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One Quarter (23%) of In-Debt Canadians Say They'll Never be Debt Free; Those More Optimistic Say It Will Take 8 Years to Pay Down

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Toronto, ON – Three in four Canadians (73%) are currently in debt, whether it is a mortgage only (15%) or some level of consumer debt (58%), a new Ipsos poll for BDO reveals. One in three (36%) Canadians say they have 'a little bit of consumer debt', while two in ten (18%) have 'a good deal of consumer debt' and 4% have 'a lot of consumer debt'. Only one in four (27%) describe themselves as completely debt-free, with no mortgage, loan, line of credit or credit card debt.

Canadians aged 35-54 are the most likely to have higher levels of consumer debt, suggesting that this group has had enough time to rack up some important debts, but not quite enough time to fully pay them down yet. Three in ten (28%) 35-54 year olds have a good deal or a lot of debt, more than the 20% of those aged 55+ or the 16% of those younger than 35 who have a good deal or a lot of debt. Regionally, Atlantic Canadians (30%) are most likely to indicate they have a good deal or a lot of debt.

Debt-Free Living a Distant Goal for Many

Looking to the future, Canadians who think they'll be able to be debt free at some point think it will take a little more than eight years, on average, for them to be completely debt-free. Somewhat alarmingly, one in four Canadians (23%) says they will never be debt-free.

How long do you anticipate it will take you to become debt-free, including being without a mortgage?	
	Respondents with at least some personal debt (n=732)
Less than two years	16%
Two to four years	17%
5-9 years	16%
10-14 years	10%
15-19 years	6%
20-24 years	7%
25+ years	6%
I will never be debt free	23%
Mean (Average)	8.33 years

Canadians who say they currently have either a good deal of debt or a lot of debt are, perhaps unsurprisingly, the most likely (38%) to say they will never be free of all debt, compared to nearly two in ten (17%) of those with a little debt and 15% of those with a mortgage only who think they'll never be debt free. Again, household income plays a critical role in Canadians' future debt expectations: those with a household income of $40,000 or less (29%) are most likely to say they will never be debt-free, compared to those in higher household income brackets ($40K-<$60K 14%; $60K-<$100K 20%; $100K+ 12%). Younger Canadians see it taking longer for them to pay down their debt than older ones do: the average estimate among those 18-24 is 9.63 years, compared to 9.1 years for those 35-54, and 6.35 years for those aged 55 and over.

Cost of Living Impacting Debt-Payment Capacity

The rising cost of living, including rising food prices and hydro bills, has been a regular news item over much of 2016, and the Ipsos poll confirms that it is having a tangible impact on how many Canadians pay down their debts. Nearly half (46%) say the rising cost of living has caused them to put less money towards paying off their debt; 15% say it has caused them to miss or delay making one or more payments; and a further 7% say it has caused them to be completely unable to make some debt payments. Only one in three Canadians (37%) say the rising cost of living hasn't impacted their debt payments at all, suggesting its having some impact on most people.

Younger Canadians (24%) are significantly more likely to say that the rising cost of living has caused them to miss or delay making one or more debt payments, compared to those 35-54 (15%) and those 55 and over (9%). By contrast, those in the 55+ group (46%) are the most likely to say the rising cost of living hasn't impacted their debt payments at all (vs. 33% of those 35-54 and 32% of those 18-34). Meanwhile, Canadians with a household income of $40,000 or less (13%) are far more likely to say they have been completely unable to make some debt payments due to the rising cost of living, compared to those in higher household income brackets ($40K-<$60K 6%; $60K-<$100K 4%; $100K+ 3%).

Debt Load Causes Worry for Many Canadians

With so many Canadians carrying debt, it comes as little surprise that many are concerned about their ability to pay it off:

- Half (55%) of Canadians with debt agree (15% strongly/39% somewhat) that they are concerned about not being able to pay their bills when interest rates rise.
- Half (51%) of Canadians with debt agree (14% strongly/37% somewhat) that they are not worried about their current level of debt, while the other half (49%) disagree (16% strongly/33% somewhat).
- Only one in three Canadians with debt (36%) agree (5% strongly/30% somewhat) that 'debt is inevitable, so I don't think about it.' Two in three (64%) disagree with this statement, either strongly (29%) or somewhat (36%).
- One in four Canadians with debt (26%) agree (5% strongly/21% somewhat) that they are 'worried about their debt and need professional advice.' Conversely, three in four Canadians (74%) disagree (37% strongly/37% somewhat) with this assessment of their personal debt situation.

House Prices Generally Expected to Rise – Except in Alberta

Canadian homeowners tend to be more positive than negative when it comes to the direction the value of their property will take over the next three years. Whether they own a house or a condo, six in ten (58%) think the value of their home will increase, with slightly more (32%) seeing the rise at less than 10% than those who see a value hike of 10% or more (26%). Three in ten homeowners (30%) think their property value will remain unchanged, and a further one in ten (12%) see the value of their home going down.

With the Canadian housing market in radically different shape from one region to the next, it's no surprise that homeowners' opinions about house prices shift significantly from province to province. Homeowners in BC (47%) and Ontario (31%) are more likely to think their house price will rise by 10% or more over the next three years, no doubt fuelled by the overheated markets in Vancouver and Toronto, respectively. By contrast, the same opinion is held by 23% of homeowners in Saskatchewan and Manitoba, 17% of those in Quebec, 15% of those in Atlantic Canada and just 13% of homeowners in Alberta.

Following a difficult 12 months of oil price declines, job losses and now the devastating fires in and around Fort McMurray, Albertans are by far the least optimistic about the way their house prices are headed. One in four (26%) Alberta homeowners expects the value of their home will decrease over the next three years, compared to 16% of those in Atlantic Canada, 12% of those in Saskatchewan and Manitoba, 10% of those in BC, 10% of those in Ontario and 9% of those in Quebec.

The Next Generation: Canadians Split on Financial Independence, Quality of Life

Canadians who have children (or are planning to) have differing opinions on when their children will be completely financially independent. While 14% think 18-24 is the most likely age range at which their children will achieve financial independence, three in 10 (28%) say their kids will likely be 25-29 years old before being 100% financially independent. A further 7% think it will happen at around age 30-34, while one in ten (12%) Canadians with children think won't be financially independent until age 35 or older – rising to 19% among those who have adult children who have moved out of their household. Two in ten (21%) don't know when it will happen, and a further two in ten (19%) say their children are already financially independent.

Despite these challenges, Canadians are still broadly optimistic about the next generation's quality of life. Four in ten (40%) think their children's standard of living and level of wealth will be better than their own, when their kids reach the age they are now. Three in ten (30%) think their kids' future standard of living will be the same as their own. This leaves another three in ten Canadians (29%) who think their kids' future standard of living will actually be worse than their own.

Canadians in BC have the most pessimistic outlook about their children's future: four in ten (40%) say their children's standard of living and level of wealth when they become their parents' age will be worse than their parents. Sharing this opinion are 31% of parents in Quebec, 29% of those in Ontario, 27% of those in Alberta, 26% of those in Saskatchewan and Manitoba, and 15% of those in Atlantic Canada.

Those with kinds under the age of 18 are most likely to believe their children's standard of living will be better (52%), and least likely to think it will be worse (21%). Those with adult children are less likely to be so optimistic.

These are some of the findings of an Ipsos poll conducted between May 16 to 19, 2016, on behalf of BDO. For this survey, a sample of 1,005 Canadians from Ipsos' online panel 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 +/ - 3.5 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.

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