

# Manulife Bank - Homeowner Debt Survey

Spring 2015



# Highlights

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## **Canadian homeowners are taking – or willing to take – concrete steps to become debt free sooner:**

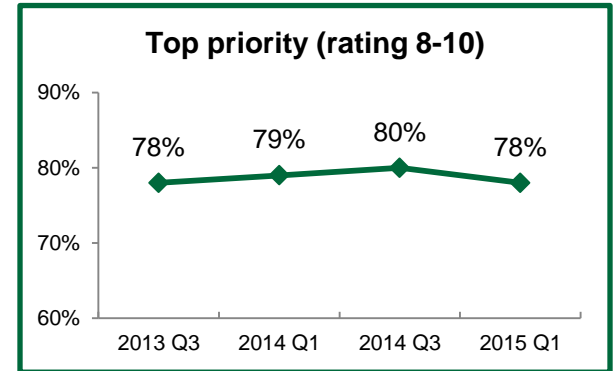
- Debt-freedom is a high priority for 78% of homeowners
- 56% of respondents have reduced their debt in the last year compared to only 51% the previous year
- Approximately four in 10 homeowners made extra mortgage payments during the past year. Average additional payment = \$6,300
- 79% said they'd be willing to cut back on discretionary spending, such as daily coffees and dining out, to become debt free sooner

## **Yet, debt remains a concern for many:**

- On average, homeowners who have a mortgage report an average of \$190,000 in mortgage debt
- If a primary wage earner lost their job: 27% of mortgage holders said they'd struggle to make their regular mortgage payment within three months. An additional one in six would struggle within just one month
- If debt free tomorrow, 70% would direct at least some of the extra money to savings, suggesting many must choose between paying off debt and saving for their future

# Debt-freedom is a constant priority for the vast majority of Canadian homeowners

On a scale of 1-10, where does becoming or being debt-free rank as a financial priority, where 1 means it's not a priority and 10 means it's your top financial priority?



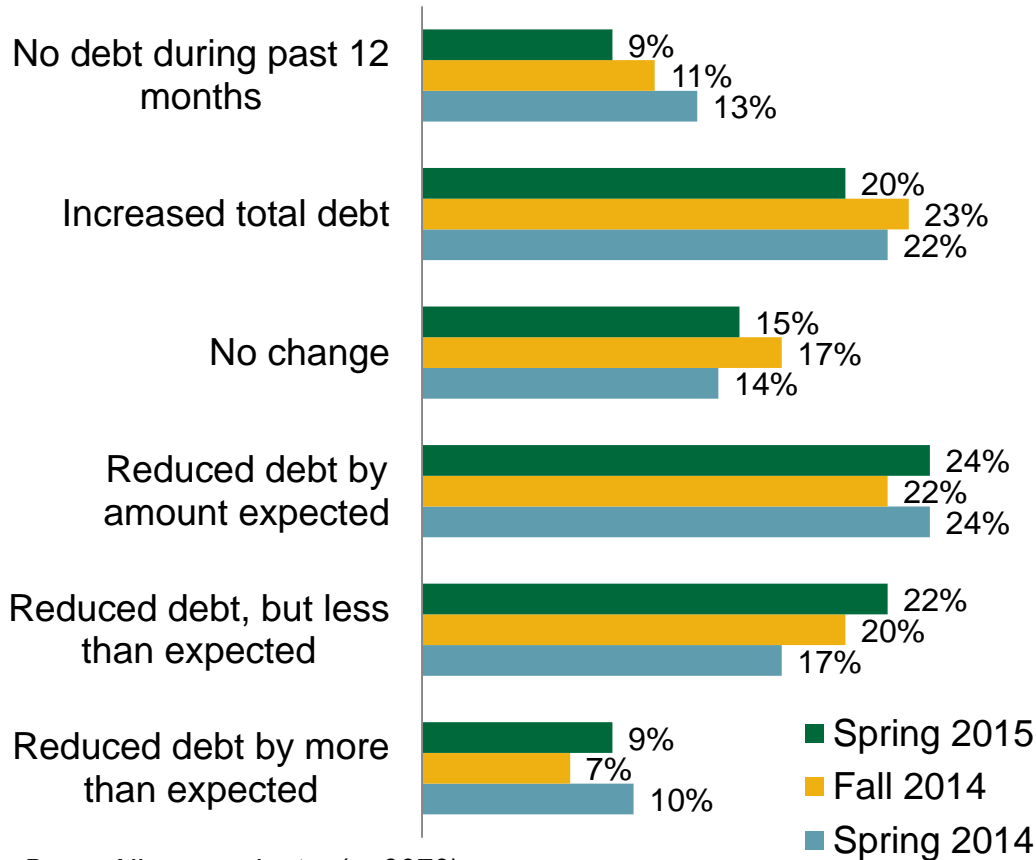
■ Top priority 10 ■ 9 ■ 8 ■ 7 ■ 6 ■ 5 ■ 4 ■ 3 ■ 2 ■ Not a priority 1



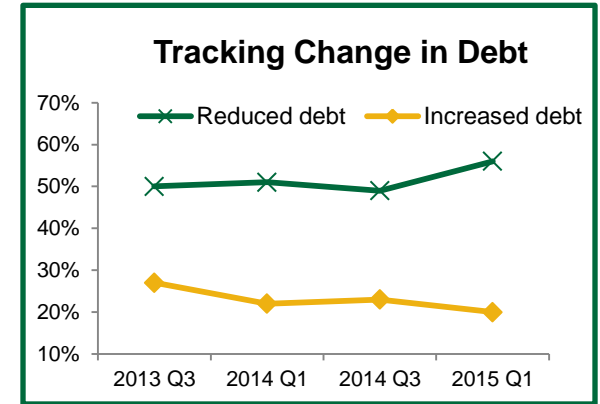
Base: All respondents (n=2372)

# Net reduced debt is trending higher while increased total debt is down from recent years

When you think about how your debt has changed over the past 12 months, would you say you've:



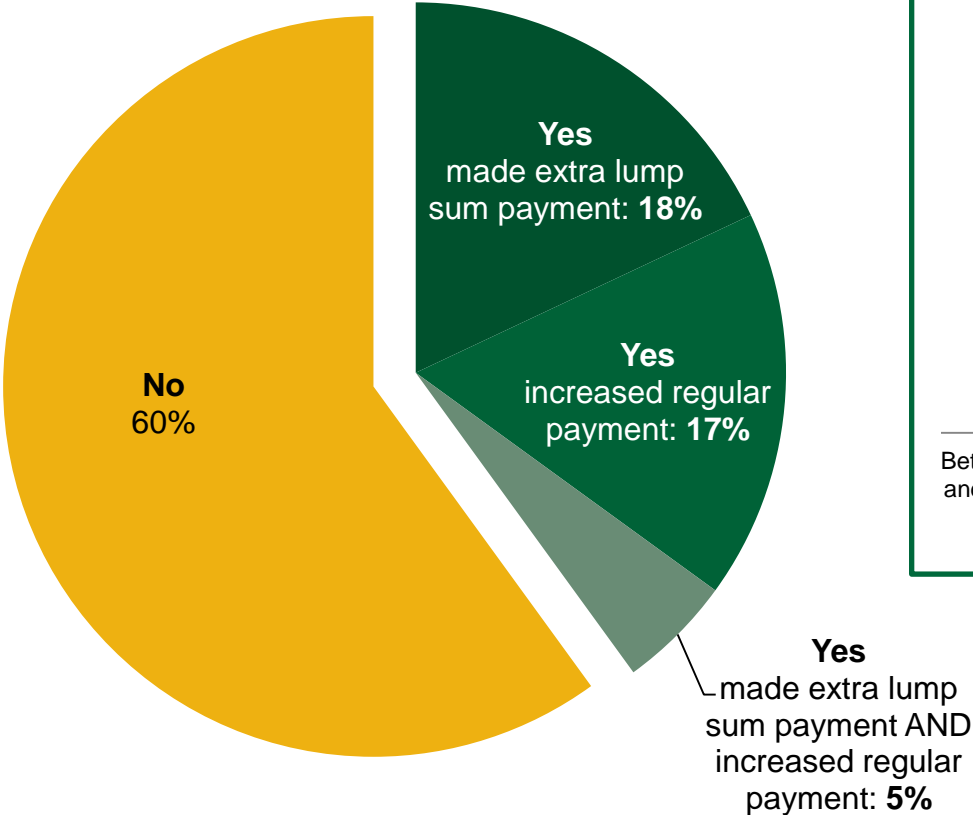
Base: All respondents (n=2372)



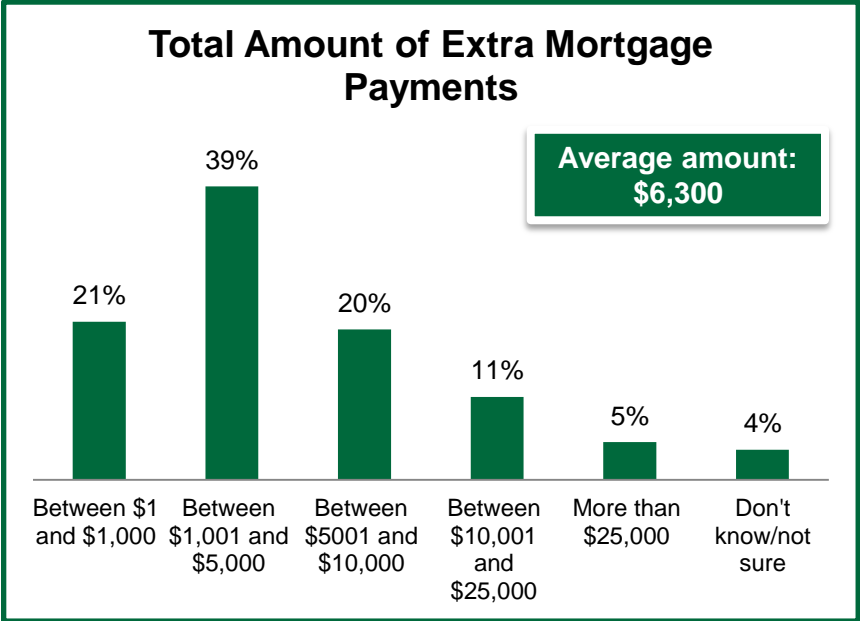
**NET: Reduced debt**  
**Spring 2015: 56%**  
 Fall 2014: 49%  
 Spring 2014: 51%

# 40% of mortgage holders made extra mortgage payments in the past year with an average of \$6,300

Did you make any extra payments and/or increase the amount of your regular payments toward your mortgage in the past year, beyond what was required by your lender?



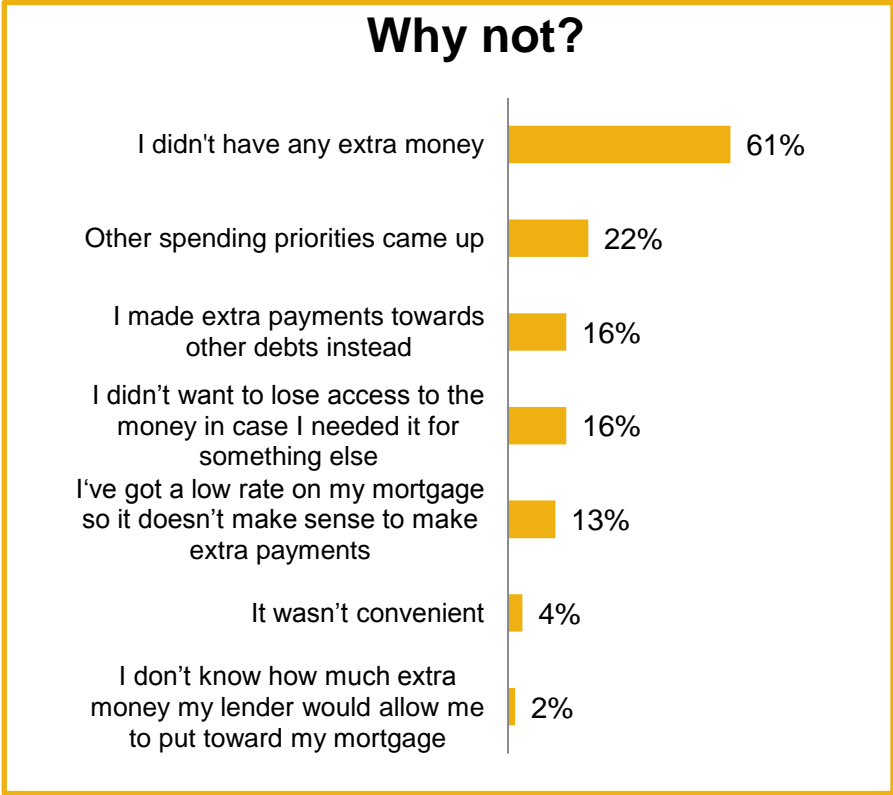
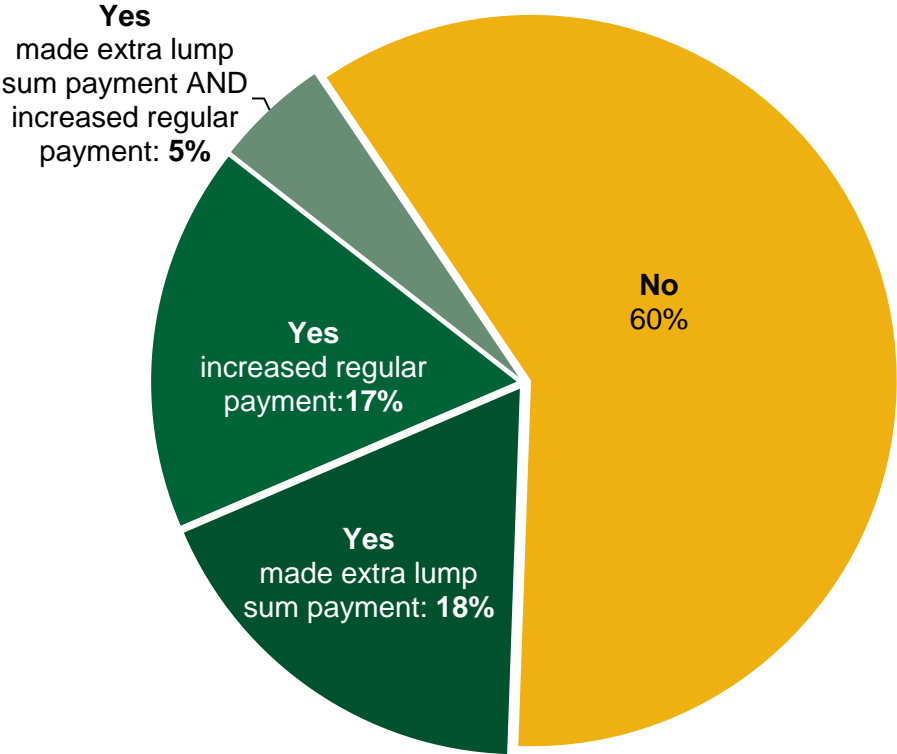
Base: All mortgage holders (n=1765)



Base: All mortgage holders who made extra payment in the past year (n=745)

# “No extra money” and “other spending priorities” are top reasons mortgage holders did not make extra payments

Why didn't you make extra payments in the past year?

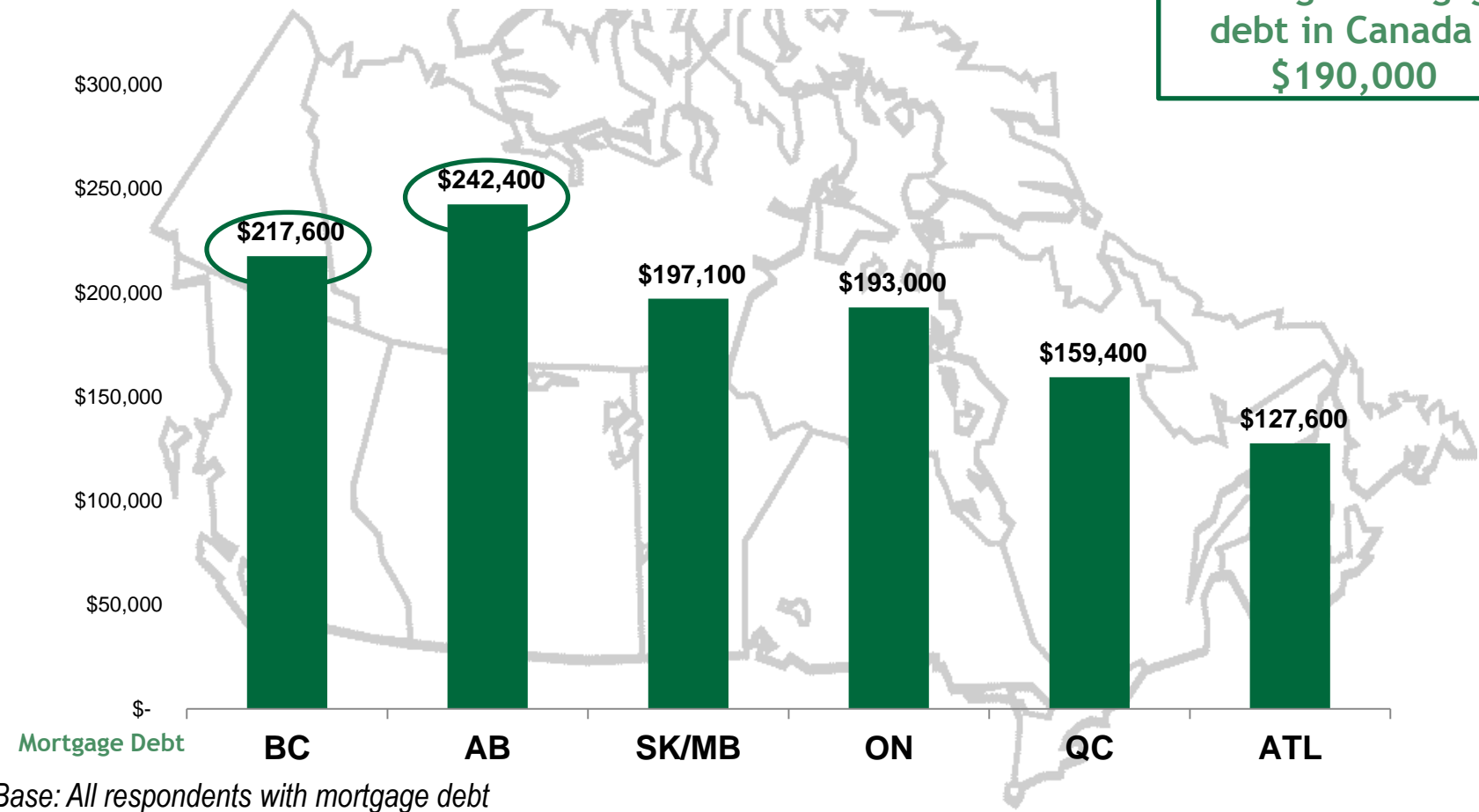


Base: All mortgage holders who didn't make additional payment in the past year (n=1020)

# Homeowners in Alberta and B.C. reported the largest mortgage debt

Please indicate how much mortgage debt you currently have outstanding.

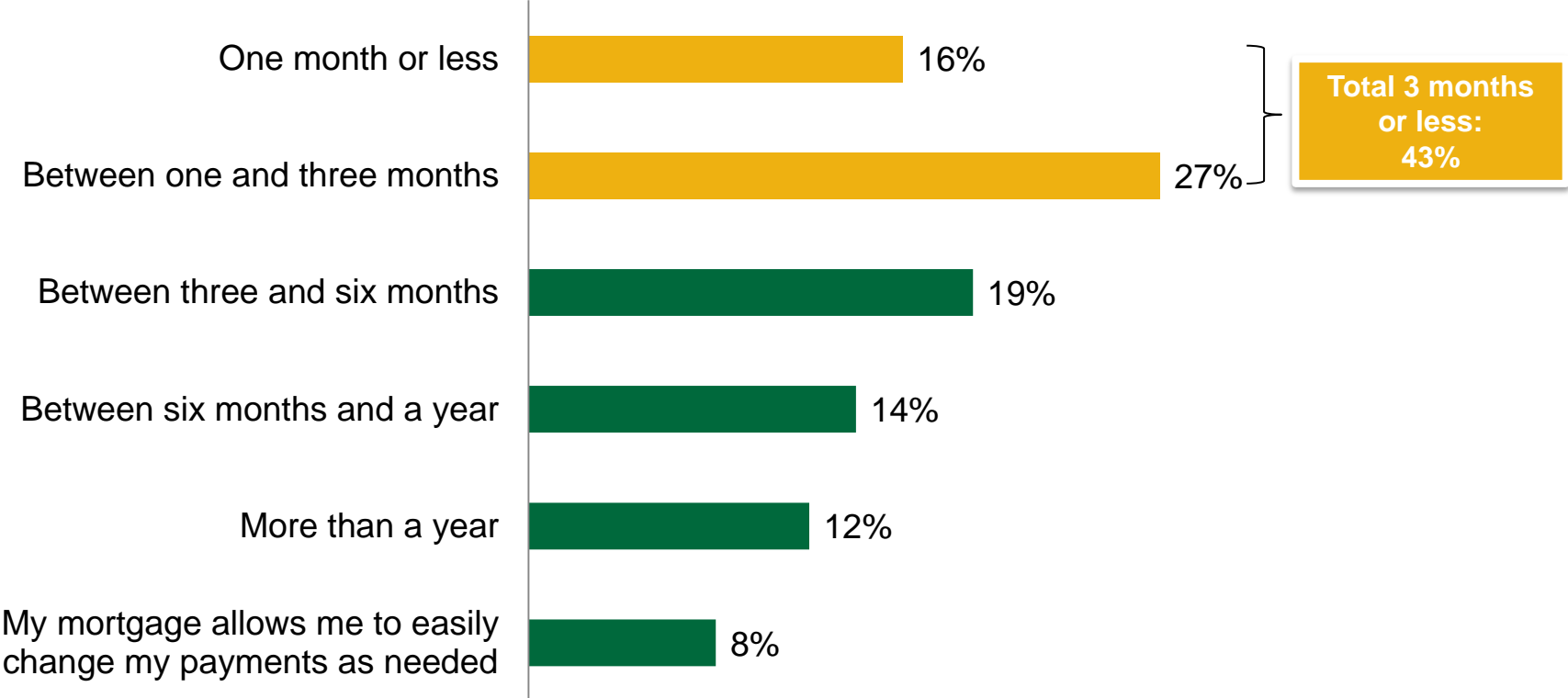
Average mortgage debt in Canada - \$190,000



Base: All respondents with mortgage debt

# Over 40% of mortgage holders indicated that if the primary income-earner lost their job, it would take no more than three months before they'd have difficulty making their regular mortgage payment

Traditional mortgages have a fixed mortgage payment that must be made monthly, semi-monthly or weekly. If the primary income-earner in your household were to become unemployed, how long would it take before you would have difficulty making your regular mortgage payment?

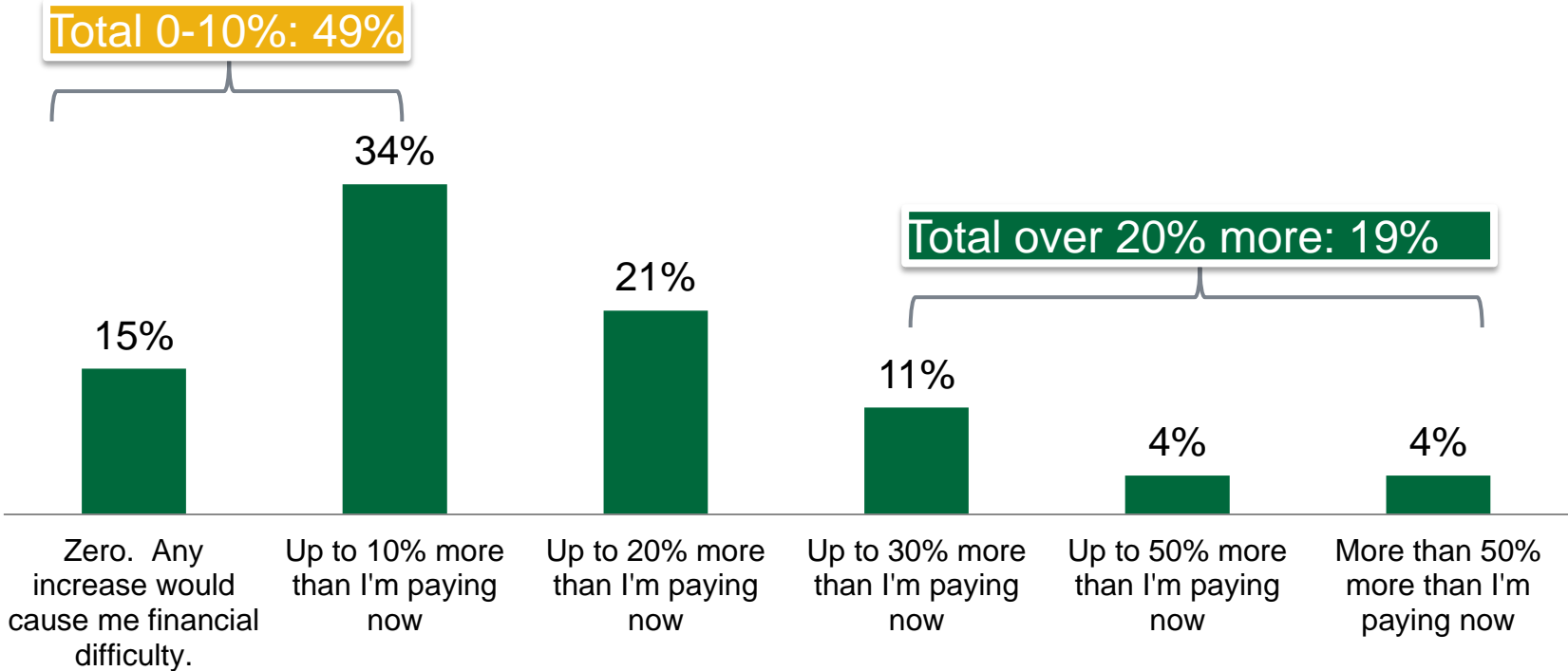


Base: all mortgage holders (n=1765)



# Almost half of mortgage holders indicated they couldn't manage up to 10% increase of their mortgage payment

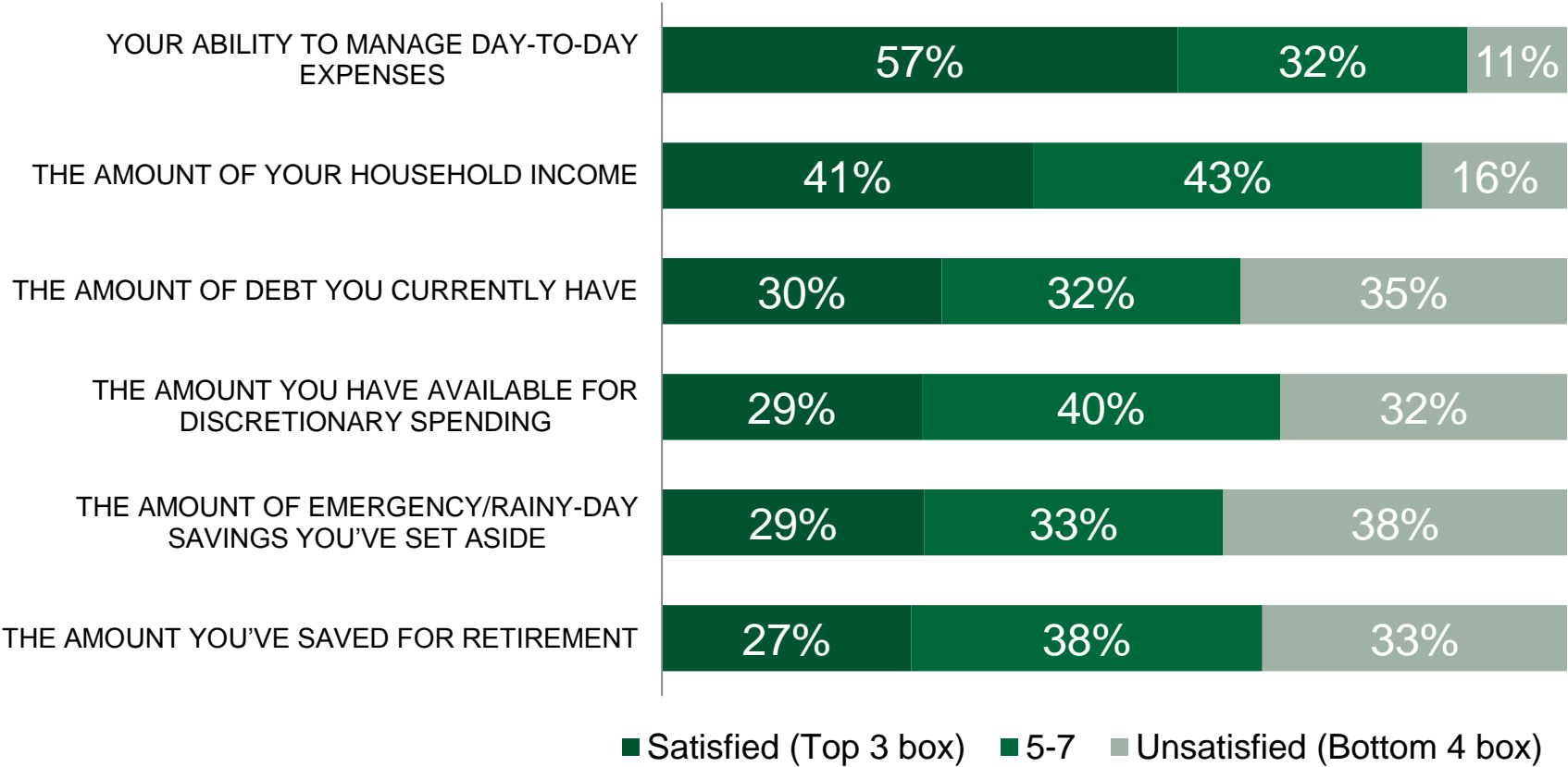
Assuming interest rates are higher next time you renew your mortgage, how much could your mortgage payment increase before it would cause you financial difficulty? I could comfortably manage an increase in my mortgage payment of:



Base: All mortgage holders (n=1765)

# Canadians are most satisfied with their ability to manage daily spending and least satisfied with their retirement and rainy-day savings

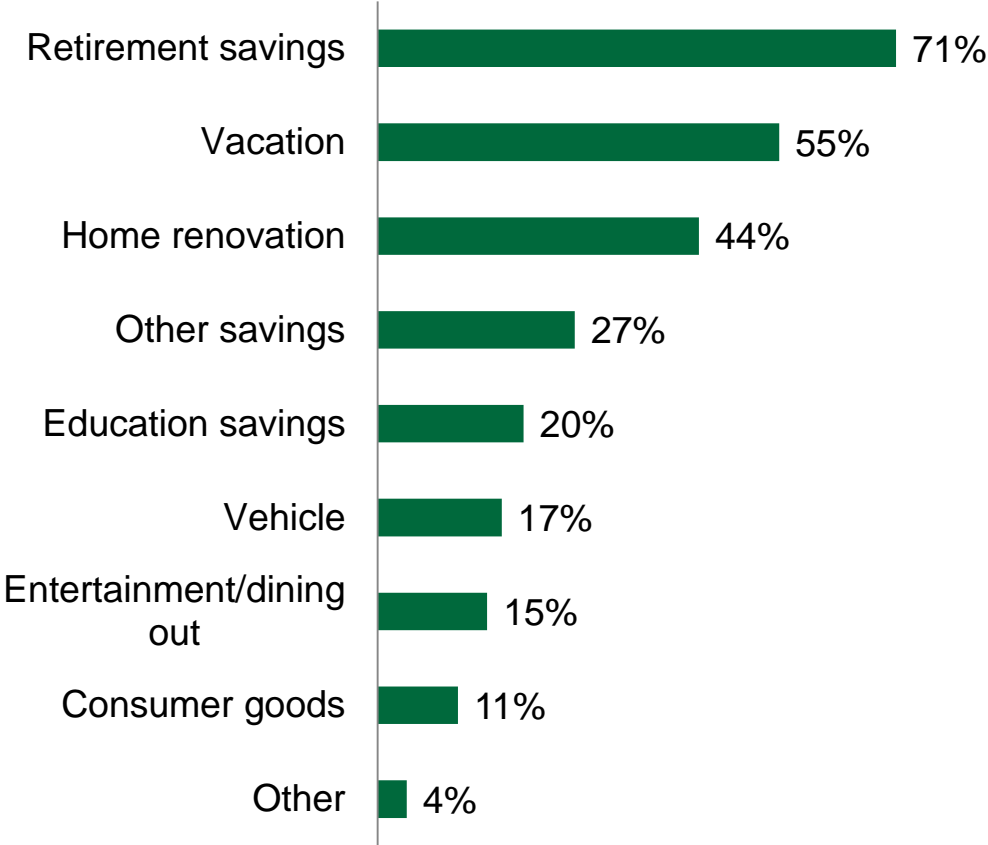
On a scale of 1-10, how satisfied are you with your current financial situation with regards to each of the following financial needs?



Base: all respondents (n=2372)

# Over 7 in 10 homeowners would save for retirement if their debt was paid off tomorrow, followed by vacation and home renovation

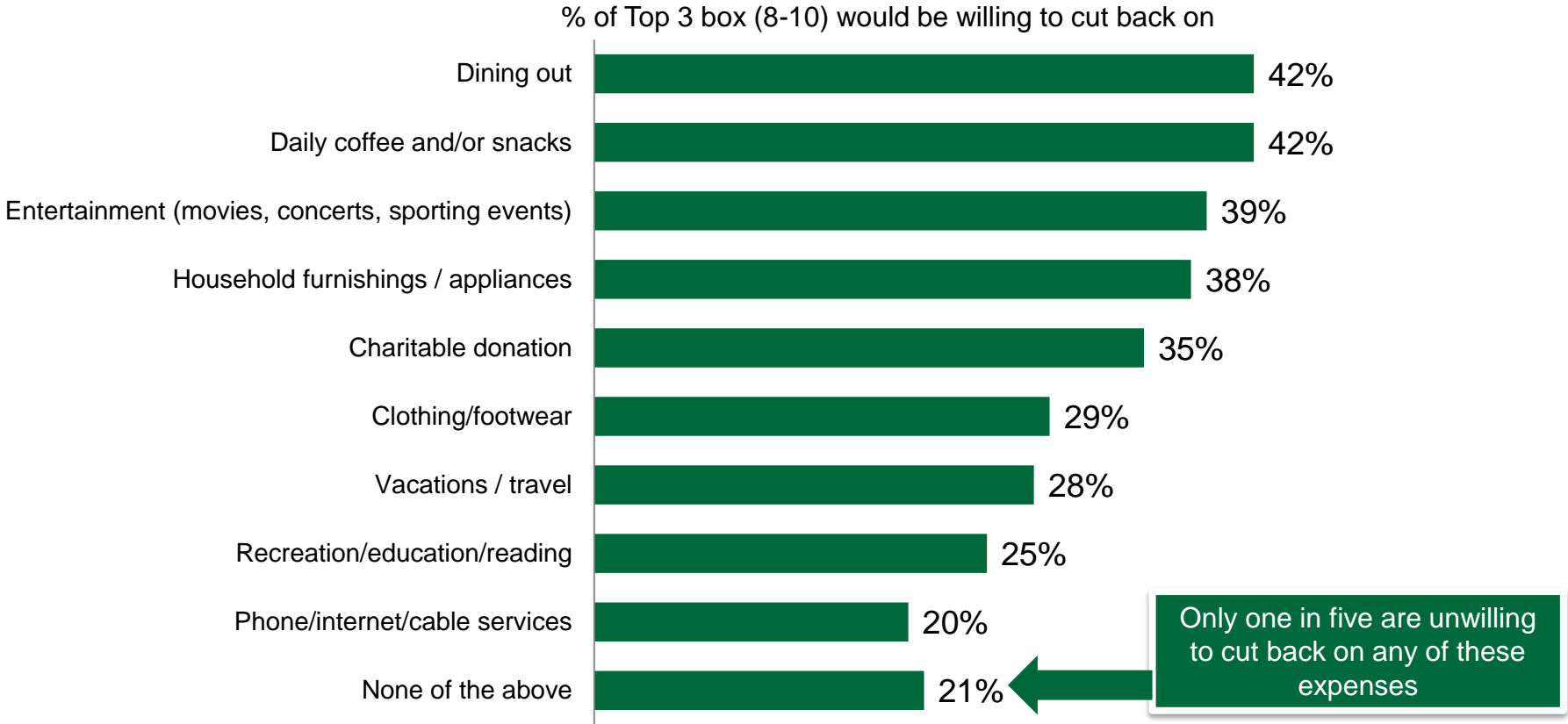
If your debt was paid off tomorrow, what would you do with the extra money each month?



Base: all with debt (n=2175)

# Dining out and daily coffee are the things Canadian homeowners most likely to cut back on if it would help them to become debt-free sooner

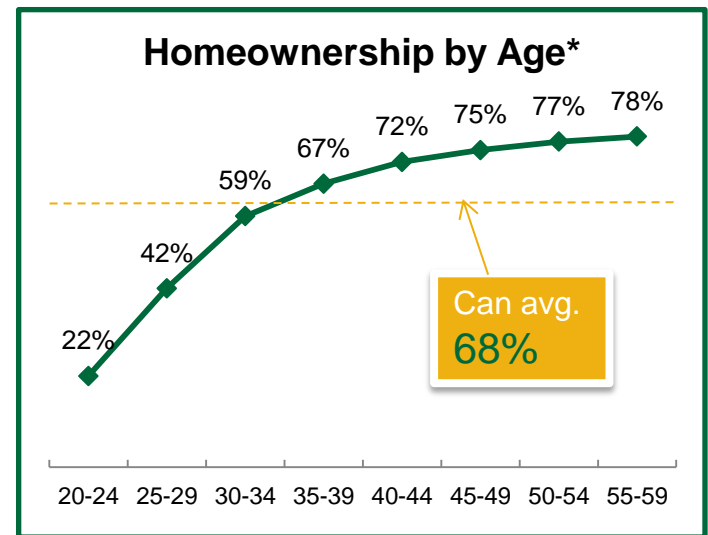
Of the following would you be willing to cut back on if it would help you become debt-free sooner?



Base: all with debt(n=2175)

# Research methodology an objective

- The Manulife Bank Homeowner Debt Survey is conducted twice a year. The objective of the Spring 2015 survey is to explore Canadian homeowners' attitudes and actions towards becoming debt free.
- Research House conducted the online survey with 2,372 Canadian homeowners between February 10<sup>th</sup> -27<sup>th</sup>, 2015.
- Target audience:
  - 20 – 59 years of age
  - Annual household income \$50,000+
  - Homeowners
  - National results are weighted by province, income and age
- Regional and age differences are presented in the next slide.



\*Source: Statistic Canada Census of Population, 2006

## Respondent profile (un-weighted data)

| Age                    | %           |
|------------------------|-------------|
| 20-29 years (n=250)    | 11%         |
| 30-39 years (n=706)    | 30%         |
| 40-49 years (n= 707)   | 30%         |
| 50-59 years (n= 709)   | 30%         |
| <b>Total (n=2,372)</b> | <b>100%</b> |

| Province*                     | %           |
|-------------------------------|-------------|
| Atlantic Canada (n=215)       | 9%          |
| Quebec (n=546)                | 23%         |
| Ontario (n=867)               | 37%         |
| Manitoba/Saskatchewan (n=216) | 9%          |
| Alberta (n=230)               | 10%         |
| British Columbia (n=298)      | 13%         |
| <b>Total (n=2,372)</b>        | <b>100%</b> |

Note: Oversampled in Atlantic Canada and Manitoba/Saskatchewan to allow for regional reporting  
Percentages may not total 100 due to rounding