

DEBT:

not just a
four-letter
word

THERE ARE
TWO KINDS
OF DEBT:

GOOD DEBT

- Mortgages
(your home usually goes up in value)
- Student loans
(you're investing in your earning potential)
- Low-interest loans
or lines of credit

BAD DEBT

- Often called "consumer debt"
- Weights you down
- Can create stress
- Credit card balances
that carry from
month to month
- Car and payday loans
- Cash advances

DEBT BY THE NUMBERS

While paying down bad debt should be a top goal, good debt is still debt. Becoming debt-free gives you the financial freedom to reach your financial goals.

\$22,081

The amount that the average Canadian owes in consumer debt (excluding mortgage debt)¹

166.9%

The debt-to-income ratio in Canada. (On average, Canadians owe \$1.67 for every dollar of disposable income.)²

\$3,954

The average amount Canadians hold in credit card debt.³

17.5

The number of years it would take to pay off a \$3,000 credit card balance if you only made the minimum monthly payment.⁴

19.99%

The interest rate on a typical credit card.⁵

Sources:

1 Equifax, December 2016.

2 Statistics Canada, December 2016.

3 TransUnion Industry Insights Report (Third Quarter 2016)

4 Assumptions: 1.5% monthly interest, minimum payment is maximum of 2% of outstanding balance and \$10 plus interest

5 CreditCardsCanada.ca

DEBT AHEAD: SIGNS OF A DEBT PROBLEM

You're unable to reduce your overall debt.

You use one credit card to make the minimum payment on another card.

You are being pressured by creditors.

You use credit cards because you have to, not because it's convenient.

You often pay interest for charges on your credit cards.

If any of these apply to you, then you may have a debt problem.

But you can take control. Start today. Go to manulife.ca/debt and get some relief from debt-related stress.

 **Manulife**