



## More Than Half (53%) of Canadians Were Financially Naughty Over 2019

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**Two in 10 (18%) Say They Will Never Be Out of Debt;  
Just Under 7 Years Average Time to Be Debt-Free**



**MNP**<sup>LTD</sup>

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**Calgary, AB, January 20, 2020** — After the flurry of gifts and year-end holiday celebrations, how many Canadians now find themselves needing to be extra good to their pocketbooks in the new year? A recent Ipsos poll conducted on behalf of MNP LLP has found more than half (53%) of Canadians were financially naughty — meaning that they engaged in some sort of financially risky behavior during the past year. Although down two points compared to last year, the fact remains the other half (47%) of Canadians may be putting themselves at risk for a rude surprise in the new year over their household finances.

These results are some of the findings from the most recent wave of the MNP Debt Index, which recently matched the lowest level since its inception in June 2017. A composite index measuring Canadians' confidence in their financial future and ability to cope with unforeseen life events, the Debt Index stands at 96 following a five-point decline since September. The index also found that after paying their bills and meeting their debt obligations for the month, half (50%) of Canadians are \$200 or less away from financial insolvency — up two points from last wave. This proportion includes 3 in 10 (29%) who are already insolvent and cannot pay all their bills (unchanged).

### Naughty out of Necessity This Year?

Canadians have been engaging in financially risky behavior over the past year, sometimes out of impulse and sometimes out of necessity. This does not necessarily mean they are all acting recklessly; the reality is families across the country are having a difficult time and must find a way to make ends meet.

The most common financial transgression among Canadians in 2019 was paying only the minimum balance on their credit card (21%, unchanged from December 2018) — something those in Saskatchewan / Manitoba (28%) and Alberta (26%) are the most susceptible to, though Canadians from all regions are guilty of doing this to some degree. Furthermore, those with kids in the household (33%) are more likely to be making only the minimum payment on their credit cards. The second most common risky financial behavior is being lured in by deals on shopping bonanza days such as Boxing Day or Black Friday (15%, -1%). Those aged 18-34 are the most likely to be seduced (25%), as well as those in households with kids (20%).

The complete list of naughty behaviours Canadians have confessed to include:

Behaviour	Total (%) Dec 2019	Variance (%) Dec 2018
Paid only the minimum balance on a credit card	21	-
Lured in by deals or offers by companies on days such as Boxing Day	15	-1
Paid only the minimum balance on a line of credit	14	-1
Borrowed money they couldn't afford to pay back quickly	12	-2
Made a major purchase on credit without paying it off right away	11	-1
Spent money they shouldn't have to 'keep up with the Jones'	11	+1
Bought something on credit that requires no payments for a while	8	-1
Got an auto loan or purchase-financed an auto for a term > 5 years	6	-3
Extended the repayment terms on a debt to lower monthly payments	5	-3
Added to the value of their mortgage	3	-3
Used a home equity line of credit to buy things they want but don't need	3	-3
Got a larger mortgage than they could afford	2	-1
Used a reverse mortgage to access the equity in their home	1	-3
None of the above	47	+2

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## Waiting to Live Debt Free

Three in 10 (32%) Canadians are fortunate to say they are currently living without debt obligations. This is more common among Canadians aged 55 and older (41%) and 18-34 years (33%) — certainly due, in large part, to the former group having had time to have paid off their debts and the latter not yet having incurred a significant amount of debt. Those aged 35-54 years are the least likely to say that they are currently living debt-free (21%) — most likely owing to the financial obligations many in this age group have, such as mortgage payments, raising young children and saving for the future. No doubt raising kids is expensive; this is further highlighted by those in households with no children being more likely to say they are living debt free than those who do (35% vs. 18%).

On the other hand, it seems 2 in 10 (18%) Canadians have lost hope; they say they will never be debt free. Understandably, this attitude is more common among those who are already insolvent (36%) and struggling to keep their heads above water. Regionally speaking, those in Atlantic Canada are most likely to share this pessimistic view (25%), followed by Ontarians (20%). Those in British Columbia (13%) and Quebec (12%) are the least likely to think they will never be debt free. As with those who say they are living debt free, there is a generational dimension to those who say they will never get out of debt. Canadians aged 18-34 years are least likely to say they will never be debt-free (12%), compared with older Canadians (20%). While these young millennials may be optimistic about their finances due to their young age and feel they will have a long time to get themselves out of debt when they do incur it, many in the Gen X and baby boomer generations are already saddled with debt and feel time may be running out.

As for the remaining 50 percent of Canadians who neither feel they are debt free, nor that they'll never get out of debt — how long do they think it will take for them to be debt free? On average, they estimate it will take about 6 years and 10 months. At 8 years and 2 months, Gen Xers tend to have the highest estimates, followed by boomers (5 years, 7 months) and millennials (6 years, 2 months). There are no significant differences between gender or region, meaning Canadians across the country will be looking to be better with their money this year.

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## About the MNP Consumer Debt Index

The MNP Consumer Debt Index measures Canadians' attitudes toward their consumer debt and gauges their ability to pay bills, endure unexpected expenses and absorb interest-rate fluctuations without approaching insolvency. Conducted by Ipsos and updated quarterly, the Index is an industry-leading barometer of financial pressure or relief among Canadians. Visit [MNPdebt.ca/CDI](http://MNPdebt.ca/CDI) to learn more.

The latest data, representing the eleventh wave of the MNP Consumer Debt Index, was compiled by Ipsos on behalf of MNP LTD between December 4 and December 9, 2019. For this survey, a sample of 2,000 Canadians aged 18 years and over was interviewed. The precision of online polls is measured using a credibility interval. In this case, the results are accurate to within +2.5 percentage points, 19 times out of 20, of what the results would have been 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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