

Census in Brief

Household contribution rates for selected registered savings accounts

Census of Population, 2016

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- . not available for any reference period
- .. not available for a specific reference period
- ... not applicable
- 0 true zero or a value rounded to zero
- 0^s value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded
- ^P preliminary
- ^r revised
- X suppressed to meet the confidentiality requirements of the *Statistics Act*
- ^E use with caution
- F too unreliable to be published
- * significantly different from reference category ($p < 0.05$)

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Highlights

- According to the 2016 Census, a majority (65.2%) of Canada's 14 million households contributed to at least one of three major types of registered savings accounts in 2015, namely registered retirement savings plans (RRSPs), registered pension plans (RPPs) and tax-free savings accounts (TFSAs).
- Participation in savings plans followed strong life-cycle patterns. Households with a major income earner aged 35 to 54 were the most likely to contribute to RRSPs (46.4%) and RPPs (42.2%). The households that were the most likely to contribute to TFSAs were those with a major income earner younger than 35 (40.4%) and those with a major income earner older than 54 (43.1%).
- In 2015, households with after-tax income under \$80,000 were more likely to contribute to TFSAs (33.8%) than to RRSPs (20.1%) or RPPs (17.6%).
- Households in Atlantic Canada were less likely to contribute to RRSPs (under 28.0%) or TFSAs (under 33.0%) in 2015, as compared with the national averages (35.0% for RRSPs and 40.4% for TFSAs).

Introduction

Canadians save for many different purposes over their lifetime, including to purchase a car, renovate a house, start a small business or take a family vacation. As the population is aging and Canadians are living longer, many people are also saving for retirement. Canadians can use a number of government-regulated programs to save for their retirement or other major expenditures, including employer-sponsored [registered pension plans \(RPPs\)](http://www12.statcan.gc.ca/census-recensement/2016/ref/dict/pop201-eng.cfm) and the tax-sheltered [registered retirement savings plans \(RRSPs\)](http://www12.statcan.gc.ca/census-recensement/2016/ref/dict/pop202-eng.cfm) and [tax-free savings accounts \(TFSAs\)](http://www12.statcan.gc.ca/census-recensement/2016/ref/dict/pop203-eng.cfm).

This article examines [household](http://www12.statcan.gc.ca/census-recensement/2016/ref/dict/households-menage007-eng.cfm) contributions to three major types of registered savings accounts in 2015: RRSPs, RPPs and TFSAs. The TFSA, introduced in 2009, allows any Canadian resident aged 18 or older to participate. The RRSP and the RPP, which have existed for decades, require individual account holders to be younger than 71 and have [employment income](http://www12.statcan.gc.ca/census-recensement/2016/ref/dict/pop027-eng.cfm) to build contribution room.

A distinctive feature of RPPs is that they are employer-sponsored plans to which only the employer and employee associated with the account can contribute. In contrast, RRSPs and TFSAs are voluntary plans to which contributions do not necessarily have to be made by the individual account holder. So, the saving and spending behaviour of other household members may play a role in overall contribution decisions.

Most households contribute to at least one of these registered savings accounts

According to the 2016 Census, 65.2% of Canada's 14 million households contributed to at least one of these three types of registered savings accounts in 2015. On average, 35.0% of households contributed to RRSPs, 30.1% contributed to RPPs and 40.4% contributed to TFSAs. Overall, households with [after-tax income](http://www12.statcan.gc.ca/census-recensement/2016/ref/dict/pop004-eng.cfm) of \$60,000 or more were more likely to contribute to an account (85.4%), as were households with a [major income earner](#) aged 25 to 54 (71.7%).

Household contribution rates for selected registered savings accounts

The Northwest Territories was the only province or territory where over 70% of households contributed to a registered savings account. This is consistent with the fact that the Northwest Territories also had the highest median household [total income](http://www12.statcan.gc.ca/census-recensement/2016/ref/dict/pop123-eng.cfm) (\$117,688) of any province or territory in 2015.

The only metropolitan areas ([census metropolitan areas \[CMAs\] and census agglomerations \[CAs\]](http://www12.statcan.gc.ca/census-recensement/2016/ref/dict/geo009-eng.cfm)) where over three-quarters of households contributed to an account were the CAs of Cold Lake, Alberta; Petawawa, Ontario; Wood Buffalo, Alberta; and Yellowknife, Northwest Territories. With the exception of Wood Buffalo, these CAs had among the highest rates of public sector employment of all metropolitan areas in Canada, with at least 25% of workers employed in the public sector according to the 2011 National Household Survey (NHS). While only 5% of workers in Wood Buffalo were in the public sector, 2 percentage points under the Canadian average, it had the highest median household total income in Canada (\$193,511) in 2015.

Households with lower income and those with either a relatively young major income earner or a major income earner older than 70 tended to be less likely to contribute. Less than two-fifths (39.0%) of households with income under \$50,000 contributed to a registered savings account. Given the age and employment income eligibility requirements for RRSPs and RPPs, it is not surprising that 45.0% of households with a major income earner aged 15 to 24 and 45.6% of households with a major income earner older than 70 contributed to an account.

Few households contribute to all three types of registered savings accounts

In 2015, 9.3% of households in Canada contributed to all three types of savings accounts. Smaller households and those with lower income were less likely to do so. Less than 2.0% of households with income under \$60,000 contributed to all three accounts; 3.9% of one-person households did so. Other households that were less likely to contribute to all three accounts were those with a major income earner aged 15 to 24 (3.1%) and those with a major income earner older than 70 (0.4%).

Households that were more likely to contribute to all three types of accounts tended to be larger and to have higher income. Over 13% of households with three or more members contributed to all three types of accounts, as did over 23% of households with income of \$100,000 or more. The Northwest Territories was the only province or territory where over 15% of households contributed to all three accounts. The CAs of Petawawa, Wood Buffalo and Yellowknife were the only metropolitan areas where over 15% of households contributed to all three accounts in 2015. These CAs were among the 20 metropolitan areas with the highest medians of household total income in Canada, and high proportions of their population had employment income.

Households with a major income earner younger than 35 or older than 54 are more likely to contribute to TFSAs, while those with a major income earner in prime working years are most likely to contribute to RRSPs or RPPs

In 2015, the TFSA was the preferred savings vehicle among households with a major income earner younger than 35 or older than 54.

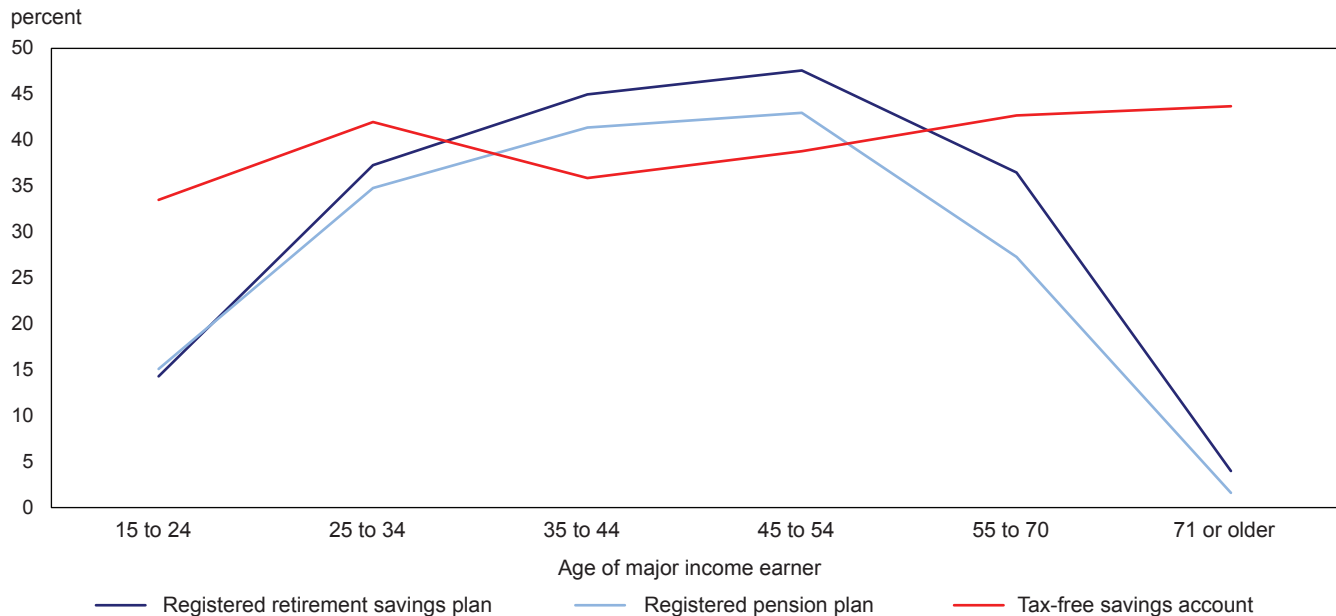
Around two-fifths (40.4%) of households with a major income earner younger than 35 contributed to TFSAs, while 32.9% contributed to RRSPs and 31.0% contributed to RPPs. Younger households may tend to favour TFSAs over RRSPs and RPPs because the last two programs require individual account holders to have employment income. Younger individuals may have less employment income because of lower labour force participation than those in their prime working years.

Households with a major income earner older than 54 were the most likely to contribute to TFSAs (43.1%), but their contribution rates for RRSPs (25.7%) and RPPs (18.7%) were generally lower than other age groups. The dynamics behind this can be explained in part by the fact that older individuals retiring from the labour force likely have relatively low employment income and thus less contribution room in RRSPs or RPPs.

Household contribution rates for selected registered savings accounts

While younger and older households preferred TFSAs as their savings vehicles, households with a major income earner in his or her prime working years preferred RRSPs and RPPs. Nearly one-half (46.4%) of households with a major income earner aged 35 to 54 contributed to RRSPs and over two-fifths (42.2%) contributed to RPPs, while 37.5% contributed to TFSAs.

Chart 1
Household contribution rates for selected registered savings accounts, by age of major income earner, Canada, 2015



Source: Statistics Canada, Census of Population, 2016.

Households with income under \$80,000 are more likely to contribute to TFSAs than to RRSPs or RPPs

Among households with income under \$80,000, a larger proportion contributed to TFSAs (33.8%) than to RRSPs (20.1%) or RPPs (17.6%) in 2015. Since TFSAs do not require income of any kind for eligibility, households with relatively lower income may be more likely to use them as savings vehicles, as opposed to RRSPs or RPPs.

However, households with higher income were generally more likely to contribute regardless of the type of account. On average, 47.5% of households with income of \$80,000 to \$99,999 contributed to TFSAs. More than one-half (50.8%) contributed to RRSPs, and over two-fifths (45.9%) contributed to RPPs. A majority of households with income of \$100,000 and over contributed to one of these savings accounts in 2015. Over one-half (54.8%) contributed to TFSAs, over two-thirds (67.7%) contributed to RRSPs, and 56.2% contributed to RPPs.

Households in Atlantic Canada are less likely to contribute to RRSPs or TFSAs

Households in Atlantic Canada contributed to employer pension plans at the same rate as the national average, yet their voluntary savings contributions (to TFSAs or RRSPs) were lower. Medians of household total income in Atlantic Canada were lower; however, median income was also low in Quebec, and the contributions of households in Quebec to voluntary plans were close to the national averages.

While 35.0% of households contributed to RRSPs nationally in 2015, the numbers were lower in Atlantic Canada: just over one-quarter (27.7%) of households in Prince Edward Island, 26.7% in Newfoundland and Labrador, 26.6% in Nova Scotia, and 25.7% in New Brunswick.

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Similarly, household contribution rates for TFSAs were also lower in Atlantic Canada (ranging from 27.2% in Newfoundland and Labrador to 32.3% in Nova Scotia) compared with the national average (40.4%).

Quebec had relatively low median household total income (\$59,822), similar to Atlantic Canada (where it ranged from \$59,347 in New Brunswick to \$67,272 in Newfoundland and Labrador), yet contribution rates to RRSPs (34.6%) and TFSAs (35.4%) in Quebec were closer to the Canadian averages.

Households in the three territories are most likely to contribute to RPPs

Among the provinces, household contribution rates for RPPs ranged from 25.7% in British Columbia to 37.7% in Manitoba. In contrast, 50.8% of households in the Northwest Territories contributed, as did 48.4% in Nunavut and 40.9% in Yukon.

As RPPs are employer-sponsored plans, the relatively higher RPP contribution rates in the three territories are consistent with the fact that individuals living in Yukon, Northwest Territories, or Nunavut were more likely to have employment income in 2015 compared to the rest of Canada. On average, 71.3% of Canadians had employment income in 2015, while 77.7% of individuals in Nunavut had employment income, as did 82.9% in Yukon and 84.0% in Northwest Territories.

Household contribution rates for selected registered savings accounts

Table 1

Household contribution rates for selected registered savings accounts, by age of major income earner and income, Canada, 2015

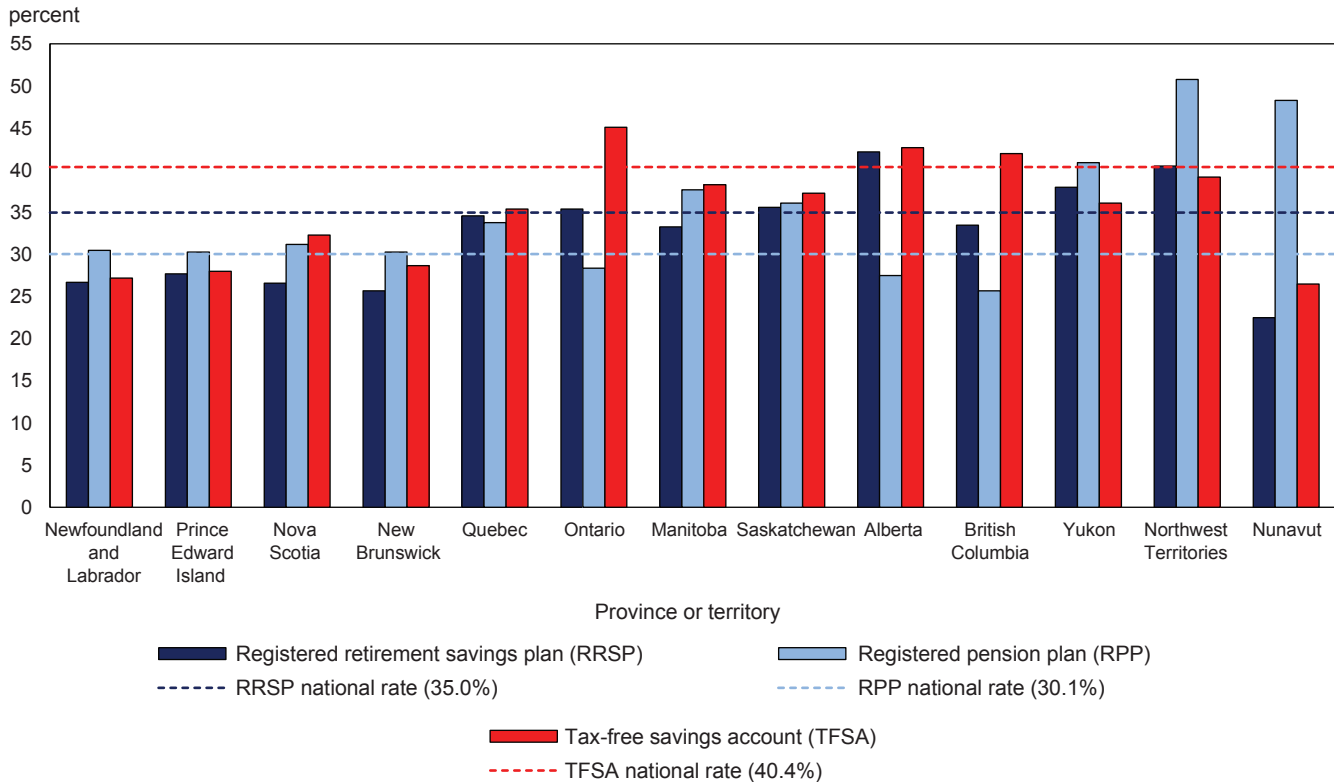
	Registered retirement savings plan (RRSP), registered pension plan (RPP) or tax-free savings plan (TFSA)				RRSP, RPP and TFSA
	RRSP	RPP	TFSA		
	percent				
Canada	65.2	35.0	30.1	40.4	9.3
Age of major income earner					
15 to 24	45.0	14.3	15.1	33.5	3.1
25 to 34	67.9	37.3	34.8	42.0	10.7
35 to 44	72.2	45.0	41.4	35.9	11.4
45 to 54	74.2	47.6	43.0	38.8	13.3
55 to 70	65.4	36.5	27.3	42.7	9.6
71 or older	45.6	4.0	1.6	43.7	0.4
After-tax household income					
Under \$10,000	17.0	2.6	1.1	14.9	0.1
\$10,000 to \$19,999	19.5	2.5	1.6	17.0	0.1
\$20,000 to \$29,999	32.9	6.3	4.2	26.6	0.3
\$30,000 to \$39,999	46.0	13.3	11.1	32.4	1.2
\$40,000 to \$49,999	57.8	21.5	18.9	37.1	2.9
\$50,000 to \$59,999	66.0	28.1	25.3	40.4	4.6
\$60,000 to \$69,999	73.1	35.2	31.7	43.2	6.7
\$70,000 to \$79,999	78.8	41.9	38.0	45.3	9.3
\$80,000 to \$89,999	83.3	48.3	43.7	46.9	12.0
\$90,000 to \$99,999	86.6	53.8	48.6	48.3	14.7
\$100,000 to \$149,999	91.2	63.8	56.8	52.0	21.3
\$150,000 to \$199,999	94.3	74.0	60.8	58.3	29.1
\$200,000 to \$249,999	93.8	77.7	54.2	62.3	30.2
\$250,000 and over	91.2	75.3	38.5	64.1	22.7

Source: Statistics Canada, Census of Population, 2016.

Household contribution rates for selected registered savings accounts

Chart 2

Household contribution rates for selected registered savings accounts, by province and territory, 2015



Source: Statistics Canada, Census of Population, 2016.

Households in metropolitan areas in Alberta are among the most likely to contribute to RRSPs

In 2015, 6 of the 10 metropolitan areas with the highest household RRSP contribution rates were in Alberta. The top five contributors were Yellowknife, Northwest Territories (54.6%); Wood Buffalo, Alberta (51.2%); Estevan, Saskatchewan (49.8%); Cold Lake, Alberta (49.4%); and Okotoks, Alberta (47.1%). Medians of household total income in these metropolitan areas ranged from \$99,599 in Estevan to \$193,511 in Wood Buffalo, all of which were higher than the national median (\$70,336).

Data sources, methods and definitions

Data sources

The data in this analysis are from the 2016 Census of Population. Further information on the census can be found in the [Guide to the Census of Population, 2016](http://www12.statcan.gc.ca/census-recensement/2016/ref/98-304/index-eng.cfm) (<http://www12.statcan.gc.ca/census-recensement/2016/ref/98-304/index-eng.cfm>), Catalogue no. 98-304-X.

Specific information on the quality and comparability of census data on income can be found in the [Income Reference Guide, Census of Population, 2016](http://www12.statcan.gc.ca/census-recensement/2016/ref/guides/004/98-500-x2016004-eng.cfm) (<http://www12.statcan.gc.ca/census-recensement/2016/ref/guides/004/98-500-x2016004-eng.cfm>), Catalogue no. 98-500-X2016004.

Historical comparisons are not possible, as the information on TFSAs was not available in the previous census income databases.

Methods

Random rounding and percentage distributions: To ensure the confidentiality of responses collected for the 2016 Census, a random rounding process is used to alter the values reported in individual cells. As a result, when these data are summed or grouped, the total value may not match the sum of the individual values, since the total and subtotals are independently rounded. Similarly, percentage distributions, which are calculated on rounded data, may not necessarily add up to 100%.

Because of random rounding, counts and percentages may vary slightly between different census products, such as the analytical documents, highlight tables and data tables.

Definitions

A household is said to have contributed to a registered savings account if at least one member of the household contributed to that registered savings account.

The term “metropolitan areas” in this document refers to [census metropolitan areas \(CMAs\) and census agglomerations \(CAs\)](http://www12.statcan.gc.ca/census-recensement/2016/ref/dict/geo009-eng.cfm) (<http://www12.statcan.gc.ca/census-recensement/2016/ref/dict/geo009-eng.cfm>).

The term “major income earner of a household” refers to the member of the household with the highest total income. In cases where two or more members of a household have identical income, the oldest of these members is referred to as the major income earner. In this document, “major income earners” refers to those living in private households aged 15 and older at the time of the census reference period.

The term “Atlantic Canada” refers to Newfoundland and Labrador, Prince Edward Island, Nova Scotia, and New Brunswick.

Registered pension plans (RPPs) are a form of tax-deferred savings arranged by employers or unions to provide pensions to retired employees via periodic payments. Contributions to an RPP are tax deductible and are frequently matched by the employer, while withdrawals in the form of pension payments are taxable as income. The size of an individual’s pension will depend on the particular plan provisions, which are governed by federal and provincial legislation. Typically, a defined-contribution RPP uses the amount individuals contributed and the performance of the RPP investment vehicles, among other rules, to determine the amount they will receive.

Registered retirement savings plans (RRSPs), introduced in 1957, allow individuals or their spouses to make tax-deductible contributions to individual savings and investment accounts. Contributions are capped at the lesser of either a percentage of an individual’s income from the previous year or a fixed limit (\$24,930 for 2015). Income earned in the account accumulates tax free, but withdrawals, which can take place at any

Household contribution rates for selected registered savings accounts

time, are taxed. Contributions can be made and unused contribution room can be carried forward until age 71. At that point, the RRSP is closed and an individual chooses either to pay taxes on the full value of the RRSP holdings or to convert the holdings into a registered retirement income fund. This is another type of savings account, which allows individuals to defer part of their income over time, subject to minimum withdrawal limits.

Tax-free savings accounts (TFSA), introduced in Canada in 2009, allow residents aged 18 and older to save or invest money in a TFSA, up to a yearly maximum contribution limit (\$5,500 in 2016). The contribution room can accumulate over time. Contributions are not tax deductible, but any income earned on these contributions can accumulate in the TFSA tax free. A TFSA account holder can withdraw money from the account at any time, free of taxes. Money withdrawn from a TFSA in the current year increases the contribution room in a subsequent year by the same amount.

Please refer to the [Dictionary, Census of Population, 2016](http://www12.statcan.gc.ca/census-recensement/2016/ref/dict/index-eng.cfm) (http://www12.statcan.gc.ca/census-recensement/2016/ref/dict/index-eng.cfm), Catalogue no. 98-301-X, for additional information on the census variables.

Additional information

Additional analyses on income can be found in [The Daily](http://www.statcan.gc.ca/daily-quotidien/170913/dq170913a-eng.htm) (http://www.statcan.gc.ca/daily-quotidien/170913/dq170913a-eng.htm) of September 13, 2017, and in the Census in Brief article entitled [Children living in low-income households](http://www12.statcan.gc.ca/census-recensement/2016/as-sa/98-200-x/2016012/98-200-x2016012-eng.cfm) (http://www12.statcan.gc.ca/census-recensement/2016/as-sa/98-200-x/2016012/98-200-x2016012-eng.cfm), Catalogue no. 98-200-X2016012.

Additional information on income can be found in the [Highlight tables](http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/hlt-fst/inc-rev/index-eng.cfm) (http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/hlt-fst/inc-rev/index-eng.cfm), Catalogue no. 98-402-X2016006; the [Data tables](http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/dt-td/Lp-eng.cfm?LANG=E&APATH=3&DETAIL=0&DIM=0&FL=A&FREE=0&GC=0&GID=0&GK=0&GRP=1&PID=0&PRID=10&PTYPE=109445&S=0&SHOWALL=0&SUB=0&Temporal=2016&THEME=119&VID=0&VNAMEE=&VNAMEF=) (http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/dt-td/Lp-eng.cfm?LANG=E&APATH=3&DETAIL=0&DIM=0&FL=A&FREE=0&GC=0&GID=0&GK=0&GRP=1&PID=0&PRID=10&PTYPE=109445&S=0&SHOWALL=0&SUB=0&Temporal=2016&THEME=119&VID=0&VNAMEE=&VNAMEF=), Catalogue nos. 98-400-X2016097 to 98-400-X20160131; the [Census Profile](http://www12.statcan.gc.ca/census-recensement/2016/as-sa/fogs-spg/Index-eng.cfm), Catalogue no. 98-316-X2016001; and the [Focus on Geography Series](http://www12.statcan.gc.ca/census-recensement/2016/as-sa/fogs-spg/Index-eng.cfm) (http://www12.statcan.gc.ca/census-recensement/2016/as-sa/fogs-spg/Index-eng.cfm), Catalogue no. 98-404-X2016001.

[Thematic maps](http://www12.statcan.gc.ca/census-recensement/2016/geo/map-carte/ref/thematic-thematiques/inc-rev/thematic-thematiques-eng.cfm) (http://www12.statcan.gc.ca/census-recensement/2016/geo/map-carte/ref/thematic-thematiques/inc-rev/thematic-thematiques-eng.cfm) for this topic are also available for various levels of geography.

An infographic entitled [Income in Canada, 2016 Census of Population](http://www.statcan.gc.ca/pub/11-627-m/11-627-m2017026-eng.htm) (http://www.statcan.gc.ca/pub/11-627-m/11-627-m2017026-eng.htm) also illustrates some key findings on income trends.

For details on the concepts, definitions and variables used in the 2016 Census of Population, please consult the [Dictionary, Census of Population, 2016](http://www12.statcan.gc.ca/census-recensement/2016/ref/dict/index-eng.cfm) (http://www12.statcan.gc.ca/census-recensement/2016/ref/dict/index-eng.cfm), Catalogue no. 98-301-X.

In addition to response rates and other data quality information, the [Guide to the Census of Population, 2016](http://www12.statcan.gc.ca/census-recensement/2016/ref/98-304/index-eng.cfm) (http://www12.statcan.gc.ca/census-recensement/2016/ref/98-304/index-eng.cfm), Catalogue no. 98-304-X, provides an overview of the various phases of the census, including content determination, sampling design, collection, data processing, data quality assessment, confidentiality guidelines and dissemination.

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