

MNP DEBT INDEX

Wave 19

December 2021

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MNP_{LTD}



Methodology



- These are findings of an Ipsos poll conducted on behalf of MNP.
- For this survey, a sample of **2,000 Canadians** from the Ipsos i-Say panel was interviewed from **Dec 1-7, 2021**.
- Quotas and weighting were employed to ensure that the sample's composition **reflects the overall population** according to the latest Canadian census information.
- 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.
- Credibility intervals are wider among subsets of the population.
- Due to rounding, not all percentages will add up to 100%.

Executive Summary

The MNP Debt Index has **reached a record low of 88 points**, the lowest level recorded since its creation in June 2017. Interestingly, the Index's second-lowest reading (89 points) was reached at this same time last year. Pandemic fatigue, a scramble for booster shots, and the Omicron variant leading to yet wave of restrictions in place were already making for less-than-festive holiday season. Added to this are the financial stresses of holiday spending and a **potential interest rate hike from the Bank of Canada**, meaning that **while Canadian households may not have seen their actual financial situation change in the past few months, their financial outlook for the near-future has taken a large hit.**

No Change in Month-End Finances

On average, Canadians are left with \$743 at month-end after their bills and debt obligations have been paid. This amount has been relatively unchanged since June of this year. With the economy having opened back up in the second half of the year, many Canadians are either back to work or have found other sources of income.

However, not all regions are feeling similarly optimistic. Average finances at month-end continue to climb in British Columbia (to over \$1000) and have recovered after precipitously dropping in Alberta. Households in Atlantic Canada, already having the lowest amount of money leftover at month-end, have seen the most drastic drop, declining just over \$250 from September.

Declining Personal Debt Rating

After recovering in the first half of the year, Canadians' net personal debt rating has decreased to 23 points, a five-point change from last quarter.

The underlying reasons for this shift lie in the fact that fewer and fewer Canadians believe that their debt situation is 'excellent' (39%, -3 from last wave; -5 from June) and slightly more say it is 'terrible' (16%, +2 from last wave; +3 from June).

Similarly, a few more Canadians are saying that they are 'neutral' about their personal debt situation (46%, +2 from last wave).

Shadows Looming in the Future

Recent concerns over inflation and cost of living mean that fewer Canadians believe that their current debt situation is better now than it was in the past. But while Canadians largely think they will be financially better off in the medium- to long-term, this confidence has taken a hit recently.

Looking to one year from now, one-third of Canadians expect their debt situation to improve (32%, -2) but 1 in 10 believe it will worsen (10%, +1).

Looking five years into the future, one in ten believe that their debt situation will worsen (10%), a three-point increase from last quarter that indicates that some are preparing to settle in for a bumpy ride.

Executive Summary

Contemplating a Rate Hike

Although just under half (45%) of Canadians say that they are more relaxed about carrying debt than they usually are, this figure is down four points from last quarter. Historically, Canadians have been relatively positive about their ability to absorb an interest rate increase. However, with a rate hike becoming a real possibility, they are now seriously pondering whether they could feasibly absorb an increase.

In addition, nearly half (47%, +3) say that if interest rates go up much more, they worry that they will be in financial trouble.

Worried about Levels of Debt

Over half of Canadians say they are concerned about the impact of rising interest rates on their financial situation (55%) and their ability to cover all living/family expenses in the next year without going further into debt (55%).

Perhaps a sign of what is to come, over four in ten say they are concerned about their current level of debt (43%), a significant increase from last wave.

However, the proportion of Canadians who say they regret the amount of debt they've taken on in life remains stable – but the fact remains that over four in ten still say they regret it.

Less Able to Cope

No more than three in ten (27%) are confident in their ability to cope with life-changing events without increasing their debt burden.

Canadians are most confident in handling a change in their relationship status (27%, -1) and having an illness and being unable to work for three months (25%, -4). They are the least confident in their ability to cope with the death of an immediate family member (22%, -3) and to pay for either their own or someone else's education (21%, -3).

Executive Summary

Affordability Concerns Rising

Affordability and cost of living remain top of mind for many Canadians. For instance, nearly half (46%) of Canadians say that food has become less affordable over the past year, followed by clothing (40%), and housing (36%).

Understandably, those with lower incomes are more likely to believe this to be the case.

Therefore, it is understandable that households are finding it even harder to put aside money for savings (44%) or pay down their debt (32%). Two in ten (20%) say that it has become 'much less affordable' to set aside money for savings. Those in Alberta (28%) and Saskatchewan/Manitoba (26%) are more likely to say so.

Financial 'Bad Habits'

Compared to the same time last year, more Canadians are engaging in bad financial habits. While half (50%) say they have not engaged in any financial 'bad habits' last year, this is a seven-point decrease from December 2020.

More say they have paid only the minimum balance on their credit card (21%, +3) and were lured in by deals or offers on special days such as Black Friday (12%, +4).

Younger Canadians are more likely to say they're engaging in these habits, particularly when it comes to borrowing money they can't afford to pay back or paying only the minimum balance on their credit card. Quebecers are most likely to say they haven't engaged in any of these behaviours (58%).

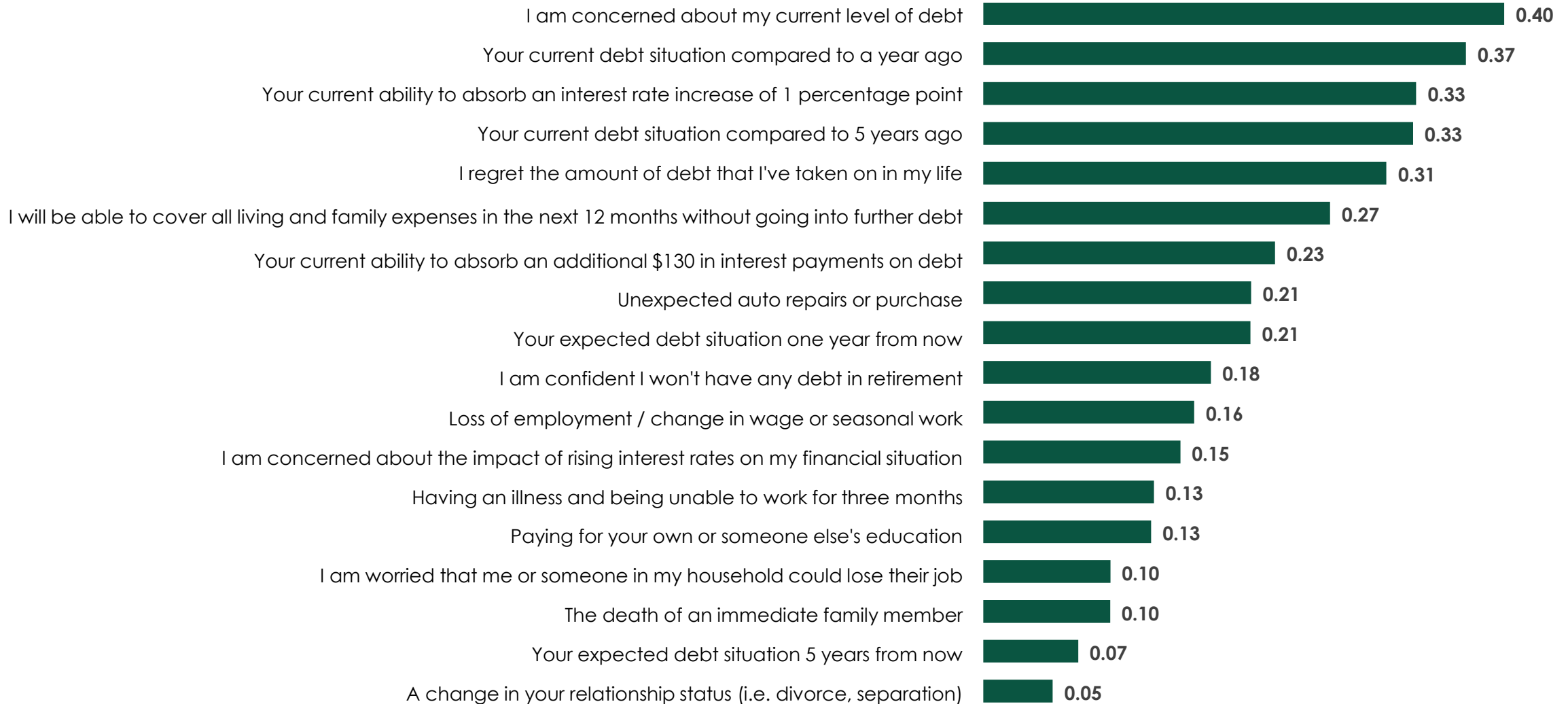
Climate Change and Finances

As for the impact of recent natural disasters (such as flooding, wildfires, and snowstorms), 3% say their household finances have been affected as a result.

Unfortunately, those in BC are significantly more likely to say this (9%). While this may not seem like a large number, this proportion roughly translates to just under a half million BC residents.

THE DEBT INDEX

Debt-Index Inputs

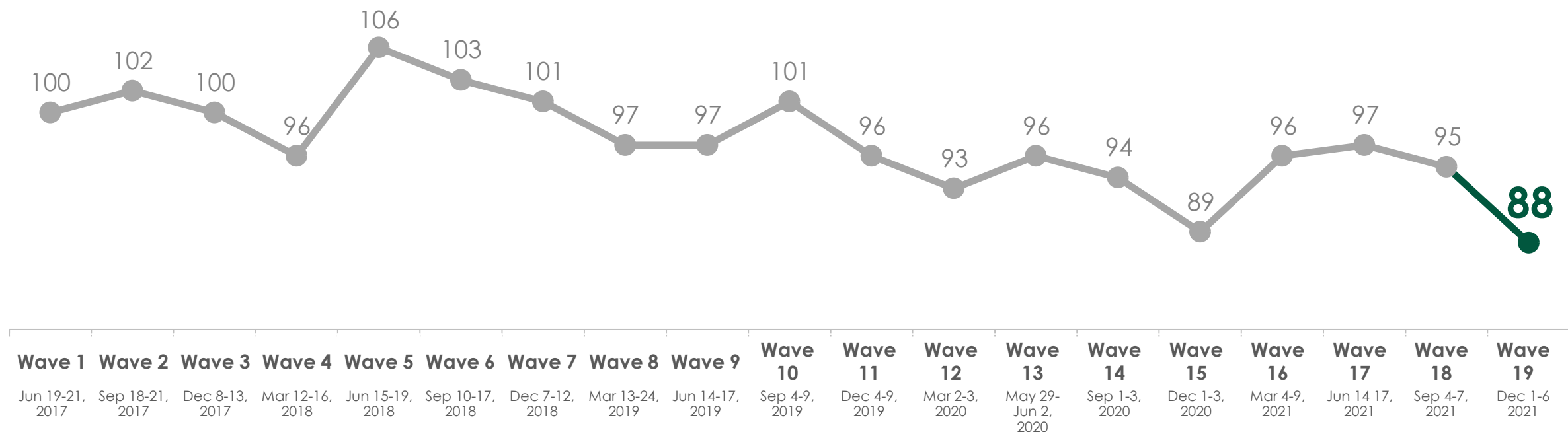


Debt-Index Inputs (Tracking)

Question	Measure		Score	% (Top/Bottom 3 Box)																		Δ vs. Sep 2021
				Sep 2017	Dec 2017	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Mar 2019	Jun 2019	Sep 2019	Dec 2019	Mar 2020	Jun 2020	Sep 2020	Dec 2020	Mar 2021	Jun 2021	Sep 2021	Dec 2021	
5_1	% Disagree	I am concerned about my current level of debt	0.40	39%	41%	38%	40%	38%	35%	38%	38%	38%	38%	31%	37%	33%	34%	36%	37%	36%	34%	-2
3_1	% Better	Your current debt situation compared to a year ago	0.37	26%	25%	24%	27%	28%	27%	24%	24%	27%	23%	26%	27%	26%	22%	26%	25%	24%	24%	-
3_3	% Better	Your current ability to absorb an interest rate increase of 1 percentage point	0.33	28%	28%	27%	30%	30%	28%	26%	26%	28%	27%	26%	28%	28%	25%	26%	28%	26%	24%	-2
3_2	% Better	Your current debt situation compared to 5 years ago	0.33	33%	32%	32%	35%	35%	33%	31%	33%	35%	32%	34%	35%	33%	31%	35%	33%	35%	33%	-2
5_2	% Disagree	I regret the amount of debt that I've taken on in my life	0.31	38%	40%	35%	38%	34%	35%	36%	36%	37%	35%	31%	36%	32%	31%	33%	36%	33%	30%	-3
5_6	% Agree	I will be able to cover all living and family expenses in the next 12 months without going into further debt	0.27	38%	35%	35%	38%	37%	38%	37%	35%	37%	34%	35%	37%	37%	34%	37%	36%	38%	33%	-5
3_4	% Better	Your current ability to absorb an additional \$130 in interest payments on debt	0.23	25%	23%	22%	26%	28%	25%	22%	22%	24%	23%	22%	23%	22%	20%	21%	23%	23%	19%	-4
4_3	% Confident	Unexpected auto repairs or purchase	0.21	31%	31%	28%	35%	33%	31%	30%	30%	29%	29%	27%	27%	28%	28%	30%	27%	27%	24%	-3
3_5	% Better	Your expected debt situation one year from now	0.21	35%	35%	33%	38%	39%	36%	35%	36%	39%	36%	36%	33%	33%	30%	34%	35%	34%	32%	-2
5_5	% Agree	I am confident I won't have any debt in retirement	0.18	33%	30%	31%	34%	32%	33%	32%	32%	33%	34%	33%	33%	34%	33%	34%	34%	34%	31%	-3
4_6	% Confident	Loss of employment/change in wage or seasonal work	0.16	28%	27%	26%	29%	29%	30%	27%	27%	27%	27%	26%	24%	26%	25%	27%	27%	24%	23%	-1
5_3	% Disagree	I am concerned about the impact of rising interest rates on my financial situation	0.15	29%	28%	26%	26%	26%	25%	27%	28%	27%	27%	22%	22%	23%	22%	23%	26%	23%	21%	-2
4_2	% Confident	Having an illness and being unable to work for three months	0.13	30%	29%	28%	31%	31%	33%	29%	28%	29%	27%	28%	26%	27%	28%	28%	30%	29%	25%	-4
4_1	% Confident	Paying for your own or someone else's education	0.13	26%	25%	24%	28%	27%	29%	24%	25%	24%	24%	22%	24%	24%	23%	22%	23%	24%	21%	-3
5_4	% Disagree	I am worried that me or someone in my household could lose their job	0.10	46%	45%	44%	47%	44%	43%	44%	44%	47%	43%	41%	38%	39%	38%	38%	42%	44%	41%	-3
4_4	% Confident	The death of an immediate family member	0.10	27%	26%	26%	29%	30%	30%	25%	26%	26%	26%	25%	25%	26%	23%	26%	26%	25%	22%	-3
3_6	% Better	Your expected debt situation 5 years from now	0.07	47%	44%	47%	50%	50%	47%	45%	47%	50%	46%	48%	42%	44%	42%	46%	44%	46%	45%	-1
4_5	% Confident	A change in your relationship status (i.e. divorce, separation)	0.05	33%	31%	32%	36%	32%	36%	33%	34%	31%	33%	33%	30%	32%	29%	30%	29%	28%	27%	-1

Debt-Index Tracking

Amid concerns of inflation, new coronavirus variants, and holiday spending, the MNP Debt Index has **tumbled seven points to stand at its lowest-ever reading -- 88 points**. Although Canadians had become optimistic over the past year with COVID-19 restrictions easing, businesses re-opening, and travel resuming, they have returned to feeling how they did during last year's holiday season.

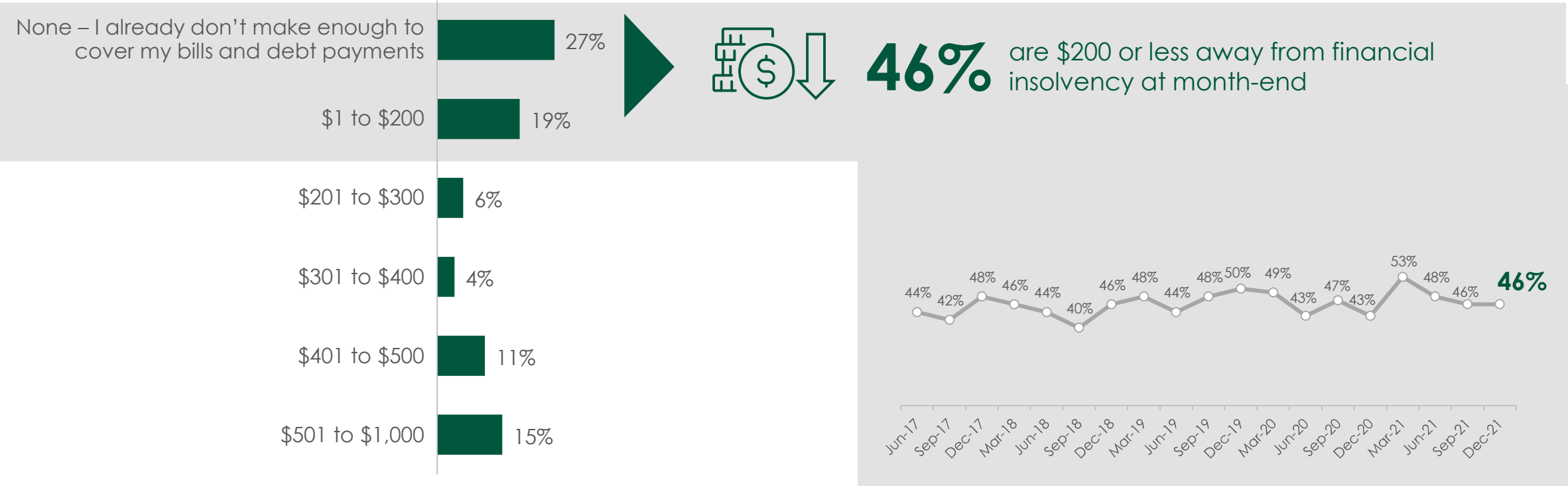


Note on interpretation: A high debt index score means that Canadians feel positive towards their personal finances, as well as confident in their ability to cope with unexpected financial situations. A low index score describes the opposite – negative feelings and low confidence.

EVALUATING PERSONAL FINANCES

Finances at Month-End

Although Canadians are feeling markedly more pessimistic about their finances in general, the amount of money they report having at month-end remains stable. **Less than half (46%) of Canadians say they are \$200 or less away from financial insolvency**, holding steady from September. This proportion includes **27% who report already being insolvent** and are not able to cover their bills and debt payments (unchanged from last wave). As usual, certain groups still are significantly more likely to be insolvent or close to insolvency than others. Women are more likely than men to be insolvent (or at risk of insolvency). Furthermore, those in lower-income households are also having difficulties.



Q1. Thinking about the amount of after-tax income you make each month compared to the amount of your bills and debt obligations each month, how much is left over? In other words, how much wiggle room do you have before you wouldn't be able to pay all your bills and debt payments each month (which is called financial insolvency)?

Base: All Respondents (unweighted) n=2,000

Average Finances Left at Month-End

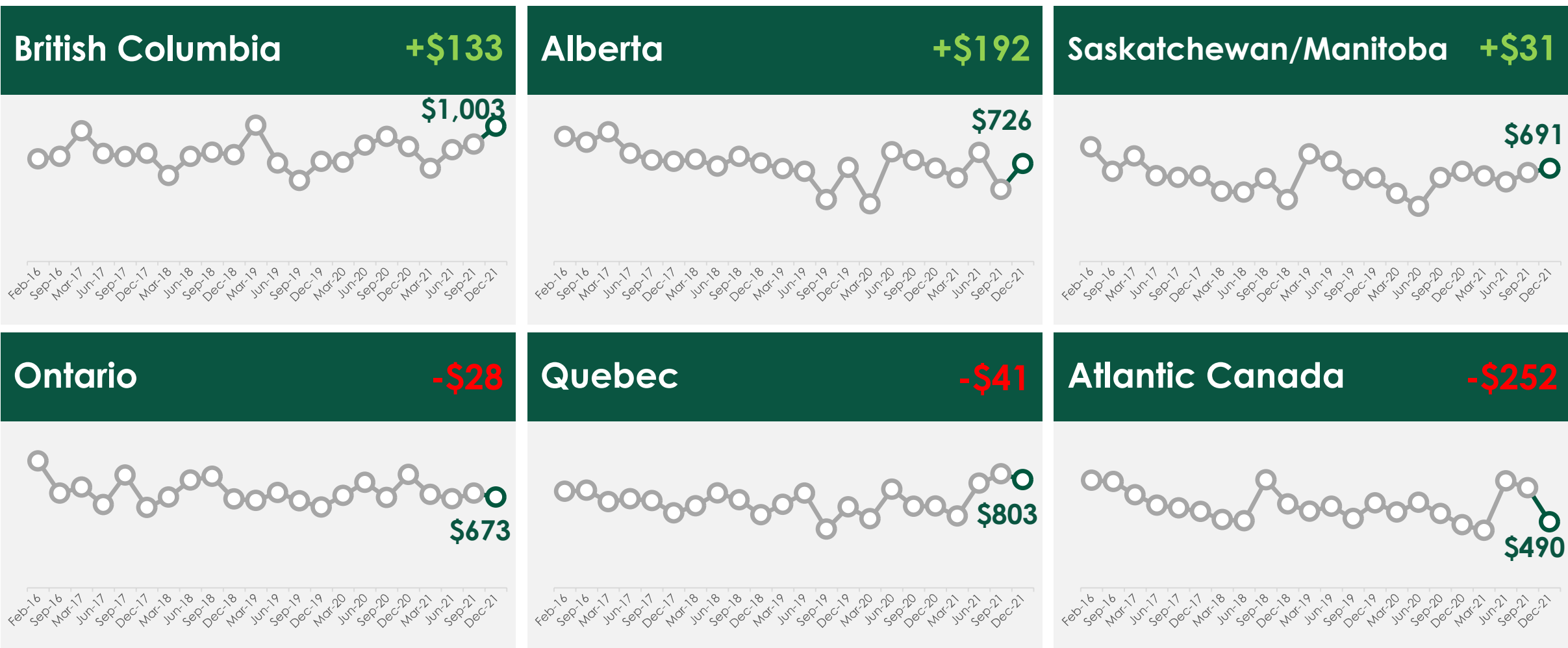
After their bills and debt obligations have been paid, on average, **Canadians are left with \$743 at month-end**, virtually unchanged since June of this year. With the economy having opened back up in the second half of the year, many Canadians are either back to work or have found other sources of income. However, not all regions of the country are feeling similarly optimistic. Average finances at month-end continue to climb in British Columbia (to over \$1000) and have recovered after precipitously dropping in Alberta. Households in Atlantic Canada, already having the lowest amount of money leftover at month-end, have seen the most drastic drop, declining just over \$250 from September.



Average Finances Left at Month-End										
	Mean (incl. 0)	Gender		Age			Household Income			
		Male A	Female B	18-34 C	35-54 D	55+ E	<\$40K G	\$40K to <\$60K H	\$60K to <\$100K I	\$100K+ J
Current wave (Dec 2021)	\$743	\$968	\$530	\$726	\$798	\$707	\$388	\$669	\$888	\$1514
Change since last wave (Sep 2021)	+\$4	+\$105	-\$91	-\$85	+\$77	+\$3	+\$69	+\$20	-\$81	+\$174

Q1. Thinking about the amount of after-tax income you make each month compared to the amount of your bills and debt obligations each month, how much is left over? In other words, how much wiggle room do you have before you wouldn't be able to pay all your bills and debt payments each month (which is called financial insolvency)?
Base: All Respondents (unweighted) n=2,000

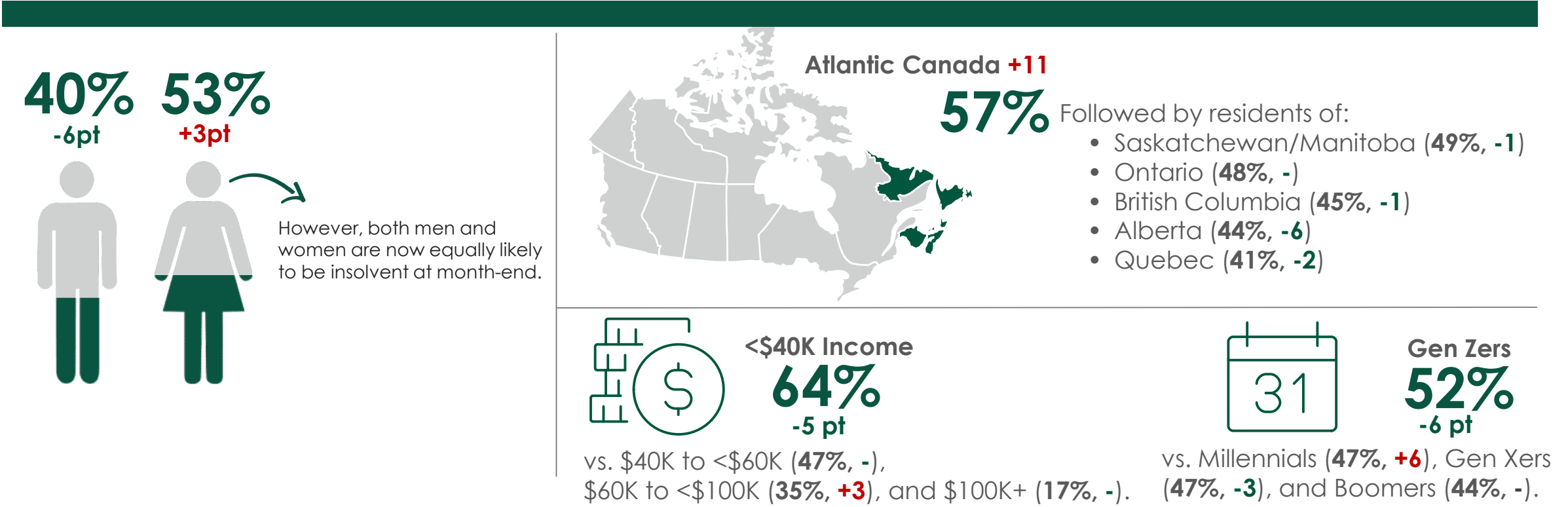
Average Finances Left at Month-End (Regional View)



Q1. Thinking about the amount of after-tax income you make each month compared to the amount of your bills and debt obligations each month, how much is left over? In other words, how much wiggle room do you have before you wouldn't be able to pay all your bills and debt payments each month (which is called financial insolvency)?
Base: All Respondents (unweighted) n=2,000

Finances at Month-End – % \$200 or less from insolvency

Although there is no overall change in the proportion of Canadians who report being \$200 or less away from insolvency, a closer look at regional dynamics reveals a different picture. Those living in Atlantic Canada are the most likely to say they are either insolvent or precariously close to it (57%, +11), while those in Alberta are a little less likely to say so. However, those demographic groups who are usually dangerously close to insolvency are saying their financial situation is slightly improving. Fewer Gen Z Canadians and those in households earning less than \$40,000 a year are on the brink of insolvency; however, these proportions remain high.

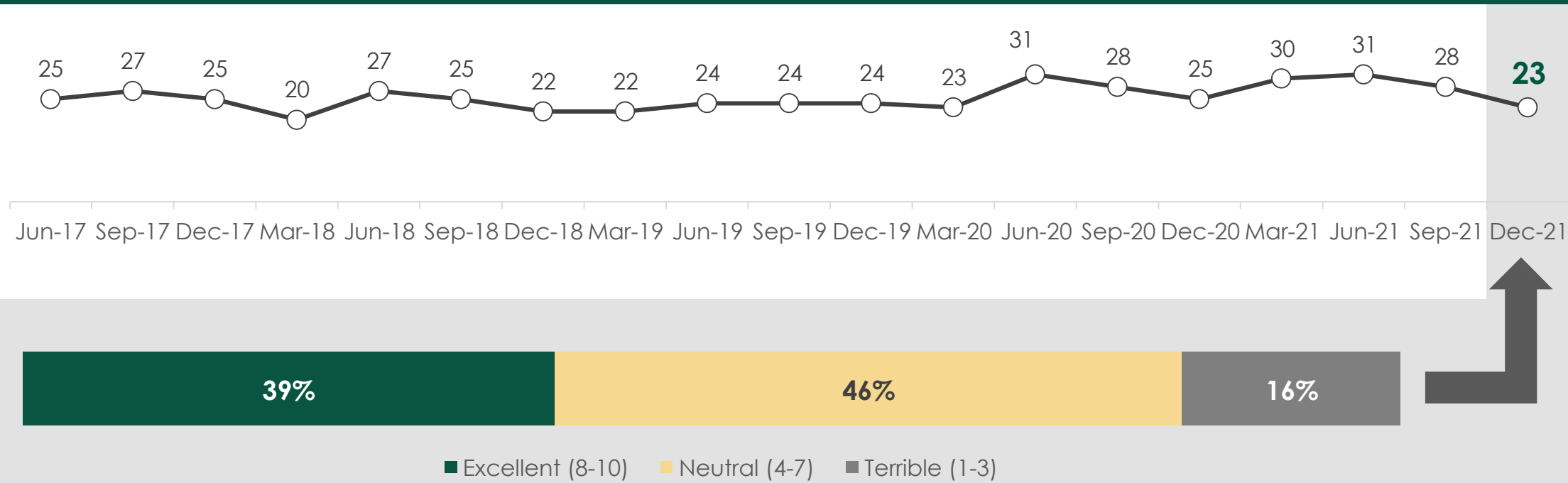


Q1. Thinking about the amount of after-tax income you make each month compared to the amount of your bills and debt obligations each month, how much is left over? In other words, how much wiggle room do you have before you wouldn't be able to pay all your bills and debt payments each month (which is called financial insolvency)?
Base: All Respondents (unweighted) n=2,000

Personal Debt Rating

After recovering in the first half of the year, Canadians' **net personal debt rating has decreased to 23 points**, a five-point change from last quarter. The underlying reasons for this shift lie in the fact that fewer and fewer Canadians believe that their debt situation is 'excellent' (39%, -3 from last wave; -5 from June) and slightly more say it is 'terrible' (16%, +2 from last wave; +3 from June). Similarly, a few more Canadians are saying that they are 'neutral' about their personal debt situation (46%, +2 from last wave).

Net Rating (Excellent minus Terrible)

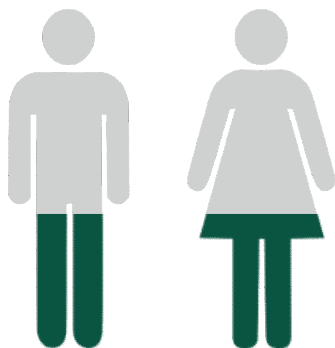


Q2. On a scale of 1 to 10, where 1 is 'terrible' and 10 is 'excellent', how would you rate your personal debt situation?
Base: All Respondents (unweighted) n=2,001

Excellent Personal Debt Self-Assessment

Who is more likely to rate their personal debt situation as 'good'?

38% 39%

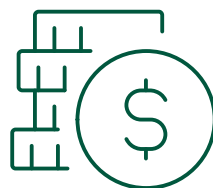


Although women are usually more likely to say that they are either already insolvent or \$200 or less away from insolvency, they are usually equally likely or more likely than men to rate their personal debt situation as 'excellent'



Followed by residents of:

- Quebec (**41%**)
- British Columbia (**40%**)
- Atlantic (**33%**)
- Alberta(**31%**)
- Saskatchewan/Manitoba(**30%**)



\$100K+ Income

51%

vs. \$60K to <\$100K (**42%**),
\$40K to \$60K (**38%**), and
<\$40K (**28%**).



Boomers

53%

vs. Gen X (**33%**), Millennials (**30%**),
and Gen Z (**27%**).

Q2. On a scale of 1 to 10, where 1 is 'terrible' and 10 is 'excellent', how would you rate your personal debt situation? Top three box responses.
Base: All Respondents (unweighted) n=2,000

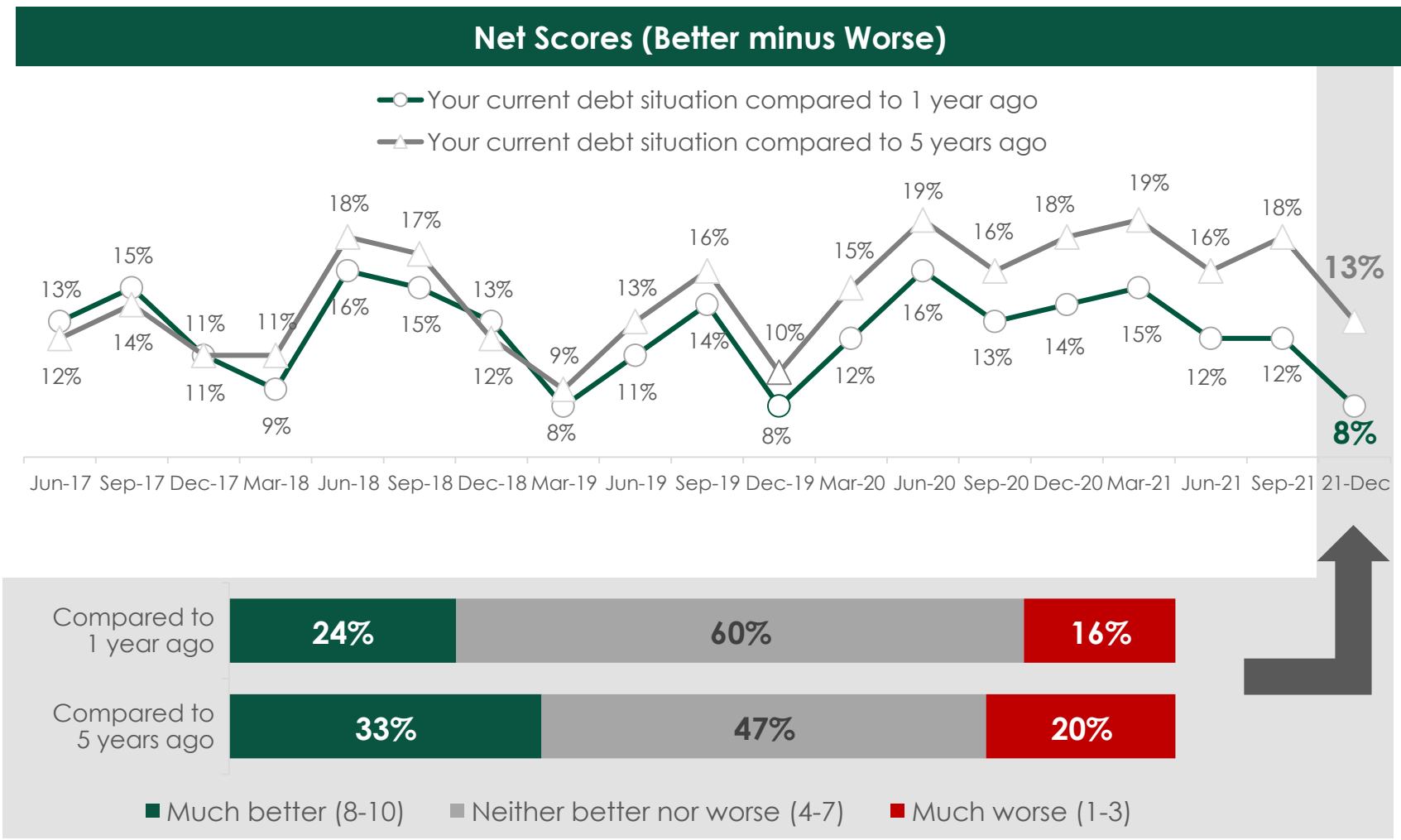
Current Debt Situation

Recent concerns over inflation and cost of living mean that fewer Canadians believe that their current debt situation is better than it was in the past. This shift can be explained by the fact that more Canadians would rate their current net debt situation as 'worse' when compared to the past.

When asked to **look back to one year ago**, a quarter of Canadians perceive their current debt situation to be better (24%). While this proportion is stable from last quarter, what is more striking is that 16% believe that it is in fact worse, an increase of 4 points from September.

Looking back to five years ago, a third (33%, -2) say their debt situation has improved and 2 in 10 (20%, +3) say it is now worse.


Q3. On a scale of 1 to 10, where 1 is 'much worse' and 10 is 'much better', how would you rate ...?
Base: All Respondents (unweighted) n=2,000



Current Debt Situation: **Worse**

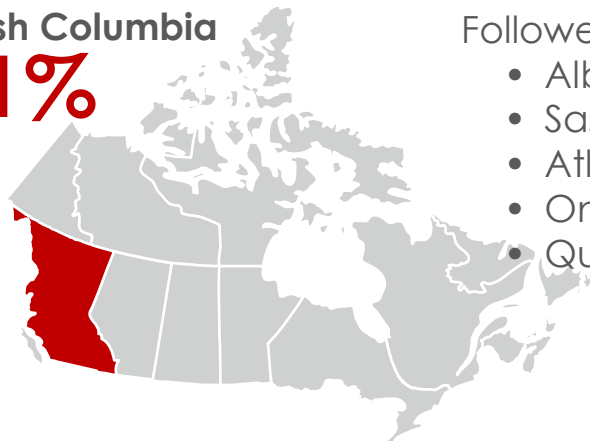
Your current debt situation compared to 1 year ago

 **<\$40K Income**
23% vs. \$40K to <\$60K (15%), \$60K to <\$100K (15%), and \$100K+ (7%).

 **Millennial**
22% vs. Gen Z (19%), Gen X (19%), and Baby Boomers (8%).


British Columbia

21%



- Followed by residents of:
- Alberta (20%)
 - Saskatchewan/Manitoba (20%)
 - Atlantic Canada (17%)
 - Ontario (15%)
 - Quebec (11%)

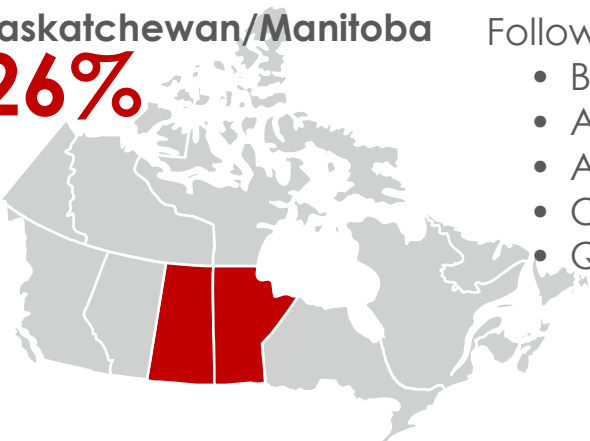
Your current debt situation compared to 5 years ago

 **<\$40K Income**
27% vs. \$40K to <\$60K (19%), \$60K to <\$100K (18%), and \$100K+ (14%).

 **Millennials**
24% vs. Gen Z (23%), Gen X (20%), and Baby Boomers (15%).

Saskatchewan/Manitoba

26%



- Followed by residents of:
- British Columbia (24%)
 - Alberta (23%)
 - Atlantic Canada (23%)
 - Ontario (20%)
 - Quebec (13%)

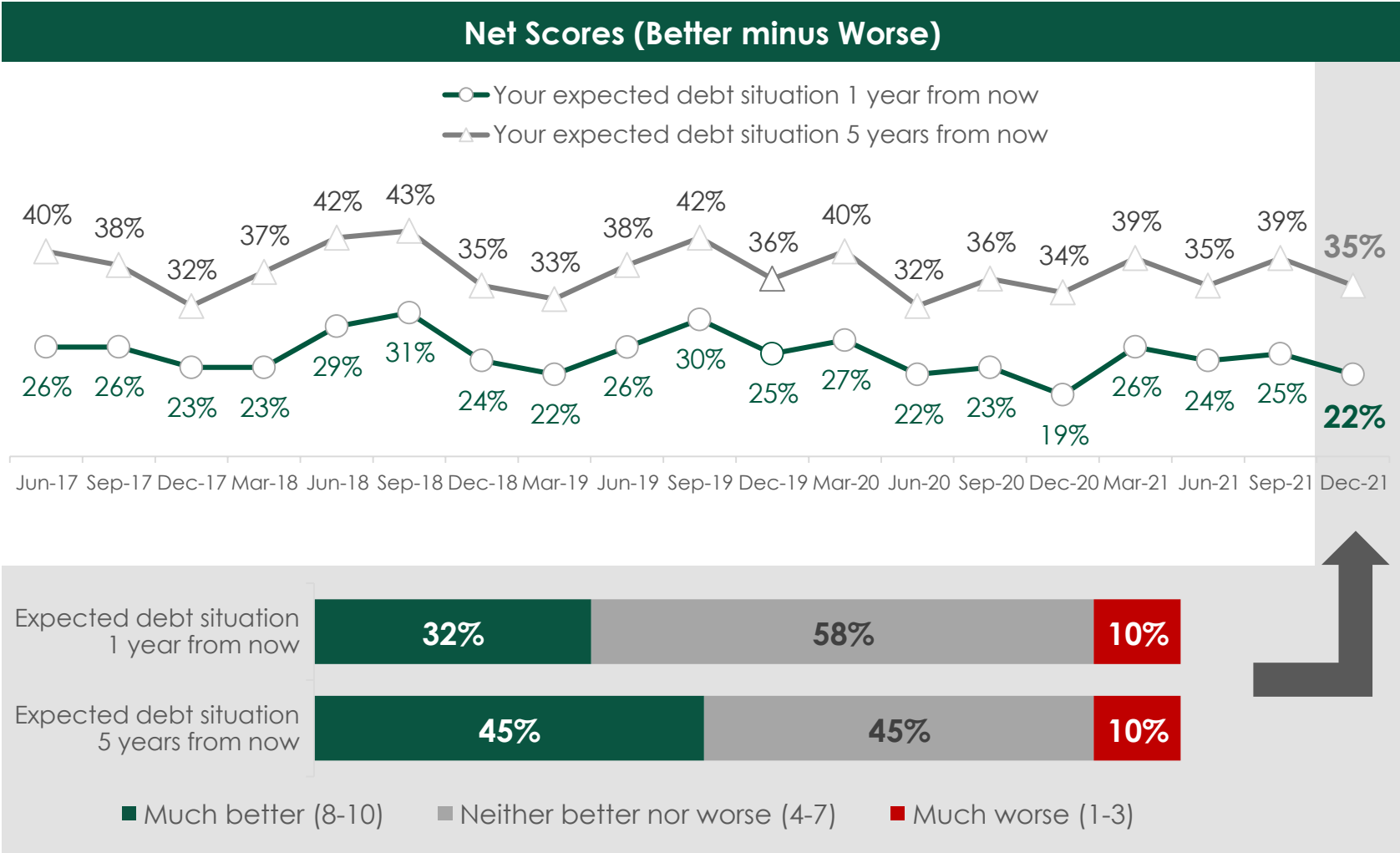
Q3. On a scale of 1 to 10, where 1 is 'much worse' and 10 is 'much better', how would you rate ...? Bottom three box responses.
Base: All Respondents (unweighted) n=2,000

Expected Debt Situation

The economic impact of the Omicron variant adds to the uncertainty surrounding Canadian households' finances in the short term. As such, it is understandable that even if Canadians largely think they will be better off financially in the long run, this confidence has taken a hit recently.

Looking to **one year from now**, one-third of Canadians expect their debt situation to improve (32%, -2) but 1 in 10 believe it will worsen (10%, +1).

Looking **five years into the future**, one in ten believe that their debt situation will worsen (10%), a three-point increase from last quarter that indicates that some are preparing to settle in for a bumpy ride.



Q3. On a scale of 1 to 10, where 1 is 'much worse' and 10 is 'much better', how would you rate ...?
 Base: All Respondents (unweighted) n=2,001

Expected Debt Situation: **Worse**

Your expected debt situation 1 year from now



<\$40K Income

14%

vs. \$40K to <\$60K **(10%)**,
\$60K to <\$100K **(9%)**, and
\$100K+ **(5%)**.



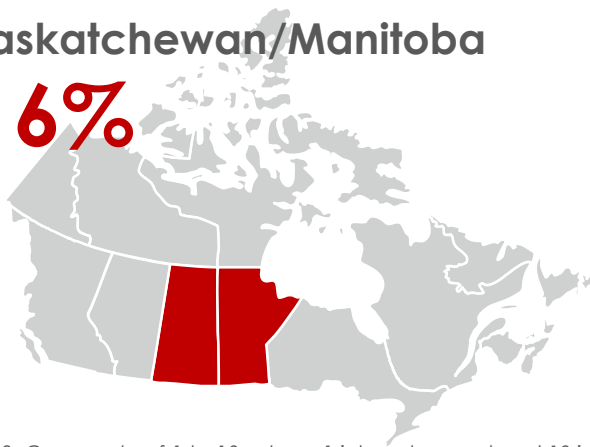
Gen Z

13%

vs. Gen X **(13%)**,
Millennials **(10%)**,
Baby Boomers **(8%)**.

Saskatchewan/Manitoba

16%



Followed by residents of:

- British Columbia **(14%)**
- Atlantic Canada **(12%)**
- Alberta **(11%)**
- Quebec **(9%)**
- Ontario **(8%)**

Q3. On a scale of 1 to 10, where 1 is 'much worse' and 10 is 'much better', how would you rate ...? Bottom three box responses.
Base: All Respondents (unweighted) n=2,001

Your expected debt situation 5 years from now



<\$40K Income

15%

vs. \$40K to <\$60K **(9%)**,
\$100K+ **(10%)**, and
\$60K to <\$100K **(5%)**.



Gen Z

19%

vs. Millennials **(10%)**,
Gen X & Baby Boomers **(9%)**.

British Columbia

18%



Followed by residents of:

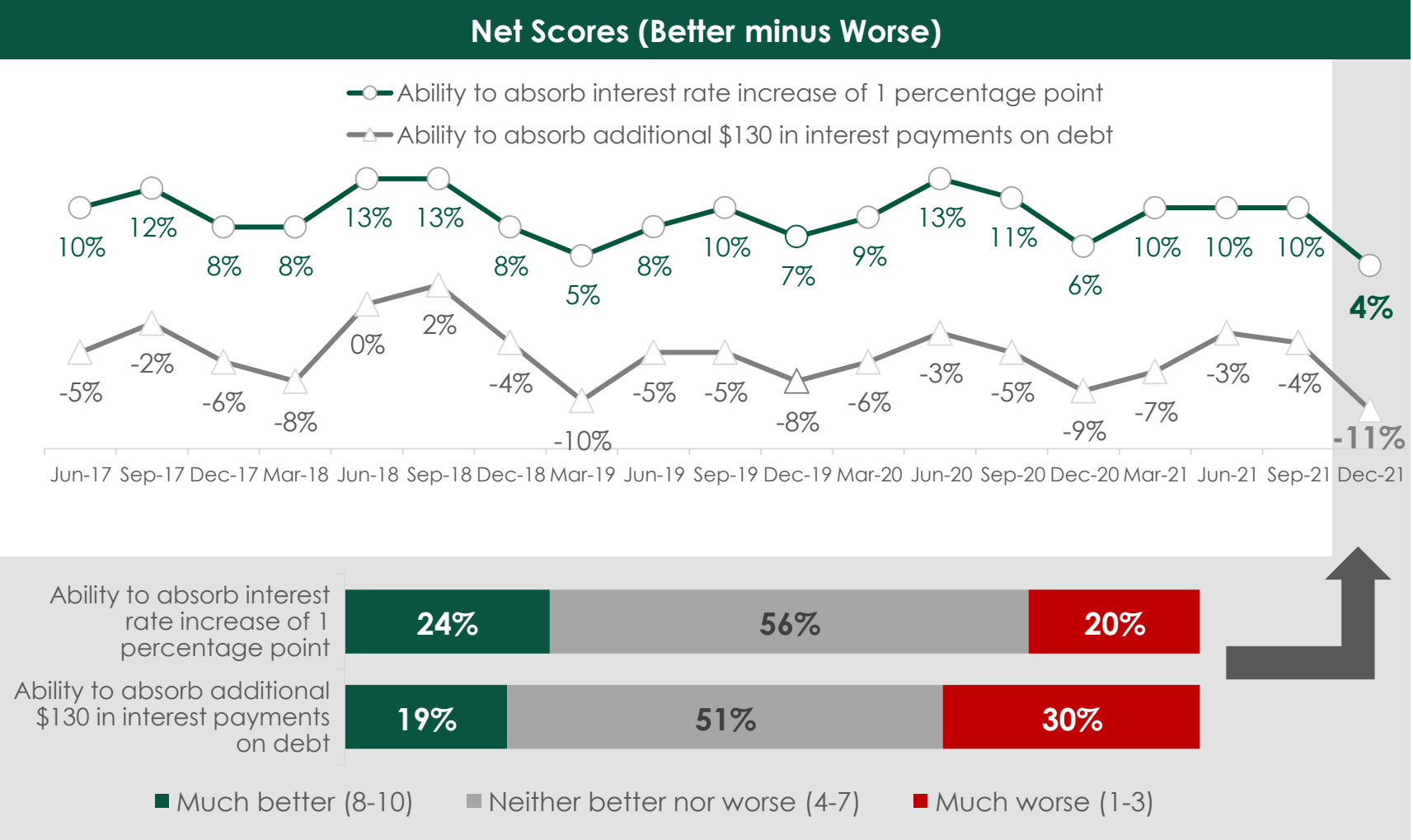
- Sask./Manitoba **(15%)**
- Alberta **(13%)**
- Atlantic Canada **(9%)**
- Quebec **(8%)**
- Ontario **(7%)**

Current Ability to Absorb Interest Rate Increase

Historically, Canadians have been relatively positive about their ability to absorb an interest rate increase. However, with a rate hike becoming a real possibility, they are now seriously pondering whether they could feasibly absorb an increase.

Net score when phrased as a **one percentage point increase** has dropped six points (to 4%), as a result of fewer saying they could absorb the increase (-2) and more saying they could not (+4).

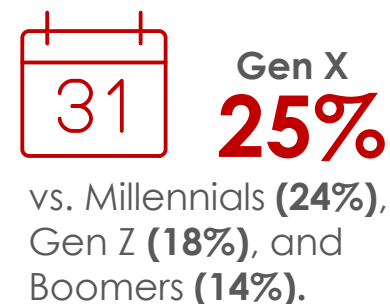
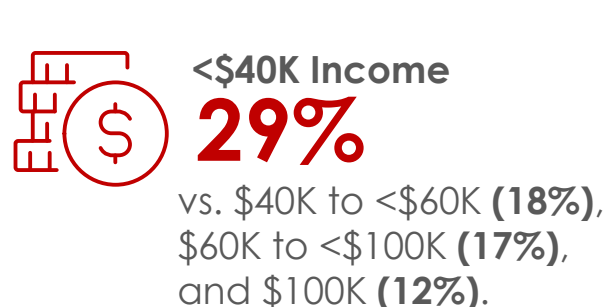
Net ability to absorb **an extra \$130 in interest payments** stands at -11% (-7). Fewer say they could absorb the increase (-4) and more saying they could not (+3).



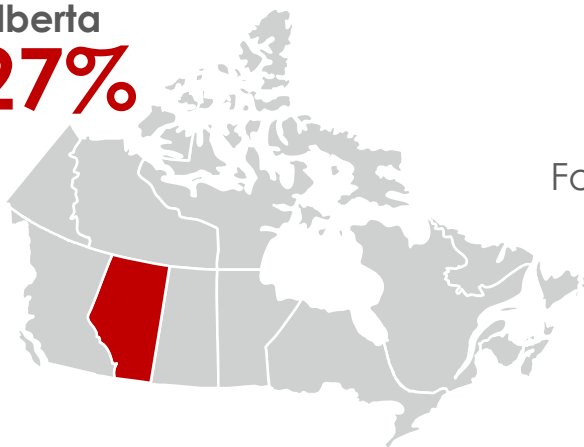
Q3. On a scale of 1 to 10, where 1 is 'much worse' and 10 is 'much better', how would you rate ...?
Base: All Respondents (unweighted) n=2,000

Current Ability to Absorb Interest Increase: **Worse**

Your current ability to absorb an interest rate increase of 1 percentage point

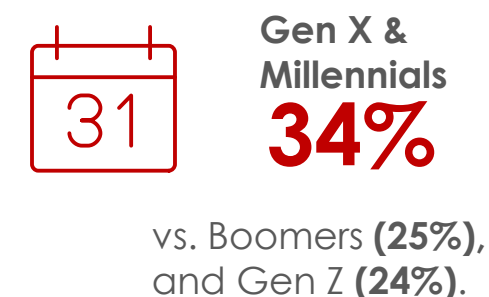
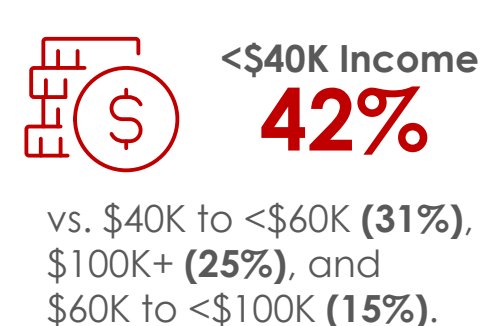


Alberta
27%



- Followed by residents of:
- British Columbia (25%)
 - Atlantic Canada (24%)
 - Sask./Manitoba (22%)
 - Ontario (18%)
 - Quebec (15%)

Your current ability to absorb an additional \$130
in interest payments on debt



Atlantic Canada
39%

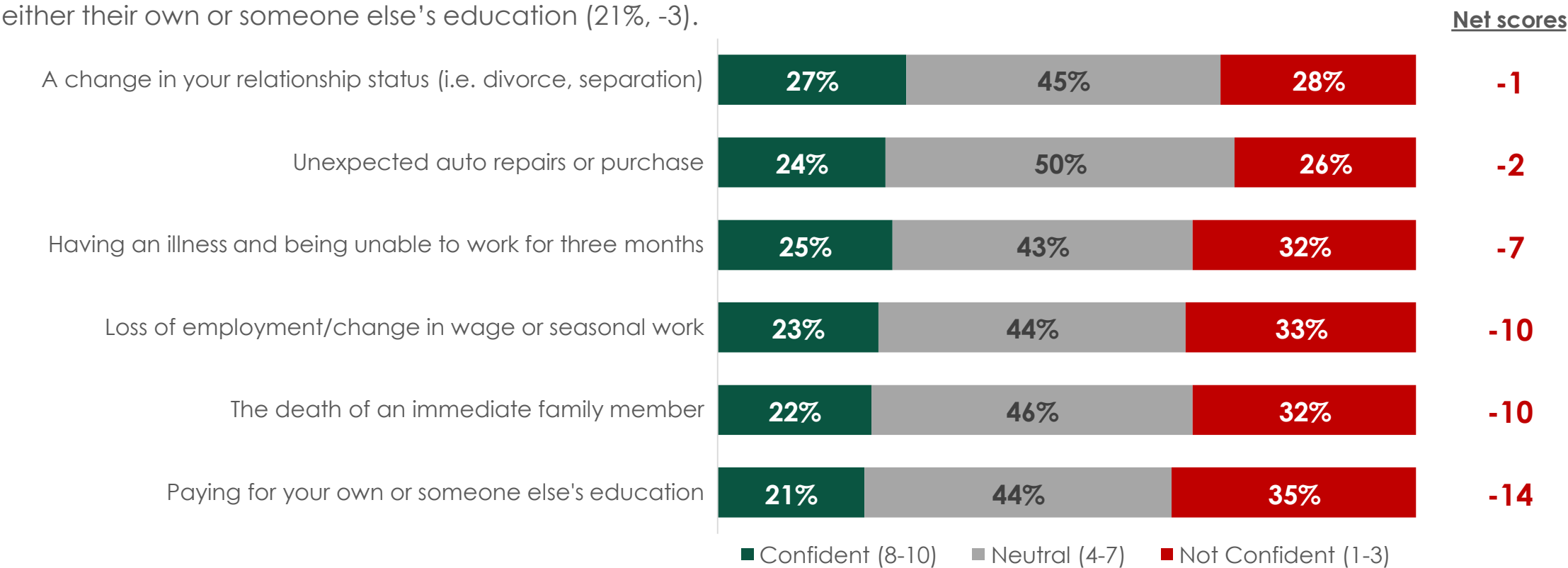


- Followed by residents of:
- Alberta (38%)
 - Sask./Manitoba (35%)
 - British Columbia (34%)
 - Ontario (27%)
 - Quebec (25%)

Q3. On a scale of 1 to 10, where 1 is 'much worse' and 10 is 'much better', how would you rate ...? Bottom three box responses.
Base: All Respondents (unweighted) n=2,000

Confidence in Ability to Cope

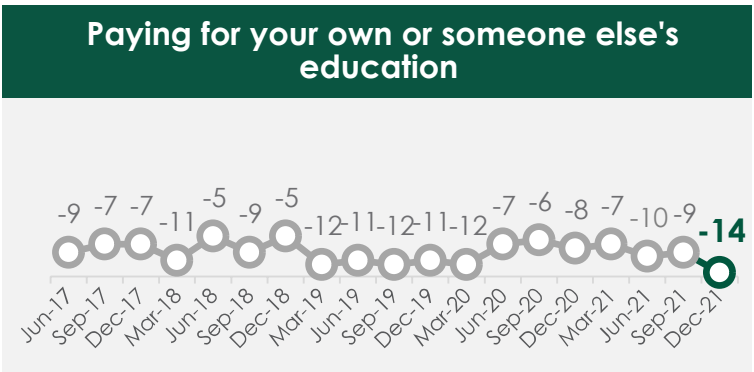
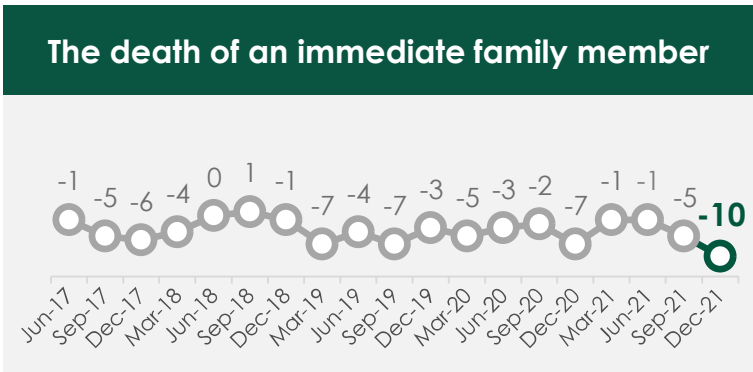
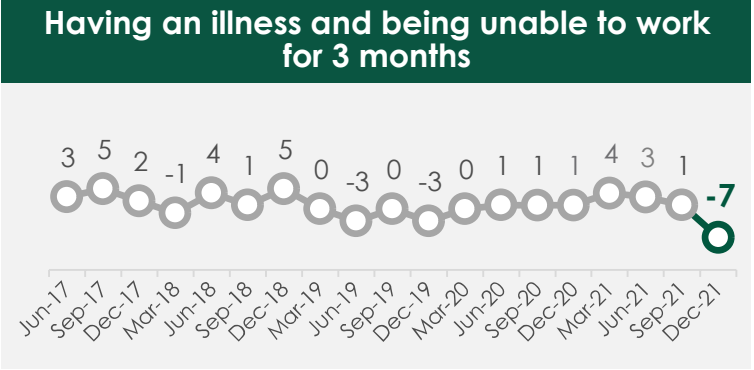
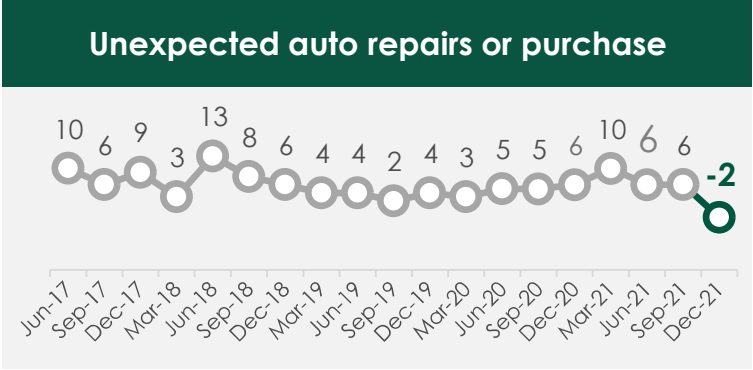
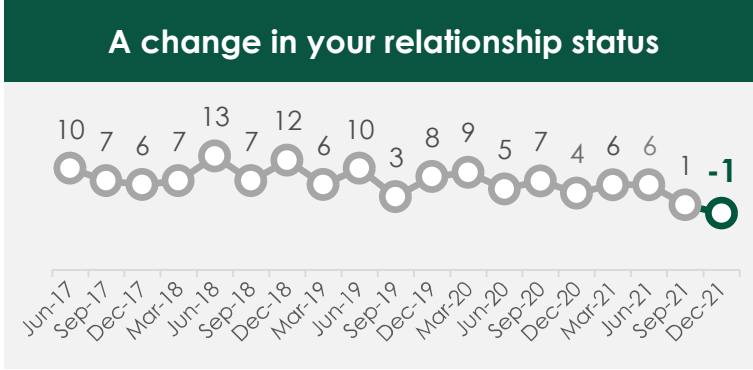
No more than three in ten (27%) are confident in their ability to cope with life-changing events without increasing their debt burden. Canadians are most confident in handling a change in their relationship status (27%, -1) and having an illness and being unable to work for three months (25%, -4). As for other life events, such as unexpected auto repairs or having an illness and being unable to work for three months, Canadians are slightly less confident in their ability to handle them without taking on more debt. Canadians are the least confident in their ability to cope with the death of an immediate family member (22%, -3) and to pay for either their own or someone else's education (21%, -3).



Q4. On a scale of 1 to 10, where 1 is 'not at all confident' and 10 is 'extremely confident', how confident are you in your ability to cope with the following life changes without increasing your debt?
 Base: All Respondents (unweighted) n=2,000

Confidence in Ability to Cope – Net Scores

Net confidence scores on coping with life changes has significantly declined from last quarter, particularly when it comes to unexpected auto repairs or purchase (-8), having an illness and being unable to work for three months (-8), paying for one's own or someone else's education (-5), and the death of an immediate family member (-5).



Q4. On a scale of 1 to 10, where 1 is 'not at all confident' and 10 is 'extremely confident', how confident are you in your ability to cope with the following life changes without increasing your debt?
Base: All Respondents (unweighted) n=2,000

Not Confident in Ability to Cope

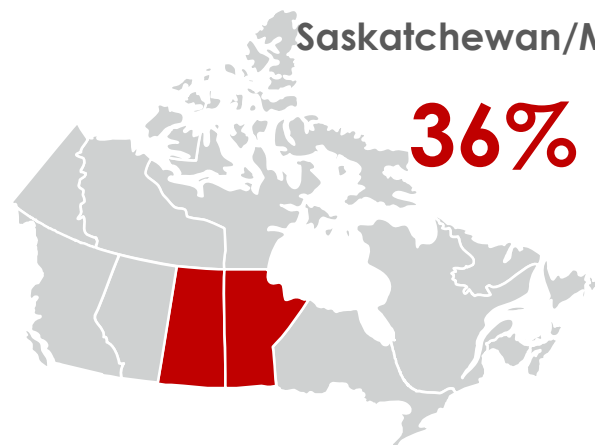
A change in your relationship status



\$60K - <\$100K Income vs. <\$40K (**29%**),
31% \$40K to <\$60K (**25%**), and
\$100K+ (**24%**).



Millennials vs. Gen X (**29%**),
34% Gen Z (**26%**), and
Baby Boomers (**22%**).



Saskatchewan/Manitoba

36%

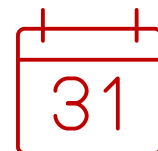
Followed by residents of:

- British Columbia (**34%**)
- Atlantic Canada (**32%**)
- Ontario & Alberta (**29%**)
- Quebec (**19%**)

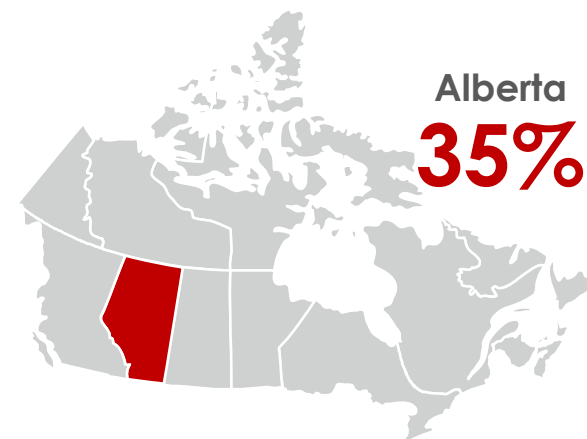
Unexpected auto repairs or purchase



<\$40K Income vs. \$60K to <\$100K (**24%**),
35% \$40K to <\$60K (**23%**), and
\$100K+ (**14%**).



Gen Z & Gen X vs. Millennials (**29%**), and
30% Baby Boomers (**19%**).



Alberta

35%

Followed by residents of:

- Sask./Manitoba (**34%**)
- Atlantic Canada (**30%**)
- British Columbia (**28%**)
- Ontario (**25%**)
- Quebec (**18%**)

Q4. On a scale of 1 to 10, where 1 is 'not at all confident' and 10 is 'extremely confident', how confident are you in your ability to cope with the following life changes without increasing your debt? Bottom three box responses.
Base: All Respondents (unweighted) n=2,000

Not Confident in Ability to Cope

Having an illness and being unable to work for 3 months



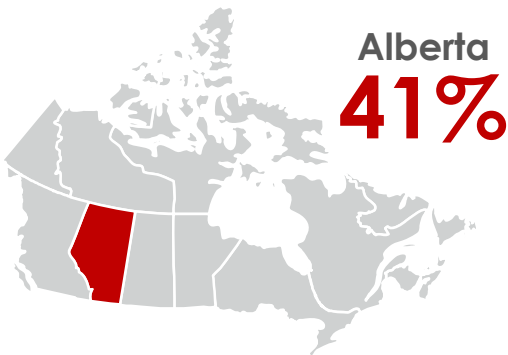
Millennials
42%

vs. Gen Z (**39%**),
Gen X (**33%**), and
Baby Boomers (**21%**).



<\$40K Income
37%

vs. \$40K to <\$60K (**35%**),
\$60K to <\$100K (**33%**), and
\$100K+ (**23%**).



Followed by residents of:

- Atlantic Canada (**40%**)
- Sask./Manitoba (**39%**)
- British Columbia (**31%**)
- Ontario (**31%**)
- Quebec (**25%**)

The death of an immediate family member



Gen Z
42%

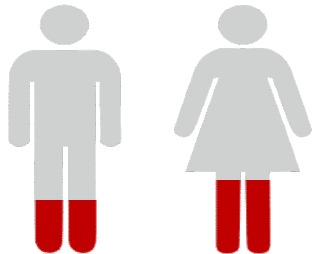
vs. Millennials (38%),
Gen X (33%), and
Baby Boomers (25%).

<\$40K Income
40%

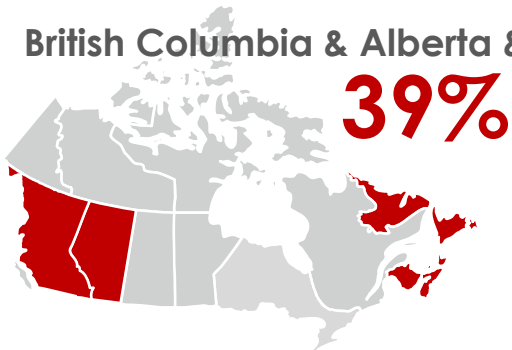


vs. \$60K to <\$100K (**30%**),
\$40K to <\$60K (**29%**), and
\$100K+ (**24%**).

28% 36%



British Columbia & Alberta & Atlantic Canada



Followed by residents of:

- Sask./Manitoba (**35%**)
- Ontario (**33%**)
- Quebec (**23%**)

Q4. On a scale of 1 to 10, where 1 is 'not at all confident' and 10 is 'extremely confident', how confident are you in your ability to cope with the following life changes without increasing your debt? Bottom three box responses.
Base: All Respondents (unweighted) n=2,000

Not Confident in Ability to Cope

Loss of employment/change in wage or seasonal work



Millennial
43%

vs. Gen X (38%),
Gen Z (34%), and
Baby Boomers (20%).



<\$40K Income
38%

vs. \$60K to <\$100K (34%)
\$40K to <\$60K (30%), and
\$100K+ (29%).



Atlantic Canada

41%

Followed by residents of:

- Alberta (40%)
- British Columbia (33%)
- Saskatchewan/Manitoba (33%)
- Ontario (32%)
- Quebec (26%)

Paying for your own or someone else's education



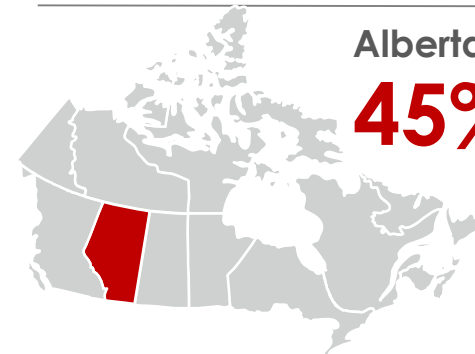
Millennial
39%

vs. Gen X (38%),
Gen Z (37%), and
Baby Boomers (28%).



<\$40K Income
42%

vs. \$40K to <\$60K (33%),
\$60K to <\$100K (35%),
and \$100K+ (22%).



Alberta

45%

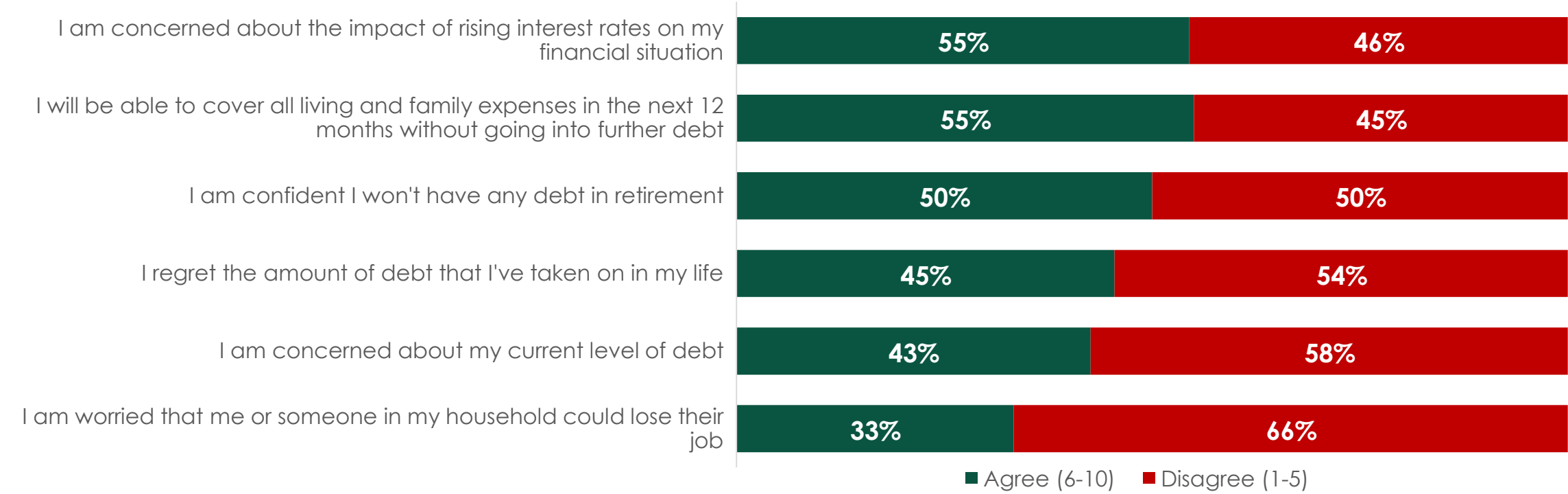
Followed by residents of:

- British Columbia & Atlantic Canada (44%)
- Saskatchewan/Manitoba (37%)
- Ontario (34%)
- Quebec (22%)

Q4. On a scale of 1 to 10, where 1 is 'not at all confident' and 10 is 'extremely confident', how confident are you in your ability to cope with the following life changes without increasing your debt? Bottom three box responses.
Base: All Respondents (unweighted) n=2,000

Evaluating Personal Finances

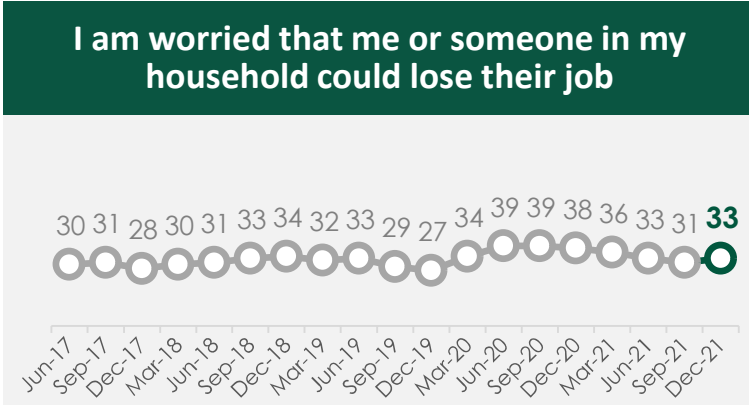
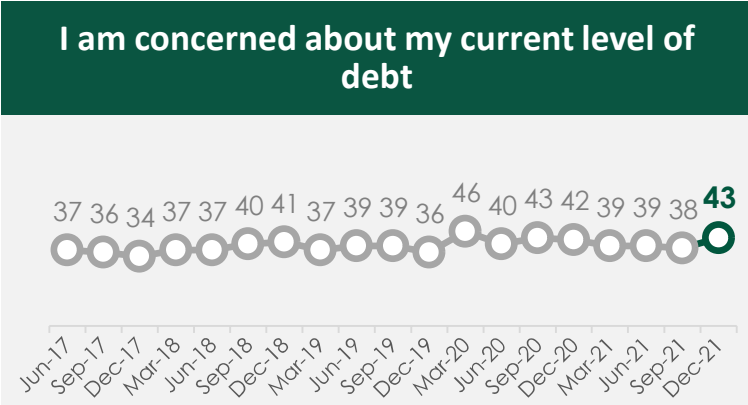
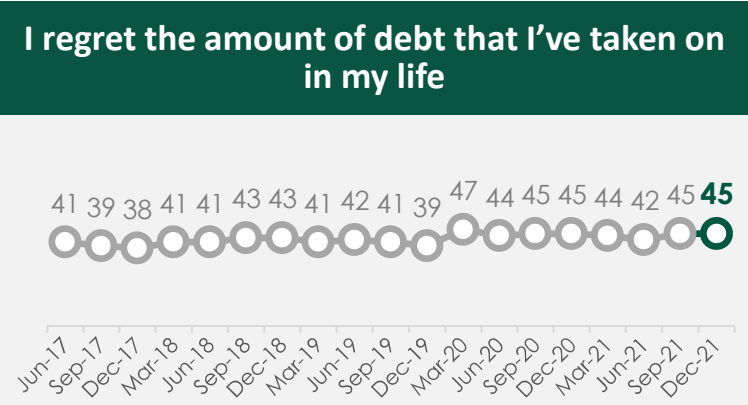
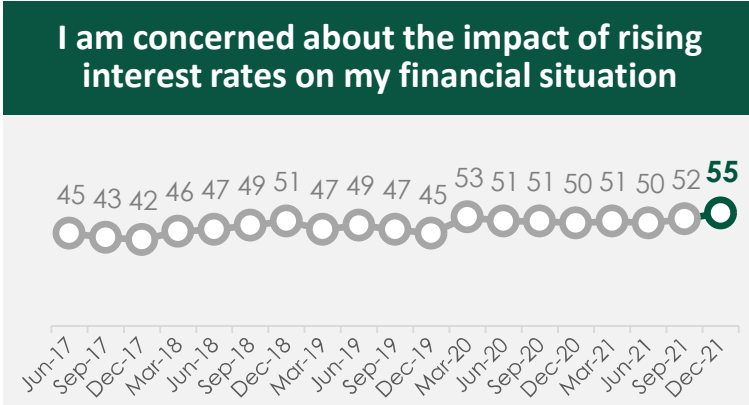
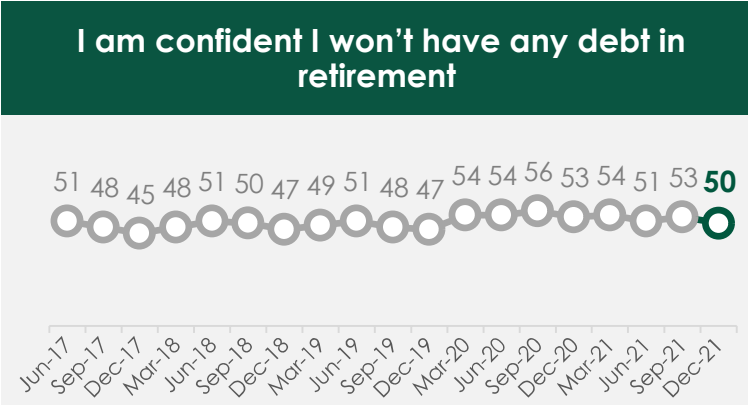
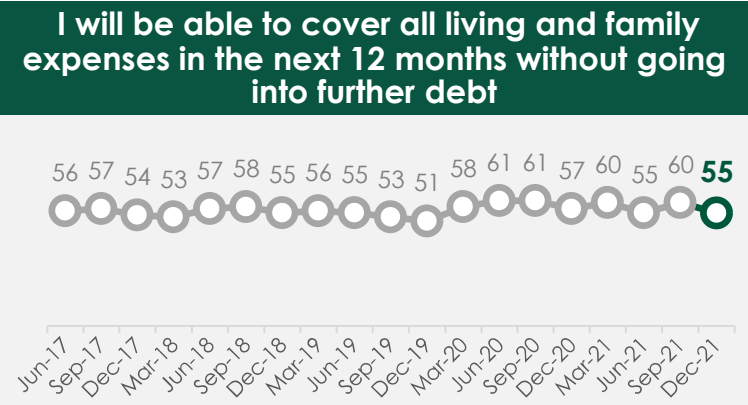
Over half of Canadians say they are concerned about the impact of rising interest rates on their financial situation (55%) and their ability to cover all living/family expenses in the next year without going further into debt (55%). Perhaps a sign of what is to come, over four in ten say they are concerned about their current level of debt (43%), a significant increase from last wave. However, the proportion of Canadians who say they regret the amount of debt they've taken on in life remains stable – but the fact remains that over four in ten still say they regret it.



Q5. On a scale of 1 to 10, where 1 is 'strongly disagree' and 10 is 'strongly agree', how much do you agree or disagree with the following ...?
Base: All Respondents (unweighted) n=2,000

Evaluating Personal Finances – Agree (6-10)

Compared to the September wave, signs point to Canadian households becoming increasingly worried about their household finances. Fewer are confident they can comfortably cover their living expenses in the next year (-5) and more say they are concerned about their current level of debt (+5). In addition, fewer say they are confident they won't have any debt in retirement (-3) and more say they are concerned about the impact of rising interest rates on their financial situation (+3).



Q5. On a scale of 1 to 10, where 1 is 'strongly disagree' and 10 is 'strongly agree', how much do you agree or disagree with the following ...?
Base: All Respondents (unweighted) n=2,000

Evaluating Personal Finances – Agree (6-10)

I am confident I won't have any debt in retirement



vs. \$60K to <\$100K (54%),
\$40K<\$60K (53%), and
<\$40K (39%).



vs. Baby Boomers (54%),
Millennials (48%),
And Gen X (47%).

I will be able to cover all living and family expenses in the next 12 months without going into further debt



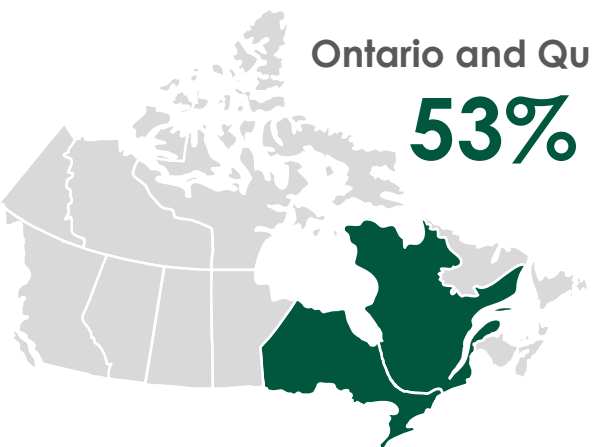
Boomers
71%

vs. Gen X (50%),
Gen Z (46%) and
Millennials (45%).



\$100K+ Income
72%

vs. \$60K to <\$100K (60%),
\$40K to <\$60K (57%), and
<\$40K (42%).

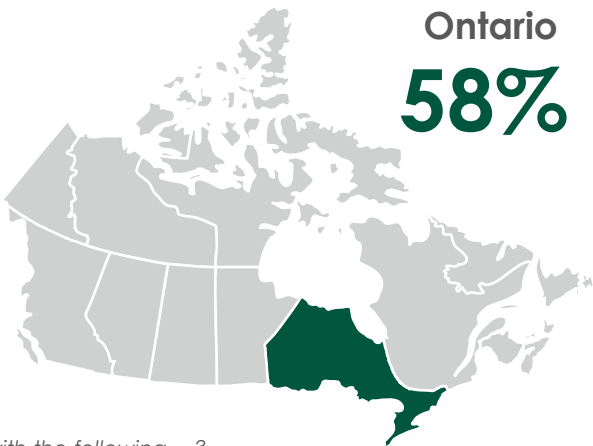


Ontario and Quebec

53%

Followed by residents of:

- British Columbia (51%)
- Sask./Manitoba (46%)
- Alberta (44%)
- Atlantic Canada (38%)



Ontario

58%

Followed by residents of:

- Alberta (57%)
- Quebec (56%)
- British Columbia (54%)
- Sask./Manitoba (51%)
- Atlantic Canada (44%)

Q5. On a scale of 1 to 10, where 1 is 'strongly disagree' and 10 is 'strongly agree', how much do you agree or disagree with the following ...?
Base: All Respondents (unweighted) n=2,000

Evaluating Personal Finances – Agree (6-10)

I am concerned about the impact of rising interest rates on my financial situation



Gen X
62%

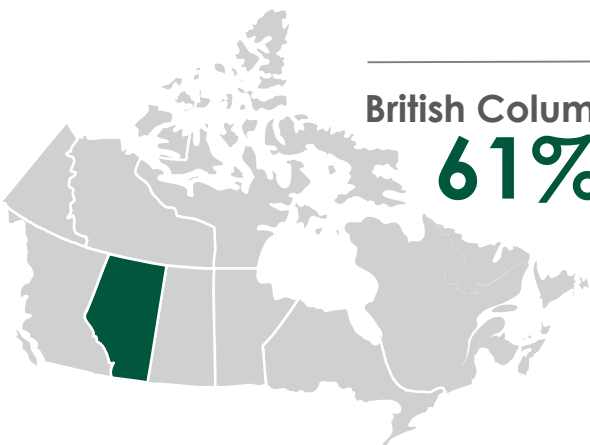
vs. Gen Z (**59%**),
Millennials (**54%**), and
Baby Boomers (**49%**).



<\$40K \$Income

56%

vs. 60K to <\$100K (**56%**),
\$40K to <\$60K (**54%**) and
and \$100K+ (**53%**).



British Columbia

61%

Followed by residents of:

- Alberta (**60%**)
- Atlantic Canada (**57%**)
- Sask./Manitoba (**55%**)
- Ontario (**53%**)
- Quebec (**41%**)

I regret the amount of debt that I've taken on in my life



Gen X
53%

vs. Millennials (**52%**),
Gen Z (**44%**) and
Baby Boomers (**35%**).



<\$40K Income

53%

vs. \$40K to <\$60K (**46%**),
\$60K to <\$100K (**42%**), and
\$100K+ (**40%**).



Saskatchewan/Manitoba

52%

Followed by residents of:

- Alberta (**50%**)
- Atlantic Canada (**48%**)
- British Columbia (**47%**)
- Quebec (**45%**)
- Ontario (**44%**)

Q5. On a scale of 1 to 10, where 1 is 'strongly disagree' and 10 is 'strongly agree', how much do you agree or disagree with the following ...?
Base: All Respondents (unweighted) n=2,000

Evaluating Personal Finances – Agree (6-10)

I am concerned about my current level of debt



vs. \$40K to <\$60K (43%),
\$60K to <\$100K (42%), and
\$100k+ (38%).



vs. Gen Z (45%), and
Baby Boomers (30%).

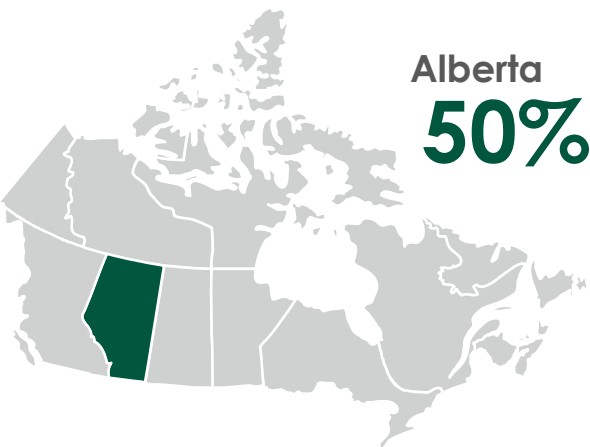
I am worried that me or someone in my household
could lose their job



vs. \$40K to <\$60K (43%),
\$60K to <\$100K (42%), and
\$100k+ (38%).

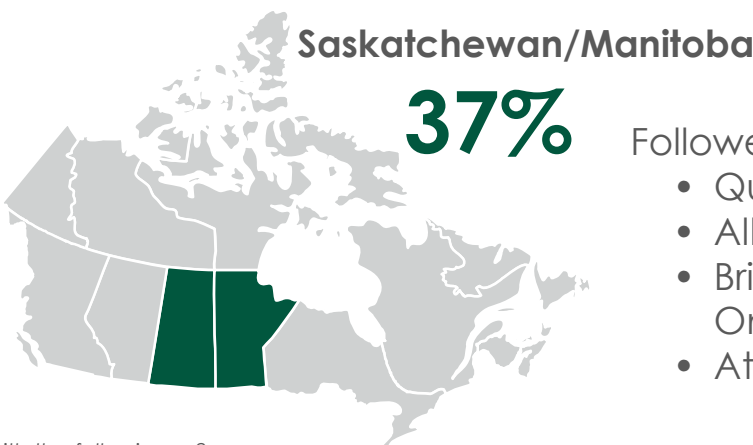


vs. Gen X (42%),
Millennials (36%), and
Baby Boomers (25%).



Followed by residents of:

- Atlantic Canada (48%)
- Sask./Manitoba (44%)
- British Columbia (42%)
- Ontario (41%)
- Quebec (38%)



Followed by residents of:

- Quebec (36%)
- Alberta (35%)
- British Columbia and
Ontario (34%)
- Atlantic Canada (31%)

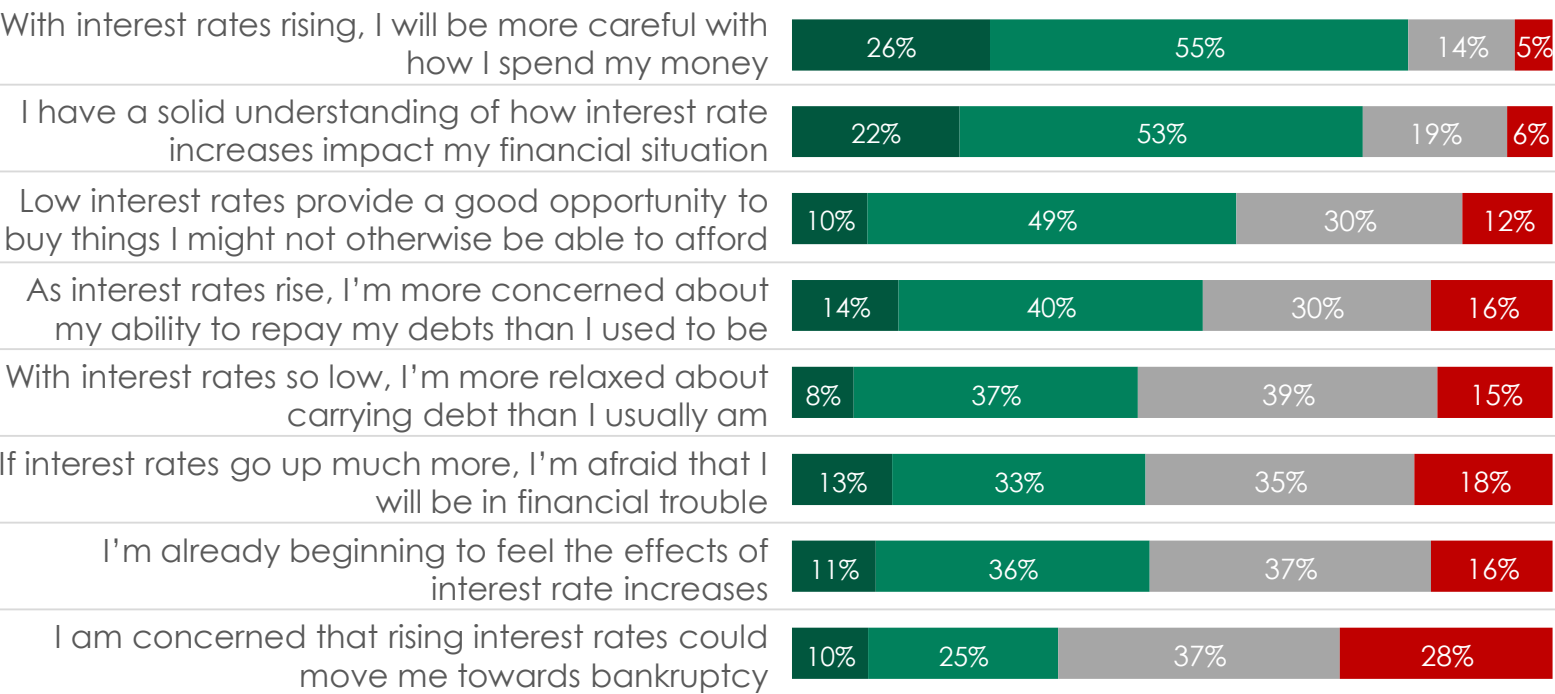
Q5. On a scale of 1 to 10, where 1 is 'strongly disagree' and 10 is 'strongly agree', how much do you agree or disagree with the following ...?
Base: All Respondents (unweighted) n=2,000

INTEREST RATES

Attitudes Towards Interest Rates

Although 45% of Canadians say that they are more relaxed about carrying debt than they usually are, this represents a four-point decline from September. In addition, nearly half (47%, +3) say that if interest rates go up much more, they worry that they will be in financial trouble. However, even with whispers of the Bank of Canada raising rates, six in ten (59%) still agree that the current environment provides a good opportunity to buy things they might not otherwise be able to afford and there has been no change in the proportion of Canadians saying that rising rates could drive them closer to bankruptcy (35%, -).

% Agree (Top 2 Box)															
2021				2020				2019				2018			
Dec	Sep	Jun	Mar	Dec	Sep	Jun	Mar	Dec	Sep	Jun	Mar	Dec	Sep	Jun	Mar
81%	82%	77%	80%	81%	80%	81%	80%	78%	80%	80%	78%	79%	79%	77%	78%
75%	77%	75%	76%	75%	76%	76%	76%	78%	77%	77%	77%	77%	77%	78%	74%
59%	58%	58%	59%	61%	-	-	-	-	-	-	-	-	-	-	-
54%	54%	50%	51%	53%	53%	51%	55%	51%	54%	56%	54%	57%	52%	49%	51%
45%	49%	45%	49%	47%	-	-	-	-	-	-	-	-	-	-	-
47%	44%	43%	44%	47%	46%	46%	47%	46%	45%	49%	47%	50%	45%	42%	44%
47%	45%	38%	40%	41%	40%	38%	44%	44%	43%	47%	46%	51%	45%	38%	43%
35%	35%	34%	35%	38%	36%	32%	36%	34%	34%	36%	35%	39%	34%	28%	33%



Q7. To what extent do you agree or disagree with the following?
Base: All Respondents (unweighted) n=2,000

Attitudes Towards Interest Rates

Men, younger Canadians, as well as those in Quebec are more likely to say that they are more relaxed about carrying debt than they usually are thanks to interest rates being so low. However, these groups could find themselves in trouble, should interest rates go up in the new year. In particular, younger Canadians, and those with household income under \$100k, are more likely to say they will be in financial trouble if interest rates go up and that they could be driven to bankruptcy.

% Agree (Top 2 Box)																
	Top 2 Box	Gender		Age			Region						Household Income			
		Male A	Female B	18-34 C	35-54 D	55+ E	BC A	AB B	SK/MB C	ON D	QC E	ATL F	<\$40K G	\$40K to <\$60K H	\$60K to <\$100K I	\$100K+ J
With interest rates rising, I will be more careful with how I spend my money.	81%	77%	84%^A	78%	83%	80%	81%	82%	81%	81%	78%	86%	80%	82%	83%^J	76%
I have a solid understanding of how interest rate increases impact my financial situation	75%	78%^B	73%	65	73%^C	84%^{CD}	75%	75%	73%	74%	79%	72%	68%	75%	81%^G	82%^{GH}
Low interest rates provide a good opportunity to buy things I might not otherwise be able to afford	59%	59%	59%	65%^E	59%	54%	57%	59%	60%	57%	60%	66%^D	62%	58%	59%	55%
As interest rates rise, I'm more concerned about my ability to repay my debts than I used to be	54%	52%	56%	64%^E	61%^E	40%	57%^E	60%^E	56%	53%	47%	62%^E	61%^{IJ}	54%	51%	46%
With interest rates so low, I'm more relaxed about carrying debt than I usually am	45%	52%^B	39%	51%^E	47%	40%	40%	38%	46%	43%	56%^{ABCD F}	44%	46%	44%	45%	46%
If interest rates go up much more, I'm afraid that I will be in financial trouble	47%	45%	49%	61%^E	55%^E	30%	47%	50%	49%	45%	44%	54%^{DE}	57%^{HIJ}	46%^J	45%^J	32%
I'm already beginning to feel the effects of interest rate increases	47%	46%	47%	56%^E	57%^E	31%	47%	52%^E	49%	47%	41%	55%^E	56%^{HIJ}	47%^J	44%^J	35%
I am concerned that rising interest rates could move me towards bankruptcy	35%	36%	33%	49%^{DE}	41%^E	19%	34%	35%	38%	34%	34%	37%	44%^{HIJ}	33%^J	33%^J	23%

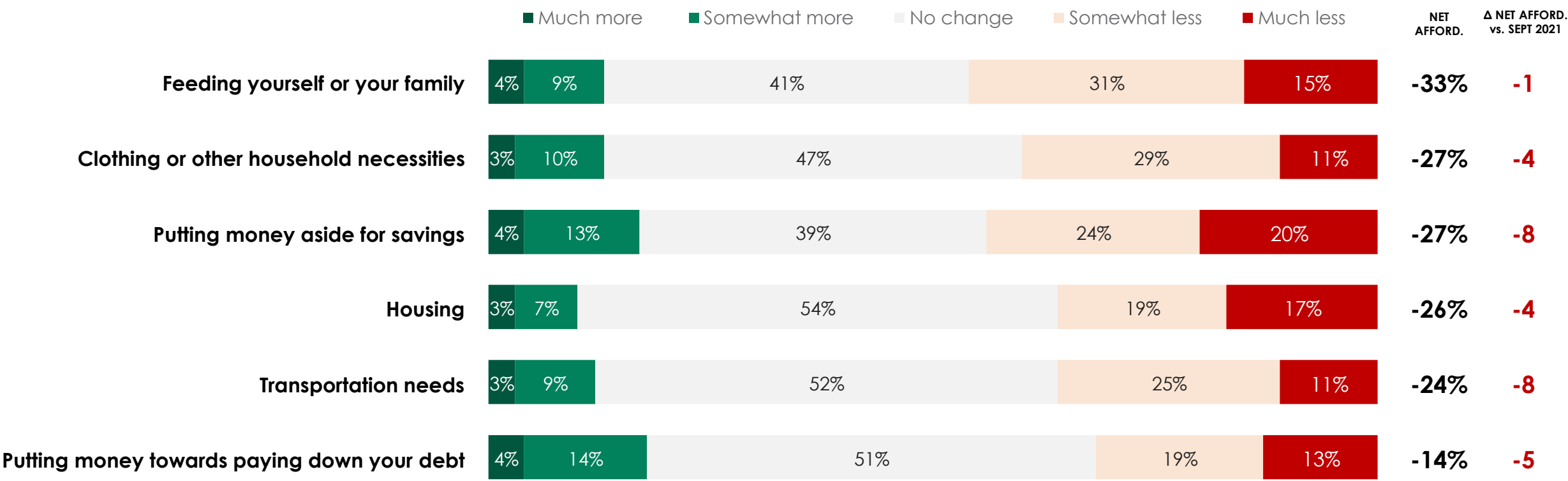
Q7. To what extent do you agree or disagree with the following?
Base: All Respondents (unweighted) n=2,000

Statements new to this wave are highlighted in **green**.

AFFORDABILITY CONCERNS

Affordability

With many families feeling the pinch of rising prices, it is not surprising that net affordability of daily necessities such as housing, transportation, food, and clothing has fallen from last quarter. In such a context, it is understandable that households are finding it even harder to put aside money for savings or pay down their debt. In fact, two in ten (20%) say that it has become ‘much less affordable’ to set aside money for savings. Those in Alberta (28%) and Saskatchewan/Manitoba (26%) are more likely to say so.



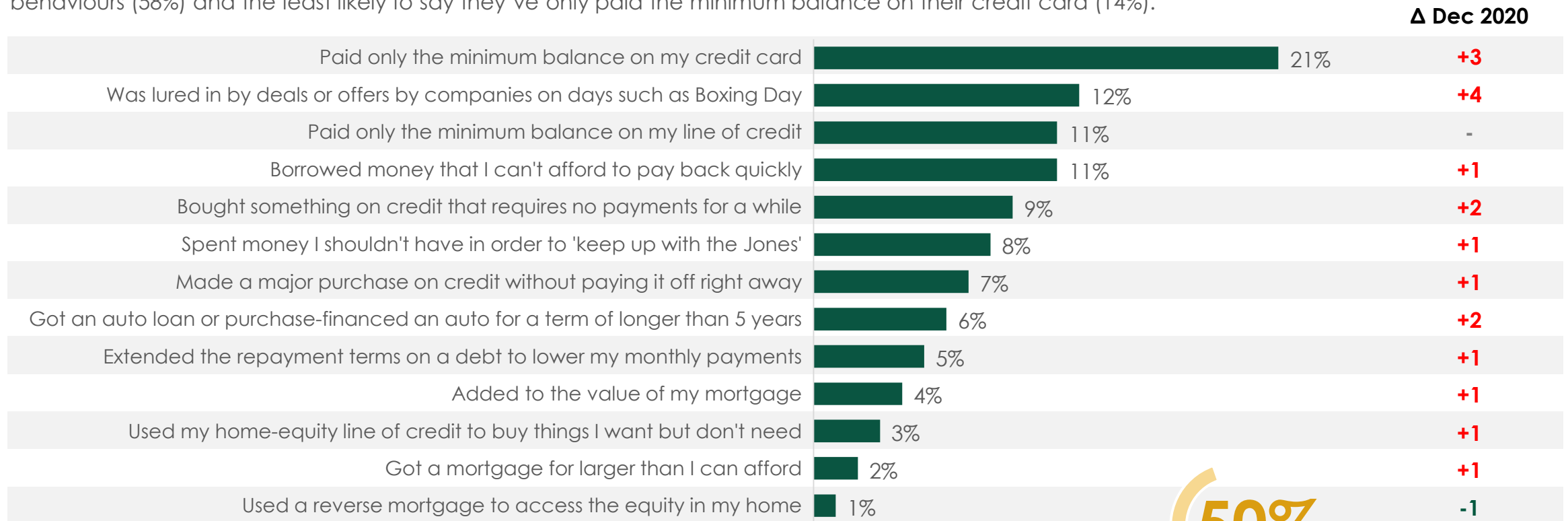
NEW_WAVE19_1. In the last year, have the following become more affordable or less affordable for your household?
 Base: All Respondents (unweighted) n=2,000



Financial 'Bad Habits'

Compared to the same time last year, more Canadians are engaging in financial 'bad habits'. While half (50%) say they have not engaged in any bad habits last year, this is a seven-point decrease from December 2020. More say they have paid only the minimum balance on their credit card (21%, +3) and were lured in by deals or offers (12%, +4).

Younger Canadians are more likely to say they're engaging in these financial bad habits, particularly when it comes to borrowing money they can't afford to pay back or paying only the minimum balance on their credit card. Quebecers are most likely to say they haven't engaged in any of these behaviours (58%) and the least likely to say they've only paid the minimum balance on their credit card (14%).



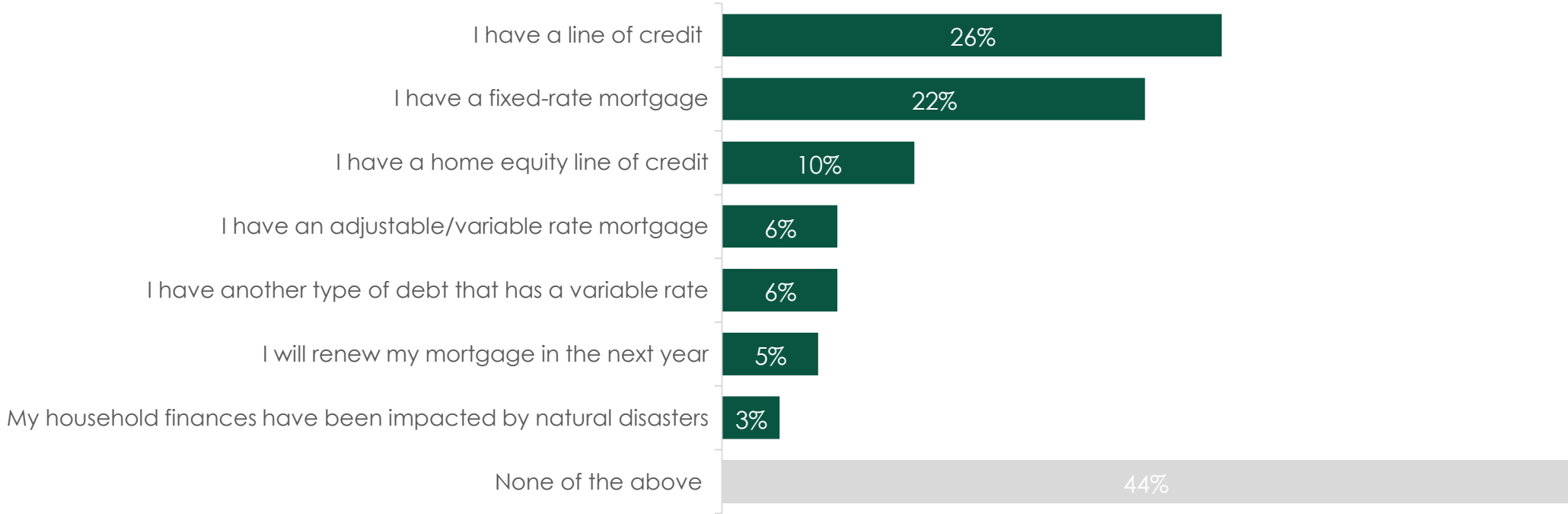
50%

None of the above (-7)

Household Financial Situation

When it comes to borrowing to meet their financial needs, a quarter (26%) of Canadians say that they have a line of credit, with 10% saying that they have a home equity line of credit. Just over two in ten (22%) say they have a fixed-rate mortgage and fewer than 1 in 10 (6%) say they have an adjustable/variable rate mortgage (but significantly higher among households earning \$100k+, 12%). The same proportion (6%) say that they have another type of debt that has a variable rate and another 5% say they will renew their mortgage in the next year.

As for the impact of recent natural disasters (such as flooding, wildfires, and snowstorms), 3% say their household finances have been affected as a result. Unfortunately, those in BC are significantly more like to say this (9%).



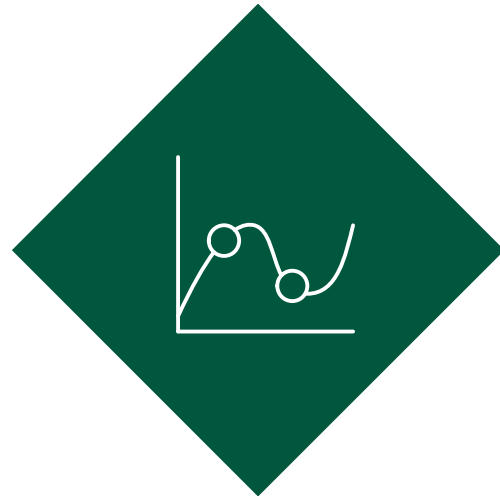
NEW_WAVE19_3. Which of the following statements apply to your household's financial situation?
Base: All Respondents (unweighted) n=2,000

MEDIA ANGLES



MNP Debt Index Hits Record Lows Amid Concerns of Inflation

Pandemic fatigue and possibility of further lockdowns and uncertainty have contributed to the lowest reading on record (since 2017).



Omicron, Possible Interest Rate Hike Weigh Down Optimism in Financial Future

Canadians' financial situation has not greatly changed in the past few months, but the Omicron variant and talk of an rate hike have tanked optimism in their financial future.



Rising Cost of Living Preventing Canadians From Saving, Paying Down Debt

20% say that it has become 'much less affordable' to set aside money for savings, higher in Alberta (28%) and Saskatchewan/Manitoba (26%).



On the Naughty List: More Canadians Engaging in Financial 'Bad Habits'

More households report having paid only the minimum balance on their credit card (21%, +3) or were lured in by deals or offers (12%, +4).

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You act better when you are sure.