

## Debt, savings, and stress: A study of economic experiences and attitudes in Canada today

*Young Canadians are mostly pessimistic about their finances, but notably optimistic about retirement*

**January 28, 2019** – For every dollar of disposable income in Canada, Canadians owe roughly \$1.78 to creditors. Collectively, Canadians hold more than \$2 trillion in debt, and a new public opinion poll from the Angus Reid Institute suggests this debt is causing notable financial strain for more than four-in-ten people in this country.

The study, conducted in partnership with The Globe and Mail, finds one-in-three Canadians (32%) have put off saving for retirement because of the debt they're carrying. Millions more – especially those under the age of 40 – have put off buying a home (18%), getting married (8%), having children (7%) or moving out of their parents' homes (5%).

On the savings side of the ledger, just 12 per cent of Canadians say they have an amount in the bank that meets or exceeds their personal goal.

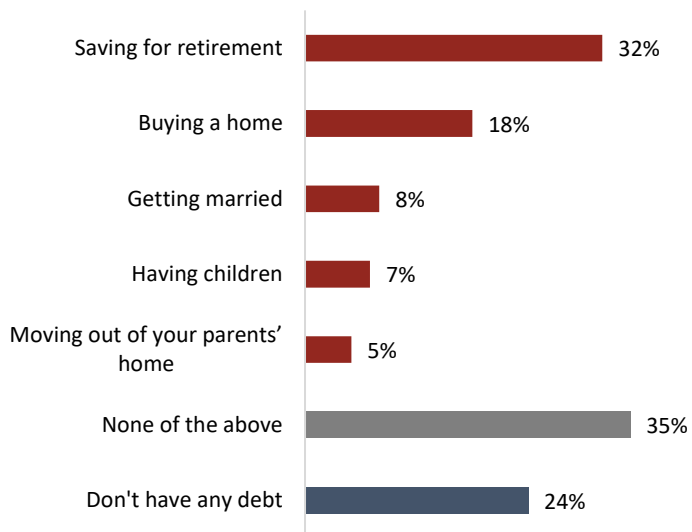
Against this backdrop, most Canadians say they feel stressed about money, while younger Canadians voice concerns about their ability to find and keep good jobs.

That said, members of Canada's Millennial generation are much less pessimistic when looking toward retirement. On average, the youngest Canadians expect to retire earlier and live better in retirement than their elders do. This, despite relatively few young Canadians reporting significant current savings.

### More Key Findings:

- Almost nine-in-ten Canadians (89%) agree with the statement, "It's stupid to go into debt if you don't need to"
- That said, more than three-quarters of Canadians (76%) are carrying debt themselves – presumably as a result of perceived necessity, stupid decisions, or both

### Has your debt caused you to put off any of the following?



### METHODOLOGY:

The Angus Reid Institute conducted an online survey from September 27 – 30, 2018, among a representative randomized sample of 1,500 Canadian adults who are members of [Angus Reid Forum](#). For comparison purposes only, a probability sample of this size would carry a margin of error of +/- 2.5 percentage points, 19 times out of 20. Discrepancies in or between totals are due to rounding. The survey was conducted in partnership with The Globe and Mail and paid for by ARI. Detailed tables are found at the end of this release.

### CONTACT:

Shachi Kurl, Executive Director: 604.908.1693 [shachi.kurl@angusreid.org](mailto:shachi.kurl@angusreid.org) @shachikurl  
Ian Holliday, Research Associate: 604.442.3312 [ian.holliday@angusreid.org](mailto:ian.holliday@angusreid.org)

- Canadians who have debt generally find it “manageable.” Just one-in-six Canadians (16%) say their debt is “difficult to manage,” compared to 39 per cent who say it is “significant, but manageable,” and 22 per cent who say it is “easy to manage” (24% have no debt at all)

## INDEX:

### Part 1: Economic attitudes in Canada today

- Most people are stressed about money at least some of the time
- Credit over cash; experiences over things
- “It’s stupid to go into debt if you don’t need to”

### Part 2: Debt and savings

- Vast majority have at least some debt
- One-third of all Canadians have put off saving for retirement because of debt
- Most have savings, but less than they would like

### Part 3: The age factor

- The millennial balance sheet
- Pessimism about today, optimism about retirement

### Part 1: Economic attitudes in Canada today

#### Most people are stressed about money at least some of the time

A sustained period of economic growth and decreased unemployment over the last few years has decreased the prominence of macroeconomic issues in the Canadian consciousness. In early 2016, “the economy” was – by a wide margin – the most important issue facing Canada in the minds of Canadians.

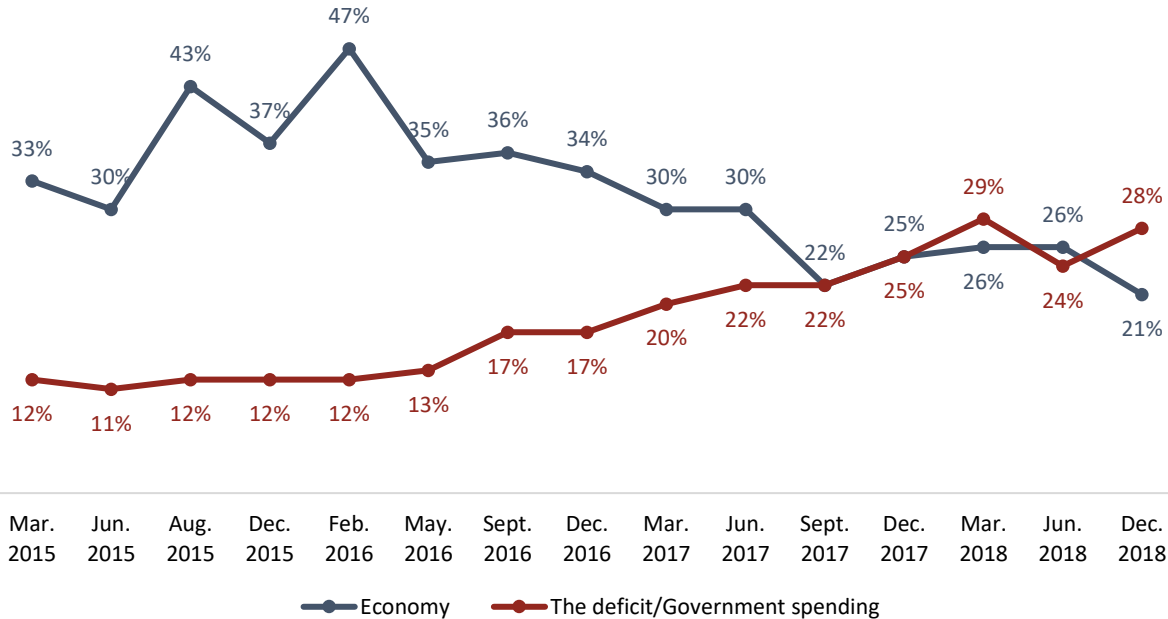
In the three years since, the percentage of Canadians naming the economy as a top issue has declined significantly, replaced largely by deficits and government spending in the public consciousness:

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## CONTACT:

Shachi Kurl, Executive Director: 604.908.1693 [shachi.kurl@angusreid.org](mailto:shachi.kurl@angusreid.org) @shachikurl  
Ian Holliday, Research Associate: 604.442.3312 [ian.holliday@angusreid.org](mailto:ian.holliday@angusreid.org)

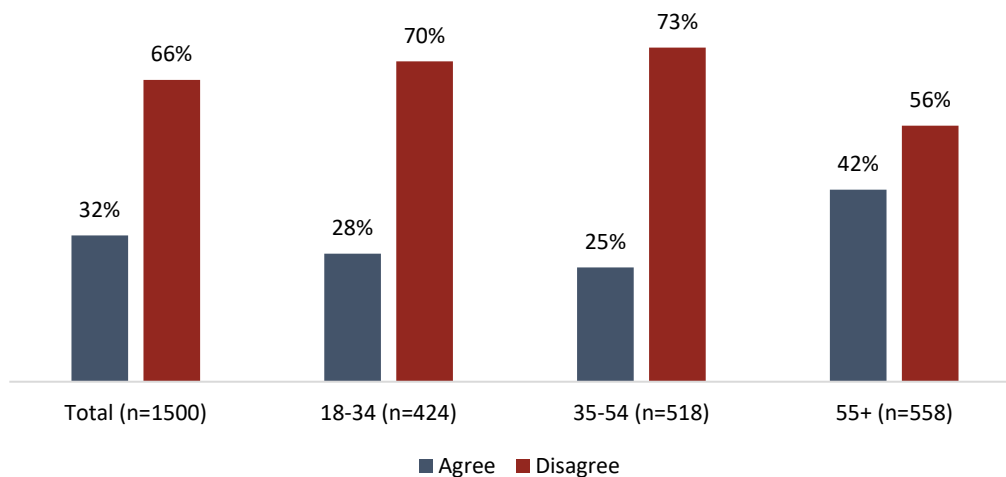
**What do you feel are the most important issues facing Canada today?  
(choose up to 2)**



That Canadians have been less inclined to see the economy as a major issue for the country doesn't necessarily mean economic issues have been declining in importance in their personal lives, however.

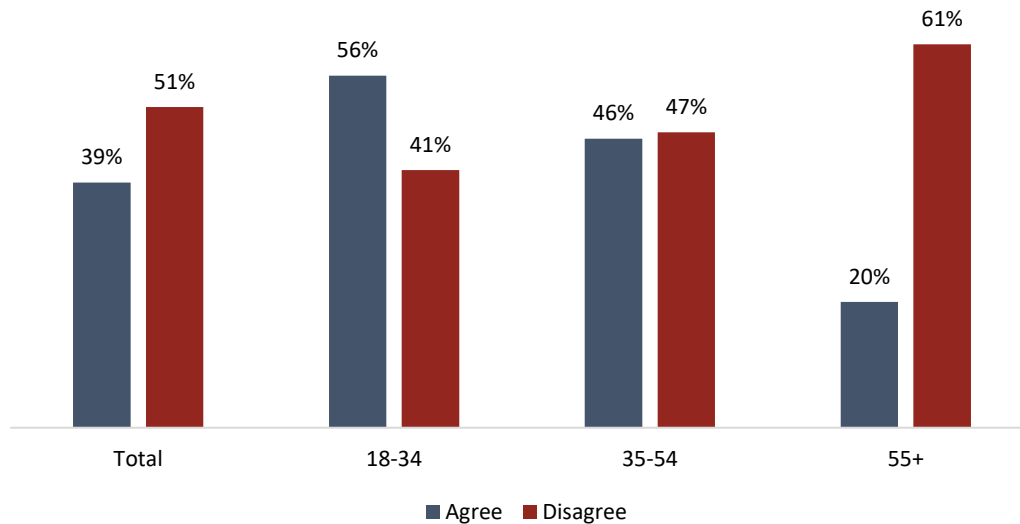
This survey finds two-thirds of Canadians disagree with the statement "I'm never really stressed about money." This finding is quite consistent across demographic groups. Even among those ages 55 and older – many of whom are retired and on fixed incomes – stressing about money is a regular occurrence:

**"I'm never really stressed about money"**



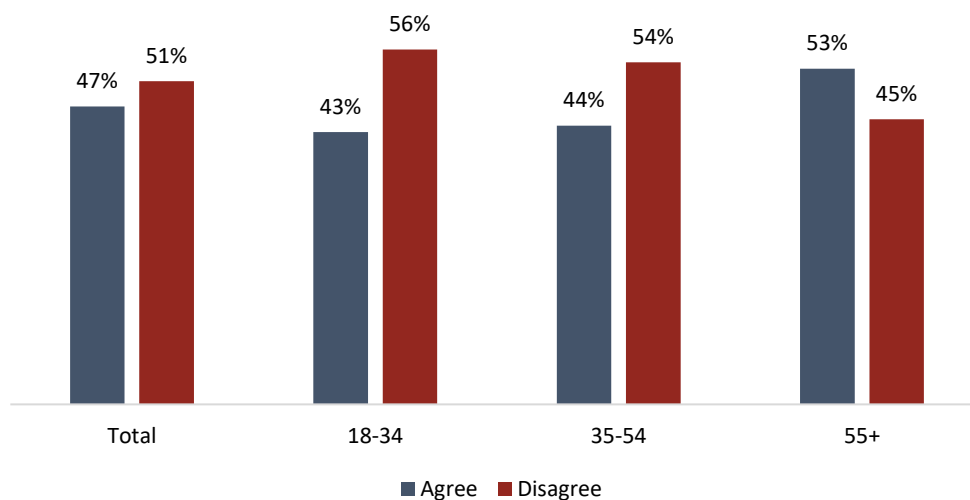
One of the reasons Canadians find money issues stressful might be concern about finding and keeping a good job. While unemployment in Canada is low, wages **have not been increasing**. This, coupled with the **increasing precariousness** of work in many industries across North America, has a significant number of Canadians – especially those under age 35 – worrying about their ability to find and keep a good job:

**"I often worry about my ability to find or keep a good job"**



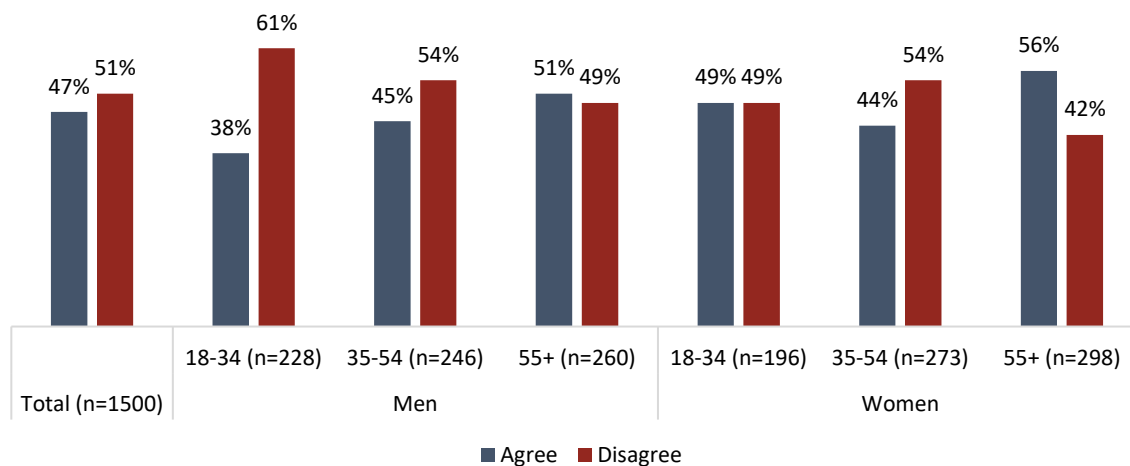
Another source of money-related stress may simply be Canadians' desire to build personal wealth. Most working-age Canadians disagree with the assertion that such goals aren't important in life:

**"Building wealth and having a lot of money just isn't that important to me"**



This perspective – that building wealth is, in fact, important – is particularly strong among young men, more than six-in-ten of whom disagree with the statement in question. Young women, on the other hand, are split: 49 per cent agree, and 49 per cent disagree:

**"Building wealth and having a lot of money just isn't that important to me"**

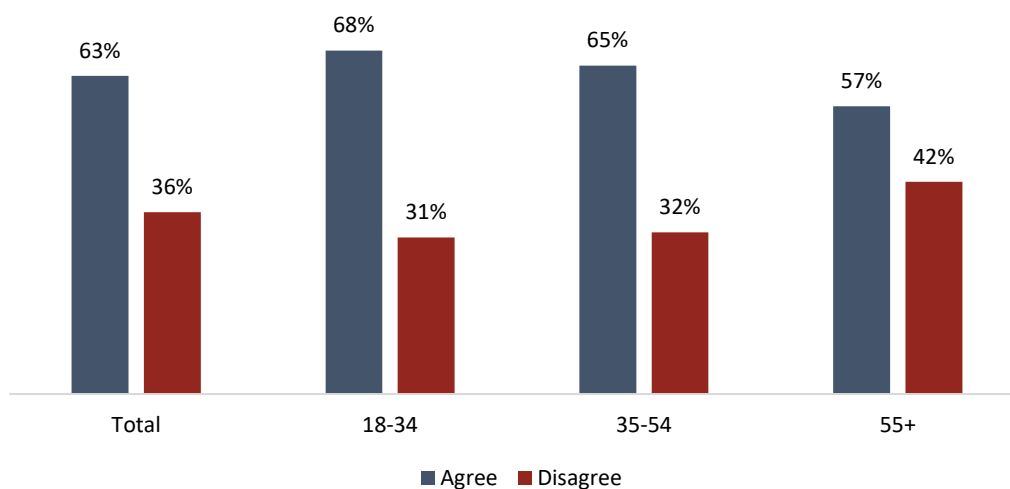


**Credit over cash; experiences over things**

In addition to anxiety about jobs and money, another feature of Canadian household economics today is a preference for the intangible.

Nearly two-thirds of Canadians (63%) say they “hardly ever carry cash.” This includes full majorities across all age groups, as seen in the following graph.

**"I hardly ever carry cash"**

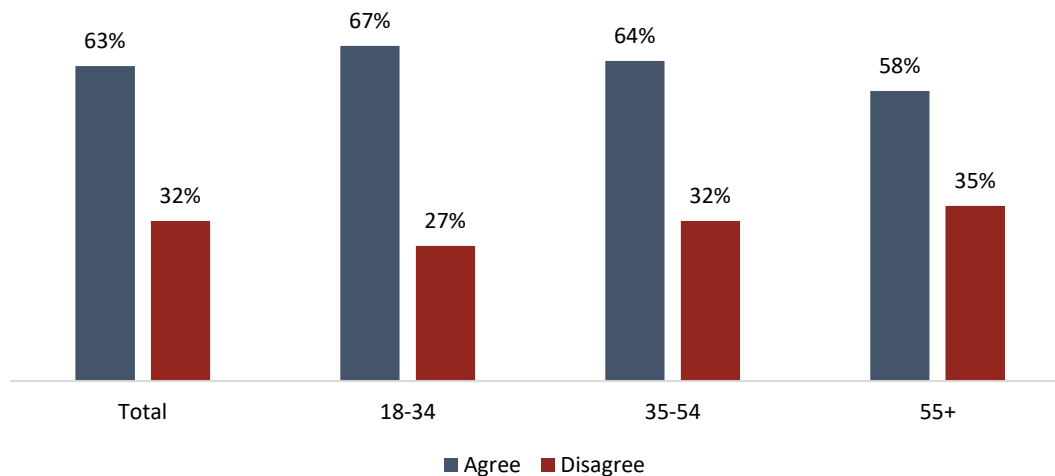


**CONTACT:**

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 Ian Holliday, Research Associate: 604.442.3312 [ian.holliday@angusreid.org](mailto:ian.holliday@angusreid.org)

Likewise, Canadians of all ages, led by those under 35, place less emphasis on owning physical objects and more on having experiences:

**"I'd rather spend my money on experiences than on owning things"**

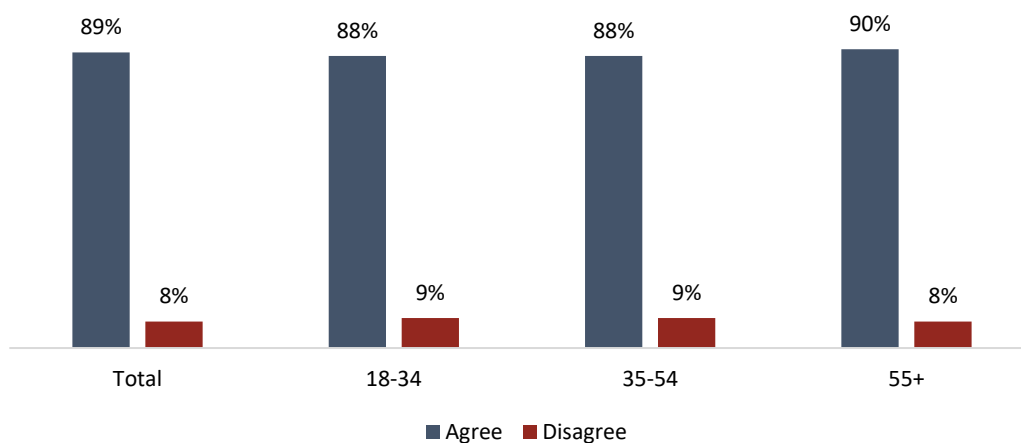


**"It's stupid to go into debt if you don't need to"**

Perhaps the most uniformly held economic attitude in Canada today is the belief that "it's stupid to go into debt if you don't need to."

Nine-in-ten Canadians (89%) agree with this statement, and that proportion is consistent across all age groups.

**"It's stupid to go into debt if you don't need to"**

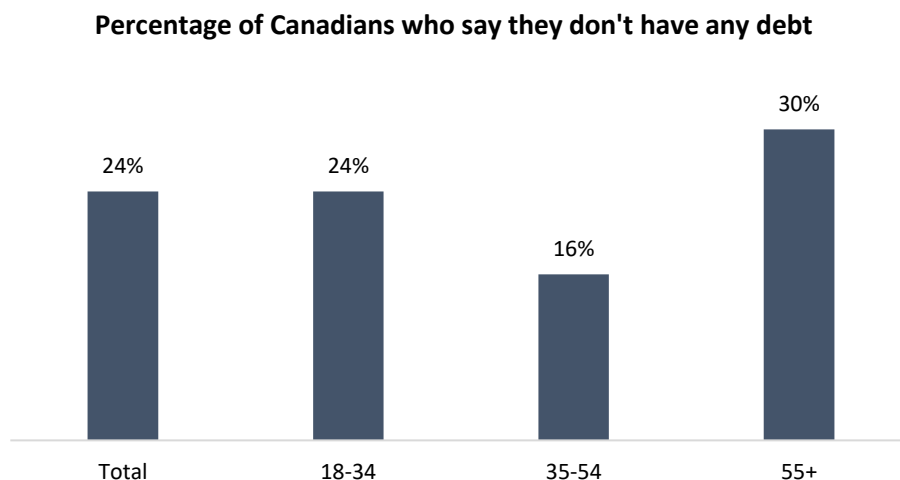


**Part 2: Debt and savings**

**Vast majority have at least some debt**

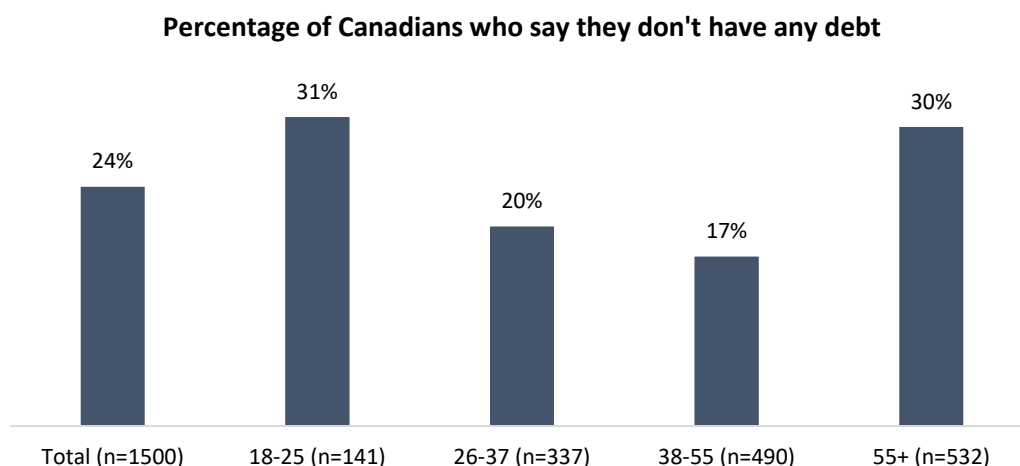
Despite their reservations about going into debt, the vast majority of Canadians say they owe at least some money to someone.

Fewer than one-in-four Canadians (24%) are debt-free, as seen in the graph that follows:



The lighter debt-load described by Canadians between the ages of 18 and 34 doesn't necessarily tell the whole story of how debt and age interact in Canada today. In order to incorporate the oldest members of the Millennial generation – defined for the purposes of this study as those born between 1981 and 1996 – ARI researchers expanded the upper limit of the youngest age cohort to 37.

Looking at the data through this lens, it becomes clear that the youngest respondents (those ages 25 and younger) have more in common with those in the oldest age group, while those between 26 and 37 have more in common with 38-55-year-olds in terms of their propensity to be carrying debt:

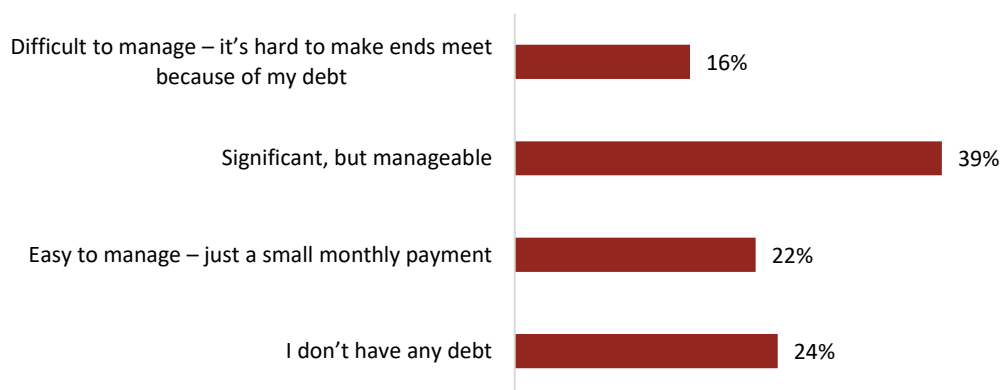


**CONTACT:**

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Among the 76 per cent of Canadians who have at least some debt, the pervading perception is that this debt is “significant, but manageable.” Four-in-ten Canadians (39%) describe their debt this way, while roughly one-in-six (16%) feel their debt is “difficult to manage.”

**How would you describe your current debt load? Is it ...**



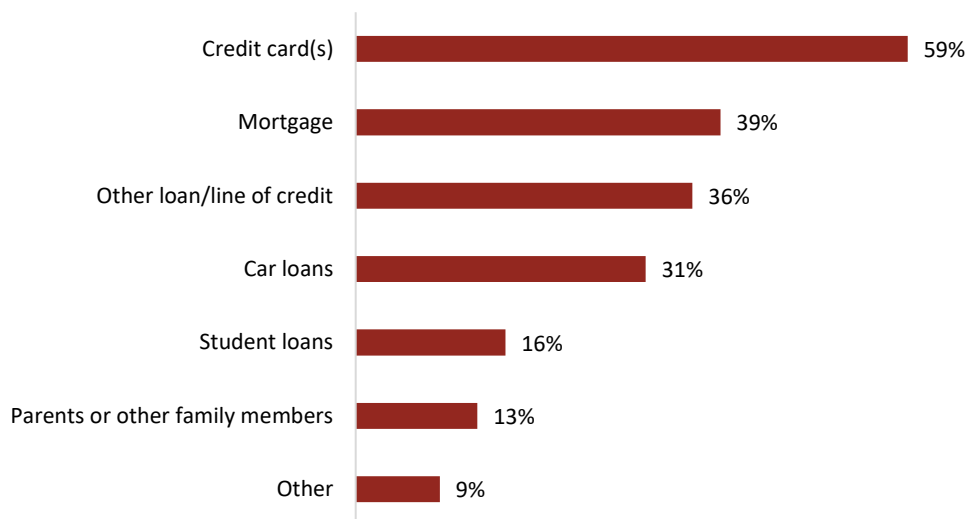
In addition to having more debt overall, people between the ages of 26 and 55 are more likely to perceive their debt loads as “significant,” as seen in the table that follows.

How would you describe your current debt load? Is it ...					
(weighted sample sizes)	Total (1500)	Age			
		18-25 (141)	26-37 (337)	38-55 (490)	55+ (532)
Difficult to manage – it's hard to make ends meet because of my debt	16%	17%	17%	19%	11%
Significant, but manageable	39%	26%	46%	43%	34%
Easy to manage – just a small monthly payment	22%	27%	18%	20%	25%
I don't have any debt	24%	31%	20%	17%	30%

Most Canadians who have debt are carrying it on credit cards. Nearly six-in-ten Canadians who have debt (59%) say one or more credit cards make up a part of the amount they owe. The next most common types of debt include mortgages (39%), car loans (31%), and other loans/lines of credit (36%), each of which is carried by more than three-in-ten debt-holding Canadians.

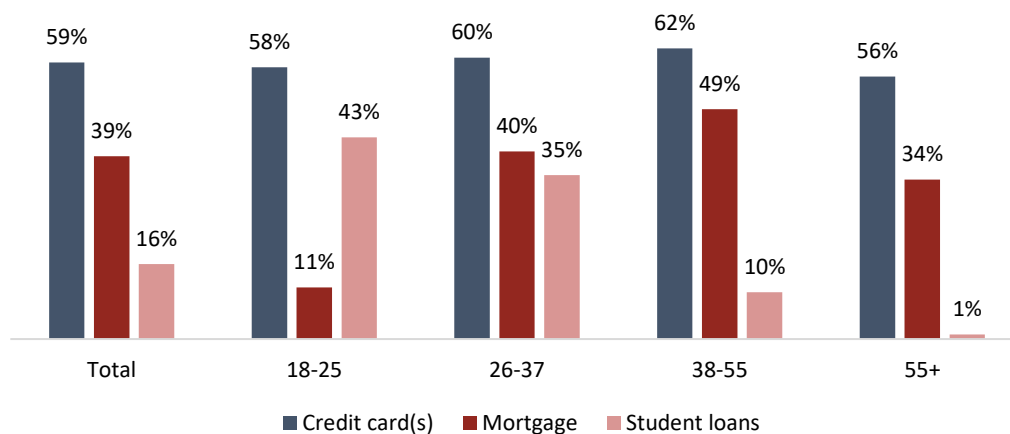


**And, which of the following represent a part of your debt load?  
(Asked of those who have at least some debt, n=1146)**



Student loan debt is the second-most-common form of debt for Canadians ages 25 and younger, while mortgages are more common among those in the middle two age groups:

**Percentage saying they have the following types of debt  
(Among those who have at least some debt, n=1146)**



**One-third of all Canadians have put off saving for retirement because of debt**

The fact that most Canadians who have debt find it manageable belies the significant human costs many experience when attempting to manage it.

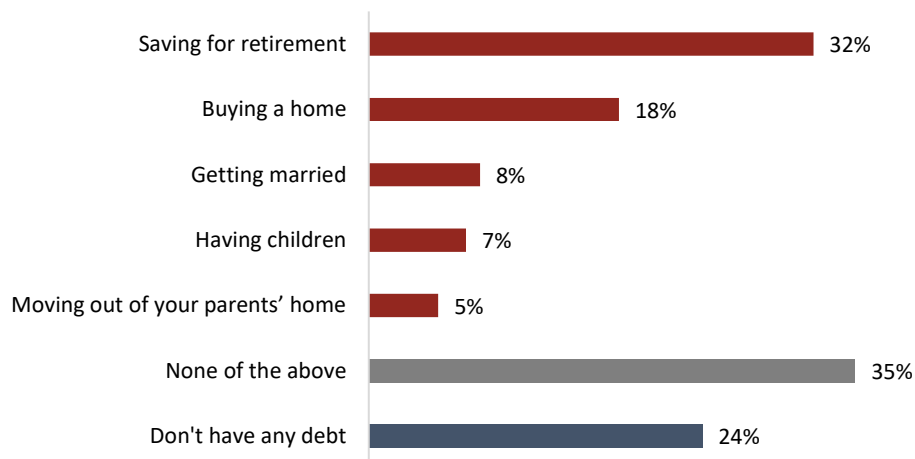
While only one-in-six Canadians (a number that still equates to more than 4 million people) say their debt is “difficult to manage,” a significantly larger number say they have put off saving for retirement because

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Shachi Kurl, Executive Director: 604.908.1693 [shachi.kurl@angusreid.org](mailto:shachi.kurl@angusreid.org) @shachikurl  
 Ian Holliday, Research Associate: 604.442.3312 [ian.holliday@angusreid.org](mailto:ian.holliday@angusreid.org)

of their debt. Indeed, more than four-in-ten Canadians, overall, say they have put off at least one of the life experiences shown in the following graph as a result of the money they owe to creditors:

**Has your debt caused you to put off any of the following?**



Those in the 26-37 age group are, again, among the most affected. Nearly four-in-ten Canadians in this age range (37%) have put off buying a home because of their debt loads, and roughly one-in-five (20%) have delayed marriage and/or having children (18%) because of it:

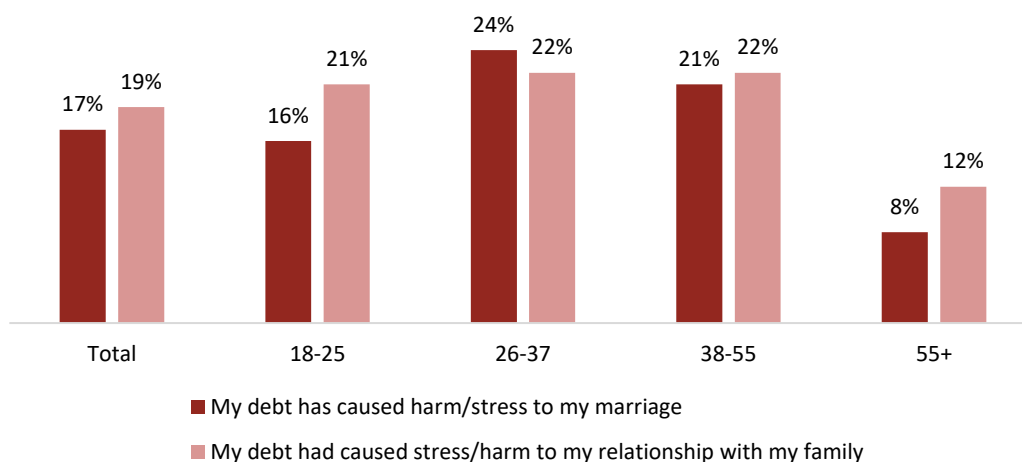
<b>Has your debt caused you to put off any of the following?</b>					
(weighted sample sizes)	Total (1500)	Age			
		18-25 (141)	26-37 (337)	38-55 (490)	55+ (532)
Saving for retirement	32%	20%	41%	39%	22%
Buying a home	18%	25%	37%	18%	3%
Getting married	8%	10%	20%	6%	1%
Having children	7%	8%	18%	5%	1%
Moving out of your parents' home	5%	13%	13%	2%	
None of the above	35%	28%	21%	34%	47%
Don't have any debt	24%	31%	20%	17%	30%

Many also say their debt has caused strife in their relationships. About a quarter of 26-37-year-olds who have debt say it has caused harm to their marriages (24%) or family relationships (22%).

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**And, which of these statements describe you?  
(Asked of those who have at least some debt, n=1146)**

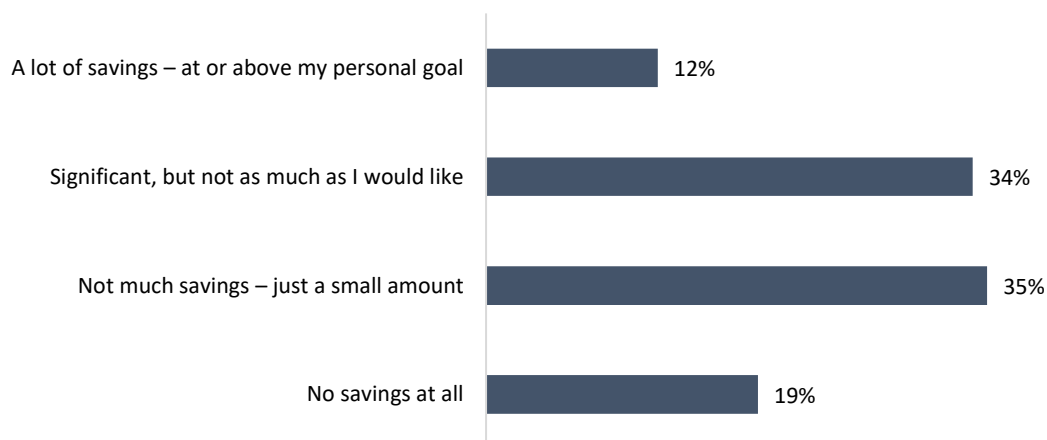


**Most have savings, but less than they would like**

Whether it's saving for retirement, an unforeseen challenge, or a major purchase, financial institutions make a concerted effort to **encourage Canadians** to save, save, save. That, unfortunately, does not appear to be the trend among the Canadian public.

Asked how they feel their savings balance is currently, more than half of Canadians say they have a small amount, or no savings at all. Only 12 per cent of Canadians say they have an amount of savings that meets or exceeds their personal goal.

**How would you describe the amount of savings you currently have?**

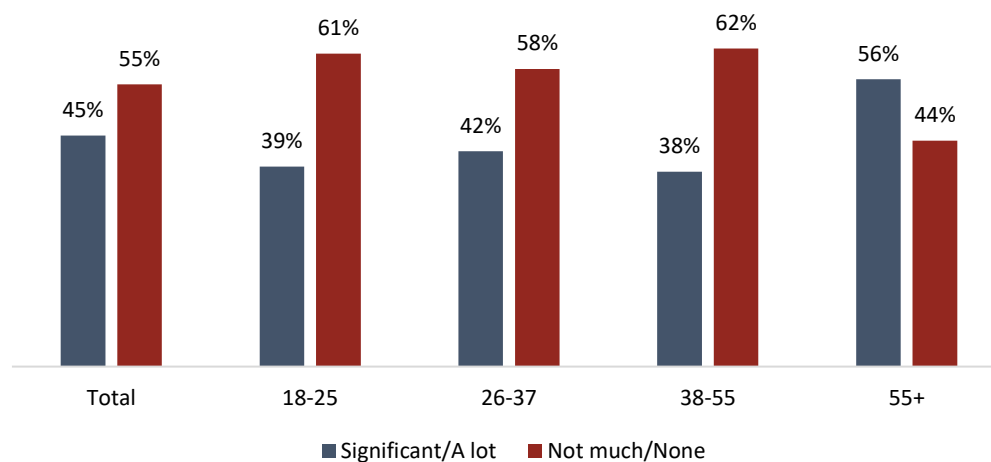


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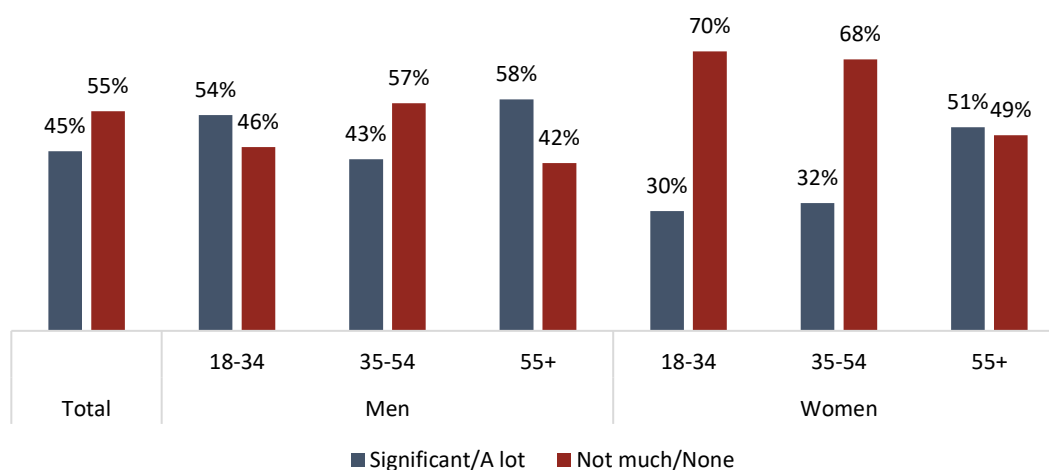
The group feeling most comfortable is those over the age of 55, while majorities of all age groups below that mark say that they have little to no savings:

### How would you describe the amount of savings you currently have?



Interestingly, savings appears to be more correlated with gender than debt is. While men and women of all ages report similar rates of indebtedness and similar perspectives on the manageability of their debt ([see comprehensive tables for greater detail](#)), men – especially young men – are much more likely to feel that their savings are “significant” than women of the same age are:

### How would you describe the amount of savings you currently have?

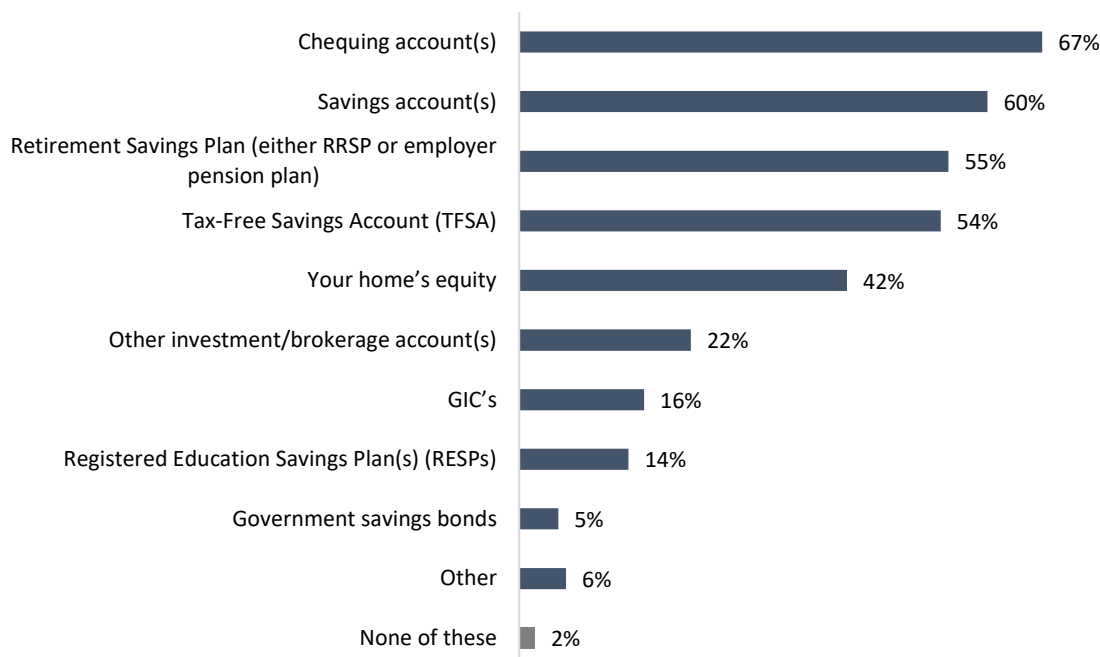


Among the population who say they have at least some savings, the places in which they store this value are quite diverse. The most common holdings are chequing and savings accounts, though more than half say that they hold an RRSP or a TFSA:

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**And, which of the following savings and investment products, if any, do you hold? (Asked of those who have at least some savings, n=1208)**

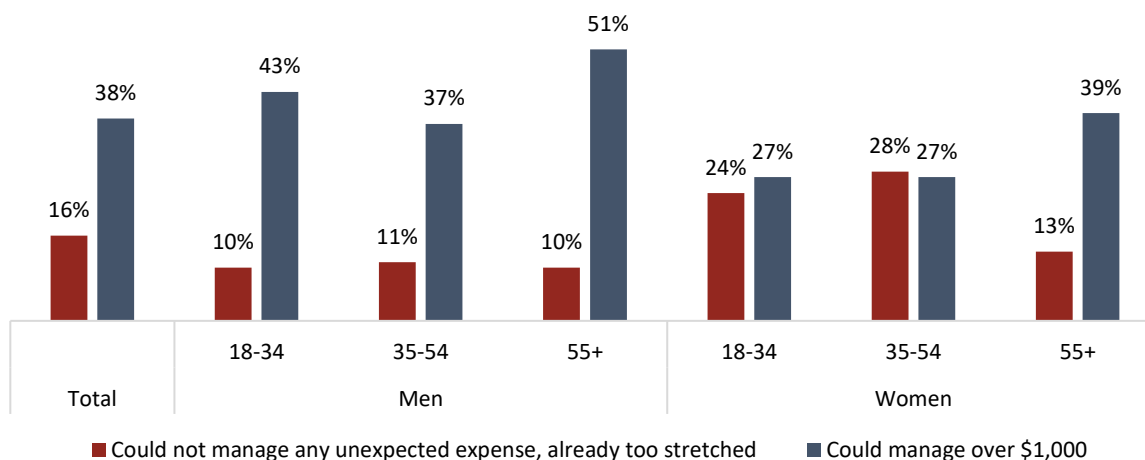


The ability of Canadians to deal with an unexpected expense is varied. Perhaps unsurprisingly, older respondents are more likely to say they could manage over \$1,000 in unexpected expenses (45%), though at least three-in-ten across all age groups feel this way. One-in-three 18-25-year-olds say that they would have difficulty dealing with an expense of \$100 or less:

<b>How large of a one-time unexpected expense could you manage this month?</b>					
(weighted sample sizes)	Total (1500)	Age			
		18-25 (141)	26-37 (337)	38-55 (490)	55+ (532)
Could not manage any unexpected expense, already too stretched	16%	18%	18%	18%	12%
Up to \$100	10%	16%	11%	11%	7%
Up to \$250	11%	10%	8%	10%	12%
Up to \$500	14%	11%	16%	14%	12%
\$500 to \$1,000	12%	14%	12%	13%	11%
Could manage over \$1,000	38%	30%	35%	33%	45%

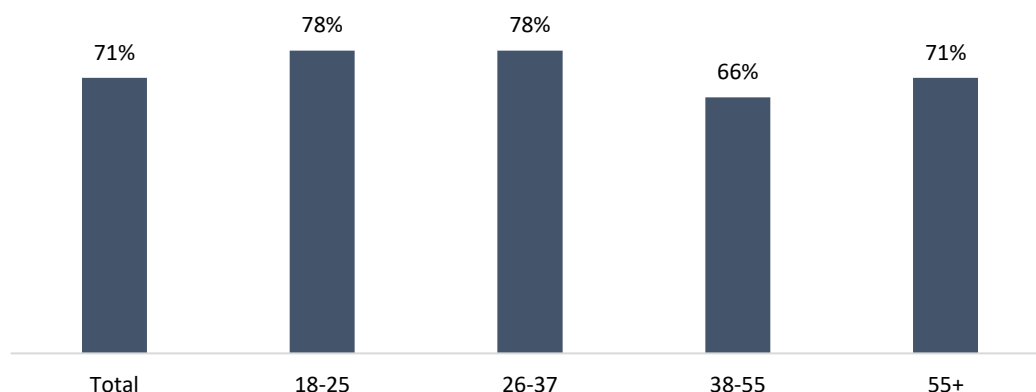
Again, there is a gendered component to these results. Women – perhaps reflecting their self-described lower levels of savings – are significantly less likely than men to say they could afford an unexpected expense of more than \$1,000. This is true across all age groups, but the difference is again most stark among younger respondents:

### How large of a one-time expense could you manage this month?



While many Canadians appear unable to cope with an unexpected financial incursion – half overall say \$500 or less would be unmanageable – the good news is many appear to have a safety net. Four-in-five among both the 18-25 and 26-37 age groups say that they have a source they could turn to if necessary. This drops for older age groups, but remains at two-thirds or higher:

### Do you have a source you could turn to who could loan you the outstanding amount? (Those saying "yes" shown)



Men and women are roughly equally likely to have a source they could turn to in the event of an unexpected money emergency ([see comprehensive tables](#)).

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**Part 3: The age factor**

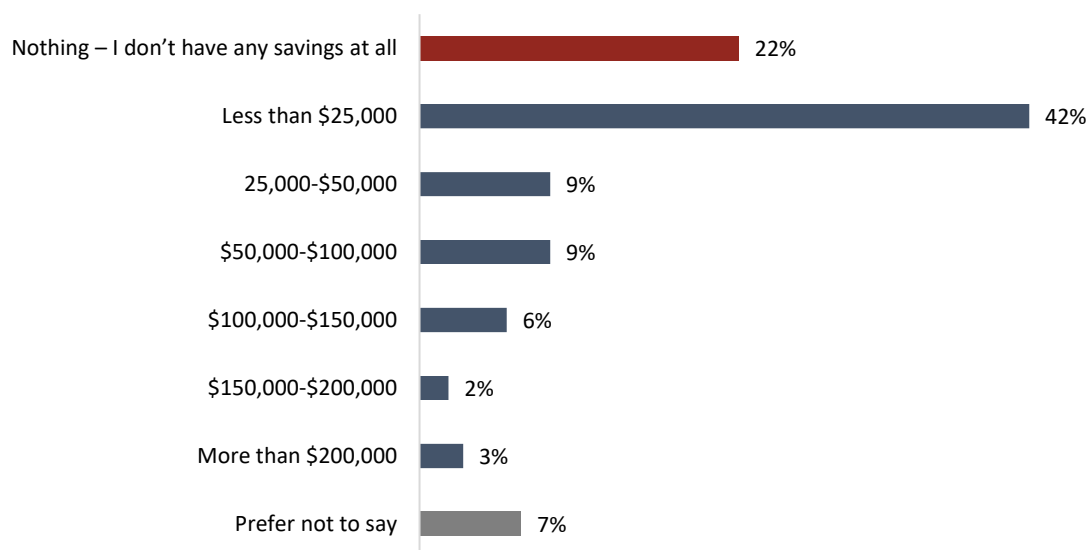
**The millennial balance sheet**

As discussed in the preceding sections, the youngest Canadians and the oldest ones tend to have a fair amount in common in terms of their debts, savings, and financial outlooks. This is likely explained in part by those ages 25 and under having fewer expenses and fewer obligations as they start their adult lives, but it's also likely a product of lower economic expectations on their part.

Consider, for example, a pair of questions from this survey that aimed to better quantify the assets and obligations of millennials, specifically (defined for the purposes of this survey as those ages 22 – 37).

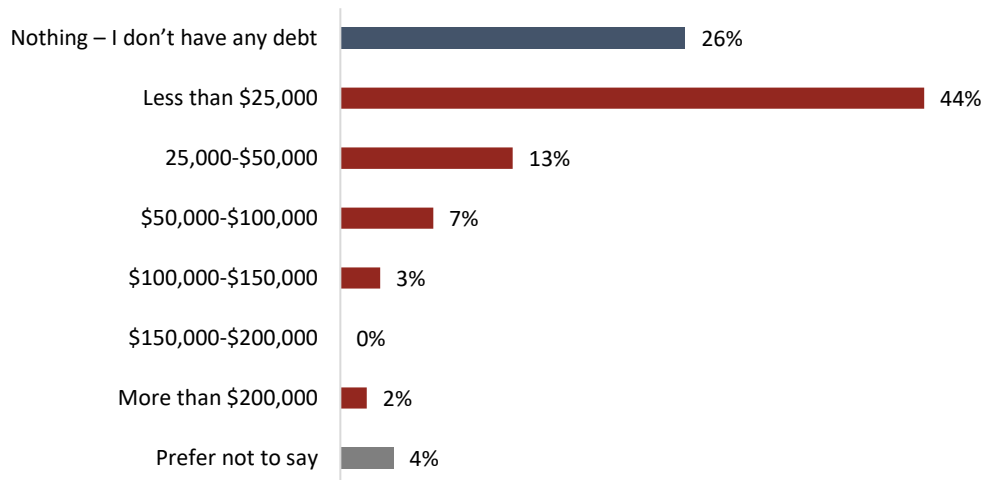
Nearly two-thirds in this age group (64%) report having less than \$25,000 in savings. This includes one-in-five (22%) who have no savings at all.

**How much money would you say you have saved?  
(Asked of millennials, ages 22-37, n=424)**



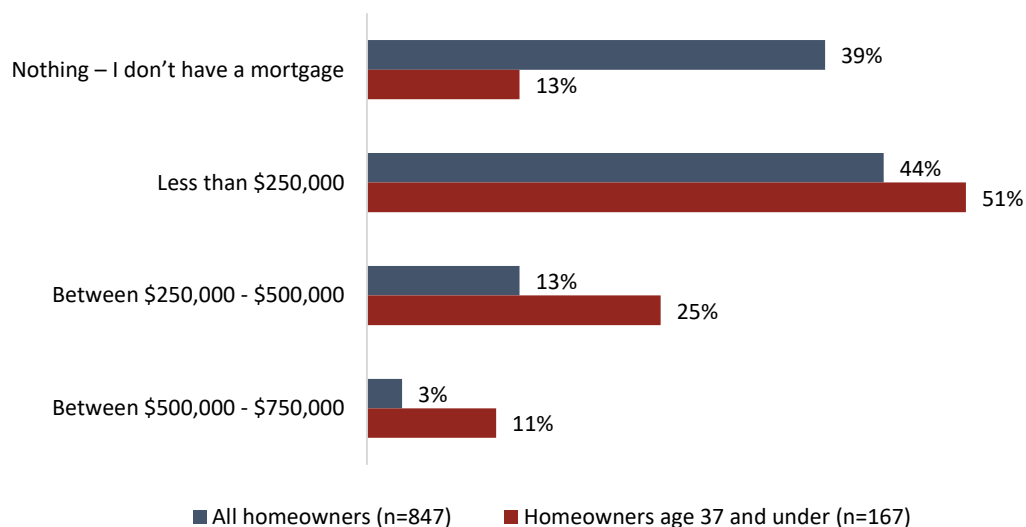
On debt, most 22-37-year-olds report roughly the same amount as they have saved. Fully seven-in-ten (70%) say they owe less than \$25,000, with 26 per cent saying they have no debt at all:

**And, coming back to your debt, how much money would you say you owe? (Asked of millennials, ages 22-37, n=424)**



That said, this question specifically asked about non-mortgage debt. As previously mentioned, Canadians ages 37 and younger are among those most likely to have put off buying a home because of their debt loads. Beyond that, it's notable that among those in this age group who *are* homeowners, mortgages are more common, and the amount owed tends to be higher, as seen in the graph that follows.

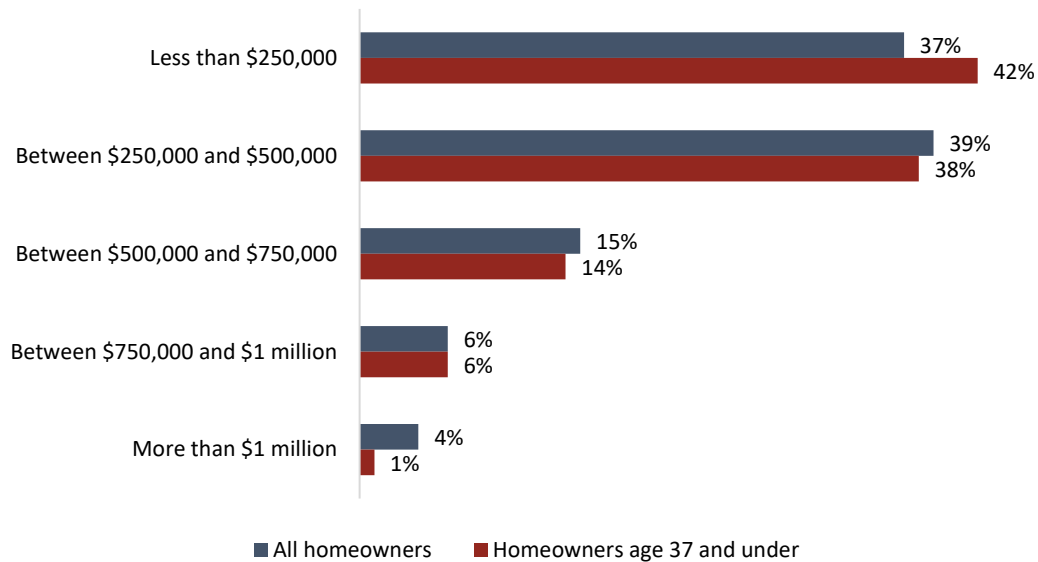
**What is the value of the mortgage debt you owe? (Asked of homeowners, n=847)**



Young homeowners' greater mortgage debts don't necessarily equate to greater home equity, however. Those ages 37 and under who own their homes generally owe money on properties that are slightly lower in value than average:

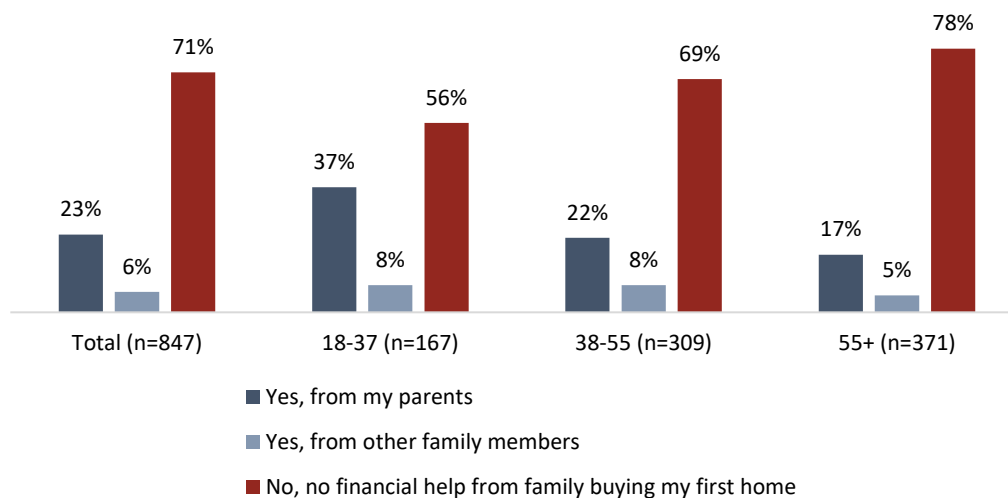


**And, how much would you say the value of your equity in your home would be? (Asked of homeowners, n=847)**



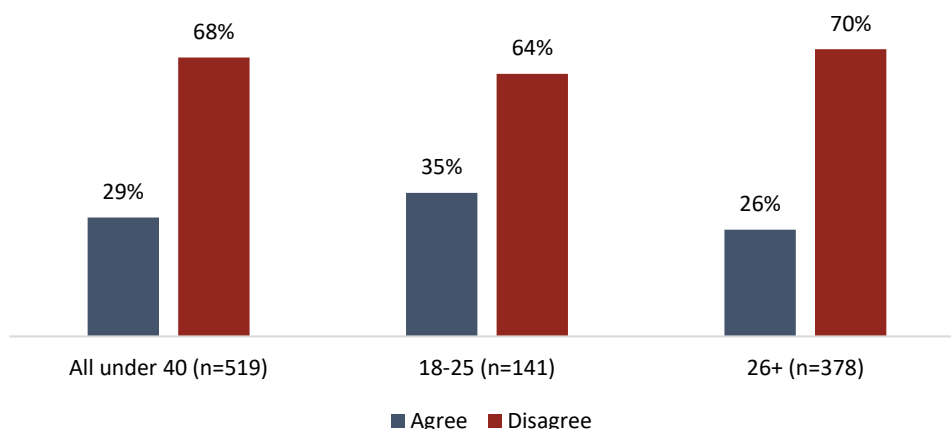
Many millennial homeowners had help from their parents when they first got into the market. Among young homeowners, 44 per cent had help from parents or other family members when making their first down payments. This was not true of as many 38-55 or 55-plus individuals.

**Thinking about when you first bought a home, did you receive financial help from your parents when making your down payment? (Asked of homeowners, n=847)**



Seeking financial assistance from family members is far from a universal behaviour among young Canadians. The youngest age group – those ages 25 and younger – are most likely to be counting on money from their parents or grandparents in order to make ends meet, but even among this group only slightly more than one-in-three (35%) agree with a statement to this effect, compared to 29 per cent of those under age 40 overall.

**"I'm counting on money from my parents or grandparents to meet my financial needs" (Asked of those under age 40, n=519)**



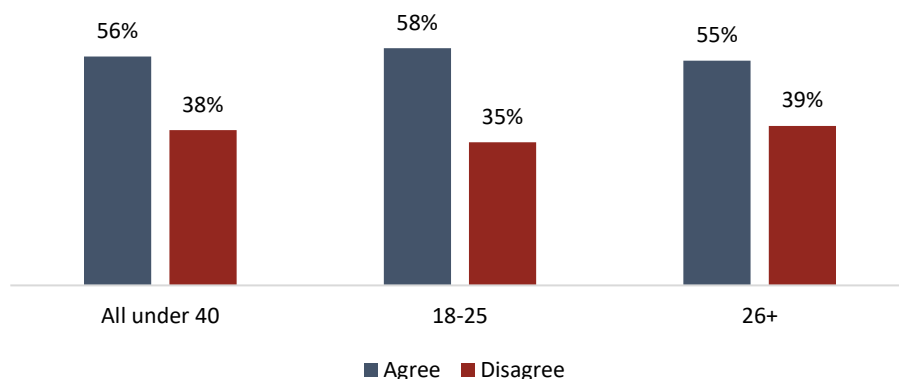
**Pessimism about today, optimism about retirement**

As shown in the preceding sections of this report, younger Canadians – particularly those between the ages of 26 and 37 – tend to be fairly pessimistic about the financial realities they face. They're among those most likely to say they worry about finding and keeping a good job, and the vast majority experience money-related stress at least sometimes.

This pessimism is born out in some of the experiences they report in this study, as well. Younger people are more likely to view their debt as significant and – though they mostly feel this debt is manageable – they're more likely to be putting other facets of their lives on hold (including buying homes, starting families, and saving for retirement) because of it.

Further evidence of this general attitude toward financial questions can be seen in a question asked only of those under age 40. A full majority of such respondents (56%) agree with the statement "I don't think I'll live as well as my parents' generation did."

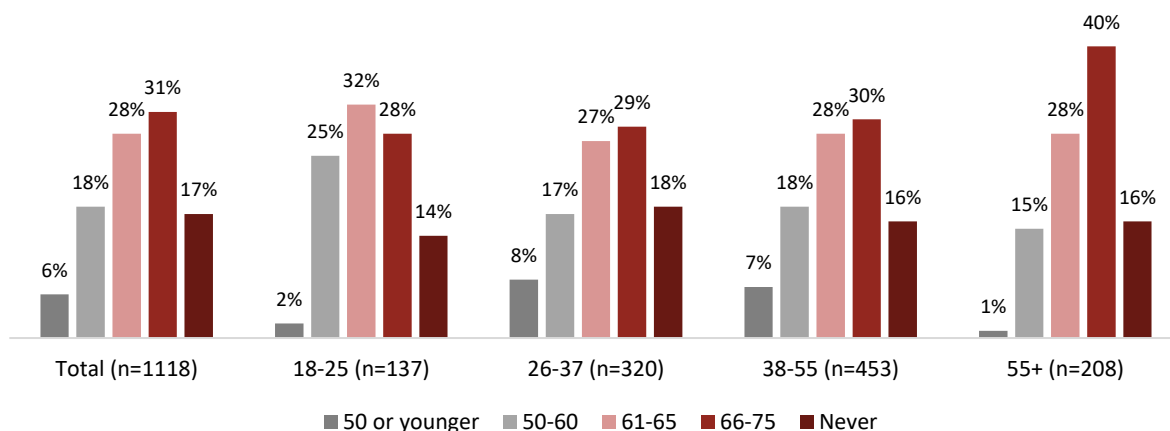
**"I don't think I'll live as well as my parents' generation did"  
(Asked of those under age 40, n=519)**



Given these findings, it's perhaps surprising that Canadian Millennials are quite optimistic about their prospects for retirement.

On the whole, younger Canadians expect to retire at younger ages than older Canadians do – though a notable one-in-five (18%) in the 26-37 age group say they never expect to retire. While this pattern makes intuitive sense, given that older people who are not yet retired must, by definition, retire later in life, it may also speak to unrealistic expectations on the part of younger respondents. Recall, for example, that more than four-in-ten Canadians ages 26-37 say they have put off saving for retirement because of their debt.

**At what age do you realistically expect to retire?  
(Asked of those not currently retired, n=1118)**



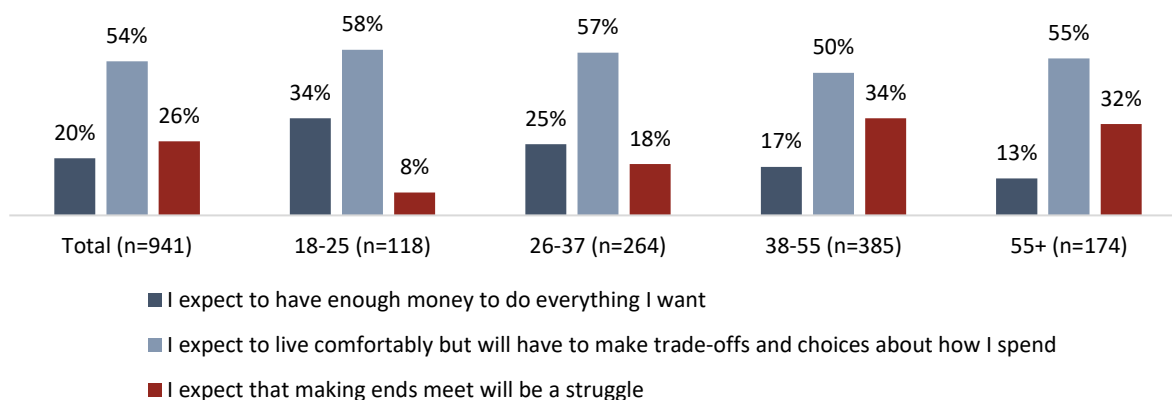
This disconnect becomes clearer when looking at expectations for quality of life once retired. While roughly one-third of those older than 37 say they expect making ends meet during retirement to be a struggle, those in the younger two age groups are much more likely to expect to have enough money to do everything they want to after concluding their careers.

**CONTACT:**

Shachi Kurl, Executive Director: 604.908.1693 [shachi.kurl@angusreid.org](mailto:shachi.kurl@angusreid.org) @shachikurl  
Ilan Holliday, Research Associate: 604.442.3312 [ian.holliday@angusreid.org](mailto:ian.holliday@angusreid.org)

**Which of the following broad categories best describes your expectations for your personal finances in retirement?**

**(Asked of those not currently retired who expect to be able to retire, n=941)**



How young Canadians plan to achieve this expected level of comfort in retirement is an open question. Though relatively few Canadian Millennials currently have more than \$25,000 saved, most in this generation who expect to retire say they will do so using their own retirement savings, rather than money from the government or an employer. Older respondents, meanwhile, are more likely to anticipate funding their retirements through government or work pensions, and place less focus on personal savings or investments:

<b>How will your retirement primarily be financed?</b> (Asked of those not yet retired who expect to be able to retire, n=941)					
(weighted sample sizes)	Total (941)	Age			
		18-25 (118)	26-37 (264)	38-55 (385)	55+ (174)
Your retirement savings (RRSPs etc.)	49%	68%	56%	43%	36%
Government pension	47%	32%	37%	49%	67%
Work pension	32%	30%	30%	35%	30%
Investments	20%	33%	26%	15%	10%
Downsizing/selling assets	17%	9%	21%	18%	17%
Inheritance	9%	8%	11%	9%	7%
Support from children/family	3%	5%	5%	2%	2%
Other:	2%	1%	1%	2%	5%

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 Ian Holliday, Research Associate: 604.442.3312 [ian.holliday@angusreid.org](mailto:ian.holliday@angusreid.org)

*The **Angus Reid Institute (ARI)** was founded in October 2014 by pollster and sociologist, Dr. Angus Reid. ARI is a national, not-for-profit, non-partisan public opinion research foundation established to advance education by commissioning, conducting and disseminating to the public accessible and impartial statistical data, research and policy analysis on economics, political science, philanthropy, public administration, domestic and international affairs and other socio-economic issues of importance to Canada and its world.*

*For detailed results by age, gender, region, education, and other demographics, [click here](#).*

*For detailed tables showing special age breaks, [click here](#).*

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Ian Holliday, Research Associate: 604.442.3312 [ian.holliday@angusreid.org](mailto:ian.holliday@angusreid.org)