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Overconfidence, Knowledge of the Retirement Income System, and Retirement Planning*

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Abstract

Previous research shows that the level of confidence in one's financial ability is important for decision-making, especially in the realm of retirement planning. We expand on this literature by using survey responses to objective and subjective measures of financial literacy and retirement knowledge. We find that even though overconfident individuals are more likely to state that they have a retirement plan, they are less likely to have registered retirement savings, and when they do, they hold lower balances. Our findings highlight a potential mechanism in which overconfidence in one's knowledge of the retirement system raises expected income replacement rates, which—consistent with a standard consumption–saving model—reduces private saving. Overconfident individuals also have biased inflation perceptions but take fewer protective actions to mitigate the effect of inflation. Finally, we find that overconfident individuals decrease their scores with repeated participation in different waves of the survey. These results suggest that calibrating confidence about one's knowledge of the retirement system and of macroeconomic factors may be important for improving private retirement saving.

JEL classification: D14, G53, J26.

Keywords: Overconfidence, Financial literacy, Retirement, Inflation.

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1 Introduction

As public pensions and defined-benefit plans decline, individuals increasingly bear the burden to finance their consumption in retirement (Lusardi et al., 2011, Behrman et al., 2012). At the same time, consumers face ever more complex financial choices in preparing for retirement (Choi et al., 2004), often including multiple layers of income sources such as public pensions, employer-sponsored plans, and registered savings accounts. Previous research has shown that financial literacy matters for many financial outcomes, including more effective retirement planning (Lusardi and Mitchelli, 2007, van Rooij et al., 2011, Behrman et al., 2012, among others).

Recent research has highlighted important nuances regarding what factors facilitate sound retirement planning. First, beyond objective knowledge, self-assessed knowledge – often termed confidence – also matters for financial decisions, and in some contexts may matter even more than actual knowledge (Parker et al., 2012, Anderson et al., 2017, Angrisani and Casanova, 2021, Lawrence et al., 2024). Second, specific knowledge about the retirement system appears to affect retirement planning above and beyond general financial literacy (Debets et al., 2022, Boisclair et al., 2023, Castagno et al., 2025). To date however, the role of individuals' confidence in retirement literacy has not yet been addressed. An important obstacle to studying the effects of objective and subjective retirement knowledge on financial choices is that very few surveys provide an objective set of questions on the retirement income system. For this reason, researchers often resort to measuring overconfidence as a difference between subjective knowledge of the retirement income system and objective financial literacy (e.g. Angrisani and Casanova, 2021).

In this paper, we leverage data from a large-scale survey on the Canadian retirement income system. The survey collects standard measures of financial literacy, self-perceived financial literacy, and socio-economic characteristics such as age, education, and income. Crucially, it also includes a detailed questionnaire that captures objective knowledge of all pillars of the retirement system, alongside self-assessed knowledge of the system more generally. In addition, respondents report whether they have a retirement plan—a common proxy for retirement preparedness in the literature—their expected income replacement rate in retirement, and specific actions they have taken to prepare, such as enrollment in defined-benefit (DB) or defined-contribution (DC) plans and saving in tax-advantaged individual savings accounts. Finally, the survey measures respon-

dents' perception of the previous year's inflation and the adjustments they made in response.

We define overconfidence as the extent to which individuals' self-assessed knowledge, relative to the sample average, exceeds or falls short of their demonstrated knowledge on objective tests. Formally, we measure overconfidence using the distance between standardized self-assessed knowledge scores and standardized test-based knowledge scores, relative to the average performance of survey respondents. This effectively benchmarks each individual's self-perception against how they and others in the sample actually perform on the knowledge tests. Individuals with scores near zero are well-calibrated, recognizing either that they know or that they do not know. Negative scores indicate underconfidence, where individuals know more than they think they do, while positive scores capture overconfidence, where individuals think they know more than they actually do.

We show that overconfidence in one's knowledge of the retirement income system increases the likelihood that respondents will say they have a retirement plan. However, when assessing the determinants of actual retirement savings, we find that overconfident individuals are no more likely to have employer retirement plans and are less likely to have individual tax-advantaged retirement savings accounts than those with correctly calibrated beliefs. This raises the question of whether overconfident individuals are as well prepared for retirement as they think they are.

We then investigate potential mechanisms that could explain this discrepancy. We highlight one specific channel that could be at play: overconfidence in one's knowledge of the retirement system inflates perceived income replacement rates. A simple life-cycle model would predict that individuals who expect higher total income in retirement—whether from public programs or private sources—will tend to save less privately. This mechanism is relevant in the Canadian context, where the retirement income system has historically delivered good replacement rates on average (Boisclair et al., 2025). At the same time, ongoing changes in the economic and policy landscape suggest that individuals may hold differing expectations about the future generosity and composition of retirement income. Our results are consistent with overconfident respondents (i) expecting higher overall income replacement rates and (ii) saving less in individual tax-advantaged accounts, even conditional on observed characteristics.

We also use the recent surge in inflation to test whether respondents know the level of inflation, and measure how they respond to increased inflation. We find that overconfident individuals are

less likely to know the past year's level of inflation and overestimate inflation rates relative to underconfident individuals. Paradoxically however, they are less likely to report having adjusted to inflation pressure. Overconfident individuals are less likely to take protective actions, such as decreasing savings, reducing their standard of living, or increasing spending. These results are surprising, given that overconfident respondents do not report any income increase, relative to the previous fiscal year.

Finally, we show that although overconfident individuals are not more likely to participate in multiple waves of the survey, their scores tend to decrease between their first and last participation. In turn, underconfident individuals' scores tend to increase with repeated participation. This is especially relevant because underconfident individuals are less likely to handle household finances and the increased knowledge is unlikely to benefit . Finally, we show that although overconfident individuals are not more likely to participate in multiple waves of the survey, their scores tend to decrease between their first and last participation. In turn, underconfident individuals' scores tend to increase with repeated participation. This is especially relevant because underconfident individuals are less likely to handle household finances and the increased knowledge is unlikely to benefit . Finally, we show that although overconfident individuals are not more likely to participate in multiple waves of the survey, their scores tend to decrease between their first and last participation. In turn, underconfident individuals' scores tend to increase with repeated participation. This is especially relevant because underconfident individuals are less likely to handle household finances and thus apply their acquired knowledge.

The rest of the paper is organized as follows. Section 2 describes the survey, sample construction, and variable definitions, including our measure of overconfidence in one's knowledge of the retirement system. Section 3 presents descriptive statistics on demographics, literacy and knowledge scores, confidence, and inflation perceptions. Section 4 reports the main empirical results on perceived versus actual retirement preparedness, inflation misperception and behavioral responses, as well as learning across repeated survey participation. Section 5 concludes and discusses implications for policy and future research.

2 Data and Variable Construction

We use data from an annual online survey conducted by the Retirement and Savings Institute (RSI) at HEC Montréal. This survey aims to measure financial literacy and knowledge of the Canadian retirement income system (Boisclair et al., 2023). Our main results use new data collected in the 2024 wave of the survey but, in additional results, we exploit the fact that we can track repeat respondents who show up in multiple of the six survey waves between 2019 and 2024.

2.1 Survey Design

To field the survey, we partner with *AskingCanadians*, one of the largest web panels in Canada. The sample of respondents consists of a randomly selected group of panelists aged 35 and above, from all ten Canadian provinces. This age range includes individuals who are of working age, and might thus already have started planning for retirement in the form of savings, as well as retired individuals. However, for the purpose of our study, we drop individuals who state being retired, because they cannot be actively planning for retirement.[1] Respondents are invited by email, and those who complete the survey receive remuneration in the form of reward points redeemable at the retailer of their choice. As is standard with online panel surveys, the sample is non-probabilistic.

The core survey instrument consists of multiple sections assessing both general financial literacy and specific knowledge of the Canadian retirement income system. In particular, the survey includes a series of six typical financial literacy questions, including the "Big 3" financial literacy questions (Lusardi et al., 2011). These questions assess basic understanding of interest compounding, inflation, bond prices, debt management, risk diversification and mortgages. The survey also includes a series of questions evaluating knowledge of the four key pillars of the Canadian retirement income system:

1. **Old-age security programs**: Public basic income programs – Old Age Security (OAS) and Guaranteed Income Supplement (GIS);

2. **Public pension**: Compulsory public contributory pension plans – Canada Pension Plan

[1] In the survey instrument, although we adapt some questions to retired respondents, we do not ask them whether they have a plan for retirement or not.

(CPP) or Québec Pension Plan (QPP), depending on the province of residence of the respondent;

3. **Employer plans**: Employer-sponsored retirement plans, including defined benefit (DB) and defined contribution (DC) pension plans;

4. **Individual accounts**: Private savings and tax-advantaged savings vehicles – Registered Retirement Savings Plans (RRSPs) and Tax-Free Savings Accounts (TFSAs).

2.2 Sample Creation

Our main sample is drawn from the 3,001 respondents to the February 2024 wave of the survey. We restrict our analysis to the individuals who answered both self-assessed knowledge questions since the focus of our study is on over- and underconfidence. We also restrict the sample to non-retired individuals who answer the question about having a retirement plan or not. Our final sample consists of 2,159 respondents. Individuals can participate in more than one wave and the data allows us to track repeated participation over six waves. Our main results exploit new questions asked in the 2024 survey wave, but refinements to our analysis exploit repeated participation in the survey.

2.3 Main Variables

The survey instrument collects socio-demographic characteristics of the respondents, such as sex, age, education, marital status, province of residence, employment status and financial information. In its most recent wave, the survey instrument allows us to distinguish between *objective* and *subjective* knowledge, both for general financial literacy and knowledge of the retirement income system. In addition, the survey also collects information about knowledge of the inflation level and the response to the recent inflation hike. From this, we construct the following variables.

2.3.1 Financial Literacy and Knowledge of the Retirement Income System

Objective financial literacy is measured as the share of correct answers to six standard financial literacy questions. These questions allow us to measure general financial knowledge. The literature has shown that households with lower levels of financial literacy are less likely to participate

in financial markets (van Rooij et al., 2011), less likely to have savings (Banks and Oldfield, 2007), and are more likely to borrow at higher interest rates (Lusardi and Tufano, 2015).

Objective knowledge of the retirement income system is measured as the share of correct answers to 23 questions on public basic income programs, compulsory public pension plans, employer-sponsored retirement plans, and private savings through tax-advantaged savings vehicles. In the analysis we use both the total score on the retirement knowledge questions, as well as the scores specific to each section. This score has been shown to correlate with retirement planning, even after controlling for financial literacy (Boisclair et al., 2023).

2.3.2 Overconfidence

The survey instrument collects the self-assessed knowledge of individuals regarding general financial matters, and regarding their knowledge of the Canadian retirement income system specifically.[2] These self-assessed knowledge measures allow us to build overconfidence measures separately for financial literacy and retirement knowledge. We quantify overconfidence as the standardized difference between self-assessment (on scales of 1-4) and true financial knowledge (on scales of 0-6 and 0 to 23 for financial literacy and retirement income knowledge, respectively). Specifically, we follow Kim et al. (2022) and Lawrence et al. (2024) in defining overconfidence as:

$$\text{Overconfidence Measure} = \frac{SP_i - \mathbb{E}[SP]}{SD(SP)} - \frac{TK_i - \mathbb{E}[TK]}{SD(TK)} \tag{1}$$

where SP is the self-perception of financial or retirement knowledge, TK is true financial or retirement knowledge, and the expectation is taken over the sample of respondents. This classification results in 28 distinct levels of overconfidence in the financial domain, ranging from -3.0 to 4.2, and in 92 distinct levels of overconfidence in the retirement domain, ranging from -3.1 to 3.7.[3] We also create overconfidence measures specific to each topic of the retirement income system in the same way. Because we benchmark to the knowledge level of the sample, those with an over-

[2] In this paper, we use the term 'confidence' to refer to respondents' miscalibration of their own *knowledge* of the retirement income system, not to confidence in the retirement system itself.

[3] For financial literacy, there are 4 levels of self-assessed knowledge, and 7 possibilities for the objective score (from 0 to 6 right answers). This gives us 28 different overconfidence levels for general financial knowledge. For knowledge of the retirement income system, there are 4 levels of self-assessed knowledge, and 24 possibilities for the objective score (from 0 to 23 right answers). This gives us 92 different overconfidence levels for knowledge of the retirement income system.

confidence score of around zero are aware of their abilities (they either "know that they know" or they "know that they don't know"), those with a negative overconfidence score are what the literature calls underconfident (they "don't know that they know") and those with a positive score are overconfident (they "don't know that they don't know").

Finally, we measure general over- and underconfidence, using the average of the financial literacy and retirement knowledge overconfidence measures. If some individuals are overconfident in one domain, but underconfident in another, this aggregated confidence score will capture both dimensions in one integrated variable. To study the behaviors of overconfident individuals separately to those of underconfident individuals, we define over- and underconfident individuals as being in the top 25th and bottom 25th percentile of the average confidence distribution, respectively.[4]

2.3.3 Retirement Planning

Subjective retirement readiness is measured by a dummy variable that equals one when respondents declare having a financial plan for retirement, and zero otherwise. This measure has been used in the past as a proxy for retirement readiness. We also elicit respondents' expected income replacement rate as a measure of retirement income expectations. Expected replacement rates are then used to measure the channel through which overconfidence about one's knowledge of the retirement income system translates into saving behavior. Objective readiness is characterized along two dimensions: first, pension coverage, measured as having an employer pension plan, and separately whether the plan is DB or DC, and second, private savings, measured with a dummy variable equal to one if the respondent has individual retirement savings accounts (either RRSP or TFSA), and the total amount in these accounts.[5]

2.3.4 Inflation

Inflation perception is elicited by asking respondents what the recent 12-month inflation has been. The actual Canadian all-items CPI inflation in 2023 was 4.5%, which we use as the benchmark to

[4]Our results are similar if we group over and underconfident individuals at different thresholds in the distribution.

[5]Although our data allows us to paint a comprehensive portrait of the respondents' current situation, registered savings and RPP participation provide only a partial picture of retirement preparation, as they exclude other potential sources of wealth such as housing, business ownership, or expected inheritances. Moreover, our data capture only current participation in RPPs, without information on contribution amounts or tenure.

measure whether respondents know the level of inflation. We construct a binary variable measuring whether individuals know the inflation level that equals one when the respondents' point estimate falls in the 4–5% bracket, and 0 otherwise. We measure misperception of the inflation level as the difference between the respondents' perceived rate and 4.5%, first as the signed difference, and second as its absolute difference.

Behavioral responses to inflation are captured by a set of three dummies that indicate whether the household reduced retirement savings, lowered its standard of living or increased spending. Finally, we measure whether respondents experienced a rise in nominal income over the past year. Together, this set of variables allows us to study how respondents reacted to the recent inflation hike.

2.3.5 Participation and Learning

We exploit the recurring survey waves and the fact that some individuals have participated in more than one wave. We use unique individual identifiers to calculate the number of times that a respondent has participated in the survey. For individuals who participated in more than one wave of the survey, learning is measured as the change in scores between the first and last participation.

3 Descriptive Evidence

3.1 Descriptive Statistics

Table 1 presents key descriptive statistics of the sample. Panel A shows the demographics of respondents. As is common in online surveys, there is a slight underrepresentation of lower-income individuals and those with lower educational attainment. Panel B presents the averages of variables used in our retirement planning analysis. 55.8% of respondents say they have a retirement plan. Among those who answered, respondents think their income replacement rate in retirement will be on average 53% of their labor income. 62.2% have some employer plan, but only 15.9% and 22.9% have DC and DB plans, respectively. Approximately 75% of the sample have individual tax-advantaged savings accounts, for which the average amount is $127,700.

Panel C presents the averages of the variables used in our analysis of inflation knowledge and the response to the recent inflation hike. About 26.4% of the sample can correctly identify the inflation level. The mean error is 2.3 percentage points, and the standard deviation is significant. In terms of the response to inflation, nearly half of the sample answered having decreased savings, decreased standard of living, increased spending, and having an income increase over the last year, pointing to a mulit-faceted response to inflation. Panel D presents the averages of variables used in our analysis of learning. 51.9% of the respondents have participated in more than one wave of the survey. This is expected given that the survey has been running for six consecutive waves on a largely stable pool of participants. The average change from the first to the last participation is small, for both retirement and financial literacy scores. However, the large standard deviation allows us to exploit heterogeneity in learning between multiple participations.

3.2 Financial Literacy and Knowledge of the Retirement Income System

Figure 1 presents the financial and retirement income system literacy scores as the percentage of correct answers. The dispersion in the scores on financial literacy questions is quite large, in line with findings by Lusardi and Mitchell (2011). For retirement literacy, we present the score on each of the four key pillars of the retirement income system.

We run a regression of the literacy scores on key personal characteristics to assess which personal characteristics predict financial and retirement literacy in our sample. Panel (a) of Figure 2 presents selected coefficients, while the full set of results are presented in Appendix Table A1. While the predictors affect both literacy domains in the same direction, their magnitudes differ substantially. Notably, women exhibit lower financial literacy scores than men but show a much smaller gap in retirement literacy, suggesting that retirement knowledge may be less dependent on numeracy skills that typically drive gender differences in financial literacy. Age has a strong positive relationship with both literacy types, with individuals aged 55 and above showing particularly better results in retirement literacy. Income effects are pronounced for both domains, with higher earners consistently outperforming lower-income groups. Education shows the expected positive gradient, with bachelor's degree holders significantly outperforming those with high school education or less.

3.3 Measures of Overconfidence

We show the full distribution of confidence in Appendix Figure A2. The distribution of both the financial literacy and the retirement literacy overconfidence show that while the majority of respondents are aware of their ability, there are many who under or overestimate their abilities. To determine what personal characteristics of respondents in our sample predict overconfidence in financial and retirement literacy, we run a regression of the overconfidence measures on key personal characteristics. Panel (b) of Figure 2 presents selected coefficients, while the full set of results are presented in Appendix Table A2. These results reveal distinct patterns that differ from the objective knowledge determinants. Women show lower overconfidence in both domains, suggesting they are more accurate in calibrating their self-assessed knowledge relative to their actual performance. Age exhibits a negative relationship with overconfidence, indicating that older individuals are less prone to overestimating their abilities. Income levels have less clear associations with overconfidence, with only the highest earners (120k+) showing overconfidence in financial literacy. Pension plan participation (DB and DC plans) shows mixed effects, but respondents that have a DB plan show overconfidence in retirement literacy. These patterns suggest that overconfidence does not only reflect knowledge deficits but represents a distinct phenomenon that varies systematically across demographic groups, with implications for targeting financial education and confidence calibration interventions.

To further assess how accurate respondents' subjective assessment of their financial and literacy knowledge is, we plot in Appendix Figure A1 objective and subjective knowledge. The x-axis shows the self-assessed knowledge, rated on a 4-point scale from "not very knowledgeable" to "very knowledgeable" (the omitted category is "somewhat knowledgeable"). The y-axis shows the share of correct answers in the financial literacy questions (blue bars) and in the retirement literacy questions (red bars). From the positive correlation, we conclude that people who state they know more generally perform better on both financial literacy and retirement literacy questions. This confirms previous findings by Anderson et al. (2017) and Angrisani and Casanova (2021), among others.

4 Regression Results

In this section we present our main results on the effect of confidence on retirement planning, expected income replacement rates, inflation response and learning. We present three broad sets of regression results: first we use dummy variables that indicate whether the respondent is over- or underconfident using our integrated measure combining financial and retirement literacy overconfidence, second, we use domain-specific measures that separately identify financial versus retirement literacy overconfidence, and third, we disaggregate the retirement literacy overconfidence measure into its four components, representing each of the pillars of the retirement income system.

4.1 Perceived vs. Actual Retirement Preparedness

Table 2 analyzes the determinants of subjective retirement preparedness by regressing our binary retirement plan indicator and expected income replacement rates on overconfidence measures, controlling for demographic and financial characteristics. Overconfident individuals have a 4.76 percentage point higher likelihood of claiming to have a retirement plan compared to respondents with correctly calibrated beliefs, while underconfident individuals are 12.88 percentage points less likely to make such claims. When examining domain-specific overconfidence, both retirement literacy overconfidence and financial literacy overconfidence significantly predict the claim of having a retirement plan. Column (3) decomposes the effect and shows it is concentrated among respondents who are overconfident about their knowledge of old-age security programs (OAS and GIS). This pattern is consistent with those individuals expecting government programs to make up a large share of their retirement plan.

Notably, overconfident individuals also report substantially higher expected replacement rates in retirement. Overconfident respondents expect replacement rates that are 7.16 percentage points higher than the reference group, with retirement literacy overconfidence alone associated with expectations 2.21 percentage points higher. When we disaggregate the retirement literacy overconfidence measure, we again find that the effect is primarily driven by overconfidence in knowledge of the old-age security programs. This pattern suggests that these individuals expect public programs to contribute more to their overall retirement income, thereby inflating their total expected

replacement rates. This mechanism is particularly problematic given that these programs alone constitute the lowest tier of the retirement income system pillars.

In Table 3, we nonetheless document a disconnect between these stated intentions and concrete preparedness measures. Despite being more likely to state that they have a retirement plan, overconfident individuals are no more likely to hold employer-sponsored plans, whether DC or DB. In addition, they are significantly less likely to own individual retirement accounts. The pattern also extends to balances: those overconfident about their retirement knowledge hold on average $11,548 less in accumulated savings. These results are driven by both retirement knowledge and financial literacy overconfidence. While the disaggregated results are noisier, they point to overconfidence in knowledge of individual accounts as the main driver, partly offset by overconfidence related to employer plans and old-age security programs.

Taken together, these findings illustrate what we term the "planning illusion" – overconfident individuals maintain strong beliefs about their retirement preparedness and hold optimistic expectations about their future financial security, yet fail to undertake the concrete savings actions necessary to achieve these outcomes. Consistent with a simple consumption–saving model, higher expected replacement rates—arising from overconfidence in knowledge of the retirement system—seem to crowd out contributions to individual accounts and reduce accumulated balances. The magnitude of these effects suggests that overconfidence creates a systematic and economically meaningful gap between retirement planning perceptions and reality, with potentially severe consequences for actual retirement security.

4.2 Inflation Misperception and Behavioral Response

Table 4 examines respondents' knowledge of inflation. The results reveal inflation misperception among overconfident individuals. Overconfident individuals are 5.80 percentage points less likely to correctly identify the recent inflation rate, while underconfident individuals are 4.54 percentage points more likely to provide accurate estimates. This could be crucial to long-term retirement plans, given recent inflation hikes. When examining inflation estimation errors using absolute values, we find that underconfident individuals have lower inflation perceptions. Given their higher propensity to correctly identify the inflation level, it suggests that overconfident individuals tend

to overestimate inflation.

Despite having worse inflation perceptions, Table 5 reveals a paradoxical pattern of inaction among overconfident individuals. Rather than responding to inflation, overconfident individuals are consistently less likely to implement protective financial strategies. Using our integrated overconfidence measure, overconfident individuals are 10.65 percentage points less likely to decrease savings, 9.74 percentage points less likely to reduce their standard of living, and 8.41 percentage points less likely to increase spending when economically appropriate. This is despite the fact that overconfident individuals are not more likely to have received an income increase in the past year. The domain-specific analysis reveals that both financial and retirement literacy overconfidence contribute to this behavioral rigidity. Overconfidence in knowledge of the public pension seems to be driving most of the effects in terms of overconfidence in retirement literacy.

4.3 Learning

Table 6 examines whether overconfident individuals are more likely to participate repeatedly in multiple survey waves and, crucially, whether they learn over time. The participation analysis reveals that confidence is not significantly linked to participating in multiple survey waves. However, one concerning finding emerges when examining learning patterns among repeat participants. Overconfident individuals show systematic knowledge deterioration rather than improvement across survey waves. Using our integrated overconfidence measure, overconfident individuals experience a decline of 0.28 standard deviations in retirement knowledge scores and 0.52 standard deviations in financial literacy scores between their first and last participation. Conversely, underconfident individuals demonstrate significant learning, with retirement scores improving by 0.33 standard deviations and financial literacy scores increasing by 0.20 standard deviations.

The domain-specific analysis reveals that this learning resistance operates differently across knowledge areas. Retirement literacy overconfidence is associated with particularly pronounced deterioration in retirement knowledge (decline of 0.35 standard deviations), while financial literacy overconfidence shows strong negative effects on financial literacy (decline of 0.37 standard deviations).

These findings reveal that overconfidence may actively prevent the learning mechanisms that

could enable course correction: overconfident individuals become progressively less knowledgeable over time, while underconfident individuals show improvement. This learning resistance represents a novel aspect of the overconfidence problem, as it suggests that traditional information-based interventions may prove ineffective or even counterproductive for overconfident individuals.[6]

4.4 Discussion

To place our results in broader context, it is important to consider not only how confidence influences planning and saving outcomes, but also who within the household takes responsibility for financial decisions. We therefore examine how overconfidence relates to the likelihood of managing household finances.

Table 7 shows that underconfident individuals are 4.70 percentage points less likely to manage household finances. The domain-specific analysis, however, reveals important heterogeneity. Overconfidence in financial literacy increases the likelihood of handling household finances by about 3.3 percentage points, whereas overconfidence in retirement literacy reduces it by roughly 1.96 percentage points. Breaking down retirement literacy into its four pillars shows that the effect is primarily driven by overconfidence in knowledge of individual accounts. Overall, these patterns suggest that different types of overconfidence are correlated with financial responsibilities within the household. One possible mechanism is that overconfidence in general financial literacy is associated with a greater propensity to take charge of household financial decisions.

5 Conclusion

Recent advances in the literature on financial literacy and retirement planning have shown that confidence in financial matters affects financial decision-making possibly as much as financial knowledge itself. Further, retirement literacy is a concept that captures something distinct from financial literacy, possibly because it relies less on numeracy skills and more on institutional knowledge. Given the complexity of the retirement system and its many components, it is not surprising

[6]One important limitation is that we only observe over- and underconfidence in the 2024 survey wave. As such, we cannot fully rule out that repeat respondents became over- or underconfident between survey waves.

that retirement literacy is an important factor in retirement planning beyond basic financial knowledge about inflation and diversification. While financial literacy is tightly linked with numeracy (Skagerlund et al., 2018), knowledge of the retirement system and rules has likely less to do with numeracy.

In this paper, we leverage rich survey data on financial literacy, retirement literacy, and confidence, as well as respondents' income, savings, and retirement plans, to address the role of retirement overconfidence in actual retirement planning. Understanding the role of confidence in the realm of retirement planning is important for policy, because while educating people about finances is important, addressing individuals' confidence in their decision-making is crucial so they can seek more education or outside financial advice when they need to. To the best of our knowledge, the precise mechanisms through which retirement knowledge and confidence in one's knowledge affect retirement planning behavior remains unanswered by the existing literature. This paper explores the possibility that overconfident individuals might think that they have a suitable retirement plan while lacking the important knowledge of the retirement system necessary to actually securing a comfortable retirement.

Our analyses confirm previous findings on what drives financial literacy. We further show that retirement literacy, while correlated with financial literacy, is a distinct characteristic that is less driven by factors predicting financial literacy. We also document that while confidence is a strong predictor of whether or not individuals have a plan for retirement, with overconfident (underconfident) respondents being much more (less) likely to state that they have a plan, this relationship is much weaker when looking at actual registered retirement savings. Overconfident individuals have more biased perceptions of inflation and yet seem to respond less to inflation hikes. These results have important implications for policies that seek to increase knowledge about retirement planning and the retirement income system.

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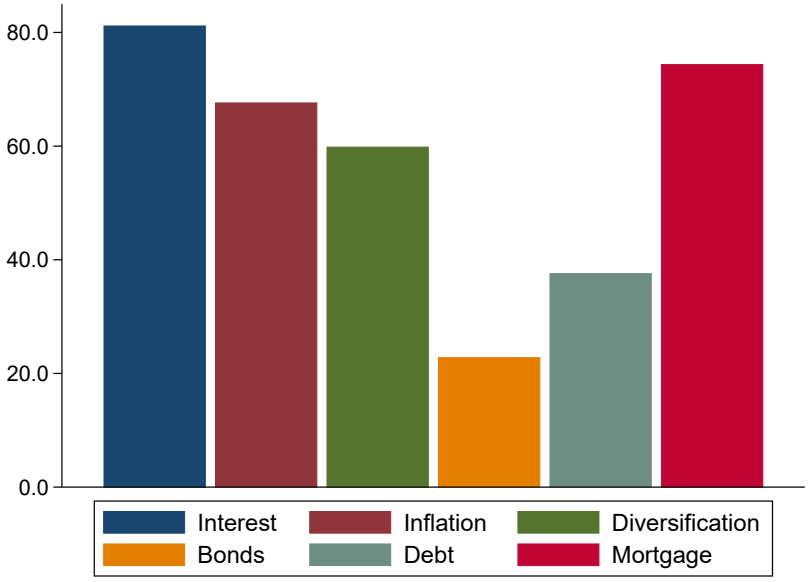
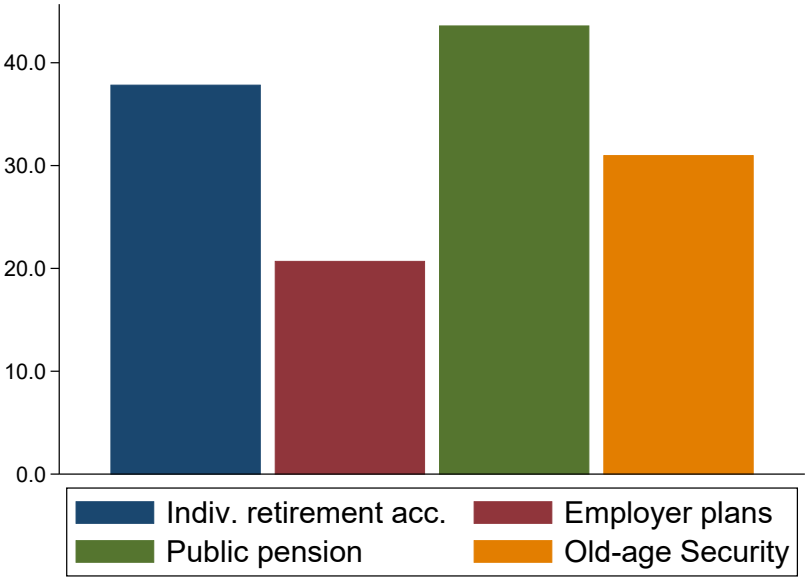
Figures

Figure 1: Answers to knowledge questions



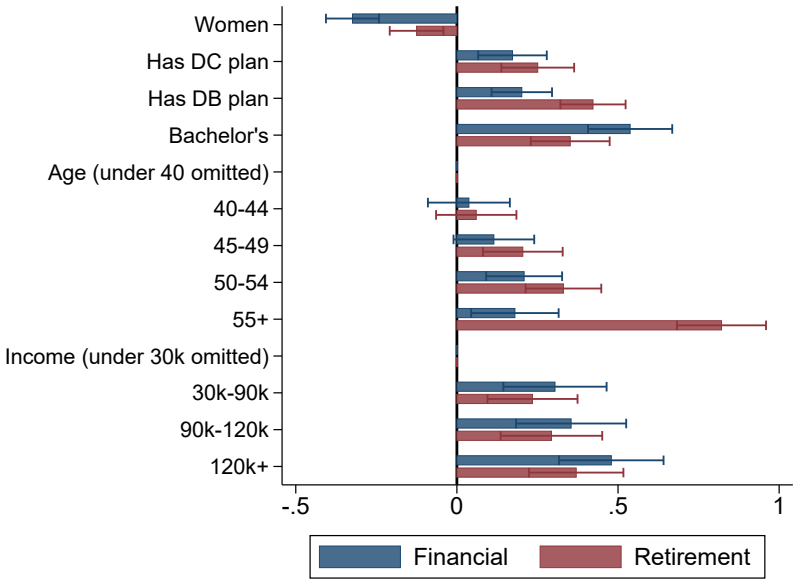
(a) Financial literacy



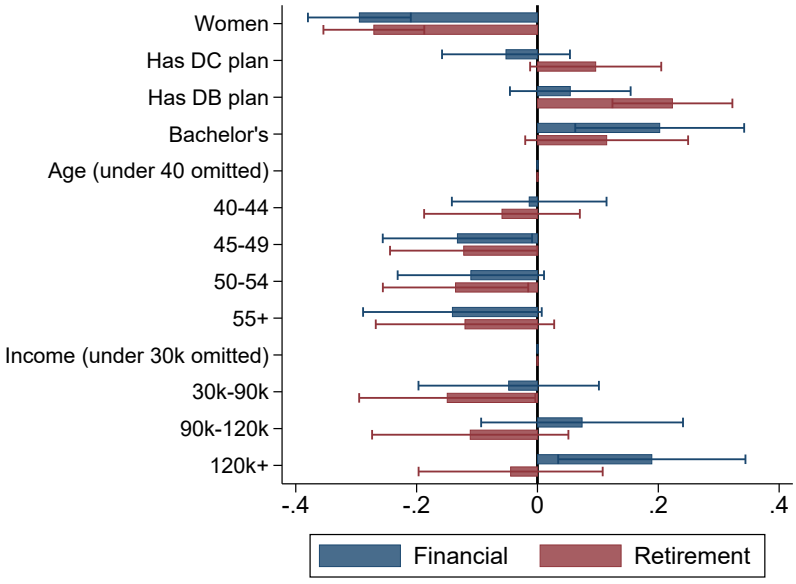
(b) Retirement system literacy

Note: This figure shows the share of correct answers to the objective knowledge questions. Panel (a) plots the fraction of respondents answering each of the six standard financial-literacy questions correctly. Panel (b) plots the average score on each category of the four retirement knowledge topic blocks (individual accounts, employer plans, public pensions, and old-age security programs).

Figure 2: Determinants of objective knowledge and overconfidence



(a) Objective knowledge



(b) Overconfidence

Note: This figure shows the determinants of objective knowledge and of overconfidence. In Panels (a) and (b), each bar is an OLS coefficient from Appendix Table A1 and Appendix Table A2, respectively. Horizontal bars are 95 percent confidence intervals computed with robust standard errors. Coefficients are scaled to standard-deviation units of the dependent variable.

Tables

Table 1: Descriptive statistics

	Mean	Std. dev.	N
A. Demographics			
Female	42.6		2,159
Age	47.4	7.87	2,159
Married	52.8		2,159
Retired	0.0		2,159
Bachelor's degree or more	54.6		2,159
Income (000's)	138.0	168.81	1,754
B. Retirement planning			
Has retirement plan	55.8		2,159
Expected income replacement rate (%)	53.0	24.67	1,130
Has employer plan	62.2		2,159
Has DC plan	15.9		2,159
Has DB plan	22.9		2,159
Has tax-sheltered savings accounts	75.7		2,159
Amount in tax-sheltered savings accounts (000's)	127.7	259.79	2,159
C. Inflation			
Correct inflation level	26.4		2,159
Inflation error (%)	2.3	4.53	1,531
Decreased savings	47.5		2,159
Decreased standard of living	45.8		2,159
Increased spending	45.0		2,159
Income increased	44.9		2,159
D. Participation and learning			
Multiple participations	51.9		2,159
Change in retirement score (%)	1.3	14.18	1,121
Change in financial literacy score (%)	2.0	22.42	1,121

Note: This table presents summary statistics of variables collected through the survey. Means and standard deviations are reported for the analysis sample (N = 2,159). Panels A–D group variables into demographics; retirement planning outcomes; inflation variables; and survey participation/learning. Monetary amounts are in 2024 Canadian dollars. See Section 2.3 for variable definitions.

Table 2: Having a retirement plan

	Has a retirement plan			Expected replacement rate		
	(1)	(2)	(3)	(4)	(5)	(6)
Overall						
Overconfident	0.0476*			7.1569***		
	(0.0247)			(2.0075)		
Underconfident	-0.1288***			-0.2041		
	(0.0257)			(1.5633)		
Overconfidence in:						
Retirement lit.		0.0374***			2.2065***	
		(0.0109)			(0.7907)	
Financial lit.		0.0312***	0.0255**		0.3117	0.0447
		(0.0101)	(0.0101)		(0.7388)	(0.7519)
Indiv. acc.			-0.0178			0.3512
			(0.0128)			(0.8818)
Emp. plans			0.0181			1.2592*
			(0.0112)			(0.6782)
Public pension			0.0123			-0.6653
			(0.0147)			(1.0551)
Old-age security			0.0460***			2.1292**
			(0.0141)			(0.8666)
R^2	0.105	0.105	0.114	0.096	0.092	0.100
Observations	2,159	2,159	2,159	1,167	1,167	1,167

Note: This table reports the results from OLS regressions. The dependent variables are a dummy equal to one if the respondent reports having a retirement plan, and the expected income replacement rate (percent). Overconfidence is measured as described in Section 3.3. All specifications control for sex, age, education, marital status, employment status, income brackets, employer plan dummies (DB or DC separately), province dummies, and industry dummies. Robust standard errors are in parentheses. ***, **, and * denote significance at the 1 percent, 5 percent, and 10 percent levels, respectively.

Table 3: Having retirement assets

	Has employer plan			Has DC plan			Has DB plan			Has individual accounts			Amount in individual accounts		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Overall															
Overconfident	0.0191			-0.0311*			0.0012			-0.0579***			0.4823		
	(0.0237)			(0.0180)			(0.0208)			(0.0223)			(13.3057)		
Underconfident	-0.0022			0.0023			0.0314			0.0434**			11.2781		
	(0.0232)			(0.0195)			(0.0220)			(0.0205)			(12.6764)		
Overconfidence in:															
Retirement lit.		0.0158			0.0009			-0.0062			-0.0261***			-11.5481**	
		(0.0104)			(0.0083)			(0.0096)			(0.0092)			(5.6569)	
Financial lit.		0.0007	-0.0027		-0.0141**	-0.0178**		0.0013	-0.0057		-0.0214**	-0.0277***		6.5124	2.8694
		(0.0095)	(0.0095)		(0.0072)	(0.0072)		(0.0083)	(0.0084)		(0.0092)	(0.0093)		(4.5316)	(4.4840)
Indiv. acc.			0.0447***			0.0327***			0.0279***			-0.0424***			-12.2335*
			(0.0117)			(0.0103)			(0.0108)			(0.0109)			(6.8802)
Emp. plans			-0.0459***			-0.0411***			-0.0213**			0.0214**			-1.4354
			(0.0100)			(0.0091)			(0.0106)			(0.0085)			(7.0357)
Public pension			-0.0033			0.0110			-0.0199			-0.0103			-4.6286
			(0.0136)			(0.0111)			(0.0123)			(0.0122)			(7.8461)
Old-age security			0.0215*			-0.0004			0.0202			0.0256**			16.2635**
			(0.0129)			(0.0108)			(0.0123)			(0.0114)			(6.8201)
R^2	0.184	0.185	0.196	0.060	0.060	0.074	0.097	0.096	0.101	0.140	0.144	0.150	0.140	0.141	0.142
Observations	2,159	2,159	2,159	2,159	2,159	2,159	2,159	2,159	2,159	2,159	2,159	2,159	2,159	2,159	2,159

Note: This table reports the results from OLS regressions. The dependent variables are dummies for employer-sponsored plan coverage (any, DC, DB), ownership of individual retirement accounts (RRSP or TFSA), and total RRSP and TFSA account balances in thousands. Overconfidence is measured as described in Section 3.3. All specifications control for sex, age, education, marital status, employment status, income brackets, employer plan dummies (DB or DC separately), province dummies, and industry dummies. Robust standard errors are in parentheses. ***, **, and * denote significance at the 1 percent, 5 percent, and 10 percent levels, respectively.

Table 4: Knowledge of inflation

	Correct inflation			Inflation error			|Inflation error|		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Overall									
Overconfident	-0.0580***			-0.0147			0.0658		
	(0.0213)			(0.0635)			(0.0623)		
Underconfident	0.0454*			-0.0791*			-0.0908*		
	(0.0239)			(0.0477)			(0.0475)		
Overconfidence in:									
Retirement lit.		-0.0298***			-0.0271			0.0148	
		(0.0097)			(0.0248)			(0.0239)	
Financial lit.		-0.0165*	-0.0200**		0.0390	0.0474*		0.0564**	0.0633**
		(0.0087)	(0.0087)		(0.0259)	(0.0260)		(0.0254)	(0.0256)
Indiv. acc.			-0.0211*			0.0434			0.0913***
			(0.0119)			(0.0287)			(0.0283)
Emp. plans			0.0146			-0.0141			0.0003
			(0.0107)			(0.0206)			(0.0205)
Public pension			-0.0278**			0.0103			0.0016
			(0.0132)			(0.0300)			(0.0291)
Old-age security			0.0162			-0.0932***			-0.1011***
			(0.0135)			(0.0297)			(0.0288)
R^2	0.081	0.084	0.085	0.071	0.071	0.077	0.088	0.089	0.099
Observations	2,159	2,159	2,159	2,013	2,013	2,013	2,013	2,013	2,013

Note: This table reports the results from OLS regressions. The dependent variables are a dummy equal to one if the respondent's point estimate of 12-month CPI inflation falls in the 4–5 percent bracket, the signed and absolute deviation (percentage points) of the respondent's point estimate from the actual 2023 CPI inflation rate (4.5 percent). Overconfidence is measured as described in Section 3.3. All specifications control for sex, age, education, marital status, employment status, income brackets, employer plan dummies (DB or DC separately), province dummies, and industry dummies. Robust standard errors are in parentheses. ***, **, and * denote significance at the 1 percent, 5 percent, and 10 percent levels, respectively.

Table 5: Response to inflation

	Decreased savings			Decreased standards of living			Increased spending			Income increased		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Overall												
Overconfident	-0.1065***			-0.0974***			-0.0841***			-0.0110		
	(0.0262)			(0.0261)			(0.0259)			(0.0249)		
Underconfident	0.0384			0.0333			0.0671**			0.0182		
	(0.0262)			(0.0263)			(0.0265)			(0.0255)		
Overconfidence in:												
Retirement lit.		-0.0128			-0.0170			-0.0345***			-0.0132	
		(0.0113)			(0.0113)			(0.0113)			(0.0109)	
Financial lit.		-0.0410***	-0.0427***		-0.0371***	-0.0391***		-0.0237**	-0.0285***		0.0044	0.0012
		(0.0102)	(0.0103)		(0.0103)	(0.0104)		(0.0103)	(0.0104)		(0.0098)	(0.0098)
Indiv. acc.			0.0246*			0.0257*			-0.0057			0.0111
			(0.0133)			(0.0132)			(0.0136)			(0.0131)
Emp. plans			0.0286**			0.0293**			0.0164			-0.0121
			(0.0118)			(0.0117)			(0.0118)			(0.0113)
Public pension			-0.0231			-0.0471***			-0.0087			-0.0073
			(0.0153)			(0.0151)			(0.0154)			(0.0148)
Old-age security			-0.0385***			-0.0188			-0.0250*			-0.0000
			(0.0146)			(0.0147)			(0.0147)			(0.0143)
R^2	0.043	0.044	0.051	0.041	0.044	0.052	0.036	0.037	0.037	0.103	0.103	0.103
Observations	2,159	2,159	2,159	2,159	2,159	2,159	2,159	2,159	2,159	2,159	2,159	2,159

Note: This table reports the results from OLS regressions. The dependent variables are four self-reported behavioral responses to inflation: reducing retirement savings, reducing standard of living, increasing current spending, and experiencing an income increase. Overconfidence is measured as described in Section 3.3. All specifications control for sex, age, education, marital status, employment status, income brackets, employer plan dummies (DB or DC separately), province dummies, and industry dummies. Robust standard errors are in parentheses. ***, **, and * denote significance at the 1 percent, 5 percent, and 10 percent levels, respectively.

Table 6: Participation and learning

	Multiple participations			Change in retirement score			Change in financial literacy score		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Overall									
Overconfident	-0.0196			-0.2776***			-0.5164***		
	(0.0251)			(0.0688)			(0.0749)		
Underconfident	-0.0404			0.3328***			0.2024***		
	(0.0247)			(0.0745)			(0.0654)		
Overconfidence in:									
Retirement lit.		-0.0045			-0.3411***			0.1094***	
		(0.0108)			(0.0315)			(0.0272)	
Financial lit.		0.0140	0.0124		0.0541**	0.0380		-0.3721***	-0.3835***
		(0.0099)	(0.0100)		(0.0269)	(0.0276)		(0.0272)	(0.0277)
Indiv. acc.			-0.0133			-0.0331			0.0448
			(0.0126)			(0.0343)			(0.0335)
Emp. plans			-0.0195*			0.0481			0.0604**
			(0.0111)			(0.0341)			(0.0280)
Public pension			0.0374***			-0.1377***			0.0319
			(0.0142)			(0.0377)			(0.0385)
Old-age security			-0.0081			-0.1922***			0.0126
			(0.0140)			(0.0410)			(0.0365)
R^2	0.143	0.143	0.147	0.065	0.136	0.121	0.088	0.178	0.185
Observations	2,159	2,159	2,159	1,121	1,121	1,121	1,121	1,121	1,121

Note: This table reports the results from OLS regressions. The dependent variables are a dummy for participating in more than one survey wave, and the within-person changes in retirement-literacy and financial-literacy scores. The learning subsample consists of respondents observed in $\geq$ 2 waves (N = 1,246). Overconfidence is measured as described in Section 3.3. All specifications control for sex, age, education, marital status, employment status, income brackets, employer plan dummies (DB or DC separately), province dummies, and industry dummies. Robust standard errors are in parentheses. ***, **, and * denote significance at the 1 percent, 5 percent, and 10 percent levels, respectively.

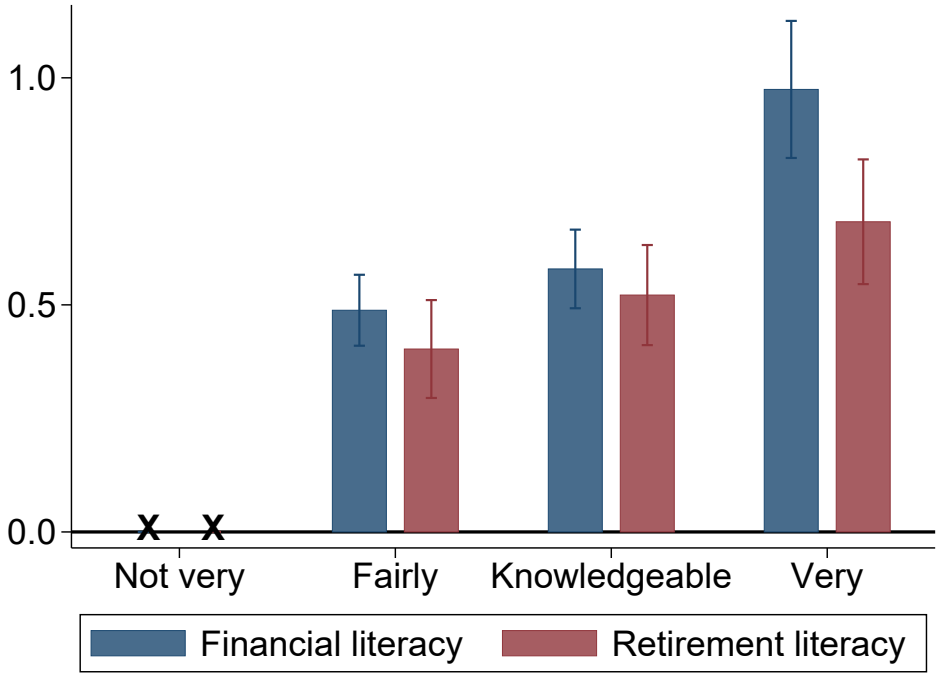
Table 7: Handling the finances in the Household

	(1)	(2)	(3)
Overall			
Overconfident	0.0124		
	(0.0230)		
Underconfident	-0.0470**		
	(0.0233)		
Overconfidence in:			
Retirement lit.		-0.0196**	
		(0.0097)	
Financial lit.		0.0334***	0.0302***
		(0.0090)	(0.0091)
Indiv. acc.			-0.0282**
			(0.0115)
Emp. plans			0.0070
			(0.0102)
Public pension			0.0024
			(0.0132)
Old-age security			0.0092
			(0.0128)
R^2	0.206	0.209	0.210
Observations	2,159	2,159	2,159

Note: This table reports the results from OLS regressions. The dependent variable is a dummy equal to one if the respondent primarily manages household finances. Overconfidence is measured as described in Section 3.3. All specifications control for sex, age, education, marital status, employment status, income brackets, employer plan dummies (DB or DC separately), province dummies, and industry dummies. Robust standard errors are in parentheses. ***, **, and * denote significance at the 1 percent, 5 percent, and 10 percent levels, respectively.

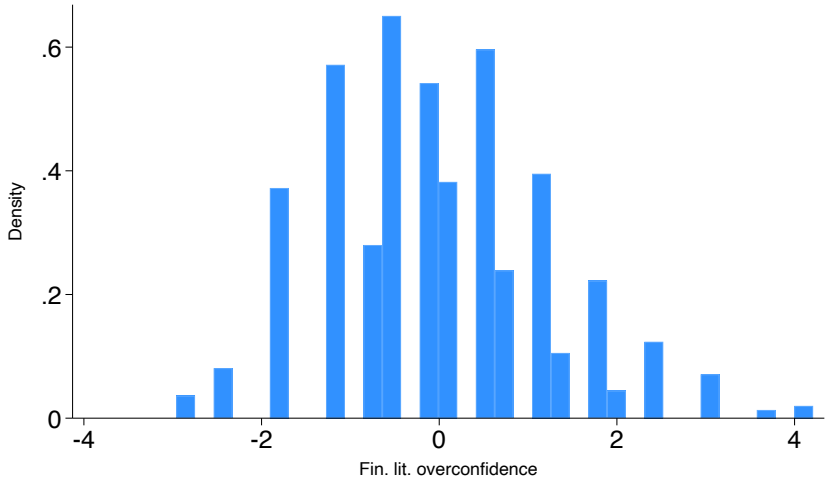
Appendix Figures

Figure A1: Objective and subjective knowledge
(Fairly knowledgeable is the omitted group)

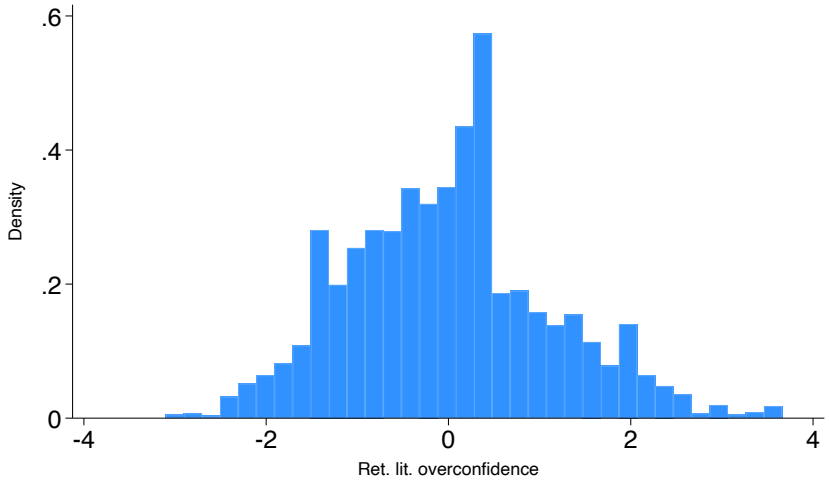


Note: This figure reports regression results linking subjective (x-axis) and objective (y-axis) measures of financial and retirement knowledge. All regressions control for sex, age, education, marital status, employment status, income brackets, employer plan type (DB and DC separately), province, and industry. The omitted category is respondents who report being "not very knowledgeable," which serves as the reference group.

Figure A2: Distribution of overconfidence



(a) Financial literacy



(b) Retirement system literacy

Note: This figure shows the distribution of overconfidence in financial literacy (Panel a) and retirement literacy (Panel b).

Appendix Tables

Table A1: Determinants of financial literacy and retirement knowledge

	Financial literacy	Retirement literacy				
	Total score	Total score	Indiv. acc.	Emp. plans	Public pension	O-a security
Female	-0.3240***	-0.1251***	-0.0759*	-0.2002***	-0.1101**	-0.0629
	(0.0420)	(0.0425)	(0.0432)	(0.0429)	(0.0444)	(0.0444)
Married	-0.0197	-0.0043	-0.0860*	0.0643	0.0038	0.0272
	(0.0451)	(0.0450)	(0.0471)	(0.0460)	(0.0464)	(0.0473)
Employment						
(employed omitted)						
Self-employed	0.1043	-0.0406	-0.0487	-0.1048	-0.0762	0.0479
	(0.0698)	(0.0661)	(0.0725)	(0.0670)	(0.0692)	(0.0688)
Unemployed	0.1913**	0.0452	0.0294	0.0734	0.0312	0.0275
	(0.0853)	(0.0849)	(0.0863)	(0.0837)	(0.0883)	(0.0883)
Has DC plan	0.1724***	0.2508***	0.0691	0.4583***	0.1756***	0.2029***
	(0.0543)	(0.0576)	(0.0581)	(0.0641)	(0.0592)	(0.0600)
Has DB plan	0.2013***	0.4223***	0.2415***	0.4676***	0.3887***	0.3021***
	(0.0479)	(0.0516)	(0.0521)	(0.0582)	(0.0521)	(0.0532)
Education						
(H.S. omitted)						
Some College	0.1496**	0.0950	0.1096*	0.0910	0.0777	0.0377
	(0.0667)	(0.0610)	(0.0661)	(0.0655)	(0.0687)	(0.0681)
Bachelor's or more	0.5375***	0.3517***	0.4381***	0.3303***	0.1539**	0.2208***
	(0.0666)	(0.0624)	(0.0671)	(0.0689)	(0.0688)	(0.0699)
Age (under 40 omitted)						
40-44	0.0372	0.0600	0.0659	0.0032	0.0222	0.0712
	(0.0648)	(0.0636)	(0.0665)	(0.0632)	(0.0679)	(0.0653)
45-49	0.1147*	0.2045***	0.1304**	0.0232	0.2147***	0.2037***
	(0.0639)	(0.0631)	(0.0649)	(0.0638)	(0.0660)	(0.0659)
50-54	0.2086***	0.3305***	0.2436***	0.0777	0.3862***	0.2549***
	(0.0601)	(0.0599)	(0.0640)	(0.0621)	(0.0627)	(0.0629)
55+	0.1799***	0.8211***	0.4236***	0.1144	1.0703***	0.7260***
	(0.0692)	(0.0704)	(0.0757)	(0.0765)	(0.0720)	(0.0764)
Income						
(under 30,000 omitted)						
30k-90k	0.3043***	0.2345***	0.2167***	0.0770	0.1933***	0.1994***
	(0.0817)	(0.0713)	(0.0792)	(0.0702)	(0.0716)	(0.0742)
90k-120k	0.3544***	0.2934***	0.3555***	0.0832	0.2352***	0.1929**
	(0.0871)	(0.0803)	(0.0882)	(0.0820)	(0.0825)	(0.0830)
120k+	0.4792***	0.3702***	0.4667***	0.1718**	0.3203***	0.1812**
	(0.0827)	(0.0747)	(0.0834)	(0.0761)	(0.0747)	(0.0770)
Constant	-0.7200***	-0.7255***	-0.6245***	-0.6023***	-0.5813***	-0.5071***
	(0.1154)	(0.1073)	(0.1166)	(0.1103)	(0.1141)	(0.1144)
R^2	0.197	0.200	0.146	0.169	0.174	0.112
Observations	2,159	2,159	2,159	2,159	2,159	2,159

Note: This table reports the results from OLS regressions of standardized objective-knowledge scores on respondent characteristics. The dependent variable in column (1) is the standardized share of correct answers to the six financial-literacy questions; column (2) uses the standardized share of correct answers to the 23 retirement-literacy questions; columns (3)–(6) repeat the specifications for each category of the retirement literacy score. All specifications include province dummies and industry dummies. Robust standard errors are in parentheses. ***, **, and * denote significance at the 1 percent, 5 percent, and 10 percent levels, respectively.

Table A2: Determinants of overconfidence

	Overall confidence		Financial literacy	Retirement literacy				
	Under	Over	Total score	Total score	Indiv. acc.	Emp. plans	Public pension	O-a security
Female	0.0929***	-0.1002***	-0.2947***	-0.2708***	-0.3252***	-0.1450***	-0.2611***	-0.2898***
	(0.0187)	(0.0181)	(0.0434)	(0.0426)	(0.0520)	(0.0554)	(0.0504)	(0.0469)
Financial literacy	0.0044***	-0.0064***	-0.0346***	-0.0006	-0.0057***	-0.0010	0.0001	0.0029***
	(0.0004)	(0.0004)	(0.0010)	(0.0010)	(0.0012)	(0.0012)	(0.0012)	(0.0011)
Retirement literacy	0.0036***	-0.0028***	0.0101***	-0.0273***	-0.0156***	-0.0092***	-0.0205***	-0.0240***
	(0.0005)	(0.0004)	(0.0011)	(0.0011)	(0.0012)	(0.0014)	(0.0012)	(0.0012)
Married	0.0160	0.0182	0.0065	0.0557	0.1340**	-0.0097	0.0491	0.0279
	(0.0195)	(0.0197)	(0.0464)	(0.0447)	(0.0557)	(0.0578)	(0.0519)	(0.0501)
Employment (employed omitted)								
Self-employed	-0.0452	0.0684**	0.2089***	0.2166***	0.2506***	0.2986***	0.2535***	0.1258
	(0.0285)	(0.0304)	(0.0722)	(0.0696)	(0.0847)	(0.0872)	(0.0798)	(0.0792)
Unemployed	0.0147	-0.0384	-0.0000	-0.2417***	-0.2140**	-0.2873**	-0.2385**	-0.2463**
	(0.0389)	(0.0388)	(0.0986)	(0.0869)	(0.1038)	(0.1129)	(0.0934)	(0.1020)
Has DC plan	-0.0169	-0.0039	-0.0521	0.0963*	0.2225***	-0.2165***	0.1282**	0.1060*
	(0.0249)	(0.0226)	(0.0540)	(0.0553)	(0.0682)	(0.0769)	(0.0643)	(0.0626)
Has DB plan	-0.0206	0.0446**	0.0543	0.2233***	0.3017***	-0.0073	0.1919***	0.2857***
	(0.0227)	(0.0213)	(0.0509)	(0.0506)	(0.0611)	(0.0700)	(0.0589)	(0.0575)
Education (H.S. omitted)								
Some College	-0.0515*	0.0489	0.1728**	0.0891	0.0668	0.0522	0.0892	0.1222
	(0.0302)	(0.0321)	(0.0718)	(0.0680)	(0.0828)	(0.0899)	(0.0792)	(0.0775)
Bachelor's or more	-0.0834***	0.0444	0.2023***	0.1145*	-0.0019	-0.0158	0.2397***	0.1611**
	(0.0310)	(0.0327)	(0.0713)	(0.0687)	(0.0847)	(0.0926)	(0.0800)	(0.0790)
Age (under 40 omitted)								
40-44	-0.0213	-0.0186	-0.0137	-0.0587	-0.0773	-0.0296	-0.0325	-0.0775
	(0.0265)	(0.0288)	(0.0653)	(0.0657)	(0.0800)	(0.0834)	(0.0771)	(0.0718)
45-49	-0.0076	-0.0622**	-0.1325**	-0.1221**	-0.0950	-0.0350	-0.1624**	-0.1481**
	(0.0268)	(0.0273)	(0.0630)	(0.0622)	(0.0775)	(0.0816)	(0.0724)	(0.0687)
50-54	0.0029	-0.0520*	-0.1103*	-0.1356**	-0.1208	-0.0339	-0.2377***	-0.1091
	(0.0265)	(0.0267)	(0.0618)	(0.0613)	(0.0760)	(0.0807)	(0.0719)	(0.0681)
55+	-0.0265	-0.0717**	-0.1408*	-0.1200	0.0488	0.2059**	-0.4707***	-0.1108
	(0.0338)	(0.0320)	(0.0754)	(0.0753)	(0.0934)	(0.1014)	(0.0888)	(0.0838)
Income (under 30,000 omitted)								
30k-90k	0.0016	-0.0684**	-0.0476	-0.1493**	-0.1606*	-0.0969	-0.1493*	-0.1628**
	(0.0305)	(0.0333)	(0.0761)	(0.0743)	(0.0943)	(0.0931)	(0.0842)	(0.0828)
90k-120k	-0.0285	-0.0458	0.0738	-0.1112	-0.2113**	-0.0331	-0.1047	-0.0718
	(0.0348)	(0.0366)	(0.0852)	(0.0828)	(0.1063)	(0.1059)	(0.0949)	(0.0912)
120k+	-0.0521	-0.0138	0.1892**	-0.0444	-0.1841*	-0.0107	-0.0587	0.0615
	(0.0318)	(0.0350)	(0.0790)	(0.0777)	(0.1000)	(0.0990)	(0.0879)	(0.0862)
Constant	-0.1048**	0.7687***	1.6678***	1.1768***	1.0249***	0.5609***	0.8984***	0.7289***
	(0.0487)	(0.0538)	(0.1220)	(0.1216)	(0.1473)	(0.1527)	(0.1396)	(0.1361)
R^2	0.154	0.223	0.414	0.351	0.175	0.067	0.222	0.235
Observations	2,159	2,159	2,159	2,159	2,159	2,159	2,159	2,159

Note: This table reports the results from OLS regressions of overconfidence measures on respondent characteristics. The dependent variables in columns (1) and (2) are dummies indicating whether the respondent is under and over-confident, respectively; in column (3) it is the standardized overconfidence index for financial literacy; column (4) repeats the specification for the retirement-literacy overconfidence index; columns (5)–(8) repeat the specifications for each category of the retirement literacy score. All specifications include province dummies and industry dummies. Robust standard errors are in parentheses. ***, **, and * denote significance at the 1 percent, 5 percent, and 10 percent levels, respectively.

A Survey Instrument

INSTRUCTIONS INCLUDED WITH AN ANONYMOUS QUESTIONNAIRE

2023 SURVEY ON KNOWLEDGE OF THE RETIREMENT INCOME SYSTEM

The following pages contain an anonymous questionnaire, which we invite you to complete. This questionnaire was developed as part of a research project at HEC Montréal.

Since your first impressions best reflect your true opinions, we would ask that you please answer the questions without any hesitation. We ask, however, that you take the time needed to consider certain questions on knowledge, which might involve concepts you are less familiar with. There is no time limit for completing the questionnaire, although we have estimated that it should take approximately 10 minutes.

The information collected will be anonymous and will remain strictly confidential. It will be used solely for the advancement of knowledge and the dissemination of the overall results in academic or professional forums. It is possible that the collected data will be shared with other researchers, solely for non-commercial research purposes, but for projects other than the one for which the data was originally collected. The anonymized dataset resulting from the survey may, at a later date, be made publicly available for academic research purposes.

The online data collection provider agrees to refrain from disclosing any personal information (or any other information concerning participants in this study) to any other users or to any third party, unless the respondent expressly agrees to such disclosure or unless such disclosure is required by law.

You are free to refuse to participate in this project and you may decide to stop answering the questions at any time. By completing this questionnaire, you will be considered as having given your consent to participate in our research project and to the potential use of data collected from this questionnaire in future research. Since the questionnaire is anonymous, you will no longer be able to withdraw from the research project once you have completed the questionnaire, because it will be impossible to determine which of the answers are yours.

If you have any questions about this research, please contact the principal investigator, Pierre-Carl Michaud, at the telephone number or email address indicated below.

HEC Montréal's Research Ethics Board has determined that the data collection related to this study meets the ethics standards for research involving humans. If you have any questions related to ethics, please contact the REB secretariat at (514) 340-6051 or by email at cer@hec.ca.

Thank you for your valuable cooperation!

Pierre-Carl Michaud
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HEC Montréal
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Section 1: Socio-demographics

QA What was your sex at birth?
1 Male
2 Female

QA2 What is your gender?
1 Male
2 Female
3 Other – please specify: [PN : ALLOW TEXT BOX HERE]

QB_1 How old are you?
Please Enter [TERMINATE IF NOT 35+]
[PN: MUST ENTER THE 2 CHARACTERS]

QC Which province or territory do you live in?
1. British Columbia
2. Alberta
3. Saskatchewan
4. Manitoba
5. Ontario
6. Quebec
7. New Brunswick
8. Nova Scotia
9. Prince Edward Island
10. Newfoundland and Labrador
11. Northwest Territories [Screen Out]
12. Nunavut [Screen Out]
13. Yukon [Screen Out]
14. None of the above [Screen Out]

*****

Q1. What is the highest degree, certificate or diploma you have obtained?
1 Less than high school diploma or its equivalent
2 High school diploma or a high school equivalency certificate
3 Trade certificate or diploma
4 College, CEGEP or other non-university certificate or diploma (other than trades certificates or diplomas)
5 University certificate or diploma below the bachelor's level
6 Bachelor's degree (e.g. B.A., B.Sc., LL.B.)
7 University degree above the bachelor's level

Q2. What is your marital status?
1 married
2 living common-law
3 widowed
4 separated
5 divorced
6 single, never married

Q2a What is your immigrant status?
1 Non-immigrant [MOUSEOVER: "This category includes persons who are Canadian citizens by birth"]
2 Immigrant [MOUSEOVER: "This category includes persons who are, or who have ever been, landed immigrants or permanent residents. Such persons have been granted the right to live in Canada permanently by immigration authorities. Immigrants who have obtained Canadian citizenship by naturalization are included in this category"]
3 Non-permanent resident [MOUSEOVER: "This category includes persons from another country with a usual place of residence in Canada and who have a work or study permit or who have claimed refugee status (asylum claimants)"]

Q3. Who would you say primarily handles your household's financial matters?
1 I do
2 My partner does [ONLY SHOW IF Q2==1,2]
3 My partner and I equally do [ONLY SHOW IF Q2==1,2]
4 Someone else does, for example a relative
8888888 Prefer not to say

Q4. For 2023, what is your best estimate of the total income received by all members of your household, from all sources, before taxes and deductions?
Numeric ($0-$5,000,000)
9999999 Don't know or prefer not to say

IF Q4==9999999
    Q4a Is it more than $60,000? 1 Yes 2 No 8888888 Prefer not to say 7777777 Don't know

    IF Q4a==1
        Q4b Is it less than $120,000? 1 Yes 2 No 8888888 Prefer not to say 7777777 Don't know

        IF Q4b == 1
            Q4c Is it more than $90,000? 1 Yes 2 No 8888888 Prefer not to say 7777777 Don't know
        END IF

ELSE IF Q4a==2

Q4d Is it more than $30,000? 1 Yes 2 No 8888888 Prefer not to say 7777777 Don't know

END IF

END IF

Q4e. In 2023, has the total income received by all members of your household, from all sources (before taxes and deductions) changed relative to what it was in 2022?
1 Yes, it increased
2 Yes, it decreased
3 No
7777777 Don't know
8888888 Prefer not to say

Q5. Which of the following statements best describes your work situation for 2023?
1 Employed (full time, part time, seasonal work)
2 Self-employed
3 Unpaid worker in a family business
4 Retired
5 Did not work, but for a reason other than retirement

IF Q5==1,2,3,5

Q5a What is your best estimate of what total income received by all members of your household will be once you are fully retired, as a fraction of your current income?
Numeric (0%-200%)
9999999 Don't know or prefer not to say

IF Q5a==9999999

Q5b Is it more than 50%? 1 Yes 2 No 8888888 Prefer not to say 7777777 Don't know

IF Q5b==1

Q5c Is it less than 75%? 1 Yes 2 No 8888888 Prefer not to say 7777777 Don't know

IF Q5c == 1

Q5d Is it more than 62.5%? 1 Yes 2 No 8888888 Prefer not to say 7777777 Don't know

ELSE IF Q5c == 2

Q5e Is it less than 87.5%? 1 Yes 2 No 8888888 Prefer not to say 7777777 Don't know

END IF

ELSE IF Q5b==2

Q5f Is it more than 25%? 1 Yes 2 No 8888888 Prefer not to say 7777777 Don't know

IF Q5f == 1

Q5d Is it more than 37.5%? 1 Yes 2 No 8888888 Prefer not to say 7777777 Don't know

ELSE IF Q5f == 2

Q5e Is it less than 12.5%? 1 Yes 2 No 8888888 Prefer not to say 7777777 Don't know

END IF

END IF

END IF

Q6. Do you have a financial plan for your retirement?
1 Yes
2 No
8888888 Prefer not to say
7777777 Don't know

END IF

Q6a Which of the following industries best describes the one in which you mostly worked in 2023 (in hours, weeks, or months)?

If you did not work in 2023, please select an answer based on the most recent year during which you worked.
[PN : POSSIBLE TO USE A DROP-DOWN MENU?]
1 Agriculture, forestry, fishing and hunting
2 Mining, quarrying, and oil and gas extraction
3 Utilities
4 Construction
5 Manufacturing
6 Wholesale trade
7 Retail trade
8 Transportation and warehousing
9 Information and cultural industries
10 Finance and insurance
11 Real estate and rental and leasing
12 Professional, scientific and technical services
13 Management of companies and enterprises
14 Administrative and support, waste management and remediation services

15 Educational services
16 Health care and social assistance
17 Arts, entertainment and recreation
18 Accommodation and food services
19 Other services (except public administration)
20 Public administration
7777777 Don't know

Q7. Do you currently contribute to, or receive benefits from (in the form of regular payments), an employer-provided pension plan?
[ALLOW MULTI-SELECT FOR ANSWERS 1 AND 2]
1 Yes, I currently contribute
2 Yes, I currently receive benefits
3 No
7777777 Don't know

IF Q7==1,2

Q7a Among the following plan types, please select the one(s) to which you are **currently** contributing or from which you are **currently** receiving benefits [MULTI-SELECT]
1 Defined benefit (DB) pension plan
2 Defined contribution (DC) pension plan
3 Hybrid pension plan
4 Group RRSP (Registered Retirement Savings Plan)
5 Group TFSA (Tax-Free Savings Account)
6 Voluntary Retirement Savings Plan (VRSP), in Quebec, or Pooled Registered Pension Plan (PRPP), in other provinces
7777777 Don't know

END IF

Q8. What is your best estimate of how much you have accumulated in **individual** (non-group, i.e. not employer-provided) Registered Retirement Savings Plans (RRSPs)?
Numeric ($0-$2,000,000)
9999999 Don't know or prefer not to say

IF Q8==9999999

Q8a Is it more than $50,000? 1 Yes 2 No 8888888 Prefer not to say 7777777 Don't know

IF Q8a==1

Q8b Is it less than $200,000? 1 Yes 2 No 8888888 Prefer not to say 7777777 Don't know

ELSE IF Q8a==2

Q8c Is it more than $10,000? 1 Yes 2 No 8888888 Prefer not to say 7777777 Don't know

END IF

END IF

Q9. What is your best estimate of how much you have accumulated in **individual** (non-group) Tax-Free Savings Accounts (TFSAs) and other non-employer provided savings accounts?
Numeric ($0-$2,000,000)
9999999 Don't know or prefer not to say

IF Q9==9999999

Q9a Is it more than $50,000? 1 Yes 2 No 8888888 Prefer not to say 7777777 Don't know

IF Q9a==1

Q9b Is it less than $200,000? 1 Yes 2 No 8888888 Prefer not to say 7777777 Don't know

ELSE IF Q9a==2

Q9c Is it more than $10,000? 1 Yes 2 No 8888888 Prefer not to say 7777777 Don't know

END IF

END IF

Section 2: Core Competencies (6+2 questions)

We would now like to ask you a few questions concerning your familiarity and ease with certain financial concepts. Please answer the questions as best you can.

Q9d. How knowledgeable do you consider yourself with respect to financial matters?
1 Not very knowledgeable
2 Fairly knowledgeable
3 Knowledgeable
4 Very knowledgeable
7777777 Don't know
8888888 Prefer not to say

Q9e. How knowledgeable do you consider yourself with respect to the Canadian retirement income system?
1 Not very knowledgeable
2 Fairly knowledgeable
3 Knowledgeable
4 Very knowledgeable
7777777 Don't know
8888888 Prefer not to say

Q10. Suppose you had $100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow during these 5 years?
1 More than $102
2 Exactly $102
3 Less than $102
7777777 Don't know
8888888 Prefer not to say

Q11. Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, with the money in this account, would you be able to buy…
1 More than today
2 Exactly the same as today
3 Less than today
7777777 Don't know
8888888 Prefer not to say

Q12. If interest rates rise, what will typically happen to bond prices?
1 They will rise
2 They will fall
3 They will stay the same

4 There is no relationship between bond prices and the interest rate
7777777 Don’t know
8888888 Prefer not to say

Q13. Suppose you owe $1,000 on a loan and the interest rate you are charged is 20% per year compounded annually. If you didn’t pay anything off, at this interest rate, how many years would it take for the amount you owe to double?
1 Less than 2 years
2 At least 2 years but less than 5 years
3 At least 5 years but less than 10 years
4 At least 10 years
7777777 Don’t know
8888888 Prefer not to say

[SHOW ON A NEW, SEPARATE SCREEN]
Do you think the following statements are true or false?

[SHOW ON A NEW, SEPARATE SCREEN]
Q14. “Buying a single company’s stock usually provides a safer return than a stock mutual fund.”
1 True
2 False
7777777 Don’t know
8888888 Prefer not to say

[SHOW ON A NEW, SEPARATE SCREEN]
Q15. “A 15-year mortgage typically requires higher monthly payments than a 30-year mortgage, but the total interest paid over the life of the loan will be less."
1 True
2 False
7777777 Don’t know
8888888 Prefer not to say

Section 3: Knowledge of Tax-Preferred Saving (6 questions)

The next questions are about Registered Retirement Savings Plans (RRSPs) and Tax-Free Savings Accounts (TFSAs), whether group-based or individual.

Q16. According to you, are the contributions made to an RRSP or to a TFSA deductible from taxable income?
1 Yes, for the RRSP only
2 Yes, for the TFSA only
3 Yes, for both the RRSP and the TFSA
4 No, for neither the RRSP nor the TFSA
7777777 Don't know
8888888 Prefer not to say

Q17. According to you, when money is withdrawn from an RRSP or from a TFSA, is it subject to income tax in the year of the withdrawal? Assume the withdrawn amount **is not** used for the Home Buyers' Plan (HBP) or the Lifelong Learning Plan (LLP).
1 Yes, for the RRSP only
2 Yes, for the TFSA only
3 Yes, for both the RRSP and the TFSA
4 No, for neither the RRSP nor the TFSA
7777777 Don't know
8888888 Prefer not to say

Q18. Money invested in an RRSP or in a TFSA can generate returns in the form of interest, dividends or capital gains. According to you, are these returns subject to income tax in the year during which they were generated?
1 Yes, for the RRSP only
2 Yes, for the TFSA only
3 Yes, for both the RRSP and the TFSA
4 No, for neither the RRSP nor the TFSA
7777777 Don't know
8888888 Prefer not to say

Q19. According to you, is there a penalty associated with withdrawing money from an RRSP or from a TFSA before retirement? Assume the withdrawn amount **is not** used for the Home Buyers' Plan (HBP) or the Lifelong Learning Plan (LLP).
1 Yes, for the RRSP only
2 Yes, for the TFSA only
3 Yes, for both the RRSP and the TFSA
4 No, for neither the RRSP nor the TFSA
7777777 Don't know
8888888 Prefer not to say

Q20. Let's assume you withdraw $1,000 from an RRSP or from a TFSA. According to you, will this withdrawn amount be added to your future contribution room?
1 Yes, for the RRSP only
2 Yes, for the TFSA only
3 Yes, for both the RRSP and the TFSA
4 No, for neither the RRSP nor the TFSA
7777777 Don't know
8888888 Prefer not to say

Q21. In your opinion, is there a maximum age at which the funds must be withdrawn from an RRSP or a TFSA?
1 Yes, for the RRSP only
2 Yes, for the TFSA only
3 Yes, for both the RRSP and the TFSA
4 No, there is no maximum age
7777777 Don't know
8888888 Prefer not to say

The following sections include questions about your knowledge of certain pension and retirement programs. Please answer the questions to the best of your knowledge, without any outside assistance. The latter is of utmost importance to reach the research objectives behind this questionnaire.

Section 4: Knowledge of Employer Pensions (3 questions)

We are interested in your general knowledge of employer-sponsored pension plans and associated risks.

Q22. In which type of pension plan can a worker generally choose how much to contribute?
1 Defined-contribution plans
2 Defined-benefit plans
3 Both defined-contribution and defined-benefit plans
4 None of the above
7777777 Don't know
8888888 Prefer not to say

Q23. For which type of plan do retirement payments depend on the returns generated on financial markets?
1 Defined-contribution plans
2 Defined-benefit plans
3 Both defined-contribution and defined-benefit plans
4 None of the above
7777777 Don't know
8888888 Prefer not to say

Q24. Which type of plan offers a protection against the risk of living to age 100 without having sufficient savings to pay for expenses?
1 Defined-contribution plans
2 Defined-benefit plans
3 Both defined-contribution and defined-benefit plans
4 None of the above
7777777 Don't know
8888888 Prefer not to say

Section 5: Knowledge of CPP/QPP (6+1 questions)

We are now interested in your knowledge of the Canada Pension Plan (CPP).

Q25. Retirement benefits from the CPP [RANDOMIZE ORDER OF RESPONSES]:
[SINGLE SELECT]
1 Are generally a fixed amount per person
2 Depend entirely on the recipient's income in the previous year
3 Are based on a recipient's pensionable career earnings
4 Are based on the value of contributions made to the plan by the recipient, plus a fixed return
5 Are based on the value of contributions made to the plan by the recipient, plus a variable return that depends on financial markets returns
7777777 Don't know
8888888 Prefer not to say

Q26. CPP retirement benefits can start being drawn when the would-be recipient reaches:
1 Age 60
2 Age 65
3 Age 70
4 35 years of contribution
7777777 Don't know
8888888 Prefer not to say

Q27. If someone begins to draw CPP retirement benefits earlier than some "normal age", is there a penalty (a reduction in the amount of the monthly benefit received)?
1 Yes
2 No
7777777 Don't know
8888888 Prefer not to say

Q28. If someone begins to draw CPP retirement benefits later than some "normal age", is there a bonus (an increase in the amount of the monthly benefit received)?
1 Yes
2 No
7777777 Don't know
8888888 Prefer not to say

Q29. CPP benefits are…
1 … taxable, at the federal level only
2 … taxable, at the provincial level only
3 … taxable, at both the federal and provincial levels
4 … not taxable

7777777 Don’t know
8888888 Prefer not to say

Q29a. In your opinion, are benefits paid by the Canada Pension Plan (CPP) adjusted over time to account for changes in the cost of living? [RANDOMIZE ORDER OF RESPONSES] [SINGLE SELECT]
1 No, they are not
2 Yes, they are adjusted to changes in the Consumer Price Index (or CPI)
3 Yes, they are adjusted to changes in the Average Industrial Wage
7777777 Don’t know
8888888 Prefer not to say

Q30. When receiving CPP retirement benefits, you…
1 … must stop working completely and definitely
2 … must stop working for a period of time, after which you can work again
3 … must reduce your working hours by at least 20% compared to the year prior to your initial benefit claim
4 … can keep working without change or interruption
7777777 Don’t know
8888888 Prefer not to say

IF QC==6, use this version of Section 5

We are now interested in your knowledge of the Quebec Pension Plan (QPP).

Q25q Retirement benefits from the QPP [RANDOMIZE ORDER OF RESPONSES]: [SINGLE SELECT]
1 Are generally a fixed amount per person
2 Depend entirely on the recipient’s income in the previous year
3 Are based on a recipient’s pensionable career earnings
4 Are based on the value of contributions made to the plan by the recipient, plus a fixed return
5 Are based on the value of contributions made to the plan by the recipient, plus a variable return that depends on financial markets returns
7777777 Don’t know
8888888 Prefer not to say

Q26q QPP retirement benefits can start being drawn when the would-be recipient reaches:
1 Age 60
2 Age 65
3 Age 70
4 35 years of contribution
7777777 Don’t know
8888888 Prefer not to say

Q27q If someone begins to draw QPP retirement benefits earlier than some "normal age", is there a penalty (a reduction in the amount of the monthly benefit received)?
1 Yes
2 No
7777777 Don't know
8888888 Prefer not to say

Q28q If someone begins to draw QPP retirement benefits later than some "normal age", is there a bonus (an increase in the amount of the monthly benefit received)?
1 Yes
2 No
7777777 Don't know
8888888 Prefer not to say

Q29q QPP benefits are…
1 … taxable, at the federal level only
2 … taxable, at the provincial level only
3 … taxable, at both the federal and provincial levels
4 … not taxable
7777777 Don't know
8888888 Prefer not to say

Q29aq. In your opinion, are benefits paid by the Quebec Pension Plan (QPP) adjusted over time to account for changes in the cost of living? [RANDOMIZE ORDER OF RESPONSES]
[SINGLE SELECT]
1 No, they are not
2 Yes, they are adjusted to changes in the Consumer Price Index (or CPI)
3 Yes, they are adjusted to changes in the Average Industrial Wage (or AIW)
7777777 Don't know
8888888 Prefer not to say

Q30q When receiving QPP retirement benefits, you…
1 … must stop working completely and definitely
2 … must stop working for a period of time, after which you can work again
3 … must reduce your working hours by at least 20% compared to the year prior to your initial benefit claim
4 … can keep working without change or interruption
7777777 Don't know
8888888 Prefer not to say

END IF

Section 6: Knowledge of OAS and GIS (8 questions)

Finally, we are interested in your knowledge of Old Age Security (OAS) and the Guaranteed Income Supplement (GIS).

Q31. OAS benefits [RANDOMIZE ORDER OF RESPONSES]:
[SINGLE SELECT]
1 Are generally a fixed amount per person
2 Depend entirely on the recipient's income in the previous year
3 Are based on a recipient's career pensionable earnings
4 Are based on the value of contributions made to the plan by the recipient, plus a fixed return
5 Are based on the value of contributions made to the plan by the recipient, plus a variable return that depends on financial markets returns
7777777 Don't know
8888888 Prefer not to say

Q32. OAS benefits can start being drawn when the would-be recipient reaches:
1 Age 60
2 Age 65
3 Age 70
4 35 years of contribution
7777777 Don't know
8888888 Prefer not to say

Q33. Can OAS benefits be reduced if the beneficiary's non-OAS and non-GIS income exceeds a certain threshold?
1 Yes
2 No
3 It depends on the type of income
7777777 Don't know
8888888 Prefer not to say

Q34. OAS benefits are…
1 … taxable, at the federal level only
2 … taxable, at the provincial level only
3 … taxable, at both the federal and provincial levels
4 … not taxable
7777777 Don't know
8888888 Prefer not to say

Q35. Guaranteed Income Supplement (GIS) benefits [RANDOMIZE ORDER OF RESPONSES]:
[SINGLE SELECT]

1 Are generally a fixed amount per person
2 Depend entirely on the recipient's income in the previous year
3 Are based on a recipient's career pensionable earnings
4 Are based on the value of contributions made to the plan by the recipient, plus a fixed return
5 Are based on the value of contributions made to the plan by the recipient, plus a variable return that depends on financial markets returns
7777777 Don't know
8888888 Prefer not to say

Q36. GIS benefits can start being drawn when the would-be recipient reaches:
1 Age 60
2 Age 65
3 Age 70
4 35 years of contribution
7777777 Don't know
8888888 Prefer not to say

Q37. Can GIS benefits be reduced if the beneficiary's non-OAS and non-GIS income exceeds a certain threshold?
1 Yes
2 No
3 It depends on the type of income
7777777 Don't know
8888888 Prefer not to say

Q38. GIS benefits are…
1 … taxable, at the federal level only
2 … taxable, at the provincial level only
3 … taxable, at both the federal and provincial levels
4 … not taxable
7777777 Don't know
8888888 Prefer not to say

Q38a. In your opinion, are the Old Age Security pension (OAS) and the Guaranteed Income Supplement (GIS) adjusted over time to account for changes in the cost of living? [RANDOMIZE ORDER OF RESPONSES]
[SINGLE SELECT]
1 No, they are not
2 Yes, they are adjusted to changes in the Consumer Price Index (or CPI)
3 Yes, they are adjusted to changes in the Average Industrial Wage
7777777 Don't know
8888888 Prefer not to say

Section 7: Inflation (4 questions)

Q39. What do you think the rate of inflation or deflation was in Canada over the last 12 months? Please enter a number between -20% or +20%

Over the last 12 months, the rate of inflation or deflation was _____ %.
[ALLOW NUMERIC VALUE BETWEEN -20 AND +20]
[MOUSEOVER FOR "inflation": "Inflation is a measure of the overall rise in prices of goods and services over a given period of time". MOUSEOVER FOR "deflation": "Deflation is the opposite of inflation"]
7777777 Don't know
8888888 Prefer not to say

IF Q5==1,2,3,5
Q40. In 2023, have your household's **savings** changed because of **inflation**, relative to 2022?
1 Yes, they increased
2 Yes, they decreased
3 No
7777777 Don't know
8888888 Prefer not to say

ELSE IF Q5==4
Q40a. In 2023, has your household's **asset decumulation (or savings withdrawal)** changed because of **inflation**, relative to 2022?
1 Yes, it increased
2 Yes, it decreased
3 No
7777777 Don't know
8888888 Prefer not to say
END IF
END IF

Q41. In 2023, did your standard of living change because of **inflation**, relative to 2022?
1 Yes, it increased
2 Yes, it decreased
3 No
7777777 Don't know
8888888 Prefer not to say

Q42. In 2023, has your household's monthly spending changed because of **inflation**, relative to its 2022 average?
1 Yes, it increased
2 Yes, it decreased
3 No

7777777 Don’t know
8888888 Prefer not to say

TOTAL: 42 questions