



**MNP**  
LTD

Toll Free **310-DEBT**

Wave 3

# MNP Consumer Debt Index

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GAME CHANGERS



# METHODOLOGY

- These are findings of an Ipsos poll conducted on behalf of MNP.
- For this survey, a sample of 2,001 Canadians from the Ipsos I-Say panel was interviewed from December 8<sup>th</sup> to December 13<sup>th</sup>, 2017.
- Quotas and weighting were employed to ensure that the sample's composition reflects the overall population according to 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.
- This represents the **third wave** of the MNP Debt Index.

# EXECUTIVE SUMMARY (1)

## The Debt Index

The **MNP Debt Index** has fallen by **two points** and now sits back at its starting point of 100, underscoring a slight worsening in people's attitudes towards their debt since September. Rather than being attributed to one or two things, there has been a slight, yet broad, decline nearly across the board.

- **Nearly half (48%) of Canadians, up 6 points since September, are now within \$200 of not being able to pay their bills and debt obligations**, including one in three (33%) who say they have no money left at the end of the month and are unable to cover their payments (up 8 points since September!).
- The average amount of **money left over for Canadians at the end of the month is \$631, which is a \$112 decline from last quarter** (driven largely by women (-\$167) more than men (\$-53)), and an overall decline of \$261 since June.
- Looking ahead to the five years, 44% expect their debt increase to improve, while 12% expect it to worsen, representing a gap of 32 points in favour of optimism. While this appears to be a positive trend, **that gap between better and worse has declined by 8 points since June**, suggesting we might be witnessing a longer-term trend towards a less optimistic long-term outlook for debt in Canada.
- **Fewer Canadians (45%, down 6 points since June) are confident that they won't have any debt in retirement.** Among those who rent, only 36% are confident they'll enter retirement debt free.

# EXECUTIVE SUMMARY (2)

## Interest Rates

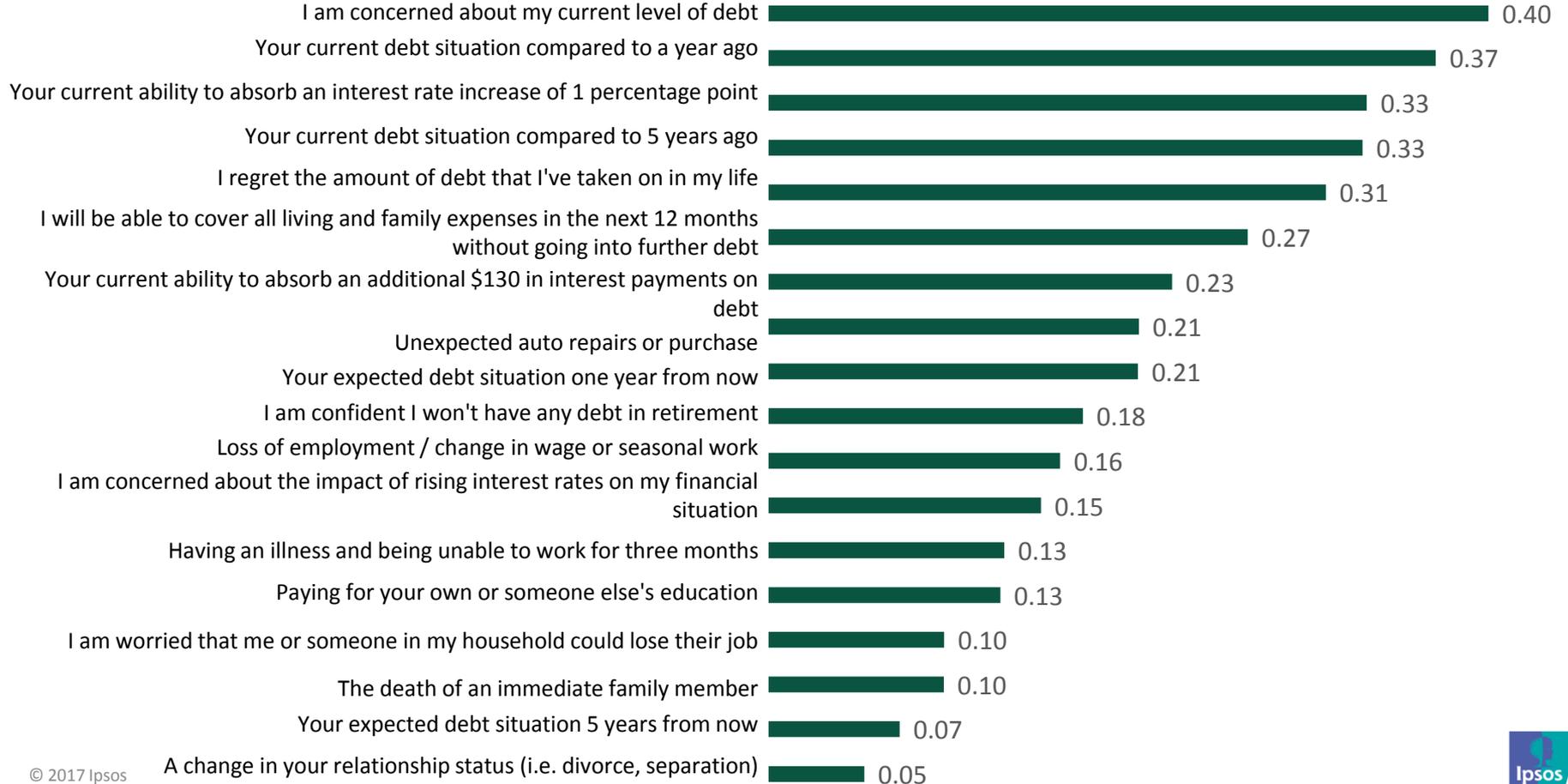
With another Bank of Canada interest-rate announcement on the horizon, **Canadians are increasingly feeling apprehensive about interest rates** and the impact they have on their finances, with Millennials and Gen X feeling the effects even more. Among Canadians generally:

- 72% say that as interest rates rise, **they'll become more careful** with how they spend their money (up 5 points)
- Half (49%) say that as interest rates rise, they're **more concerned about their ability to repay their debts** than they used to be (up 3 points)
- Four in ten (42%) agree that **if interest rates go up much more, they're afraid they will be in financial trouble** (up 2 points)
- Four in ten (38%) agree that they're **already beginning to feel the effects of interest-rate increases** (up 3 points)
- One in three (32%) now agree that **they're concerned that interest-rate increases could move them towards bankruptcy** (up 4 points).

At the same time, four in ten (37%) Millennials **disagree** that they have a **solid understanding of how interest-rate increases impact their financial situation** (26% of Canadians overall).

# THE DEBT INDEX

# THE DEBT-INDEX INPUTS

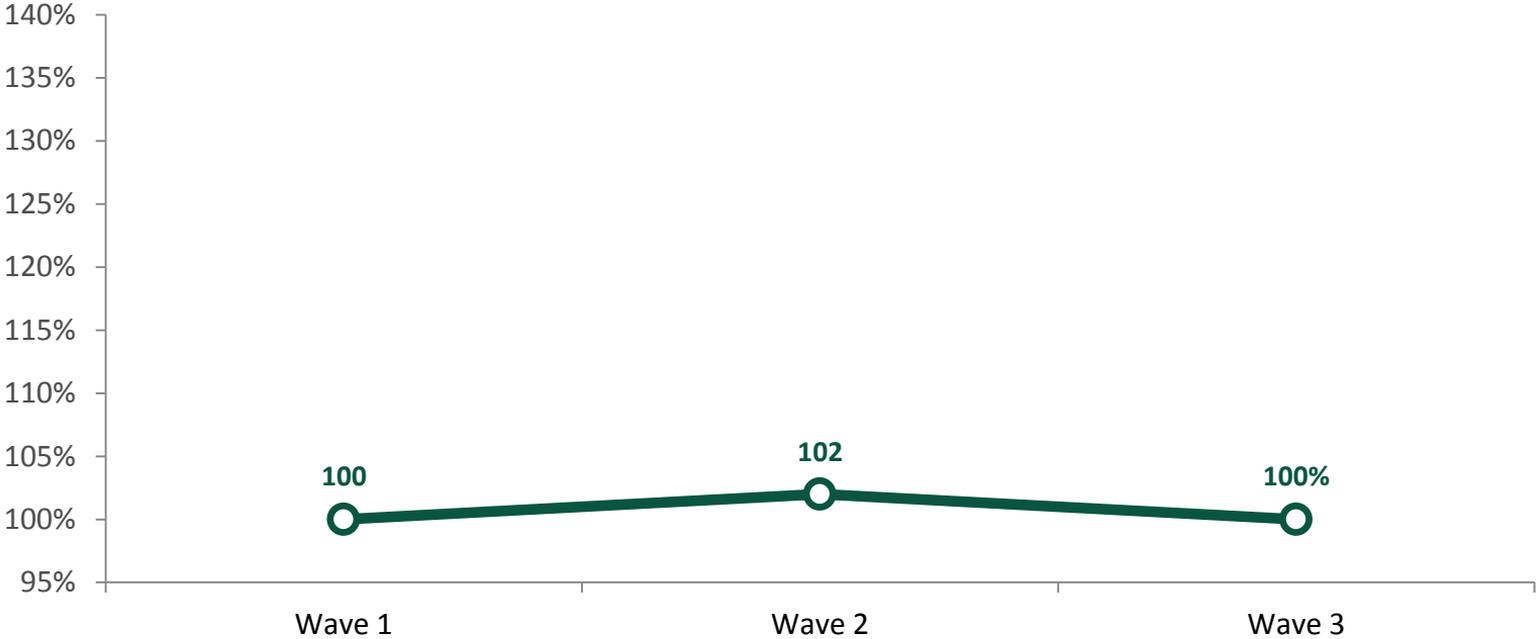


# THE DEBT-INDEX INPUTS (TRACKING)

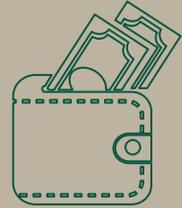
	Impact Scores	Top 3 Box %			Net Change vs. Sep-17
		June-17	Sep-17	Dec-17	
Q5_1. I am concerned about my current level of debt - %Disagree	0.40	38%	39%	41%	+2%
Q3_1. Your current debt situation compared to a year ago - %Better	0.37	26%	26%	25%	-1%
Q3_3. Your current ability to absorb an interest rate increase of 1 percentage point - %Better	0.33	28%	28%	28%	0%
Q3_2. Your current debt situation compared to 5 years ago - %Better	0.33	32%	33%	32%	-1%
Q5_2. I regret the amount of debt that I've taken on in my life - %Disagree	0.31	38%	38%	40%	+2%
Q5_6. I will be able to cover all living and family expenses in the next 12 months without going into further debt - %Agree	0.27	36%	38%	35%	-3%
Q3_4. Your current ability to absorb an additional \$130 in interest payments on debt - %Better	0.23	23%	25%	23%	-2%
Q4_3. Unexpected auto repairs or purchase - %Confident	0.21	32%	31%	31%	0%
Q3_5. Your expected debt situation one year from now - %Better	0.21	36%	35%	35%	0%
Q5_5. I am confident I won't have any debt in retirement - %Agree	0.18	34%	33%	30%	-3%
Q4_6. Loss of employment / change in wage or seasonal work - %Confident	0.16	27%	28%	27%	-1%
Q5_3. I am concerned about the impact of rising interest rates on my financial situation - %Disagree	0.15	27%	29%	28%	-1%
Q4_2. Having an illness and being unable to work for three months - %Confident	0.13	30%	30%	29%	-1%
Q4_1. Paying for your own or someone else's education - %Confident	0.13	25%	26%	25%	-1%
Q5_4. I am worried that me or someone in my household could lose their job - %Disagree	0.10	44%	46%	45%	-1%
Q4_4. The death of an immediate family member - %Confident	0.10	26%	27%	26%	-1%
Q3_6. Your expected debt situation 5 years from now - %Better	0.07	48%	47%	44%	-3%
Q4_5. A change in your relationship status (i.e. divorce, separation) - %Confident	0.05	33%	33%	31%	-2%

# THE DEBT-INDEX TRACKING

- The Debt Index has dipped 2 points since September, returning to the level seen in June, driven by concerns over personal debt.



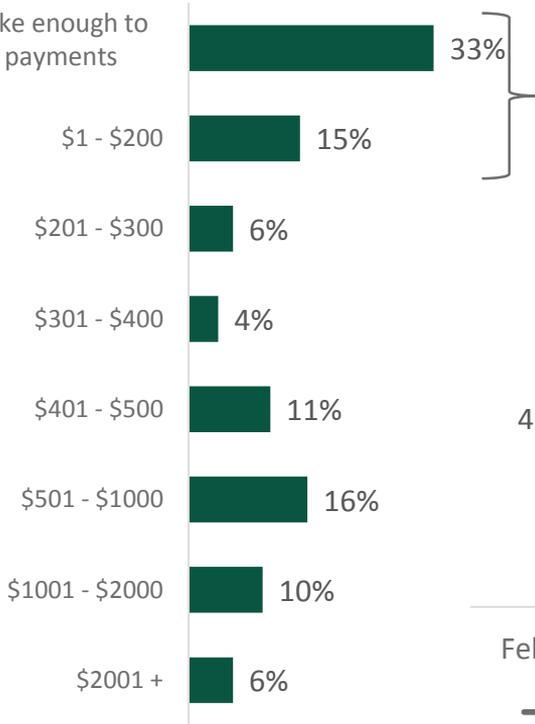
# EVALUATING PERSONAL FINANCES



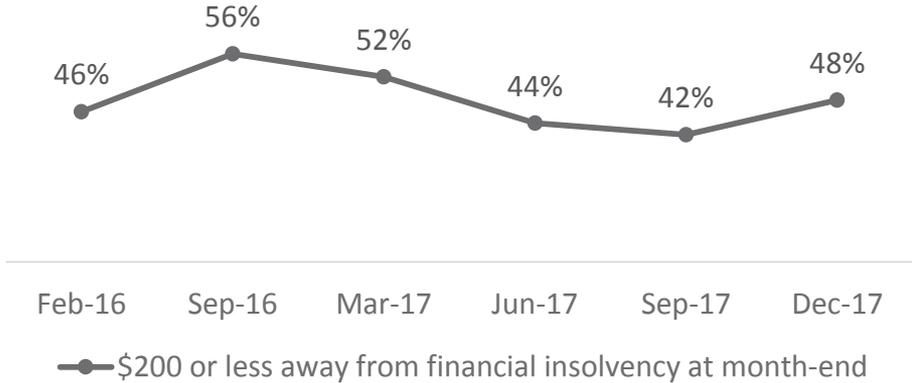
# FINANCES AT MONTH-END

- After tracking down for the past year, there has been an increase Canadians who are \$200 or less away from financial insolvency at month-end: nearly half (48%) are now in this boat, up 6 points since September. One in three (33%) have no wiggle room at all at the end of the month.

None – I already don't make enough to cover my bills and debt payments

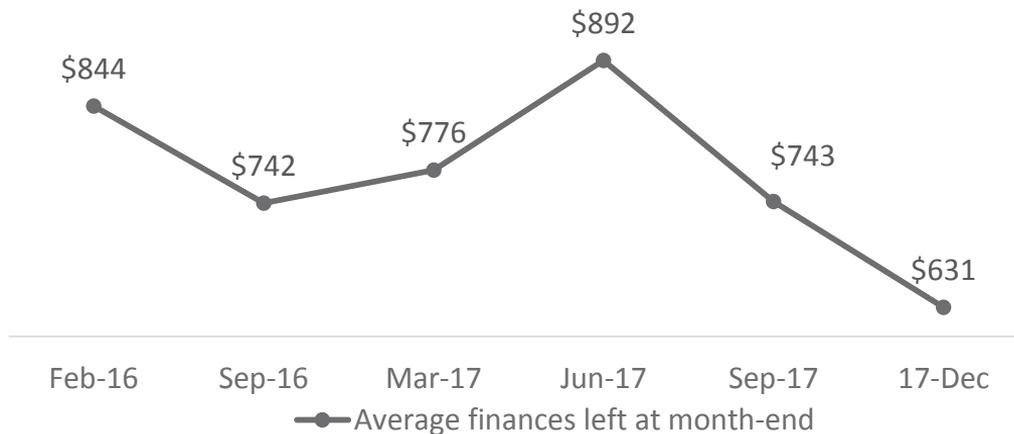


**48%**  
are \$200 or less away from financial insolvency at month-end



# AVERAGE FINANCES LEFT AT MONTH-END

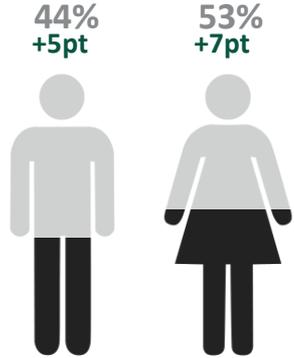
- As more Canadians are coming within \$200 of financial insolvency, the money they are left with at month-end has dropped. On average, Canadians are left with \$631 at the end of the month; down \$112 since September and the lowest amount of finances recorded since tracking began.



Average Finances Left at Month-End	Mean (incl. 0)	Home ownership		Gender		AGE			Household Income			
		Owner	Renter	Male	Female	18-34	35-54	55+	<\$40K	\$40K - <\$60K	\$60K - <\$100K	\$100K+
		A	B	A	B	C	D	E	G	H	I	J
Dec 2017	\$631	<b>\$856 B</b>	\$331	<b>\$771 B</b>	\$499	\$588	\$546	<b>\$735 D</b>	\$273	<b>\$584 G</b>	<b>\$836 GH</b>	<b>\$1225 GHI</b>
	-\$112	-\$66	-\$123	-\$53	-\$167	-\$109	-\$127	-\$102	-\$24	\$44	-\$117	-\$313

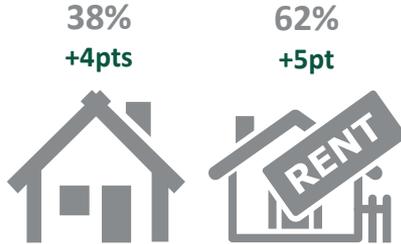
# FINANCES AT MONTH-END

All trending vs. Sep 2017



**Women** are significantly more likely than men to be within \$200 of insolvency at month-end

**Renters** are significantly more likely to be within \$200 of insolvency at month-end, compared to homeowners



Those earning **<\$40K** are more likely to be within \$200 of insolvency at month-end compared to higher income earners.

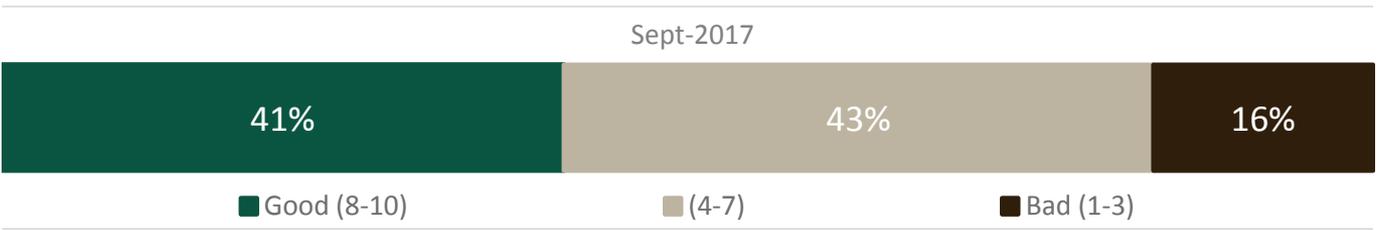
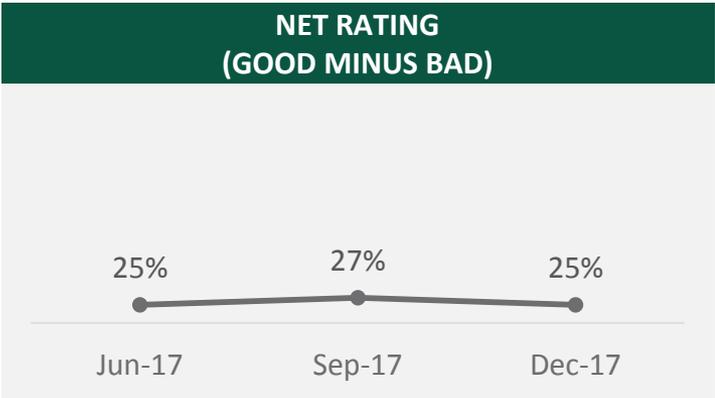
<\$40K	\$40K - <\$60K	\$60K - <\$100K	\$100K+
G	H	I	J
68% HIJ	43% IJ	34% J	27%
+5pts	+2pt	+4pts	+9pts



**Quebecers** (53%, +6pts) are more likely to be within \$200 of insolvency, followed by residents of Atlantic Canada (51%, +2pts), Ontario (48%, +8pts), Saskatchewan and Manitoba (48%, +3pts), Alberta (46%, +3pts), and British Columbia (41%, +3pts).

# PERSONAL DEBT RATING

- Canadians' view of their personal debt situation is comparable to the previous wave. More see it as good than bad.



**Net score**  
+25

# GOOD PERSONAL DEBT RATING

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

55+

**53%** of Baby Boomers are significantly more likely, vs. 32% of Gen X'ers and 36% of Millennials



**47%** of home owners, vs. 33% of renters

\$100K+

**55%** of those earning a \$100K+ income are significantly more likely, vs. 43% of \$60K-\$100K earners, 43% of \$40K-<\$60K earners and 30% of <\$40K earners.



**44%** of British Columbians rate their personal debt situation as 'good,' followed by residents of Ontario (42%), Quebec (42%), Alberta (40%), Saskatchewan and Manitoba (36%), and Atlantic Canada (35%).

# CURRENT ABILITY TO ABSORB INCREASE IN INTEREST - **WORSE**

5

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



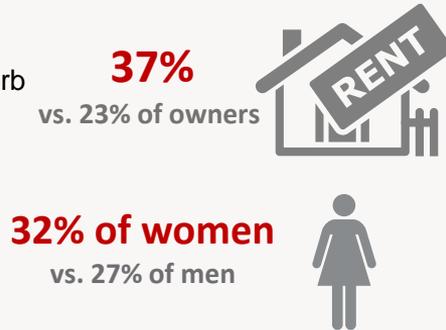
35-54

**24%**  
vs. 19% of Millennials and  
16% of Baby Boomers

HOUSEHOLD INCOME			
<\$40K	\$40K - <\$60K	\$60K - <\$100K	\$100K+
G	H	I	J
30% <sup>HIJ</sup>	18% <sup>J</sup>	14%	10%

6

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



35-54

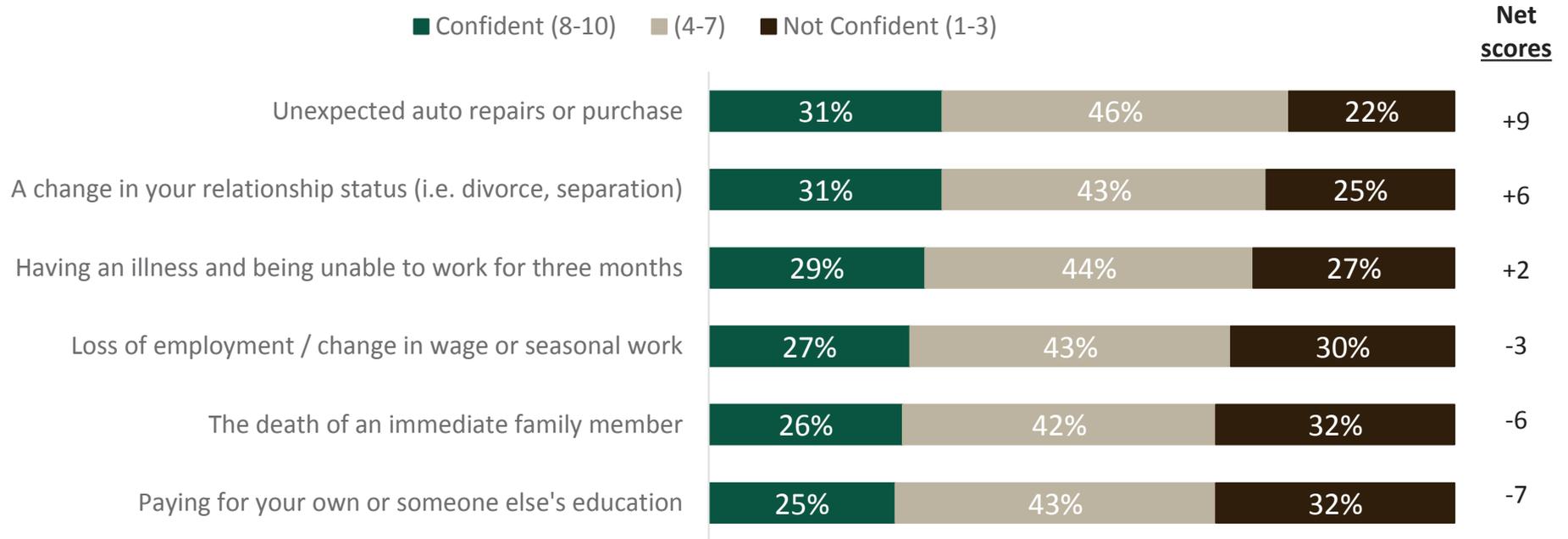
**35%**  
vs. 25% of Millennials and  
27% of Baby Boomers

HOUSEHOLD INCOME			
<\$40K	\$40K - <\$60K	\$60K - <\$100K	\$100K+
G	H	I	J
43% <sup>HIJ</sup>	30% <sup>IJ</sup>	21% <sup>J</sup>	14%

3. On a scale of 1 to 10, where 1 is 'much worse' and 10 is 'much better', how would you rate...  
Base: All Respondents (unwtd) n=2001

# CONFIDENCE IN ABILITY TO COPE

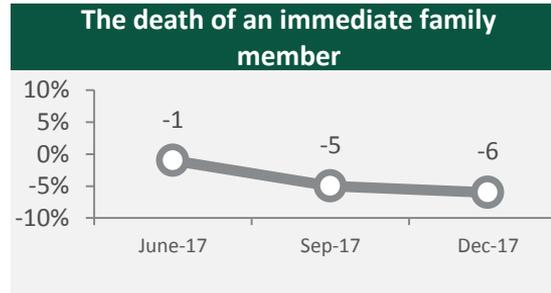
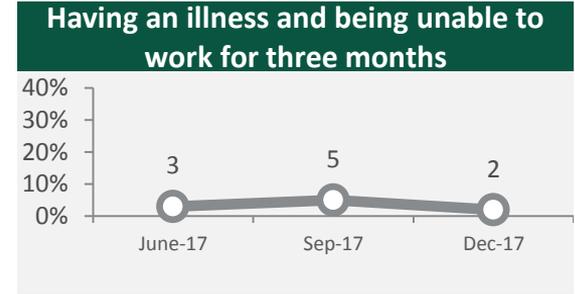
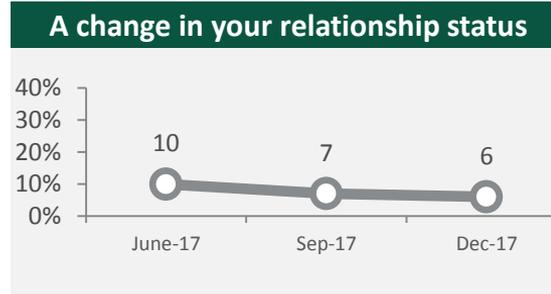
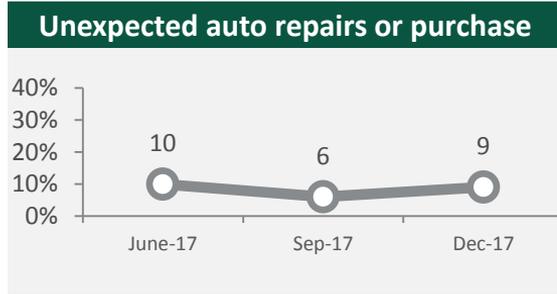
- Few Canadians are very confident about their ability to cope with unexpected life situations without increasing their debt. Confidence remains lowest toward their ability to cope with paying for education whether their own or someone else's, the death of an immediate family member, and the loss of employment.



4. 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: - Having an illness and being unable to work for three months Base: All Respondents (unwtd) n=2001

# CONFIDENCE IN ABILITY TO COPE – NET SCORES

- No significant changes in net confidence have occurred since the previous wave. Canadians are directionally more confident in their ability to cope with unexpected auto repairs or purchase, and directionally less confident in being able to cope with not working for three months due to illness.



# NOT CONFIDENT IN ABILITY TO COPE



A change in your relationship status

REGION					
BC	AB	SK/MB	Ontario	Quebec	Atlantic
A	B	C	D	E	F
31% E	26%	32% E	24%	21%	28%



Unexpected auto repairs or purchase

25%

vs. 19% of men



30%

vs. 16% of owners



HOUSEHOLD INCOME			
<\$40K	\$40K - <\$60K	\$60K - <\$100K	\$100K+
G	H	I	J
33% HU	24% U	15%	10%



Having an illness and being unable to work for three months

34%

vs. 22% of owners



32%

vs. 30% of Gen X'ers and 21% of Boomers

18-34

REGION					
BC	AB	SK/MB	Ontario	Quebec	Atlantic
A	B	C	D	E	F
35% CDE	28%	25%	27%	22%	27%

# NOT CONFIDENT IN ABILITY TO COPE



Loss of employment/change in wage or seasonal work

**33%**  
vs. 27% of men



**34%**  
vs. 26% of owners



**36%**  
vs. 34% of Gen X'ers  
and 22% of Boomers

**18-34**

REGION					
BC	AB	SK/MB	Ontario	Quebec	Atlantic
A	B	C	D	E	F
34% E	32% E	32% E	31% E	23%	31% E



The death of an immediate family member



**36%**  
vs. 29% of men

**41%**  
vs. 26% of owners



**18-34** vs. 34% of Gen X'ers  
and 26% of Boomers

**40%**

HOUSEHOLD INCOME			
<\$40K	\$40K - <\$60K	\$60K - <\$100K	\$100K+
G	H	I	J
42% <sup>HU</sup>	31%	27%	26%

REGION					
BC	AB	SK/MB	Ontario	Quebec	Atlantic
A	B	C	D	E	F
40% E	31%	33% E	35% E	24%	33%



Paying for your own or someone else's education

**40%**  
vs. 26% of owners



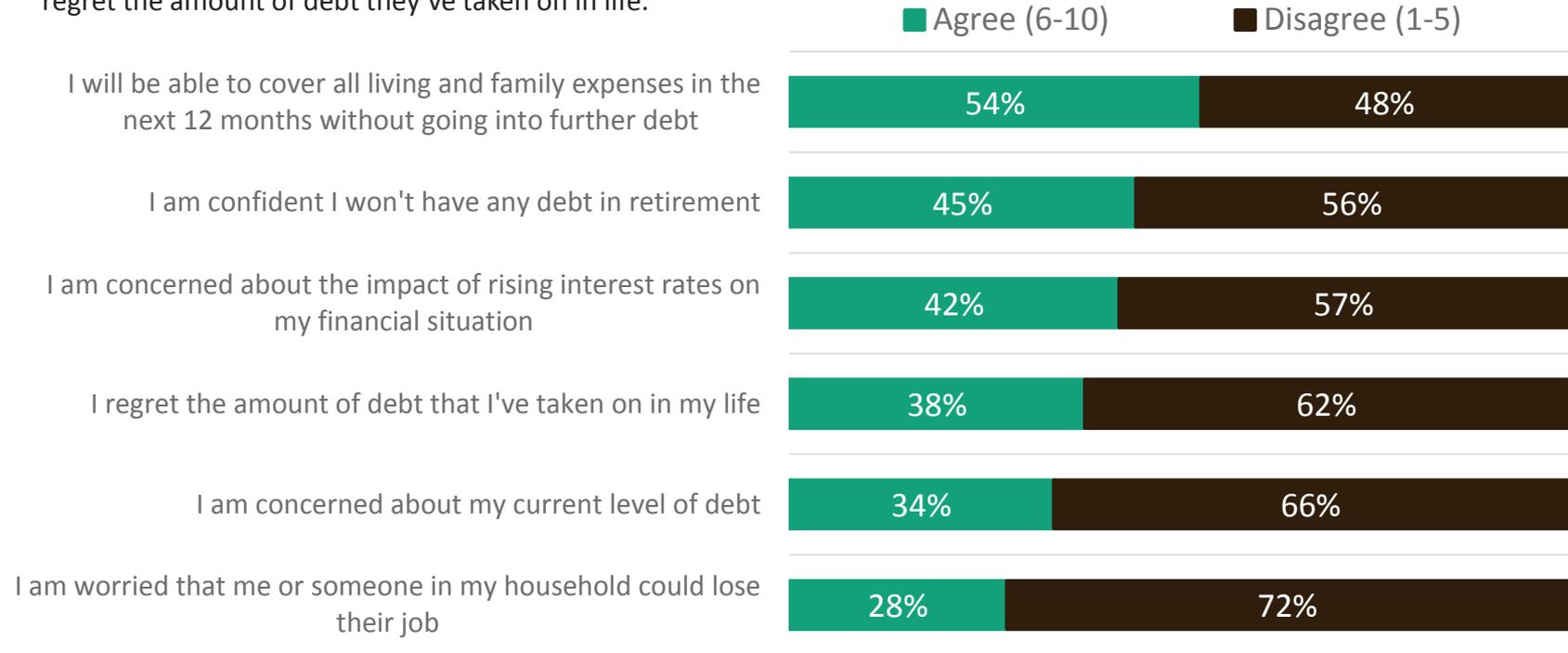
HOUSEHOLD INCOME			
<\$40K	\$40K - <\$60K	\$60K - <\$100K	\$100K+
G	H	I	J
45% <sup>HU</sup>	35% <sup>U</sup>	22%	21%

REGION					
BC	AB	SK/MB	Ontario	Quebec	Atlantic
A	B	C	D	E	F
40% E	33% E	34% E	33% E	24%	37% E

4. 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: - Having an illness and being unable to work for three months Base: All Respondents (unwt'd) n=2001

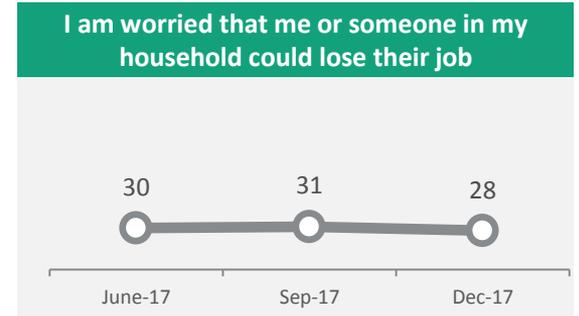
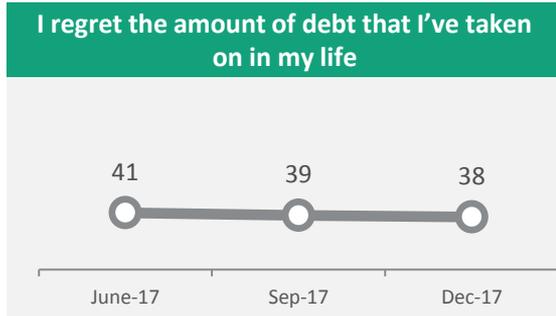
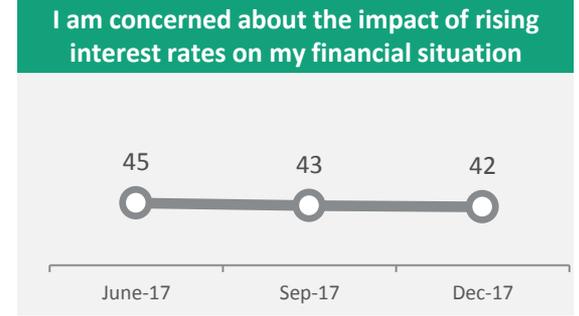
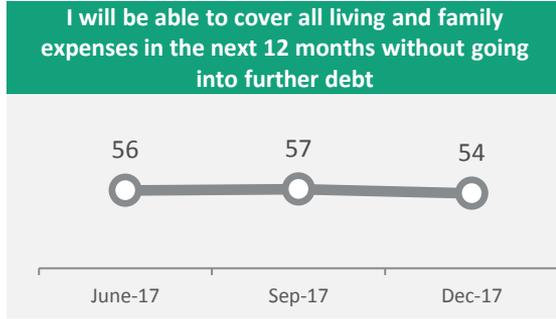
# EVALUATING PERSONAL FINANCES

- Just over half of Canadians (54%) think they'll be able to cover all their expenses over the next year without going further into debt, and less than half (45%) are confident they'll be debt-free in retirement. With less money left over at the end of the month, Canadians are more attuned to a range of problems, from the impact of rising interest rate, to personal debt load, to potential job loss. Four in ten regret the amount of debt they've taken on in life.



# EVALUATING PERSONAL FINANCES – AGREE (6-10)

- Compared to previous waves, views about personal finances continue to trend directionally downward.

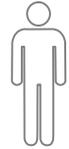


5. On a scale of 1 to 10, where 1 is 'strongly disagree' and 10 is 'strongly agree', how much do you agree or disagree with the following:

# EVALUATING PERSONAL FINANCES – AGREE (6-10)



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



**57%**  
vs. 50% of women



**62%**  
vs. 42% of renters

HOUSEHOLD INCOME			
<\$40K	\$40K - <\$60K	\$60K - <\$100K	\$100K+
G	H	I	J
38%	53% G	59% G	73% GH

**55+**

**62%**  
vs. 49% of Gen X'ers and 43% of Millennials



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



**51%**  
vs. 36% of renters

HOUSEHOLD INCOME			
<\$40K	\$40K - <\$60K	\$60K - <\$100K	\$100K+
G	H	I	J
36%	46% G	51% G	55% GH



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

**35-54**

**44%**  
vs. 34% of Millennials and 32% of Baby Boomers



**40%**  
vs. 34% of owners

# EVALUATING PERSONAL FINANCES – AGREE (6-10)

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

**35-54** vs. 42% of Millennials and 39% of Baby Boomers

**46%**



**44%**  
vs. 41% of renters

 I am concerned about my current level of debt

**35-54** vs. 32% of Millennials and 27% of Baby Boomers

**43%**

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

**18-34** vs. 33% of Gen X'ers and 22% of Baby Boomers

**34%**

5. 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 (unwtd) n=2001

# EVALUATING PERSONAL FINANCES

## I am concerned about my current level of debt



**Saskatchewan and Manitoba** (41%) are more likely to agree, followed by residents of Atlantic Canada (37%), Quebec (34%), Ontario (32%), British Columbia (33%), and Alberta (28%).

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



**Saskatchewan and Manitoba** (45%) are more likely to agree, followed by residents of Atlantic Canada (43%), British Columbia (39%), Ontario (38%), Quebec (35%), and Alberta (31%).

# EVALUATING PERSONAL FINANCES

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



**British Columbians** (48%) are more likely to agree, followed by residents of Saskatchewan and Manitoba (46%), Ontario (45%), Atlantic Canada (42%), Alberta (35%), and Quebec (35%).

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



**Atlantic Canada and Saskatchewan/Manitoba** (57%) are tied for being more likely to agree, followed by residents of Ontario (54%), Alberta (52%), British Columbia (51%), and Quebec (50%).

# EVALUATING PERSONAL FINANCES

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



**Saskatchewan and Manitoba** (31%) are more likely to agree, followed by residents of Atlantic Canada (30%), Quebec (30%), Ontario (29%), British Columbia (27%), and Alberta (25%).

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



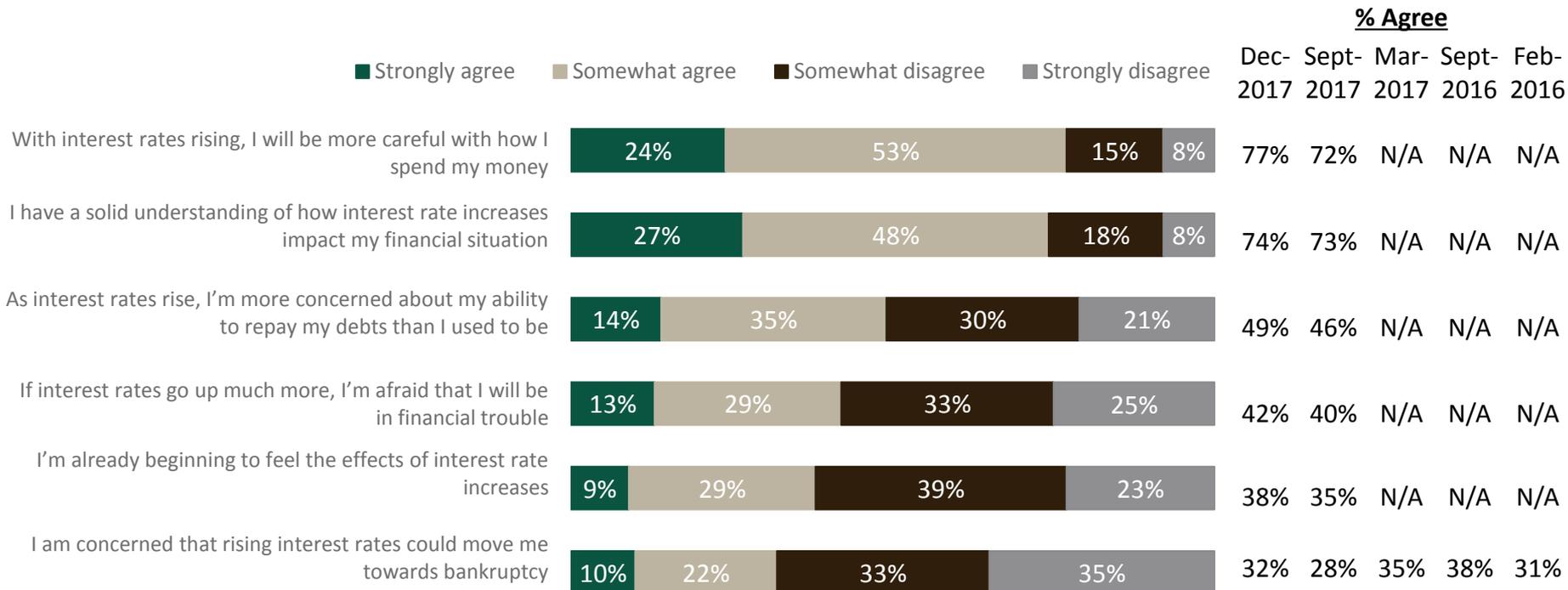
**Saskatchewan/Manitoba and Quebec** (50%) are tied for being more likely to agree, followed by residents of Alberta (49%), Ontario (44%), British Columbia (41%), and Atlantic Canada (39%).

# INTEREST RATES



# ATTITUDES TOWARDS INTEREST RATES

- More Canadians say they'll take more care with spending as interest rates rise (77%, +5 pts), and some (38%) are already beginning to feel the effects (+3 pts). Concerns about ability to repay debts (49%, +3 pts) and potential bankruptcy (32%, +4 pts) are on the rise, despite three in four (74%, +1 pt) claiming they have a solid understanding of how interest rate increases impact their finances.



© 2017 Ipsos 7. To what extent do you agree or disagree with the following  
 Base: All Respondents (unwtd) n=2001

# ATTITUDES TOWARDS INTEREST RATES

- Millennials are least likely to have a solid understanding of how interest rates impact their finances. Despite this, Gen X'ers are just as likely as Millennials to express concerns about the potential fallout of higher interest rates and to already be feeling the effects. Those with household incomes below \$100K are significantly more likely to be concerned about how a rate hike will affect them.

	T2B	AGE			HOUSEHOLD INCOME				REGION					
		18-34	35-54	55+	<\$40K	\$40K - <\$60K	\$60K - <\$100K	\$100K+	BC	AB	SK/MB	Ontario	Quebec	Atlantic
		C	D	E	G	H	I	J	A	B	C	D	E	F
I have a solid understanding of how interest rate increases impact my financial situation	74%	63%	<b>75% c</b>	<b>82% cd</b>	68%	<b>77% g</b>	<b>77% g</b>	<b>79% g</b>	<b>78% d</b>	72%	74%	71%	<b>80% d</b>	72%
With interest rates rising, I will be more careful with how I spend my money.	77%	74%	77%	78%	77%	79%	76%	73%	77%	80%	75%	78%	74%	74%
As interest rates rise, I'm more concerned about my ability to repay my debts than I used to be	49%	<b>56% e</b>	<b>56% e</b>	38%	<b>57% hu</b>	<b>49% j</b>	<b>47% j</b>	40%	49%	50%	51%	50%	46%	51%
If interest rates go up much more, I'm afraid that I will be in financial trouble	42%	<b>50% e</b>	<b>50% e</b>	30%	<b>52% hu</b>	<b>42% j</b>	<b>40% j</b>	29%	36%	45%	<b>48% a</b>	41%	<b>45% a</b>	45%
I am concerned that rising interest rates could move me towards bankruptcy	32%	<b>37% e</b>	<b>38% e</b>	22%	<b>38% hu</b>	<b>30% j</b>	<b>32% j</b>	21%	26%	32%	33%	<b>33% a</b>	<b>33% a</b>	31%
I'm already beginning to feel the effects of interest rate increases	38%	<b>41% e</b>	<b>45% e</b>	31%	<b>45% ij</b>	<b>40% j</b>	<b>37% j</b>	28%	38%	38%	<b>43% e</b>	<b>40% e</b>	34%	41%