



Press Release

Personal Finances Getting Worse: Nearly Half of Canadians (48%) Within \$200 of Insolvency Every Month (+6 pts)

More Canadians (38%, +3 pts) Say They're Already Feeling the Impact of Interest-Rate Rises

Toronto, ON, January 15, 2018 — Canadians are feeling worse about their personal debt situation than was the case just a few months ago, a new Ipsos poll for MNP LTD has found. In the third wave of the MNP Debt Index poll, the Index has fallen by two points since September, returning to its starting point of 100. It's a slight downturn created by a cooling of attitudes on a number of issues related to personal finances, including:

- **More Canadians are hovering close to financial insolvency at the end of the month:** Nearly half (48%) of Canadians, up 6 points since September, are now within \$200 of not being able to pay their bills and debt obligations, including one in three (33%) who say they have no money left at the end of the month and are unable to cover their payments (up 8 points).
- **Less money left over at month-end:** Once their monthly bills and debt obligations are paid, Canadians are left with an average of \$631, down by \$112 or 15% from September.
- **Less confidence about ability to cover expenses without incurring more debt:** Nearly half (48%, -5 pts) of Canadians don't think they'll be able to cover all living and family expenses in the next 12 months without going further into debt.
- **Less confidence about a debt-free retirement:** Less than half of Canadians (45%) are confident they won't have any debt in retirement (-3 pts).
- **More debt concern and regret:** One in three Canadians (34%) agree they are concerned about their current level of debt (-2 pts), while nearly four in ten (38%) regret the amount of debt they've taken on in life (-1 pt).

Impact of Rising Interest Rates Already Being Felt

The second half of 2017 saw the Bank of Canada raise its key interest rate more than once, and more increases are expected as 2018 gets underway. More Canadians are feeling the pinch, and concern is growing. Nearly four in ten (38%) say (9% strongly/29% somewhat) they're already beginning to feel the effects of interest rate increases – an increase of 3 points since September. For others, the concern is more about what lies ahead. Four in ten (42%, +2 pts) agree (13% strongly/29% somewhat) that if interest rates go up much more, they're afraid of getting into financial trouble.

Concerns range from a potential inability to pay down debt to potentially losing it all: half of Canadians (49%, +3 pts) agree (14% strongly/35% somewhat) that as interest rates rise, they are more concerned than they used to be about their ability to repay their

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Press Release – continued –

debts. Meanwhile, one in three (32%, +4 pts) say (10% strongly/22% somewhat) are concerned that rising interest rates could even move them towards bankruptcy.

Millennials (41%) and Gen X'ers (45%) more likely than Baby Boomers (31%) to say they're already be feeling the effect of rising interest rates. They're also more concerned about what fallout lies ahead. Half (50%) say they're afraid that they'll run into financial trouble if interest rates continue to go rise. Millennials in particular could use some interest-rate advice, being the least likely (63%) to agree (17% strongly/46% somewhat) that they have a solid understanding of how interest rate increases impact their financial situation. By contrast, 75% of Gen X'ers and 82% of Boomers say they have a solid understanding of how their finances are impacted.

In light of these concerns, a majority of Canadians – more than three in four (77%, +5 pts) – say (24% strongly/53% somewhat) they plan to be more careful with how they spend their money.

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Press Release – continued –

About the Study

These are some of the findings of an Ipsos poll conducted between December 8th and December 13th, 2017 on behalf of MNP LTD. For this survey, a sample of 2,001 Canadians aged 18+ was interviewed. 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, results are accurate to within ± 2.5 percentage points, 19 times out of 20, had all Canadian adults 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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Press Release – continued –

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