



**ATTENTION: News Editors, Business Editors**

## **CPA survey shows huge gap between retirement needs and savings for Canadian employees**

### **Fewer living pay cheque to pay cheque, but long-term financial health remains troubling.**

**TORONTO (September 11, 2013)** – This year's national employee survey, conducted by the Canadian Payroll Association, finds that fewer employees are living pay cheque to pay cheque. Although 42% would still be in financial difficulty if their pay was delayed by even a week, this is down from 47% last year.

But beyond this slight improvement, the financial health of many employed Canadians remains troubling.

#### **Spending their pay cheque – and more**

According to the survey, 40% of employed Canadians are spending all of, or more than, their net pay.

The provinces/regions with the highest percentage of employees spending at these levels are: Atlantic Canada (53%), Manitoba (47%), Saskatchewan (42%), and Ontario (40%).

#### **Low savings rate**

The rate of savings remains low. Almost half (45%) are putting away only 5% or less of their pay. Financial planning experts generally recommend a retirement savings rate of 10% of net pay.

## **Retirement savings gap**

There is a huge gap between how much money people say they will need to retire and how much they are actually saving for retirement.

Over the past year, there has been a marked increase in what employees consider an adequate nest-egg for retirement:

- fewer now feel that savings of \$500,000 to \$1 million will be sufficient (30% this year, 34% in 2012),
- while more think between \$1 million and \$2 million will be needed (35% this year, 28% last year).

Yet the vast majority of working Canadians are nowhere near reaching their retirement savings goals – 73% say they have put aside less than a quarter of what they'll need in retirement.

And even among employees closer to retirement (50 and older), a disturbing 47% are still less than a quarter of the way there.

## **Postponing the golden years**

The gap between retirement needs and savings will likely force many employees to remain in the workforce longer than planned.

Of those with a target retirement date, 35% say they'll now have to work longer – 5 more years on average – than they planned five years ago (in 2008).

## **Payroll professionals can help**

“Many employees know they have to save more,” notes Charmaine Marsden, CPA Chairman. “In fact, not saving enough is the top reason cited in the survey for having to work beyond their planned retirement date.”

Patrick Culhane, President and CEO, notes that “payroll professionals can often help employees save by automatically directing a portion of their net pay to a separate savings account and/or into a retirement savings program.”

This is the CPA's fifth annual survey of Canadian employees. The survey is conducted to mark National Payroll Week (September 16-20, 2013).

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**CPA Survey of Employed Canadians:**

A total of 2,863 employees from across Canada, and from a wide range of industry sectors, responded to an online survey between July 26 and August 16, 2013, using a convenience sampling methodology. Respondents to the survey were recruited by members of the CPA with whom they work. This Canadian Payroll Association developed survey was conducted by Framework Partners, a market research and strategic planning firm. The survey is consistent with a margin of error of plus or minus 1.8% 19 times out 20, but as a non-probabilistic methodology was used a definitive margin of error cannot be expressed.

**About the CPA:**

Payroll professionals in 1.5 million organizations across Canada are responsible for ensuring the timely and accurate payment of \$830 billion in wages and taxable benefits, \$260 billion in statutory remittances to the federal and provincial governments, and \$90 billion in health and retirement premiums, while complying with more than 190 regulatory requirements. The Canadian Payroll Association (CPA) has influenced the payroll compliance practices and processes of hundreds of thousands of employers since 1978. As the authoritative source of Canadian payroll knowledge, the CPA affects the legislative processes and practices of payroll service and software providers, as well as hundreds of thousands of small, medium and large employers.

National Payroll Week recognizes the accomplishments of payroll professionals and the CPA by building greater awareness of the size and scope of payroll and its impact on employers, employees and government across Canada.