

FOR IMMEDIATE RELEASE  
December 6, 2011

#debt  
#mortgage

## Canadians continue to miss easy-to-implement opportunities to reduce their personal debt faster

**Waterloo** – [Manulife Bank](#) of Canada's most recent [consumer debt survey](#) found that, despite a record number of Canadian homeowners putting a high priority on becoming debt-free (77%), many Canadians continue to miss a variety of easy-to-implement opportunities to pay down their debts faster. These missed opportunities have led, in part, to more than six in 10 (61%) Canadians struggling to reduce their debt over the past year -- either increasing their debt (25%), seeing no change in their debt (15%), or reducing their debt, but by less than they expected (21%).

When Canadians were asked what their primary obstacles are to becoming debt-free, the top three barriers identified were a lack of extra money to put towards debt repayment (54%), the overall amount of their debts (43%) and the interest rates they pay on their debts (39%) – despite interest rates remaining at near historic low levels. Another quarter of Canadians (27%) identified the number of different debts they have as a barrier to debt freedom.

“Many Canadians have told us they are unable to pay down their debts as quickly as they would like because they don't have the money, their interest rates are too high, or they have too many debts to deal with effectively,” noted Doug Conick, President and CEO of Manulife Bank. “Canadians should be aware there are a variety of actions they can take to reduce their personal debt more quickly that don't take a lot of time or effort. Create a financial plan that include targets for debt repayment; consolidate debt at one low rate and, above all else, seek advice from a professional financial advisor.”

The Manulife Bank survey results found that even in the face of these obstacles to debt freedom, many Canadians are not taking advantage of a variety of strategies that would help them overcome these barriers and reduce their debt faster. For example:

- 4 in 10 Canadians (43%) do not plan to consolidate their debts at a single low interest rate. Consolidating debt is an easy way for people to get out of debt faster by ensuring more of their monthly payments are going towards the principle debt instead of interest costs.
- Among respondents with a mortgage, 70% did not make any extra payments on their mortgage in the past year. According the Financial Consumer Agency of Canada's online calculator, if a person with a \$200,000 mortgage (25 year amortization, 4% interest rate, monthly payments) increased their payment by \$100 per month, they'd save more than \$17,000 in interest and pay off their mortgage almost three and a half years sooner.
- Two-thirds of homeowners (65%) did not compare mortgage products from more than one lender the last time their mortgage came due – an easy-to-implement strategy that can result in greater flexibility.
- More than half of Canadians (55%) do not plan to work with a professional financial advisor to get advice on how they can more effectively manage their debt; and fewer than six in 10 Canadians (56%) have, or intend to create, a debt repayment plan that includes a specific date for when they expect to be debt-free.

“Creating a plan to pay down your debts and getting expert advice from a financial advisor are the right places to start for Canadians looking to turn their good intentions with regards to debt reduction into reality,” concluded Conick. “A solid debt repayment plan and a good financial advisor can go a long way toward helping Canadians better understand the opportunities they have to pay down their debts faster – and this may involve nothing more than organizing your finances more efficiently.”

The Manulife Bank of Canada poll surveyed 1,000 Canadian homeowners between ages 30 to 59 with household income of more than \$50,000. It was conducted online by Research House between October 25 and November 7, 2011. In a similarly-sized random sample survey, the margin of error would be plus or minus 3.10% at a 95% confidence level.

Full results of Manulife Bank’s most recent consumer debt survey can be found at [manulifebank.ca/debtresearch](http://manulifebank.ca/debtresearch).

### **About [Manulife Bank](#)**

Established in 1993, Manulife Bank was the first federally regulated bank opened by an insurance company in Canada. It is a Schedule I federally chartered bank and a wholly-owned subsidiary of Manulife Financial. As Canada’s first advisor-based bank, it has successfully grown to more than \$20 billion in assets and serves clients across Canada. Manulife Bank believes that effective debt management is a key contributor to financial health and that, by working with a Financial Advisor to create a customized financial plan that incorporates debt and cash flow management, many people could save money, become debt-free sooner and achieve more of their financial goals. It’s for this reason that Manulife Bank offers its innovative deposit and loan products through independent financial advisors to help individuals make the most of their financial plan. Manulife Bank employs a team of specialists across the country that work with homeowners and financial advisors to design cash flow programs that are more effective, efficient and flexible. For more information about Manulife Bank products, speak to your financial advisor or visit [manulifebank.ca](http://manulifebank.ca). To learn more about Manulife One or find your local Manulife Bank specialist ask your advisor for a referral or visit [manulifeone.ca](http://manulifeone.ca).

### **About [Manulife Financial](#)**

Manulife Financial is a leading Canada-based financial services group operating in 21 countries and territories worldwide. For more than 120 years, clients have looked to Manulife for strong, reliable, trustworthy and forward-thinking solutions for their most significant financial decisions. Our international network of employees, agents and distribution partners offers financial protection and wealth management products and services to millions of clients. We provide asset management services to institutional customers worldwide as well as reinsurance solutions, specializing in property and casualty retrocession. Funds under management by Manulife Financial and its subsidiaries were C\$492billion (US\$473 billion) as at September 30, 2011. The Company operates as Manulife Financial in Canada and Asia and primarily as John Hancock in the United States.

Manulife Financial Corporation trades as ‘MFC’ on the TSX, NYSE and PSE, and under ‘945’ on the SEHK. Manulife Financial can be found on the Internet at [manulife.com](http://manulife.com).

A graphic highlighting the five common mistakes Canadians make with debt is available for download and use.

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