

Do Canadians Know Their Retirement System?

RSI Index 2019

Summary

The level of general financial literacy among Canadians is fairly low, although it is comparable to what is observed elsewhere. In the context of an aging population and of a changing retirement landscape – programs, behaviours, labour market, family structures, health... – it is appropriate to measure **the knowledge that Canadians have of their retirement income system**. Indeed, a certain level of knowledge seems essential to plan for retirement, particularly in a system that relies heavily on non-public pillars.

The *RSI Index* combines the responses of **3,000 Canadians aged 35 to 54** to 6 questions of general financial knowledge and 23 program-specific questions on 4 different topics, for a **total of 29 questions**. For the first edition, **the overall index is 36.5%**, reflecting a limited knowledge of our multi-pillar system and of certain key concepts. As one might expect, older, more educated, and higher-earning individuals do slightly better, but their level of knowledge is still low. **The most difficult topics are the ill-known employer plans; and Old-Age Security**, which comprises of various poorly understood programs. On the latter topic, most respondents have a hard time providing more than 2 correct answers out of 8 questions. Limited knowledge of the system could put at a disadvantage those relying on private savings, as much as lower-earning individuals – who might be more likely to depend on public programs. The 2019 *RSI Index* reminds us of the importance of information about the retirement system.