2024 Allan Marshall & Associates Report on Canadian Household Debt

Allan Marshall & Associates LIT, expand to west coast to help Canadians struggling with household debt

We Can Help!

VICTORIA, BRITISH COLUMBIA, CANADA, April 23, 2024 /EINPresswire.com/ -- David MacDonald, a Licensed Insolvency Trustee (LIT) at Allan Marshall & Associates, says he's seeing more clients, especially those in the younger age brackets, coming in with significant amounts of debt. Insolvencies are on the rise in many of our Canadian offices.

> We can assess their financial situation and recommend a solution to help them get out of debt and work towards the financial future they desire."
>
> *David MacDonald*

Recent stats from Equifax reveal that the average Canadian credit holder is carrying $21,013 in non-mortgage debt.1 Albertans have the highest average household debt ($24,208) followed by Newfoundland ($22,982) and Prince Edward Island ($22,247).

As personal debt rises, budgeting has become more difficult for many Canadians. A recent Consumer Pulse Study by TransUnion reports that 28% of those surveyed can't afford to pay at least one of their current bills or loans in full.2 This leaves Canadians having to choose if they'll pay their utilities or credit card bills.

According to statistics from the Office of the Superintendent of Bankruptcy, total Canadian insolvencies in Q4 2023 rose by 24% compared to the previous year.3

What is Contributing to Household Debt?

There are several common variables contributing to household debt across the country, including:

Cost of borrowing. With high interest rates, it's costing Canadians more to borrow money and maintain their current debts. Many Canadians who don't have the disposable income or household savings to cover rising costs are turning to credit. According to recent stats from Equifax, the average credit card balance among credit card holders has risen to $4,119, up from $3,727.4

Cost of living. The most recent Consumer Price Index (CPI) shows a growth rate of 2.9% year-over-year.5 The cost of in-store food purchases, shelter, and transportation increased over a 12-month period. However, the CPI is down from a 3.4% gain in December 2023.

Wage stagnation. As the cost of living continues to rise, many Canadians are also experiencing wage stagnation. For instance, Alberta hasn't seen an increase in the minimum wage since 2019.6 According to TransUnion's Consumer Pulse Study, 59% of Canadians report their household income stayed the same over the previous three months, while 19% saw a drop.2 Job loss, reduced working hours, and wage decreases are some of the contributors to income changes.

Mortgage rates. With two-thirds of the Canadian mortgage market set to renew between 2024 and 2026, many Canadians are facing higher average interest rates.7 According to data reported in the Financial Post, it's estimated that average monthly mortgage payments could rise by 15% by the end of 2024, 30% by the end of 2025, and 45% by the end of 2026.

How Will Canadians Cope With Rising Costs?

So what are Canadians doing to deal with rising costs and feelings of financial vulnerability?

According to TransUnion, 50% plan to reduce their discretionary household spending over the next three months, 21% plan to put more money into an emergency fund, and 19% want to focus on paying down debt faster.2

David MacDonald recommends that Canadians struggling with significant household debt reach out to a Licensed Insolvency Trustee. "We can assess their financial situation and recommend a solution to help them get out of debt and work towards the financial future they desire."

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The Licensed Insolvency Trustees at Allan Marshall & Associates Inc. have been helping Canadians overcome debt since 1979. Today, they have locations in five provinces across the country, including Alberta, BC, New Brunswick, Nova Scotia, and PEI. For more information, contact Allan Marshall & Associates at 1-888-371-8900 or online.

References

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