

Quebecers are slackers in financial affairs, too

Fewer plan ahead RRSP contributions lower here says expert

by Paul Delean, Montreal Gazette

Thanks to former premier Lucien Bouchard, we heard a lot last week about Quebecers' work ethic.

It's not the only cause for a bit of collective soul-searching.

The "what-me-worry?" attitude about retirement planning also is raising eyebrows in financial circles.

Eric Blais, a transplanted Montrealer now heading a Toronto-based company called **Headspace Marketing Inc.**, watches Quebec trends closely. His business helps companies better understand and tailor their marketing pitches for the Quebec market, which is quite distinctive.

Among the ways it stands out is the importance placed on living for the moment, and lack of concern for financial welfare down the road.

There's a lower rate of RRSP ownership in Quebec than elsewhere in Canada and the RRSPs that do exist are undersized (35 per cent smaller than in Ontario in 2004), yet Quebecers are more comfortable with debt and generally less worried about their finances than other Canadians.

While upward of 60 per cent of poll respondents in other provinces wished they'd started saving for retirement much sooner, the percentage in Quebec was only 48 per cent.

This in spite of the fact the poverty rate for Quebec seniors is the highest in the country at 23 per cent.

"That's an alarming statistic," Blais said last week after a presentation to financial advisers in Montreal. "But Quebecers seem convinced someone will always look out for them."

And their parents. Blais said surveys have found Quebecers also are less likely than other Canadians to worry about looking after an elderly parent.

“40% of Quebecers say they make financial plans five to ten years ahead, compared with a non-Quebec average of 54%.”

"It's nice not to worry about the future," he said. "But there is a danger in complacency."

Curiously, Quebecers are big buyers of life insurance.

Seventy-eight per cent of Quebecers have life insurance, compared with a national average in the mid-60s, and their confidence in life-insurance brokers is also the highest.

When it comes to other investments, however, Quebecers are notoriously risk-averse. The proportion of mutual-fund owners, 22 per cent, is well below the national average of 31 per cent, and Quebecers on the whole show less interest in business news than other Canadians.

Forty per cent of Quebecers say they make financial plans five to 10 years

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ahead, compared with a non-Quebec average of 54 per cent. Only 48 per cent of Quebecers even feel the need to plan for retirement, compared with 62 per cent in the rest of Canada.

More than ever, there's a need to plan, because of the life spans and lifestyles people have today, says George Lewis, chairman and chief executive officer of RBC Asset Management.

"For a couple who are 63, the expected age of the last surviving spouse is now 94," Lewis said in an interview in Montreal last week.

"That has significant implications. It used to be that you'd move everything into fixed income at 60. But with 30 years to go, you need equities as well as fixed income.

"It also used to be a common assumption that when you retired, your living expenses would be cut in half. Somehow, I don't think the baby boomers will do that. It's not in our nature. So if travel and an active lifestyle are what you envision, your (financial) requirements probably will be similar to now. That means you need a portfolio able to generate the cash flow to support the lifestyle you want to have."

Because Quebecers traditionally have been conservative investors, with a greater affinity for guaranteed and fixed-income products, there's a particular danger they'll fall short of savings goals.

"Exposure to equity markets is essential, really, to maintaining purchasing power," Lewis said.

"Given the longevity people will increasingly enjoy, and the pressure on state-funded pension plans, individuals should take advantage of the ability to save in an RRSP. If they want to maintain their living standard, they'll need to grow

their portfolios and make them last longer."