



Factum

Money on the Mind – Four in Ten Canadians With Debt Say it is Negatively Impacting Their Mental Health

Three in Ten Married/Common Law Canadians with Debt Say it Causes Issues in Their Relationship

Toronto, ON, July 27th, 2018 — Debt can have a serious impact on one's mental health and can be a tricky subject to navigate in a relationship, according to a new Ipsos study conducted on behalf of Manulife Bank.

The Toll of Debt on Mental Health

Eight in ten Canadians hold at least some debt (82%), with 14% indicating they have *a lot* of debt. Debt weighs heavily on the minds of Canadians who have it, with 4 in 10 agreeing it is negatively impacting their mental health (40%). Half of Canadians with debt agree their level of debt is causing them stress (50%) and that they often feel overwhelmed by their financial situation (47%); one in three say worrying about their debt keeps them up at night (32%). These numbers indicate the degree to which debt can seep into aspects of one's mental health.

We asked Canadians how they feel about their current level of debt, and in line with the burden on mental health, the top mention was stressed/anxious/worried, with over one in four saying this was how they felt the *most* (27%).

The amount of debt one is in plays an important role in their mental health, with debt taking a much more severe toll on those who say they have a lot of debt – eight in ten often feel overwhelmed by their financial situation (80% vs. 47% nationally), seven in ten indicate their level of debt is negatively impacting their mental health (70% vs. 40% nationally) and over half say worrying about it keeps them up at night (55% vs. 32% nationally).

Purse Strings Pulling on Heart Strings

The survey shows that debt can also be a strain on the health of relationships. Among married/common law Canadians with debt, three in ten say that their debt is causing issues in their relationship (30%). This is higher among those who are in a lot of debt (56%) compared to those in some debt (31%) and those with very little debt (12%); as well, younger Canadians, those under the age of 35 (43%), are more likely to say debt is causing issues than those 35-54 (31%) and those over the age of 55+ (21%).

Additionally, two in ten (20%) say that their partner doesn't know how much debt they are in. This is higher among those under 35 (34%) compared to those 35-54 (17%) and 55+ years old (13%), and those who are in a lot of debt (33%) compared to those in some debt (21%) and those with very little debt (11%), as well as among men (25%) compared to women (16%).

Four in ten married/common law Canadians with debt say they often talk about money with their significant other (40%), with 45% saying they have these talks sometimes and 14% saying not very often; only 2% say they never talk about money with their significant

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other. Among those who have conversations about money, half say these always/sometimes cause tension/issues in their relationship (49%), with one in ten saying they always do (10%).

One in ten Canadians have also completely hidden the cost of a large purchase from a loved one (12%), with an additional one in ten saying they lied about the real cost (10%). While the bulk of these purchases were under \$1,000 (63%), shockingly, 6% say the purchase was \$15,000 or more – men were twice as likely as women to have hidden these larger purchases (8% vs. 4%).

The Financial Strain of Debt

In addition to the impact on mental health and relationships, Canadians with debt say it is preventing them from doing the things they want (58%) and it is impacting their ability to save for retirement (54%). Over half also say they would struggle to handle unexpected expenses in their current financial situation (54%). Speaking of unexpected expenses, half of Canadians say they have experienced an unexpected change to their finances that impacted their ability to meet their financial obligations (52%). Among those who have, three quarters say it was difficult to deal with (75%), with one quarter saying it was very difficult (24%).

Unsurprisingly, those who say they have a lot of debt are significantly more likely to feel the financial strain – most suggest that their debt is preventing them from doing the things they want (89%) and that they would struggle to handle unexpected expenses (88%); over eight in ten say their level of debt is impacting their ability to save for retirement (84%).

Solutions for Managing Debt

In a climate of rising interest rates, few Canadians have talked to their Financial Advisor about how rising interest rates would impact their financial situation (11%), while two in ten say they haven't, but plan to (18%). Four in ten have not spoken to their Financial Advisor about this (41%) and three in ten don't have one (30%).

When it comes to using products or features from their financial institutions that allow for financial flexibility (e.g. adjusting your payment terms, Home Equity Line of Credit, etc.), two in ten Canadians are currently using such products/features (19%) and a similar proportion say they are not currently, but are interested (21%).

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About the Study

These are some of the findings of an Ipsos poll conducted between May 11 and May 14, 2018 on behalf of Manulife Bank. For this survey, a sample of 2,003 Canadians between ages 20 and 69 with household income of more than \$40,000 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, the poll is accurate to within ± 2.5 percentage points, 19 times out of 20, had all Canadians between ages 20 and 69 with household income of more than \$40,000 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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