

**For Immediate Release**  
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## **Importance of ‘Debt-freedom’ grows as more Canadians plan to control holiday spending, Manulife Bank survey finds**

**WATERLOO, Ontario** – Debt freedom is increasingly a top priority for many Canadian homeowners and more plan to set a budget for this coming holiday season to try to keep their debts under control, according to an online poll of more than 1,000 Canadians.

“More Canadians in this survey are saying ‘debt freedom’ is their goal and, compared to last year, more are planning to set limits on holiday spending,” said Doug Conick, President and CEO of Manulife Bank of Canada.

Fully 76 per cent of those surveyed identify “debt-freedom” as a high financial priority, up from 69 per cent in two previous surveys by the Bank in the past year.

The poll for Manulife Bank of Canada was conducted by Research House in mid-November.

Also, 70 per cent of homeowners in the survey said they’ll set a spending budget for holiday spending, compared to only 56 per cent who said they set a similar budget last year.

Interestingly, setting a budget is by no means a guarantee that homeowners will stay out of spending trouble this holiday season. Of those who set a budget last year, only 43 per cent said they actually stuck to that budget, while the remainder wound up spending more than they’d planned.

“While setting a holiday spending budget is a good first step, consumers must commit to sticking to that budget,” says Peter Bocking with HMA and Bocking Financial Solutions in Whitby, Ontario.

Of those who plan to set a budget for this holiday season, only 40% state they’ll definitely stick to that budget. The remaining 60 per cent, perhaps letting themselves off the hook before shopping season even begins, state that they might end up spending more than they’ve planned.

“If you aren’t committed to a budget, the odds are very high that you’ll exceed the budget,” says Mr. Bocking. “My advice would be to set a budget per gift recipient, write down your purchases as they happen and, if you share financial resources with a spouse, ensure you’re both equally committed to the budget.”

### **Debt-free target**

Similar to previous surveys, just under a third (30 per cent) of respondents rated debt-freedom 10 out of 10 – their top financial priority.

Another 46 per cent ranked it as a nine or eight on the 10-point scale.

Perhaps reflecting the increased focus on debt-freedom found in this survey, when asked about spending plans for this holiday season, only 65 per cent said they'll use a credit card or line of credit, with the other 35 per cent stating they'll stick to cash, debit or cheques. Of those who plan to borrow for holiday shopping, three quarters plan to repay that debt in full before interest is charged.

"While credit cards can be a convenient way to pay for holiday spending, it's important to use credit responsibly and as part of an overall financial plan," Mr. Conick explained. .

"Many credit cards charge high rates of interest. If holiday shoppers carry a balance into the new year, it can add significantly to the cost of holiday spending and negatively impact their goal of becoming debt-free." When asked how homeowners avoid high credit-card charges, Mr. Conick replied, "The simple answer is to spend within your means and pay off your balance in full every month. If you can't repay credit card debt in full in a given month, the next best option may be to transfer that debt to a lower-interest loan such as a home equity line of credit."

The lack of a commitment to holiday spending limits may be one reason that Canadian homeowners continue to struggle to reduce their debt. Only about half of homeowners surveyed (49 per cent) say they have less debt than 12 months ago.

While this is a slight increase from last summer, when 44 per cent reported some cut in their year-over-year debt, there remains significant room for improvement. In fact, only 29 per cent of homeowners in this group met or exceeded their debt-reduction expectations. The other 20 per cent saw some debt-reduction, but less than planned.

### **Need for advice**

"People stand a better chance of reaching their goals if they work with a financial advisor and have a plan in place," Mr. Conick explained.

"Often homeowners don't have either the time or expertise to learn about the best options available to them, so they miss opportunities to reduce their debts," he said. "More advisors are stepping into the breach to help their clients not only manage their debt, but also build debt management into their overall financial plans."

### **Manulife One**

Manulife Bank launched Canada's first all-in-one account, Manulife One, in 1999 to help Canadians better manage their finances. The all-in-one account brings all your banking together to simplify your finances so income and savings can work harder to reduce debt faster.

An online financial calculator at [manulifeone.ca](http://manulifeone.ca) helps Canadian homeowners understand how much interest they could save and how much more quickly they could become debt-free simply by managing their banking needs more efficiently within a single account.

Manulife Bank believes that by comparing their current way of banking to a more efficient, all-in-one structure, mortgage-holders may gain a better sense of the factors that ultimately drive their interest costs and learn how they could become debt-free more quickly.

The Manulife Bank of Canada poll surveyed 1,010 Canadian homeowners between ages 30 to 55 with household income of more than \$50,000. It was conducted online by Research House from November 2 – November 10, 2010

For more information about Manulife One, ask your advisor for a referral or find your closest Manulife Banking Consultant by visiting [www.manulifeone.ca](http://www.manulifeone.ca)

**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 nearly \$16 billion in assets and serves clients across Canada. Manulife Bank provides its innovative Manulife One account and deposit and loan products through independent financial advisors to help individuals make the most of their financial plan.

**About Manulife Financial**

Manulife Financial is a leading Canadian-based financial services group operating in 22 countries and territories worldwide. For more than 120 years, clients worldwide 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 around the world. We provide asset management services to institutional customers worldwide as well as reinsurance solutions, specializing in life and property and casualty retrocession. Funds under management by Manulife Financial and its subsidiaries were \$474 billion (US\$460 billion) as at September 30, 2010. 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 [www.manulife.com](http://www.manulife.com).

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