



The Daily

Statistics Canada

Monday, February 17, 1997

For release at 8:30 a.m.

MAJOR RELEASES

- **Retirement savings through RPPs and RRSPs, 1991 to 1995**
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- **Monthly Survey of Manufacturing, December 1996**
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MAJOR RELEASES

Retirement savings through RPPs and RRSPs

1991 to 1995

Between 1991 and 1995, close to two-thirds of taxfilers aged 25 to 64 saved for retirement through either a registered retirement savings plan (RRSP) or a registered pension plan (RPP). More than half of these savers (55%) did so each year.

The central and western provinces and the territories had the largest proportion (67%) of taxfilers who saved at least once in the five-year period. The rate was much lower (54%) in the Atlantic provinces, because of below-average income and high unemployment.

In 1995 alone, taxfilers aged 25 to 64 saved \$36 billion, or 11.2% of their total income, through RRSPs and RPPs. This proportion increased from 9.7% in 1991 and 10.6% in 1993.

Who didn't save?

Of those who did not save through either RRSPs or RPPs between 1991 and 1995, four out of five (81%) had incomes of less than \$20,000 and many (59%) were women. Individuals with no savings will be heavily reliant on government-sponsored programs, such as the Old Age Security/Guaranteed Income Supplement program and the Canada and Quebec Pension Plans, as their primary source of income at retirement.

Income biggest factor in saving for retirement

As income rises, so does the likelihood of having RRSP or RPP savings. Nine out of ten individuals earning \$30,000 to \$39,999, and virtually everyone in higher income groups, saved for retirement at least once between 1991 and 1995.

Note to readers

These data come from the PA/RRSP file, created from information provided to Statistics Canada by Revenue Canada. This file contains information on the retirement savings behaviour of taxfilers over the period from 1991 to 1995, that is, their contributions to registered retirement savings plans (RRSP) and their pension adjustment (PA). The PA is an estimate of the value of the pension accrued in a registered pension plan (RPP) in a year. Reference to RPPs should be assumed to include deferred profit-sharing plans (DPSPs) as well.

A 2% sample of taxfilers was used to generate the data. Comparison of selected data with those produced from a 100% file yielded similar results.

When considering the period 1991 to 1995 as one unit, the taxfiler's age and place of residence were as of December 31, 1995 and annual total income was converted to 1995 dollars and averaged over the five years. Only those who filed a tax return for all five years were included.

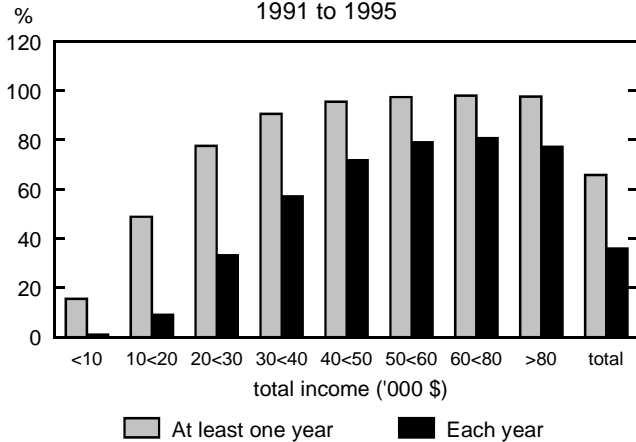
This analysis is restricted to taxfilers aged 25 to 64. Including those younger and older can distort the picture, as many under 25 have not entered the labour force or are fairly recent entrants, and many over 64 have already retired.

Only "normal" RRSP contributions — that is, those subject to the standard deduction limits — were considered. Rollovers of retiring allowances and the transfer of payments from an RPP/DPSP to a spousal RRSP (only permitted until 1994) were not included. Also, withdrawals from RRSPs were not deducted. The bulk of annual RRSP deposits are "normal" contributions.

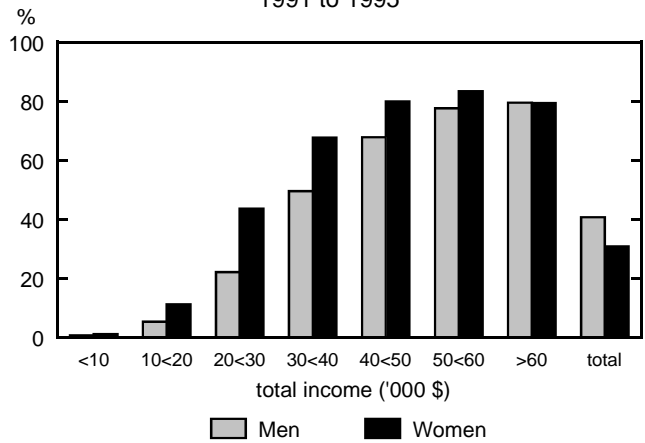
RRSP room (or deduction limit) is the maximum amount a taxfiler is allowed to contribute to an RRSP in a specific year. It includes unused room from previous years.

The PA/RRSP file is based on individual tax returns and does not provide any information on family income. An individual's ability or decision to contribute to an RRSP can depend on a combined husband/wife income. Contributions to a spouse's RRSP and claimed by the spouse with the higher income (spousal RRSP) are also not identifiable.

Taxfilers aged 25 to 64 who saved through RPPs or RRSPs 1991 to 1995



Men and women aged 25 to 64 who saved through RRSPs or RPPs every year 1991 to 1995



The proportion of taxfilers saving each year also rose with income, peaking at about 80% for those with incomes of \$50,000 or more (about 15% of taxfilers). Only about a third of those with incomes of \$20,000 to \$30,000 saved each year. Without adequate retirement savings of their own, the government-sponsored plans will provide this income group with only 50% to 65% of their pre-retirement income.

At most income levels, women saved more often than men

Except at higher income levels (\$60,000 or more), women were more likely than men with comparable incomes to have saved through RRSPs or RPPs at some point between 1991 and 1995. They were also much more likely to have saved each year.

However, because a much larger proportion of women than men had incomes of less than \$20,000 — the group least likely to save — the overall picture is quite different. Men, on the whole, were the ones more likely to have participated in one of these retirement income programs.

Age influences savings tendencies

Age also plays a role in determining whether an individual saves for retirement, but to a lesser extent than income. The proportion of taxfilers who saved at least once from 1991 to 1995 peaked for those aged 45 to 54 (73%). The smallest proportion was in the youngest age group, 25 to 34, where only 59% saved for retirement.

RRSP contributors tended to be occasional savers

Almost half (48%) of all taxfilers aged 25 to 64 did not contribute at all to an RRSP between 1991 and 1995. Most of them (82%) reported an average income of less than \$30,000.

Of those who did contribute over this period, only one-third did so regularly, that is, every year. Another third contributed only very occasionally, in one or two years.

While contributing to an RRSP is voluntary, membership in an RPP if one is offered is usually obligatory. Individuals who continue to work for an employer providing an RPP are likely to participate every year. In fact, 59% of those in RPPs were members each year.

RRSP savings exceeded RPP savings in 1995

As a result of the sustained growth in RRSP contributions between 1991 and 1995, RRSP savings have outstripped RPPs savings for the first time. During that period, RRSP contributions by those aged 25 to 64 grew 54%.

In 1995, the \$18.9 billion in contributions to RRSPs by those aged 25 to 64 represented over half (53%) of the savings made through RPPs or RRSPs. This was up from 42% in 1991.

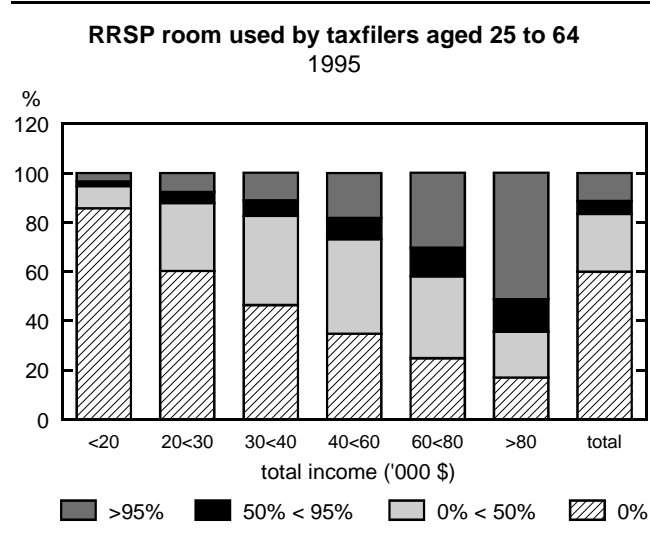
Taxfilers aged 25 to 64 cashed in just over one dollar for every five dollars contributed to RRSPs in 1995. About 800,000 individuals, or 5.5% of taxfilers in this age group, received \$4.2 billion in income originating from RRSPs. This income was largely in the form of cash withdrawals rather than annuity payments.

Most Canadians have not maximized their RRSP savings opportunities

While membership in an RPP depends on an individual's particular employment situation, RRSPs are available to virtually all Canadian workers with earned income.

In 1995, Canadians aged 25 to 64 contributed only 13% of the total \$150 billion that could have been contributed to RRSPs — the so-called RRSP room. At least 6 out of 10 individuals did not use any of that room; this is not surprising given that 39% of those that could have contributed had incomes of less than \$20,000.

Only 11% of those with RRSP room used all, or almost all, of it in 1995. Those with higher incomes were most likely to maximize the use of their room. Even so, only half of those in the highest income group (\$80,000 or more) used virtually all their room.



Retirement savings through RPPs and RRSPs, 1991 to 1995 (74F0002XPB, \$43) will be available in March. See How to order publications.

For further information on this release, contact Thomas Dufour (613-951-2088) or Johanne Pineau (613-951-4034), Pensions Section, Labour Division (fax: 613-951-4087). ■

Monthly Survey of Manufacturing

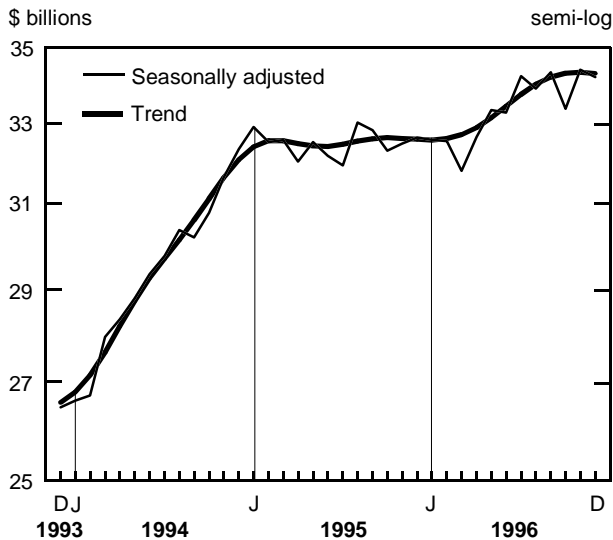
December 1996

Manufacturers closed the year with a 0.5% decrease in shipments, bringing them back to July's level. Despite no growth at the beginning or end of the year, strong growth from April to July resulted in a year-end level of shipments 4.8% higher than in the previous December. Inventories decreased 0.4%, the seventh decline in 12 months. Unfilled orders were up 1.1%. While 1996 saw only a short burst of growth in shipments and no growth in unfilled orders, the year was marked by a successful reining in of inventories by manufacturers.

Manufacturers end year with a small decline in shipments

Total manufacturing shipments edged down 0.5% in December to \$34.2 billion. This comes on the heels of a strong performance in November, when shipments bounced back 3.1% from a strike-induced low in October. Makers of motor vehicles and parts and primary metals were behind the December decline. Decreases were concentrated in 12 of 22 major industry groups, which accounted for almost 57% of total shipments.

Manufacturing shipments edge down



Definitions

Unfilled orders are a stock of orders that will contribute to future shipments, assuming that they are not cancelled.

New orders represent orders received, whether shipped in the current month or not. They are measured as the sum of shipments for the current month (i.e., orders received this month and shipped within the same month) plus the change in unfilled orders.

After a false start, growth in shipments in 1996 picked up in the spring and early summer, only to flatten out by year's end. While this marks an improvement over 1995, which saw virtually no growth, it compares less favourably with the sustained growth observed in 1994.

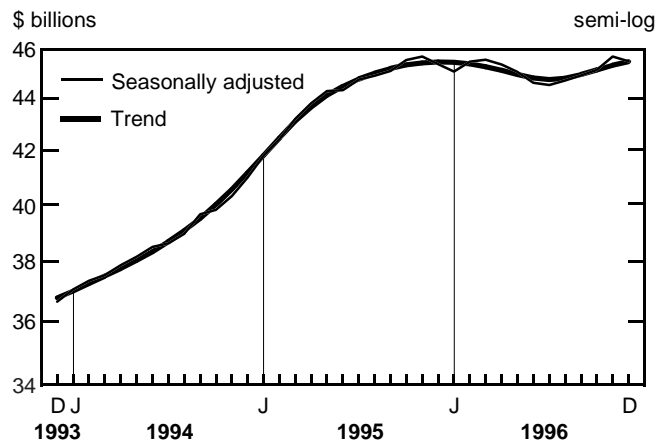
December's largest decreases were recorded in the primary metals (-4.6%), motor vehicle parts (-4.7%) and aircraft and parts (-9.7%) industries.

These decreases were partially offset by increases in the electrical and electronic products and beverage industries.

Manufacturers rein in inventories again

After four increasingly substantial rises, manufacturers' inventories edged down 0.4% to \$45.5 billion in December. This latest result characterizes the year, which saw manufacturers contain the rapid growth in inventories that had marked the two previous years.

Manufacturers continue to rein in inventories



December's largest declines came from the motor vehicle industry (-9.0%), as well as from the chemical products (-2.4%) and aircraft and parts (-1.9%) industries.

The most significant increases were observed in the wood and primary metals industries.

The parallel decreases in both inventories and shipments kept the inventory-to-shipments ratio stable at 1.33 in December. Despite the lack of movement in December, the ratio has been trending up slightly in recent months, after reaching a near-historical low in July 1996.

Unfilled orders post their second largest increase of 1996

Manufacturers' backlog of unfilled orders, a key determinant of future shipments, recorded the second largest increase of the year, rising 1.1% to \$33.8 billion in December. After weakening significantly in the latter part of 1995, the level of unfilled orders was essentially flat in 1996.

The largest increases were recorded in the transportation equipment industry (+4.1%), where a large government contract was recently awarded. The order books of the primary metals industry were also up (+6.0%).

These increases were partially offset by decreases in the order books of the electrical and electronic products (-4.2%) and machinery (-2.1%) industries.

New orders rose 1.3% to \$34.6 billion.

Available on CANSIM: matrices 9550-9579 and 9581-9593.

The December 1996 issue of *Monthly survey of manufacturing* (31-001-XPB, \$19/\$190) will be available shortly. See *How to order publications*.

Data for shipments by province, in greater detail than normally published, may be available on request.

For further information on this release, contact Richard Evans (613-951-9834), Monthly Survey of Manufacturing Section, Industry Division. □

Shipments, inventories and orders in all manufacturing industries

	Shipments		Inventories		Unfilled orders		New orders		Inventories-to-shipments ratio
	seasonally adjusted								
	\$ millions	% change	\$ millions	% change	\$ millions	% change	\$ millions	% change	
December 1995	32,644	0.5	45,370	-0.7	33,866	0.4	32,781	1.7	1.39
January 1996	32,593	-0.2	45,071	-0.7	34,079	0.6	32,806	0.1	1.38
February 1996	32,552	-0.1	45,476	0.9	34,398	0.9	32,871	0.2	1.40
March 1996	31,807	-2.3	45,545	0.2	33,918	-1.4	31,326	-4.7	1.43
April 1996	32,663	2.7	45,362	-0.4	33,516	-1.2	32,262	3.0	1.39
May 1996	33,352	2.1	45,057	-0.7	34,085	1.7	33,921	5.1	1.35
June 1996	33,275	-0.2	44,621	-1.0	34,072	0.0	33,262	-1.9	1.34
July 1996	34,240	2.9	44,528	-0.2	34,258	0.5	34,426	3.5	1.30
August 1996	33,910	-1.0	44,711	0.4	34,159	-0.3	33,811	-1.8	1.32
September 1996	34,336	1.3	44,916	0.5	33,705	-1.3	33,883	0.2	1.31
October 1996	33,381	-2.8	45,138	0.5	33,745	0.1	33,421	-1.4	1.35
November 1996	34,405	3.1	45,682	1.2	33,475	-0.8	34,135	2.1	1.33
December 1996	34,220	-0.5	45,492	-0.4	33,833	1.1	34,578	1.3	1.33



OTHER RELEASES

Chicken production

1996 (preliminary)

Estimates of chicken production for 1996 are now available.

Final estimates of chicken production will be released in April in *Production of poultry and eggs, 1996* (23-202-XPB, \$36). See *How to order publications*.

For further information on this release, contact Robert Plourde (613-951-8716), Agriculture Division. ■

Travel between Canada and other countries — correction

1996 and December 1996

In the release of February 14, the chart entitled "Travel by plane between Canada and the United States has

taken off in the last two years" contains an error. The labels "Canadians to the United States" and "Americans to Canada" were inversed.

Available on CANSIM: matrices 2661-2697, 5780-6046 and 8200-8328.

The December 1996 issue of *International travel: advance information* (66-001-PPB, \$7/\$70) will be available shortly. See *How to order publications*.

For further information on this release, contact Luc Dubois (613-951-1674; fax: 613-951-2909; Internet: duboluc@statcan.ca) or Ruth Martin (613-951-1791; fax: 613-951-2909; Internet: martrut@statcan.ca), International Travel Section, Culture, Tourism and the Centre for Education Statistics. ■

PUBLICATIONS RELEASED

Gross domestic product by industry,
November 1996

Catalogue number 15-001-XPB

(Canada: \$14/\$140; United States: US\$17/US\$168;
other countries: US\$20/US\$196).

Oils and fats, December 1996

Catalogue number 32-006-XPB

(Canada: \$6/\$60; United States: US\$8/US\$72; other
countries: US\$9/US\$84).

Refined petroleum products, November 1996

Catalogue number 45-004-XPB

(Canada: \$20/\$200; United States: US\$24/US\$240;
other countries: US\$28/US\$280).

Railway carloadings, December 1996

Catalogue number 52-001-XPB

(Canada: \$10/\$100; United States: US\$12/US\$120;
other countries: US\$14/US\$140).

**Quarterly report on energy supply-demand in
Canada,** 1996-II

Catalogue number 57-003-XPB

(Canada: \$41/\$136; United States: US\$50/US\$164;
other countries: US\$58/US\$191).

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