



**ATTENTION: News, Business, Personal Finance**

## **Survey Finds Quebecers Faring Best Nationally on Many Economic Indicators, But Take Longest to Pay Down Debt**

### **Despite Some Positive Gains, Many Still at Risk in the Event of Changing Financial Circumstances**

**Montreal (September 5, 2018)** – Working Canadians seem to be making some progress towards improving their financial health. But while 66% nationally report being in a better financial position than a year ago, Canadian employees continue to have high debt levels, chronically undersave for retirement, and put themselves at severe risk in the event of economic changes. **And while Quebecers remain the best off nationally, they could be doing more to pay down debt and contribute meaningfully towards long-term savings goals.**

#### **Some Positive Gains, but Quebecers Lacking Economic Confidence**

Bolstered in large part by a stronger economy, confidence among working Canadians has increased recently. 39% nationally believe their local economy will improve (up slightly from the three-year average of 36%), not surprising given the strong economic market conditions experienced in Canada in the past few years. **Yet Quebecers have lower than average economic confidence; just 36% think their local economy will improve in next year.**

The past few years have also seen a positive shift in the number of Canadian employees with total household incomes of over \$125K, and the levels of full time employment to 90%.

According to the Canadian Payroll Association's tenth annual survey, released today, 44% of working Canadians report it would be difficult to meet their financial obligations if their pay cheque was delayed by even a single week (down from the three-year average of 48%). **This is true of just 31% of Quebecers, the lowest rate nationally.**

One in 5 working Canadians (**16% in Quebec**) say they could not come up with just \$2,000 within a month for an emergency expense (previously 1 in 4).

Fewer employees nationally (35%) indicated that they spend all of or more than their net pay; **including a national low of 24% in Quebec.**

While **79% of those in Quebec who are trying to save more responded that they have been able to do so** (the highest level nationally, compared to 69% of Canadians), still **63% of Quebec employees said they save 10% or less of their earnings**, well below recommended savings levels.

While more working Canadians are in an economic position to save more, it seems Canadians still need a huge reality check when it comes to realizing the risks they face, and acting on them.

### **Debt Remains a Problem**

In spite of these positive gains, debt levels among working Canadians have increased.

Forty per cent of working Canadians feel overwhelmed by their level of debt (up from 35% last year). **This is true of just 22% of Quebecers. 24% of Quebec employees report increases in the amount of debt over past year**, well below the national average of 34%.

Across Canada, more are expecting to take longer to pay down that debt—43% say it will take more than 10 years to pay down their debt (up from 42% in 2017 and 36% in 2016). And 12% believe they will never be debt free. **Quebec has the highest proportion of respondents (76% vs. 67% nationally) who indicate that it will take 10 years or more to pay down their mortgage.**

**Quebecers report that the primary reasons for increased debt is that they purchased a major asset that should appreciate** (27% in Quebec vs. 17% nationally), as well as increased spending (23% versus 16% nationally).

Overall, **94% of national respondents carry debt (92% in Quebec)**, with the most common debt being from mortgages (28% nationally and in Quebec), credit cards (18% nationally and 19% in Quebec) and car loans (18% nationally and in Quebec). About one in 5 respondents carry debt through a line of credit. Nationally, mortgage debt on principal residences remains the most difficult debt to pay down, with 30% of respondents selecting this option, followed by credit card debt (25%). However, **in Quebec, credit card debt is most difficult to pay down (30%), followed by mortgage debt (24%).**

Among Canadians, higher living expenses (27%) and unexpected expenses (20%) remain the top two reasons for increased spending, and most (96%) anticipate their cost of living will increase over the coming year.

### **Severe Risk Bolstered by Inaction**

Despite the long-term risks of undersaving, carrying high debt, and their perception of an improved financial picture, working Canadians are not waking up to the harsh realities of what could happen in a sudden shift of financial circumstances.

“We would have hoped to see in the survey results that Canadians would do more to alleviate their debt and take control of their financial situation in strong economic times,” says Peter Tzanetakis, President of the Canadian Payroll Association. “Now is the time to pay down debt, contribute to retirement savings and take control of your financial future. Many Canadians seem to be complacent and are still not focused on the big picture.”

For the first year ever, the survey results indicate that employees are more concerned with work/life balance (33%) than on earning higher wages (26%). This is especially true of millennials in their 30s (38% rank work/life balance as most important).

However, when asked about the best way to improve their financial well-being, the number one response is higher wages (25% nationally and 26% in Quebec), versus spending less (19% nationally and 16% in Quebec). And while 72% **(nationally and in Quebec) concede they have only saved a quarter or less of what they feel they will need to retire**, the target retirement age (61 nationally and in Quebec) has not changed from 2017. **Just 36% of Quebec employees think they will need more than 1M to retire (vs. 50% nationally). Even still, 39% of Quebecers indicate that they will have to work longer than they planned (37% nationally), primarily because they have not saved enough for retirement (36% vs. 32% nationally).**

There is also a surprising avoidance displayed when assessing respondents’ level of comfort discussing finances. Fully 47% indicate they would be uncomfortable talking about debt with a colleague or peer.

Ultimately, the results illustrate that in the event of higher interest rates, a market downturn or other economic factors beyond their control, working Canadians would struggle to recover and could face severe implications.

Employers should take note: currently 46% of employees say financial stress is impacting their workplace performance; this figure could get much worse.

## **Payroll as a Solution**

Once Canadians understand that their financial futures are at stake, they need to seriously consider taking action. The Canadian Payroll Association recommends starting small, “Paying Yourself First” and putting a portion from each pay cheque to pay down debt or contribute to long-term savings.

Within organizations, payroll is well positioned to help working Canadians take action by arranging automatic payroll deductions for employees. Currently, 53% of respondents indicated their employers offer this option to employees; however 44% of employees still do not participate.

Employers can leverage their payroll department to empower employees to improve their financial wellness through *Pay Yourself First* programs. And, given that 84% of employees indicate they would be interested in receiving financial education programs

through the workplace, employers are uniquely positioned to provide financial literacy tools and resources to help employees take action.

“National Payroll Week, September 10-14, is the perfect opportunity for employers and employees to take stock of their financial situation in view of these survey results,” says Sandra Morrison, CPM, CPHR, and Chair of the Canadian Payroll Association’s Board of Directors. “Payroll has the power to help employees contribute to financial priorities, to lessen personal stress which manifests in the workplace. Powerful payroll is a win-win across the board.”

The Canadian Payroll Association’s National Payroll Week website provides free financial literacy resources for working Canadians, employers and payroll professionals. Visit [payroll.ca/npw](http://payroll.ca/npw) for more.

– 30 –

**Regional survey findings are available. Go to [payroll.ca/npw](http://payroll.ca/npw) for full media results.**

**Canadian Payroll Association spokespersons are available across Canada for interviews.**

**Contact:**

Megan Stephens  
Lamia Charlebois  
Alison Rutka

[megan@prpost.ca](mailto:megan@prpost.ca)  
[rp@lamiacharlebois.com](mailto:rp@lamiacharlebois.com)  
[alison.rutka@payroll.ca](mailto:alison.rutka@payroll.ca)

416.777.0368  
514.279.4601  
416.487.3380 x 125

***Canadian Payroll Association 2018 Survey of Employed Canadians***

A total of 5,074 employees from across Canada, and from a wide range of industry sectors, responded to an online research survey between Friday, June 22<sup>nd</sup>, 2018 and Wednesday, August 1<sup>st</sup>, 2018, using a convenience sampling methodology. The survey was developed by the Canadian Payroll Association and conducted by Framework Partners. The survey is consistent with a margin of error of plus or minus 1.38% 19 times out of 20, but as a non-probabilistic methodology was used, a definitive margin of error cannot be expressed.

***Payroll Has the Power***

Canada’s 1.5 million employers rely on payroll practitioners to ensure the timely and accurate annual payment of \$929 billion in wages, \$310 billion in statutory remittances to the federal and provincial governments, and \$180 billion in health and retirement benefits, while complying with more than 200 federal and provincial regulatory requirements. Since 1978, the Canadian Payroll Association has annually influenced the payroll compliance practices and processes of over five hundred thousand organizational payrolls. As the authoritative source of Canadian payroll knowledge, the Canadian Payroll Association promotes payroll compliance through education and advocacy.

