

Report: Seniors going on spending sprees

Columnist: More to higher debt loads than meets the eye

[Tom Carney](#) / North Shore News

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If you believe everything you read, and I don't, seniors in Vancouver have gone on a spending spree.

Seniors are known as savers but the Canadian credit monitoring firm Equifax is raising the alarm about the rising consumer debt load being accumulated by seniors in Metro Vancouver. Consumer debt does not include mortgages, but covers all other debt, including credit cards and car loans. Average consumer debt for Vancouverites over the age of 65 has nearly doubled since 2007 to slightly less than \$20,000. Average debt for consumers aged 65 and over increased by 6.5 per cent in the past year, the greatest year-over-year increase in all age groups.

Younger Canadians put the brakes on debt in 2012. Older Canadians kept borrowing. What's going on here? Equifax did not do an analysis of the data and that has left others to speculate.

A spokesperson for the Canadian Association of Credit Counselling Services suggests that seniors are accumulating more debt so they can continue to enjoy a pre-retirement lifestyle that they may no longer be able to afford. There is no evidence to support that.

Malcolm Hamilton, one of Canada's foremost pension experts, notes that fully retired senior households live slightly more modestly than prime age households, not because of financial restraints, but due to their frugality.

The Council of Senior Citizens' Organizations of B.C. is concerned that falling incomes and rising costs on a fixed income will push more and more seniors to the low-income or poverty line. There has been a recent increase in the percentage of seniors in Metro Vancouver falling below the poverty line. Still, poverty is lower for seniors than any other age group. The notion that most seniors in B.C. and Canada are poor or struggling is a myth. People over the age of 50 are the wealthiest demographic in Canada. They are responsible for more expenditures than any other group in Canada more than \$55 billion a year. That's billion with a B. They control 55 per cent of the nation's discretionary power. They have a per capita income that is 26 per cent higher than the national average. They own half of the credit cards in Canada and 80 per cent of the wealth in financial institutions.

I'm not suggesting that all seniors are rich - they're not. I'm simply saying that the senior demographic in Canada is much more affluent than most people think. The most logical explanation for why seniors are borrowing more than ever before is that we have record low interest rates. The most logical explanation for why the debt level of seniors in Metro Vancouver is higher than the national average is that it costs more to live here and seniors are using their savings to help their children in the high-priced real estate market in Metro Vancouver.

Regular readers of this column will know that I'm a numbers guy. If seniors were not being responsible with credit and debt it would be reflected in the statistics for bankruptcies for the group. So, I checked the Equifax report for those statistics. It turns out that the bankruptcy rate for seniors is the lowest of any demographic and it is not increasing. The takeaway here is not that debt is a problem for most seniors but rather more seniors are carrying debt than in the past and they are holding debt longer, even into retirement. That's not a problem yet but it does

bear watching.

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