



## Amid Relief Measures and Store Closures, Canadians Report Pandemic 'Savings' of \$148

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Households Left with \$750 at Month-End, But Worried about  
Longer-Term Effects of Coronavirus on Jobs and Economy



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**Toronto, ON, July 20, 2020** — With so many Canadians spending more time inside over the past few months, could it be there has been a financial upside to all these months of physical distancing and self-isolation? A poll by Ipsos carried out on behalf of MNP LTD has found that Canadians on average have \$148 more leftover at month-end than they did in early March. A variety of COVID-19-related measures, such as support from the government, mortgage deferrals, and waiving of late fees, has undoubtedly helped keep families afloat, especially when combined with widespread store closures that have left little for households to spend their money on. While some may see this extra breathing room as a silver lining, worries about jobs and the economy persist as Canadians continue to grapple with what the 'new normal' means for their job prospects and the Canadian economy at large.

## Debt Index Up from Record Lows

While the financial picture for many Canadian households looked bleak last quarter, many have been kept afloat thanks to the current raft of pandemic-related support programs. After reaching a record low in early March, the MNP Debt Index has climbed three points despite the pandemic to stand at 96 points. After their bills and debt obligations have been paid, Canadian households are now left with an average of \$750 at month-end, a \$148 increase from before the pandemic took hold.

However, some groups are seeing more of an increase than others. Women, disproportionately affected by the pandemic, are seeing a smaller bump (\$97 vs. \$202 for men). Gen Xers are also seeing less of an increase (\$78 v. \$325 for Millennials and \$134 for Boomers); they are the generation most likely to be in the workforce (as opposed to retired or studying) and have outstanding debt obligations. While the scale of increases varies from Atlantic Canada (+\$73) to Alberta (+\$387), those in Saskatchewan/Manitoba are the only ones to see an average decrease in money at month-end (-\$98).

This extra bit of breathing room afforded to many Canadians means that the proportion who say they are \$200 or less away from financial insolvency has decreased from early March (43%, -6). Furthermore, this proportion already includes 22% who report already being insolvent and not being able to cover their bills and debt payments, also down from last wave (-3).

## Amid Pandemic, Optimism about Debt Surges

As a result of the pandemic relief measures and having a little extra money at month-end, it is no surprise many Canadians are optimistic (or even hopeful) about their personal debt situation; they are also perhaps comparing their own circumstances to what is playing out in other parts of the world. Compared with pre-pandemic levels, more Canadians feel that their debt situation is excellent (+5) and fewer feel that it is terrible (-3). This leaves the net personal debt rating to stand at 31 points, which is the highest reading since the start of the MNP Debt Index.

In addition to having a positive view of their current situation, many Canadians think things are better now than they were in the past. Over a quarter (27%) perceive their debt situation to be better now than it was a year ago and over a third (35%) believe it is better now than it was five years ago. With a smaller proportion this wave believing their personal debt situation is worse compared to how it was in the past, net optimism has surged to new highs.

This new-found confidence can also be seen in measures showing more Canadians say they feel confident being able to cover their living expenses for the next 12 months without going further into debt (61%, +3), regret less the amount of debt they have taken on in life (47%, -3), and are less concerned about their current level of debt (40%, -6).

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### What Goes Up...

Canadians may think that are better off now than they were in the past and be optimistic about their debt situation in the short-term, but they are not as confident when thinking about how things will be in the future. After all, the flipside to Canadians having more money at month-end due to shops, restaurants, and cafes being closed is that shop owners and employees in these businesses have not been able to work during this time. With COVID-19 causing a great deal of disruption on many fronts, households are bracing themselves for a crash landing when the current relief measures come to an end and leave them to face an uncertain post-pandemic economy.

The number of Canadians who expect their debt situation to improve a year from now has declined (33%, -3) and in fact, one in 10 believe it will worsen (11%, +2). What is more surprising is when Canadians are asked how they think their debt situation will be five years from now; while four in 10 say they expect it to improve five years from now (42%), this is a decrease of six points from pre-pandemic levels. As with the one-year timespan, one in ten believe their debt situation will worsen (10%, +2). Normally rather rosy when it comes to longer-term personal economic projections, Canadians seem to think the virus's negative economic impact will be felt for years to come.

Canadians continue to wonder how COVID-19 will affect their personal finances in the medium- to long-term. Almost four in 10 (39%) say they are worried someone in their household could lose their job, up 5 points from pre-pandemic levels. Millennials (49%) and Gen Xers (47%) are the most likely to express these feelings of anxiety over losing their job, an understandable trend as most of them are either still active in the workforce or are set to join it soon. Regionally speaking, those in Atlantic Canada (48%), Alberta (47%), and Saskatchewan / Manitoba (46%) are the most likely to be worried about job losses, especially when compared to their counterparts in British Columbia (38%), Ontario (38%), and Quebec (37%).

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## About the MNP Consumer Debt Index

These are some of the findings of an Ipsos poll conducted between June 1-2, 2020, on behalf of MNP LTD. For this survey, a sample of 2,001 Canadians aged 18 years and over was interviewed. Weighting was then employed to balance demographics to ensure that the sample's composition reflects that of the adult population according to Census data and to provide results intended to approximate the sample universe. The precision of Ipsos online polls is measured using a credibility interval. In this case, the poll is accurate to within  $\pm 2.5$  percentage points, 19 times out of 20, had all Canadian adults been polled. The credibility interval will be wider among subsets of the population. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error. For more information about the MNP Consumer Debt Index, please visit [mnpdebt.ca/CDI](http://mnpdebt.ca/CDI).

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