

# 2019 Canadian Financial Security Monitor

## Primerica Insights Report



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The *2019 Canadian Financial Security Monitor* revealed how middle-income Canadians feel about their personal financial situation, and how active they are in planning for their financial security.

Middle-income Canadians generally don't believe they're meeting their financial goals and are open to seeking help. They want to learn more about saving, budgeting and investing to better protect their families from inevitable financial stresses. They are especially interested in learning more about how to save for retirement.

Additionally, The Monitor's *Financial Security Scorecard* - which measures individual financial security preparedness - found that few Canadians earn an A or B for preparedness based on answers to key indicators.



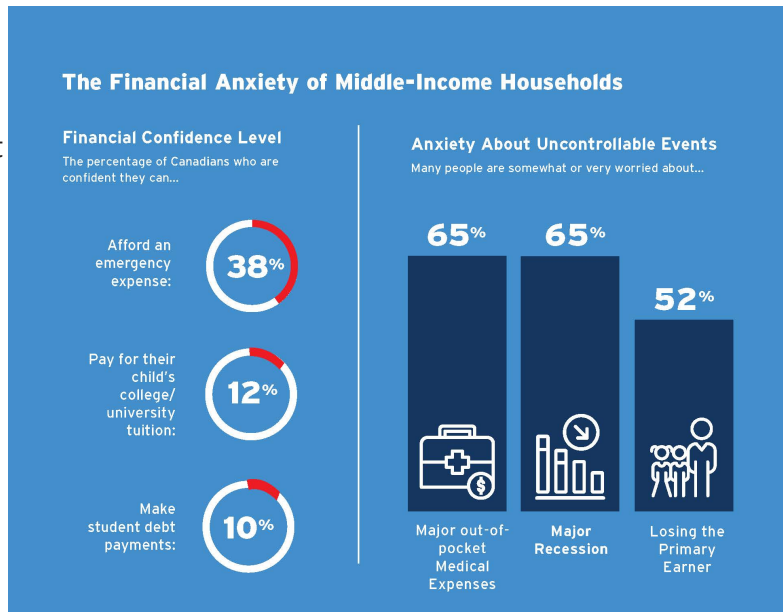
# 1

## Financial anxiety & preparedness among middle-income Canadians.

According to Primerica's 2019 Canadian Financial Security Monitor, middle-income Canadians' financial anxieties are tied to concerns about their long-term financial security. But most aren't taking the necessary steps to build a more secure future.

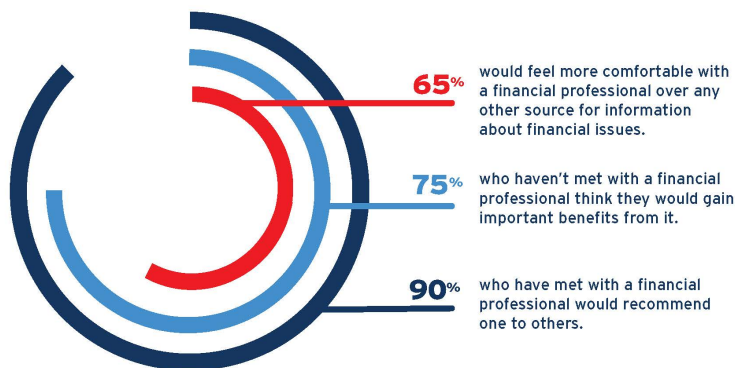
### Key Data Points:

- 61% have made at least one costly financial decision, with an average loss reported at \$29,000.
- 47% fear not saving enough for retirement.
- 4 in 10 have more than \$1,000 in credit card debt - with the average debt over \$3,000.
- 48% are not paying off the balance each month and 11% are only paying the minimum payment.



Meeting with a financial professional can help people take on a more active role over their finances. Many Canadians value and want the help of a financial professional.

### Middle-income Canadians want help...



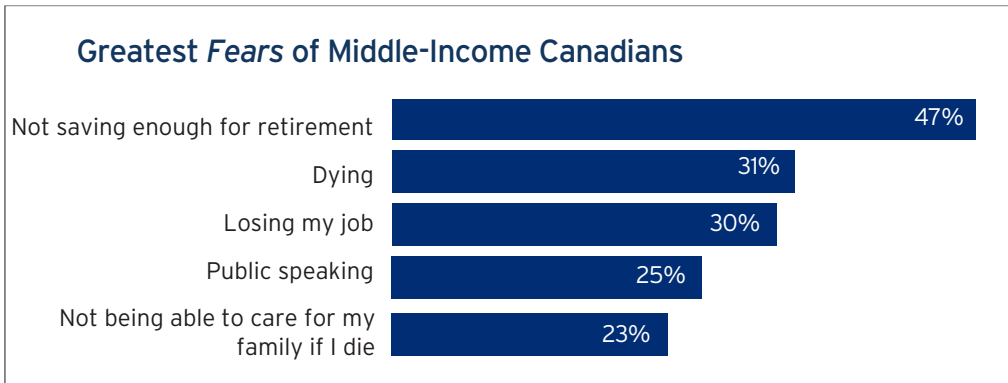
According to the Monitor's *Financial Security Scorecard*, well over half of people who met with a financial professional earned an 'A' or 'B.'

In contrast, three out of four people who have yet to meet with a financial professional have Financial Security Scores of 'C' or less.

## 2 Middle-income Canadians are worried about meeting their financial goals.

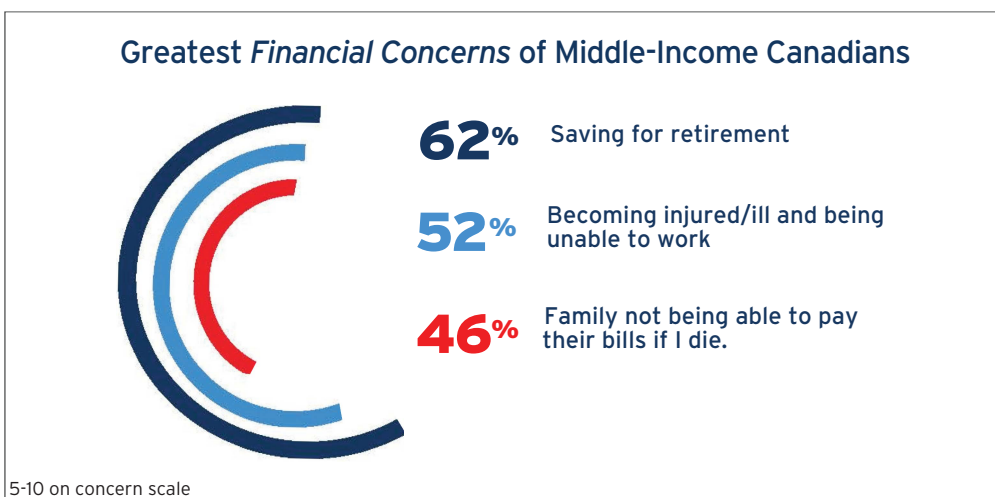
Just over one in three think that they are saving enough to retire comfortably. In fact, not saving enough for retirement is the top fear among middle-income Canadians (47%), beating out the fear of dying (31%), losing a job (30%) and public speaking (25%).

*Survey Question: Which of the following are you afraid of?*



When asked to rate their financial concerns, retirement savings is most concerning for middle-income Canadians. Yet, the majority of middle-income Canadians don't view retirement savings as a critical element of success until after age 50, leaving less time to set aside the investment funds needed to do so.

*Survey Question: On a scale of 1 to 10, with 1 being least concerning and 10 being most concerning, how concerned are you about the following financial matters?*



### 3 The *Financial Security Scorecard* reveals a need for long-term preparedness.

To measure long-term financial preparedness, The Monitor included a *Financial Security Scorecard*. Survey respondents were graded based on whether or not they engage in the following financial preparedness fundamentals:

- ✓ Making more than the minimum payment on credit card bills every month
- ✓ Having \$50,000 or more in life insurance coverage
- ✓ Saving every month, regardless of amount
- ✓ Investing some of their savings in accounts other than cash
- ✓ Having enough savings to cover three months of expenses if the primary breadwinner lost his or her job

Over a quarter of Middle-Income Canadians (27%) reported doing two or fewer of these financial fundamentals, earning them a D or an F in financial preparedness.

The *Financial Security Scorecard* reveals that meeting with a financial professional can help middle-income Canadians take a more active role over their personal finances. Those who met with a financial professional showed stronger Scorecard results. More than 8 out of 10 (82%) of those who have met with a financial professional earned a C or better, compared to just 54% of those who have not met with a financial professional.

The Financial Security Scorecard (Showing the Impact of Meeting with a Financial Professional)			
Financial Fundamental Grade	All Respondents	Have Met With a Financial Representative	Have Not Met With a Financial Professional
A = All 5	15%	19%	6%
B = 4	33%	38%	20%
C = 3	26%	25%	28%
D = 2	14%	11%	22%
F = 1 or 0	13%	8%	24%



# 4

## Middle-income households need help with basic budgeting, saving and investment skills.

Remarkably, only a third of middle-income Canadians feel confident with general concepts such as saving and budgeting. Less than two in ten could teach someone basic financial literacy concepts such as the concept of compound interest or how to invest in financial products.

*Survey Question: Which of the following concepts are you confident you could teach to someone?*



Most middle-income Canadians (65%) trust financial professionals for information on financial issues like managing debt, purchasing insurance, saving money, or investing. No other source for information comes close to this trust level, with friends, family and neighbours at 35% and news outlets earning the trust of 13% .

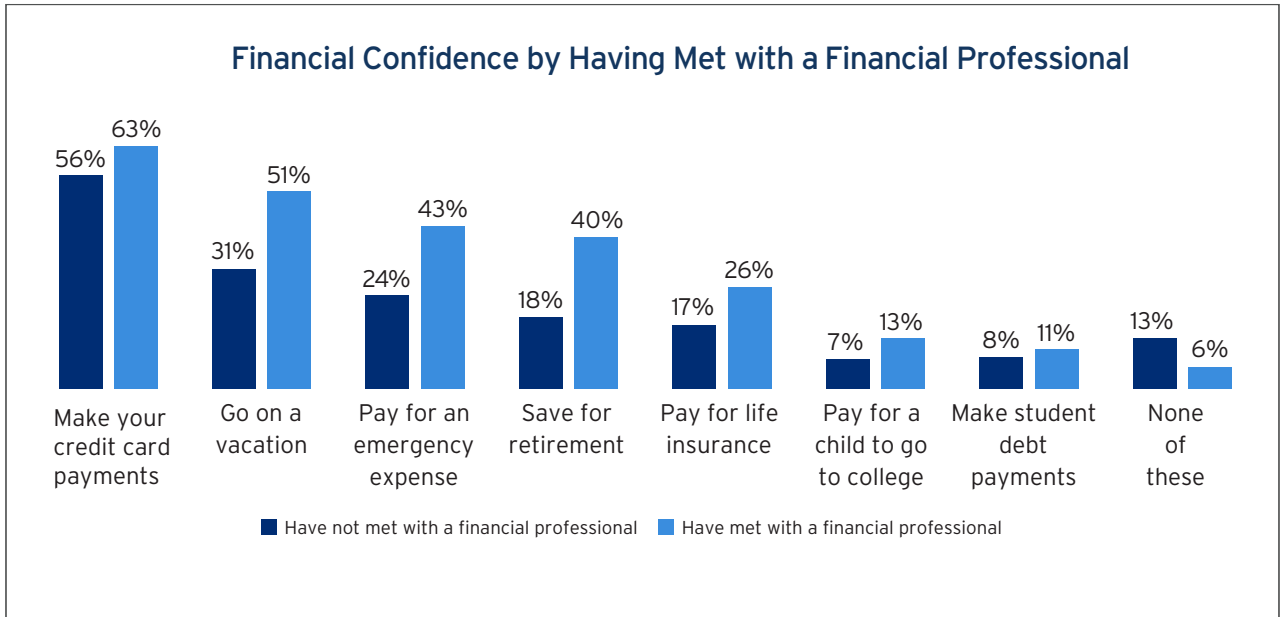
Despite high trust levels, 37% of middle-income Canadians do not currently have access to a financial professional they feel comfortable with. Most of those who have not seen a financial professional believe that they would gain important benefits from seeing one (75%).

# 5

## Meeting with a financial professional is associated with better financial outcomes.

Working with a financial representative is a factor that can set middle-income Canadians on the right track. Those who have seen a financial representative are much more confident in their ability to reach financial goals than those who have not, more than doubling their likelihood to save for retirement and have an ability to pay for an emergency expense.

*Survey Question: Based on your financial situation, which of the following do you feel confident you could achieve?*



Financial professionals also help middle-income Canadians invest their money to help them meet their financial goals. A staggering 56% of middle-income Canadians who had *not* met with a financial professional, had also *never* invested their savings. By contrast, only 22% of those who *had met* with a financial professional had neglected this important task.

Investing savings in accounts other than cash, is one of the five fundamentals of financial preparedness. The other fundamentals are making more than the minimum payment on credit card bills every month, having \$50,000 or more in life insurance coverage, saving every month regardless of the amount, and having enough savings to cover three months of expenses if the primary breadwinner lost his or her job.



## **About the 2019 Canadian Financial Security Monitor and the Primerica Insights Report**

The Monitor is based on independent primary research designed and executed by Golfdale Consulting. The online survey polled a representative sample of 1,000 Canadians ages 18 and older with less than \$100,000 and more than \$20,000 household income per year, with all data weighted to Canada Census (2016) based on age, gender and region. The poll was completed in February 2019 to better understand middle-income Canadians knowledge, attitudes and behaviors related to their personal finances. The margin of error is about 3% on the total sample .

## **About Primerica, Inc.**

Primerica, Inc., headquartered in Duluth, GA, provides financial services to middle income households in North America. In Canada, Primerica is headquartered in Mississauga, Ontario. Primerica representatives educate their clients about how to better prepare for a more secure financial future by assessing their needs and providing appropriate solutions through term life insurance and segregated funds through Primerica Life Insurance Company of Canada, mutual funds through PFSL Investments Canada Ltd., as well as debt consolidation loans, disability insurance and other financial products. Across North America, Primerica insured more than 5 million lives and had over 2 million client investment accounts at December 31, 2018, and it was the #2 issuer of Term Life insurance coverage in 2018. Primerica stock is included in the S&P MidCap 400 and the Russell 2000 stock indices and is traded on The New York Stock Exchange under the symbol "PRI".