Study: The Wealth of Immigrant Families in Canada

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While many studies have documented the financial characteristics of immigrants in Canada in terms of low income and labour market outcomes, the wealth of immigrant families has received relatively little attention. A new Statistics Canada study addresses this gap using data from the 1999, 2005, 2012 and 2016 Surveys of Financial Security.

The study finds that the wealth of both immigrant families and Canadian-born families grew substantially from 1999 to 2016. For example, the average wealth of established immigrant families—those whose major income earner was aged 45 to 64 and landed in Canada at least 20 years earlier—grew by $435,000, rising from $625,000 in 1999 to $1.06 million in 2016.

The average wealth of Canadian-born families whose major income earner was aged 45 to 64 grew by a similar amount ($460,000), rising from $519,000 to $979,000. The median wealth of both groups also increased, but to a lesser extent. Younger-immigrant and younger Canadian-born families also experienced substantial wealth growth.

Increases in housing equity and in the value of registered pension plan (RPP) assets were the main drivers of wealth growth from 1999 to 2016. However, the relative importance of these factors differed between immigrant and Canadian-born families.

Increases in housing equity (the value of all residences minus the value of all mortgage debt) accounted for 69% of the growth in average wealth of established immigrant families. The corresponding percentage for Canadian-born families whose major income earner was aged 45 to 64 was 39%.

Increases in the value of RPP assets played a less prominent role for established immigrant families (17%) than for Canadian-born families (33%) in the growth in average wealth for these two groups.

Similar patterns were found when immigrant families whose major income earner was aged 25 to 44 and landed less than 10 years earlier are compared with Canadian-born families whose major income earner was aged 25 to 44. These patterns reflect the fact that compared with Canadian-born families, immigrant families generally hold a greater share of their wealth in housing but a smaller share in RPP assets.

While the increases in home prices observed since the late 1990s drove much of the growth in housing equity, the lower rates of return on financial assets after 1999 were a key factor underlying the growth in the net present value of RPP assets.

The study also finds that immigrant families had higher debt-to-income ratios than Canadian-born families of similar age. For example, established immigrant families collectively had a debt-to-income ratio of 2.17 in 2016, compared with 1.32 for Canadian-born families whose major income earner was aged 45 to 64. Most of the difference was due to the larger mortgages carried by immigrant families.

Nevertheless, immigrant families and Canadian-born families appear to manage their finances similarly in many respects. Specifically, the study finds no evidence that immigrant families use payday loans, withdraw money from registered retirement savings plans or pay off only part of their monthly credit card balances to a greater extent than Canadian-born families of similar age do.

Note to readers

The wealth estimates provided in this study are in 2016 dollars. Economic families are the unit of analysis. Data from 2016 are currently the most recent wealth data available. The next Survey of Financial Security will be conducted in 2019.

Definitions, data sources and methods: survey number 2620.

The research paper "The Wealth of Immigrant Families in Canada" which is part of the *Analytical Studies Branch Research Paper Series* (**11F0019M**), is now available.

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

To enquire about the concepts, methods or data quality of this release, contact René Morissette (613-951-3608; **rene.morissette@canada.ca**), Social Analysis and Modelling Division.