

Annual Household Distribution Tables, estimates of assets, liabilities and net worth, 2012 to 2015 (provisional estimates)

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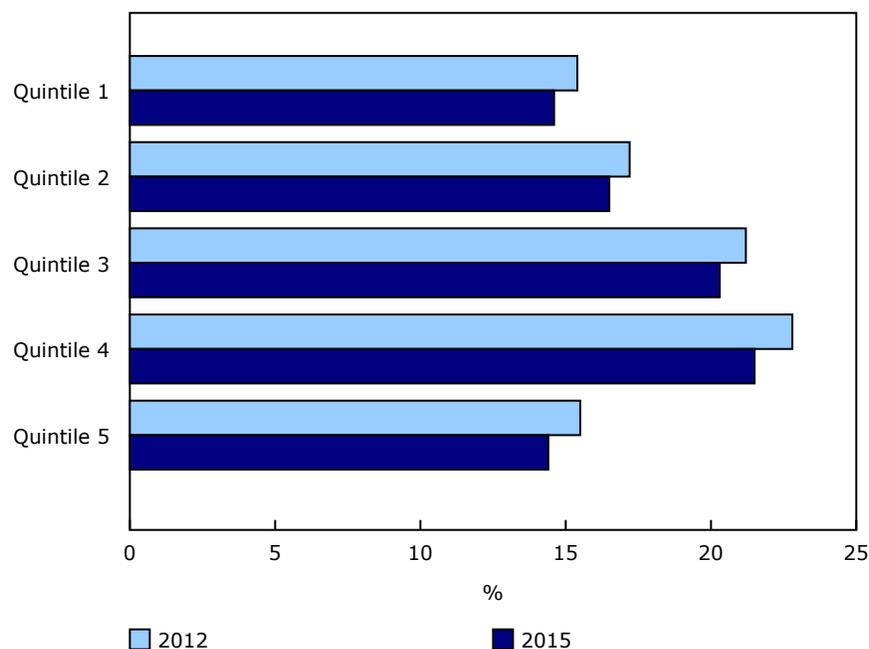
New provisional estimates from the National balance sheet accounts indicate that the distribution of household wealth and debt burden vary by income quintile, province, age and household type, and these distributions remained relatively stable from 2012 to 2015.

Households in the middle of the income distribution have a higher debt burden

Household wealth, or net worth, is not distributed equally by income quintile. Looking at shares for both 2012 and 2015, households in the top income quintile (quintile 5) held more than 45% of total household net worth, compared with about 9% for the bottom income quintile. From 2012 to 2015, the share of household net worth remained relatively stable by income quintile.

Households in the middle of the income distribution had a higher debt burden, or debt-to-asset ratio, than those in the top and bottom income quintiles. From 2012 to 2015, households in each income quintile reduced their debt-to-asset ratios by about 1 percentage point.

Chart 1
Debt-to-asset ratio by income quintile, 2012 and 2015



Source(s): *Methodological Guide: Canadian System of Macroeconomic Accounts*, Annual Household Distribution Tables (13-607-X).

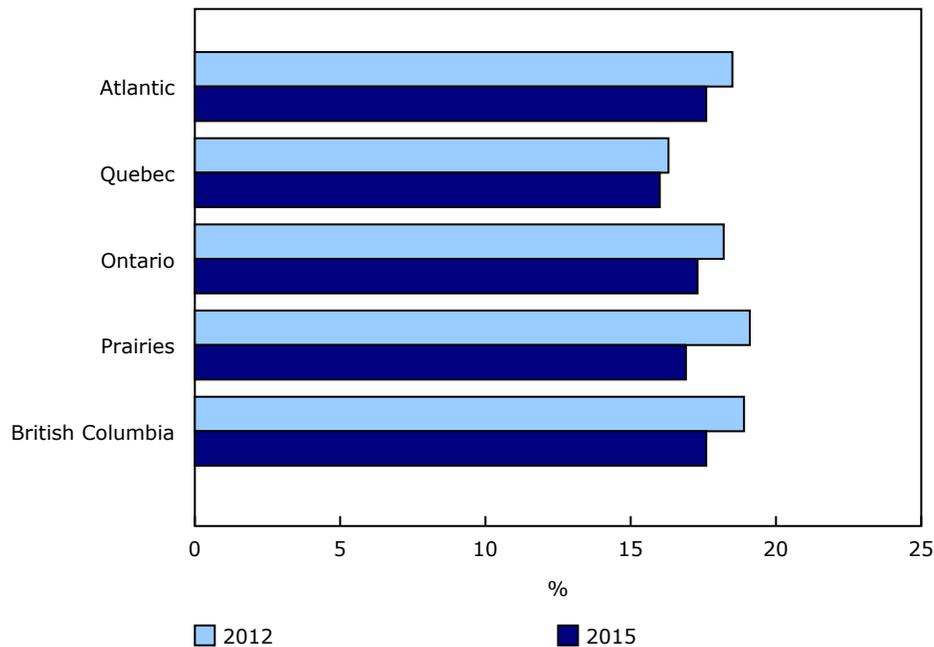
Households in the bottom income quintile held a higher share of their assets in life insurance and pensions than other quintiles, while all other income quintiles held a higher share of their assets in real estate and a higher share of their liabilities in mortgages.

Households on the Prairies reduce their debt burden

From 2012 to 2015, households on the Prairies increased their share of Canadian household wealth by almost 1 percentage point while those in Ontario and Quebec reduced their shares.

In 2015, households in Quebec had a lower debt burden than those in other provinces, particularly British Columbia, the Atlantic provinces and Ontario. While Canadian households overall reduced their debt-to-asset ratio by about 1 percentage point from 2012 to 2015, households on the Prairies reduced their debt-to-asset ratio by 2.2 percentage points.

Chart 2
Debt-to-asset ratio by province or region, 2012 and 2015



Source(s): *Methodological Guide: Canadian System of Macroeconomic Accounts*, Annual Household Distribution Tables (13-607-X).

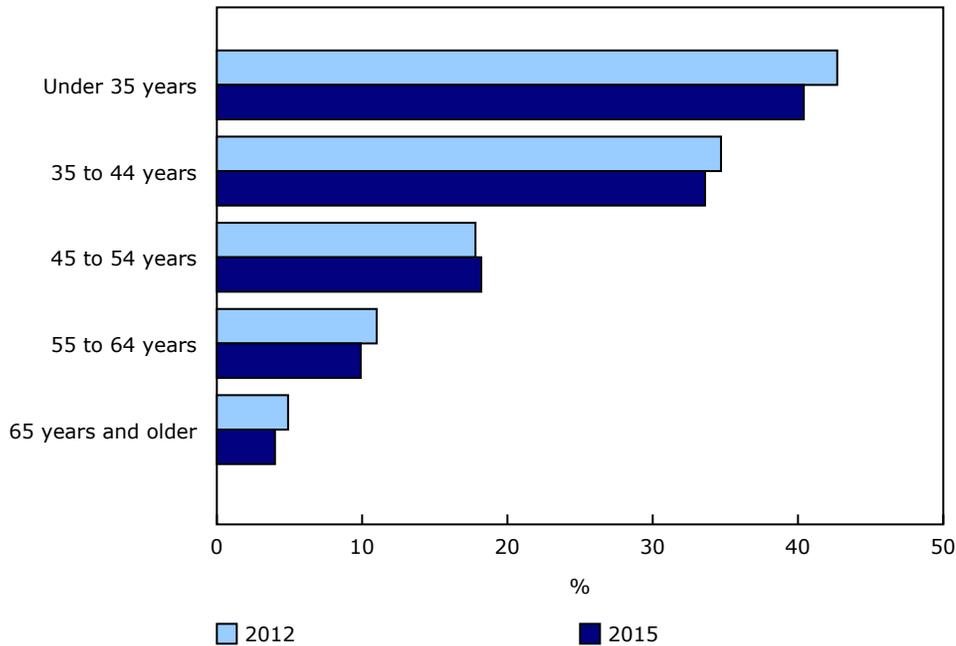
Households in the Atlantic provinces held a higher share of their assets in life insurance and pensions than other provinces. Meanwhile, British Columbia and Ontario held a higher share of their assets in real estate and a higher share of their liabilities in mortgages—an observation consistent with higher property values in Vancouver and Toronto.

Young households reduce their debt burden

Consistent with a pattern of wealth accumulation over the life cycle, households with a major income earner 35 years of age or older had a higher share of net worth. While the distribution of wealth by age remained relatively stable from 2012 to 2015, those 55 years of age or older increased their share of net worth by 1.6 percentage points.

Households with an older major income earner had a lower debt burden than those with a younger one, suggesting they tend to accumulate assets and pay down debt over their lifetimes. While the debt-to-asset ratio decreased by about 1 percentage point for Canadians overall from 2012 to 2015, households with a major income earner under the age of 35 reduced their debt-to-asset ratio by 2.3 percentage points. Meanwhile, the debt-to-asset ratio for those 45 to 54 years old was relatively unchanged over the same period.

Chart 3
Debt-to-asset ratio by age group, 2012 and 2015



Source(s): *Methodological Guide: Canadian System of Macroeconomic Accounts*, Annual Household Distribution Tables (13-607-X).

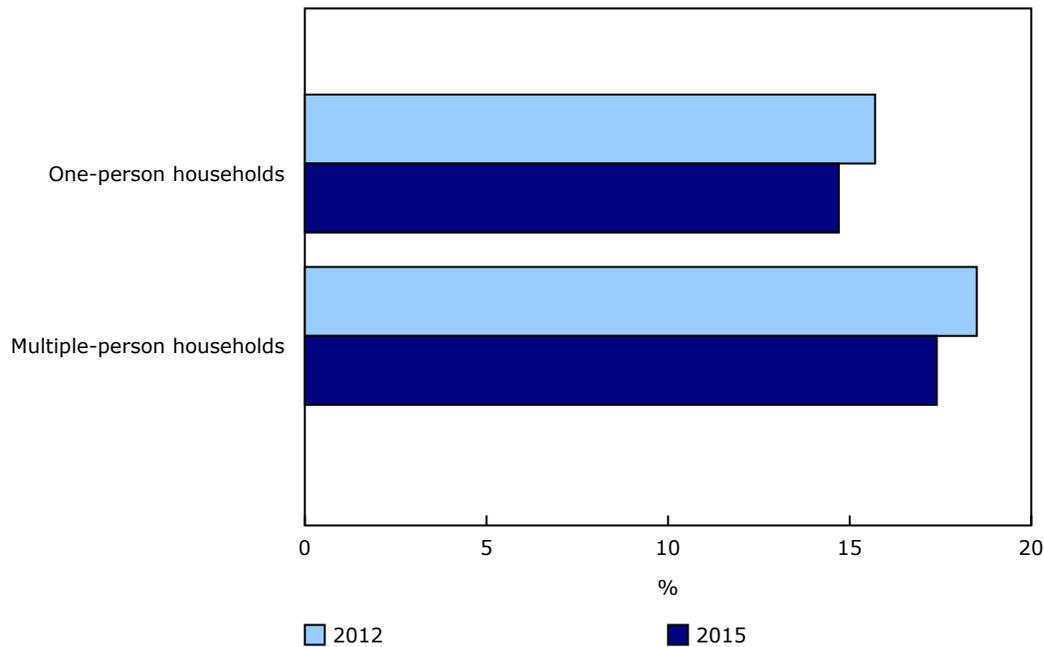
Households with a major income earner 45 years of age or older held a higher share of their assets in life insurance and pensions than other age groups, while those under the age of 45 held a higher share of their assets in real estate and a higher share of their liabilities in mortgages.

One-person households have lower debt burden

The shares of household wealth among one-person households (15.5%) and multiple-person households (84.5%) were unchanged from 2012 to 2015.

The debt-to-asset ratio for one-person households was almost 3 percentage points lower than for multiple-person households. From 2012 to 2015, each household type reduced their debt-to-asset ratio by about 1 percentage point.

Chart 4
Debt-to-asset ratio by household type, 2012 and 2015



Source(s): *Methodological Guide: Canadian System of Macroeconomic Accounts, Annual Household Distribution Tables (13-607-X)*.

One-person households held a higher share of their assets in financial assets than multiple-person households. One-person households also held a lower share of non-mortgage liabilities, mainly consumer credit. On the other hand, relative to multiple-person households, one-person households held a lower share of their assets in real estate and a higher share of their liabilities in mortgages.

Note to readers

Statistics Canada regularly publishes macroeconomic indicators on household assets, liabilities and net worth as part of the quarterly National balance sheet accounts (NBSA). These accounts are aligned with the most recent international standards and are the source of estimates of national wealth for all sectors of the economy, including households, non-profit institutions, governments and corporations along with Canada's wealth position vis-à-vis the rest of the world.

While the NBSA provide high quality information on the overall position of households relative to other economic sectors, they lack the granularity required to understand vulnerabilities of specific groups and the resulting implications for economic well-being and financial stability. The Annual Household Distribution Tables (AHDT), introduced for assets, liabilities and net worth from 2012 to 2015 with this first provisional release, expands available data by leveraging distributional detail available from the 2012 Survey of Financial Security (SFS).

For 2012, within each distribution category, the total values of net worth and of each asset and liability subcategories are estimated directly from the SFS, then rescaled to NBSA totals. The resulting tables must go through an adjustment process, known as raking, to ensure internal consistency.

Since the SFS is not undertaken annually, a different methodology is required to derive wealth distributions for years for which survey information is not available (that is, for 2013 to 2015). Without a direct measure of net worth and its components at the household level, distributions in the non-survey years are estimated from a model that takes into account income and demographic trends. Data quality analysis indicates that the percentage differences from 2012 to 2015 for each asset and liability category included in this release are within the 95% confidence intervals for sampling error from the SFS 2012.

The debt-to-asset ratio cited in this release is used as an indicator of household financial risk. While other indicators, such as the debt-to-income ratio, provide different perspectives on household indebtedness, (that is, debt leverage), they are beyond the scope of the AHDT release.

Details on the sources and methods behind these estimates can be found in *Methodological Guide: Canadian System of Macroeconomic Accounts (13-607-X)*. See section Annual Household Distribution Tables under *Satellite Accounts and Special Studies*.

For more information, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca).

The provisional Annual Household Distribution Tables data are available to users upon request in Excel format. To obtain the provisional data for reference years 2012 to 2015, contact (613-951-3640; STATCAN.nead-info-dcen-nead-info-dcen.STATCAN@canada.ca).