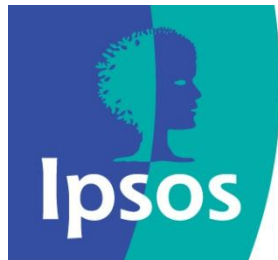


# Canadians Expect 2016 Will See Their Debt Decrease, Net Worth Increase

*But if Interest Rates Go up in 2016 and it Causes \$300 in Extra Debt Payments a Month, 62% Would Experience Difficulty Making Ends Meet*

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**Ipsos Reid**

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## **Canadians Expect 2016 Will See Their Debt Decrease, Net Worth Increase**

*But if Interest Rates Go up in 2016 and it Causes \$300 in Extra Debt Payments a Month, 62% Would Experience Difficulty Making Ends Meet*

**Toronto, ON** – Canadians believe that, on balance, 2016 will be a good year for them financially that will see their debt decrease and their net worth increase, according to a new Ipsos poll conducted on behalf of BDO.

Focusing on their overall debt levels, half (49%) believe it will be better (13% much/35% somewhat) by the end of 2016, compared to just 11% who think their level of debt will be worse (2% much/9% somewhat). Four in ten (40%) forecast no change in their level of debt.

When it comes to their net worth, four in ten (44%) think it will be better (10% much/33% somewhat) by the end of the year, compared to just 13% who expect it to be worse (3% much/10% somewhat). Four in ten (43%) don't believe their net worth will change by the end of the year. Those aged 18 to 34 (50%) are most optimistic that their net worth will increase this year.

Despite the optimism, experts have identified rising interest rates as a possible challenge to many who might be over-extended on their debt. Thinking about the direction of interest rates in Canada in 2016, a majority (51%) expects them to increase (6% a lot/45% a little), compared to just one in ten (10%) who believe rates will decrease (1% a lot/9% a little). Four in ten (39%) believe rates will hold steady through 2016.

Assuming that interest rates went up and it resulted in an increase in debt payments, many Canadians say that they would experience difficulty paying their bills and balancing their budget, even if their debt payments went up by as little as \$100 or \$200. The table below outlines the proportion of Canadians who say paying bills and balancing their budget would be difficult if their debt payments went up by the corresponding amount.

<b>If monthly debt payments went up by...</b>	<b>% who would experience difficulty (extreme/moderate)</b>
\$100	29% (12%/18%)
\$200	46% (22%/24%)
\$300	62% (39%/24%)
\$400	71% (52%/19%)
\$500	77% (62%/15%)
\$600 or more	80% (70%/10%)

### *Resolving To Improve Their Finances...*

Fully one quarter (24%) of Canadians say that they've made a New Year's Resolution related to their finances, with Canadians under the age of 35 (37%) and Quebecers (38%) being particularly likely to have made a resolution of this nature. The most often-mentioned resolutions pertain to saving more (79%) or spending less money (76%), followed by reducing credit card debt (44%), reducing loans, such as car loans or student loans (27%), reducing a line of credit (25%), paying down the mortgage more quickly (20%), or some other resolution (29%).

Regardless of whether or not they've made a resolution, in order to meet their financial goals in 2016, half (49%) of Canadians will seek out some sort of financial resource to help them,

chief among them being advice from a financial advisor (29%). Other tools include online budgeting and debt reduction information (12%), online tools like debt calculators (9%), complimentary, community-based financial management seminars (4%), complimentary web-based seminars (3%) or some other resource (11%). The other half (51%) of Canadians won't seek out any resources to help them stay on track to achieve their goals in 2016.

### *Identifying Challenges to their Financial Health...*

Thinking about what could derail their finances, Canadians have assessed the degree to which certain life events would be challenging to their financial health. A long-term injury or illness was identified by 70% of Canadians as something that would be challenging (37% very/34% somewhat) to their financial health, making it the number-one challenge. Not far behind is if they or a family member lost a job (63% challenging – 38% very/25% somewhat). Other challenges to their financial health include retirement (53%– 23% very/29% somewhat), separation or divorce (46%– 27% very/19% somewhat), paying for post-secondary education (44%– 21% very/23% somewhat), and the birth of a child (41% -- 22% very/20% somewhat).

Interestingly, those aged 35 to 54 are more likely than others to suggest that retirement, separation or divorce would be challenging to their financial health, while younger adults are more likely to say that paying for education or the birth of a child would be challenging.

*These are some of the findings of an Ipsos Reid survey conducted between January 5 and 8, 2016, on behalf of BDO. A sample of 1,007 Canadians from Ipsos' Canadian online panel were interviewed. Weighting was then employed to balance demographics to ensure that the sample's composition reflects that of the adult population of Canada according to Census data and to provide results intended to approximate the sample universe. The precision of Ipsos online surveys is measured using a credibility*

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*interval. In this case, the Canadian sample is accurate to within +/-3.5 percentage points had all Canadians been surveyed. 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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