

Interest rates in Canada have been deliberately kept low in an effort to support the economy and stimulate spending. True to their nature, Canadians have complied in droves and have embraced credit at unprecedented rates. Fortunately, it seems Canadians are beginning to reduce the amount of debt that negatively affects their personal financial situation and replace these so-called bad debts with debts that strengthen their financial position.

## Ability of Canadians to handle a \$500 per month increase in mortgage payment

- 27%** Need to review budget to afford increase
- 16%** Unable to afford a higher payment
- 26%** Concerned, but would probably handle it
- 9%** Easily handle a higher payment
- 19%** No affect/no mortgage
- 3%** Don't know

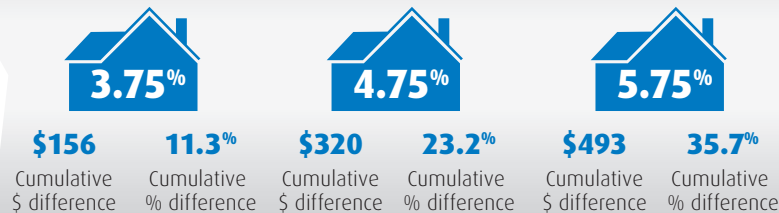
On average, Canadian families owe **\$1.63** for every after-tax \$1.00 earned

**12%** of households owe **\$2.50 or more** for every after-tax \$1.00 earned

## How Canadians feel about debt

- 36%** Bad – it makes me feel nervous and insecure
- 16%** Necessary to help family/friends/relatives
- 22%** Good – I'm using it to build my wealth
- 7%** Ugly – I'm using it in excess for consumption
- 20%** Don't need it, and I won't use it

## The effect on monthly mortgage payments of incremental increases in lending rates from 2.75%



## Strategies discussed with a financial professional in the last 12 months

- 36%** Retirement Planning
- 18%** Asset & Income protection
- 24%** Tax Minimization
- 17%** Leveraged Investment strategies
- 20%** Debt Management
- 10%** Succession Planning (for business owners)
- 38%** None of the above

## Debt strategies for wealth preservation and accumulation

- ✓ Emergency funds
- ✓ RRIF meltdown
- ✓ RRSP loans
- ✓ Debt swap
- ✓ Leveraged investing strategies
- ✓ Smart Debt