

More than a third of Canadians have no retirement savings, half live paycheque to paycheque, poll finds

A third of people can't afford to pay off their credit card



The survey of 2,047 Canadians found 53 per cent had little disposable income and that debt is overwhelming for a quarter of respondents. *Getty Images*

Personal Finance

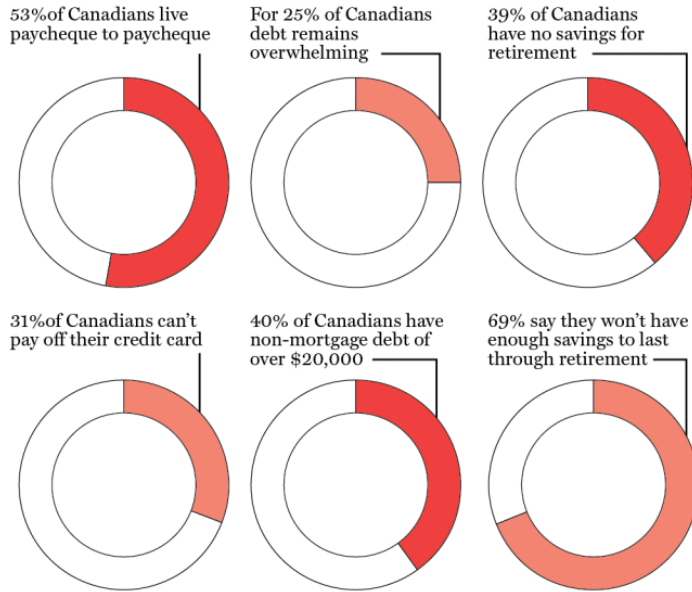
More than half of Canadians live paycheque to paycheque and more than a third have no retirement savings, boosting the pressure to work longer, according to a new poll by accounting firm BDO Canada Ltd.

The survey of 2,047 Canadians found 53 per cent had little disposable income and that debt is overwhelming for a quarter of respondents. An increasing number – 57 per cent versus 53 per cent last year – are carrying credit card debt, the survey showed. A third of people can't afford to pay off their credit card balances while 40 per cent owe non-mortgage sums of more than \$20,000, BDO said.

“Affordability and debt challenges continue to weigh on Canadians,” Doug Jones, president of BDO Canada’s Financial Recovery Services practice, said in a statement. “Over time, the cumulative effects have a significant impact on financial goals.”

LIVING ON THE FINANCIAL EDGE

Debt continues to overwhelm Canadian households



SOURCE: BDO CANADA

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Watch Canadians racked up \$100 billion in credit card debt for first time ever and they're not done adding to it

The rising anxiety comes even as Canada’s inflation rate remains around the Bank of Canada target of 2 per cent a year and stock markets are enjoying their longest bull run for more than a decade. But fears of a recession have grown in recent months with signposts such as an inverted yield curve where longer-term interest rates are less than shorter terms. And housing prices have resumed upward climbs in much of Canada despite market-cooling legislation last year.

With the Bank of Canada holding interest rates ... just how vulnerable are Canadians to debt?

BDO's poll showed gen-Xers are the most indebted cohort when compared to millennials and baby boomers, with 44 per cent of indebted gen-Xers owing more than \$20,000. That may not come as much of a surprise because the 35-to 54-year-olds are in the prime of their house-owning years with heavy mortgage burdens. Baby boomers may have paid off their mortgages while millennials have yet to buy into the expensive housing market in large cities.

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Thirty-eight per cent of gen-Xers had no retirement savings compared to a third last year while almost half said they can't afford to save for post-work life, according to the survey that BDO calls its Affordability Index. It was done in August with the help of Vancouver-based polling firm Angus Reid.

"An increasing number of Canadians in their 40s and 50s are financially stretched and unprepared for retirement and unexpected

A rising number of Canadians believe that younger generations will have to work longer than their older cohorts to make ends meet, 82 per cent in this year's poll versus 75 per cent last year. The amount also increased in those saying that even if they save, they won't have enough for their retirement. That answer rose to 69 per cent from 64 per cent in 2018.

The research also found women suffer more than men and their challenges are mounting. Lack of income increases debt for 35 per cent of women compared with 28 per cent of men. Three quarters of women also struggle to save for major purchases compared to 70 per cent of men, and a third battle to pay for groceries versus 24 per cent of men, the poll found.

A growing number of women are living paycheque to paycheque – 59 per cent versus 54 per cent last year – and more said they have no retirement savings – 43 per cent versus 35 per cent in 2018, according to BDO.

“Recent years have been challenging for Canadians,” BDO said, adding its index “points to more challenges ahead. In order to change course, Canadians should be actively seeking ways to improve how they balance their debt obligations and future financial goals.”



Watch Canadians racked up \$100 billion in credit card debt for first time ever and they're not done adding to it



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