

Only one in five Canadians will contribute to RRSP by March 1st deadline

Yet, despite lower contribution year-over-year, RRSP and TFSA awareness has improved by a whopping 30% – what gives, Canada?

TORONTO – February 13, 2017 – Canadians may be looking at a bleak future when it comes to saving up for retirement. Results from a new study commissioned by H&R Block show that only 17% of Canadians have contributed or are planning to contribute to a RRSP before the contribution deadline. Numbers reveal an even lower contribution rate than the 18% seen in last year's survey.

Despite concerning results, all hope is not lost – 65% of Canadians reported understanding the differences between a Tax-Free Savings Account (TFSA) and a Registered Retirement Savings Plan (RRSP), including how each option can impact their tax returns. This is a step in the right direction as last year's survey results indicated only 50% of Canadians understood those differences. It's hard to say what the reasoning for this 30% increase in knowledge is, but one would assume that it would lead to a shift in behavior. Sadly, that is not the case.

Successive years of slow economic growth have caused incomes in Canada to stagnate over the past couple of years. According to Statistics Canada numbers, 2016 was shaping up as a year where inflation-adjusted earnings for salaried workers showed zero growth. And zero growth in salaries make it difficult to keep adding more, if at all, to your RRSP or TFSA account.

"I'm happy to see the level of understanding for RRSPs and TFSAs has increased but the number of Canadians who are contributing to one or both is still very low," says Lisa Gittens, tax expert from H&R Block Canada. "If possible, Canadians should really try and take advantage of TFSAs and RRSPs each year to help them achieve their financial goals and, in the case of RRSP contributions, help maximize their refunds. It is a matter of saving now and for the future."

The March 1 RRSP contribution deadline is the chance for Canadians to review how much they made in 2016 and determine how much they could contribute to maximize their refund or minimize what they owe. Even if they decide not to contribute by the deadline, they can carry forward the contribution room to next tax season.

Canadians should know that RRSP contributions are tax deductible, though a person must have earned income to contribute. And, in order to build up RRSP eligibility, people must file a tax return, even if they don't owe any taxes. This is where TFSAs and RRSPs differ the most. TFSA contributions are not tax deductible so they do not impact a person's tax situation.

The new survey from H&R Block also found that:

- When deciding between an RRSP or TFSA people most considered:
 - **Saving goals (40%)**
 - **If money can be withdrawn without penalties (38%)**
 - **Reducing tax obligation (37%)**
- **Quebec (70%) is the savviest province** when it comes to understanding the differences between how RRSPs and TFSAs will impact their 2016 tax returns.
- **Manitoba/Saskatchewan (58%) and Atlantic Canada (56%) had the lowest** reports of understanding the differences between how RRSPs and TFSAs will impact their 2016 tax returns.

- Millennials aged 18-34 (56%) are **the least likely to understand** the differences in how TFSAs and RRSPs will impact their 2016 tax returns.
- Canadians aged 35-54 (66%) and 55+ (71%) report a **better overall understanding** in how TFSAs and RRSPs will impact their 2016 tax returns.

Canadians are encouraged to take time to understand how they can take full advantage of credits and deductions, particularly those associated with RRSPs. For more information, visit one of H&R Block's offices or online at www.hrblock.ca.

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***About the Survey**

From January 27th to January 28th, 2017 an online survey was conducted among 1,521 randomly selected Canadian adults who are Angus Reid Forum panelists. The margin of error—which measures sampling variability—is +/- 2.5%, 19 times out of 20. The results have been statistically weighted according to education, age, gender and region (and in Quebec, language) Census data to ensure a sample representative of the entire adult population of Canada. Discrepancies in or between totals are due to rounding.

For further information:

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