



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%)



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Toronto, ON, July 24, 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 Canadians on average, have \$699 left at month-end paying their bills and debt obligations (the same as in March). Even if they have a similar amount of money left over at the end of the month when compared to the previous wave, Canadians' overall attitudes towards their own personal financial situation have slightly improved.

When asked to compare their current financial situation to one year ago, a quarter (24%) of Canadians said their current debt situation is better than it was a year ago, with net optimism increasing 3 points from last wave to 11 percent. Comparing their situation with five years ago, many have an even more positive assessment, with one-third (33%) saying their debt situation has improved since then. Net optimism when looking at this five-year horizon has increased 4 points to 14 percent. Not only do Canadians see their current situation as being better than it was in the past, but also are starting to envisage a better future for themselves. More than one-third (36%) think their debt situation will be better a year from now, with net optimism up 4 points from March to stand at 26 percent. Looking five years into the future, almost half (47%) believe their future debt situation will be better than it is today, with net optimism up 5 points to 38 percent.

Canadians Optimistic, but Remain Cautious

Although Canadians may have turned optimistic about their debt situation, with 44 percent either \$200 or less away from financial insolvency at the end of the month or already financially insolvent, the fact remains that many Canadians are still struggling to make ends meet. Although the proportion of Canadians who are \$200 or less away from insolvency has declined by four percentage points from the previous wave, some regions are having a harder time than others in coping financially. For example, those in Alberta (44%, -4), Saskatchewan/Manitoba (40%, -6), Ontario (44%, -4), Quebec (43%, -8), Atlantic Provinces (46%, -9) have all seen a decline in the proportion of those on the brink of insolvency, whereas British Columbia (44%, +5) has seen a sharp increase.

With many teetering so close to insolvency, it is no surprise almost 4 in 10 (39%) are concerned about their level of debt and nearly half of Canadians (45%) disagree that they'll be able to cover their family and living expenses without going into further debt. The latest results are particularly worrying for those who might fall into serious debt, since nearly half (46%) of Canadians agree 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 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 percent of Canadians agree they would be too embarrassed to seek help regarding bankruptcy, this proportion climbs even higher to 56 percent 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 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 percent 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 percent 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 percent of those who rate their financial situation as good are inclined to agree (49% strongly / 42% somewhat), while agreement is at 80 percent 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.

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 percent 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 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%). Among those who rate their personal financial situation as poor, this percentage jumps to 54 percent (18% strongly / 36% somewhat) and to 47 percent (11% strongly / 36% somewhat) among those who are already insolvent. 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 they have a hard time trusting professional companies to help them get out of debt (11% strongly / 41% somewhat). Two-thirds (67%) of those who rate their personal debt situation as poor also agree with this statement (23% strongly / 44% somewhat), as are 6 in 10 (62%) who are already insolvent (19% strongly / 44% somewhat). This distrust of professional companies is higher among an age group that is also the least likely to seek bankruptcy help: 18-34-year-olds (58%).

% Strongly/Somewhat Agree	Region						
	National	BC	AB	SK/MB	ON	QC	Atlantic
There is no shame in seeking financial help with one's debt	86%	85%	88%	91%	87%	81%	86%
I have difficulty trusting professional companies to help me get out of debt	52%	50%	57%	43%	55%	49%	50%
I would be embarrassed to seek help if my financial situation was bad enough to consider bankruptcy	46%	49%	54%	45%	45%	41%	47%
I think those who declare bankruptcy are looking for the easy way out of their financial problems	37%	38%	34%	37%	40%	38%	26%
The stigma of bankruptcy prevents me from seeking help with my debt	31%	28%	36%	33%	32%	28%	28%
I don't know how to get out of debt or where to turn for help	30%	26%	32%	30%	31%	28%	32%



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. More than 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 they are concerned about paying off their HELOC and a similar proportion (14%) say they regret the amount they've borrowed against their home.

What have Canadians done with the money? More than a third (36%) have said HELOC 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%
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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 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 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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