# Asset resilience of Canadians, 2019

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Canadians were more asset resilient just prior to the pandemic than they were at the turn of the millennium. That resilience continues to be tested as we enter the second year of the pandemic.

For the purposes of this article, a household is asset resilient when it has liquid assets that are at least equal to the after-tax, low-income measure (LIM-AT) for three months.

To be deemed asset resilient in 2019, a person living alone would require liquid assets of approximately $6,000. A household of four would require $12,000 or $3,000 per person to meet the minimum LIM-AT threshold for three months.

Recent Statistics Canada data have shown that savings rose sharply during the pandemic, despite the economic upheaval, and that those in the lower income quintiles have seen their income rise as a result of government support programs, such as the Canada Emergency Response Benefit (CERB).

Although the data in this release predate the pandemic, they provide an important benchmark to monitor the economic well-being of Canadian households during a time of unprecedented change.

## Two-thirds of Canadians were asset resilient in the year prior to the pandemic

Just over two-thirds (67.1%) of Canadians were asset resilient for at least three months in 2019, up from 63.6% in 1999.

Over these two decades, several factors contributed to the overall rate of asset resilience. For one thing, Canadians held more liquid assets at the end of the period. Median person-adjusted household liquid assets rose from $6,300 in 1999 to $10,700 in 2019. Canadians were also slightly older, on average—the median age of Canadians increased from 36.4 years to 40.8 years. Family income has also been rising since 1999, and asset resilience is associated with higher income. The median person-adjusted, household after-tax income of Canadians increased by one-third (+34.9%), rising from $37,300 in 1999 to $50,300 in 2019, while the share of Canadians below the LIM-AT edged down from 12.4% to 12.1%.

## Couple-only families are the most likely to be asset resilient

Although asset resilience has risen since the beginning of the millennium, the level of resilience continued to vary depending on the age and composition of the household. Those living in an economic family (68.1%) were more likely to be asset resilient than those living alone (62.1%).

Couple-only economic families (79.2%) were more likely to be asset resilient than couples with children (65.3%), while lone-parent families reported the lowest rate of asset resilience (41.3%) in 2019.

Not surprisingly, given that asset accumulation tends to increase with age, just over three-quarters of Canadians age 65 and older (75.6%) were asset resilient in 2019, the highest rate among age groups. More than two-thirds of those aged 18 to 64 were asset resilient (67.3%) as were over half of Canadian youth aged 17 and younger (59.1%).

## Over half of Canadians could cover at least three months of their after-tax income prior to the pandemic

Another way of looking at asset resilience is to measure whether a household has enough liquid assets to cover their after-tax income for three months. Indeed, financial experts recommend households prepare for an emergency or unexpected event such as a job loss by saving enough to cover several months of expenses.

This type of unexpected event is exactly what happened in 2020, when millions of Canadians were either temporarily laid off, worked fewer hours or lost their job entirely with the onset of the pandemic. Many of these families would not have had sufficient liquid assets to carry them through a few months of wage losses. However, this enormous economic and social disruption was at least partially offset by emergency government support programs such as CERB.

Just prior to the pandemic in 2019, over half of Canadians (58.1%) lived in a household that could cover at least three months of their after-tax income and maintain their financial obligations, savings and spending habits, up from 54.7% in 1999.

## Lone-parent families are the least likely to have enough assets to replace income

Family dynamics play a key role in asset resilience. For example, those living alone (59.7%) were more likely to have enough liquid assets to cover their after-tax income for three months than those living in an economic family (57.8%). While this was an inverse of the LIM-AT-based comparison, the difference was not statistically significant. This suggests that while persons in economic families were more likely to have enough liquid assets to avoid falling below the low income measure compared with those living alone, a larger percentage of persons living in an economic family did not have enough liquid assets to replace their after-tax income.

Almost three-quarters of couple-only families (71.8%) had enough liquid assets to cover expenses for three months, the highest rate among household types. This rate falls to just over half for couples with children (54.2%) and one-third for lone-parent families (34.7%).

Indeed, approximately two in five lone-parent families (43.2%) did not have enough liquid assets to cover their after-tax income for even one month in 2019.

## British Columbians are most likely to have enough assets to cover their income for three months

Almost two-thirds of British Columbians (63.5%) had enough liquid assets to replace their after-tax household income for three months in 2019, compared with three in five households in Manitoba (59.4%), Saskatchewan (59.1%) and Ontario (59.1%).

Conversely, less than half of the households in Newfoundland and Labrador (43.1%), Prince Edward Island (47.2%) and New Brunswick (48.3%) had enough liquid assets to replace their after-tax household income for at least three months.

### *Note to readers*

*The asset resilience indicators are one of four indicators in the security and resilience pillar meant to track the progress of initiatives launched under the Poverty Reduction Strategy to prevent Canadians from falling into poverty and to support their income security and resilience. Details on the other indicators can be found on the Dimensions of Poverty Hub.*

*The asset resilience indicator monitors the proportion of people living in households that hold sufficient liquid assets to maintain a level of income, in the face of a sudden and unexpected loss of their primary source of income or other financial shocks as a result of unplanned life events.*

***Canada Emergency Response Benefit** eligibility ended in September 2020 and was replaced by new measures for lost employment, sickness and caregiving and adaptations to the Employment Insurance program.*

***Liquid assets** include bank accounts, term deposits, treasury bills, tax-free savings accounts, stocks and bonds (in mutual funds or not), and registered retirement savings plans. The value of registered retirement savings plans is multiplied by 0.9 to account for the minimum 10% tax withholding that financial institutions must deduct from withdrawals for income tax purposes. Liquid assets can provide some relief for families faced with a disruption to their primary source of income by allowing them to continue to meet their essential needs and financial obligations. Therefore, families with lower liquid assets may be more vulnerable to a disruption in income than families with higher liquid assets.*

***Low income measure*** *(LIM-AT) is a relative measure of low income, set at 50% of adjusted median after-tax household income. This measure is adjusted according to the number of persons present in the household, reflecting the economies of scale inherent in household size.*

## Table 1
## Percentage of persons who are asset resilient by family type and age group, Canada,[1] 2019

| | Enough liquid assets to cover the after-tax low income measure (LIM-AT)[2] for at least three months | Enough liquid assets to cover household after-tax income[3] for at least three months |
|---|---|---|
| | % | |
| Persons in all family types | 67.1 | 58.1 |
| Persons in an economic family[4] | 68.1 | 57.8 |
| Persons in a couple-only family[5] | 79.2 | 71.8 |
| Persons in a couple with children family[6] | 65.3 | 54.2 |
| Persons in a lone-parent family[7] | 41.3 | 34.7 |
| Persons in an other economic family type | 68.7 | 56.0 |
| Persons not in an economic family | 62.1 | 59.7 |
| Persons all ages | 67.1 | 58.1 |
| Persons under 18 years old | 59.1 | 48.2 |
| Persons 18 to 64 years old | 67.3 | 57.5 |
| Persons 65 years and older | 75.6 | 71.4 |

1. Includes the 10 provinces and excludes the 3 territories.
2. Low income measures (LIMs), are relative measures of low income, set at 50% of adjusted median household income. These measures are categorized according to the number of persons present in the household, reflecting the economies of scale inherent in household size.
3. After-tax household income excludes income from capital gains.
4. Economic family types are composed of economic families (a group of two or more persons who live in the same dwelling and are related to each other by blood, marriage, common law or adoption) and persons not in an economic family (a person living either alone or with others to whom he or she is unrelated).
5. Couples include legally married, common-law and same-sex relationships.
6. Couples living with a child or children (by birth, adopted, step, or foster) under age 18. Children aged 18 and older are considered to be "other relatives." Other relatives may also be in the family.
7. One parent, who is the major income recipient, living with at least one child under age 18. Other relatives may also be in the family. Families where the parent is 65 years and older are excluded.

**Source(s):** Table **11-10-0082-01**.

## Table 2
## Percentage of persons who are asset resilient, Canada[1] and provinces, 2019

| | Enough liquid assets to cover the after-tax low income measure (LIM-AT)[2] for at least three months | Enough liquid assets to cover household after-tax income[3] for at least three months |
|---|---|---|
| | % | |
| **Canada[1]** | **67.1** | **58.1** |
| Newfoundland and Labrador | 52.2 | 43.1 |
| Prince Edward Island | 54.5 | 47.2 |
| Nova Scotia | 58.3 | 51.5 |
| New Brunswick | 56.5 | 48.3 |
| Quebec | 67.6 | 57.3 |
| Ontario | 67.2 | 59.1 |
| Manitoba | 65.1 | 59.4 |
| Saskatchewan | 66.7 | 59.1 |
| Alberta | 67.9 | 54.9 |
| British Columbia | 71.4 | 63.5 |

1. Includes the 10 provinces and excludes the 3 territories.
2. Low income measures (LIMs), are relative measures of low income, set at 50% of adjusted median household income. These measures are categorized according to the number of persons present in the household, reflecting the economies of scale inherent in household size.
3. After-tax household income excludes income from capital gains.

**Source(s):** Table 11-10-0083-01.

**Available tables: 11-10-0082-01 and 11-10-0083-01.**

**Definitions, data sources and methods: survey number 2620.**

The data tables "Percentage of persons who are asset resilient, by age group and family type, Canada, 2019" and "Percentage of persons who are asset resilient, Canada and provinces, 2019" are now available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; **STATCAN.infostats-infostats.STATCAN@canada.ca**) or Media Relations (613-951-4636; **STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca**).