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Defeated by Debt: Most Canadians (67%) Who Are in Debt Assume Everyone Else is as well. A Full Two in Five (40%) Do Not Expect to Ever Escape Debt in Their Lifetime

Vast Majority (84%) of Indebted Population Says Getting Out of Debt is Their Top Financial Priority

Toronto, Ontario, November 22, 2019 — A new Ipsos poll conducted on behalf of Manulife Bank reveals that household debt may be starting to crack Canada's financial foundation, with a multitude of negative trends exacerbating the issue. The situation is dire for many as a full two in five (40%) who are in debt never expect to escape it in their lifetime and two-thirds (67%) assume everyone else is in debt as well.

Canadians seem to understand that debt is a major problem in their country, as virtually all (94%) admit the average household carries too much debt. Additionally, well over four in five (84%) of the indebted population says getting out of debt is their top financial priority.

Though most Canadians are conscious of the household-debt situation that is sweeping across their country, the data exposes a plethora of other concerning trends. For starters, a growing number (45%; +12 pts vs. Spring '19) report that their spending is outpacing their income. Conversely, just twelve percent (12%; -6 pts) think their income is increasing faster than their spending.

Many Canadians are increasingly unable to save any of their after-tax income (19%; +4 pts vs. Spring '19) and there has been a nine-point increase (+9 pts) since just last spring in the incidence with considerable (a lot / some) non-mortgage related debts (55% vs. 46% in Spring '19; 50% in Fall '18). The lion's share of this increase is being driven by growing credit card debt (60%; +12 pts vs. Spring '19; +4 pts vs. Fall '18), outstanding personal loans (22%; +3 pts vs. Spring '19), car loans (39%; +4 pts vs. Spring '19), and student loans (11%; +3 pts vs. Fall '18). Only a little over half (55%) of those who are in debt feel like the situation is under control.

Generation Debt: Millennials & Gen Xers Struggling More Than Predecessors Ever Did

Baby Boomers (ages 55-69) are in the best shape financially out of the three generations surveyed. While not surprising given their advanced life stage, the results suggest that Gen Xers and Millennials are struggling more financially than the Boomers *ever did*.

A majority (53%) of Canadians think they are better off financially than their parents were at the same age, a figure which jumps to three in five (59%) among the Baby Boomers. And yet only half (50%) of Millennials and even fewer (47%) Gen Xers feel the same way. Boomers are nearly twice as likely to have never experienced any difficulty finding a job (42% vs. 25% under 55) back when they were ready to join the workforce.



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Gen Xers are arguably in the worst shape financially, out of the three generations surveyed, as they are most likely to claim that their spending is increasing faster than their income (54% vs. 46% of Millennials & 38% of Baby Boomers). They save the lowest proportion of their after-tax income, on average (11.0% vs. 13.6% of Millennials & 16.0% of Baby Boomers) and are almost twice as likely to report saving nothing, after-taxes (28% vs. 18% of Millennials & 17% of Boomers). Further, they are among the most skeptical about ever being debt-free in their lifetime (49% vs. 42% of Millennials & 31% of Baby Boomers).

Millennials are struggling too, as they are more likely to have experienced *a lot* of difficulty entering the workforce than their predecessors (14% vs. 10% of Gen Xers & 8% of Baby Boomers). But there is hope for this group, as they are most likely to report that their income is increasing faster than their spending (14% vs. 10% 41-69).

Rethinking Financial Advice for A Generation That Is Glued to Its Phone

Leveraging technology may represent the best way to right the financial ship for many Canadians, especially Millennials. This is clearly a group that is far more attached to technology than its predecessors.

A whopping three-quarters (72%) of Millennials say it is *important* to have a financial plan which is accessible online, compared to fewer than half (45%) over the age of 40. A majority (53%) of indebted Millennials who feel in control of their situation indicate that technology, particularly mobile phone apps, has helped them manage their debts compared to just one in three (31%) Gen Xers & Baby Boomers.

The Financial Relationships of Canadians

Although a vast majority (88%) of Canadians who are in a relationship (i.e., married or common law) are comfortable sharing their complete financial picture with their spouse only two-thirds (66%) currently combine finances with their partner and thirteen percent (13%) have not done this yet but are considering it.

That leaves two in ten (21%) partnered Canadians who do not combine their finances and will not consider it. When asked why this is out of the question, a plurality (41%) cite ideological reasons and more specifically, a mutual belief that financial autonomy is important in the relationship (23%). Around one in ten (12%) mention their spouses' addiction to shopping (9%) or drugs / alcohol (3%).



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About the Study

These are some of the findings of an Ipsos poll conducted between September 20th and 26th, 2019 on behalf of Manulife Bank. For this survey, a sample of 2,001 Canadians between the ages of 20 and 69, earning \$40k+ were 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 the ages of 20 and 69, earning \$40k+ 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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ISIN code FR0000073298, Reuters ISOS.PA, Bloomberg IPS:FP

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