2024 finances and priorities

TORONTO, December 28, 2023—A **Maru Public Opinion** survey conducted for CIBC finds that while most Canadians are positive about their current financial situation heading into 2024, the uncertainty of the current environment is making it difficult for them to plan, especially with their top concerns over the months to come being inflation/rising costs of household goods, rising interest rates, and low Canadian economic growth/recession. On the latter point, while a majority believe the country is recession bound, most believe they could withstand one if it fully materializes. And while a significant minority of Canada's workers have job security concerns, the majority of Canadians feel financially prepared for the unexpected.

With this in mind, perhaps it's not surprising that the top areas of financial advice desired for unexpected circumstances are related to strategies to offset the impact of inflation/rising costs and help with managing the cost of living, and that the top financial goals/priorities in 2024 are paying down/eliminating debt, generally saving as much as they can, and keeping up with bills/getting by. This finds even more emphasis among those Canadians who have taken on more debt in the last twelve months with the top reasons for doing so are also associated with the increased cost of living day-to-day items beyond their monthly income (e.g. groceries, clothing, and gas). Finally, if they were to suddenly have a financial windfall, the first place it would be for savings.

Most are positive about their current financial situation

Heading into 2024, two-thirds (64%) of Canadians say they feel positive about their current financial situation compared to the remaining group (36%) predisposed. Those most likely to feel positive about their current financial situation are the oldest (aged 55+ 74%), those with the highest amount of income ($100K+ 73%), men (60% versus women 60%), and those living in Québec (71%), followed by those residing in British Columbia (67%), Ontario (61%), Manitoba/Saskatchewan (60%), and Alberta/Atlantic Canada (59%).

Those most likely to have a negative attitude about their current finances are those with the least amount of income (<$50K 53%), those who are middle-aged (35-54 48%), women (40% versus men 32%), and those residing in Alberta/Atlantic Canada (41%), Manitoba/Saskatchewan (40%), and Ontario (39%).

Uncertainty making it difficult to plan

The majority (70%) of Canadians admit that the uncertainty of the current environment is making it difficult for them to plan. Those most affected are the youngest (aged 18-34 74%), women (72% versus men 67%), and those residing in Alberta/Atlantic Canada (81%). There is relatively no difference to the national norm with respect to differing levels of income.

Top financial goal/priority for 2024

Regardless of their admission that the uncertainty of the current environment is making it difficult for them to plan, the following ar the ranked financial goals/priorities for Canadians in 2024:

- Paying down/eliminating debt (13%)
- Generally saving as much as I can (13%)
- Keeping up with bills/getting by (12%)
- Growing investments or wealth (10%)
- Buying/saving for a home or renovating current home (6%)
- Saving for a vacation/travel (5%)
- Saving for retirement (5%)
- Avoid taking on more debt (5%)
- Reduce discretionary spending (4%)
- Buying/saving for a car or another large purchase (3%)
- Establishing/building an emergency fund (3%)
- Saving for children's education (2%)
- Growing financial literacy (1%)
- Selling home/downsizing to save money (1%)
- Diversifying income/finding alternative income (1%)
- Other (2%)
- Don't have/am not making financial goals for 2024 (11%)
- Don't know (3%)

Inflation tops concerns for overall financial situation

While the majority of Canadians may be positive when it comes to their overall financial situation, their top three concerns for the next twelve months are inflation/rising costs of household goods (e.g. gas, utilities, groceries, consumer goods 61%), rising interest rates (28%), and low Canadian economic growth/recession (25%). The remainder include:

- High government spending (21%)
- Low wages/lack of wage growth (19%)
- Value of the Canadian dollar (18%)
- International political climate (17%)
- The impact/cost of climate change and related events (17%)
- Ups and downs in the stock market (16%)
- High level of household debt (14%)
- Renewal of a mortgage at higher interest rates (12%)
- Loss of job/income (11%)
- Unemployment/lack of employment opportunities (11%)
- High real estate prices/competitive housing market (10%)
- Challenging business climate (8%)
- Having to sell my home to make ends meet (5%)
- Other (7%)

Majority have a recession on their mind

A majority (67%) of Canadians believe the economy is either heading into (36%) or currently in (31%) a recession. This contrasts with just a fraction (5%) who say that Canada is in either an economic boom (3%) or is headed towards one (2%). The remainder (28%)

think the economy is either holding steady (10%), coming out of a recession (3%), or don't know/are unsure (15%) of where the economy is headed.

Most believe they can withstand a recession

Most (60%) Canadians believe their financial situation is secure enough to withstand a recession. This is most likely to be the case for those who are the oldest (aged 55+ 74% compared to those who are <55 years old 51%), men (66% versus women 54%), those with the highest earnings ($100K+ 70% versus those with less income $50K-$99K 67%/<$50K 47%), and those living in British Columbia (69%), followed by those residing in Manitoba/Saskatchewan (64%), Quebec (63%), Atlantic Canada (59%), Ontario (57%), and Alberta (53%).

Those Canadians least likely to believe that their financial situation is secure enough to withstand a recession (37%) are those with the lowest income (<$50K 49%), those who are the youngest and middle-aged (18-54 45%), women (43% versus men 32%), and those living in Alberta (44%), Atlantic Canada (41%), and Ontario (39%).

Any discrepancies in percentages between the above categories are due to a fraction (3%) of Canadians who indicated that this scenario is "not applicable" to their personal financial situation.

Majority feel financially prepared for the unexpected

Most (64%) Canadians feel prepared for any kind of unexpected financial event or hardship (i.e., job loss, emergency repair, unexpected bill). Those most likely to be prepared for such a happening are the oldest Canadians (aged 55+ 78%), men (72% versus women 57%), those with middle income or higher ($50K-$99K+ 70%), and those living in British Columbia/Québec (70%) and Manitoba/Saskatchewan (68%).

This is contrasted with the remaining third (36%) who don't believe that they are prepared for such a circumstance and are most likely to be comprised of those who are middle aged and younger (35-54 47%/<34 44%), those earning the least (<$50K 46%), women (43% versus men 28%), and those residing in Alberta (43%), Atlantic Canada (41%), and Ontario (40%).

Financial advice to help with the unexpected

Regardless of how prepared they may feel for any kind of unexpected financial event or hardship, when asked what kind of financial advice would most help them feel more prepared, Canadians responded with the following:

- Strategies to offset the impact of inflation/rising costs (21%)
- Help with managing the cost of living (20%)
- Help with investing (17%)
- Help building savings/learning strategies to save more easily (15%)
- Ways to build and stick to a budget (14%)
- Help with finding a balance between saving and spending (13%)
- General tips and tools to help better manage cash flow (12%)

- Help with balancing debt payments or consolidating debt to lower interest vehicles (12%)
- Help with reassessing financial goals (8%)
- Other (3%)
- Don't need advice to help me feel more prepared (35%)

Taking on more debt in the last year

One quarter (26%) of Canadians admit to having taken on more debt in the last twelve months. This group is most likely comprised of those who are the youngest (aged 18-34 36% versus those who are older 35-54 28%/55+18%), women (29% versus men 23%), and those with the lowest income (<$50K 29% compared to those who are older 26%). Those most likely to have taken on year live in Ontario (31%), followed by those residing in Atlantic Canada (29%), Manitoba/Saskatchewan (26%), Québec (22%), and British Columbia/Alberta (21%).

Top reasons for more debt

For those who have taken on more debt in the last year (26%), the reasons for doing so are as follows:

- Increased cost of living (46%)
- Day-to-day items beyond monthly income (e.g. groceries, clothing, gas 38%)
- Unexpected financial emergency (17%)
- Home repair/renovation (17%)
- Higher costs of borrowing money (e.g. mortgage 14%)
- New vehicle (11%)
- Medical or Care-related Expenses (11%)
- Loss of income (10%)
- Loss-of-job (7%)
- Education (7%)
- Bought a home (6%)
- Growing Family (5%)
- Vacation (5%)
- Gave or loaned money to a loved one to help with a significant purchase (e.g. down payment on a home 4%)
- Luxury items(3%)
- Borrowed to invest (ex. Stocks, bonds, income property 3%)
- Death of a spouse (2%)
- Divorce (2%)
- Marriage/Wedding (1%)
- Other (7%)

Concern about job security

A significant minority (43%) of those Canadians currently employed admit to being concerned about their job security given the present economic environment. Those workers who are most concerned are those with the least amount of income (<$50K 51% versus those with higher earnings of $100K+ 42%/$50K-$99K 38%), those who are the youngest (aged 18-34 68% versus those older aged 35-54 40%/55+ 21%), and almost equally women

(44%) and men (42%). This concern is most acute among workers in the province of Ontario (54%), followed by those living in Manitoba/Saskatchewan (44%), Alberta (43%), Atlantic Canada (42%), Québec (34%), and British Columbia (31%).

What to do with a windfall

Asked to imagine either winning or receiving $5,000 tomorrow, the following is a ranked list of where they'd most likely put their unexpected windfall:

- Put it in the bank/savings account/save it (36%)
- Invest (e.g. TFSAs/stocks/bonds/GICs 23%)
- Pay bills/everyday expenses (20%)
- Pay off credit card debts (19%)
- Pay off other debt loans/lines of credit (18%)
- Go on a vacation (10%)
- Save for retirement/invest in an RRSP (10%)
- Give it to family/buy gifts for family (7%)
- Renovate home (7%)
- Put a down-payment on/pay off your mortgage (6%)
- Save for education/children's education (5%)
- Donate it to a charity/church (4%)
- Put money toward a new home (4%)
- Buy a car (4%)
- Throw a great party (2%)
- Buy/open a business (1%)
- Other (4%)

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Methodology

These are the findings from Maru Public Opinion online panel survey undertaken by its sample and data collection experts at Maru/Blue from November 7-8, 2023, among a random selection of 1,511 Canadian adults who are Maru Voice Canada panelists. The results were weighted by education, age, gender, and region (and in Quebec, language) to match the population, according to Census data. For comparison purposes, a probability sample of this size has an estimated margin of error (which measures sampling variability) of +/- 2.5%, 19 times out of 20. Respondents could respond in either English or French.

Panel and data services provider Maru Blue is deeply rooted in the Maru/HUB technology platform and offers on-demand, high-quality, highly scalable online community samples of deeply engaged, known respondents. Excerpts from this release of findings should be properly attributed, with interpretation subject to clarification or correction.

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