



January 6, 2017

## Canadian Consumer Debt on the Rise Again

Often times with the beginning of a new year comes the post-Christmas I-think-I-might have-spent-a-little-too-much-money hangover.

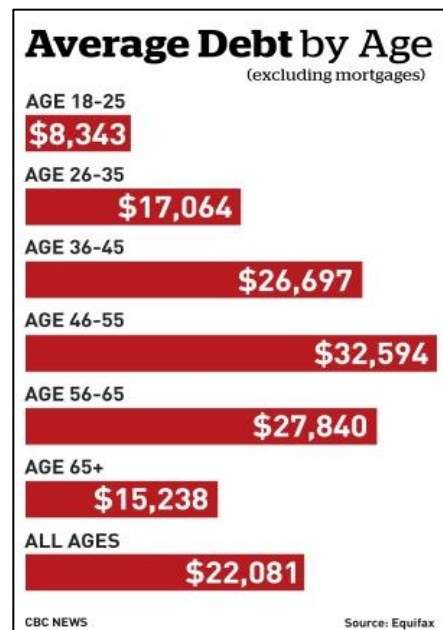
Christmas is said to be the happiest time of year but every 12 months following December there is an overwhelming concern about Canadians and their spending habits. The Canadian culture is an extremely giving one but, it's not just the gift giving that has us digging ourselves deeper into the hole. When it comes to Canadian consumer debt, it just might shock you to know what the real stats are.

In March 2016, Canada's debt-to-income ratio had set a new record high at 165.4%.<sup>i</sup>

That meant that Canadian households on average held \$1.65 in debt for each dollar earned. Today, according to Statistics Canada's national balance-sheet report released last month, the ratio of debt to disposable income has risen again to 166.9%.<sup>ii</sup>

This gradual increase of 1.5% may not appear to be much however, this slow and steady rise is having a subconscious effect on the minds of many Canadians. On average, according to Equifax the highest debt load is carried by Canadians between the ages of 46 – 55 excluding mortgages.<sup>iii</sup>

On a positive note, Statistics Canada says that the average hourly wage of Canadian employees increased between



November 2015 and November 2016 by 1.4%.<sup>iv</sup>

However, this mere 0.1% difference falls short of the debt-to-income increase we recently experienced. This is an increase so small that most Canadian's don't even notice it.

These numbers may be a little eye opening for some; maybe you can relate, maybe you can't. The fact of the matter is the numbers don't lie and Canadian's overall are slumping deeper into debt year-after-year.

So, how can we get this in check?

The number one go to is always a simple budget. If you're not already using one this would be [a great place to start](#).

When using a budget for the first time I have two very simple bits of information that is guaranteed to help you take control of your spending.

1. Create a budget and,
2. Don't deviate from your budget.

A budget is such a simple tool but often times is overlooked by far too many people. If committed to, a budget can be your roadmap to financial prosperity.

Knowledge is power only when it is applied.

To your success,



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<sup>i</sup> <http://www.cbc.ca/news/business/debt-income-1.3486811>

<sup>ii</sup> <http://www.theglobeandmail.com/report-on-business/economy/canadas-household-debt-rises-in-third-quarter/article33318488/>

<sup>iii</sup> <http://www.cbc.ca/news/business/equifax-debt-loads-1.3884993>

<sup>iv</sup> <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/labr69a-eng.htm>