

Falling Behind: 53% of Canadians say they can't keep up with the cost of living

Half of Canadians say they couldn't manage a sudden expense of more than \$1,000

February 28, 2022 – As inflation drives up the price of almost everything around them, new data from the non-profit Angus Reid Institute finds just over half Canadians feeling like they're outpaced by the rising cost of living.

A slight majority (53%) agree that they can't keep up, while there are 44 per cent who say that they have yet to feel that level of pressure.

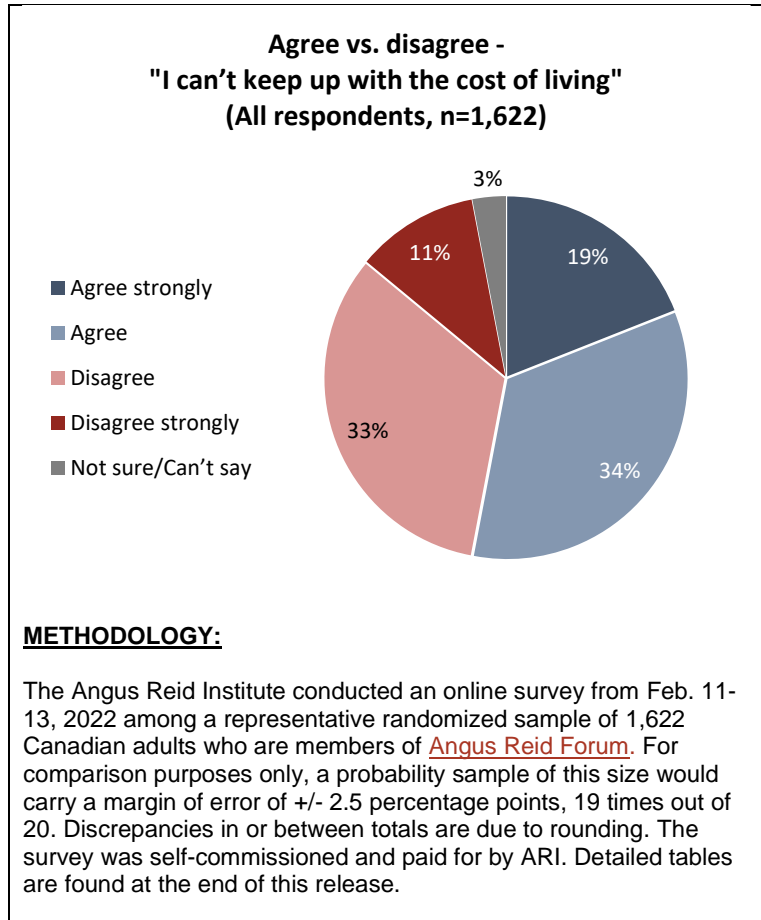
Canadians' household budgets are becoming squeezed from all angles as the price of goods rises. The costs of food, gasoline, and energy in particular are adding to household bills. Within this context, half say they would be unable to cover an unexpected \$1,000 expense (51%), including one-in-seven who say they couldn't deal with a surprise bill of any amount because their budget is already too stretched.

To make their money go further, three-quarters of Canadians say they've modified their spending in recent months. Discretionary spending (53%), major purchases (41%), extra trips in the car (31%) and vacations (29%) are some of the things that Canadians say they've foregone recently. One-in-five (22%) say savings have been deprioritized.

All-in-all, Canadians are more stressed than not about financial issues these days. Seven-in-ten (70%) say money is a source of stress, double the number (28%) who say it never bothers them.

More Key Findings:

- One-third (36%) say they have too much debt. Regionally, that figure is highest in the prairie provinces of Saskatchewan (51%), Manitoba (46%) and Alberta (45%).
- Concern over the potential of job losses is also highest in the western provinces. At least two-in-five in Alberta, B.C., Saskatchewan and Manitoba say they are worried someone in their household could lose a job because of the economy.



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- Households with children are more likely than those without to have cut back on discretionary spending and delay a major purchase. They are also more likely to have postponed contributions to savings such as RRSPs and TFSAs.
- The cost of child care is an additional expense for parents. Two-in-five (39%) with kids in child care say it is “tough” or “difficult” to pay for it. Approaching half (46%) describe it as “manageable”.

About ARI

*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.*

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Part One: Stressed and struggling

In January, for the first time since 1991, inflation as measured by the Consumer Price Index surpassed five per cent. The cost of many key items is rising, and some of the most important ones – energy, food and transportation – are rising faster than others.

Cost of Living Index

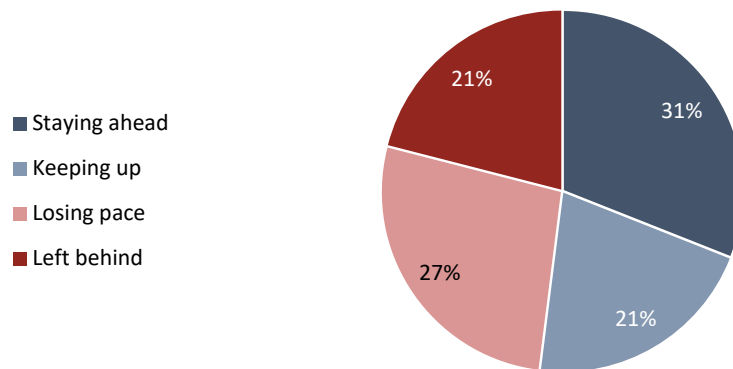
To better understand how Canadians' household budgets are coping with the rising cost of living in the country, the Angus Reid Institute developed a Cost of Living Index. The Index accounts for respondents' self assessments on how they are faring with key elements of their budget – housing, grocery bills, child care – and how much wiggle room is in their monthly budget (see notes on methodology at the end of the release).

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The result is an Index that splits the sample into four groups: the Staying Ahead (31%) of increasing cost of living, the Keeping Up (21%), the Losing Pace (27%), and the Left Behind (21%).

**Cost of Living Index
(All respondents, n=1,622)**



There are regional discrepancies which show that some parts of the country are struggling more than others. Two-thirds (65%) of those in Saskatchewan fall into the more challenged half of the Index, as well as approaching three-in-five (57%) of those in Atlantic Canada.

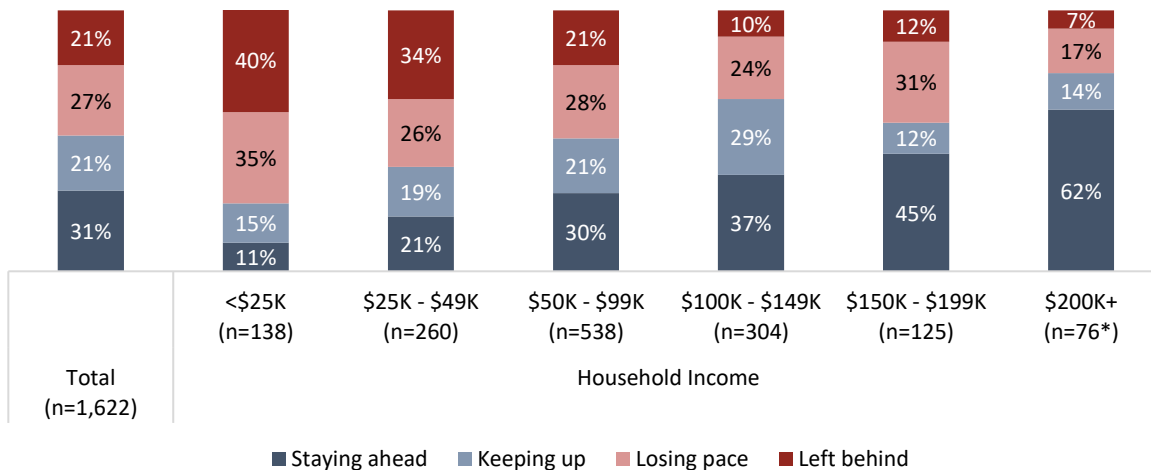
There are demographic differences, too. A larger proportion of women than men are being squeezed by cost of living increases and fall into the Losing Pace or Left Behind groups. As well, those aged 35 to 54 are much more likely than other age groups to be Left Behind.

Three-quarters of those in households earning less than \$25,000 annually are either Losing Pace or Left Behind. Meanwhile, more than two-in-five (45%) of those in households earning \$150,000 or more annually are Staying Ahead.

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Cost of Living Index

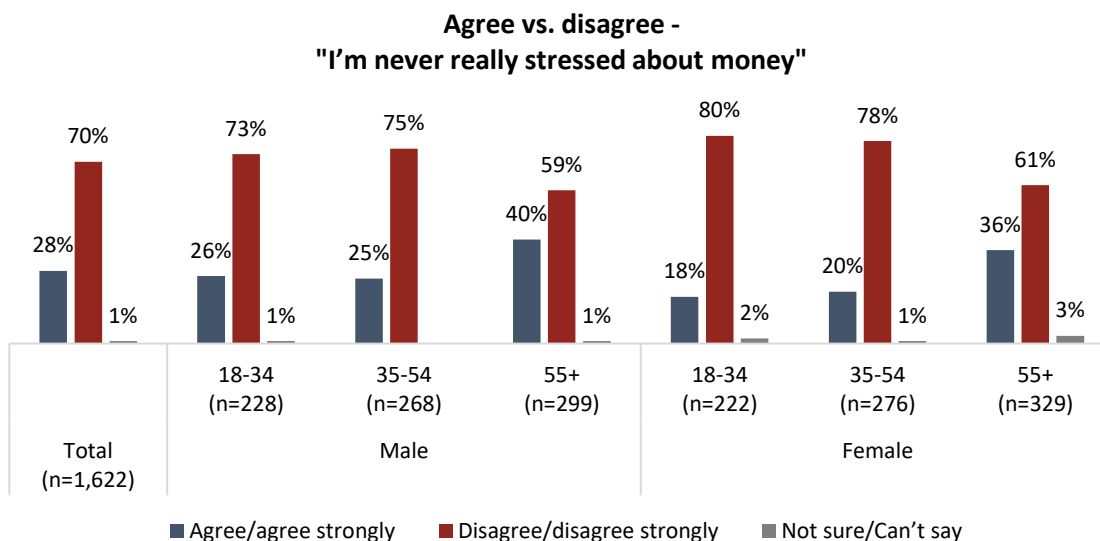


**Smaller sample size, interpret with caution*

Households with children, too, are feeling the financial squeeze more than those without. Three-in-five (60%) of those with children under 13 in their household are falling behind the pace of cost-of-living increases. A majority of those in households without young children are instead Staying Ahead or Keeping Up ([see detailed tables](#)).

Seven-in-ten say they are stressed about money

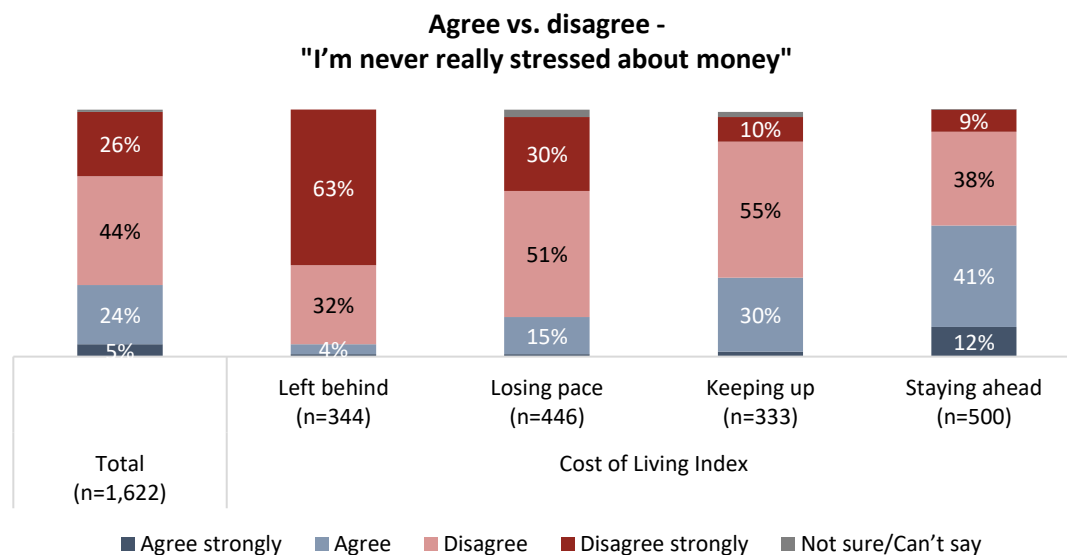
Current financial waters are swamping many. One-quarter (28%) say they never stress about money, a proportion dwarfed by the seven-in-ten (70%) who disagree. At least three-in-five across all age-gender groups say they carry this stress:



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Money worries are highest among the Left Behind on the Index. Nearly all say they stress about money. Still, even a significant segment of the Staying Ahead – 46 per cent – say money is a source of stress:



Half say they could not manage a surprise expense of over \$1,000

Respondents were asked to assess how large of a sudden expense they could absorb in their monthly budget. Half (51%) say they couldn't manage one over \$1,000, including one-in-seven (14%) who couldn't manage *any* unexpected bills at all.

While at least half of men of all ages say they could handle a surprise expense of more than \$1,000, that is not the case for women. For women under the age of 55, three-in-five instead say they could not handle that large of an unexpected bill, including one-quarter of women aged 35 to 54 who say they could not manage any unanticipated expense as their budget is already too stretched:

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How large of a one-time unexpected expense could you manage this month?							
	Total (n=1,622)	Age and Gender					
		Male			Female		
		18-34 (n=228)	35-54 (n=268)	55+ (n=299)	18-34 (n=222)	35-54 (n=276)	55+ (n=329)
Could not manage any unexpected expense	14%	13%	14%	6%	19%	24%	11%
Up to \$100	5%	4%	3%	3%	5%	7%	5%
Up to \$250	8%	10%	9%	5%	15%	7%	4%
Up to \$500	9%	8%	9%	8%	8%	13%	7%
\$500 - \$1,000	15%	14%	15%	17%	13%	11%	18%
Could manage over \$1,000	50%	51%	51%	61%	41%	37%	55%

Those in Saskatchewan are the most likely to be unable to afford any expenses outside of their budget and, alongside Atlantic Canadians, the least likely to say they could manage one over \$1,000:

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How large of a one-time unexpected expense could you manage this month?								
(Unweighted sample sizes)	Total (n=1,622)	Region						
		BC (n=205)	AB (n=165)	SK (n=129)	MB (n=122)	ON (n=440)	QC (n=412)	ATL (n=149)
Could not manage any unexpected expense	14%	15%	16%	27%	13%	13%	14%	14%
Up to \$100	5%	3%	3%	2%	11%	4%	5%	7%
Up to \$250	8%	7%	7%	4%	9%	8%	6%	15%
Up to \$500	9%	10%	8%	11%	8%	8%	9%	8%
\$500 - \$1,000	15%	11%	13%	17%	16%	16%	15%	18%
Could manage over \$1,000	50%	53%	52%	39%	44%	52%	50%	39%

For the Left Behind, half (49%) say their budget is already too stretched and they would be unable to deal with a sudden expense. Three-quarters of those Losing Pace say they couldn't handle an unforeseen bill over \$1,000. Meanwhile, nearly all of the Staying Ahead (94%) believe they'd be able to absorb an unexpected expense of more than \$1,000:

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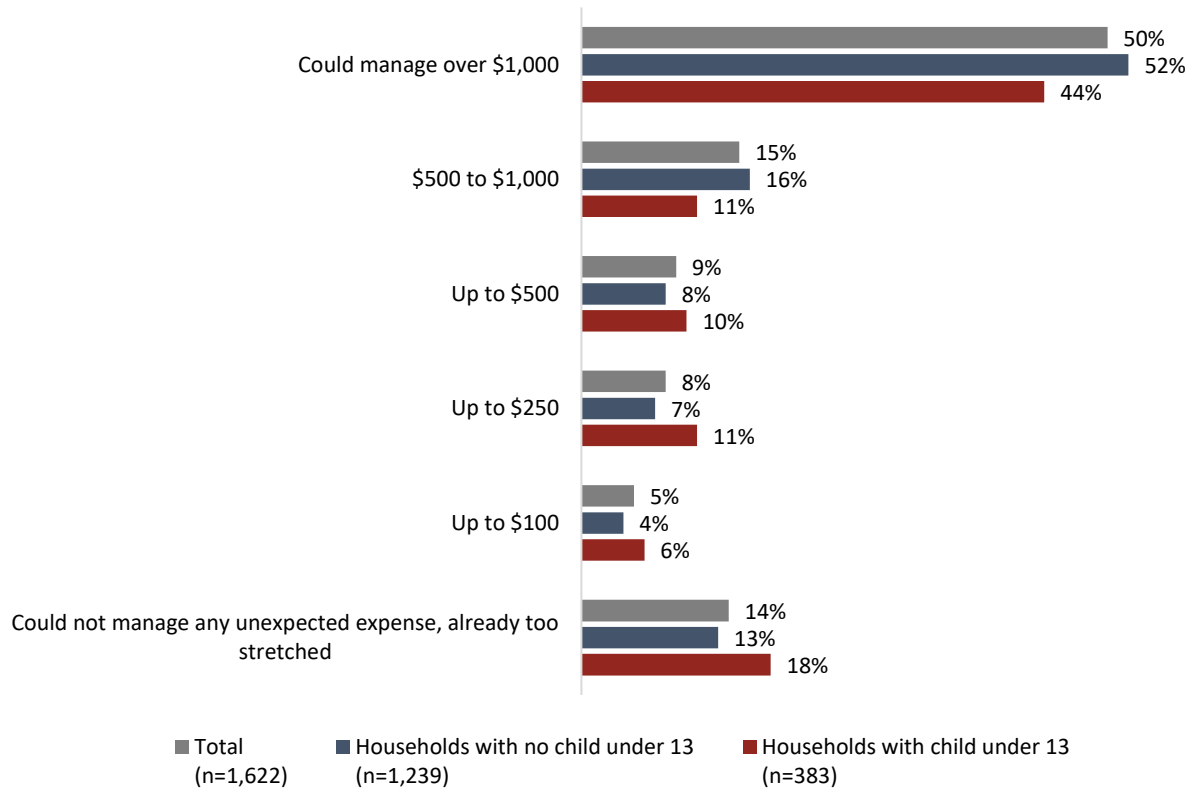
How large of a one-time unexpected expense could you manage this month?					
	Total (n=1,622)	Cost of Living Index			
		Left behind (n=344)	Losing pace (n=446)	Keeping up (n=333)	Staying ahead (n=500)
Could not manage any unexpected expense	14%	49%	13%	1%	0%
Up to \$100	5%	13%	5%	1%	0%
Up to \$250	8%	15%	13%	4%	0%
Up to \$500	9%	16%	15%	6%	0%
\$500 - \$1,000	15%	6%	30%	19%	5%
Could manage over \$1,000	50%	0%	24%	69%	94%

The budgets of those living in households with young children appear to be stretched thinner than those without. A majority (56%) say they'd be unable to handle an unexpected expense of more than \$1,000, including one-in-five (18%) say they would be unable to handle any sudden expenses.

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



Concerns over debt, potential job losses higher among those living in western Canada

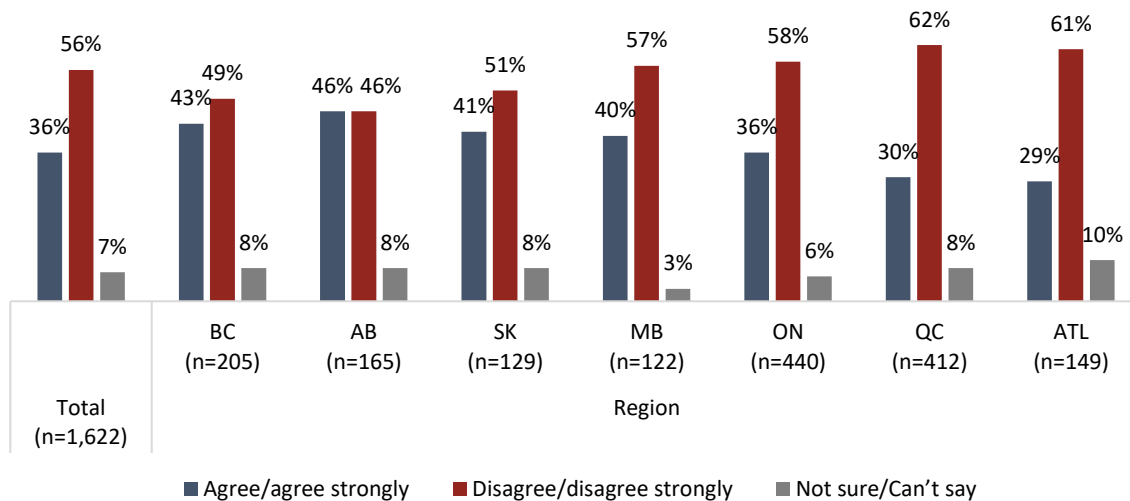
One of the economic stories of 2021 was a return of jobs in Canada to pre-pandemic levels. In October, the country [officially recovered to the number of jobs it had](#) prior to the widespread economic shutdowns sparked by COVID-19's arrival. The trend of job gains reversed as the calendar turned, however. Rising cases of the Omicron variant across Canada in December and January forced businesses to shut down again and the country [lost 200,000 jobs](#) in January. The unemployment rate increased last month [for the first time since April 2021](#).

One-third (36%) of Canadians say they fear someone in their household could lose a job because of the current state of the economy, while more than half (56%) say the opposite. The concern is not equal across the country. At least two-in-five in each of the country's four westernmost provinces say they worry about job losses affecting their household. Fewer people in Ontario, Quebec and Atlantic Canada say the same:

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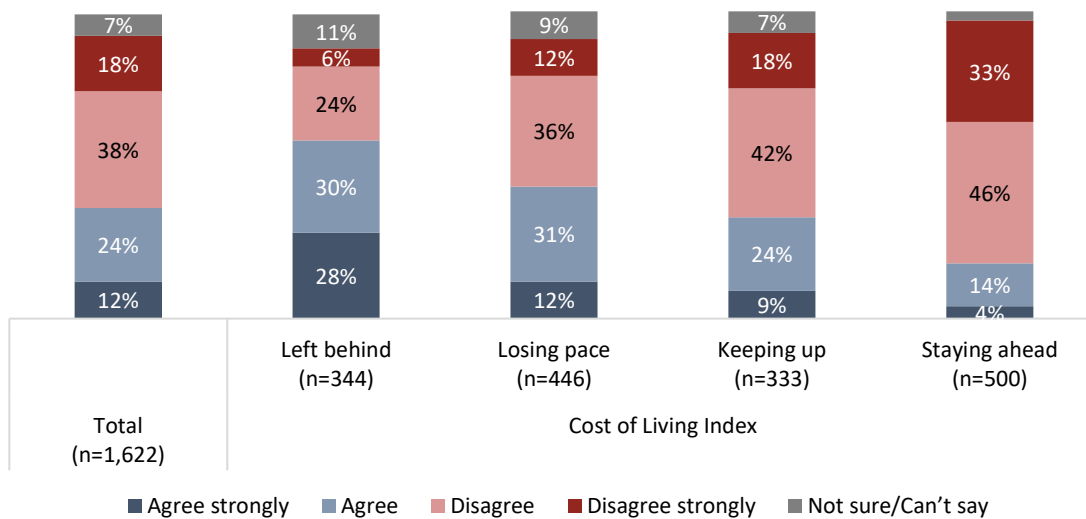
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**Agree vs. disagree -
"I'm concerned that I or someone in my household could lose a job because of the economy"**



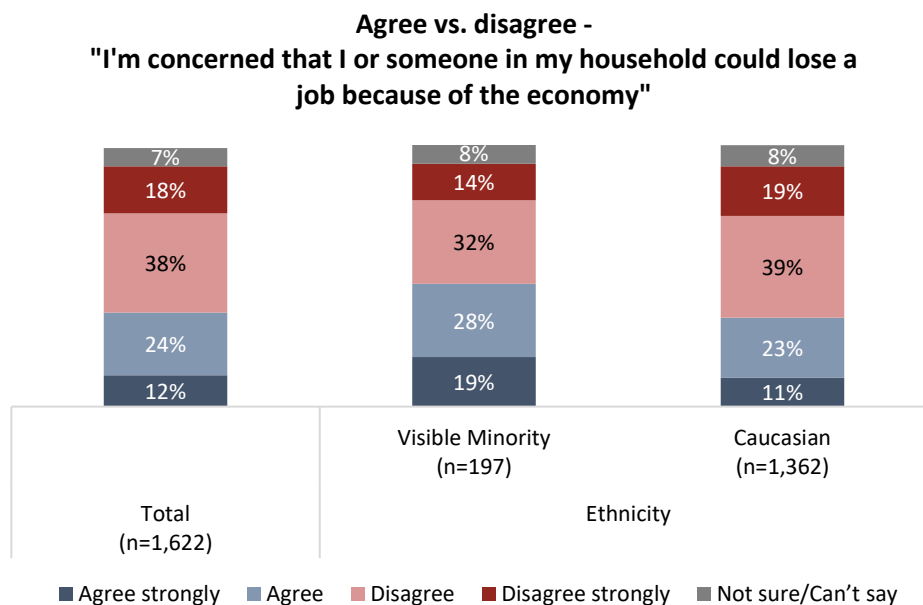
Job-related anxiety is also high among those struggling to keep up with the cost of living. Three-in-five of the Left Behind say they worry they or someone in their household could lose their job. At the other end of the Index, one-in-five (18%) of the Staying Ahead say the same:

**Agree vs. disagree -
"I'm concerned that I or someone in my household could lose a job because of the economy"**



Those who are in the middle of their career worry most about job losses in their household because of the economy. Approaching half (45%) of those who are aged 35- to 54-years-old say this, higher than the proportion of 18- to 34-year-olds (37%) and those older than 54 (28%) who say the same. The concern is about equal between men and women, however ([see detailed tables](#)).

Canadians who identify as visible minorities are more likely to feel they or someone in their household are in a precarious employment position. Half (47%) say they worry someone in their household could lose a job; fewer (35%) Caucasians feel the same way:



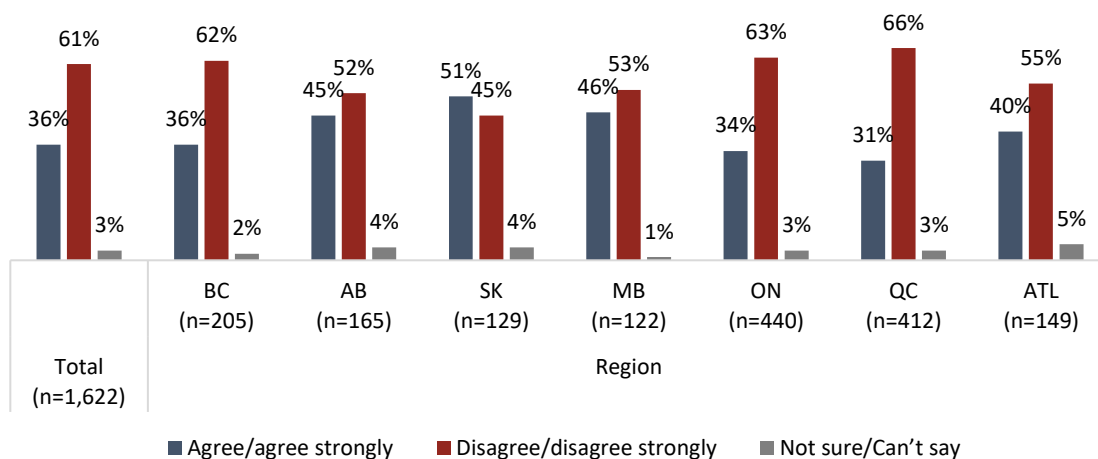
Debt, too, is a concern for a significant segment of Canadians. One-third (36%) say they have too much debt, while three-in-five (61%) feel they are handling their debt fine.

As with job-loss anxiety, there is a regional imbalance to debt worries. Half (51%) of those in Saskatchewan believe they are carrying too much debt, the highest proportion in the country. Their provincial neighbours in Alberta (45%) and Manitoba (46%) are the next most worried about their debt levels:

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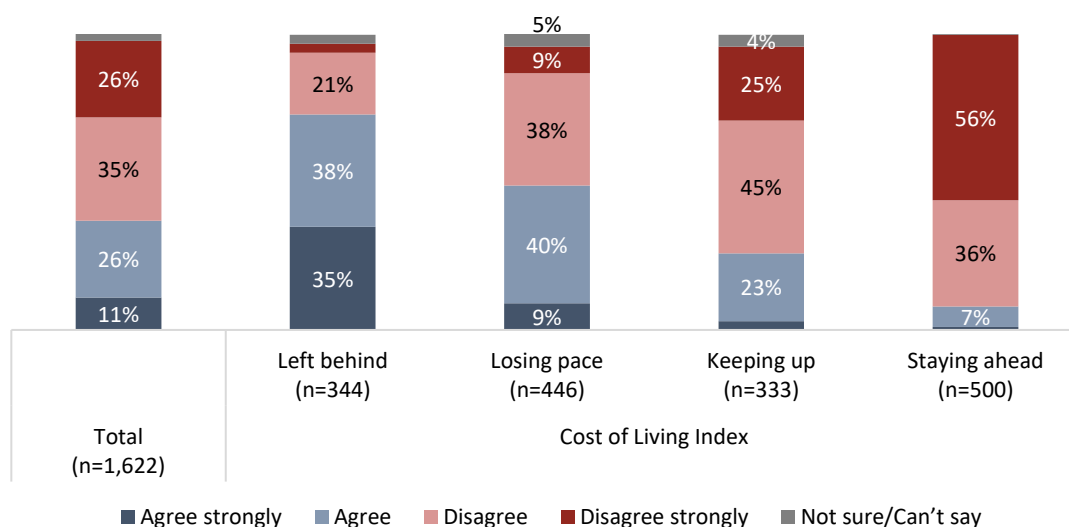
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**Agree vs. disagree -
"I have too much debt"**



Those Left Behind in the wake of the rising cost of living also express concern over their debt levels. Three-quarters (73%) say they have too much of it. Very few (7%) of those who are Staying Ahead say the same:

**Agree vs. disagree -
"I have too much debt"**

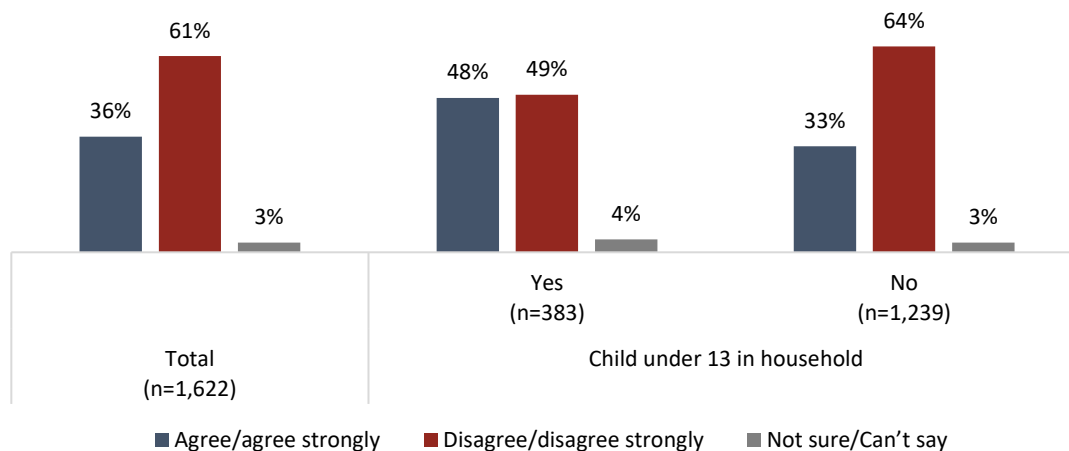


Households with young children are more likely to fret over their debt levels than those without. Half (48%) of those in households with a child under the age of 13 say they have too much debt compared to the two-thirds (64%) of those in households without young children who are fine with their debt levels:

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**Agree vs. disagree -
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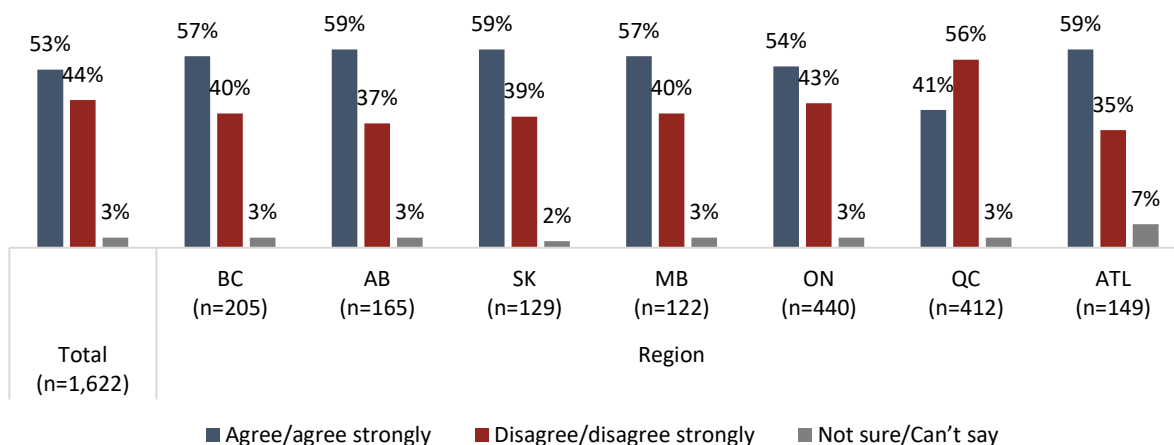
Part Two: A rising cost of living

More than half of Canadians say they can't keep up with cost of living

It has been 10 straight months of inflation higher than three per cent in Canada, a prolonged climb that the country has not seen in 30 years. More Canadians than not feel as if they are falling behind as cost of living rises. Half (53%) say they can't keep up with the cost of living; more than two-in-five (44%) disagree.

Across the country those who feel like they are losing ground to rising prices outnumber those who aren't except in Quebec, where more than half (56%) feel they are keeping pace fine.

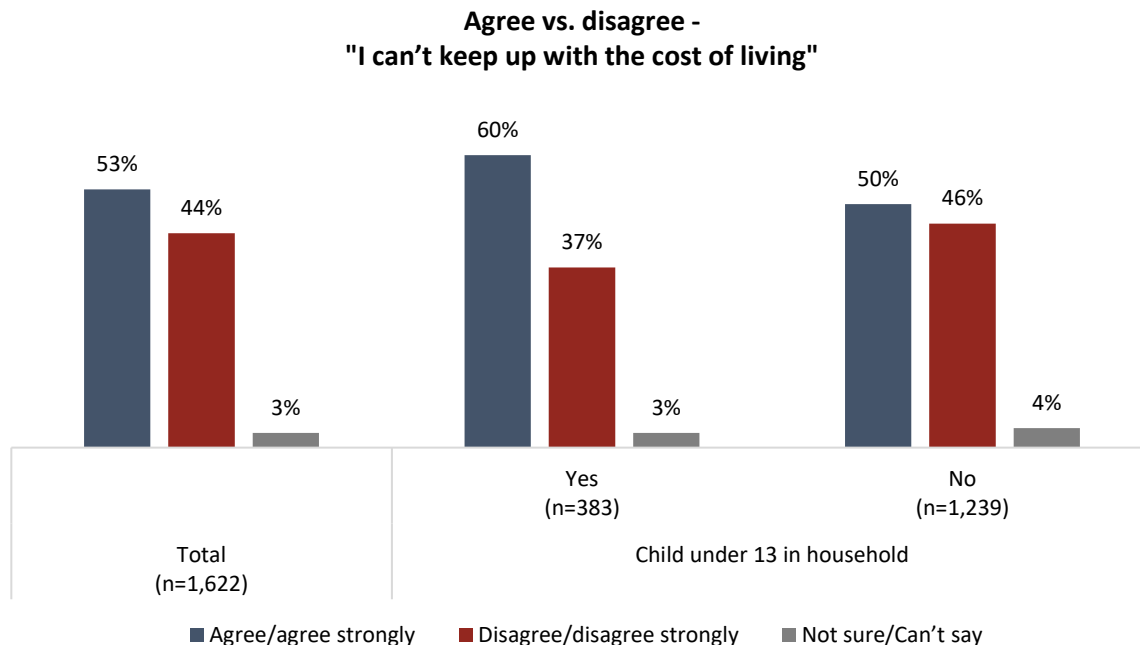
**Agree vs. disagree -
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Rising prices have evidently affected households with children younger than 13 than more than those without. A greater number in those households (60%) than in households without young children (50%) say they can't keep up with the cost of living:



Two-in-five parents find it tough or difficult to manage costs of childcare

Child care is a significant additional cost for parents. Prime Minister Justin Trudeau and the Liberal party campaigned during the fall election on delivering \$10-a-day child care across the country. [Ontario remains the only holdout province](#), but even in provinces that have signed on, it is expected to take several years for costs to trend downward.

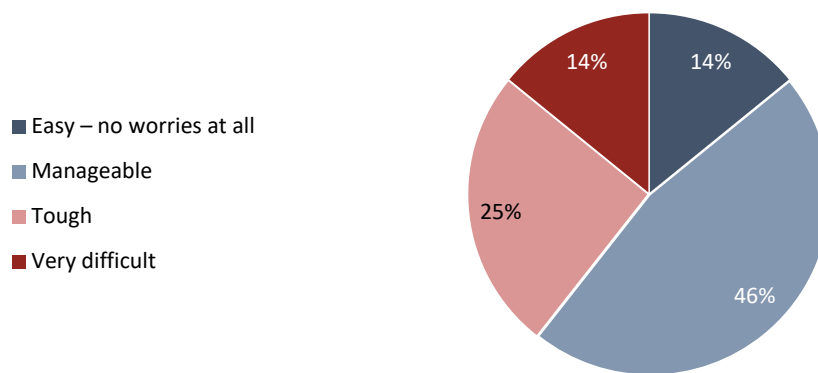
Approaching two-in-five (37%) of parents with children younger than 13 say they use some sort of child care, including before or afterschool care, daycare, or preschool ([see detailed tables](#)).

Among those parents with kids in child care, two-in-five (39%) say it is tough or difficult to manage the costs of it. Approaching half (46%) would instead classify it as manageable, while one-in-seven (14%) say it is easy:

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**How easy or difficult would you say it is to manage these costs?
(Among parents with child under 13 in child care, n=130)**



Part Three: How are Canadians responding?

As prices rise, more Canadians have been changing what they buy to keep money for the essentials. Nearly half (46%) said they are switching to cheaper, lower quality brands at the grocery store as food prices rise and three-in-five (62%) said they aren't going to restaurants as often, even as restrictions ease across the country.

Related: [Four-in-five say they've changed food buying habits because of increasing costs](#)

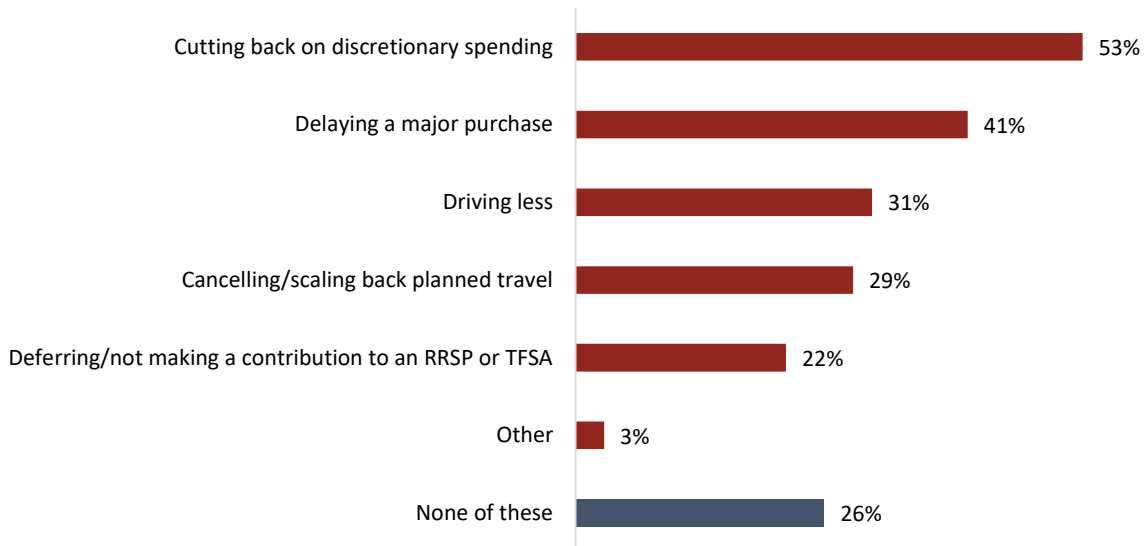
To save money, more than half of Canadians are cutting back on discretionary spending

Those food-related changes aren't the only way rising prices have affected Canadians' consumer behaviour. A majority (53%) say they've cut back on discretionary spending to save money. Two-in-five (41%) have held off on buying a big-ticket item. Three-in-ten (31%) are cutting back on the gas they use and are driving less. Three-in-ten (29%) are saving money by shrinking or cancelling their vacation plans. One-in-five (22%) say they are delaying putting in savings to their RRSP or TFSA accounts.

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**In the last few months, have you or your household done any of the following to cut back on spending?
(All respondents, n=1,622)**



Those in Saskatchewan (40%) and Atlantic Canada (46%) are the most likely to be saving money by driving less, while Atlantic Canadians (65%) are the most likely to have cut back on their discretionary spending. One-third of Quebecers (34%) say they have not cut back on spending at all, the highest proportion in the country:

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(Unweighted sample sizes)	Total (n=1,622)	Region						
		BC (n=205)	AB (n=165)	SK (n=129)	MB (n=122)	ON (n=440)	QC (n=412)	ATL (n=149)
Cutting back on discretionary spending	53%	50%	60%	54%	58%	59%	38%	65%
Delaying a major purchase	41%	43%	47%	43%	48%	40%	36%	46%
Driving less	31%	32%	31%	40%	35%	32%	23%	46%
Cancelling/scaling back planned travel	29%	36%	35%	36%	32%	28%	24%	30%
Deferring/not making a contribution to an RRSP or TFSA	22%	24%	24%	27%	26%	24%	14%	22%
Other	3%	5%	2%	3%	3%	2%	3%	3%
None of these	26%	26%	23%	23%	20%	24%	34%	24%

There is some variation in how different demographics are approaching this. Women are more likely than men to be delaying a major purchase. Men aged 18- to 34-years-old are the most likely to have forgone contributing to an RRSP or TFSA this year to save money at three-in-ten (28%). Older Canadians, meanwhile, are more likely to say they have not adjusted their spending habits:

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Cutting back on discretionary spending	53%	57%	54%	48%	52%	60%	48%
Delaying a major purchase	41%	40%	44%	31%	48%	46%	39%
Driving less	31%	31%	29%	35%	23%	36%	31%
Cancelling/scaling back planned travel	29%	25%	32%	34%	27%	28%	28%
Deferring/not making a contribution to an RRSP or TFSA	22%	28%	26%	16%	22%	24%	17%
Other	3%	3%	3%	1%	1%	6%	2%
None of these	26%	25%	25%	30%	22%	23%	31%

Two-thirds of those Losing Pace and three-quarters of those Left Behind say they are cutting back to the necessities to save money. A majority of those groups also say they've delayed major purchases. Half of the Staying Ahead (51%) say they've made no changes to their spending habits in recent months, ten times as many as the Left Behind (5%) who say the same:

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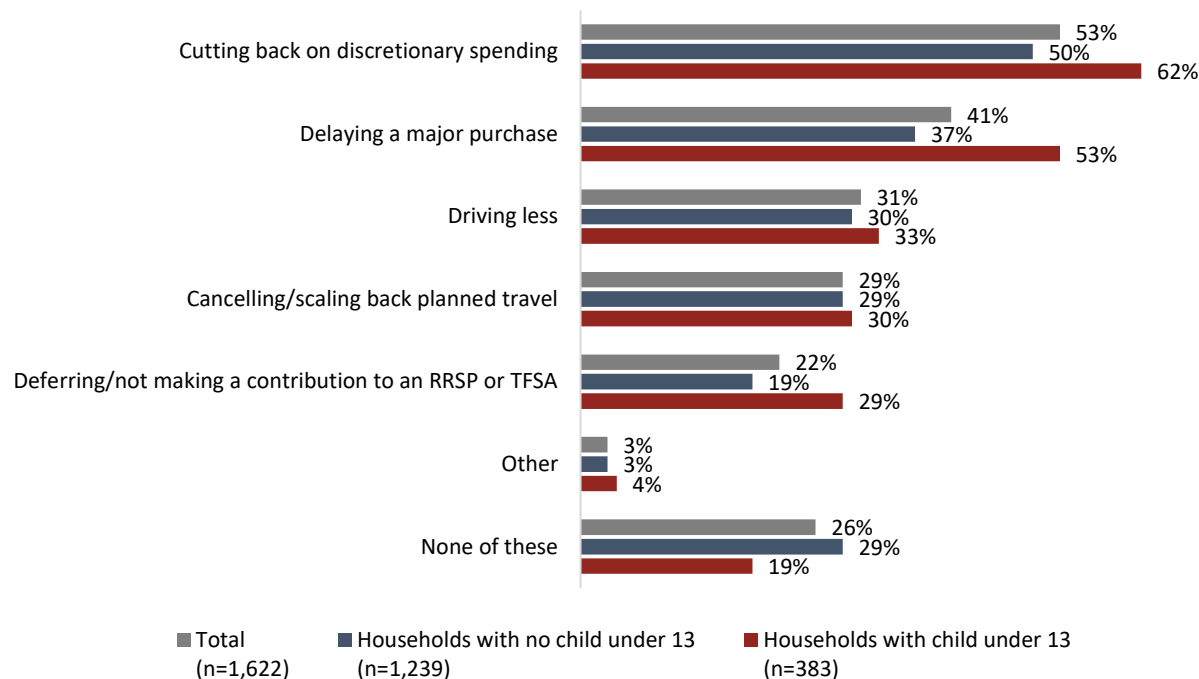
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		Left behind (n=344)	Losing pace (n=446)	Keeping up (n=333)	Staying ahead (n=500)
Cutting back on discretionary spending	53%	74%	66%	48%	30%
Delaying a major purchase	41%	67%	53%	34%	17%
Driving less	31%	51%	37%	26%	16%
Cancelling/ scaling back planned travel	29%	42%	34%	27%	18%
Deferring/not making a contribution to an RRSP or TFSA	22%	43%	26%	14%	7%
Other	3%	4%	4%	2%	2%
None of these	26%	5%	13%	28%	51%

Those living in households with young children are more likely than those in households without to have reined in spending in recent months. Three-in-five (62%) say they've cut back on discretionary spending, and a majority (53%) say they've delayed a major purchase. Savings, also, appear to be a casualty for a significant segment of those living with young children. Three-in-ten (29%) say they've deferred or won't be making an RRSP or TFSA contribution:

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The Cost of Living Index

The Angus Reid Cost of Living Index scores respondents according to their answers to a series of questions on their household budget, including their self-assessed ability to afford groceries, rent or mortgage, and, if applicable, child care. The Index also factored in how large of an unexpected expense respondents could absorb into their monthly budget. A higher score represents a household budget becoming squeezed by the rising cost of living and lower one indicates a household budget able to absorb price increases more easily.

The Index is based on six questions. Scores ranged from -4 to 11. Those with scores less than 0 were labelled “Staying Ahead”. Those with scores of zero to one were sorted into the “Keeping Up” category. Those with scores of two to four were placed in the “Losing Pace” category and those with a score of five-plus were labelled “Left Behind”.

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

For detailed results by whether or not the respondent has children under 13 in their household, [click here](#).

For detailed results by the Cost of Living Index, [click here](#).

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