likewise, female investors (30%) are more likely than male investors (24%) to say their main source of retirement income will be their mutual funds, especially females ages 18 to 34 (49% compared to 37% of males ages 18 to 34).

Non-homeowners (36%) are more likely than homeowners (26%) to say that their mutual funds will be the main source of retirement income. Similarly, investors with lower annual household incomes are more likely to say they will use their mutual fund investments for a main income source in retirement (40% of those earning less than \$50,000 compared to 26% earning \$100,000 or more).

Investors in Quebec (33%) and Alberta (33%) say they will use their mutual funds as a main retirement income source the most often followed by those in Ontario (27%), Manitoba/Saskatchewan (26%), Atlantic Canada (23%) and BC (18%).

**Figure 20.**  
**Use of Mutual Funds During Retirement**



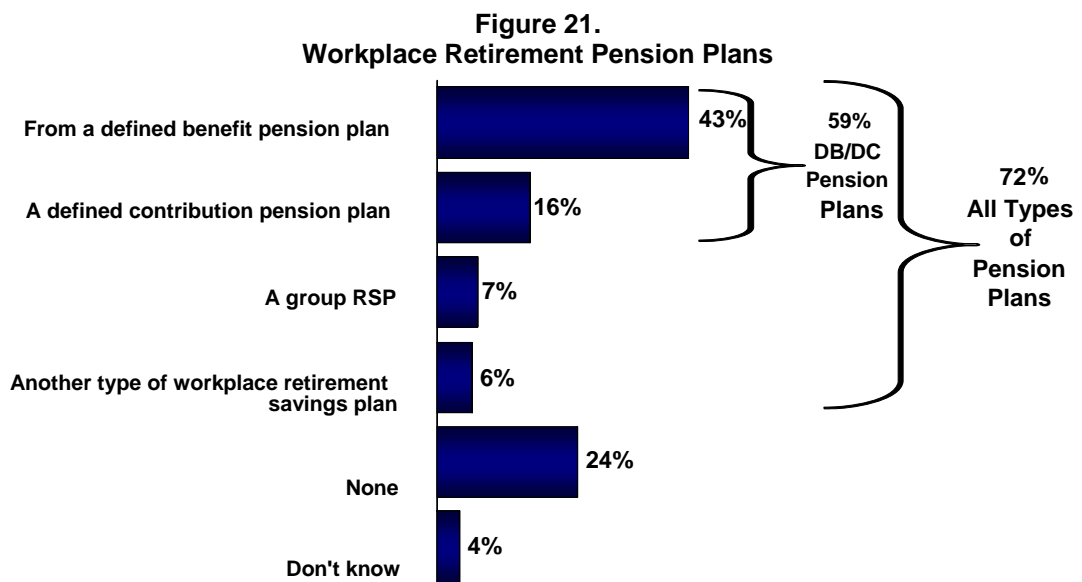
Q28: During your retirement, (IF NOT RETIRED) will your mutual fund investments be your main source of income, or will you mainly rely on another source (IF RETIRED) are your mutual fund investments your main source of income, or do you mainly rely on another source? (June 2010, n=1,002)

## B. Workplace Pension Plans

More than seven-in-ten (72%) mutual fund investors say they have a workplace retirement pension plan, including 43% who believe they have a defined benefit plan, 16% who have a defined contribution plan, 7% who have a group RSP, and 6% who say they have another type of workplace retirement savings plan<sup>5</sup>.

Investors who are more likely to have a workplace pension plan: are retired (64% compared to 57% of pre-retired investors), have \$75,000 or more invested in mutual funds (74% compared to 54% with less than \$25,000 invested in mutual funds), have higher incomes (80% of those earning \$100,000 or more compared to 59% of those earning less than \$50,000), have more money invested overall (75% with investments totalling \$75,000 or more compared with 54% with less than \$25,000 invested), are homeowners (73% compared with 64% of non-homeowners), and are residents of Atlantic Canada (81% compared with 66% in Alberta).

Investors who are more likely to have a defined benefit plan are retired (53% compared to 39% who are not retired) and age 55 or older (47% compared to 40% of those ages 35-54 and 27% of those ages 18-34).



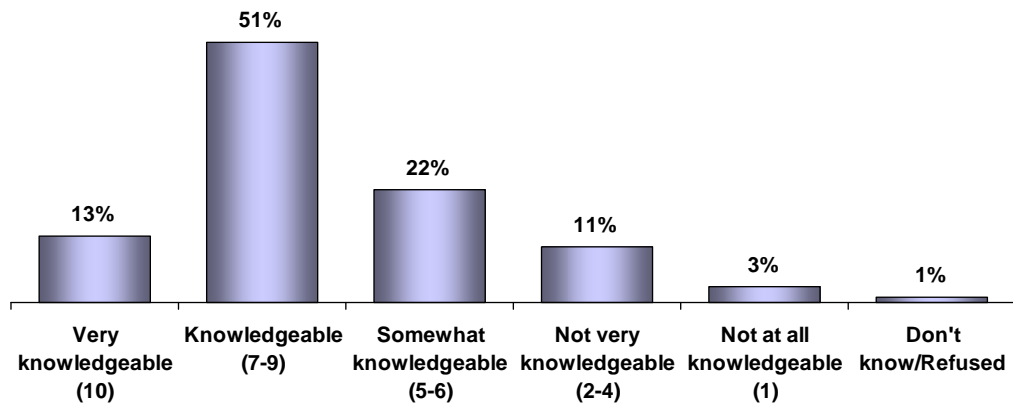
Q29: Now I'll read you a short list of different types of workplace retirement pension plans. Please tell which of these plans you have, if any: (CHOOSE ONLY ONE) A defined benefit pension plan, that typically tells you the dollar value of the pension payments you receive during retirement based on a formula using your best three or five years of earnings and years of service; A defined contribution pension plan, which is like a savings account where the contributions you and your employer make, plus any investment earnings, are accumulated; A group RSP; Or another type of workplace retirement savings plan (June 2010, n=1,002)

<sup>5</sup> While 59% of mutual fund investors have either a defined benefit or defined contribution pension plan, 2007/2008 Statistics Canada data indicates that 32.9% of the Canadian labour force has the same. However, these figures cannot be directly compared as the IFIC data are among mutual fund investors in the Canadian general population, and the Statistics Canada figure is among labour force participants only. As well, Statistics Canada figures indicate declining pension plan participation, which suggests that retired Canadians are more likely to have a pension plan than younger Canadians (the IFIC study includes retirees and the Statistics Canada study does not).

The majority of investors with pension plans feel they are at least somewhat knowledgeable (86%) about their workplace pension plan. Older investors ages 55 or older (90%) feel more knowledgeable compared with those who are ages 35-54 (81%) and those ages 18-34 (83%). Male investors (88%) are more likely than female investors (83%) to feel knowledgeable about their workplace pension plans. Similarly, those who have completed university (88%) and those who are retired (91%) are also more likely to feel knowledgeable compared with those who completed secondary school (83%) and those who are non-retired (83%).

Investors with \$75,000 or more invested in mutual funds (90%) are more likely than those with less than \$25,000 invested (77%) to feel knowledgeable about their workplace retirement pension plan. Likewise, investors with higher incomes and more money invested overall are also more likely to feel knowledgeable about their workplace pension plan (86% of those earning \$100,000 or more compared with 83% of those earning less than \$50,000; and 89% of investors with investments totalling \$75,000 or more compared with 73% of those with less than \$25,000 invested).

**Figure 22.**  
**Knowledge of Workplace Pension Plan**



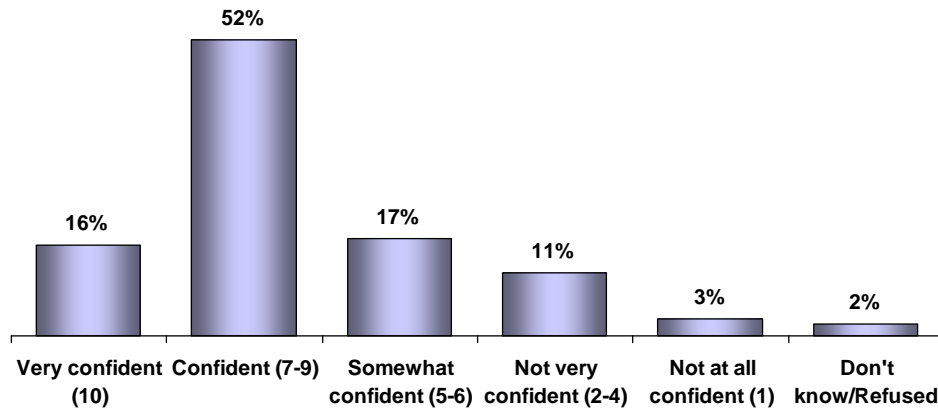
Q30: (IF ANY TYPE OF WORKPLACE PENSION PLAN) Overall, using a 10 point scale where 1 means "not at all knowledgeable" and 10 means "very knowledgeable", how knowledgeable would you say you are about this (INSERT NAME OF PLAN FROM PREVIOUS QUESTION) (June 2010, n=726)

The majority of investors with pension plans tend to feel at least somewhat confident that their plan will help them meet their household's financial goals (with 85% rating their confidence a score of 5 or higher on a 10-point scale). Investors with pension plans feel more confident that their pension plan will meet their financial goals than owners of primary residences (83%), GICs (81%), Stocks (79%), ETFs (76%), or Bonds (73%) do of these respective investment products.

Male investors (87%) tend to be more confident than female investors (82%). Similarly, those who have completed university (88%) are more confident than those who completed secondary school (84%); those who are retired (90%) are more confident than non-retirees (81%); and those with household incomes of \$100,000 or more (87%) are more confident than those who earn less than \$50,000 (79%).

Confidence that a workplace pension plan will meet financial goals is highest among investors in Quebec (91%) and lowest in BC (78%).

**Figure 23.**  
**Confidence in Workplace Pension Plan Meeting Financial Goals**



Q31: (IF ANY TYPE OF WORKPLACE PENSION PLAN) Using a 10 point scale, where 1 means "not at all confident" and 10 means "completely confident" overall, how confident are you that your (INSERT NAME OF WORKPLACE PENSION PLAN) will help you meet your household's financial goals? (June 2010, n=726)

Investors who have a defined benefit pension plan are more likely to be confident that the product will help meet their household's financial goals (76% are at least somewhat confident compared to 62% of those who have a defined contribution plan, 53% who have group RSP and 63% who have another type of plan).

**Table 4:  
Confidence That Product Will Help Meet Financial Goals by Type of Pension Plan**

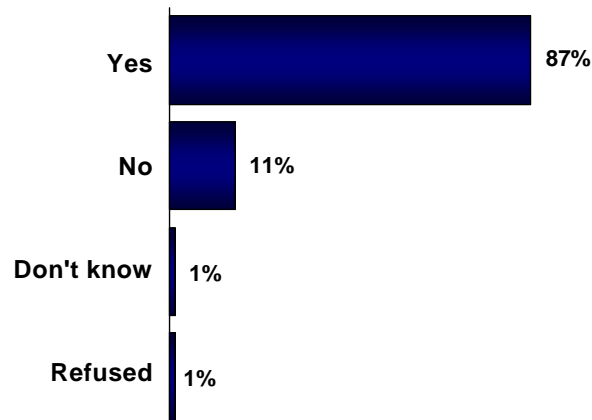
Type of Pension	Confidence in Product Meeting Financial Goals		
	Total Confident	Neutral	Total Confident
Defined Benefit Pension Plan	76%	15%	9%
Defined Contribution Pension Plan	62%	20%	18%
Group RSP	53%	23%	24%
Another Type of Workplace Retirement Savings Plan	63%	13%	24%

Nearly nine-in-ten (87%) mutual fund investors with workplace pension plans have separate investments outside of their plan.

Investors with \$75,000 or more invested in mutual funds (93%) are more likely than those with less than \$25,000 invested in mutual funds (77%) to have investments separate from their workplace pension plan. Likewise, investors with higher household incomes and more money invested overall are also more likely to have separate investments (92% of those earning \$100,000 or more compared with 78% of those earning less than \$50,000; and 92% of those with investments totalling a value of \$75,000 or more compared with 77% of those with less than \$25,000 invested overall). Homeowners (89%) are also more likely than non-homeowners (78%) to have separate investments.

Older investors (91%) are more likely to say they have separate investments compared to 84% of those ages 35-54 and 86% of those ages 18-34. Similarly, those who have completed university (91%) are more likely than those with a secondary school education (80%) to have separate investments. Having separate investments outside of a workplace pension plan, either as part of an RRSP or outside of an RRSP is highest among investors in BC (92%) and lowest in Quebec (82%).

**Figure 24.**  
**Investments Outside of Workplace Pension Plans**



Q32: (IF ANY TYPE OF WORKPLACE PENSION PLAN) Do you have separate investments outside of this workplace pension plan, either as part of an RRSP or outside of an RRSP? (June 2010, n=726)

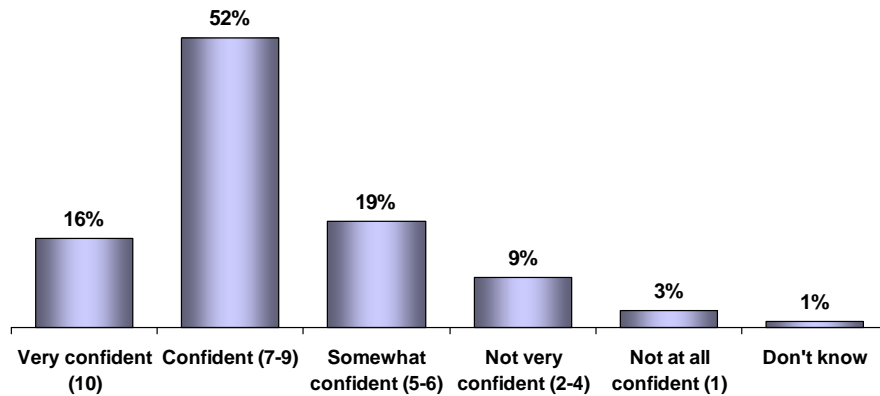
### C. Confidence in Retirement Finances

The majority of investors (87%) are at least somewhat confident that their retirement finances will allow them to live the life they plan in retirement.

Investors with \$75,000 or more invested in mutual funds (91%) are more likely to be confident in their retirement finances than those with less than \$25,000 in mutual fund investments (78%). Similarly, investors with higher household incomes and more money invested overall are also more confident that their retirement finances will cover their expenses in retirement (91% of those earning \$100,000 or more are confident compared to 80% of those earning less than \$50,000; and 91% of investors with investments totally \$75,000 or more are confident compared to 66% of those with less than \$25,000 invested). Homeowners (87%) are more likely to be confident in their retirement finances than non-homeowners (80%).

Investors in Quebec (92%) are the most likely to consider themselves confident about their retirement finances followed by Albertans (89%), those in Manitoba/Saskatchewan (87%), BC (87%), Atlantic Canada (85%), and Ontarians (84%).

**Figure 25.**  
**Confidence in Retirement Finances**

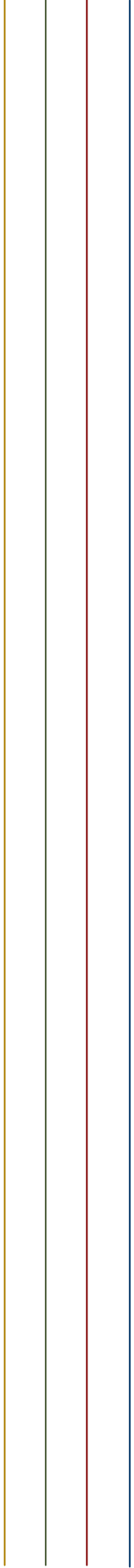


Q25: How confident are you that your retirement finances will allow you to live the life you plan to live in retirement, using a scale of 1 to 10, where 1 means you are "not at all confident" and 10 means you are "very confident"? (June 2010, n=1,002)

Confidence is highest among investors who are retired (86% saying that are at least somewhat confident compared to 61% of pre-retired investors).

**Table 5:**  
**Confidence That Product Will Help Meet Financial Goals by Employment Status**

Employment Status	Confidence in Product Meeting Financial Goals		
	Total Confident	Neutral	Total Not Confident
Pre-Retired	61%	22%	18%
Retired (Full-Time)	86%	8%	7%



## Appendix: Wording of Survey Questions



## Wording of Survey Questions

### 2010 IFIC Survey of Canadian Mutual Fund Investors

Final questionnaire – June 10, 2010

Good morning/afternoon/evening. This is \_\_\_\_\_ calling from POLLARA, a national market research firm. We are conducting a survey about financial advice among Canadians 18 and over who currently have mutual funds either on their own or in an RRSP. We are not trying to sell anything.

A. Do you fall into this category?

Yes – (CONTINUE)

No – May I speak to someone in your household who does?

(IF RESPONDENT FEELS (S)HE DOESN'T QUALIFY BECAUSE THEY BUY MUTUAL FUNDS 'DIRECT'/WITHOUT AN ADVISOR, SAY "Our questions also apply to those who buy mutual funds without the assistance of an advisor.")

B. Do you make all, some, or none of the decisions regarding mutual fund purchases in your household? (RECORD ONE ONLY)

All – CONTINUE

Some – CONTINUE

None – May I speak to someone who makes decisions about mutual fund purchases in your household?

C. Do you, or does any member of your household work for: (READ LIST. RECORD YES/NO FOR EACH)

A market research firm? (IF YES, THANK AND TERMINATE)

The news media? (IF YES, THANK AND TERMINATE)

A financial services organization such as a bank, mutual fund company, investment dealer, financial planner, insurance company or investment advisor? (IF YES, THANK AND TERMINATE)

1. (NEW WORDING) (3965 Q1) In what year were you born?

**I. Knowledge of and Confidence in Mutual Funds**

2. (3965 Q2) Overall, using a scale from 1 to 10 where 1 means you are 'not at all knowledgeable' and 10 means you are 'very knowledgeable', how knowledgeable would you say you are about investing in mutual funds?

1 = Not At All Knowledgeable

2

3

4

5

6

7

8

9

10 = Very Knowledgeable

Don't Know (DO NOT READ)

Refused (DO NOT READ)

Using a 10 point scale, where 1 means 'not at all confident' and 10 means 'completely confident'; overall, how confident are you that each of the following investment products would help you meet your household's financial goals? How about: (RANDOMIZE)

3. (3965 Q3) Mutual funds

1 = Not At All Confident

2

3

4

5

6

7

8

9

10 = Completely Confident

Don't Know (DO NOT READ)

Refused (DO NOT READ)

4. (3965 Q4) Bonds, including Canada Savings Bonds and Provincial Savings Bonds

1 = Not At All Confident

2

3

4

5

6

7

8

9

10 = Completely Confident

Don't Know (DO NOT READ)

Refused (DO NOT READ)

5. (3965 Q5) Stocks  
1 = Not At All Confident  
2  
3  
4  
5  
6  
7  
8  
9  
10 = Completely Confident  
Don't Know (DO NOT READ)  
Refused (DO NOT READ)
6. (3965 Q6) GICs and other term deposits  
1 = Not At All Confident  
2  
3  
4  
5  
6  
7  
8  
9  
10 = Completely Confident  
Don't Know (DO NOT READ)  
Refused (DO NOT READ)
7. (3965 Q7) Your primary residence  
1 = Not At All Confident  
2  
3  
4  
5  
6  
7  
8  
9  
10 = Completely Confident  
Don't Know (DO NOT READ)  
Refused (DO NOT READ)

8. (3965 Q8) Exchange-traded funds, also known as ETFs

1 = Not At All Confident

2

3

4

5

6

7

8

9

10 = Completely Confident

Don't Know (DO NOT READ)

Refused (DO NOT READ)

## II. Advice

9. (3965 Q11) For the next few questions I would like you to think about the last time you invested in a mutual fund. When buying those mutual funds did you:

Purchase them from someone who provided you with advice and guidance, also known as an advisor.

Purchase them online or from an individual who just took your mutual fund order.

Don't Know/Can't Recall (DO NOT READ)

Refused (DO NOT READ)

(IF PURCHASED FROM ADVISOR IN Q9) And still thinking back to the last time you invested in a mutual fund, did your advisor: (RANDOMIZE) (IF NECESSARY: By 'advisor' I mean the person you purchased the mutual fund from. Your advisor could be a bank employee, a broker, an insurance agent, a financial planner, or have a number of other titles.)

10. (3965 Q12) Discuss how well suited that mutual fund is for reaching your investment objectives.

Yes

No

Don't Know (DO NOT READ)

Refused (DO NOT READ)

11. (3965 Q13) Make you aware of how he/she would be compensated for your purchase of that fund.

Yes

No

Don't Know (DO NOT READ)

Refused (DO NOT READ)

12. (3965 Q14) Discuss whether or not you will be charged a sales commission when you buy or sell the mutual fund – also called ‘front-end load’ and ‘back-end load’ fees.

Yes

No

Don't Know (DO NOT READ)

Refused (DO NOT READ)

13. (3965 Q15) Discuss the fee the mutual fund company receives for managing the fund, also known as the Management Expense Ratio or the MER.

Yes

No

Don't Know (DO NOT READ)

Refused (DO NOT READ)

(END RANDOMIZATION)

(NEW) Now I'd like you to think about how you use information about mutual funds you are considering for purchase.

14. (3965 Q19) How would you prefer to receive information about a mutual fund you are considering for purchase? Would you prefer to receive it (ROTATE OPTIONS) through regular mail, through email, by visiting a web site, from an advisor, or through another method?

Mail

Email

Web site

Advisor

Other method

15. (3965 Q20) (ASK IF PURCHASED MUTUAL FUNDS FROM ADVISOR IN Q9) And overall, when making decisions about mutual funds, which one of the following best describes the roles that you and your advisor play in the decision? (IF NECESSARY: By ‘advisor’ I mean the person you purchased the mutual fund from. Your advisor could be a bank employee, a broker, an insurance agent, a financial planner, or have a number of other titles.)

You make the decision entirely on your own. (INTERVIEWER NOTE – IF DECISION MADE WITH PARTNER/FAMILY MEMBER, CHECK THIS BOX)

You ask for information from your advisor, but make the decision yourself.

You discuss the issues with your advisor and make the decision together.

You follow the advice of your advisor without question.

(IF PURCHASED FROM ADVISOR IN Q9) And thinking about your advisor, are you very satisfied, somewhat satisfied, not too satisfied or not at all satisfied with each of the following. How about your advisor's:

16. (3965 Q21) Original assessment of your risk tolerance when you opened your account?
17. (3965 Q22) Ongoing understanding of your risk tolerance?

### **III. Information Needs – Staying Informed**

18. (3965 Q23) Do you feel the information you receive about your existing mutual fund investments answers all, most, some, a few or none of your questions about the performance of your mutual fund investments?

All  
Most  
Some  
A Few  
None

19. (3965 Q24) And aside from performance, do you feel the information you receive about your existing mutual fund investments answers all, most, some, a few or none of your questions about your mutual fund investments?

All  
Most  
Some  
A Few  
None

20. (3965 Q25) Thinking back to the last time you invested in a mutual fund, prior to making this last investment, did you feel very comfortable, somewhat comfortable, not too comfortable, or not at all comfortable that you had the right information to make an informed decision?

Very Comfortable  
Somewhat Comfortable  
Not Too Comfortable  
Not At All Comfortable  
Don't Know (DO NOT READ)  
Refused (DO NOT READ)

#### **IV. Relationship with Financial Advisor**

21. (3965 Q26) (IF PURCHASED FROM ADVISOR IN Q9) I would now like to ask you about your relationship with your financial advisor – meaning the advisor who you buy your mutual funds from. Using a scale from 1 to 10 where 1 means ‘not at all satisfied’ and 10 means ‘completely satisfied’, how satisfied are you with the advice provided by your financial advisor? (IF NECESSARY: Your advisor could be a bank employee, a broker, an insurance agent, a financial planner, or have a number of other titles.) (INTERVIEWERS: IF RESPONDENT HAS MORE THAN ONE ADVISOR, ASK THEM TO CONSIDER THE ADVISOR THAT THEY HAVE HAD THE MOST CONTACT WITH)

1 = Not At All Satisfied

2

3

4

5

6

7

8

9

10 = Completely Satisfied

Do Not Have Any Type Of Financial Advisor (DO NOT READ)

Don't Know (DO NOT READ)

Refused (DO NOT READ)

#### **V. Distribution Channel**

22. (3965 Q27) Still thinking back to the last time you invested in a mutual fund, when buying those mutual funds did you buy them:

From a stock broker, including those in brokerages that are affiliated with a bank or a credit union

From a financial planner or investment advisor who works in the branch of a bank or a credit union

From a financial planner or investment advisor who does not work in the branch of a bank or credit union

From an online discount brokerage

From an insurance agent

Directly from a mutual fund company

23. (NEW) Thinking now about any OTHER mutual funds you may now own that you purchased previously, did you buy them: (READ LIST, CHOOSE ALL THAT APPLY – ACCEPT UP TO 6 RESPONSES)

From a stock broker, including those in brokerages that are affiliated with a bank or a credit union  
From a financial planner or investment advisor who works in the branch of a bank or a credit union  
From a financial planner or investment advisor who does not work in the branch of a bank or credit union  
From an online discount brokerage  
From an insurance agent  
Directly from a mutual fund company  
OR, do you not own any other mutual funds  
(DO NOT READ) Don't know  
(DO NOT READ) Refused

## VI. Retirement Planning

24. (3965 Q31) Which of the following best describes your current employment status? Are you: (READ LIST. RECORD ONE ONLY)

Self-employed  
Working full-time for pay  
Working part-time for pay  
Student  
Not currently employed  
Retired (full-time) (INTERVIEWER: IF RETIRED PART-TIME, RECORD WHAT THEY DO FOR THE OTHER PART OF THEIR TIME)  
Homemaker  
Disabled  
Parental/Maternity leave  
Other  
Refused (DO NOT READ)

25. (NEW) How confident are you that your retirement finances will allow you to live the life you plan to live in retirement, using a scale of 1 to 10, where 1 means you are “not at all confident” and 10 means you are “very confident”?  
(PROGRAMMER: Including “don't know” and “refused” response categories.)

26. (NEW) Would you say the main purpose of your current mutual fund investments is to fund your retirement, or do they have another main purpose?

Retirement  
Other main purpose  
Don't know  
Refused



27. (NEW) (IF OTHER MAIN PURPOSE) What is the main purpose of your current mutual fund investments? (OPEN-ENDED)

28. (NEW) During your retirement, (IF NOT RETIRED) will your mutual fund investments be your main source of income, or will you mainly rely on another source (IF RETIRED) are your mutual fund investments your main source of income, or do you mainly rely on another source?

Main source  
Another source  
Don't know  
Refused

29. (NEW) Now I'll read you a short list of different types of workplace retirement pension plans. Please tell which of these plans you have, if any: (READ LIST – CHOOSE ONLY ONE) (INTERVIEWER: If respondent has more than one type of plan, record the plan that is offered by their current employer (if employed), or the plan that makes up most of their pension plan income (if they're retired)) (PROGRAMMER: Do not rotate list.)

A **defined benefit pension plan**, that typically tells you the dollar value of the pension payments you receive during retirement based on a formula using your best three or five years of earnings and years of service

A **defined contribution pension plan**, which is like a savings account where the contributions you and your employer make, plus any investment earnings, are accumulated

**A group RSP**

Or another type of **workplace retirement savings plan**

None  
Don't know  
Refused

30. (NEW) (IF ANY TYPE OF WORKPLACE PENSION PLAN) Overall, using a 10 point scale where 1 means "not at all knowledgeable" and 10 means "very knowledgeable", how knowledgeable would you say you are about this (INSERT NAME OF PLAN FROM PREVIOUS QUESTION – SEE BOLD) (PROGRAMMER: Include response categories for "don't know" and "refused")

31. (NEW) (IF ANY TYPE OF WORKPLACE PENSION PLAN) Using a 10 point scale, where 1 means "not at all confident" and 10 means "completely confident" overall, how confident are you that your (INSERT NAME OF WORKPLACE PENSION PLAN – SEE BOLD) will help you meet your household's financial goals? (PROGRAMMER: Include separate "don't know" and "refused" response options)

32. (NEW) (IF ANY TYPE OF WORKPLACE PENSION PLAN) Do you have separate investments outside of this workplace pension plan, either as part of an RRSP or outside of an RRSP?

- Yes
- No
- Don't know
- Refused

33. (NEW) In 2009, approximately what percentage of your household income, before taxes, did your household save or invest, including any contributions to RRSPs (IF PENSION PLAN) and excluding pension plan contributions? (INTERVIEWERS: If respondent unsure, ask for best estimate. If range provided, record mid-point of range.) (PROGRAMMER: ACCEPT RESPONSES FROM 0% TO 100%, INCLUDE "DON'T KNOW" AND "REFUSED" RESPONSES)

Now I'd like to ask you a question about any fees you pay for your mutual funds.

34. (NEW) Overall, using a scale from 1 to 10 where 1 means you are 'not at all confident' and 10 means you are 'very confident', how confident are you about your knowledge of any fees you pay for your mutual funds?

- 1 = Not At All Confident
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10 = Very Confident
- Don't Know (DO NOT READ)
- Refused (DO NOT READ)

35. (NEW) (IF USES ADVISOR IN QUESTION 9) Payment for advisors' advice tends to be included in mutual fund fees. Some people say they want to pay for their advisor's advice (ROTATE OPTIONS) through fees that are part of their mutual funds, while other people say they want to pay through a separate annual payment. Which of these two views best represents your own preference, assuming both methods cost the same amount?

- Through fees that are part of mutual funds
- Paying separate annual payment for advice
- Don't know
- Refused

## VII. Demographics

Finally, I have just a few questions to help us categorize the responses you have given. All of the information you provide will be kept strictly confidential and will be used for research purposes only.

36. (NEW) How long have you been investing in mutual funds? (INTERVIEWERS: If respondent is unsure, ask for best estimate. If range provided, record mid-point of range.) (PROGRAMMER: Accept answers in years, but include option for less than one year, include separate “don’t know” and “refused” response options.)

37. (3965 Q30) What is the highest level of education that you have completed?

- Elementary School
- Secondary School
- Community College
- Some University
- Completed University

In addition to investing in mutual funds, do you currently invest in any of the following, either as part of your RRSP or outside of your RRSP: (RANDOMIZE)

38. (3965 Q32) Bonds, including Canada and Provincial Savings Bonds

39. (3965 Q33) Stocks

40. (3965 Q34) GICs and other term deposits

41. (3965 Q35) Exchange-traded funds, also known as ETFs

42. (3965 Q36) Do you own your primary residence?

43. (3965 Q37) Which of the following income groups would best represent your annual household income?

- Less Than \$25,000
- \$25,000 To Less Than 50,000
- \$50,000 To Less Than \$75,000
- \$75,000 To Less Than \$100,000
- \$100,000 Or More

44. (3965 Q38) Which of the following broad ranges would represent the total value of your household’s current investments in mutual funds?

- Under \$10,000
- \$10,000 To Less Than \$25,000
- \$25,000 To Less Than \$50,000
- \$50,000 To Less Than \$75,000
- \$75,000 To Less Than \$100,000
- \$100,000 Or More

45. (3965 Q39) Which of the following broad ranges would represent the total value of all of your household's current investments, excluding your primary residence?

- Under \$10,000
- \$10,000 To Less Than \$25,000
- \$25,000 To Less Than \$50,000
- \$50,000 To Less Than \$75,000
- \$75,000 To Less Than \$100,000
- \$100,000 To Less than \$150,000
- \$150,000 To Less than \$200,000
- \$200,000 To Less than \$300,000
- \$300,000 Or More

*That concludes the interview. Thank you very much for your time.*

46. (3965 Q40) Gender (INTERVIEWER-RECORDED)

- Male
- Female

47. (3965 Q41) Region (INTERVIEWER-RECORDED)

48. (3965 Q42) Language (SYSTEM-RECORDED)

- English
- French

49. (3965 Q43) Community size (SYSTEM-RECORDED FROM POSTAL CODE)

- Over 1,000,000
- 101,000-1,000,000
- 50,001-100,000
- 10,001-50,000
- Under 10,000
- Rural

50. (3965 Q44) Community (SYSTEM-RECORDED FROM POSTAL CODE)

- Urban
- Rural
- Don't Know/Refused