



# Factum

## Three in Ten (31%) Canadians Say They Don't Have Enough Money to Buy the Things They Need

### Three Quarters (74%) of Canadians Have Debt; One Quarter (23%) Say Their Debt Load is Overwhelming and Don't Know What to Do

**Toronto, ON, October 10, 2018** — Three in ten (31%) Canadians say they don't have enough money to buy the things they need, according to the inaugural release of the BDO Canada Affordability Index, conducted by Ipsos. More specifically, while seven in ten (69%) agree (20% strongly/49% somewhat) that they have enough money to buy the things they need, three in ten (31%) disagree (9% strongly/22% somewhat) that they do, meaning that they likely go without some of the things they deem as necessities.

Three quarters (74%) of Canadians say they live with debt: 13% have a lot, 35% have some, and 25% have what they describe as a little debt. Just one quarter (26%) of Canadians are living life without any debt at all. Those most likely to have a lot/some debt include Gen Xers (57%), women (52%) and Millennials (49%). Among those with debt, more Canadians carry a balance on their credit cards (53%) than carry a mortgage (40%), car loan (32%), line of credit (28%), home equity line of credit (12%), student loan (10%) or some other type of debt (13%). The average amount of non-mortgage debt that indebted Canadians owe is \$19,977 – with indebted high-income earners (\$100K+ in household income per year) owing the most at \$29,584 on average. One in ten (11%) Canadians with non-mortgage debt owe in excess of \$50,000.

Given these findings, it's perhaps not surprising that one in four (23%) Canadians agree (7% strongly/17% somewhat) that their debt load is overwhelming, and they don't know what to do about it. This proportion rises to 34% among those with kids, and Millennials, underscoring the precarious position in which many families and young people find themselves with regards to their debt situation.

### Women, Millennials Struggle Most with Affordability and Financial Preparedness

The data sheds light on an important gender divide: in many cases, women are more likely than men to say they struggle with affordability. The chart below demonstrates the percentage of people who find it challenging to afford the following things, and then split out by women and men.

Challenging to afford...	% challenging (very/somewhat)	% Canadians	% Women	% Men
Saving for your retirement		69%	73%	65%
Saving for a major purchase		69%	74%	64%
The leisure activities you or your family like to do		54%	59%	49%
Housing costs		46%	49%	44%
Transportation costs		40%	43%	36%
Clothing and other household necessities		38%	42%	34%
Utilities (heating, water, internet, etc.)		36%	38%	34%
Feeding yourself and your family		27%	28%	26%

Address: 160 Bloor Street East, Suite 300  
Toronto, ON, M4W 1B9  
Tel: +1 416 324-2900

Contact: **Sean Simpson**  
Vice President, Canada, Public Affairs, Ipsos  
Email: [sean.simpson@ipsos.com](mailto:sean.simpson@ipsos.com)  
Tel: +1 416 324-2002



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Women aren't the only ones who feel the affordability crunch more than others: Millennials, those aged 18-34, are also more likely to express concern over affordability, with one in five (18%) Millennials saying that in the last two years they've delayed having children because they simply couldn't afford it.

The data also show how unprepared Canadians are for significant life events that could happen to them. Once again, women and Millennials are more likely to rate their state of financial readiness as being poorly or terribly prepared for each of the following:

- Purchasing a home (56% unprepared; 62% of women; 64% of Millennials)
- Dealing with unexpected costs (50% unprepared; 54% of women and Millennials)
- Having children (respondents under 50 only) (50% unprepared; 51% of women; 57% of Millennials)
- Retirement (56% unprepared; 61% of women; 67% of Millennials)

## Gen Xers Also Feeling the Pinch

One in three (33%) Gen Xers aged 35-54 say they have no retirement savings, and an additional 37% say they have too little saved for retirement, meaning that the majority (71%) of this cohort feels that they're falling behind on their retirement savings.

In short, Gen Xers are the debt generation: Eight in ten (83%) carry debt – the highest in the country – and they're also the most likely to carry a balance on their credit cards (58% vs. national average of 53%) and have a mortgage (49% vs. 40% national average). Gen Xers with debt owe \$20,108 in consumer debt, on average, in addition to their mortgage.

## Family Finances are Tight

The study also shows that many Canadian families are finding it challenging to afford important things in life, including feeding themselves (32% of families with kids in the household vs. 26% without), transportation costs (46% vs. 38%), utilities (42% vs. 34%), saving for retirement (76% vs. 67%), clothing and household necessities (44% vs. 36%) and saving for major purchases (77% vs. 66%).

For some, the financial strain is compounded by adult children who have not moved out. In fact, one in five (18%) say they have a child over the age of 18 still living at home, and most (69%) don't have plans to move out in the next year. Among those who have adult children at home, the leading reasons why their child has not moved out are because it's too expensive for them to buy (79%) or rent (76%) a home.

## About the Study

These are some of the findings of an Ipsos poll conducted between July 3 to 10, 2018, on behalf of BDO Canada. For this survey, a sample of 2,000 Canadians aged 18+ 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  $\pm 2.1$  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.

Address: 160 Bloor Street East, Suite 300  
Toronto, ON, M4W 1B9  
Tel: +1 416 324-2900

Contact: **Sean Simpson**  
*Vice President, Canada, Public Affairs, Ipsos*  
Email: [sean.simpson@ipsos.com](mailto:sean.simpson@ipsos.com)  
Tel: +1 416 324-2002



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**For more information on this news release, please contact:**

Sean Simpson  
Vice President, Canada, Public Affairs  
Ipsos  
+1 416 324-2002  
[sean.simpson@ipsos.com](mailto:sean.simpson@ipsos.com)

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[www.ipsos.com](http://www.ipsos.com)

Address: 160 Bloor Street East, Suite 300  
Toronto, ON, M4W 1B9  
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