

The Well-Being and Financial Well-Being of Canadians: financially vulnerable households the most challenged

E-Brief - April 15, 2021

By Eloise Duncan and Kujtim Koci, Seymour Consulting

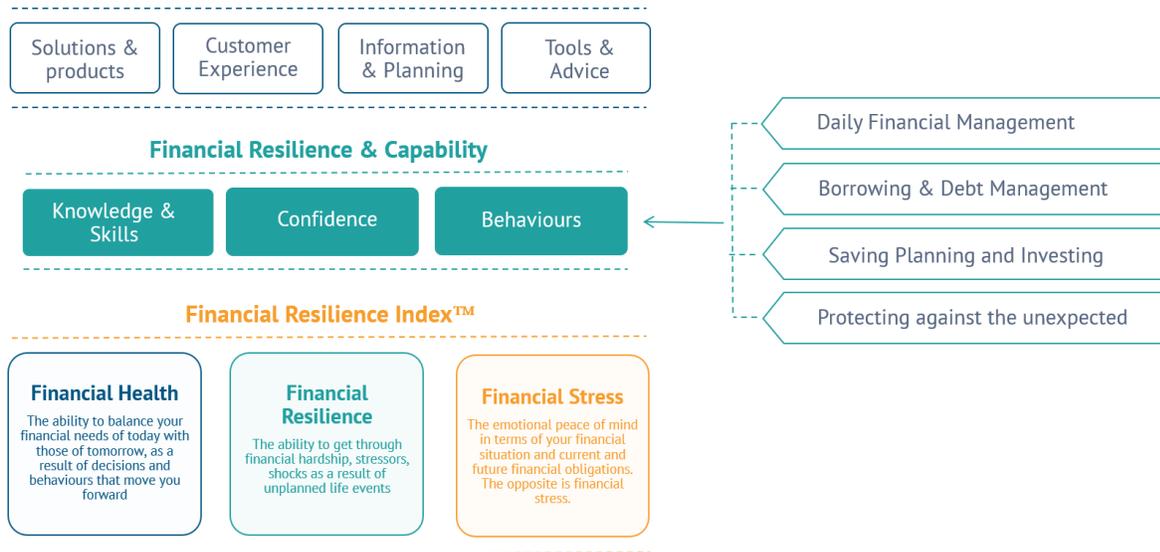
Governments, Employers, Institutions, and many stakeholders across Canada are highly focused on the well-being of Canadians. This is particularly important at this time in light of the impact of the Covid-19 pandemic which has had profound social and economic impacts on Canadians and societies around the world. Many aspects of well-being are receiving attention, with a diversity of impacts. Statistics Canada has released a report on [Canadians' Well-being in Year One of the COVID-19 Pandemic](#). This report includes insights on the financial resilience and financial well-being of Canadians, with some data insights from the Seymour Financial Resilience Index™.

The purpose of this e-brief is to provide some supplementary insights at the national level related to sample well-being impacts from financial stress and vulnerability for Canadians and more financially vulnerable populations. Data insights are also provided on the well-being and financial well-being of Canadians in 2018 (pre-pandemic) compared to February 2021.

There are many well-being frameworks including the OECD Framework for Measuring Well-Being and Progress. The Financial Well-Being studies (2017-2021) conducted by Seymour Consulting measure aspects of well-being linked to physical and emotional health and well-being; feeling connected with neighbours and community; social aspects (relationships with family and friends) satisfaction with work; and also financial well-being, with these aspects informed by the Gallup-Sharecare Well-Being Index. This measurement is inspired by our Financial Well-Being Framework developed in 2016, summarized on page two.

Global uncertainty, increasingly longer life spans, the changing nature of work; the rise of defined contribution pension plans in lieu of public pensions and other trends means that Canadians in many cases need to take increasing responsibility for managing their financial well-being and resilience. There is also a connection between financial well-being and overall well-being. Seymour Consulting has been measuring the financial health, wellness/stress and resilience of Canadians as an independent authority through the national Financial Well-Being studies since 2017 [i] This study includes measurement on the extent to which financial stress or 'money worries' = is negatively impacting the physical health, emotional well-being and other elements of well-being nationally – and how Canadians stack on up different dimensions of well-being, with Financial well-being one important dimension.

Proprietary Framework for Financial Well-Being Framework



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Financial stress and financial vulnerability have been a mainstream issue for Canada for many years well-before the pandemic, evidenced through our many published reports.

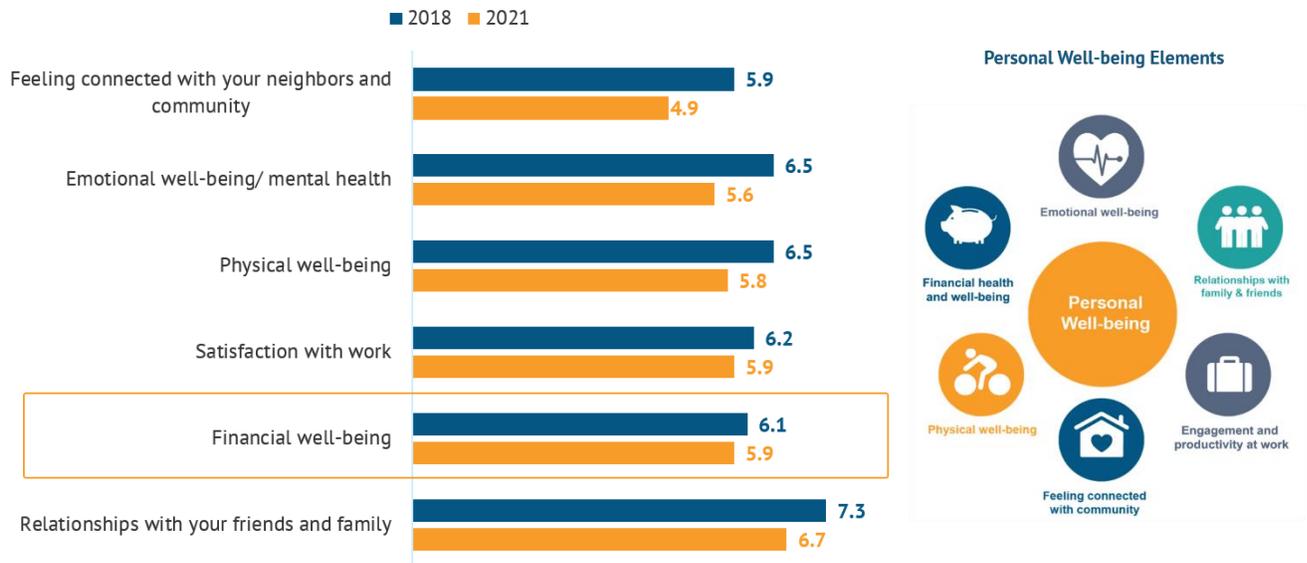
Financial vulnerability and financial stress has been a mainstream issue for many Canadians for several years, as evidenced through the 2017-2021 Financial Well-Being studies and published through our many reports over the years. The 'black swan' global event of the pandemic has caused further disruption and challenges for many Canadians (and indeed people around the world). Work-life changes, unemployment and/or reduced working hours for many households, and other financial stressors and challenges, have caused financial vulnerability for many, with the pandemic impacting households unevenly and more vulnerable populations most affected.

In 2018 and 2021, we have researched how Canadians report different dimensions of their well-being, including financial well-being. This provides data pre-and-during pandemic for the ecosystem, with this data relevant for leaders and institutions with a stake in the well-being and/or financial well-being of Canadians. The February 2021 Financial Well-Being study highlights lower mean ratings for Canadians' in terms of their emotional or mental health, their physical well-being, and their relationships with friends and family compared to 2018, reflecting impact of the work-life changes and lock-down impacts on the personal well-being of many individuals and families.

How Canadians stack up on different well-being dimensions: 2021 compared to 2018

Following are six aspects that can contribute to your overall personal well-being.

How would you rate each aspect of your life at this time? Scale of 1 to 10, where 1 is "Poor" and 10 is "Excellent." [1]



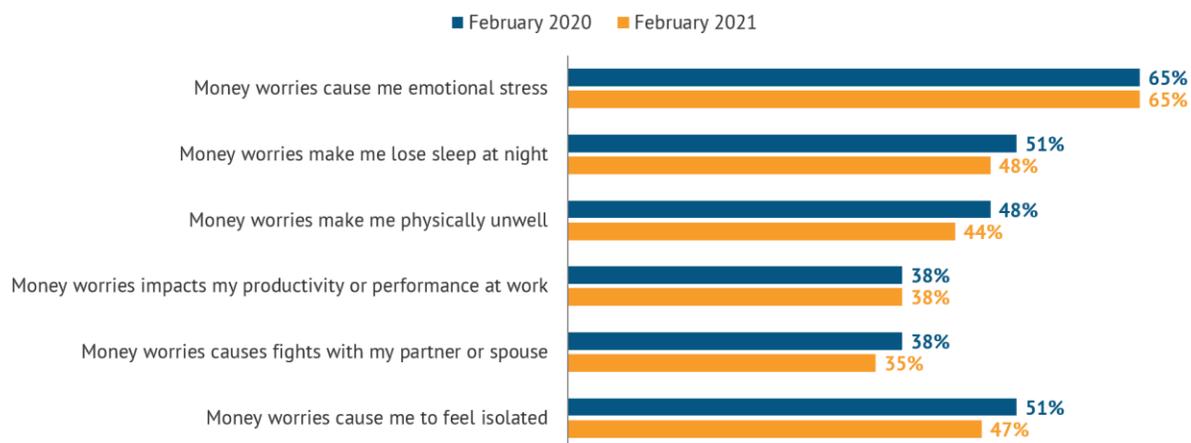
Source: February 2021 and 2018 Financial Well-Being Studies, with a sample size of 5067 adult Canadians (2018 study) and 3018 Canadian (2021 study) aged 18-70 based on a representative of the population by province, gender, age and household income. © 2021 Seymour Management Consulting Inc. All rights reserved.

'Feeling connected with neighbours and community' continues to be the lowest ranked dimension for Canadians in February 2021, as in 2018. Canadians at the national level rate their financial well-being as a "6 out of 10" with this unchanged in 2021 compared to 2018. Relationships with family and friends is the ranked dimension for 2018 and 2021, with the mean score here lower in 2021 compared to 2018, most likely in part due to the impacts of self-isolation, lock-downs and changing work-life patterns as a result of the Covid-19 pandemic.

Seymour Consulting measures many indicators of financial and debt stress, financial resilience/ vulnerability and consumer and financial behaviours through the Financial Well-Being studies. As of February 2021, based on the indicators below, at the national level financial stress levels are the same or even a bit lower compared to one year earlier in February 2020 (pre-pandemic.) Our data shows that there are many reasons impacting this, including reduced spending by many as a result of lock-down measures, increased savings behaviours, people accessing their social capital and other factors.

The impacts of money worries and financial stress on different dimensions of Canadians' well-being

February 2021 compared to February 2020 (pre-pandemic)



Source: February 2021 and February 2020 Financial Well-Being Studies, with a sample size of 3018 Canadian (2021 study) and 1016 Canadians (February 2020 study) aged 18-70 based on a representative of the population by province, gender, age and household income. © 2021 Seymour Management Consulting Inc. All Rights Reserved.

In May 2020, Seymour Consulting launched the Seymour Financial Resilience Index™ [ii] building on four years' of data and analysis from the Financial Well-Being studies. Through the Index and Financial Well-Being studies data combined, the Seymour Consulting is able to provide data on the impacts of financial stress on Canadians overall, key demographics and the four financially vulnerable segments created through the Index. Data is also available on dimensions of Canadians' overall personal health and well-being, with some high-level insights provided in this brief.

The Index measures *a consumers' ability to get through financial hardship, stressors and shocks as a result of unplanned life events*, with measurement of consumer financial resilience the national, provincial, segment and individual household levels. The Index highlights that the financial resilience of Canadians at the national level has improved as the pandemic has drawn on, in part thanks to swift and significant financial support from Government and Financial Institutions as well as to changing consumer and financial behaviours, with many people taking steps to stabilize or improve their financial resilience during the course of the pandemic.

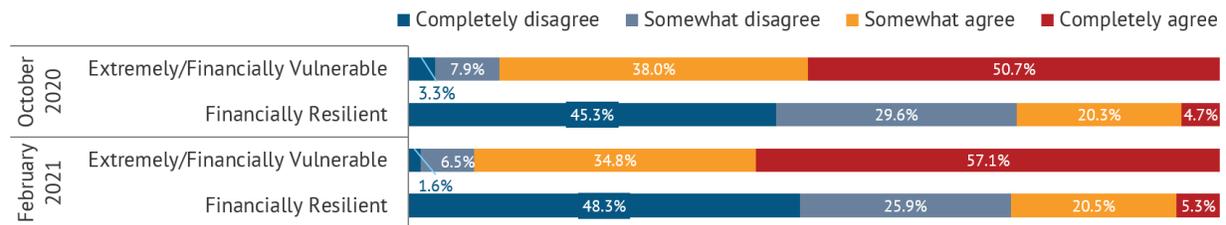
The Index is calculated using nine indicators, including measures of financial stress over current and future financial obligations; peoples' liquid savings buffer; financial behaviours; a self-reported credit score and the availability of social capital (i.e. a close person who could provide financial support in times of hardship)ⁱ. Using the index, the baseline mean financial resilience score for Canada at the national level in February 2020, just before the major onset of the pandemic in Canada, was 49.58 on a scale of 0 to 100 - revealing that pre-pandemic Canadian households were, at the national level 'Financially Vulnerable' to financial hardship, stressors or shocks. As of June 2020 however, the mean financial resilience index score at the national level was 55.58; 54.53 in October 2020 and higher at 55.69 in February 2021, signalling improved financial resilience for individuals and families – although many households are currently being temporarily 'cushioned' by financial relief.

Furthermore, households which were identified as falling into the 'Extremely Vulnerable' segment have been shown to be taking steps to adjust to their situation and bridge through, with 80.7% significantly reducing non-essential expenses, 66.2% drawing down their savings and 43.6% increasing their borrowing to meet everyday expenses as of October 2020.

The Index tells the clear story that more financially vulnerable households are being more negatively impacted by the pandemic causing financial hardship compared to 'Financially Resilient' Canadians. They also report that financial stress negatively impacts different dimensions of their well-being more than Canadians at the national level and 'Financially Resilient' households, which make up 30.5% of the population as of February 2021.

"Money worries cause me financial stress"

Analysis by financial resilience segment based on the Seymour Financial Resilience Index™ (February 2021 and October 2020)



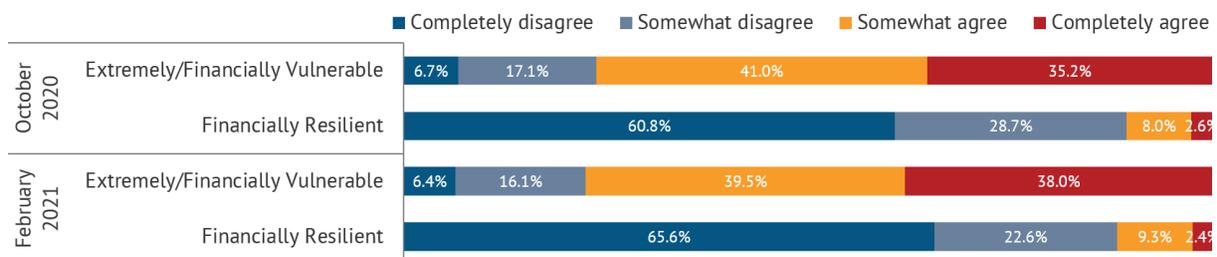
Source: Seymour Financial Resilience Index™ and February 2021 October 2021 Financial Well-Being studies.
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In February 2021, 57% of 'Extremely Vulnerable' and 'Financially Vulnerable' households combined (representing 11.08 million Canadians) completely agree that money worries causes them emotional stress, with another 35% agreeing that it causes them emotional stress, for a total of 94%. This compares to 26% of 'Financially Resilient' households completely or somewhat agreeing that financial stress cause them emotional stress. Emotional well-being impacts have worsened for 'Extremely Vulnerable' and 'Financially Vulnerable' households combined in February 2021 compared to four months prior based on the October 2020 Seymour Financial Resilience Index™, as outlined below. Similar impacts in terms of financial stress causing many Canadians to lose sleep at night, in particular for more financially vulnerable households.

"Money worries make me lose sleep at night"

Analysis by financial resilience segment based on the Seymour Financial Resilience Index™ (February 2021 and October 2020)



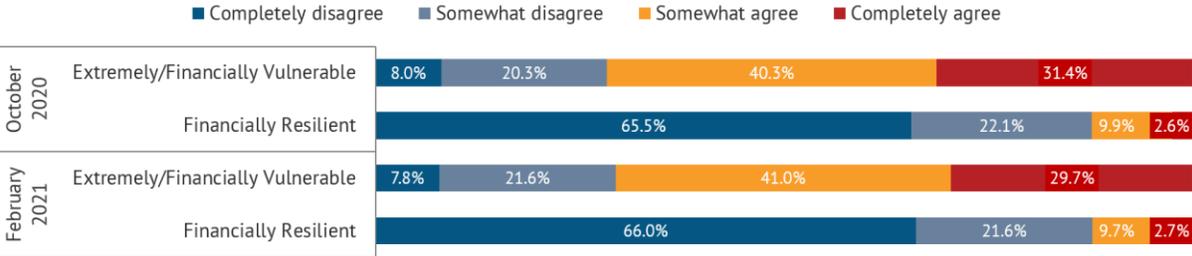
Source: Seymour Financial Resilience Index™ and February 2021 October 2021 Financial Well-Being studies

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Impacts on physical health tell a similar story, with 71% of 'Extremely Vulnerable' and 'Financially Vulnerable' households combined agreeing that money worries make them physically unwell in February 2021 compared to 12% of 'Financially Resilient' households.

"Money worries make me physically unwell"

Analysis by financial resilience segment based on the Seymour Financial Resilience Index™ (February 2021 and October 2020)



Source: Seymour Financial Resilience Index™ and February 2021 October 2021 Financial Well-Being studies

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In February 2021, 71% of 'Financially Vulnerable' and 'Extremely Vulnerable' households combined also completely or somewhat agree that the pandemic is causing their household significant financial hardship, with many impacts of the pandemic on Canadians and different households being measured through the Seymour Financial Resilience Index™ and Financial Well-Being studies.

Deep-dive analysis highlights many nuances by provinces, segment and demographic groups, with the research on financial well-being and overall well-being of Canadians and more vulnerable populations important on a number of levels. Financial well-being and resilience of Canadians is top of mind for Governments and Institutions and is critical to the economic recovery of Canada and its global neighbours.

It is also a vital component of the well-being of people and the communities they live and work in.

About Seymour Consulting

[Seymour Consulting](#) is a purpose-driven strategic consulting firm and the leading independent authority on financial health in Canada. Our core purpose is to help measurably improve the financial resilience and well-being of individuals, families, businesses and communities at scale, including underserved and more vulnerable populations.

As creators of the [Seymour Financial Resilience Index™](#) and through our specialist financial health strategy and consulting practice, we work with Financial Institutions, Governments, Non-Profit Organizations and other committed innovators help them to measurably improve the financial health, resilience and well-being of their customers or citizens, employees and communities at scale. Since 2017, we've been measuring and reporting on financial health, financial stress and financial well-being of Canadians and the role Financial Institutions can play to support their customers' financial wellness through research, measurement analytics and consulting.

For feedback on this report, information on our Index, [team](#) or services, please visit our [website](#).

ⁱ The Financial Well-Being Studies (2017-2021) measure the financial health, wellness and resilience of Canadians and bank customers across multiple indicators, and the extent to which tier one Financial Institutions are helping to improve their customers' financial wellness. The longitudinal studies measure the financial health, wellness and resilience of Canadians across multiple indicators, consumer and financial behaviours, impacts of the pandemic on Canadians and more. The online studies, designed and analysed by Seymour Management Consulting Inc. are conducted with a representative sample of adult Canadian primary or joint financial decision makers aged 18-70 based on province, age, gender and household income. Respondents are recruited through the Angus Reid Forum, Canada's most trusted and engaged panel. The sample size for the 2017 Financial Well-Being study is 5067 adults; 5,067 for the 2018 Financial Well-Being study; 3,018 adults for the 2019 Financial Well-Being Study; 1013 adults for the February 2020 Study; 4989 adults for the June 2020 study, 3,016 adults for the October 2020 study and 3018 adults for the February 2021 Financial Well-Being study. The studies include all provinces including Quebec starting in 2020. Reports published by Seymour Consulting are available through <http://financialhealthindex.org/research-reports/>

ⁱ Seymour Financial Resilience Index™ is a proprietary regression model developed based on the nuances of the Canadian consumer and ecosystem based on four years' of trended data from Seymour Consulting's national Financial Well-Being studies, with the index baseline based on February 2021 [pre-pandemic] data. Based on the scoring model Canadians are scored from 0-100 in terms of their households' financial resilience, creating four financial resilience segments. These are 'Extremely Vulnerable' [with a financial resilience score of 0-30]; 'Financially Vulnerable' [with a score of 30.01-50]; 'Approaching Resilience' [with a score of 50.01-70] and 'Financially Resilient' [with a score of 70.01-100] Seymour Financial Resilience Index™ is a trademark owned by Seymour Management Consulting Inc. <http://financialhealthindex.org/seymour-financial-resilience-index/>.