

The Current State of Canadian Family Finances



2013–2014 REPORT | BY NATHAN BATTAMS, NORA SPINKS AND ROGER SAUVÉ



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Highlights



17% & 9.7% Increase in the average hourly earnings of women and men, respectively, in the 2000-2013 period

68.6% & 67.4% Proportion of all wealth in 1999 and 2012, respectively, that was held by households in the highest wealth quintile

75% Increase in the amount of debt per household in the 2000-2013 period (from \$65,400 in 2000 to \$114,400 in 2013)

8.7% & 7.1% Proportion of disposable income that was required to pay the interest on the average debt load in 2000 and 2013, respectively

60.9% & 70.2% Percentage of Canadians aged 55-64 who held any type of debt in 1999 and 2012, respectively (compared with 27.4% and 42.5% among seniors)

600% & 1747% Increase in the rate of insolvencies among 55- to 64-year-olds and seniors, respectively, over the past two decades

37.3% & 49.4% Proportion of net worth that was comprised of real estate in 2000 and 2013, respectively

23.3% & 30.4% Proportion of dual-earner families in which women earned more than their husbands in 1994 and 2011, respectively

225% & 345% Ratio of real estate assets as a percentage of disposable income in 2000 and 2013, respectively

5.3% & 5.2% Saving rate as a percentage of disposable income in 2009 and 2013, respectively

Preface



This is the 15th annual report on the current state of Canadian family finances. Once again, the report examines three broad areas of family finances across family and household type: income and expenses, savings and debt, and wealth and net worth.

The report is based on data from Statistics Canada and other reputable sources. All measures incorporate updates and any recent revisions released by Statistics Canada. Many of the calculations and some of the interpretations presented in the report were developed by Roger Sauvé of People Patterns Consulting.

Much of the analysis in this report relates to the period from 2000 to 2013. The year 2000 was chosen as the starting point in order to highlight the trends so far this century. Additional emphasis is placed on the period since the economic downturn in 2008. Finally, this report will also highlight longer-term economic trends since 1994, to highlight some changes that have occurred since the International Year of the Family, which was first observed by the United Nations that year.

As always, families are the main focus of this report. The most up-to-date and detailed Statistics Canada data on family income indicators is available only up to 2011 (see Appendixes A and B). In the future, this particular source will no longer be available from Statistics Canada and will be replaced by a new report, which may or may not have a reliable link to past data sources.

More information covering the total household sector is used to provide many of the estimates for all households up to the year 2013. Households include both families and unattached individuals. About two-thirds of households are family households of two or more persons, making recent income trends for all households a good “directional” guide to understand family finances.

For clarity and to make the results more relevant to “family finances,” most measures have been sourced or converted to a per-household or per-family basis. Household numbers for the years 2000 to 2011 are sourced from Statistics Canada, *Income of Canadians*. As no compatible data is available since then, the general continuation of broader economic trends allows us to assume the same percentage increases in household numbers as in 2011 for both 2012 and 2013.

In this report, dollar estimates are in constant 2011 dollars (unless otherwise indicated) to coincide with the detailed data in Appendixes A and B. Variations over several years represent changes in real purchasing power after inflation has been removed. The term “real” indicates what would have happened if there had been no inflation. Inflation is measured using the Consumer Price Index (CPI), unless otherwise indicated.

Foreword



Over the past 15 years, the Vanier Institute of the Family has reported on family and household finances in Canada. During this time, this annual publication has helped anyone with an interest in families in Canada to understand the impact that economic and social forces have on families – and the impact families have on these same forces.

This year marks the 20th anniversary of the UN International Year of the Family. The International Year of the Family was first observed by the General Assembly of the United Nations in 1994 to inspire people to recognize and support families, which were described as “the basic unit of society” warranting special attention. This acknowledgement has helped people around the world to promote equality with a better understanding of the importance of families as well as the diversity in their forms and functions.

This anniversary provides an ideal opportunity for the Institute to reflect on what has changed during this time, to look at what has (and hasn't) changed for families in Canada. The national economy has had its highs and lows, and families have consistently adapted in order to continue providing support to family members throughout. The report examines both short- and long-term trends to provide a thorough understanding of this changing context that has shaped family life and family experiences, expectations and aspirations since the International Year of the Family in 1994.

One thing that has *not* changed is the *complexity* of family finances. In part, this complexity is due to the number of variables that can be used to measure family finances. This report focuses on three broad groups of financial measurement categories: income and expenses, savings and debt, and wealth and net worth. None of these measures exists in isolation, and all groups are interconnected: if household income is too low, then it may be impossible for family members to build savings; if expenses are too high, debt may occur and/or grow; if debt is too high, it can reduce a person's net worth. Recognition of this complexity is critical to understanding how families manage resources.

This report is meant to serve as an accessible guide to available data on the economic circumstances of Canadian families, designed to help researchers, journalists, students, teachers, employers and anyone with an interest in families and family life to navigate the current state of Canadian family finances in a broader context. This timely and accurate snapshot of family finances, contextualized within long-term social and economic trends, will contribute to the ongoing conversations about family life in Canada.



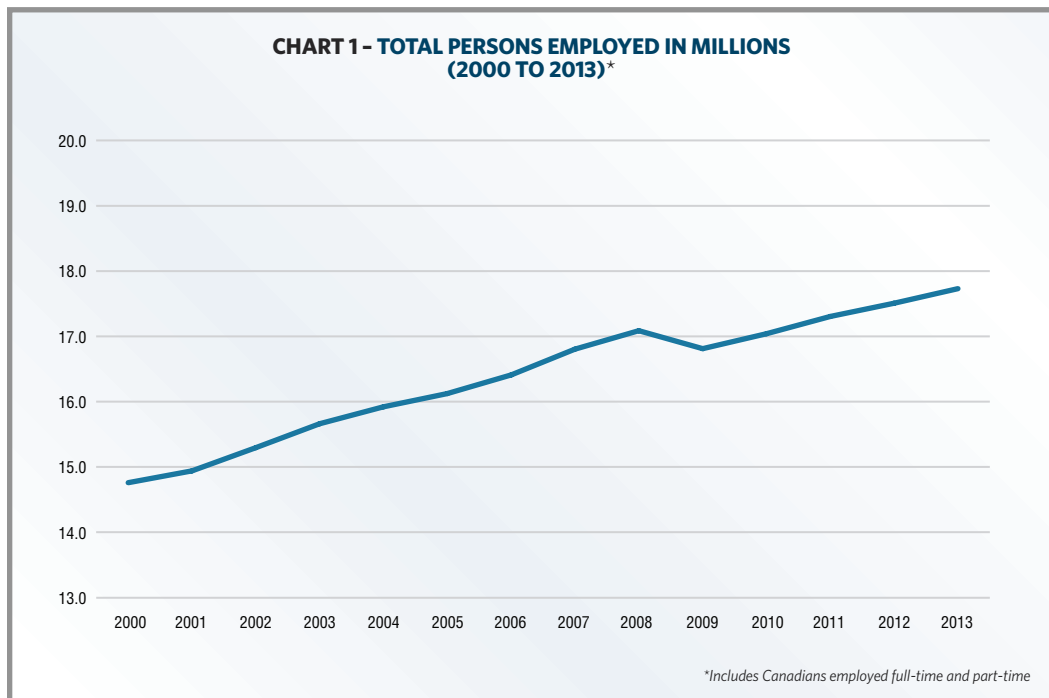
Income and Expenses

EMPLOYMENT-RELATED INCOME

Paid employment is the primary source of income for most Canadians. According to the 2011 National Household Survey,¹ nearly 70% of surveyed Canadians aged 15 and over reported earning income from paid employment, which accounts for three out of every four dollars of total income in Canada.²

Post-recession employment growth slow but steady

The 2008 recession had an impact on Canadians participating in the labour force, some of whom lost their jobs, had their hours reduced or had to delay their retirement because of the loss they incurred or fears about further loss.



Source: CANSIM table 380-0072 and calculations by People Patterns Consulting

Things have slowly improved since then. As of March 2014, the unemployment rate stood at 6.9% – a slight overall improvement over 2013 (7.1%) and 2012 (7.2%). Looking at 2013 as a whole, Canadians did witness some job recovery. About 223,500 net new jobs were created in Canada in 2013, three-quarters of which were full-time positions. Even so, job growth has been slow on a monthly basis since fall 2013. According to Statistics Canada's *Business Payrolls Survey* (BPS), there were about 200,000 job vacancies in December 2013. This was the lowest number of vacancies for a December during the three years that this survey has been produced.



Income and Expenses

Despite strong job growth in March 2014, Statistics Canada has described employment growth as having been “subdued” since August 2013.³ Recovery has not been experienced equally by all Canadians when looked at through a geographic or demographic lens. For 2013 as a whole, employment increased in 8 of the 10 provinces, but actually *declined* slightly in Nova Scotia and British Columbia.

Canadians aged 55 and older had a very different experience of the recession and recovery than their younger counterparts: the employment rate of the 15–24 age group *declined* from 59.9% in October 2008 to 54.8% in July 2013, whereas older Canadians saw their employment rate *increase* from 32.7% to 34.8% in the same period.⁴

Employment rates among women in Canada have continued to grow since 1994

We can look at other trends by taking a step back and seeing what has changed since the International Year of the Family in 1994.ⁱ

There have been several noteworthy changes in the structure and nature of family finances in the 1994–2011 period. For starters, the proportion of husband–wife families that were *dual-earner* families⁵ increased from 58.4% in 1994 to 63.8% in 2011. This coincided with growth in the proportion of dual-income families in which the wife earned *more* than the husband, which increased from 23.3% in 1994 to 30.4% in 2011.

During this time, *single-earner* households *decreased*, but the proportion of single-earner families in which the wife was the sole earner *increased* from 21.4% to 30.5%. The overall employment rate of women who were married or living common-law and living with an employed partner rose from 69.3% in 1994 to 76% in 2011.

A growing number of mothers in Canada with children still living at home are participating in the paid labour force – a continuation of long-term trends. The employment rate of mothers whose youngest child is less than 3 years of age increased 5.6 percentage points between 1994 and 2011 to 68.7%. For those with a youngest child aged 3 to 5, their employment rate grew by 8.8 percentage points to 73.5%. Finally, mothers of children aged 6 to 15 saw their employment rate rise by 8.3 percentage points to 81.3%. Overall, more parents in Canada have employment, regardless of the age of their children.

Wage gains have picked up a bit, particularly for women

*Average*ⁱⁱ real hourly earnings in Canada have risen by 11.8% since 2000 (see Chart 2). These earnings flattened or declined after the recession, but have begun to grow again during the last two years. On this average basis, hourly earnings of women since 2000 advanced by 17%, or almost twice as fast as hourly earnings of men (+9.7%).

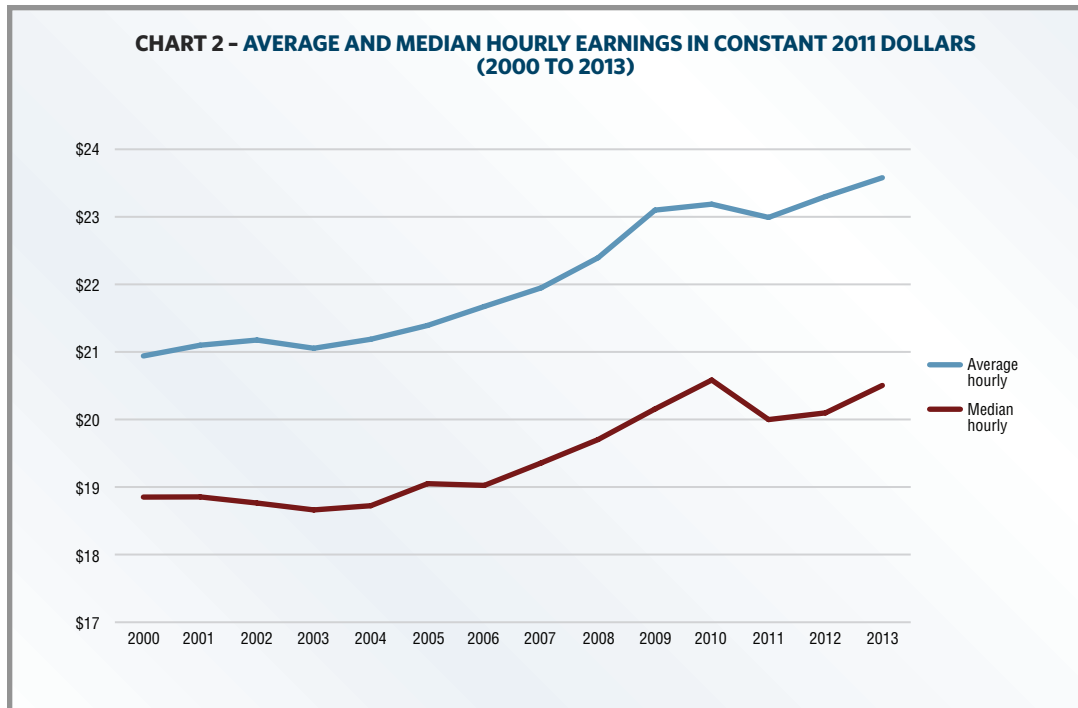
The major wage settlements signed in 2013 showed overall first-year wage increases of 1.4%.⁶ The increases were 2.5% in the private sector compared with a much slower 0.7% in the public sector.

ⁱ The most recent detailed data from Statistics Canada on family income indicators is available only up to 2011.

ⁱⁱ In the context of family finance, the *average* (also known as the “mean” or “arithmetic mean”) is the *sum* or total of collected numbers of various types divided by the *number* of people, employed persons, families or households that are representative of the collected sum or total. This measurement is useful for determining overall trends in earnings, spending, savings, assets debt and net worth. Averages can sometimes be misleading because they can be pulled upwards or downwards by individuals who have particularly high or low earnings.



Income and Expenses



Source: CANSIM table 282-0074 and calculations by People Patterns Consulting

*Median*ⁱⁱⁱ real hourly earnings, on the other hand, increased by a smaller 8.7% since 2000 and have stalled since the peak in 2010. Since 2000, the median hourly earnings of women have increased almost three times faster than they have for men (+14% and +5.1%, respectively).

Since 2000, average earnings of both permanent workers and temporary workers saw increases of 17% and 19.2%, respectively. Median hourly wages of permanent workers increased by 9.5% since 2000, while median hourly wages of temporary workers have advanced by 24.1% over the same period.

The gap between the growth of *average* (11.8%) and *median* (8.7%) hourly earnings among all workers indicates a growing income gap in Canada since 2000.

ⁱⁱⁱ The *median* is the numerical value that separates the top half of a data sample or population from the bottom half equally. In the context of family finance, this represents households that fall exactly in the middle, and is another useful measurement for determining the *distribution* of earnings and other important characteristics.

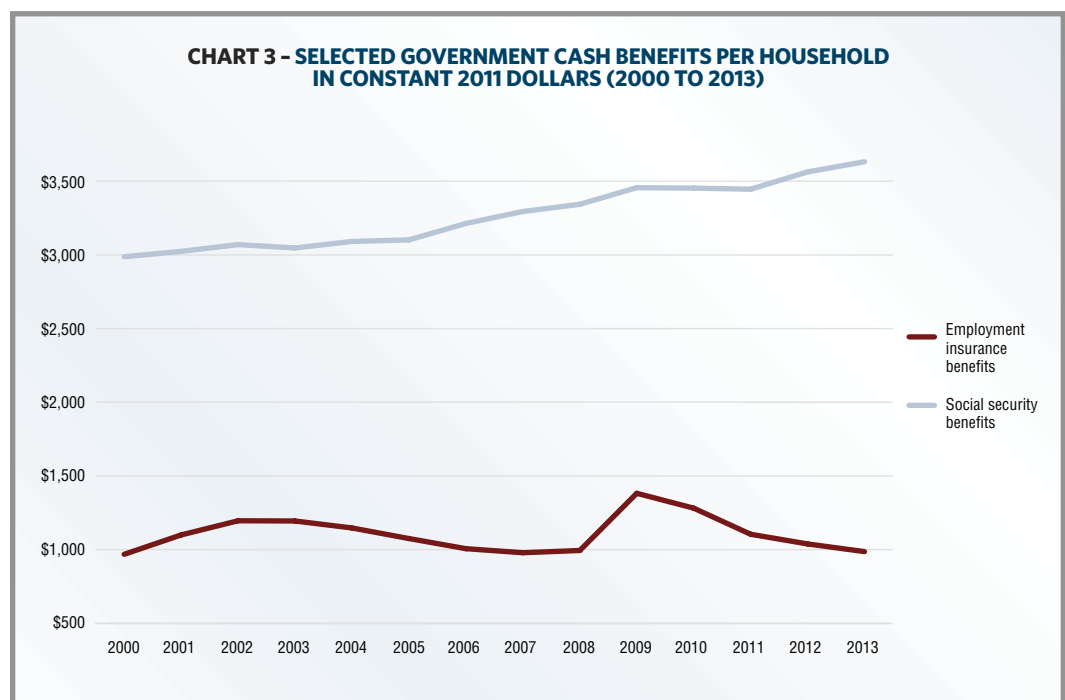


Income and Expenses

OTHER INCOME

Aside from income earned through paid employment, Canadians also reported receiving income from investments (29% of respondents), private retirement income (13.2% of respondents) and other private income sources, such as child support payments and severance pay (14.5% of respondents). Together, these non-employment income sources accounted for 12.9% of all income reported by Canadians.⁷

Social security transfers have increased as baby boomers retire



Source: CANSIM table 380-0072 and calculations by People Patterns Consulting

Transfers from government (federal and provincial) form a significant source of income for many people, depending on their age, life stage and economic circumstances. The biggest transfers are social security, including government pensions. These benefits have risen steadily since 2000, with a slight increase as the economy weakened in 2009. In 2013, these benefits averaged about \$3,600 per household, including both recipients and non-recipients.

The increase in social security transfers is predictable as Canada's population ages and baby boomers reach traditional "retirement age": according to the 2011 census, 14.8% of Canada's population was over the age of 65 (up from 11.6% in 1991 and 12.2% in 1996),⁸ and the 60–64 age group grew by 29.1% in the five years prior to the census.⁹ This growth in social security transfers will continue, as one in four Canadians are projected to be a part of the senior population by 2036.¹⁰



Income and Expenses

Employment insurance benefits are edging down to pre-recession levels

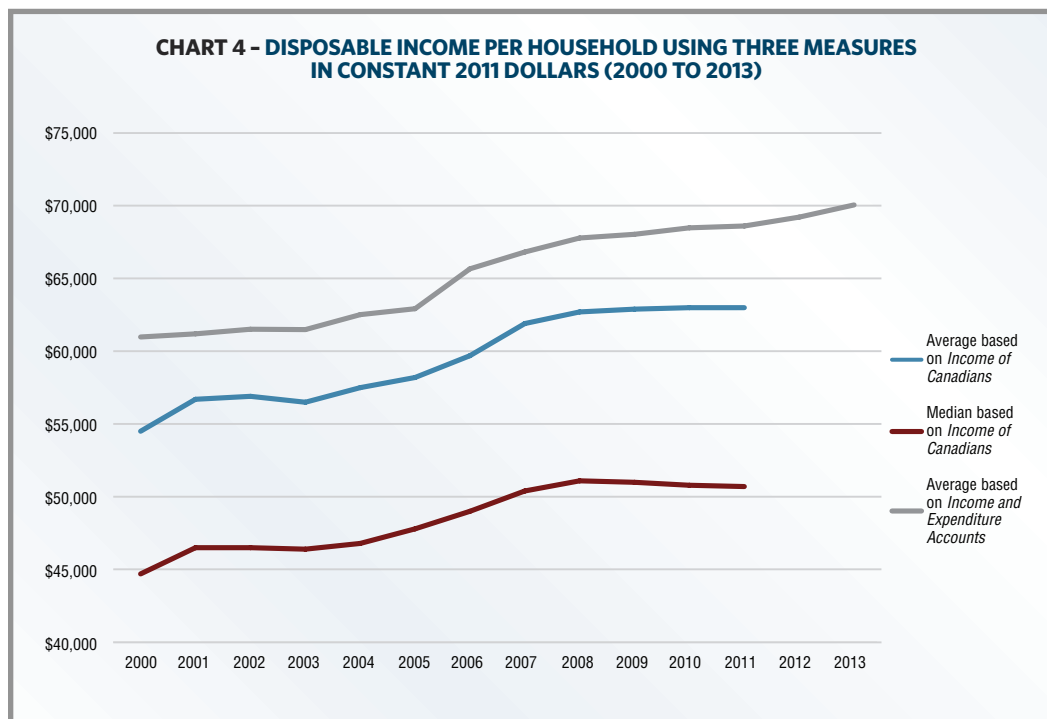
Employment insurance (EI) benefit payments among all households increased sharply during the recession because the number of Canadians looking for work and receiving EI increased (see Chart 3). They then declined gradually during the recovery period, but at \$990 in 2013 were still higher than in any of the years from 2000 to 2008.

In February 2014, 506,500 Canadians received regular EI benefits, down 4.9% compared with 12 months earlier. This decline follows a period of relative stability that began in May 2013 in the number of beneficiaries in Canada.¹¹

In 2013, social security combined with employment insurance comprised 6.6% of total household disposable income in Canada, compared with 8% in 1994, 6.5% in 2000 and 7.1% in 2009.

Disposable income growth is not yet back to pre-recession pace

Following the pre-recession peak in the economy, disposable income^{iv} per household has continued to grow, but this growth rate has slowed down significantly. Despite gains in wages and government transfers, the income measure based on the *Income and Expenditure Accounts*¹² advanced by 1.2% from 2008 to 2011 and even less (+0.4%) using the *Income of Canadians*¹³ yardstick over the same three-year period. In terms of median incomes, disposable incomes in 2011 were *down* by 0.8% from 2008.



Source: CANSIM tables 380-0072, 202-0603 and 202-0605 and calculations by People Patterns Consulting

^{iv} Disposable income is defined as all personal income that is left after subtracting personal income tax payments.



Income and Expenses

The *Income and Expenditure Accounts* measure to 2013 showed some modest acceleration in average disposable income per household in 2012 and 2013, with an advance of 2.1% over this period. The 2013 estimate is up by 3.3% from 2008. Household spending during the same period advanced by 2%.

Only the top income quintile has taken home a larger share of the income pie since 1999

The total dollar value of all incomes in Canada tells us how big the national “income pie” is. By dividing households into five income quintiles and looking at how much of the income pie each one takes home, we can get a sense of economic inequality in Canada.

TABLE 1 – DISTRIBUTION OF DISPOSABLE INCOME AND NET WORTH

Household quintiles (1/5 of households are in each quintile)	% distribution of disposable income after tax		Upper income limit for each income group in 2011	% distribution of net worth	
	1999	2011		1999	2012
Top quintile	43.3%	44.3%	n/a	68.6%	67.4%
Upper-middle quintile	24.3%	24.1%	\$93,000	20.1%	21.5%
Middle quintile	16.7%	16.3%	\$61,800	8.8%	9%
Lower-middle quintile	10.9%	10.6%	\$41,700	2.6%	2.2%
Lowest quintile	4.8%	4.8%	\$24,700	-0.1%	-0.1%

Source: CANSIM tables 202-0701 and 202-0604 and *Survey of Financial Security*, 2012

The *lowest* income quintile is comprised of all households that had an annual income ranging from \$0 to \$24,700 in 2011 – the bottom 20% of earners in Canada. In both 1999 and 2011, this group took home only 4.8% of the total “income pie” (see Table 1). The average after-tax income for this group was \$15,100 in 2011.

The *lower-middle* quintile is comprised of all households that had an annual income that fell between \$24,701 and \$41,700 in 2011. This group saw its share of total incomes *decline* from 10.9% in 1999 to 10.6% in 2011. The average after-tax income for this group was \$33,400 in 2011.

The *middle* quintile is comprised of all households that had an annual income that fell between \$41,701 and \$61,800 in 2011. This group *also* saw their piece of the pie shrink from 16.7% in 1999 to 16.3% in 2011. Their average after-tax income for this group was \$51,200 in 2011.

The *upper-middle* quintile is comprised of all households that had an annual income that fell between \$61,801 and \$93,000 in 2011. This group *also* experienced a small decline in their share, from 24.3% in 1999 to 24.1% in 2011 with an average income of \$75,900 in 2011.

The *top* income quintile is comprised of all households that had an annual income of over \$93,000 in 2011 (there is no maximum income limit for this group). This was the *only* group to get a bigger piece of the pie. Their share rose from 43.3% in 1999 to 44.3% in 2011, with an average income of \$139,400 in 2011. This group held 67.4% of all the wealth in 2012.



Income and Expenses

EXPENSES

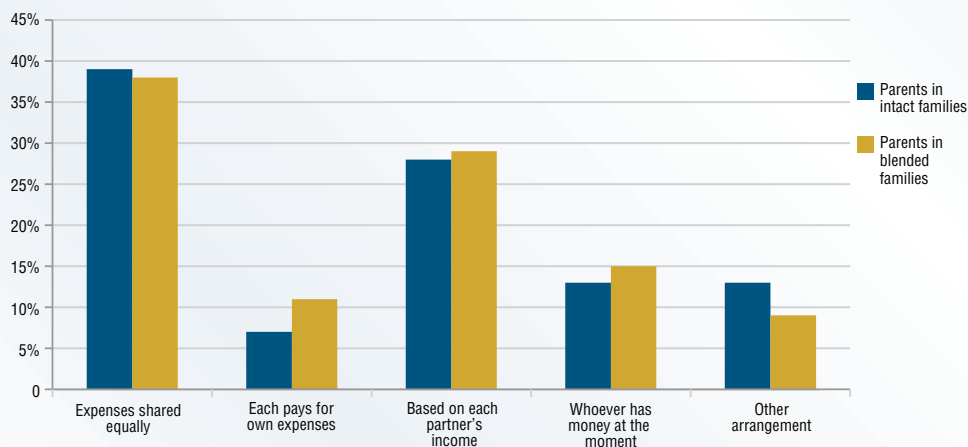
Most parents share joint household expenses equally

Families manage their household expenses in a variety of ways, depending on their particular needs and the resources available to them. Living costs are rising and the proportion of households containing two earners has been continually increasing for decades – rising from 58.4% of all husband-wife families in 1994 to 63.8% in 2011. In this context, it is perhaps not surprising that most couples share household expenses.

According to the *2011 General Social Survey: Overview of Families in Canada*, which looked at how parents aged 20–64 in intact and blended families^v managed household expenditures, “fifty-fifty” is the most commonly cited financial arrangement (see Chart 5). This was true among parents in both intact (39%) and blended families (38%).¹⁴

However, this may not be the most popular approach for couples whose incomes differ substantially. The second most commonly cited arrangement among intact and blended families in 2011 was to divide expenses based on each partner’s income (28% and 29%, respectively). Each parent paid for their own particular expenses in 11% of blended families and 7% of intact families. Some take a more ad hoc approach, either by choice or financial necessity: household expenses were managed by “whoever has the money at the moment” in 15% of blended families and 13% of intact families.¹⁵

CHART 5 - METHOD OF SHARING HOUSEHOLD EXPENSES BETWEEN PARENTS AGED 20–64, BY FAMILY TYPE, CANADA, 2011 (PERCENT)



Source: *2011 General Social Survey: Overview of Families in Canada*

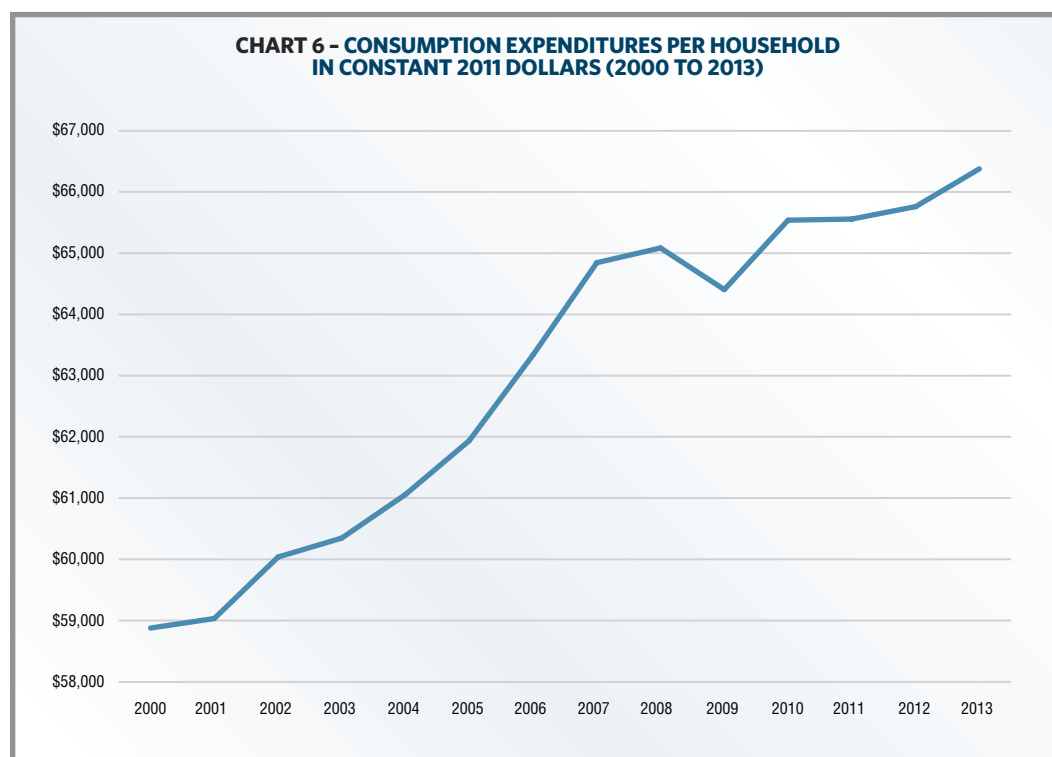
^v Statistics Canada defines an *intact family* as “a couple family in which all children in the household are the biological and/or adopted children of both members of the couple.” *Blended families*, also known as stepfamilies, are comprised of “a couple family in which at least one child is the biological or adopted child of only one married spouse or common-law partner and whose birth or adoption preceded the current relationship. Couples with children for whom it cannot be determined if there are stepchildren present will be considered intact families.”



Income and Expenses

Spending on technology is (still) on the rise

Overall household spending decreased during the 2008 recession as families curtailed their expenditures, but have since returned to (and have slightly exceeded) pre-recession levels. In 2008, the average annual expenditure per household stood at \$65,085. This dropped by almost \$700 per household in 2009, but then increased by over \$1,100 in 2010. In 2013, total annual expenditures per household stood at \$66,379, which was up by 2% from 2008. This is less than the 3.3% increase in disposable incomes.^{vi}



Source: CANSIM table 380-0072 and calculations by People Patterns Consulting

There have been some shifts in *what* households have chosen to spend their money on (see Tables 2A, 2B and 2C). Not everything changed, however: expenditures on information-processing equipment ranked first in terms of growth in *both* the 2000-2008 “pre-recession period” (+190%) and the 2008-2013 “recession and recovery period” that followed (+70%).

Among the top five expenditures, the only item other than information-processing equipment that ranked the same in both periods was “expenditures by Canadians abroad,” which was fifth highest in terms of growth during both periods. In the recession and recovery period, expenditures on new trucks, vans and sport utility vehicles advanced at the second-fastest pace (+45%), followed by trusted pension fund fees (+29%) and telecommunication equipment (+20%).

^{vi} All of these estimates are in constant 2011 dollars.



Income and Expenses

In terms of growth, some items moved up in expenditure rankings between 2008 and 2013 (see Table 2B). Growth in expenditures on life insurance had ranked in 75th place during the 2000–2008 period, but moved to 20th place in the 2008–2013 period.

Going to the cinema moved from a low ranking in the 2000–2008 period (89th) to the middle of the road (43rd) in the 2008–2013 period. Air transport spending moved ahead by 54 rankings as did undertaking and other funeral service spending.

Spending on recording media has dropped significantly

The purchase of recording media moved from third-fastest growth to last place (in the 99th position), a drop of 96 spots in the growth rankings. Used motor vehicle sales ranked as the 13th-fastest sector in the pre-recession period, but dropped to 88th in the second period as purchasers shied away from used passenger cars and bought new trucks, vans and sport utility vehicles instead. Growth in expenditures on veterinary and other pet services pets had ranked in 20th position in 2000–2008, but slipped to 77th in the 2008–2013 period (see Table 2C).

TABLE 2A – HOUSEHOLD EXPENDITURES AND HOW THEY RANKED IN TERMS OF REAL PERCENTAGE GROWTH DURING THE PRE-RECESSION PERIOD (2000 TO 2008) AND THE RECESSION AND RECOVERY PERIOD (2008 TO 2013)

Pre-recession ranking among 99 items	Expenditure	Recession and recovery ranking among 99 items	Expenditure
1	Information-processing equipment	1	Information-processing equipment
2	Audiovisual, photographic equipment	2	New trucks, vans, sport utility vehicles
3	Recording media	3	Trusteed pension fund fees
4	Games, toys, hobbies	4	Telecommunication equipment
5	Expenditures by Canadians abroad	5	Expenditures by Canadians abroad

Source: CANSIM table 380-0085 and calculations by People Patterns Consulting

TABLE 2B – TOP 5 ITEMS THAT BECAME MORE IMPORTANT IN GROWTH RANKINGS IN THE RECESSION AND RECOVERY PERIOD (2008 TO 2013)

Pre-recession ranking among 99 items	Expenditure	Recession and recovery ranking among 99 items	Upward shift in ranking
75	Life insurance	20	+55
79	Undertaking, other funeral services	25	+54
69	Air transport	15	+54
89	Cinema tickets	43	+46
63	Musical and other major indoor recreational equipment	18	+45

Source: CANSIM table 380-0085 and calculations by People Patterns Consulting



Income and Expenses

TABLE 2C – TOP 5 ITEMS THAT BECAME LESS IMPORTANT IN GROWTH RANKINGS IN THE RECESSION AND RECOVERY PERIOD (2008 TO 2013)

Pre-recession ranking among 99 items	Expenditure	Recession and recovery ranking among 99 items	Downward shift in ranking
3	Recording media	99	-96
13	Used motor vehicles	88	-75
29	Stock and bond commissions	90	-61
17	Major tools and equipment	74	-57
20	Veterinary, other services for pets	77	-57

Source: CANSIM table 380-0085 and calculations by People Patterns Consulting

Half of caregivers who provide care to a son or daughter pay \$2,000 per year

Two recent studies from Statistics Canada can help shed light on how Canadian families spend on family caregiving^{vii} and health care. The 2012 *General Social Survey on Caregiving and Care Receiving* reported that 28% of the population aged 15 and older is providing care to family members or friends with a long-term health condition, a disability or problems associated with aging.¹⁶ Many of these caregivers incur direct or out-of-pocket expenses as a result of their responsibilities, while others incur indirect expenses, such as reducing their income (reducing hours at work, taking a leave from the labour force or early retirement) due to time required to provide care.

The amount spent on caregiving depended on who the care recipient was. Nearly half (47%) of caregivers providing care to a chronically ill or disabled son or daughter, 38% of those caring for a spouse, 18% of those caring for a parent and 5% of those caring for a grandparent reported spending \$2,000 or more in out-of-pocket expenses in 2012.¹⁷

The total median *amount* spent by caregivers who incurred expenses was \$2,310 for those caring for a son or daughter, \$1,900 for those caring for a spouse, \$890 for those caring for a parent and \$300 for those caring for a friend. Most caregiving expenses were related to transportation, travel and accommodation. These caregivers relied on a variety of means to help them manage these costs, such as borrowing money from family and friends, borrowing from a bank or financial institution, depleting or deferring savings or changing other spending habits.¹⁸

As the population continues to age and disability rates increase (among seniors *and* non-seniors), these caregiving expenditures are likely to become an increasingly important aspect of family finances.

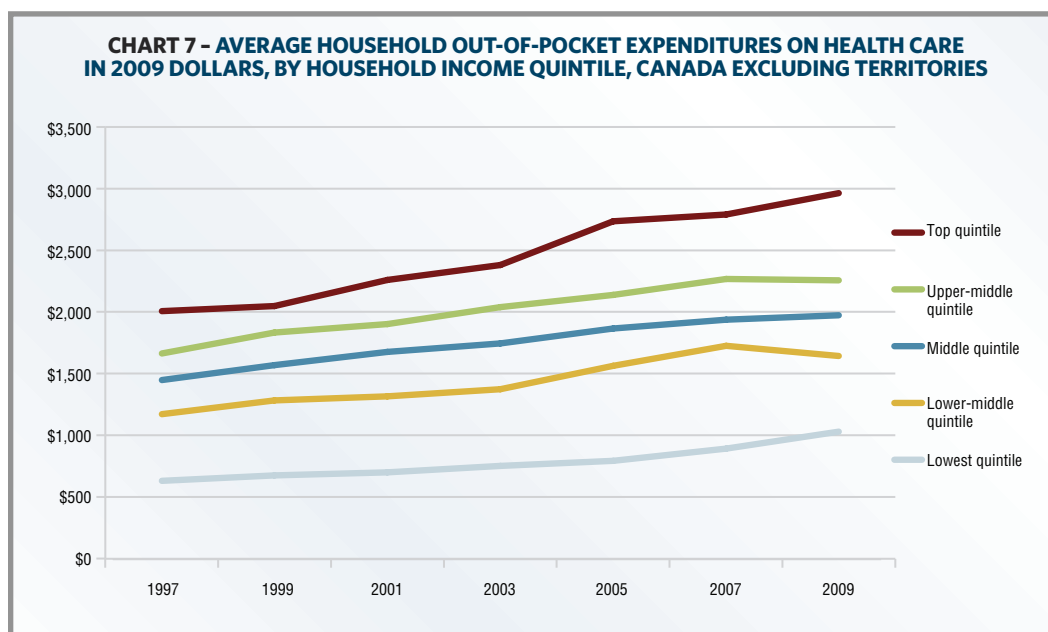
^{vii} Caregiving in this survey does not include regular child care.



Income and Expenses

Households are spending more of their income on health care expenditures

Canadian households are spending a growing amount of their total household income on out-of-pocket health care services and products. According to Statistics Canada's *Survey of Household Spending*, such expenditures increased 2.9% per year between 1998 and 2009, and the proportion that spent more than 10% of their total after-tax income increased by 56%.¹⁹



Source: Statistics Canada, *Survey of Household Spending*, 1997 to 2009

The top three out-of-pocket expenditures between 1997 and 2009 were dental services, prescription medications and insurance premiums, which accounted for a combined 60% of total out-of-pocket health care expenditures during this period. In 2009, Canadian households spent \$384 on dental services, \$320 on prescription drugs and \$650 on insurance premiums.²⁰

Households in lowest income quintile had highest health expenditures as percentage of income

Not all households are affected equally by out-of-pocket health care expenditures. While *total dollar amounts* spent on health care were highest for households in the *top* income quintile between 1997 and 2009, those in the *lowest* income quintile had the highest expenditures as a *percentage of their after-tax income*.

In 2009, households in the highest quintile spent 2.6% of their after-tax income on health care expenditures, compared with 5.7% among households in the lowest quintile. In the same year, 37% of households in the lowest quintile spent more than 5% of their income on health care expenditures compared with 14% of those in the highest quintile. This difference has consequences for the health and well-being of families living in lower-income households, as this cost burden often leads to reduced use of health services.²¹

Savings and Debt

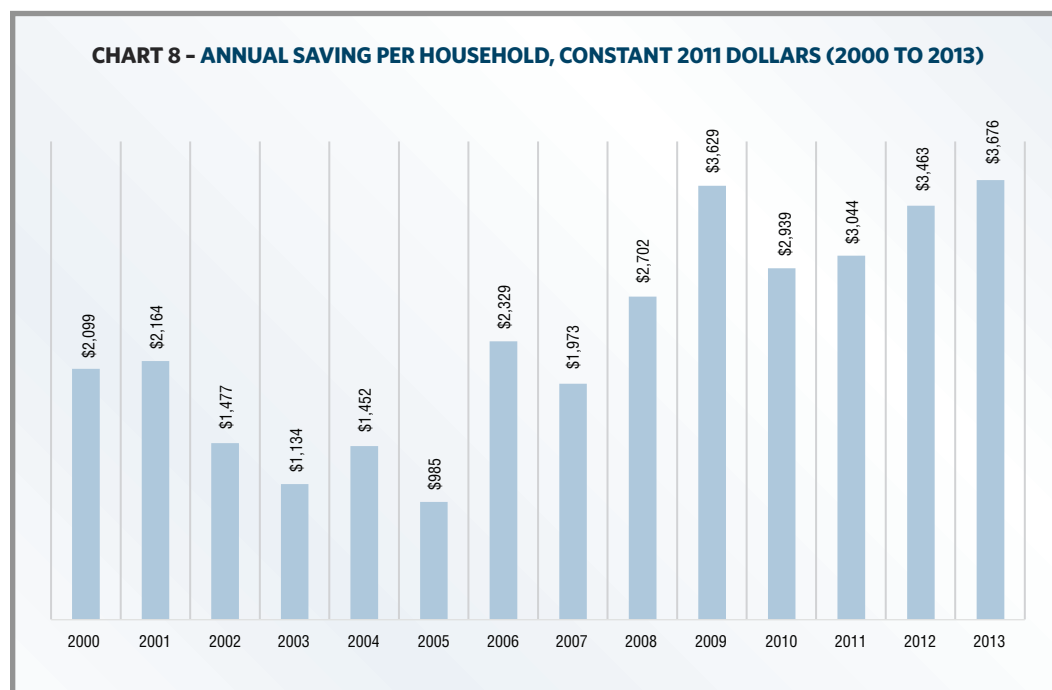


SAVINGS

Canadian households have begun to save again. The dollar amount of new saving during each of the last five years has been larger than in any year from 2000 to 2008. Annual saving was over \$3,600 in both 2009 and 2013, in sharp contrast to reported annual savings of less than \$1,000 in 2005. The saving rate averaged 5.2% of disposable income in 2013, just a bit below the 5.3% rate in 2009.

Canadian households have begun to save again

While households are saving more than in the year 2000, it is still much less than during the early 1990s, when the saving rate never fell below 11% from 1990 to 1994 (during which annual dollar savings never fell below \$6,500).



Source: CANSIM table 380-0072 and calculations by People Patterns Consulting

According to this year's *BMO Household Savings Report*, Canadian households have been using a variety of investment vehicles to meet their savings goals. The majority of respondents indicated that they use an RRSP (63%) or chequing account (57%), while others reported saving with a Tax-Free Savings Account (49%), a high-interest savings account (29%) or a Guaranteed Investment Certificate (25%).²²

When asked *what* they were directing their savings toward, the *Vacations, luxury items, entertainment and hobbies* category topped the priority list (66%). Retirement and emergency savings were tied for second (42%) in the priority list, while home renovations (29%), new vehicles (20%), education (19%) and home purchasing (15%) followed.²³

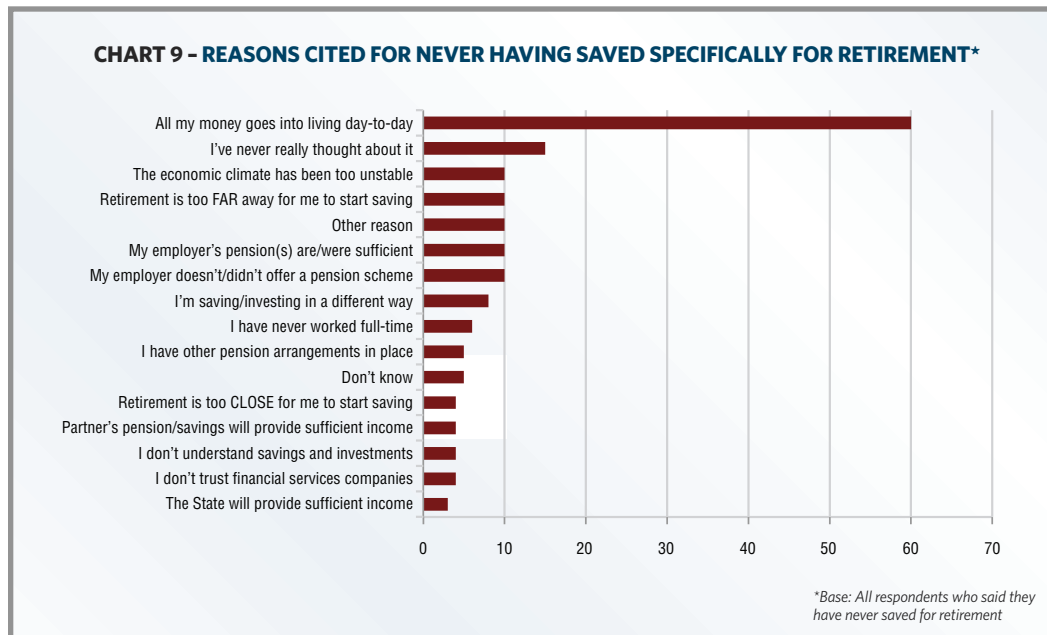


Savings and Debt

The same report found a significant drop in the number of surveyed Canadians who reported that they didn't save *anything*, from 28% in 2012 to 17% in 2013. For those who didn't save, the most commonly cited barriers included insufficient income to save (69%), high expenses (67%) and debt management (50%).²⁴

Retirement saving is a top financial priority among Canadians

According to the *24th Annual RBC RRSP Poll*, retirement saving is the top priority of Canadians surveyed in November 2013, with 52% reporting it as their main financial focus for 2014 (an even higher 62% among those aged 35–54). This is a change from the previous year's survey, in which debt payment topped the list of financial priorities (44% of respondents cited retirement saving as their main financial priority that year).²⁵



Source: *The Future of Retirement: A New Reality* (HSBC, 2013)

Another survey about retirement, *The Future of Retirement: A New Reality* performed by HSBC, explored the financial priorities of Canadians by asking respondents to choose between short-term and long-term savings. When asked if they could *only* save for a holiday or retirement for one year, respondents ranked these priorities almost equally – however, retirement did outrank holiday saving overall (44% and 41%, respectively).²⁶

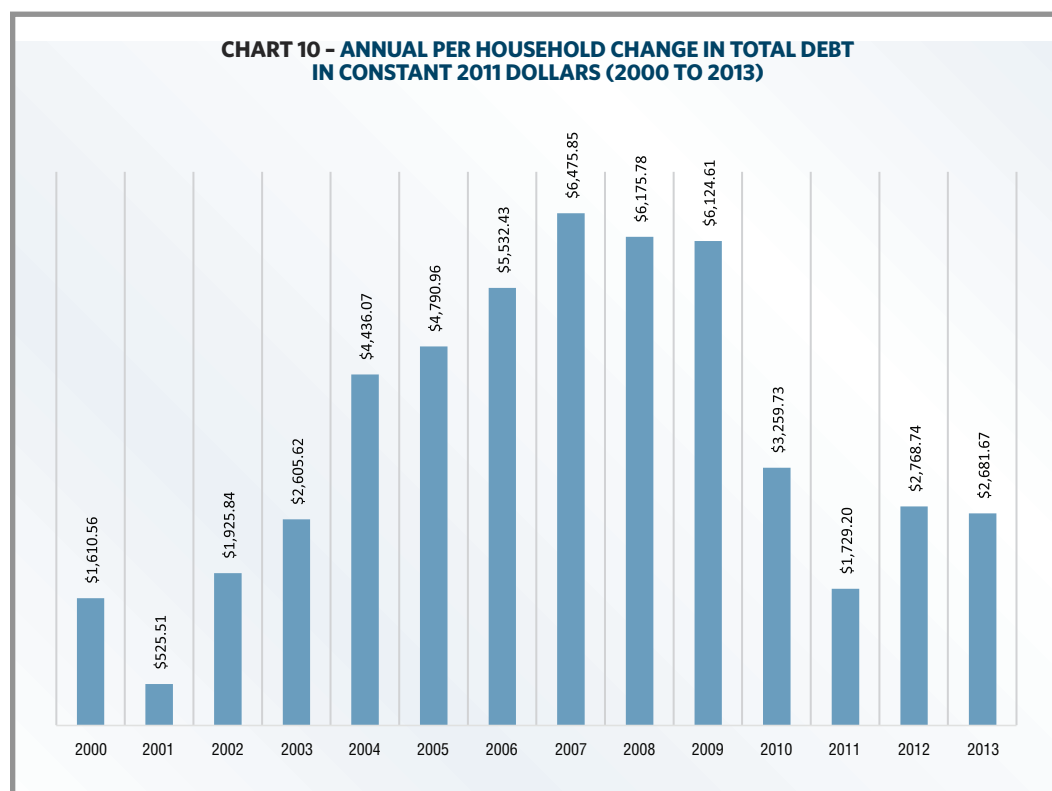
The cost of living can act as an obstacle for retirement saving for many Canadians. Nearly one-quarter (23%) of participants in the HSBC survey said that they are not financially preparing “at all” for retirement. When respondents who reported that they were not saving were asked *why* they weren't doing so, day-to-day living costs were the top reason cited (see Chart 9). However, 38% said they were saving adequately for retirement (27% “about adequately” and 11% “more than adequately”).²⁷



Savings and Debt

Debt is still increasing, but at a slower rate

Overall, debt loads are continually increasing, but Canadians *are now saving more* and going into debt *less quickly*. The ratio of household debt to disposable income is a measurement that can be used to assess the ability of households to manage their debt through current income (the lower the ratio, the greater the capacity for managing debt).²⁸



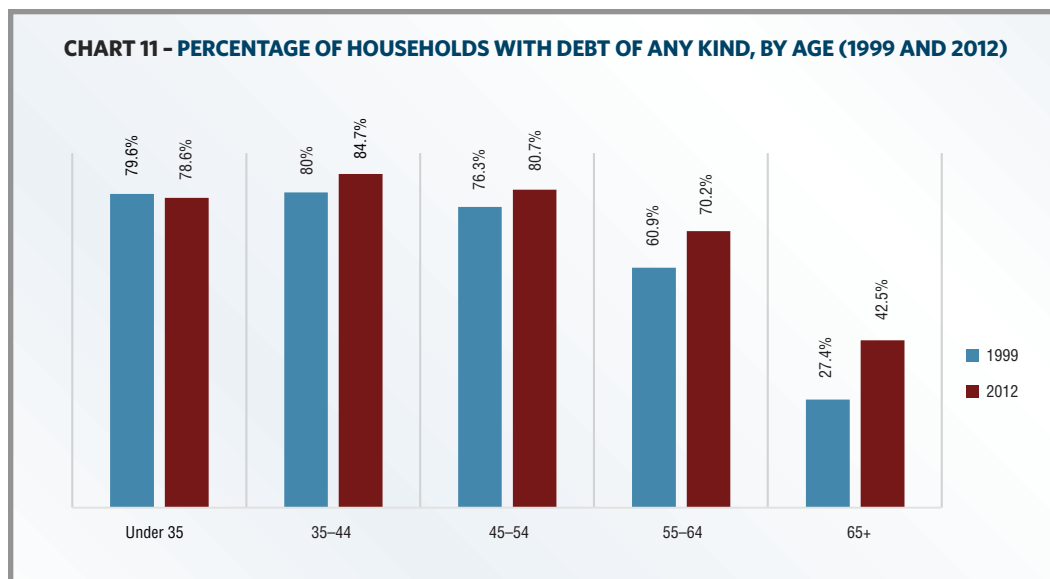
Source: CANSIM table 380-0072 and calculations by People Patterns Consulting

In 2013, total debt as a percentage of disposable income averaged 165.5% in 2013, up from 110% in 2000 (see Appendix C). The dollar amount of debt per household increased by 75% since 2000, from about \$65,400 in 2000 to \$114,400 in 2013.²⁹

The decline in interest rates has made carrying the increasing debt load easier for households to manage. In 2000, 8.7% of disposable income was needed to pay the interest on the debt load and this dropped to 7.1% in 2013, but this downward trend will be reversed when interest rates begin to rise. The Bank of Canada has stated that “households should assess their ability to service their debt over the entire maturity of their loans.”³⁰



Savings and Debt



Source: CANSIM table 205-0001 and calculations by People Patterns Consulting

Older Canadians have seen biggest increases in debt

A new *Survey of Financial Security* (SFS) conducted by Statistics Canada provides an overview of who held debt in 1999, 2005 and 2012.^{31, 32} The SFS presented new data on who has debt and how it has grown over time by age group.

According to the SFS survey, the percentage of Canadians under age 35 reporting outstanding debt of any kind *declined* from 79.6% in 1999 to 78.6% in 2012 (see Chart 11). However, the next two age groups experienced slight increases: the proportion of those aged 35-44 with debt increased from 80% to 84.7% and a similar increase occurred for those aged 45-54 (from 76.3% to 80.7%).

The biggest increases in Canadians reporting any kind of debt were the two oldest age groups. For those aged 55-64, the percentage jumped from 60.9% in 1999 to 70.2% in 2012. The proportion of surveyed seniors (aged 65 and older) reporting debt almost doubled from 27.4% in 1999 to 42.5% in 2012.

The 55-64 and 65+ age groups have seen large increases in insolvencies during this period, as described in the Vanier Institute's *Current State of Canadian Family Finances: 2011-2012 Report*: "The insolvency rate for those aged 55-64 and 65+ has been on a consistent upward trend over the last two decades. The rate of insolvencies among 55- to 64-year-olds jumped by almost 600% over the period while the rate for those aged 65+ soared by 1747%. Seniors were 17 times more likely to become insolvent in 2010 than they were in 1990."³³

The *average* debt load of seniors in Canada increased by 94% over the same period to \$61,700 in 2012. The *median* debt for those with debt increased by 111% from \$8,500 in 1999 to \$18,000 in 2012.



There was a variety of sources for debt gained between 1999 and 2012 among Canadian seniors. The percentage of Canadians aged 65 and older with mortgage debt advanced from 7.7% in 1999 to 12.1% in 2012, and the average debt amount during this period increased to \$125,100. Lines of credit were another main source of debt for seniors, as the percentage holding this kind of debt tripled from 4.7% in 1999 to 14% in 2012 with an average line of credit debt of \$48,500 in 2012 – a 132% increase. The proportion of seniors with a vehicle loan grew from 6.2% in 1999 to 15.5% in 2012, with the average vehicle debt of \$14,500 in 2012. Finally, the proportion of seniors with a credit card or installment loan increased from 15.1% in 1999 to 21.4% in 2012, with an average balance of \$5,200 in 2012.

TABLE 3 – A LOOK AT DEBT AMONG SENIORS 65+ IN CONSTANT 2012 DOLLARS

	1999	2012	Change (%) 1999 to 2012
% with any debt	27.4%	42.5%	
Average value for those with any debt	\$31,800	\$61,700	94%
Median value for those with any debt	\$8,500	\$18,000	111%
% with mortgage debt	7.7%	12.1%	
Average value for those with this debt	\$77,100	\$125,100	62%
Median value for those with this debt	\$59,000	\$80,000	36%
% with line of credit	4.7%	14%	
Average value for those with this debt	\$20,900	\$48,500	132%
Median value for those with this debt	\$6,600	\$17,000	158%
% with credit card and installment debt	15.1%	21.4%	
Average value for those with this debt	\$2,900	\$5,200	79%
Median value for those with this debt	\$1,300	\$2,000	54%
% with a vehicle loan	6.2%	15.5%	
Average value for those with this debt	\$11,900	\$14,500	22%
Median value for those with this debt	\$9,200	\$10,400	13%

Source: CANSIM table 205-0002 and calculations by People Patterns Consulting

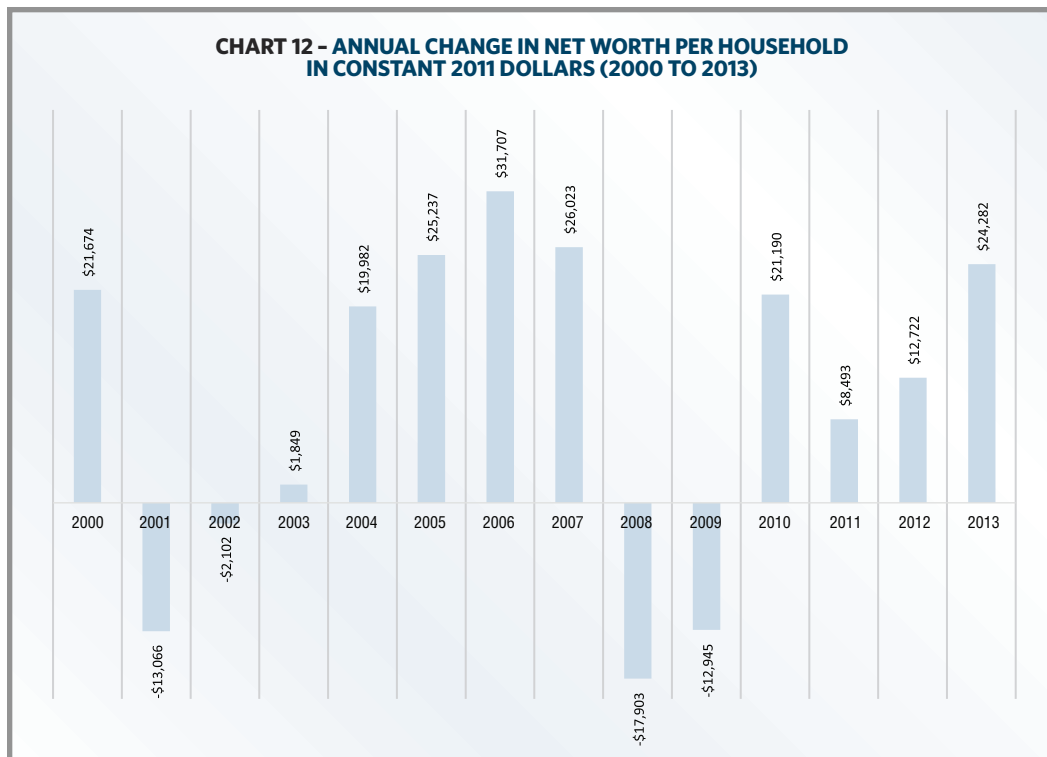


Wealth and Net Worth

WEALTH AND NET WORTH

In 2013, average wealth (net worth) per household was approximately \$483,600, up by 35.1% from \$358,100 in 2000 and 12.6% from \$429,850 in 2008.

Between 2000 and 2013, household wealth in Canada increased in all but four of the years (2001, 2002, 2008 and 2009), as seen in Chart 12. Declines in the 2001-2002 period are in part the result of the bursting of the “dot-com bubble” that had peaked in 2000. Declines in the 2008-2009 period were the result of the 2008 economic downturn, which required strong monetary and government fiscal actions to manage.



Source: CANSIM table 378-0121 and calculations by People Patterns Consulting

Real estate is now equal to half of household net worth

The biggest annual declines of \$17,903 and \$13,066 were in 2008 and 2001, respectively. The three biggest advances were in 2005, 2006 and 2007. Overall total assets climbed 41.2% between 2000 and 2013, while total debt outstanding increased by 75%. Given that debt was smaller in size than total assets, net worth still managed to improve during this period.

The biggest increase of household wealth between 2000 and 2013 was the 78.6% jump in the value of real estate. By 2013, real estate was equal to almost half (49.4%) of net worth, up from 37.3% in 2000.

Mortgage debt increased more quickly than the value of real estate (83.6%) and thus owner's equity as a percentage of real estate declined. The degree to which real estate values have increased relative to incomes is evident in the ratio of real estate assets to disposable income,



Wealth and Net Worth

which rose from 225% in 2000 to a new high of 345% in 2013 (up from 190% in 1990). The ratio of household real estate as a percentage of disposable income is important because it reflects the *affordability* of real estate – an increasing ratio indicates that the value of real estate is growing faster than household disposable income.³⁴

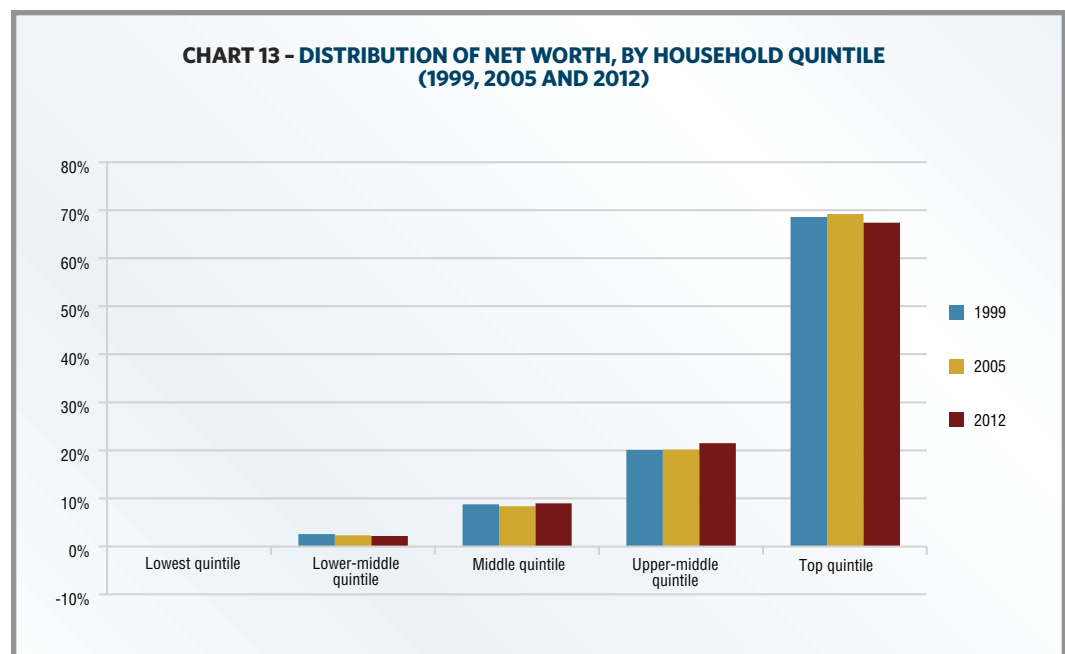
Low interest rates caused holdings of debt securities to decline by 58.6% since 2000. In contrast, these low interest rates also encouraged people to borrow, thus contributing to the increase in debt loads. Equity and investment fund shares increased by 53.2% since 2000, totalling \$118,773 in 2013.

The richest 20% of households have over two-thirds of all wealth in Canada

According to the *Survey of Financial Security (SFS)*, in 2012, households in the lowest quintile had more debt than assets, with a *negative* wealth of approximately \$3,700 that year. This group in total had a negative 0.1% of the wealth pie in both 1999 and 2012, and the median wealth for this group was \$1,100 in 2012. Since people in this quintile are the *least* likely to either own real estate or be able to enter the real estate market, they are disproportionately disadvantaged and are less likely to have benefited from recent average gains in wealth.

Between 1999 and 2012, the share of total wealth declined for the lower-middle quintile (-0.4 percentage points), while it increased for the middle and upper-middle quintiles (+0.2 and +1.4 percentage points, respectively) and decreased for households in the top quintile (-1.2 percentage points), as seen in Table 4A.

In spite of the decline among households in the top quintile from 68.6% of all the net worth in 1999 to 67.4% in 2012, this group had an *average* wealth of \$1.9 million in 2012 and a *median* wealth of \$1.4 million that year.



Source: Statistics Canada, *Survey of Financial Security (SFS)*, 2012



Wealth and Net Worth

According to a recent report by the Canadian Centre for Policy Alternatives, for every dollar of wealth generated in Canada since 1999, 66% of its worth has gone to households in the top quintile. Furthermore, inequality is even *more* pronounced between the wealthiest 1% and the wealthiest 0.01%. “By slicing income or wealth in ever thinner slices,” the report reads, “we can see even more extreme inequality than the macro picture suggests.”³⁵

Household wealth peaks in the 55–64 age group

According to the SFS, the *average* net worth of a household in which the primary income recipient is aged under 35 years was \$157,400 in 2012, while the *median* income was much less at \$25,300. The highest average wealth (\$861,900) and median wealth (\$533,600) both peak at the ages of 55–64 (see Table 4B).

The distribution of net worth has changed markedly from 1999 to 2012. The shares of the total wealth for the three youngest age groups declined (and increased for the two oldest groups). Much of this decline in shares of wealth reflects the changing age structure of households.

The sharpest drop in wealth during this period was for Canadians in the 35–44 age group, who saw a decline of 6.5 percentage points. While average wealth for this group advanced by 58% between 1999 and 2012, the number of households in this group shrank by 13% during this period (the only decline for any age group).

The 55–64 age group had a smaller 46% increase in average wealth, but the number of households in this age group soared by 84% from 1999 to 2012. Canadians aged 65 and older (boomers) saw their average wealth advance by more than any other age group, while the number of households in this age group increased by 34% in the same period.

Net worth of families advanced more than it did for unattached individuals

Regarding *family* households, the SFS found that the average net worth of all families of two persons or more increased by 79% between 1999 and 2012, with senior families growing by 73% and non-senior families by 78% (see Table 4C).

Regarding *unattached individuals*, the same survey saw their net worth increase by 66% from 1999 to 2012 to an average \$261,300. Among this group, net worth increased by 49% for seniors and by 81% for those under age 65.

TABLE 4A - DISTRIBUTION OF NET WORTH BY HOUSEHOLD QUINTILE IN CONSTANT 2012 DOLLARS IN 1999 AND 2012 (BASED ON SFS DATA)

	1999	2012	Change in percentage points 1999 to 2012	Average net worth in 2012	% change in average net worth 1999 to 2012	Median net worth in 2012	% change in median net worth 1999 to 2012
Total	100%	100%	n/a	\$554,100	73%	\$243,800	78%
Top quintile	68.6%	67.4%	-1.2 pp	\$1,867,000	70%	\$1,380,000	81%
Upper-middle quintile	20.1%	21.5%	+1.4 pp	\$595,400	85%	\$575,500	84%
Middle quintile	8.8%	9%	+0.2 pp	\$250,100	78%	\$245,000	79%
Lower-middle quintile	2.6%	2.2%	-0.4 pp	\$61,870	48%	\$56,100	42%
Lowest quintile	-0.1%	-0.1%	0 pp	-\$3,715	-118%	\$1,100	-15%

Source: Statistics Canada (*The Daily*, February 25, 2014), CANSIM tables 205-0001 and 205-0002 and calculations by People Patterns Consulting



TABLE 4B - DISTRIBUTION OF NET WORTH BY AGE OF MAJOR INCOME RECIPIENT IN CONSTANT 2012 DOLLARS IN 1999 AND 2012 (BASED ON SFS DATA)

	1999	2012	Change in percentage points 1999 to 2012	Average net worth in 2012	% change in average net worth 1999 to 2012	Median net worth in 2012	% change in median net worth 1999 to 2012
Under 35	7.9%	6.4%	-1.5 pp	\$157,400	58%	\$25,300	9%
35-44	19.6%	13.1%	-6.5 pp	\$392,800	58%	\$182,500	46%
45-54	25.9%	24.9%	-1.0 pp	\$702,300	62%	\$378,300	55%
55-64	21.8%	28.5%	+6.7 pp	\$861,900	46%	\$533,600	51%
65+	24.8%	27%	+2.2 pp	\$722,700	68%	\$460,700	70%

Source: Statistics Canada (*The Daily*, February 25, 2014), CANSIM tables 205-0001 and 205-0002 and calculations by People Patterns Consulting

TABLE 4C - DISTRIBUTION OF NET WORTH BY TYPE AND AGE OF FAMILY OF TWO PERSONS OR MORE IN CONSTANT 2012 DOLLARS IN 1999 AND 2012 (BASED ON SFS DATA)

	1999	2012	Change in percentage points 1999 to 2012	Average net worth in 2012	% change in average net worth 1999 to 2012	Median net worth in 2012	% change in median net worth 1999 to 2012
Families of two persons or more	100%	100%	n/a	\$710,600	79%	\$381,300	89%
Senior families	20.6%	24.1%	+3.5 pp	\$983,100	73%	\$650,400	67%
Non-senior families	79.4%	75.9%	-3.5 pp	\$653,100	78%	\$318,600	80%

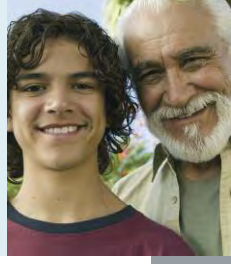
Source: Statistics Canada (*The Daily*, February 25, 2014), CANSIM tables 205-0001 and 205-0002 and calculations by People Patterns Consulting

TABLE 4D - DISTRIBUTION OF NET WORTH BY AGE OF UNATTACHED INDIVIDUALS IN CONSTANT 2012 DOLLARS IN 1999 AND 2012 (BASED ON SFS DATA)

	1999	2012	Change in percentage points 1999 to 2012	Average net worth in 2012	% change in average net worth 1999 to 2012	Median net worth in 2012	% change in median net worth 1999 to 2012
Unattached individuals	100%	100%	n/a	\$261,300	66%	\$49,000	29%
Seniors	46.9%	42%	-4.9 pp	\$407,500	49%	\$246,000	56%
Non-seniors	53.1%	58%	+4.9 pp	\$207,500	81%	\$22,700	29%

Source: Statistics Canada (*The Daily*, February 25, 2014), CANSIM tables 205-0001 and 205-0002 and calculations by People Patterns Consulting

Conclusion



Family finances: a story of complexity

Family finances reveal the complexity of family life in Canada, just as examining family life reveals the complexity of finances. The two intersect and influence each other, reacting to (and interacting with) changing social and economic conditions while shaping families and family life, experiences, expectations and aspirations.

Accordingly, the 15th annual *Current State of Canadian Family Finances* report has once again focused on three broad areas of family finances: income and expenses, savings and debt, and wealth and net worth. The variables used to measure these aspects of family finances are deeply intertwined: if income is too low, then it may be impossible to build savings; if expenses are too high, debt can occur; and if debt is too high, it can reduce a family's net worth.

Examining family finances from this holistic perspective and through the family lens provides a better understanding not only of the complexity of family finances, but also of its inherent connection to family. Families, after all, are our primary unit of care and support, a caring force that shapes us at the individual, community and societal levels.

Appendix A



APPENDIX A1: AVERAGE INCOMES OF FAMILIES AFTER TRANSFERS AND INCOME TAXES

	Average income, constant 2011 dollars			% change over selected periods		
				Entire period	Since 2008	Latest year available
	2000	2008	2011	2011/2000	2011/2008	2011/2010
All households	\$54,500	\$62,700	\$63,000	15.6%	0.5%	0%
All families of two persons or more	\$67,700	\$78,500	\$79,600	17.6%	1.4%	1%
Senior families of two persons or more (65 and over)						
Senior couples	\$47,300	\$56,100	\$56,500	19.5%	0.7%	-1.7%
Other senior families (relatives, etc.)	\$54,000	\$67,200	\$62,300	15.4%	-7.3%	5.4%
Non-senior families of two persons or more (under 65)						
Couples without children	\$64,400	\$75,600	\$76,100	18.2%	0.7%	1.1%
one earner	\$52,200	\$59,900	\$64,100	22.8%	7%	5.3%
two earners	\$72,900	\$84,800	\$83,300	14.3%	-1.8%	0.6%
Couples with children	\$76,500	\$89,000	\$93,700	22.5%	5.3%	2.5%
one earner	\$24,900	\$29,600	\$36,700	47.4%	24%	-30.6%
two earners	\$55,900	\$62,900	\$71,100	27.2%	13%	11.4%
Female lone parent	\$35,300	\$43,500	\$43,000	21.8%	-1.1%	-6.7%
Male lone parent	\$50,600	\$56,900	\$55,100	8.9%	-3.2%	-6%

Source: People Patterns Consulting based on Statistics Canada, CANSIM tables 202-0603 and 202-0604 *Income of Canadians, 2011*

APPENDIX A2: AVERAGE INCOMES OF ALL FAMILIES OF TWO PERSONS OR MORE AFTER TRANSFERS AND INCOME TAXES, BY PROVINCE

	Average income, constant 2011 dollars			% change over selected periods		
				Entire period	Since 2008	Latest year available
	2000	2008	2011	2011/2000	2011/2008	2011/2010
Newfoundland and Labrador	\$53,100	\$67,000	\$72,800	37.1%	8.7%	4.1%
Prince Edward Island	\$55,500	\$65,400	\$67,200	21.1%	2.8%	2.6%
Nova Scotia	\$58,200	\$64,900	\$68,700	18%	5.9%	1.9%
New Brunswick	\$57,000	\$63,100	\$67,300	18.1%	6.7%	1.1%
Quebec	\$54,400	\$67,900	\$69,600	17.2%	2.5%	1.2%
Ontario	\$77,100	\$82,900	\$82,400	6.9%	-0.6%	-0.5%
Manitoba	\$60,100	\$73,200	\$73,700	22.6%	0.7%	-0.3%
Saskatchewan	\$58,200	\$77,400	\$82,700	42.1%	6.8%	3.8%
Alberta	\$72,700	\$94,100	\$99,700	38.1%	6%	6.9%
British Columbia	\$63,900	\$81,400	\$79,200	23.9%	-2.7%	-1.6%

Source: People Patterns Consulting based on Statistics Canada, CANSIM tables 202-0603 and 202-0604 *Income of Canadians, 2011*


APPENDIX A3: AVERAGE INCOMES OF UNATTACHED INDIVIDUALS (LIVING ALONE OR WITH SOMEONE WHO IS NOT RELATED) AFTER TRANSFERS AND INCOME TAXES

	Average income, constant 2011 dollars			% change over selected periods		
				Entire period	Since 2008	Latest year available
	2000	2008	2011	2011/2000	2011/2008	2011/2010
Total	\$27,500	\$32,500	\$31,400	14.2%	-3.4%	-4.8%
Senior males (65 and over)	\$27,000	\$34,500	\$34,400	30.8%	-0.3%	-1.1%
Senior females (65 and over)	\$24,200	\$28,200	\$29,700	29.1%	5.3%	1.4%
Non-senior males (under 65)	\$30,900	\$36,100	\$33,500	7.7%	-7.2%	-7.7%
Non-senior females (under 65)	\$25,100	\$29,600	\$28,600	10%	-3.4%	-5.3%

Source: People Patterns Consulting based on Statistics Canada, CANSIM tables 202-0603 and 202-0604 *Income of Canadians, 2011*

APPENDIX A4: DISTRIBUTION (%) OF AFTER TRANSFER AND INCOME TAX INCOMES - ALL FAMILIES OF TWO PERSONS OR MORE BY INCOME QUINTILE

	Average income, constant 2011 dollars			Percentage point (pp) change over selected periods		
				Entire period	Since 2008	Latest year available
	2000	2008	2011	2011/2000	2011/2008	2011/2010
Top quintile	39.8%	40.1%	39.7%	-0.1 pp	-0.4 pp	-0.3 pp
Upper-middle quintile	23.3%	23.1%	23.3%	0.0 pp	+0.2 pp	0.0 pp
Middle quintile	17.4%	17.2%	17.2%	-0.2 pp	0.0 pp	0.0 pp
Lower-middle quintile	12.6%	12.4%	12.5%	-0.1 pp	+0.1 pp	+0.1 pp
Lowest quintile	6.9%	7.1%	7.3%	+0.4 pp	+0.2 pp	0.0 pp

Source: People Patterns Consulting based on Statistics Canada, CANSIM tables 202-0603 and 202-0604 *Income of Canadians, 2011*

Appendix B



APPENDIX B: FAMILIES WITH LOW INCOMES AFTER TRANSFERS AND INCOME TAXES IN CONSTANT 2011 DOLLARS

	% of persons with low incomes			Percentage point change (pp)		
				Entire period	Since 2008	Latest year available
				2011/2000	2011/2008	2011/2010
	2000	2008	2011			
All households	12.5%	9.3%	8.8%	-3.7 pp	-0.5 pp	-0.2 pp
All families of two persons or more	9.3%	6.2%	5.5%	-3.8 pp	-0.7 pp	-0.4 pp
Senior families (65 and over)						
Senior couples	1.2%	0.9%	1.9%	+0.7 pp	+1.0 pp	+0.8 pp
Other senior families (relatives, etc.)	9.4%	6.9%	3.9%	-5.5 pp	-3.0 pp	-5.1 pp
Non-senior families (under 65)						
Couples without children, no earner	33.6%	33.1%	23.3%	-10.3 pp	-9.8 pp	-1.1 pp
one earner	10.2%	7.3%	7.1%	-3.1 pp	-0.2 pp	-1.0 pp
two earners	2.2%	2.1%	1.2%	-1.0 pp	-0.9 pp	-1.0 pp
Couples with children, no earner	84.1%	70.7%	75.7%	-8.4 pp	+5.0 pp	+9.3 pp
one earner	23.1%	17.5%	14%	-9.1 pp	-3.5 pp	-0.2 pp
two earners	4.6%	3.2%	2.1%	-2.5 pp	-1.1 pp	-0.9 pp
Female lone parent	36.2%	20.8%	21.2%	-15.0 pp	+0.4 pp	+0.7 pp
Male lone parent	12.3%	6.8%	12.4%	+0.1 pp	+5.6 pp	+3.8 pp

Note: A four-person family living in a city of 500,000 or more with less than \$36,504 (\$9,126 per person) and a four-person rural family with less than \$23,879 (\$5,969 per person) annually are classified as being low-income.

Source: People Patterns Consulting based on Statistics Canada, CANSIM tables 202-0603 and 202-0604 *Income of Canadians, 2011*

Appendix C



APPENDIX C: MAJOR COMPONENTS OF AVERAGE NET WORTH PER HOUSEHOLD BASED ON MARKET VALUE IN CONSTANT 2011 DOLLARS

				% change over selected periods		
	2000	2008	2013	Entire period 2013/2000	Since 2008 2013/2008	Latest year available 2013/2012
Total assets	\$423,492	\$527,687	\$597,993	41.2%	13.3%	4.7%
Total financial assets	\$253,415	\$280,497	\$322,353	27.2%	14.9%	5.9%
of which currency and deposits	\$54,660	\$66,555	\$79,409	45.3%	19.3%	3.8%
of which debt securities	\$14,434	\$8,362	\$5,981	-58.6%	-28.5%	1.3%
of which equity/investment fund shares	\$77,548	\$96,563	\$118,773	53.2%	23%	8.1%
of which life insurance and pensions	\$99,181	\$100,714	\$112,073	13%	11.3%	5.6%
of which all other financial assets	\$7,593	\$8,304	\$6,117	-19.4%	-26.3%	3.5%
Total non-financial assets	\$170,076	\$247,189	\$275,640	62.1%	11.5%	3.4%
of which real estate	\$133,664	\$210,420	\$238,679	78.6%	13.4%	3.7%
of which consumer durables	\$33,539	\$34,693	\$35,085	4.6%	1.1%	1.4%
of which all other non-financial assets	\$2,874	\$2,077	\$1,876	-34.7%	-9.7%	3.1%
Total debt outstanding	\$65,365	\$97,833	\$114,397	75%	16.9%	2.4%
of which mortgages	\$39,740	\$60,012	\$72,950	83.6%	21.6%	1.6%
of which consumer credit	\$18,676	\$29,455	\$32,677	75%	10.9%	1.6%
of which non-mortgage loans	\$5,888	\$6,975	\$7,310	24.2%	4.8%	0.4%
of which all other debt	\$1,062	\$1,391	\$1,460	37.5%	4.9%	-4.8%
Net worth (assets minus debt)	\$358,126	\$429,853	\$483,596	35.1%	12.6%	5.2%
Selected ratios as calculated by Statistics Canada			Percentage point (pp) change over selected periods			
Saving rate as % of disposable income	3.4%	4%	5.2%	+1.8 pp	+1.2 pp	+0.2 pp
Total debt as % of disposable income	110%	147%	165.5%	+55.5 pp	+18.5 pp	+1.7 pp
Total interest as % of disposable income	8.7%	8.8%	7.1%	-1.6 pp	-1.7 pp	-0.2 pp
Real estate assets as % of disposable income	225%	316.2%	345.4%	+120.4 pp	+29.2 pp	+7.5 pp
Total debt as % of net worth	18.3%	22.8%	23.7%	+5.4 pp	+0.9 pp	-0.7 pp
Owner's equity as % of real estate	70.3%	71.5%	69.4%	-0.9 pp	-2.1 pp	+0.2 pp

Source: Statistics Canada CANSIM tables 380-0072, 380-0073, 378-0121 and 378-0123 and calculations by People Patterns Consulting

Endnotes



¹ Based on National Household Survey (NHS) 2011 data. Statistics Canada has taken steps to mitigate the potential effects of non-response rates due to the voluntary nature of the NHS. For more details about NHS data quality, visit the Statistics Canada website at <http://bit.ly/ZPsg9D>.

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Endnotes

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²⁸ Statistics Canada, *Financial Indicators from the National Balance Sheet Accounts*, Statistics Canada catalogue no. 13-605-X (November 2012), accessed April 17, 2014, <http://bit.ly/1maiZ87>.

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³¹ According to Statistics Canada, "Direct comparisons with outside sources, such as the Financial and Wealth Accounts of the System of National Accounts, are difficult to make due to definitional, coverage and treatment differences." The SFS surveys estimate that the growth in average net worth between 1999 and 2012 is significantly different compared with what is estimated using the National Accounts in Appendix C. The SFS estimates growth of 73% between 1999 and 2012 while the National Accounts approach results in a growth estimate of only 37% over the same period.

³² The latest survey is based on a sample survey that had a non-response rate of 31.4%. Statistics Canada warns that "Direct comparisons with outside sources, such as the Financial and Wealth Accounts of the System of National Accounts, are difficult to make due to definitional, coverage and treatment differences." Our calculations summarized in Appendix C have always been and continue to be based on the Financial and Wealth Accounts of the System of National Accounts that are available annually and quarterly back to 1990 and thus some estimates are different than that in the Survey of Financial Security.

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About the Vanier Institute

The Vanier Institute of the Family was established in 1965 under the patronage of Their Excellencies the Right Honourable Georges P. Vanier and the Honourable Pauline Vanier. The Institute is a national non-profit organization creating awareness and providing leadership on the importance and strengths of families in Canada in all of their diversity. Through a rigorous program of knowledge mobilization and public engagement, the Institute partners with businesses, legislators, policy-makers and program specialists, researchers, educators, family service professionals, the media and members of the general public to advance the well-being of Canada's families.

About *The Current State of Canadian Family Finances*

The Current State of Canadian Family Finances is an annual report prepared to provide an overview of family income and expenses, savings and debt, and wealth and net worth as they contribute to social and economic dialogue across Canada.

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