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The Daily

Statistics Canada

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- The asset and debt position of family units varied widely in 1999. Overall, Canadians had about $16 in debts for every $100 in assets. Lone-parent families, most of which are headed by women, had a debt burden almost twice the national average. Families headed by a senior aged 65 or over had the smallest debt burden.
- The single most important non-financial asset for Canadians in 1999 was their principal residence, which accounted for 38% of total assets. The most important financial asset was their Registered Retirement Savings Plans, accounting for 12% of total assets. Mortgages accounted for more than three-quarters of total debts.
- In 1999, the estimated median net worth of all family units — that is, both unattached individuals and families of more than two people — was $81,000.
- The 10% of family units with the highest net worth held 53% of all personal wealth in the country in 1999.
- After making the data comparable, median net worth for all family units increased about 11% between 1984 and 1999, in constant 1999 dollars. Net worth increased considerably for family units headed by a senior aged 65 and over during this period, but remained virtually unchanged for young couples with children.
- The number of family units with student loan debt increased almost three-fold between 1984 and 1999, to 1.4 million. Student loans comprised a significant debt load for younger families.

Survey of Financial Security

1999

Data are available today from the 1999 Survey of Financial Security, which provides the most comprehensive statistical portrait yet of Canadians' net worth.

This survey, which covered about 16,000 responding households, collected information on the assets and debts of families and unattached individuals from May to July 1999. It obtained data on the value of all major financial and non-financial assets, and on the money owing on mortgages, vehicles, credit cards, student loans and other debts.

The survey found that, in 1999, Canadians overall had on average an estimated $16 in debts for every $100 in assets. However, the debt burden was much higher for some types of families such as lone-parents families, most of which are headed by women.

Canadians had debts estimated at $458 billion, three-quarters of which took the form of mortgages. Loans on owned vehicles amounted to about $29 billion, or 6% of the total, while student loans (3%) and credit card debts (3%) each exceeded $14 billion.

Total assets, everything from stocks and bonds to principal residences, amounted to almost $2.9 trillion. The single most important non-financial asset for Canadians was their principal residence, which accounted for about 38% of total assets. The most important financial asset was their Registered Retirement Savings Plans (RRSPs), which represented 12% of all assets. (The value of employer-sponsored pension plan benefits was not used to calculate assets.)

The median net worth of Canada's estimated 12.2 million family units was about $81,000; half of all family units had net worth more than this figure, and half had less. Net worth is the amount an individual or family would clear after selling all assets and paying off all debts.

There were substantial differences in the distribution of net worth among family units in 1999. The 10% of family units with the highest net worth held 53% of all personal wealth in 1999. The 10% at the low end of the net worth scale actually had negative net worth; they owed more than they owned. By comparison, the top 10% of families in the United States hold about two-thirds of all personal net worth, according to 1998 U.S. data.

Survey results showed that net worth increases with income as well as with the number of earners in a family, age, level of education and type of occupation.

Note to readers

The Survey of Financial Security is the first asset and debt survey conducted by Statistics Canada since 1984. It was developed with the support of Human Resources Development Canada, Canada Mortgage and Housing Corporation and Industry Canada. Information was collected between May and July 1999 from roughly 16,000 responding households.

Most of the information on assets and debts was collected for the family unit, and not for each individual in the family. The term family unit includes both unattached individuals and families of two or more. Families of two or more are referred to as economic families, defined as a group of two or more persons who live in the same dwelling and are related to each other by blood, marriage, common law or adoption.

It should be noted that the value of employer-sponsored pension plan benefits was not used to calculate assets. This will be the subject of a later release, in the fall of 2001.

Seniors had lowest debt burden

Canadians averaged $16 in debts in 1999 for every $100 in assets. However, this debt burden varied widely among families, as well as unattached individuals in certain age groups.

Lone-parent families, most of which are headed by women, had a debt burden almost twice the national average, about $29 for every $100 of assets. Two-parent families with children owed $23 for every $100 of assets.

The lowest debt burden was among family units in which the person with the highest pre-tax income was a senior aged 65 and over. Senior family units owed just $3 for every $100 in assets. Unattached senior men owed only $2 for every $100, while senior women owed just $1. The data suggest these family units have paid off most of their debts over their lifetime, while accumulating assets.

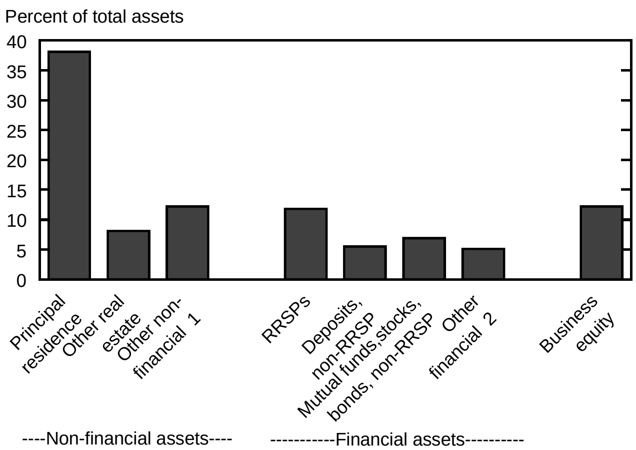
Younger people carried the largest debt burden. Family units headed by a person under 25 owed $31 for every $100 of assets. However, the debt burden for family units in this age group who didn't own their principal residence soared to $53 for every $100 in assets, largely because of student loans.

Among the group aged 25 to 34, individuals with a mortgage shouldered the heaviest debt burden, owing about $46 for every $100 in assets. Almost 85% of this debt was for the mortgage on their home.

Composition of assets and debts

For purposes of this survey, assets are divided into three main categories. Financial assets, such as RRSPs, stocks, bonds and mutual funds accounted for 29% of total assets. Non-financial assets, such as the principal residence, other real estate, owned vehicles and household contents accounted for just over 58% of assets. The remainder, about 12%, was equity in business.

Principal residence the largest asset



[1] Includes vehicles.

[2] Includes other registered plans.

Of total financial assets, 40% was held in RRSPs. Fifty-five percent of family units had RRSPs; in family units where the major income recipient was 45 to 54, the proportion was 71%. Among family units that had them, the median amount of the RRSP was $20,000. Among family units headed by someone 55 to 64, the median reached $50,000.

Principal residences accounted for 65% of non-financial assets. An estimated 60% of family units owned their home. This proportion was lowest (36%) for family units in which the person with the highest income was under 35. It increased to 75% where the head of the family unit was aged 55 to 64.

Mortgages on the principal residence accounted for 66% of the debt of family units. The remaining debt was in the form of student loans and consumer credit, which include vehicle loans, credit card and line of credit debt.

Student loans were held in 12% of family units. This proportion increased to 31% of family units in which the major income recipient was under 25. The median student loan owed by family units reporting them was estimated at $7,300.

Student loans represented 52% of the debt of family units headed by someone under 25 who did not own their principal residence.

Credit card and instalment debt was reported by 50% of family units in which the major income recipient was 25 to 34. Older age groups carried far less such debt. Only 15% of individuals or families headed by a senior reported credit card or instalment debt.

Substantial differences in distribution of net worth

The median net worth of Canada's 12.2 million family units in 1999 was estimated at $81,000.

The survey ranked family units into 10 deciles from lowest net worth to highest. It found a substantial gap between the family units in the bottom 10% and those in the top 10%.

The family units in the top 10% of the scale had a median net worth of $703,500. Family units in the lowest 10% actually had a negative net worth, about -$2,100, meaning they owed more than they owned.

The wealthiest half of family units held 94% of the total personal net worth in 1999, while the other half held 6% of total personal net worth.

Distribution of net worth by decile

Deciles (family units ranked by net worth)	Total net worth	Median net worth
	%	$
All family units	**100**	**81,000**
Lowest 10%	--	-2,100
Second 10%	--	3,100
Third 10%	1	14,300
Fourth 10%	2	35,500
Fifth 10%	3	64,700
Sixth 10%	5	101,500
Seventh 10%	8	152,600
Eighth 10%	11	220,800
Ninth 10%	17	338,100
Highest 10%	53	703,500

- - *Amount too small to be expressed.*

Families headed by seniors had highest median net worth

To analyse median net worth further, the survey divided family units into two broad categories. These were economic families, a group of two or more people who live in the same dwelling and are related to each other by blood, marriage, common-law or adoption; and unattached individuals, someone living either alone or with others to whom he or she is unrelated.

The estimated median net worth of economic families of two or more people amounted to $119,300 in 1999. Again, median net worth varied substantially according to different types of economic families.

Families in which a senior was the major income recipient had the highest net worth of any type of family unit, $202,000. The fact that many seniors live in their own mortgage-free home accounts for this to a large extent. However, this net worth should not be interpreted to mean that all senior families have relatively high net worth, nor relatively high incomes. The median after-tax income of senior families was $32,000, almost $14,000 lower than for younger families.

Distribution of family types showing median net worth and median income

Family type	Median net worth	Median after-tax 1998 income
	$	
All family units	**81,000**	**33,400**
Economic families of two or more	119,300	43,000
Senior families	202,000	32,000
Non-senior families	105,500	45,800
Couples only[1]	125,800	44,800
Couples wih children under 18	100,500	48,400
Lone-parent families	14,600	21,800
Other non-elderly families	151,000	52,300
Unattached individuals	21,700	16,700
Men 65 and over	111,100	17,700
Women 65 and over	76,600	15,300
Men under 65	11,200	19,800
Women under 65	12,000	15,600

... *Figures not appropriate or not applicable.*
[1] *No children at home.*

The median net worth of lone-parent families was considerably lower, $14,600. Couples with children under 18 years of age had a much higher median net worth, $100,500. By the same token, the median after-tax income in 1998 was a good deal lower for lone-parent families, $21,800 — compared with $48,400 for two-parent families with children under 18.

Unattached individuals: senior men had highest median net worth

Unattached individuals had a median net worth in 1999 of $21,700. This level was much lower than the net worth of economic families primarily because of income. Twenty percent of unattached individuals under 65 had no earnings, compared with just 7% of non-elderly families of two or more people. As well, about 71% of non-elderly families benefited from having two or more incomes from employment.

Unattached senior men were far better off with respect to net worth than their younger counterparts. The median net worth of an unattached senior in 1999 was $111,100, compared with only $11,200 for unattached men in the rest of the population.

Similarly, senior unattached women had a median net worth of $76,600, compared with only $12,000 for their counterparts under 65.

Among provinces, median net worth was highest for Ontario families

Among the provinces, median net worth was highest in 1999 for family units in Ontario, $101,400. Newfoundland families had the lowest net median worth, about $53,000.

Income levels explain most of the wide variation in net worth. In Newfoundland, 31% family units had after-tax income in 1998 of less than $20,000, compared with only 21% of family units in Ontario.

In Newfoundland, 73% of family units owned their principal residence, the highest proportion among the provinces. However, the median value of their homes was $60,000, less than half the national median of $125,000.

Median net worth by province

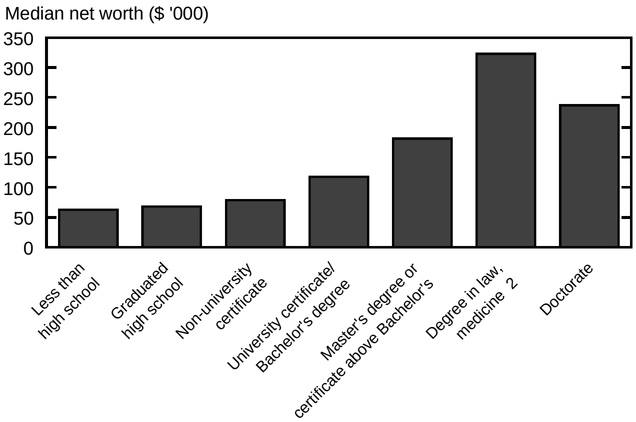
	Family units	Own principal residence	Income under $20,000[1]	Median net worth
		%		$
All provinces	**100**	**60**	**26**	**81,000**
Newfoundland	2	73	31	53,000
Prince Edward Island	- -	67	30	76,100
Nova Scotia	3	64	32	68,100
New Brunswick	2	70	31	65,400
Quebec	26	55	31	61,300
Ontario	37	60	21	101,400
Manitoba	4	64	28	79,300
Saskatchewan	3	69	30	97,300
Alberta	9	66	24	95,400
British Columbia	14	58	28	94,800

[1] *After-tax family income in 1998.*
- - *Amount too small to be expressed.*

Education one of the key determinants of net worth

Education was one of the most important determinants of net worth. Family units in which the individual or major income recipient did not graduate from high school had a median net worth of $62,500. When the major income recipient has a bachelor's degree, median net worth almost doubled, to $117,500.

Education[1] makes a difference



1 For families, relates to major income recipient.

2 Also includes degrees in dentistry, veterinary medicine and optometry.

Median net worth rose to $323,000 if the individual or major income recipient had a professional degree in law, medicine, dentistry, veterinary medicine or optometry.

Looking at it another way, the family unit whose highest income earner had a bachelor's degree had a median net worth 70% higher than if that person had had a high school diploma. If that person had a master's degree, median net worth was 2.7 times higher, and if they had a doctorate, 3.5 times higher.

Occupation also a factor

Occupation, like education, is a key determinant of net worth. Family units in which the occupation of the unattached individual or major income recipient was classified as management had the highest net worth. Those with the lowest net worth worked in sales and service. This included childcare workers, retail salespersons, cashiers, chefs, cooks and persons providing food and beverage services, protective services and travel and accommodation services.

Again, a relationship can be seen between income and net worth. Most persons in occupations with higher after-tax income also had higher net worth. This was not true for those working in occupations related to primary industry, which includes persons involved in agriculture, fishing and forestry, other than labourers. Their net worth is related less to recent income than to their business equity, that is, the value of the property and equipment required to conduct their business.

In addition, self-employed individuals had a much higher net worth than paid workers. Family units in which the major income recipient had earnings from self-employment had a median net worth of $216,200, about three times higher than the level of $71,300 among paid workers.

This was not related as much to income as to the fact that business equity was a much more important asset for the self-employed than for paid workers. Business equity represented 33% of total assets for the self-employed, compared with only 8% for paid workers.

Historical perspective: changes from 1984 to 1999

Comparison between 1999 estimates and those of 1984, when this type of survey was last conducted, must be made with caution for two reasons. First, there were differences in the content and method of collecting the information for the 1984 and 1999 surveys. Second, during this period significant changes occurred in the economy, the structure of families, investment options and strategies, and the tax system.

To allow data for the two years to be compared, values for three items in the 1999 survey were removed because they were not included in the 1984 survey. These were: contents of the home, collectibles and valuables, annuities, and registered retirement income funds. All comparisons between 1984 and 1999 have been made in 1999 constant dollars.

On a comparable basis, overall median net worth for all family units increased about 11%, from $58,400 in 1984 to $64,600, in constant 1999 dollars. During this period, estimates of after-tax income of family units remained virtually unchanged.

This increase in median net worth was not shared equally by all family units. The median net worth of family units in the highest 20% of the population increased 39% to $403,500, while there was little change in the net worth among the family units in the lowest 20% of the population.

Net worth increased substantially for family units in which the major income recipient was aged 55 and over, while it decreased for all younger family units.

The net worth of couples with children was virtually unchanged in 1999 compared with 1984. Over the same period, family units headed by a senior, and couples with no children at home, did much better. The median net worth of unattached seniors increased 69% from 1984 to 1999, while it rose 42% for both senior families and couples who had no children at home.

Although the median net worth of lone-parent families increased during the 15-year period, relatively speaking they were significantly less well off financially than any other type of family unit in both years.

Changes in assets: RRSP investments grew by more than six times

The most significant change in the composition of assets since the 1984 survey occurred in the amount invested in RRSPs.

The aggregate amount in RRSPs in 1999 was 6.4 times larger than in 1984, measured in constant 1999 dollars, by far the largest growth of any single asset. In comparison, total assets were 1.8 times larger in 1999 than in 1984.

In addition to increased use of RRSPs, amendments in the late 1980s to legislation regulating employer pension plans made it possible for many employees leaving their job to take their pension accumulations with them, and put them in a locked-in RRSP. Those amounts are included in the RRSP amount for 1999. In 1984, those funds were most often left in the pension plan. Employer pension plan assets are not included in estimates of net worth for either 1984 or 1999.

The 55% of family units that held RRSPs in 1999 was a sharp rise from 28% in 1984. The biggest increase occurred in the 25-to-34 age group, where the proportion of family units with RRSPs more than doubled from 23% to 59%.

The 1984 median value of an RRSP increased 2.1 times to $20,000 in 1999. For family units in which the major income recipient was 55 to 64, the median RRSP was $50,000 in 1999, 3.3 times the 1984 median.

Changes in debts led by six-fold increase in student loans

The other notable change during this 15-year period was the growth in student loan debt.

The aggregate amount of outstanding student loans was 6.2 times higher in 1999 than in 1984. More than 1.4 million family units reported student loan debts in 1999, up from about 490,000 in 1984.

The median student loan debt rose from $3,400 to $7,300.

The Assets and debts of Canadians: An overview of the results of the Survey of Financial Security (13-595-XIE, free) is now available on Statistics Canada's Web site (*www.statcan.ca*). Summary data tables are also available free of charge on the *Canadian Statistics* page, choose *The people*, then *Families, households and housing*, then *Assets and debts*.

Tabulations on the *Composition of assets and debts held by all family units, Canada, regions and provinces, 1999* (13F0040XDB, $60); *Family units and net worth by net worth groups, Canada, regions and provinces, 1999* (13F0041XDB, $60); *Net worth of economic families, unattached individuals and all family units by selected family characteristics, Canada, regions and provinces, 1999* (13F0042XDB, $60) are also available.

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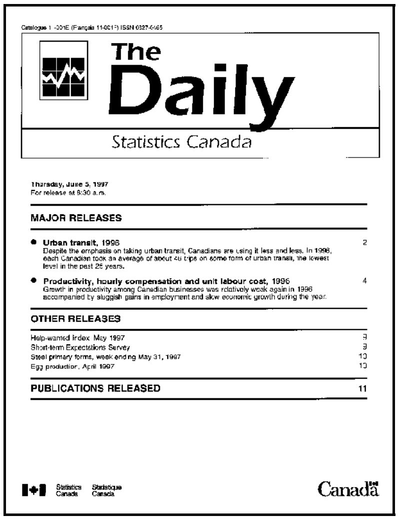

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