

How much debt is each generation of Canadians carrying, and how do you compare?

As a country, we are up to our necks in debt at a time when interest rates are at multidecade highs. But what about you?

ROB CARRICK > PERSONAL FINANCE COLUMNIST

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The Globe set out to find out how much people actually owe in these precarious times for borrowing.

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Our national anthem should be *Owe Canada*.

A decades-long rise in debt has left households owing an average \$1.83 for every \$1 taken in as after-tax income, a higher rate than the United States, Britain, Germany, France and Japan. As a country, we are up to our necks in debt a time when interest rates are at multidecade highs. But what about you?

Recognizing that averages such as the debt-to-disposal-income ratio mean little to individuals, we set out to find out how much people actually owe in these precarious times for borrowing. An informal and anonymous survey was launched in January through the Carrick on Money [e-mail newsletter](#). More than 6,150 responses were received from people in our Globe and Mail universe, but who aren't necessarily subscribers because the newsletter is free.

The survey results are shown on a decade-by-decade basis – people aged 18 to 29, 30 to 39 and so on, up to 70-plus. The numbers help to pinpoint which generations carry the most debt (on average), how much people owe (on average) and how common it is to have various types of debt at particular ages. What follows are the top stories told by the debt numbers.

Also check out the new Globe and Mail [How Am I Doing on Debt calculator](#).

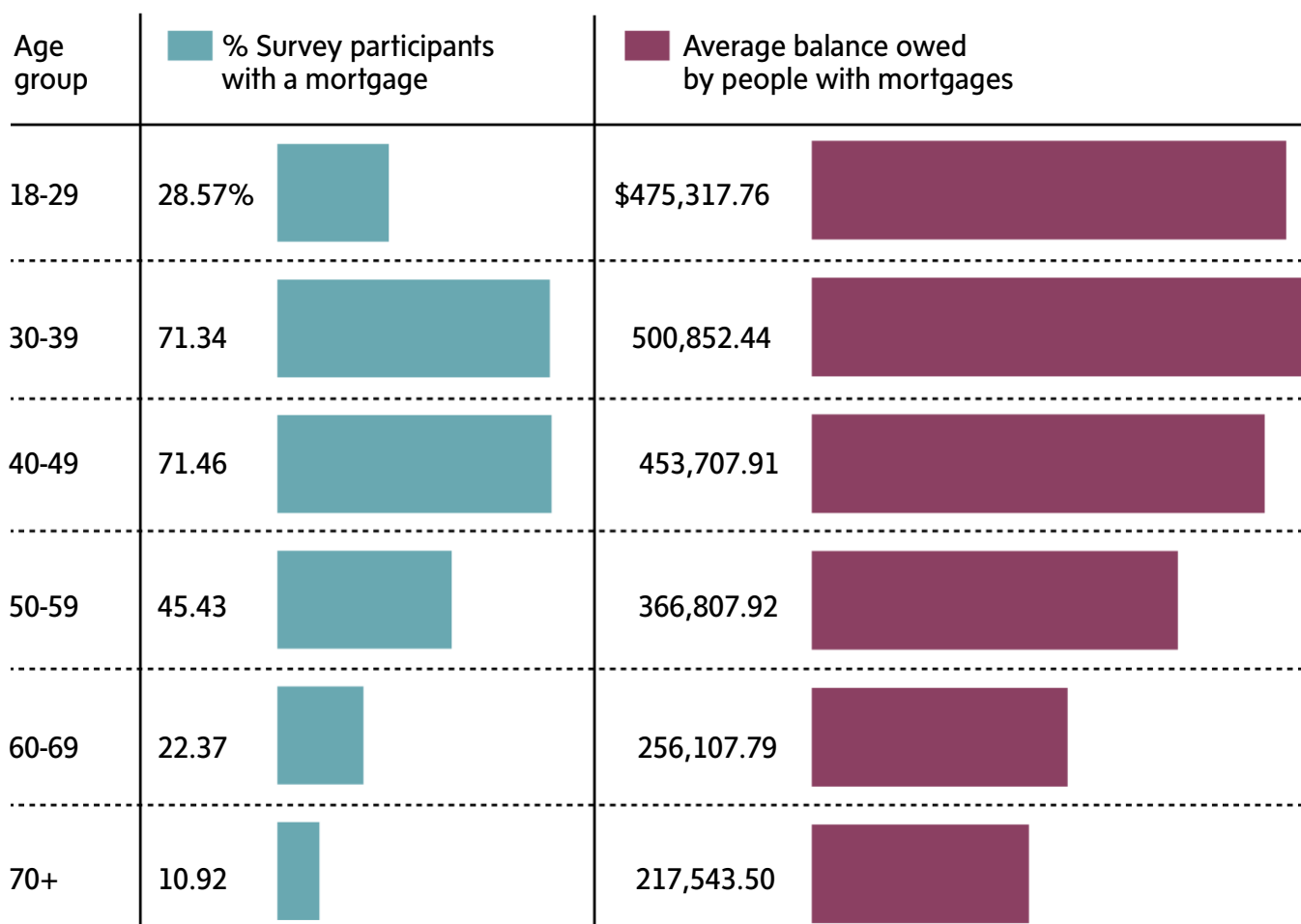
Young adult homeowners owe half a million dollars on average

Houses are expensive in Canada, even after the price declines of the past year. Yet the share of young adults in the survey with a [mortgage](#) is a robust 71 per cent. That's a little higher than Statistics Canada's 2021 national home ownership rate of [66.5 per cent](#).

Close to half a million dollars in mortgage debt is normal among the thirty- and fortysomethings who took the survey. As always in [real estate](#), average numbers reflect the blend of expensive [big cities](#), such as the [greater Vancouver and Toronto areas](#), with cheaper places to live. The national [average resale house price](#) in December was \$626,318.

High prices nationally have effectively closed off the housing market for most twentysomethings – just 28.6 per cent of them reported owing money on a mortgage. A little more than 45 per cent of fiftysomethings reported a mortgage, which suggests that a significant number of people make progress paying off their mortgages before retirement.

Average mortgages



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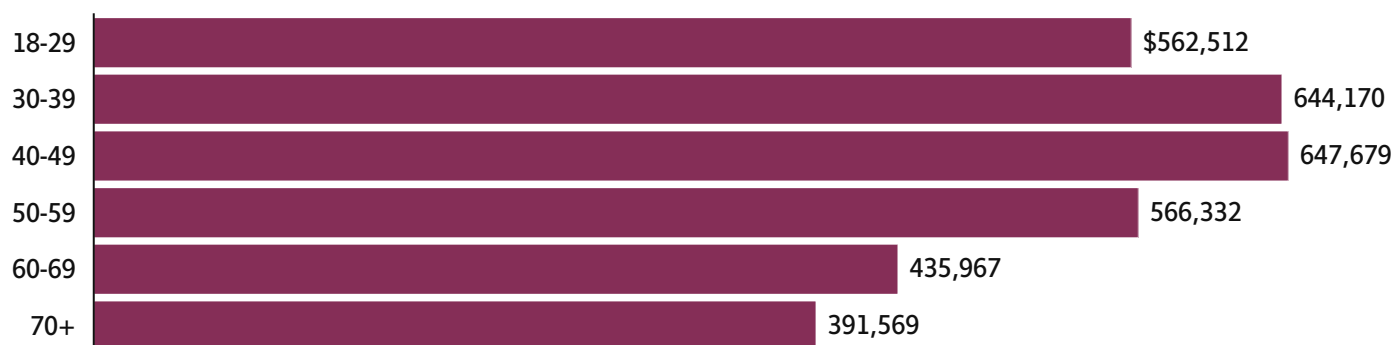
Just 22 per cent of people in their 60s reported carrying a mortgage, and 11 per cent of people in their 70s. But those who do have mortgages carry quite the load. The average balance owing for seventysomethings with a mortgage was reported at \$217,543.

Fortysomethings have the heaviest overall debt load

People in their 40s, let's call them young Gen Xers or old millennials, are the most likely to have mortgage debt, and they're second-most likely to owe money on a home equity line of credit, or HELOC, a credit card and other types of borrowing such as a car loan.

Who has the biggest overall debt load?

Average total debt, by age, for borrowers who have one of these or more: mortgage, HELOC, credit card and other debt



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The net result is that the fortysomethings with debt in our survey owed the most on these four types of debt – an average close to \$650,000. People in their 30s with debt owed an average of \$644,000 or so, putting them in second place.

The high-debt years come with mortgages and hefty child care costs. Is there hope for thirty- and fortysomethings as they reach the summit of Mount Debt? The answer is a definite yes.

Average debt levels for borrowers in their 50s dropped significantly, and the same applies to people in the 60s. As children become less financially dependent and mortgages get paid down, overall debt levels decline – up to a point.

The debt-free retiree? Not so much

It's not just mortgages. Just over 20 per cent of people in their 60s reported a balance on their HELOC, as did 15 per cent of people aged 70 and up. Average balances for people with these loans in these two age groups was well above \$100,000.

The ideal debt arc is to reach peak borrowing in your 30s and 40s, then gradually reduce what's owed in time to enter retirement debt-free. The payoff is that there's less pressure on your retirement savings because you don't have to make debt payments.

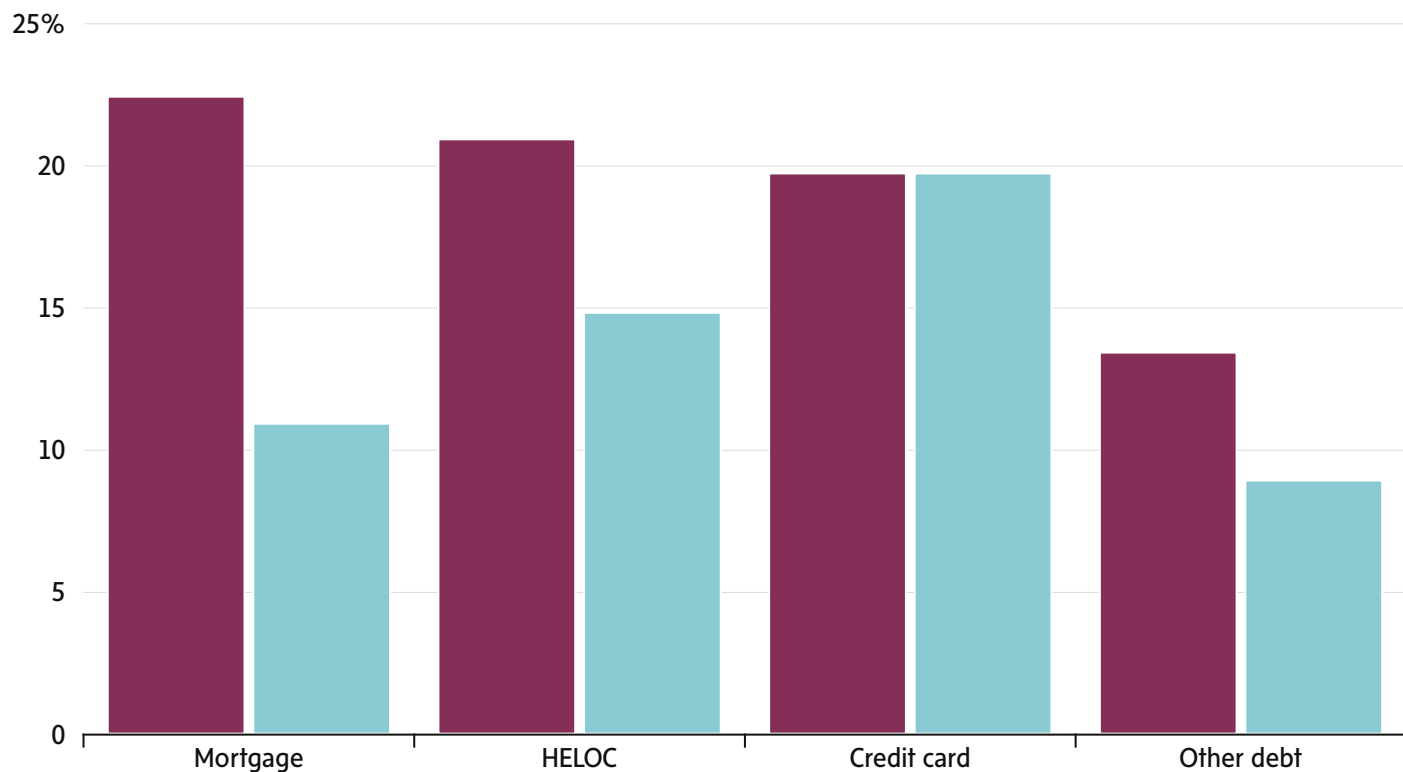
The use of a HELOC by seniors raises the question of whether they're using debt to finance their lifestyle. You can carry such debt indefinitely by just paying the interest owing every month. But the interest rate on these loans has surged in the past year or so to levels starting around 6.7 per cent. At that rate, it costs \$279 a month in interest to carry even \$50,000 in debt.

Retirees and debt

By type

% of people aged 60-69 who have this type of debt

% of people aged 70+ who have this type of debt



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A lot of people have no debt

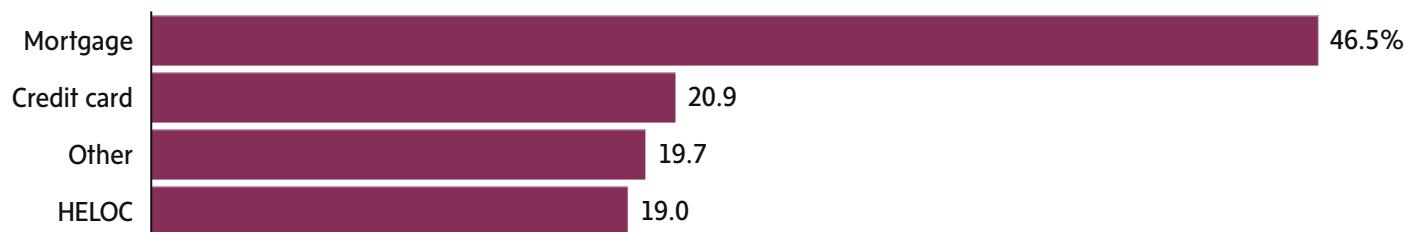
Here, we arrive at the weakness of national indebtedness measures such as the debt-to-disposable-household-income ratio. Many Canadians – more than you might think based on the economic narrative these days – have no debt. However big this country's debt burden is, it's being carried by what appears to be a minority of people in several debt categories.

Mortgage debt is almost a given in your 30s and 40s, but the overall percentage of survey participants who had a mortgage was 46.5 per cent. Close to 20 per cent reported HELOC debt, 21 per cent noted credit card debt and 20 per cent reported other debts, such as a loan for a car or another purpose.

The credit card debt numbers in the survey are lower than other measures. For example, Canadian Bankers Association statistics suggest that fewer than 30 per cent of people do not pay their card balance in full each month.

How common is debt?

% of people overall with this type of debt



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Student debt is heavy, but help is coming

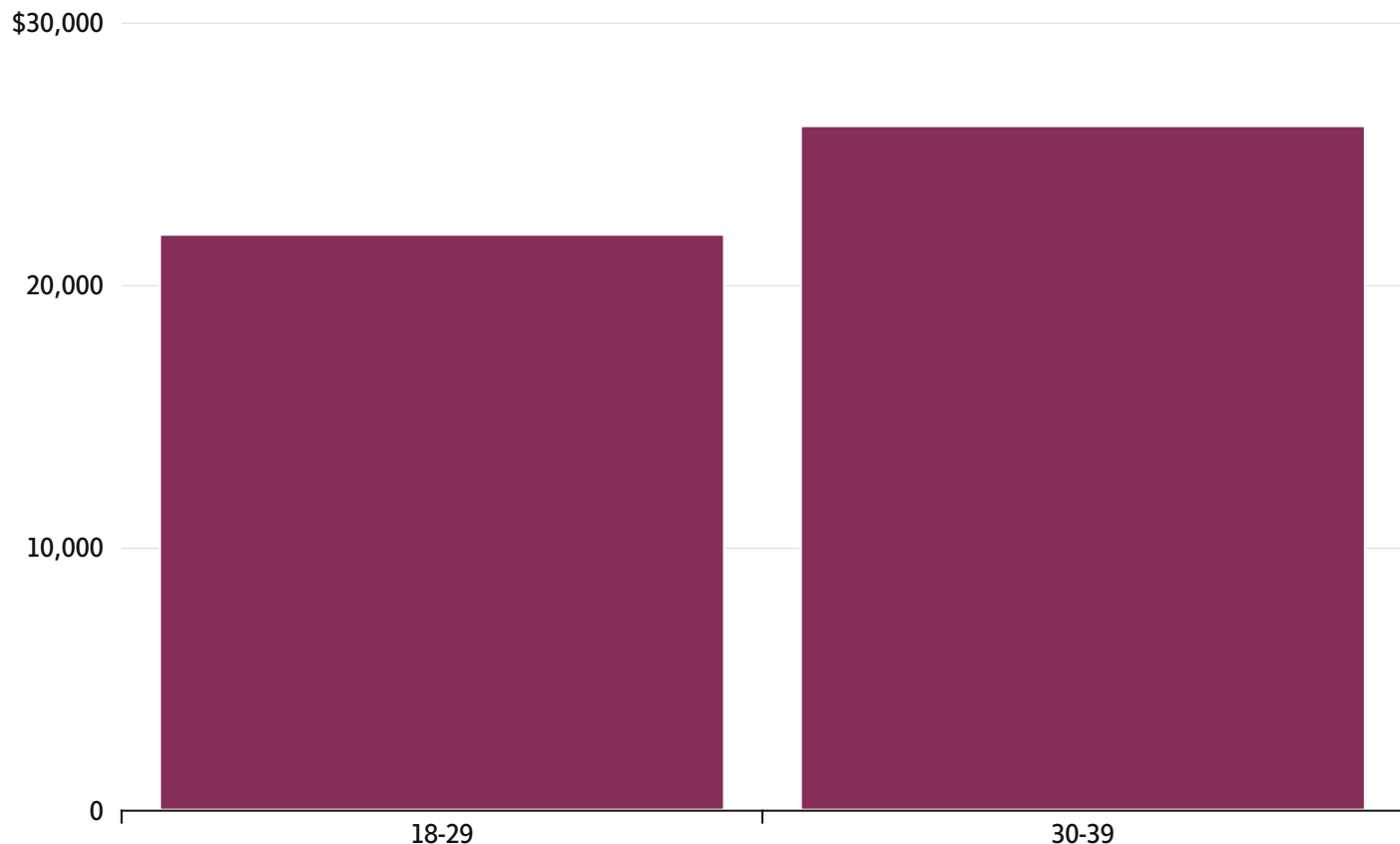
The average level debt reported by twentysomethings in the survey with student loans was \$21,905, while people in their 30s with student loans reported an average debt just over \$26,000.

Some encouraging news for everyone with student debt is that all federal government student and apprentice loans will be interest-free as of April 1, including new and existing loans. Provincial student loans may still incur interest, while student lines of credit offered by banks are unaffected.

Some context for the Canadian student debt numbers: The average U.S. student loan was US\$39,487 per borrower in 2021, according to the global credit-monitoring company Experian. That's \$52,660 in Canadian dollars.

Student debt

Average owed by borrowers who have student loans, by age



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Credit card debt is a crusher

Even in a time of higher interest rates than we've seen in decades, credit card rates stand out for being expensive. Low-rate cards charge 11.99 to 13.99 per cent a year, while conventional cards usually charge 19.99 per cent or 20.99 per cent.

We've already seen that a minority of people carry card debt. But the average card balance reported by those who do have one is \$6,343, which is high compared with other estimates of card balances. A possible explanation is a number of jumbo-sized card balances reported in the survey, including several at \$50,000 and more.

Credit card debt

Average credit card debt for borrowers who have a balance, by age



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What kind of burden is created by this level of debt and high card interest rates? A federal government [credit card interest calculator](#) shows that someone making the minimum payment every month on \$6,343 would take more than 22 years to repay this amount, with a total interest cost of \$7,661. Pay \$250 a month and you get the card bill paid off in close to three years, with interest totalling \$1,970.

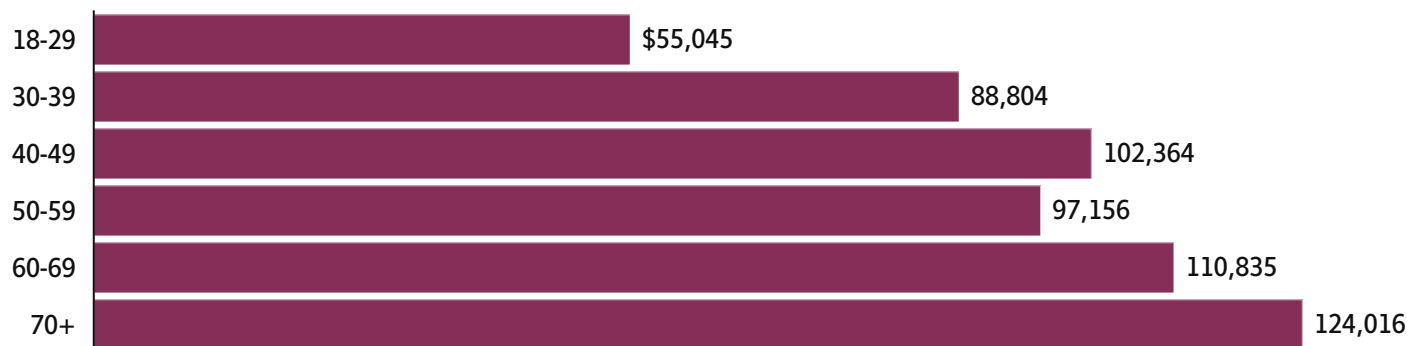
Six-figure HELOC debts are not unusual

HELOCs are the easiest way to exploit the home equity that long-time homeowners are sitting on, even after the recent slide in home prices. With these loans, you get a preferential interest rate because your debt is secured by your home equity.

The survey results show that HELOC use is far from rampant – close to 20 per cent of participants on average reported a balance on their credit line, with those 50 to 59 in the lead at almost 27 per cent and twentysomething Gen Zs trailing at 4.1 per cent.

HELOC debt

Average owed by borrowers who have drawn on their HELOCs, by age



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Those who do use HELOCs often have small balances. In the survey, hundreds of people with these loans reported balances of less than \$10,000. But there are enough heavy users to push the average debt level to six figures for all age groups from 40 onward.

High-balance HELOCs may reflect the use of these borrowing tools to buy real estate and other investments. Falling home and stock prices last year highlighted the risk of this strategy.

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