

Regional debt and saving advice for Canadians

By Carmen Chai

Depending on where you are in Canada, you may deal with a specific set of financial issues. For instance, the West Coast is battling incredibly high costs of living and record rates of unemployment while Eastern Canadians don't know if they'll have the funds they need to retire or stop relying on credit to make ends meet.

In an Ipsos poll conducted on behalf of insolvency services provider MNP Debt, 48 per cent of Canadians said they have \$200 or less in their budget after paying all bills and making debt payments, and 26 per cent said they already do not make enough to cover their bills. About 30 per cent said finances are so tight, they foresee taking on more debt to pay for regular household needs in 2016. The MNP poll also points to distinct regional trends when it comes to debt.

"Canada is a huge country, and what's happening in some provinces doesn't touch others as much," says Judith Cane, an Ottawa-based personal finance expert. "Alberta may be struggling with job losses, especially from high wages, but in Newfoundland, the issues are around too many seniors and not enough people to fill jobs."

"In all of these cases, you need a savings and an emergency plan because you don't know what's going to happen," says Brian Betz, a Calgary-based expert.

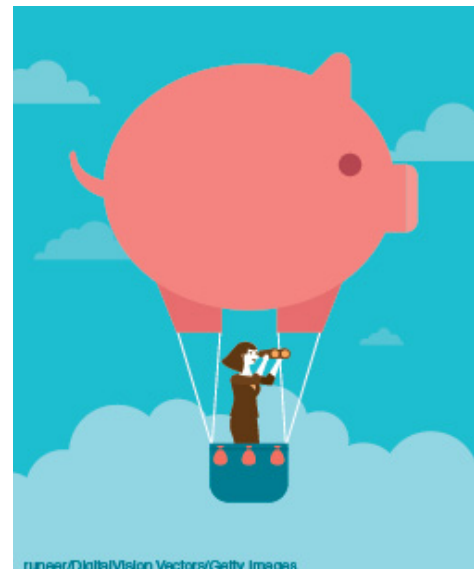
Cane, Betz and **Vancouver-based Annie Kvick, a money coach with Money Coaches Canada**, offer their diagnoses of money issues in different parts of Canada along with their prescriptions to solve the problems.

Alberta and the Prairie provinces

Diagnosis: Income losses are forcing Albertans to use credit and emergency savings to make ends meet.

Alberta's economy is taking a beating because it's so tied to the oil industry, and the oil glut has caused massive layoffs. Many people in the Prairie provinces rely on natural resources for jobs as well, and the industry has also declined in those provinces.

Unemployment is shaking the once-wealthy region. In the MNP report, Albertans were the most likely to look for information about financial insolvency and bankruptcy.



"There's been anywhere from 20,000 to 30,000 jobs out of Calgary and 100,000 jobs lost out of Alberta alone," Betz says. "Unemployment is a huge issue for people and the latest statistics have always shown Alberta's average income is \$20,000 more than the average Canadian income. Our debt levels here are obviously correspondingly higher."

Solution: Adjust your standard of living to match your reduced income level immediately, Betz says.

This isn't temporary because income levels may not return to what they were before. Families in Alberta need to downsize their homes or rent out spare space for a second income stream, get out of vehicle loans for second cars and do what they can to trim their budgets, Betz says.

"You're trying to do the same thing with less money," he says. "Now you need to figure out how much the gap between your earning and spending is and close it." It's OK to seek professional help from a debt counsellor, financial planner and even an insolvency trustee, Betz says. "If somebody is in a lucrative oil and gas job and they lose their job and can't find another, they cannot carry the debt they established previously, so bankruptcy is an option," he says.

British Columbia

Diagnosis: Too many financial priorities to address with too little income. The western-most part of Canada is grappling with skyrocketing home prices and a major divide between rich and poor, Kvick says. The MNP report shows that 15 per cent of B.C. respondents feel they'll never be debt-free.

"Our incomes don't match our high cost of living," Kvick says. "It's really, really tough for people in B.C. to have money left over to live and have savings and go on vacations. We're too busy to be able to tend to our finances and it's easy to overspend and rely on credit and not pay attention to what's going on."

Solution: B.C. families need to stop relying on credit to make ends meet. To do so, they need to pick out only a few financial goals they want to reach so they aren't spreading their finances too thin.

"Often, you have too many priorities and they become conflicting goals," Kvick says. "Instead pick three top things."

That could mean one short-term goal, such as saving a portion of each paycheque for three months, a medium-term goal, such as paying off your lowest balance credit card, and one long-term goal, such as saving for a down payment on a new home.

Financial planning is key for success in B.C. You need to know all of the moving parts to your budget to make sure you aren't racking up debt.

Ontario and Eastern Canada

Diagnosis: People aren't setting realistic short-term and long-term goals for repaying debt, building an emergency fund and retiring.

Ontario and Eastern Canada haven't been on as much shaky ground as their West Coast counterparts, but they're still dealing with retirement and debt concerns.

Fifteen per cent of Ontarians say they'll never be debt free, and the average debtor thinks it will take about eight years to climb out of debt - the longest of any province. It will take Quebec debtors seven years and those in the Atlantic provinces six years.

These numbers worry Cane because she's not sure if consumers understand the gravity of the sacrifices they'll need to make to cross the finish line. "If someone calculated how long it'll take to get out of debt and it's within eight years, it's a lot of debt to carry," she says.

Solution: Carve out a concrete debt repayment plan that has checkpoints to monitor your progress and an end date.

"You need to get pen to paper for a solution to get out of debt," Cane says. Make a plan with the help of a credit counselling organization that can consolidate your debts, or put together a blueprint on your own.

You'll also need to figure out why you're accruing your debts: is your cost of living out of reach for your income or are you splurging on miscellaneous categories in your budget too much?

If all else fails, follow universal advice

Wherever you are in Canada, and regardless of income, financial woes abound. With that in mind, the experts have universal advice that boils down to having a comprehensive understanding of your financial situation and how you can improve it or sustain it if you're on the right track.

"Problems are always going to come up and nothing is static or set in stone," Kvick says. "You have to think of your short-term needs and long-term goals and make sure your cash flow makes its way over to these priorities."