

ATB Investor Beat

The pulse of Alberta Investors



Volume 14, January 2019

Navigating turbulent markets: lessons learned along the way

Our lives are full of unforeseen events, and during times of uncertainty, emotions can steer us off course from achieving our goals. A curveball, like a turbulent stock market, can easily disrupt our financial balance and cause feelings of anxiety, fear and loss of control. This is certainly reflected in the latest edition of ATB Investor Beat, with fifty-one per cent of those saving for retirement feeling behind on their goals and half of Albertans worrying they haven't sufficiently saved for retirement. Despite this concern, only 28 per cent are contributing regularly in their RRSPs.

Retirees, who are more dependent on their Canadian Pension Plan and/or Old Age Security as income, and Albertans nearing retirement, who anticipate being more dependent on RRSPs, are likely feeling the impacts of retirement account fluctuations. As younger Albertans learn to confidently navigate market cycles, they should leverage valuable lessons shared by previous generations and use their longer time horizon to grow their wealth by positioning themselves to reach their financial goals regardless of what the market throws their way.

Wherever you are in your financial journey, market fluctuations will remain a reality. In turbulent markets when emotions are heightened, it's easy to forget the valuable investment lessons we've learned along the way. To help you confidently stay the course, here are some things to keep in mind:

- **Have a plan.** It's important to have an investment plan with clear and prioritized goals that you can stick to. However, staying disciplined isn't easy. Turbulent markets and emotions can erode the willpower to keep to your plan. A solid long-term financial plan will help keep you on track and guide your investment decisions during short-term uncertainty.

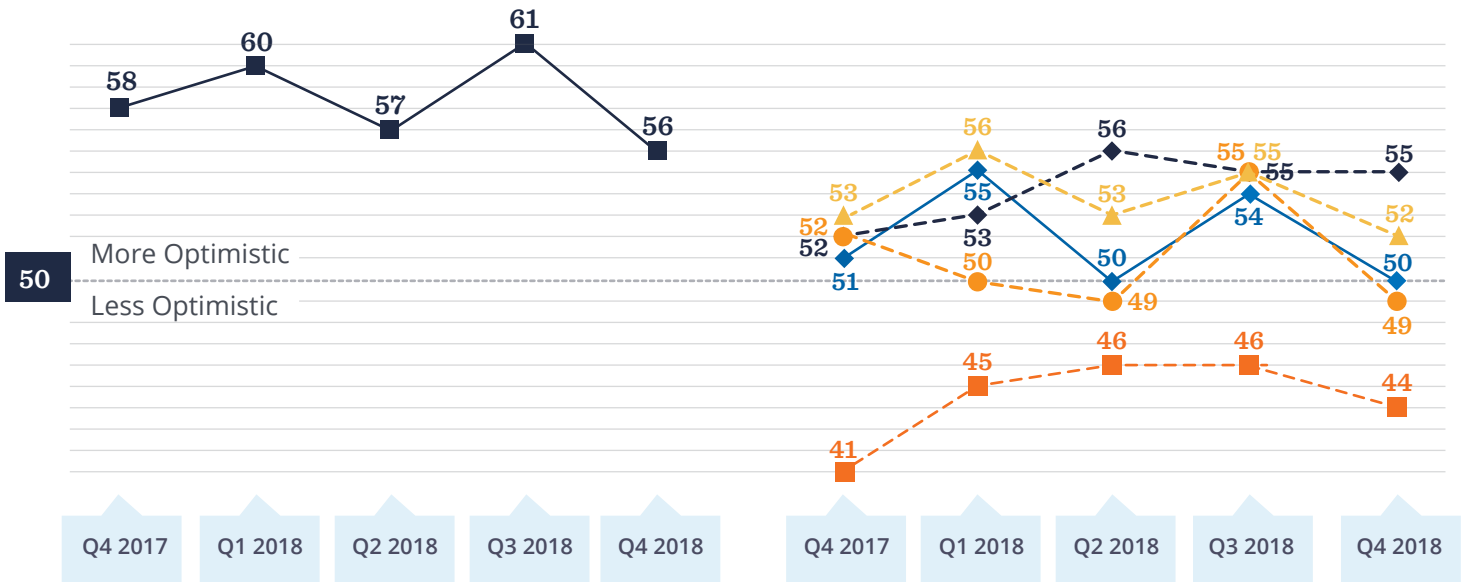
- **Maintain discipline and patience.** Taking a disciplined investment approach can provide the feeling of control. Having a plan is part of it, but it's important to have accessible cash savings available for daily expenses, unforeseen emergencies, and to have fun! Having this in place helps avoid being forced to sell your investments for cash at a time you wouldn't have.
- **Steady wins the race.** Look for places to reduce spending and try to save the rest. Every little bit counts, but be consistent when possible. Regular investment contributions and dividend reinvestment are ways you can add funds to your portfolio. It's never too early or too late to start saving and a little goes a long way when it comes to growing your wealth.
- **Seek professional advice.** A financial professional not only helps you determine your investment plan, but guides you to the financial outcomes you desire. They will also discuss the impacts financial decisions have on your life, help you navigate through market peaks and valleys, and help you find financial balance, so saving doesn't feel like such a chore.

Making money in investment markets is never easy and staying on track is hard. The key to running the investment marathon is recognizing it's a marathon that lasts several decades, not a series of sprints. As Albertans navigate this market downturn towards eventual recovery, I hope it leads to healthier investor confidence and reminds people of the lessons we've learned along the way.



Chris Turchansky
President
ATB Wealth

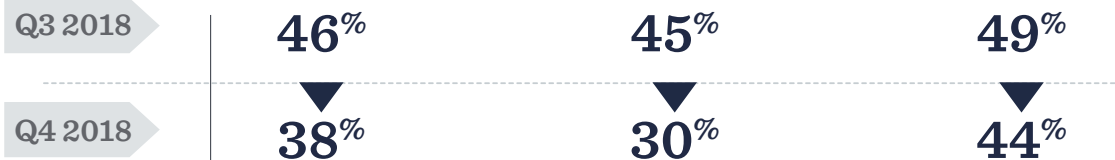
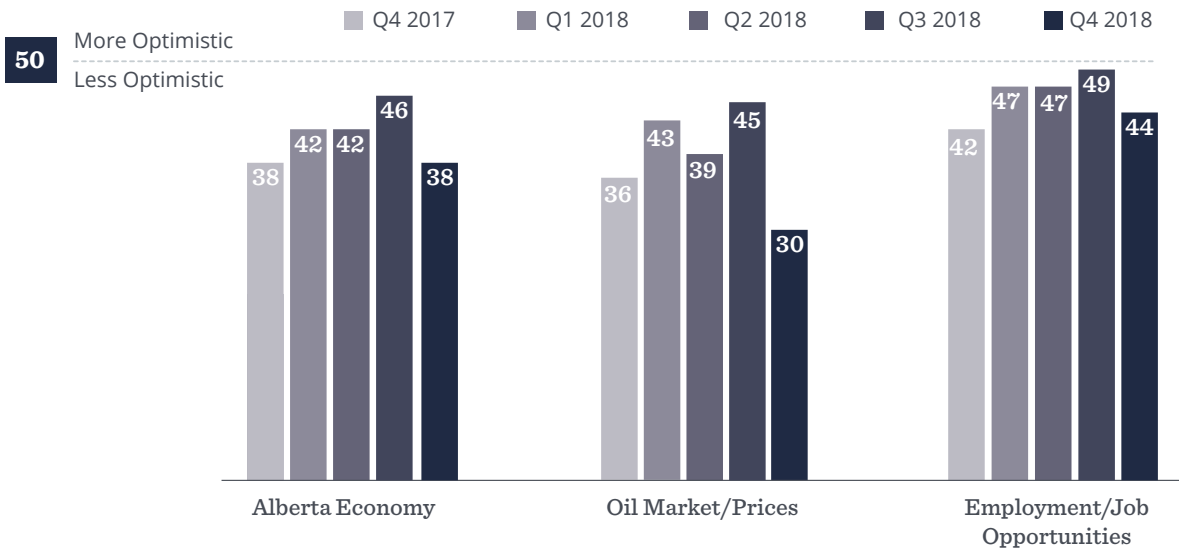
The Investor Beat Optimism Index



The **Investor Beat Optimism Index** is based on a representative sample of Albertans who rate their optimism towards investing, different investment products and economic factors. The ratings are based on a net positive score, which is then rescaled to fit an index ranging from 0 to 100.

- ▲--- Balanced Mutual Funds
- Real Estate
- ◆--- Cash
- ◆--- Stocks (directly and equity funds)
- Bonds

Investment Optimism is experiencing some volatility, falling significantly (56) compared to the previous quarter (61), due to the more pessimistic outlook towards investing in real estate and stocks. Overall, there was a significant increase in the number of Albertans who feel now is a bad time to invest (14%) compared to the previous quarter (10%), citing a weak economy and political uncertainty.



Impact of oil prices on Albertans

Those feeling impacted fell from 52% in Q3 2018 to 46% in Q4 2018.

● Q3 2018
● Q4 2018

Albertans are feeling more impacted by oil prices in these areas compared to Q4 2017:

● Q4 2017
● Q4 2018



Increased cost of living

Decline in investment value

Decline in real estate value

Although the declining trend of Albertans impacted by oil prices continues this quarter, there is pessimism surrounding the oil market and prices due to the continued frustrations around pipelines construction and declining prices.

Financial goals and worries

Top three financial goals:



Saving for retirement



Pay down debt



Reduce spending

Albertans agreed they are worried that...



They won't have enough to retire



Their monthly expenses will never allow them to save



They will be too old to enjoy retirement

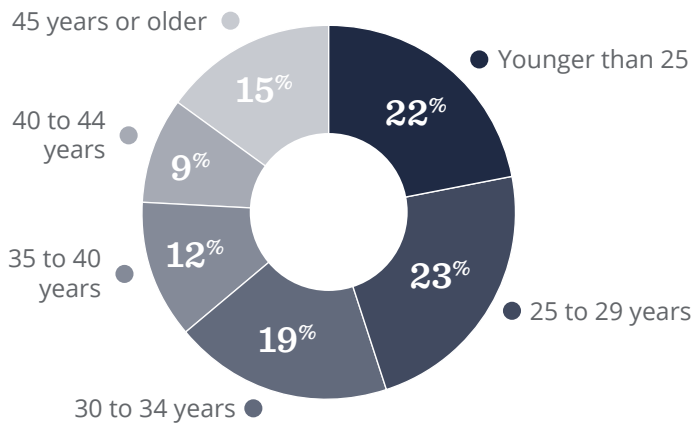


They are too focused on saving and not enjoying life right now

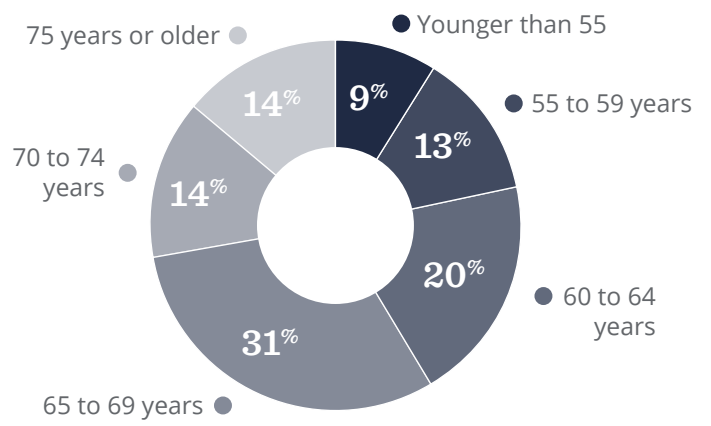
Top financial goals for Albertans remain unchanged, with saving for retirement at the top (52%); yet, 51% with this goal feel behind on it and half of Albertans are worried they won't have enough money to retire. Gen-Xers are more likely to agree with this concern around retirement funds than their younger and older counterparts (60% vs. 46% for Millennials; 34% for Boomers) likely due to the additional expenses Gen-Xers may have under their belt (e.g., having kids and/or a mortgage).

Saving for retirement and other financial behaviours

Age Albertans started saving for retirement:



Anticipated age to retire:

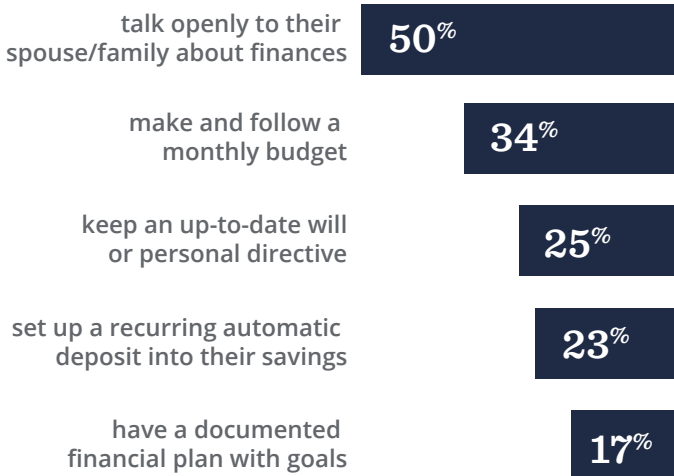


Of the six-in-ten Albertans that are saving or have saved for retirement, just under half (45%) starting their retirement savings under the age of 30. Notably, there are 15% who report that they starting to save for retirement at 45 years of age or older. 37% of Albertans haven't started saving for retirement (more likely to be younger).

Those without retirement savings or are at the early stages of savings are more likely to engage in bad financial behaviours such as overspending their paycheque, eating out too much, maxing out their credit cards, and getting charged for late fees on bills more often than Albertans who have well established retirement savings. For Albertans who have not retired yet, half (51%) are targeting to retire within the 60 to 69 years age range; however, almost three-in-ten Albertans believe they will be 70 or older (28%).

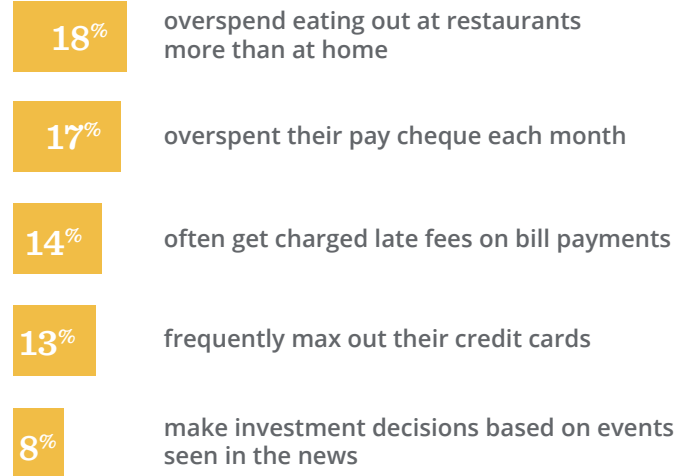
Good financial behaviours

Over eight-in-ten (84%) Albertans claim to engage in at least one good financial behaviour



Bad financial behaviours

Over four-in-ten (44%) Albertans claim to engage in at least one bad financial behaviour





of Albertans contribute to their RRSP on a regular basis



never max out their RRSP contribution limit



of Albertans expect to contribute the same amount as last year

Four-in-ten Albertans contribute to RRSPs, either regularly, at different points of the year, or both, with close to three-in-ten Albertans contributing to their RRSPs via a regular schedule (28%). While half of those with an RRSP plan to put the same amount towards their RRSPs this year compared to last (56%), one-in-four expect to contribute more this year. The top reason for the change in contribution is due to a job change or promotion (38%).

Top five ways Alberta's plan to fund their retirement



79% Canadian Pension Plan or Old Age Security



46% Tax Free Savings Account



54% RRSP or RRIF



39% Savings/investments not held in registered account (Cash, GIC)



53% Pension from current/former employer

Current and soon-to-be retirees (i.e., next three years) claim CPP/OAS is, or will be, the main financial source used to fund their retirement; however, current retirees are more likely to depend on CPP/OAS to fund their retirement than future retirees (83% vs. 67%). Those who will retire soon anticipate they will rely on RRSPs more so than Albertans who are already retired (65% vs. 49%).

For more information on this report or the next ATB Investor Beat edition, please write us at investorbeat@atb.com. You can also visit atb.com/investorbeat to be included on the mailing list.

About ATB Wealth

ATB Wealth is the wealth management arm of ATB Financial. Our goal is to sort through the clutter and make investing easier to understand so our clients can focus on the things that really matter in life.

To learn more about ways our investing philosophy is helping Albertans, please contact Chris Turchansky, president of ATB Investor Services at christurchansky@atb.com

Who did we talk to?

Ipsos (www.ipsos-na.com) is the third largest market research company in the global industry providing a full range of market research services. In North America, Ipsos has more than 2,100 research professionals and support staff located in 33 offices, with eight offices in Canada.

These findings are from an online survey conducted from November 7 to November 21, 2018, using Ipsos' i-Say panel. The 1,000 respondents are representative of Albertans 18 years of age and older based on age, gender and region. Using a Bayesian credibility interval, the survey is considered accurate to within +/- 3.5 percentage points had all adults in Alberta been polled.