



Press Release

Three in Four (77%) Canadian Graduates Under 40 Regret Taking on Student Debt

Many (30%) Graduates Wished They Had Lived More Frugally and Kept a Budget When in School

Toronto, Ontario, September 19, 2017 — A new Ipsos poll for BDO Canada Limited found three in four (77%) Canadian graduates under 40 who had student debt after graduation have at least some regrets about their decision to take out student debt, mostly centered on the fact they could have saved or earned more and spent less.

The poll, which surveyed Canadians aged 21-39 with a completed college diploma or university degree finds that the most common regrets include wishing they'd lived more frugally or had a budget while in school (30%), worked more hours at a side job during school (28%), or avoided adding to other debts (like credit card debts or vehicle loans) while at college or university (25%). Many also say they wish they'd chosen a degree or diploma that had better employment prospects (21%), borrowed less than what was offered (20%), attended a less expensive school (15%), applied to a local college or university in order to live at home (9%), or chosen a two-year diploma instead of a four-year degree (9%).

With the benefit of experience, these graduates have plenty of advice for today's incoming college and university students when it comes to paying for college or university. Half say students should be willing to make financial sacrifices while in school (50%) and recommend getting a part-time job or summer job as early as high school (49%). Nearly as many advise to pay off student debt as soon as possible (45%), and to carefully consider career choices before deciding to attend college or university (45%). Four in ten say future students should stay employed while at college or university (40%), and not to rush into it – it's OK to spend a year or two after high school to work and save up (39%). Others recommend pursuing a paid internship while in university (28%), or pursuing a trade or college diploma instead of a university degree (18%).

Graduates Still Paying Off Student Debt

When they first graduated, two in three (67%) had some level of student loans and related debts from their post-secondary education, while one in three (33%) did not. Those who did owe money were in the red by \$22,084 on average at the time. Back then, those with student debts after graduation expected to need about 5.4 years, on average, to pay them off, including 12% who thought it would take them less than a year. For some, this turned out to be a conservative estimate: graduates who have already paid off their student debts took just 3.1 years, on average, to do so, including 26% who say it took them less than a year. Among those who took at least one year to pay off their student debts, the average rises to 4.2 years.

Those who are still paying off their student debts say it will take them another 4.8 years, on average, to full pay them down, including just 10% who think they'll need less than a year to clear their debt load. Among those who think they'll need at least one more year, the average rises to 5.4 years – including nearly two in ten (18%) who think they'll be paying down their student debt for 10-20 years. What's more, this average is the same for those who graduated within the past ten years and those who graduated 10-18 years ago.

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Atlantic Canadians with student debts left to pay expect they will need longest, on average, to clear them, at 7.1 years. Next in line is BC (6 years), followed by Alberta (5.8 years), Ontario (5.1 years), Quebec (5 years), and Saskatchewan and Manitoba (4.4 years).

A majority (62%) of Canadian college and university graduates who had student loans and related post-secondary education debt at the time of their graduation are still paying down these debts today, and expect they'll need about another 5 years on average to fully pay it off. Those who currently have student debt have an average debt load of \$16,816. While four in ten (38%) graduates who finished school with student debts are debt-free today, one in three (33%) owe \$1-\$10,000; one in ten (11%) owe \$10,001-\$20,000, a further one in ten (14%) owe \$20,001-\$50,000, and 3% owe more than \$50,000.

At the regional level, student debt loads at the point of graduation were significantly lower for graduates in Quebec (\$16,578) than for those in any other province: on average, Atlantic Canadians had the highest student debt load at \$28,413, followed by those in BC (\$25,482), Alberta (\$23,088), Ontario (\$22,785), and Saskatchewan and Manitoba (\$19,686). With student debts in Quebec so much lower at the point of graduation, it follows that this is also the case for those still paying off their student loans and associated debts today: on average, those in Quebec with debts left to pay owe \$12,624. By contrast, those in Atlantic Canada owe \$24,184, Alberta graduates owe \$19,496, BC grads owe \$18,981, Ontario grads owe \$16,501, and grads from Saskatchewan or Manitoba have \$15,204 left to pay.

Debt Means Scaling Back for Many

Student debts have caused many graduates to delay important life events or financial obligations as a result of their debt load. More than half (55%) of those who had student debts after graduation say these debts have caused them to not save as much as they should for an emergency, while many others say they've delayed a home purchase (46%), not saved for retirement as much as they should (45%), not paid down their other debt as fast as they should (33%), delayed having children (24%) or marriage (21%), or delayed pursuing work in their chosen field (16%).

Those still paying off their student debt are more likely than those who are now free of student debt to have delayed most of these events: 47% have put off buying a home (vs. 43% of those who've paid off their debt), 48% aren't saving enough for retirement (vs. 41% of those who've cleared their student debt), 38% aren't paying off their other debts quickly enough (vs. 25% of those who are student debt-free), 29% have delayed having children (vs. 15%), 24% have delayed getting married (vs. 16%), and 20% have held off on finding a job in their chosen field (vs. 10% of those who've already paid off their student debts).

Graduates living in Ontario are most likely to have delayed a home purchase because of student debt (50%), followed by those living in BC (46%), Atlantic Canada (46%), Quebec (43%), Alberta (41%), and Saskatchewan and Manitoba (31%).

When it comes to spending habits, virtually all graduates who still have student loans (89%) have had to scale back to some extent. Most likely to be hit is discretionary spending on things like clothing, gym memberships or dining out: half (53%) say they've cut back on this type of spending. Others have reduced living expenses on things like internet service, cell phones or groceries (46%), cut back on vacations or avoided taking them (44%), lived at home to keep costs down (26%), or use cash to pay for everything (14%). Only one in ten (11%) say their student debt hasn't affected their spending habits.

Alberta (66%) are most likely to have cut back on discretionary spending, followed by graduates in Ontario (55%), Atlantic Canada (55%), BC (54%), Saskatchewan and Manitoba (45%), and Quebec (42%). While about half of graduates in most regions say they've reduced their living expenses as a result of their student debt, those living in the Prairies are less likely to have done so (29%).

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Seeking Relief

Given the years it can take to pay off student debts, and the toll it can take on life events and spending, it's unsurprising that a majority (68%) of university and college graduates still paying off their student debts have turned to some form of assistance or relief to help pay it down. Taking a job outside their chosen field of study is the most common means of dealing with student debts (24%), followed by Repayment Assistance Plans (RAPs) from the federal government (20%), or pursuing additional employment alongside their full-time job 19%). Graduates with debts still outstanding have also sought out financial assistance from parents or grandparents (17%) or a spouse or partner (13%), while smaller numbers have consolidated their private loans with a bank or lender (8%), filed a consumer proposal (3%) or even filed for bankruptcy (3%).

Only one in three (32%) of those who still have debts say they haven't needed any assistance to pay it off. Looking across the country, graduates in Quebec – who have the smallest average amount of student debt – are the most likely to say they don't or didn't need any assistance to pay it off (44%), well ahead of those in Atlantic Canada (35%), Alberta (31%), Saskatchewan and Manitoba (31%), BC (27%), and Ontario (25%).

These are some of the findings of an Ipsos poll conducted between August 16 and August 31, 2017, on behalf of BDO. For this survey, a sample of 2,212 Canadians aged 21-39 with a completed college diploma or university degree, from Ipsos' online panel was interviewed online. Weighting was then employed to balance demographics to ensure that the sample's composition reflects that of the adult population according to Census data and to provide results intended to approximate the sample universe. The precision of Ipsos online polls is measured using a credibility interval. In this case, the poll is accurate to within ± 2.4 percentage points, 19 times out of 20, had all Canadians aged 21-39 with a completed college diploma or university degree been polled. The credibility interval will be wider among subsets of the population. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.

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