



Factum

Nearly Half of Canadians (46%) Would Be Embarrassed to Seek Bankruptcy Help

Stigma Surrounding Bankruptcy Prevents 31% from Seeking Help; More Among Those in Serious Debt (47%) and Millennials (42%)

Toronto, ON, July 29, 2019 — Missing a bill payment or going over one's monthly budget happens to the best of us, but when some Canadians find themselves in serious financial trouble, they could be digging themselves into a deeper hole by not seeking out help when they need it. The newest wave of the MNP Debt Index, carried out by Ipsos on behalf of MNP Ltd., reveals that Canadians on average have \$699 left at month-end paying their bills and debt obligations (the same as in March). However, 44% are either \$200 or less away from financial insolvency at the end of the month or are already financially insolvent. Although a decrease of four percentage points from the previous wave, the fact remains that many Canadians are struggling to make ends meet; in addition to almost 4 in 10 (39%) being concerned about their level of debt, the figures also show that nearly half of Canadians (45%) disagree that they'll be able to cover their family and living expenses without going into further debt.

The study's results are particularly worrying for those who might fall into serious debt. Nearly half (46%) of Canadians agree that they would be embarrassed to seek help if their financial situation was bad enough to seek bankruptcy (11% strongly/34% somewhat). The research also revealed that just over 3 in 10 (31%) agree (6% strongly/25% somewhat) that the stigma surrounding bankruptcy prevents them from seeking help.

Young Adults Most Embarrassed

While 46% of Canadians agree that they would be too embarrassed to seek help regarding bankruptcy, this proportion climbs even higher to 56% when only considering those aged 18-34 years (14% strongly/42% somewhat). Unfortunately, those who may be most at risk of needing help for bankruptcy may be those who are the least inclined to ask for it. For example, those who rate their personal debt situation as being bad also say they would be embarrassed to ask for help (61%, 20% strongly/41% somewhat), as well as those who are already financially insolvent (54%, 14% strongly/39% somewhat).

Canadian adults under 35 are also the most likely to agree that the stigma of bankruptcy prevents them from seeking help (42%, 8% strongly/33% somewhat). Those aged 18-34 are also less likely to ask for help, as 42% agree that they would be affected by the stigma around bankruptcy (8% strongly/33% somewhat). The trend of those who are most likely to need help being those who are least likely to ask for it becomes evident once again, as 47% of those who rate their personal debt situation as being poor agree with this statement (13% strongly/34% somewhat).

No Shame in Asking for Help

Despite their embarrassment, an overwhelming majority of Canadians (86%) also believe (40% strongly/46% somewhat) that there is no shame in seeking financial help with one's debt. Those who consider themselves more well-off are more likely to hold this opinion; 91% of those who rate their financial situation as good are inclined to agree (49% strongly/42% somewhat), while agreement is at 80% among those who rate their financial situation as poor (34% strongly/46% somewhat). This nonetheless represents a high degree of agreement that those who are in trouble should ask for help.

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

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



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In addition to high levels of support for seeking financial help when needed, there is also a fair amount of sympathy towards those who have declared bankruptcy. Fewer than 4 in 10 (37%) agree with the statement that those who declare bankruptcy are looking for the easy way out of their financial problems (6% strongly/31% somewhat), leaving 63% who disagree (42% somewhat/20% strongly). This opinion receives the least amount of support in the Atlantic Provinces, where 74% disagree (39% somewhat/35% strongly). There are also no significant differences on this opinion by age, household income, or self-perceived financial situation.

Who You Gonna Call?

Even though many Canadians claim to see no shame in asking for help with one's financial situation, 3 in 10 (30%) say that they don't know where to turn to get out of debt or where to look for help (6% strongly/23% somewhat). Albertans are the most likely to strongly agree (12%). The feeling of not knowing where to turn for help is also strong among those aged 18-34, with 43% agreeing to some extent (12% strongly/31% somewhat). Furthermore, 35% of households with an annual income of less than \$40,000 a year are also more inclined to agree (7% very/28% somewhat).

Yet despite this uncertainty, half of Canadians (52%) agree that they have a hard time trusting professional companies to help them get out of debt (11% strongly/41% somewhat). This sentiment is higher precisely among an age group that is also the least likely to seek bankruptcy help: 18-34-year-olds (58%).

Harnessing Home Equity

Another subject of interest in the current wave of the MNP Debt Index is the prevalence of home equity lines of credit (HELOCs) and how Canadians are using this unique financial product. Over a third (36%) of homeowners nationwide currently have a HELOC, with those in Ontario (39%) being more likely to have one than those in the Atlantic Provinces (26%). Of those taking advantage of owning a home to take out a HELOC, 1 in 7 (14%) say that they are concerned about paying off their HELOC and a similar proportion (14%) say that they regret the amount they've borrowed against their home.

What have Canadians done with the money? Over a third (36%) have said that doing so has allowed them to do things they wouldn't normally do otherwise, such as carry out renovations to their home. Other ways in which those who have a HELOC have used this line of credit include:

- Pay down other debts: 27%
- Fund discretionary purchases, such as a vacation or new car: 14%
- Invest or speculate in other real estate investments: 9%
- None of the above: 29%

About the Study

These are some of the findings of an Ipsos poll conducted between June 14-17, 2019, on behalf of MNP LTD. For this survey, a sample of 2,111 Canadians aged 18 years and over 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 ± 2.4 percentage points, 19 times out of 20, had all Canadian adults been polled. The credibility interval will be wider among

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Vice President, Canada, Ipsos Public Affairs
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Tel: +1 416 324-2002



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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.

For more information on this news release, please contact:

Sean Simpson
Vice President, Canada
Ipsos Public Affairs
+1 416 324-2002
sean.simpson@ipsos.com

Chris Chhim
Account Manager, Canada
Ipsos Public Affairs
+1 514 904-4336
chris.chhim@ipsos.com

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

Contact: **Sean Simpson**
Vice President, Canada, Ipsos Public Affairs
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Tel: +1 416 324-2002



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www.ipsos.com

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