

2020

# Consumer Debt Report

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# From the president

The Credit Counselling Society (CCS) has been helping thousands of Canadians weather the storm brought on by the pandemic this year. We've heard time and again that this year has been a financial wake up call for many people. With this in mind, we wanted to get a deeper understanding of how Canadians are doing when it comes to managing their finances. This report provides important insights into the debt, perceptions, feelings, financial management skills, and future outlook for Canadians, and will inform how we provide services and resources to our clients.

You'll see that our 2020 Consumer Debt Report, conducted by the Angus Reid Forum, found that 27% of Canadians say their personal finances make them feel anxious. We know that many people never learned about money management growing up and the pandemic amplified the stresses and concerns that were already present. This is where building a budget and creating a plan to reduce your debt and build your savings comes in - and where CCS's team of financial educators and credit counsellors shine.

As you review these findings remember it is never too early to start dealing with your debts and, no matter your level of debt, there are resources and experts available at CCS who can help you chart a path forward.

## **Scott Hannah**

President & CEO

Credit Counselling Society

**We Help.**  
**We Educate.**  
**We Give Hope.**



# Methodology



## Study

Canadians were surveyed on their financial health and perceived options for financial assistance. Specific topic areas included debt and savings levels, people’s experiences managing and carrying debt, and types of financial assistance leveraged or considered.



## Field Dates

Fielding was conducted from November 9 to November 12, 2020.



## Sample

\*The sample consisted of 1,805 Canadian Adults (age 18+ yrs.) who are members of the Angus Reid Forum. The sample frame was balanced on age, gender, and province according to latest Census data, with oversamples to achieve n=200 completes in each of Manitoba and Saskatchewan. For comparison purposes only, a probability sample of n=1,805 would yield a margin of error of +/- 2.3%, 19 times of out 20.



## Note

Differences of 1% in total percentages and their individual components in data tables are due to rounding.

\*The Angus Reid Forum is Canada’s most well-known and trusted online public opinion community consisting of engaged residents across the country who answer surveys on topical issues that matter to all Canadians.

# State of personal finances

## Summary

Canadians may have **inflated perceptions of their financial management skills**, with 17% saying they need help with their finances, but 27% saying their personal finances make them feel anxious.

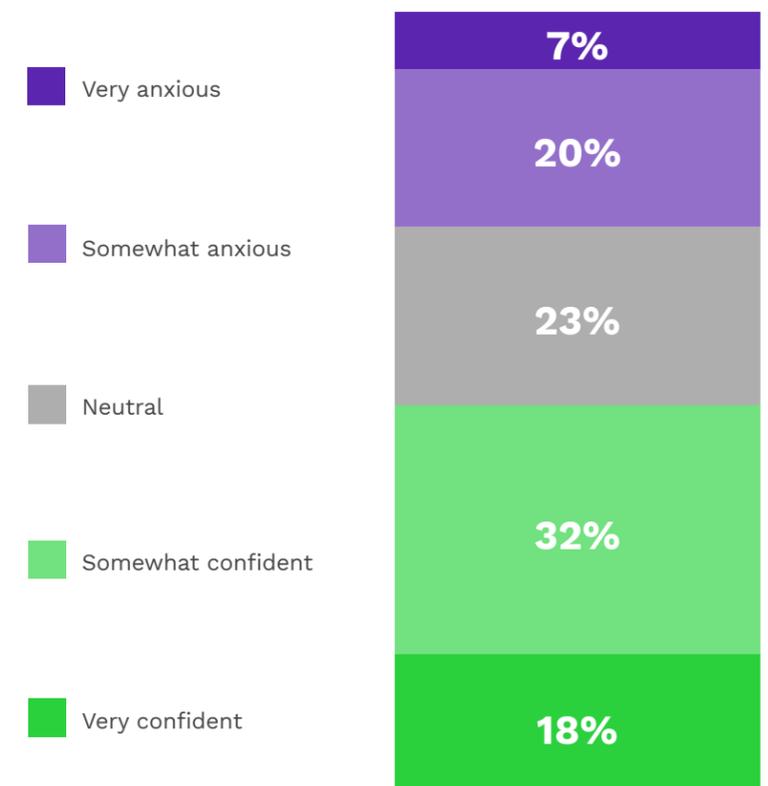
**Factors outside their control are the biggest concerns** on Canadians' minds, suggesting preparing for uncertainty may be a blind spot in many Canadians' financial plans.

# Feelings about personal finances

## Feelings about personal finances

One in four Canadians are feeling anxious about their personal finances, especially Alberta residents and those encountering salary/wage reductions or layoffs due to COVID-19.

## Feelings about personal finances



**27%** feel anxious about current financial situation

Canadians are more likely to feel anxious about their personal finances if they are:

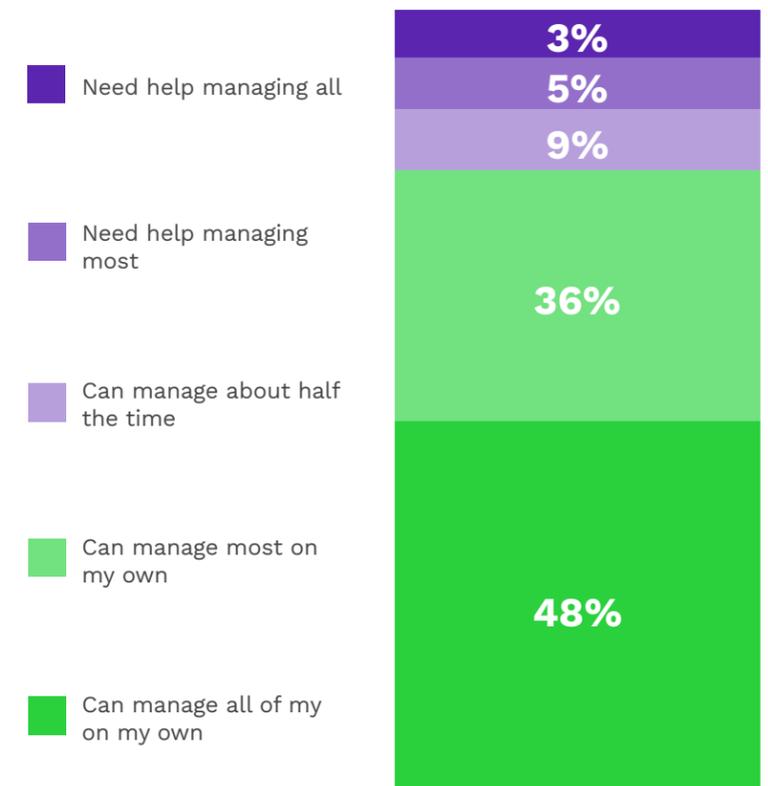
- **Alberta residents** (39%)
- **Under 55** (31%)
- **Lower income** (43% of <\$50K)
- Experienced **employment change due to COVID-19** (45%)

# Ability to manage personal finances

## Ability to manage personal finances

Canadians feel confident in their ability to manage their own finances; most say they can manage most or all on their own, leaving 17% who believe they need substantial help.

## Self-described ability to manage personal finances



**17%** say they need help managing **half** their finances or more

Canadians are more likely to say they need help managing their personal finances if they:

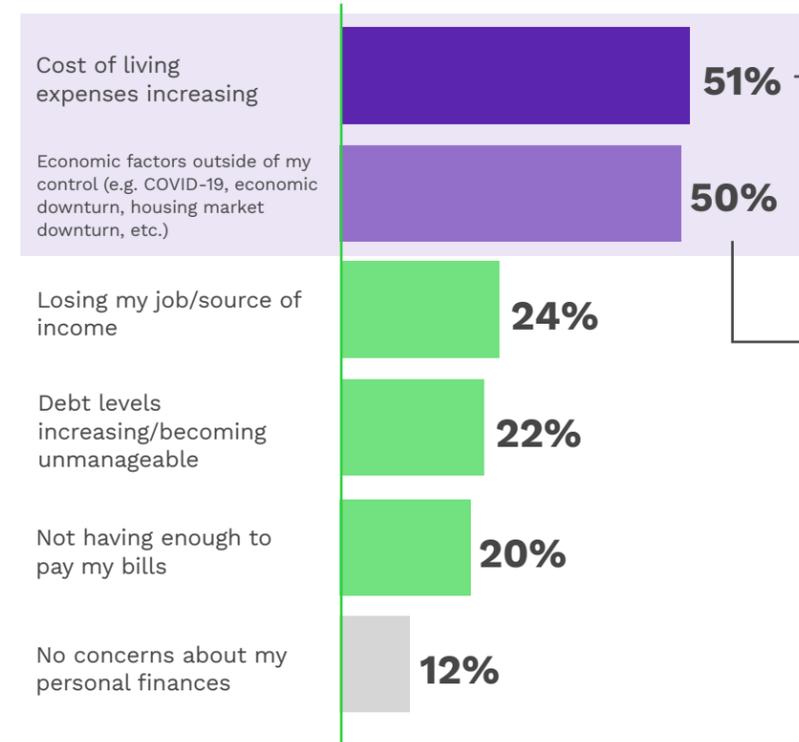
- **Earn <\$100K** are more likely to say they need help managing their finances (20%)
- Experienced **employment changed due to COVID-19** (22%)

# Biggest concerns about personal finances

## Biggest concerns about personal finances

External factors like cost of living increases and economic factors top the list of concerns over personal finances.

## Biggest concerns about personal finances



Canadians are more likely to cite cost of living increases as a main concern if they are:

- **Earn <\$100K** (55%)
- **Carrying debt** (54%)

Canadians are more likely to cite economic factors outside their control as a main concern if they are:

- **Alberta** (67%) or **B.C.** (57%) residents
- **Under 55** (54%)

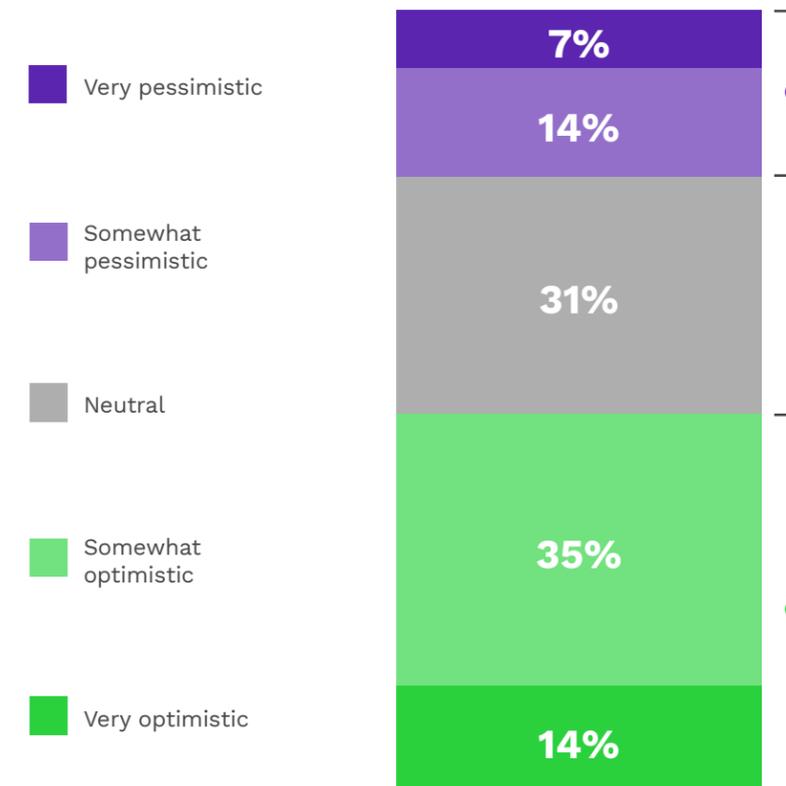
# Attitude heading into 2021



## Attitude heading into 2021

While Canadians are more likely to be optimistic than pessimistic about their finances heading into 2021, only half are feeling optimistic. One in five are pessimistic and 31% feel neutral.

## Attitude about personal finances heading into 2021



**21%**  
feel pessimistic

Canadians are more likely to feel **pessimistic** heading into 2021 if they are:

- **Alberta** (31%) or **Saskatchewan** (26%) residents
- **Earn <\$50K** (32%)
- Experienced **employment changes due to COVID-19** (34%)

**49%**  
feel optimistic

# Feelings about personal finance

“

If you are constantly feeling anxious or pessimistic about your finances the best thing you can do is ask for help. There is no income level where money problems disappear. The Credit Counselling Society is an objective, free solution that can help you create a financial plan and a realistic budget.

”

**Stacy Yanchuk Oleksy**

Director of Education and Community Awareness

Credit Counselling Society

# Debt and savings

## Summary

**Most Canadians are carrying non-mortgage debt**, with half of those feeling anxiety and frustration as a result. While most debt-holders are managing their debt, **three in ten have difficulties paying it down**, making only the minimum payments or less.

Emergency savings are a reality for **most, but not all** Canadians. Those who have emergency savings point to simple prudent financial planning as their main motivation.

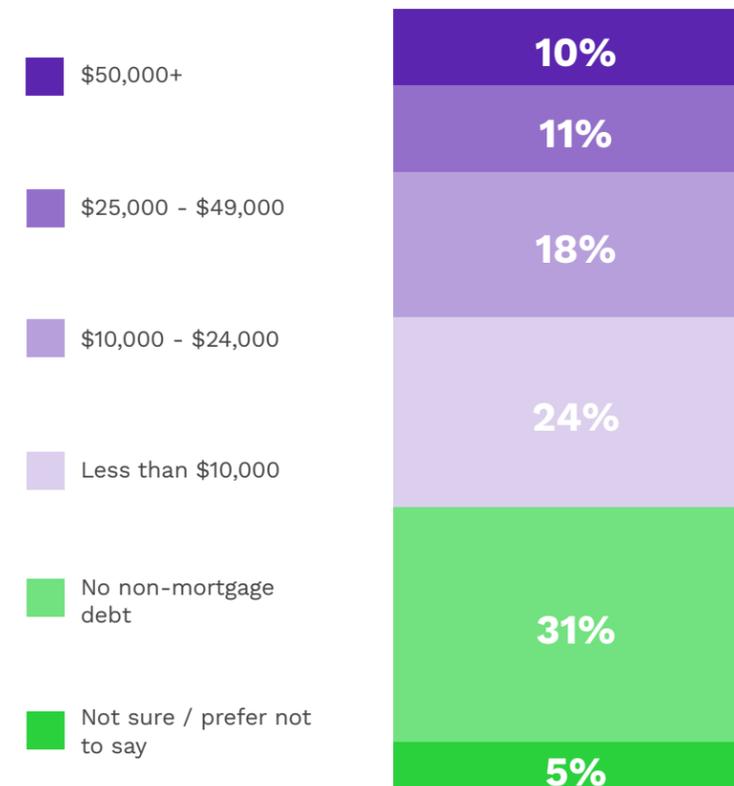


# Levels of non-mortgage debt

## Levels of non-mortgage debt

Most Canadians have non-mortgage debt, with two in five carrying more than \$10,000, particularly in the Prairies and Atlantic Canada.

## Amount of debt



**64%** are carrying non-mortgage debt

54% of indebted Canadians feel **anxious** about their debt and 51% feel **frustrated**. Only 28% are unbothered by it.

Canadians are more likely to have debts if they are:

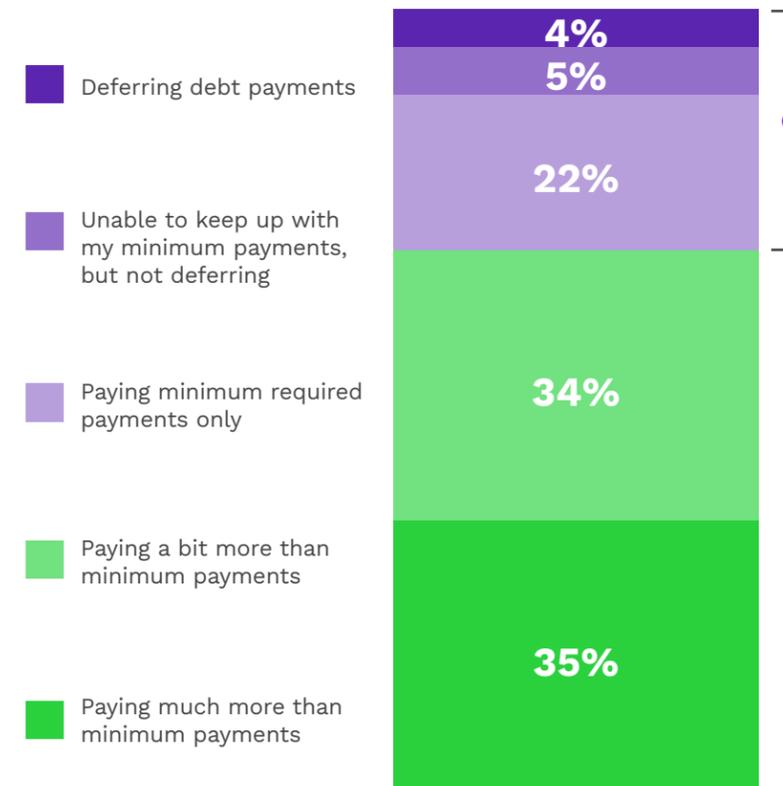
- **Manitoba** (73%) or **Saskatchewan** (70%) or **Atlantic Canada** (76%) residents
- **Male** (68%)
- **Aged 35-54** (73%)

# Managing non-mortgage debts

## Managing non-mortgage debts

Three in ten debt-holders are having trouble paying their debts down, either only making minimum payments or not keeping up at all.

### Amount of debt



# 31%

are having difficulty paying down their debt (making minimum payments or less)

Canadians debt-holders are more likely to be struggling to pay down their debt if they are:

- **Alberta** (40%) residents
- **Female** (34%)
- **Under 55** (35%)
- **Earn <\$50K** (52%)
- Experienced **employment changes due to COVID-19** (44%)

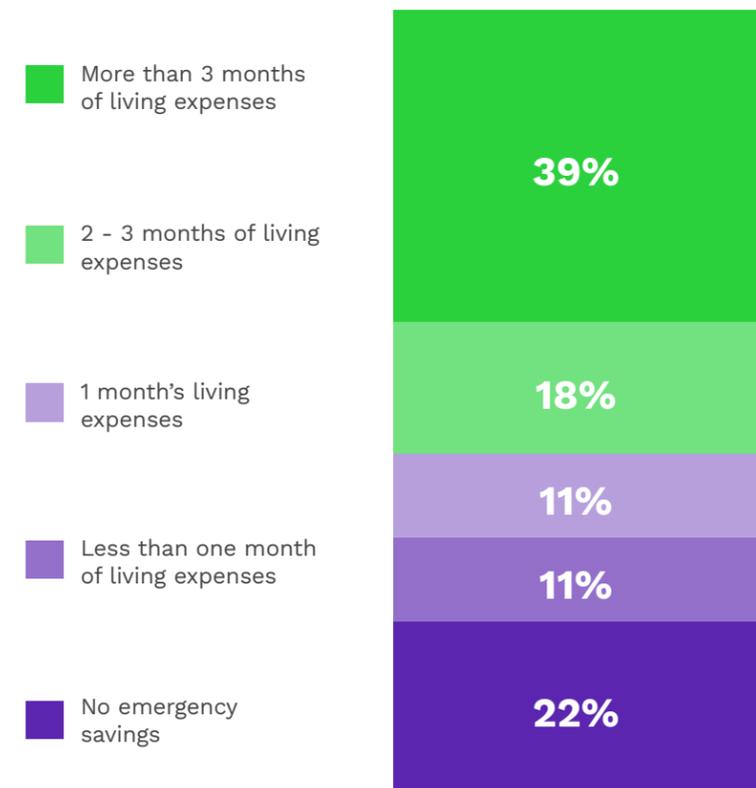
# Emergency savings



## Emergency savings

Just over two in five Canadians have one month's expenses or less saved for emergencies. Among those with savings, most point to prudent financial planning as their reason.

## Amount of emergency savings



Canadians with 1 month of emergency savings or less are more likely to be:

- **Quebec** (47%) and **Atlantic Canada** (53%) residents
- **Under 55** (52%)
- **Earn <\$50K** (58%)
- **Experienced employment changes due to COVID-19** (54%)

**44%** have 1 month of emergency savings or less

Base: Total (n=1,805)  
Q. How much money do you have set aside for emergency savings?

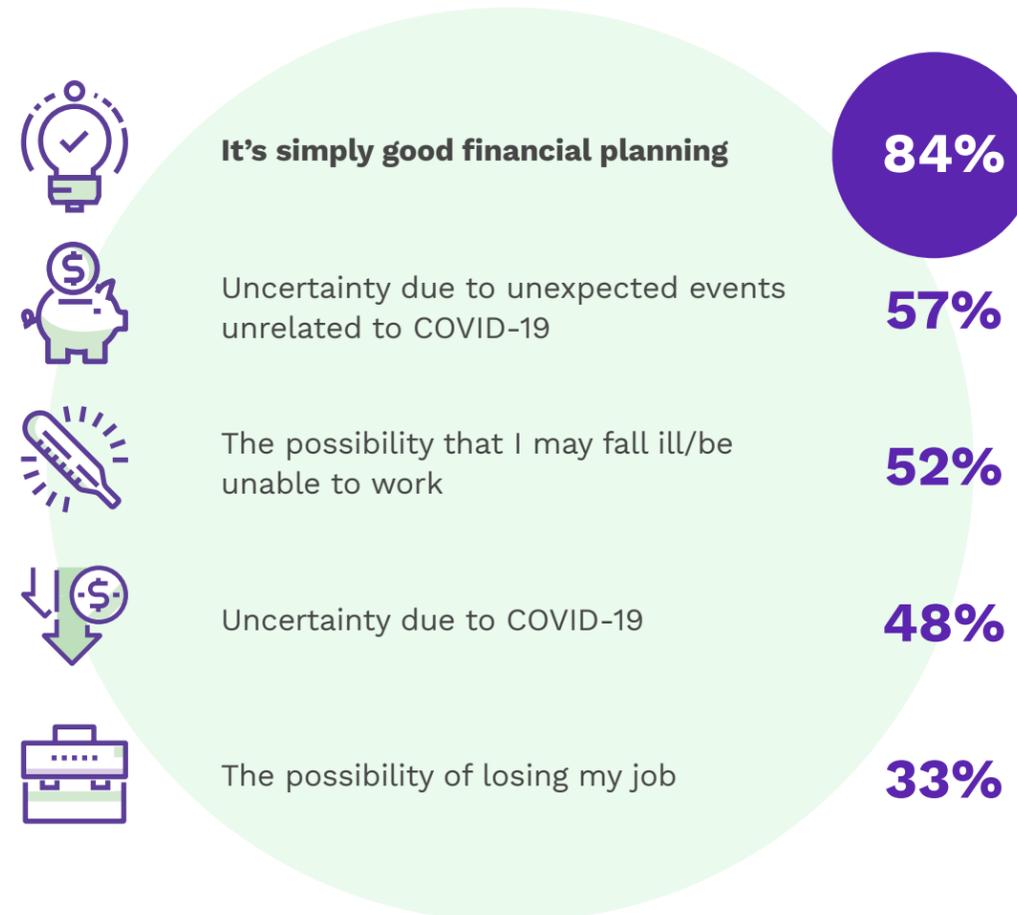


# Emergency savings

## Emergency savings

Just over two in five Canadians have one month's expenses or less saved for emergencies. Among those with savings, most point to prudent financial planning as their reason.

## Reason for emergency savings



Base: Have emergency savings (n=1,466)  
 Q. What are your main motivations for keeping emergency savings?

# Canadians and debt

“With so many Canadians carrying non-mortgage debt and making only minimum payments, we can foresee negative repercussions that bleed into 2021. With government subsidies winding down alongside negative economic forecasts, we’re concerned about how the impact of COVID-19 will have long-term debt effects far beyond 2020.”

**Mark Kalinowski**

Financial Educator  
Credit Counselling Society Alberta

# Personal finances during COVID-19

## Summary

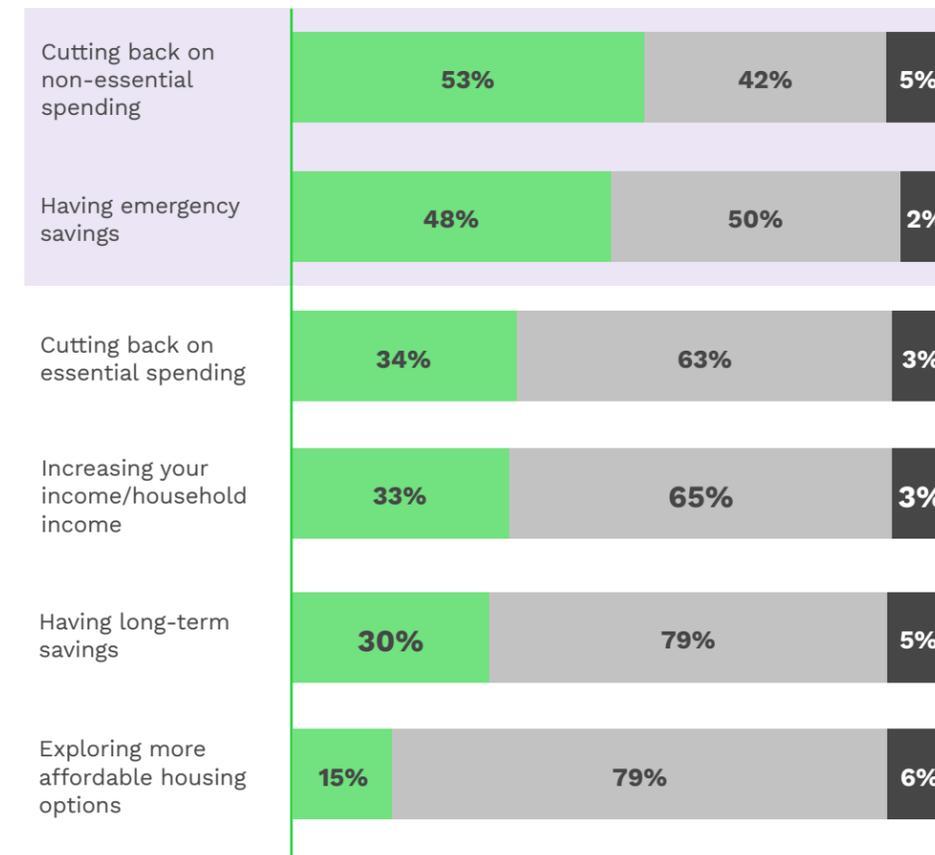
The COVID-19 pandemic has **made its mark in Canadians' minds when it comes to financial planning**—half say cutting back on non-essentials and keeping emergency savings are more important due to the pandemic. While indebted Canadians have leveraged a number of sources of aid during the pandemic, **few have sought help from non-profit credit counsellors.**

# Impact of COVID-19 on financial priorities

## Impact of COVID-19 on financial priorities

The impact of COVID-19 is most evident in Canadians' non-essential spending and perceived importance of emergency savings.

## Change in importance due to COVID-19



■ More important now  
■ No change  
■ Less important now

**Alberta** (61%) and **B.C.** (60%) residents are more likely to say COVID-19 has made cutting back on non-essential spending more important.

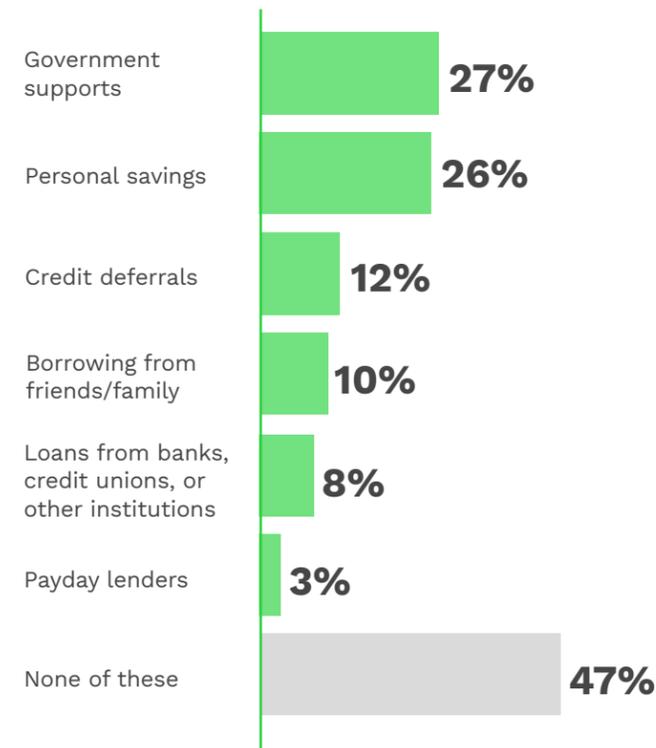
Canadians **earning <\$100K** are more likely to say COVID-19 made increasing their income a larger priority for them (37% say more important now).

# Financial assistance leveraged during COVID-19

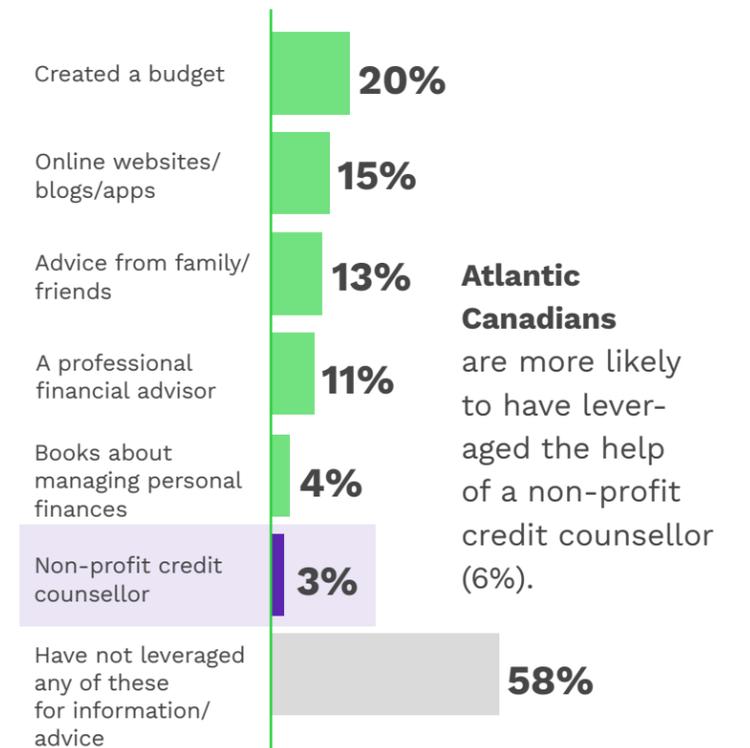
## Financial assistance leveraged during COVID-19

Canadians with debt are more likely to have leveraged financial supports than advice/information during COVID-19, most commonly government supports or drawing from their personal savings.

## Leveraging financial supports during COVID-19



## Leveraging Informational supports during COVID-19



**Atlantic Canadians** are more likely to have leveraged the help of a non-profit credit counsellor (6%).

Base: Have non-mortgage debt (n=1,154) 17  
 [Left] Q. Which of the following supports, if any, have you turned to for financial help during the COVID-19 pandemic?  
 [Right] Q. And, which of the following sources have you leveraged for information/advice on managing your debt during the COVID-19 pandemic?

# Financial impact of COVID-19

“

Heading into 2021, we expect many Canadians to be faced with difficult decisions about their finances and spending habits due to the impacts of COVID-19. As a society, we must work together to reduce the longstanding stigmas around talking about our finances, and encourage Canadians to reach out for help.

”

**Isaiah Chan**

Director of Counselling  
Credit Counselling Society

# Financial assistance

## Summary

Some **Canadians may lack awareness of different options** they have to manage debt, with half of debt-carrying Canadians who haven't reached out to a financial advisor saying they do not need financial help.

Nevertheless, **almost all Canadians say they could improve on at least one aspect of financial management**, including building retirement and emergency savings, tracking expenses, and investing.

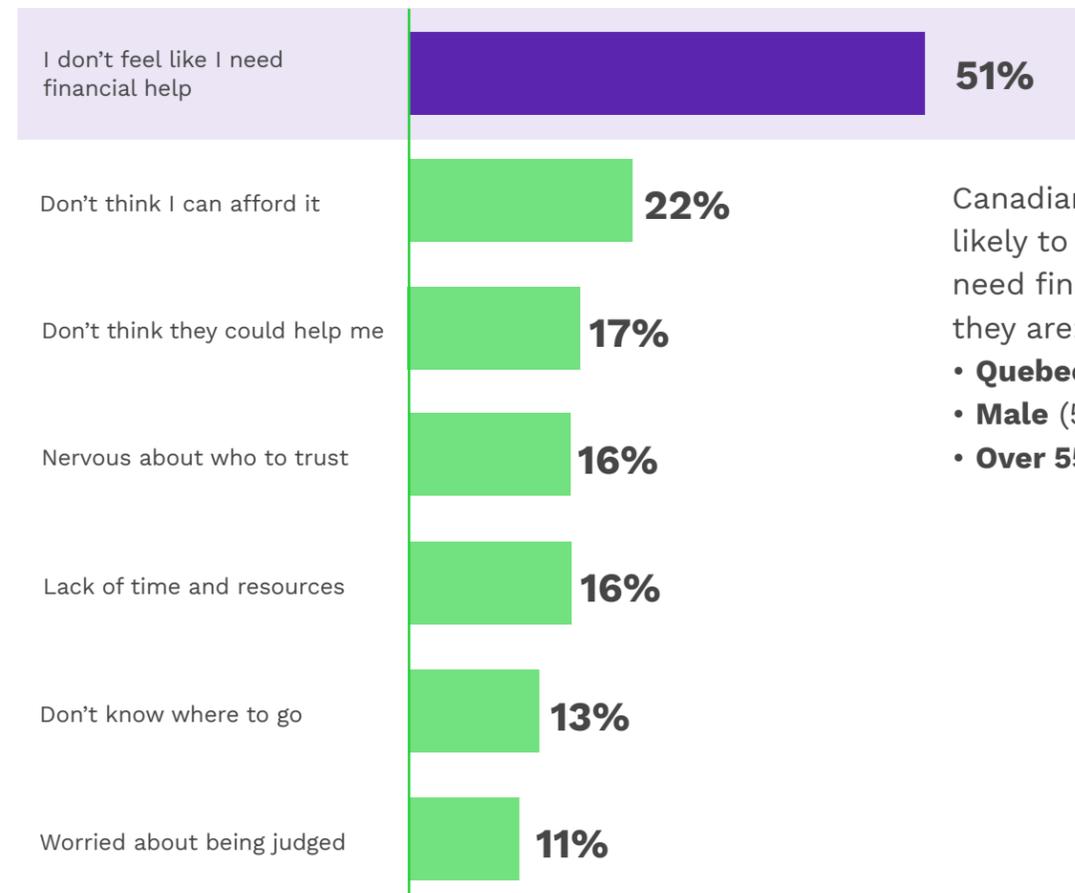


# Barriers to reaching out for financial advice

## Barriers to reaching out for financial advice

The perception that they don't need financial help is the primary barrier for indebted Canadians reaching out; Canadians need to understand the ways that financial advice can benefit them to overcome this barrier.

## Barriers to seeking financial advice



Canadians are more likely to say they don't need financial help if they are:

- **Quebec** residents (60%)
- **Male** (55%)
- **Over 55** (71%)

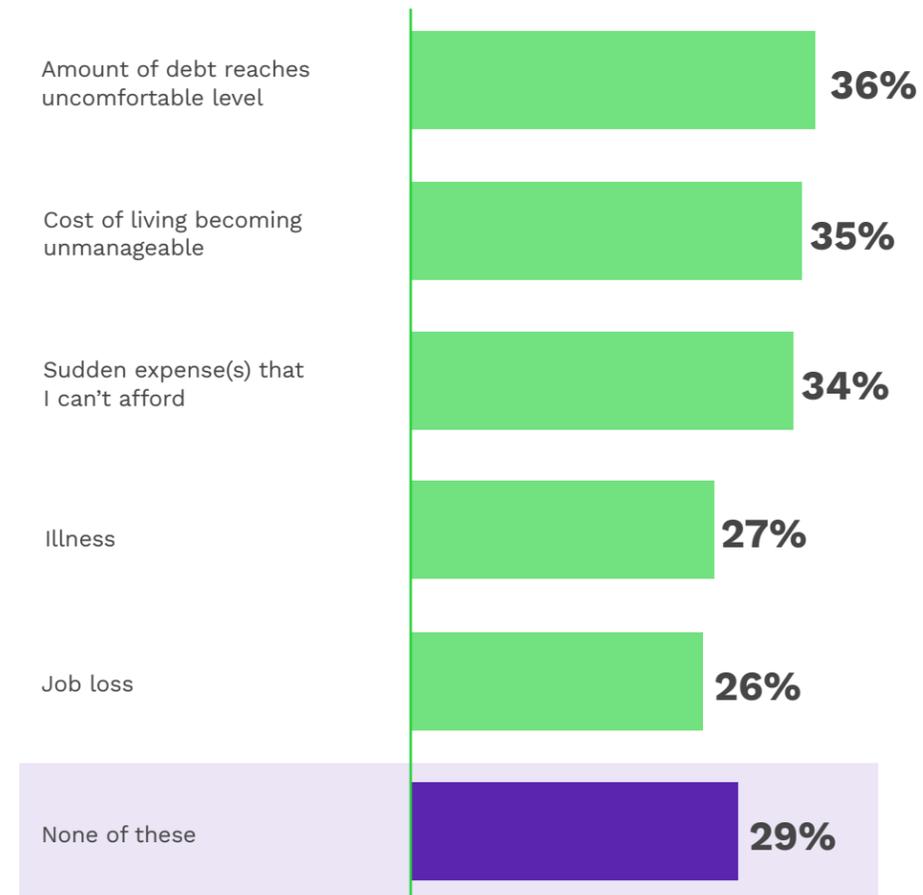
Base: Those with debt who have not sought help from a financial advisor/credit counsellor (n=994)  
 Q. What's holding you back from getting help from a financial advisor right now?

# Triggers to reach out for professional financial advice

## Triggers to reach out for professional financial advice

Canadians point to a number of factors that could lead them to seek financial advice, with no single trigger standing out. Three in ten say none of the factors provided would lead them to seek advice.

## Triggers to reach out for professional financial advice



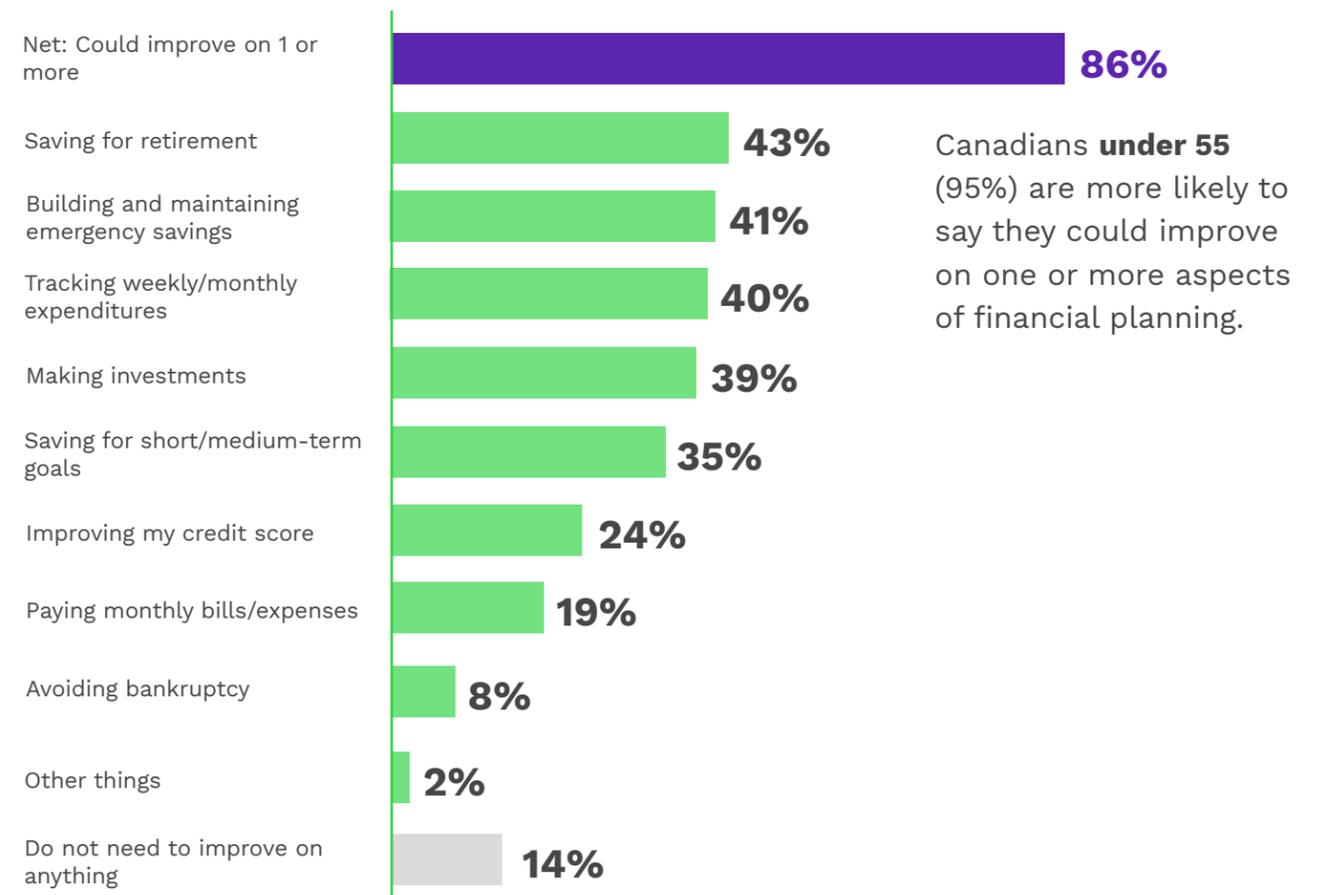
**Atlantic Canadians** are half as likely as other Canadians to say none of these factors would lead them to seek advice (15%).

# What Canadians could improve on

## What Canadians could improve on

Most Canadians see room for improvement in their financial planning, primarily with managing and tracking savings.

## % saying they could improve on aspect of financial planning



Base: Total (n=1,805)

Q. Which of the following aspects of financial planning do think you could improve on?

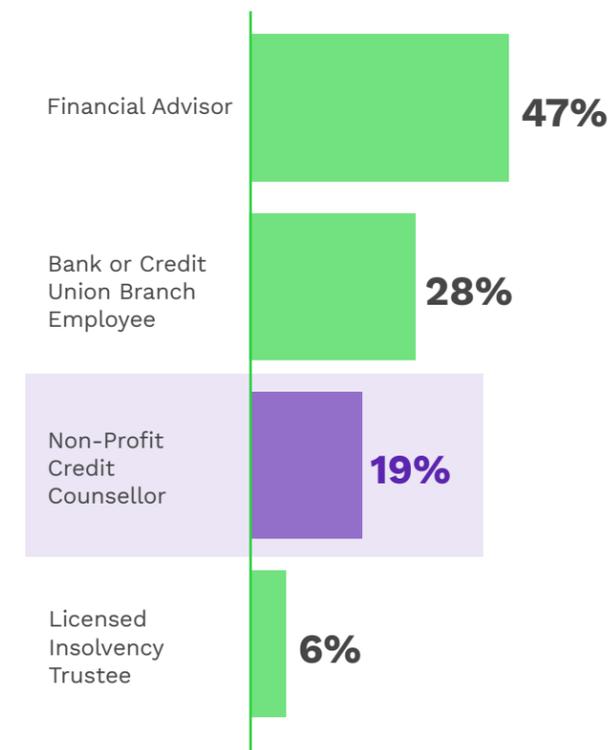


# Perceptions of non-profit credit counsellors

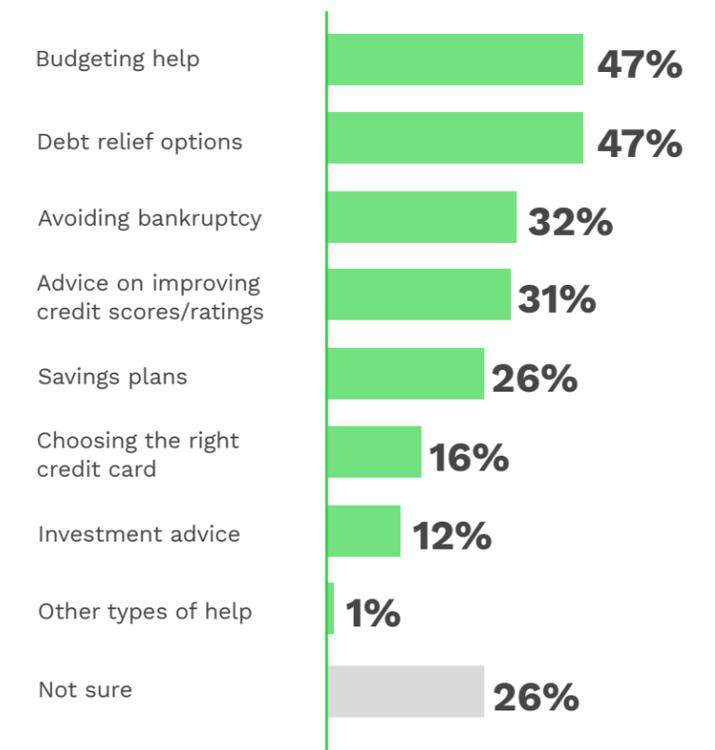
## Perceptions of non-profit credit counsellors

One in five Canadians say they would turn to a non-profit credit counsellor first for debt relief advice.

## First choice for financial assistance



## Expectations for non-profit credit counsellors



Base: Total (n=1,805)

[Left] Q. If you were experiencing problems with debt, which of the following types of financial professionals would you turn to first?

[Right] Q. Which of the following do you think a non-profit credit counsellor would be able to help you with?

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## How CCS can help

“

There are countless ways to get a debt issue under control. No matter what path you take, the first step is always going to be the same: just get started. Deal with your debts as soon as you think you may have a problem. The Credit Counselling Society can help you create a realistic plan that will put you back in control and on the right track.

”

**Scott Hannah**

President & CEO

Credit Counselling Society

# About us

## Services

- Confidential credit counselling services
- Toll free telephone counselling and information services
- Debt repayment and settlement programs
- Educational workshops and webinars on personal money management and resolving debt problems
- Credit and money management publications
- Online assistance and information
- Referrals to other community and professional services

Credit Counselling Society is the operating name of the Credit Counselling Society of British Columbia. We are a non-profit charitable organization and a founding member of Credit Counselling Canada (CCC), a national association of non-profit credit counselling agencies. Our Counsellors and Educators help tens of thousands of Canadians each year find solutions to their debt and money problems, learn new skills and regain financial stability.

For further information about our services and programs please contact:

### Scott Hannah, President & CEO

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Vancouver, Victoria.

### Alberta:

Calgary, Edmonton.

### Saskatchewan:

Regina, Saskatoon.

### Manitoba:

Winnipeg.

### Ontario:

Hamilton, Kitchener-Waterloo, London,  
Mississauga, Ottawa, Toronto.

## Awards

Established in 2007, the Institute for Financial Literacy presents the EIFLE Awards to individuals and organizations that have shown exceptional innovation, dedication, and commitment to the field of financial literacy education. In 2019 The Credit Counselling Society was honoured to be selected as the Non-Profit Organization in North America of the year.



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