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The Wealth of Immigrant Families in Canada

by René Morissette

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by

René Morissette

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Analytical Studies Branch Research Paper Series

The Analytical Studies Branch Research Paper Series provides for the circulation of research conducted by Analytical Studies Branch staff and collaborators. The Series is intended to stimulate discussion on a variety of topics, such as labour, immigration, education and skills, income mobility, well-being, aging, firm dynamics, productivity, economic transitions, and economic geography. Readers of the Series are encouraged to contact the authors with their comments and suggestions.

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Abstract

This study documents the evolution of the wealth of immigrant families and of their Canadian-born counterparts from 1999 to 2016. The study uses data from Statistics Canada's Survey of Financial Security. The study finds that 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 increases in housing equity was greater for immigrant families than for Canadian-born families. This reflects 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 observed after 1999 were a key factor underlying the growth in the net present value of RPP assets.

Keywords: wealth, net worth, assets, debts, immigration.

Executive summary

While several studies have documented the evolution of the earnings of immigrants in Canada over the last three decades, the evolution of immigrants' wealth has received relatively little attention. Using data from the Survey of Financial Security of 1999, 2005, 2012 and 2016, this study fills this gap.

The study uncovers several key patterns.

First, there is little evidence that the wealth of immigrant families during their first years in Canada has deteriorated since 1999 relative to a comparison group of Canadian-born families of similar age and education.

Second, most of the wealth growth observed from 1999 to 2016 for various groups of immigrant families came from increases in housing equity. In contrast, the growth in the wealth of Canadian-born families during that period was driven by increases in both housing equity and private pension assets.

Third, synthetic cohort analyses suggest that the wealth of immigrant families tends to converge with that of Canadian-born families as time spent in Canada increases.

Fourth, while immigrant families' rates of homeownership during their first few years in Canada were lower than those of comparable Canadian-born families, these rates converged during the subsequent 15 years. However, no convergence was observed for the incidence of registered pension plan (RPP) asset holdings.

Fifth, there is no evidence that immigrant families

- (a) used payday loans to a greater extent than Canadian-born families of similar age
- (b) usually paid off their credit card balances each month to a **lesser** extent than their Canadian-born counterparts
- (c) had no credit cards as a result of refusals more often than Canadian-born families
- (d) withdrew money from registered retirement savings plans (RRSPs) (for reasons other than buying a home, financing education or acquiring a registered retirement income fund [RRIF]) more often than Canadian-born families.

Sixth, the debt-to-income ratios of immigrant and Canadian-born families increased substantially from 1999 to 2016. In 2016, immigrant families had markedly higher debt-to-income ratios than their Canadian-born counterparts. However, debt-to-asset ratios grew moderately during that period. This suggests that a large portion of the increase in the debt-to-income ratios was driven by larger mortgages.

Finally, low-income rates among recent immigrant families dropped after the mid-2000s. As a result, the percentage of people living in families that were in low income **and** had no financial wealth also dropped among this group.

1 Introduction

The economic well-being of immigrants has been extensively researched over the last few years in Canada. Following the changes in the wage structure that took place during the 1980s and 1990s, several studies documented the deterioration in entry-level earnings of recent immigrants (see Picot and Sweetman [2005] for a review). A second set of studies examined movements in low-income rates (e.g., Hou and Picot 2003; Picot, Hou and Coulombe 2007; Picot, Lu and Hou 2009; Hou and Picot 2014; Picot and Lu 2017). More recently, researchers analyzed the socioeconomic outcomes of immigrants' children (Hou and Picot 2011; Hou, Abada and Lu 2012; Hou and Bonikowska 2016).

While these studies provided valuable information on important economic indicators for immigrants and their children, they did not assess how the wealth holdings of immigrant families evolved over the last few decades.¹ Wealth enables families to

- (a) adjust to financial shocks caused by unexpected expenditures or income losses
- (b) mitigate the impact of temporary spells of low income
- (c) make riskier investments
- (d) reduce work hours
- (e) ease transitions into self-employment.

As a result, the evolution of the wealth holdings of immigrant families over the last few decades should be documented, and the differences and similarities between immigrant and Canadian-born families regarding the composition of wealth and behaviours related to the management of families' finances should be highlighted. These are the goals of this study.

The study seeks to answer the following questions:

- (1) Considering a time series of cross-sectional data, have some groups of immigrant families lost or gained ground in terms of wealth holdings relative to comparable Canadian-born families over the last two or three decades?
- (2) Do the wealth holdings of immigrant families partly or fully converge with those of Canadian-born families as time spent in Canada increases?
- (3) In an accounting sense, which assets account for the changes in the wealth holdings of immigrant families over the last few years? Are these assets the same as those that account for the changes in the wealth holdings of Canadian-born families?
- (4) How do the rates of homeownership and the incidence of registered pension plan (RPP) asset holdings of immigrant families after entry in Canada compare with those of similar Canadian-born families? If they are lower, do they converge over time?
- (5) Which groups of immigrant families, if any, are relatively vulnerable to financial shocks? Has vulnerability to these shocks increased or decreased over time?
- (6) How do indebtedness ratios and specific behaviours regarding the management of families' finances (e.g., using payday loans, withdrawing money from registered retirement savings plans (RRSPs), paying off credit card balances) compare between immigrant and Canadian-born families?
- (7) What percentage of immigrant families have substantial wealth?

1. Zhang (2003) used the 1999 Survey of Financial Security to compare the wealth holdings of immigrant families with those of Canadian-born families only for that year. Hence, the study did not document the evolution of the wealth of immigrant families over time. In their analysis of changes in wealth inequality from 1984 to 1999, Morissette, Zhang and Drolet (2006) briefly presented some wealth statistics for immigrant families, but because of data limitations, they focused on a wealth concept that excludes the value of work-related pension plans. Morissette and Zhang (2006) also presented some wealth statistics for immigrant families for 1984, 1999 and 2005, but they did not conduct a detailed comparison of the wealth of immigrant and Canadian-born families.

The study assembles data from the Survey of Financial Security (SFS) of 1999, 2005, 2012 and 2016 to answer these questions. Because these surveys are all based (at least partly) on the Labour Force Survey design, they provide an opportunity to look at wealth trends for various groups of immigrant and Canadian-born families. Furthermore, contrary to the 1984 Assets and Debt Survey, the SFS includes wealth from private pension assets. This allows wealth comparisons across families based on a comprehensive measure of wealth holdings.

The paper is organized as follows. Section 2 presents the data and concepts used in the study. Section 3 documents the wealth trends for various groups of immigrant and Canadian-born families from 1999 onwards. Section 4 examines the issue of wealth convergence over time, using synthetic cohorts of families. Section 5 examines how rates of homeownership and the incidence of RPP asset holdings have evolved for various families over the last few years. It also quantifies the degree to which these two types of assets account for the wealth changes observed from 1999 to 2016. Section 6 presents statistics on indebtedness ratios and on different behaviours associated with the management of families' finances. These behaviours include whether families used payday loans in the last three years, whether they ever withdrew money from an RRSP and whether credit card holders usually paid off credit card balances each month. Section 6 also assesses what percentage of people lived in families in low income and with no financial wealth.² Section 7 quantifies the percentage of immigrant families with substantial wealth. Section 8 shows the degree to which the wealth composition of immigrant families differed from that of Canadian-born families in 2016. Section 9 summarizes the main findings.

2 Data and concepts

The study uses data from the SFS of 1999, 2005, 2012 and 2016. The samples for all the surveys represent all the families in Canada except residents of the territories, households on Indian reserves, full-time members of the Armed Forces and residents of institutions.³ Data were obtained for all family members aged 15 and older (see the Appendix for details).⁴

The wealth concept used in the SFS is comprehensive and includes the value of work-related pension plans as well as the contents of the home, collectibles and valuables, annuities, and registered retirement income funds (RRIFs). However, entitlements to future Canada Pension Plan, Québec Pension Plan or Old Age Security benefits and measures of the discounted flow of future earnings by family members are excluded.

In addition to the wealth information collected at the family level, the SFS captures the socioeconomic characteristics of the major income earner. These characteristics include age, sex, education, immigration status and the numbers of years in Canada since landing. This information enables analyses of the wealth holdings of families whose major income earner is a recent immigrant (1 to 9 years in Canada), a medium-term immigrant (10 to 19 years in Canada) or an older immigrant (20 or more years). However, none of the surveys contain information about immigrants' country of origin or the class under which they were admitted in Canada.

All the surveys also measure family income after tax during the year preceding data collection (e.g., during 1998 for the 1999 SFS). This enables an assessment of the degree to which individuals (a) are in low-income families and (b) are in low-income families with no financial wealth. Arguably, these families are more economically vulnerable than other families.

In all the surveys, the unit of analysis is a family unit. This includes both economic families and unattached individuals. An economic family consists of a group of two or more people who live in

2. Financial wealth is defined as wealth minus net equity in housing, business equity and private pension assets.

3. Institutions include penal institutions, mental hospitals, sanatoriums, orphanages and seniors' residences.

4. The overall response rates to the SFS were 75.6% in 1999, 68.0% in 2005, 68.6% in 2012 and 70.3% in 2016.

the same dwelling and are related to each other by blood, marriage, common law or adoption. Hence, an economic family may include more than one census family. Unattached individuals are people who live alone or with other unrelated individuals only.

Throughout the study, wealth and income data are converted to 2016 dollars using the Canada-level all-items Consumer Price Index. The terms “wealth” and “net worth” are used interchangeably. For simplicity, the term “family” is also used to refer to family units. “Immigrant families” refers to family units in which the major income earner is a landed immigrant. “Canadian-born families” refers to family units in which the major income earner is Canadian by birth.^{5,6} Families of recent immigrants are those in which the major income earner is a landed immigrant who has been in Canada for less than 10 years, and families of older immigrants are those in which the major income earner is a landed immigrant who has been in Canada for 20 or more years. Other immigrant families are those in which the major income earner is a landed immigrant who has been in Canada for 10 to 19 years.

3 Wealth trends

This section documents the evolution of the wealth holdings of immigrant and Canadian-born families over the last two decades. Wealth data are shown for the 1999-to-2016 period.

Because the sample sizes for different groups of immigrant families are relatively small (see the third panel of Table 1), estimates of average wealth for these groups are sensitive to the inclusion of relatively high wealth values. For this reason, most of the discussion centres on the evolution of the **median** wealth holdings of various groups of families.

For all families (both immigrant and Canadian-born), median wealth rose substantially after 2005 (Table 1).⁷ By 2016, it was, at about \$295,100, more than twice as high as it was in 1999. However, median wealth did not grow uniformly for immigrant families and Canadian-born families.

From 1999 to 2016, median wealth doubled for recent immigrant families, more than doubled for Canadian-born families, but tripled for families whose major income recipient had been in Canada from 10 to 19 years (Table 1 and Chart 1). The median wealth of older immigrant families grew 33 percentage points less than that of Canadian-born families during that period. The median wealth of recent immigrant families grew 20 percentage points less than that of Canadian-born families.

The comparisons offered so far are somewhat problematic. The reason is that, for every year considered, Canadian-born families and the aforementioned groups of immigrant families were at markedly different points in their lifecycle. This can be seen in Table 2, which compares the average age of major income recipients across groups of families. As expected, major income earners are much younger among families of recent immigrants than they are among Canadian-born families. In contrast, major income earners in older immigrant families are substantially older than their counterparts in Canadian-born families.

The large age differences shown in Table 2 are important for two reasons. First, they explain partly why (a) recent immigrant families have lower wealth than Canadian-born families and (b) older immigrant families have higher wealth than Canadian-born families in a given year (Table 1). Second, and perhaps more important, these age differences may contaminate comparisons of

5. The 2012 and 2016 SFSs identified individuals' country of birth and showed that almost all individuals who were Canadians by birth were, as expected, born in Canada.

6. To make it clear that the study compares families whose major income recipient is Canadian by birth with those whose major income recipient is a landed immigrant, all the tables and charts use the term “Canadian by birth.”

7. As will be shown below, increases in home prices drove much of the growth observed from 2005 to 2016.

wealth trends. For example, because rates of homeownership are higher among older families, increases in home prices might plausibly increase disproportionately the wealth of families of older immigrants relative to families of recent immigrants. For this reason, a more appropriate comparison of wealth trends between immigrant and Canadian-born families imposes age restrictions across groups.

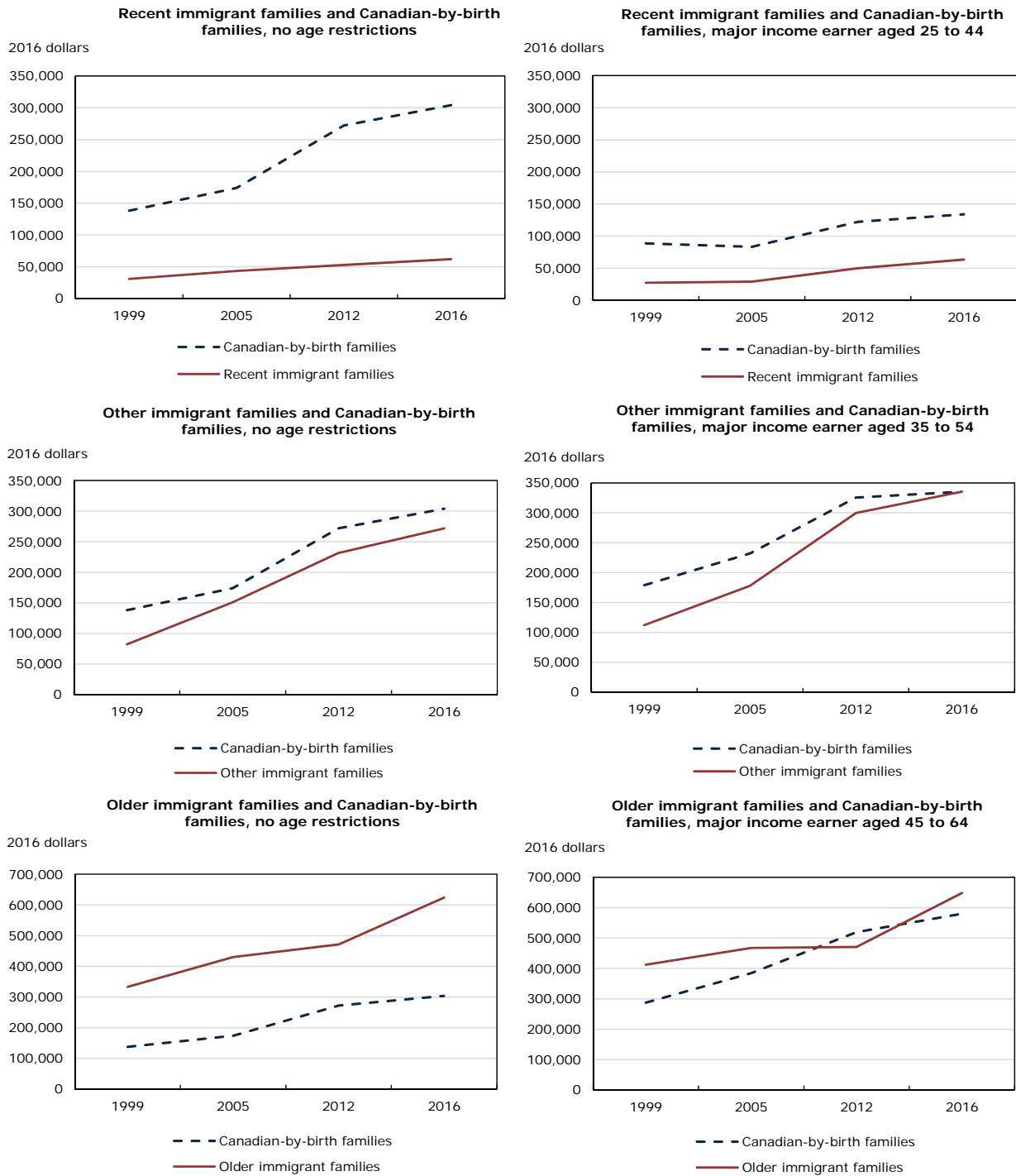
Following Green and Worswick (2002), Table 3 imposes age restrictions. Families of recent immigrants whose major income earner was aged 25 to 44 are compared with Canadian-born families whose major income earner was also aged 25 to 44. Likewise, comparisons are made between Canadian-born families and families of older immigrants when the major income earner is aged 45 to 64 and between Canadian-born families and families of other immigrants when the major income earner is aged 35 to 54.⁸

Table 3 highlights the importance of comparing immigrant and Canadian-born families of similar ages. For example, while median wealth grew 20 percentage points less among recent immigrant families than it did among Canadian-born families (Table 1), it grew 132% among recent immigrant families and 51% among Canadian-born families whose major income earner was aged 25 to 44 (Table 3). Hence, the finding that median wealth grew less from 1999 to 2016 among recent immigrant families than among their Canadian-born counterparts—shown in Table 1—no longer holds when attention is restricted to families with major income earners of comparable ages. A comparison of Tables 1 and 3 also reveals stark differences in growth rates of median wealth when older immigrant families whose major income recipient was aged 45 to 64 are compared with Canadian-born families whose major income recipient was also aged 45 to 64. As Table 4 shows, imposing age restrictions virtually eliminates mean age differences between Canadian-born families and immigrant families.

The first panel of Chart 1 summarizes these findings and shows that imposing age restrictions has two important consequences for comparisons between recent immigrant families and Canadian-born families. First, imposing age restrictions drastically narrows the **absolute** wealth differences (measured in 2016 dollars) observed at a given point in time between the two groups. Second, it substantially affects wealth trends. When age restrictions are imposed, there is no evidence that median wealth grew faster among Canadian-born families than it did among recent immigrant families.

8. Recent immigrant families whose major income recipient was aged 25 to 44 represent roughly 70% of recent immigrant families.

Chart 1
Median wealth by immigration status, with and without age restrictions, 1999 to 2016



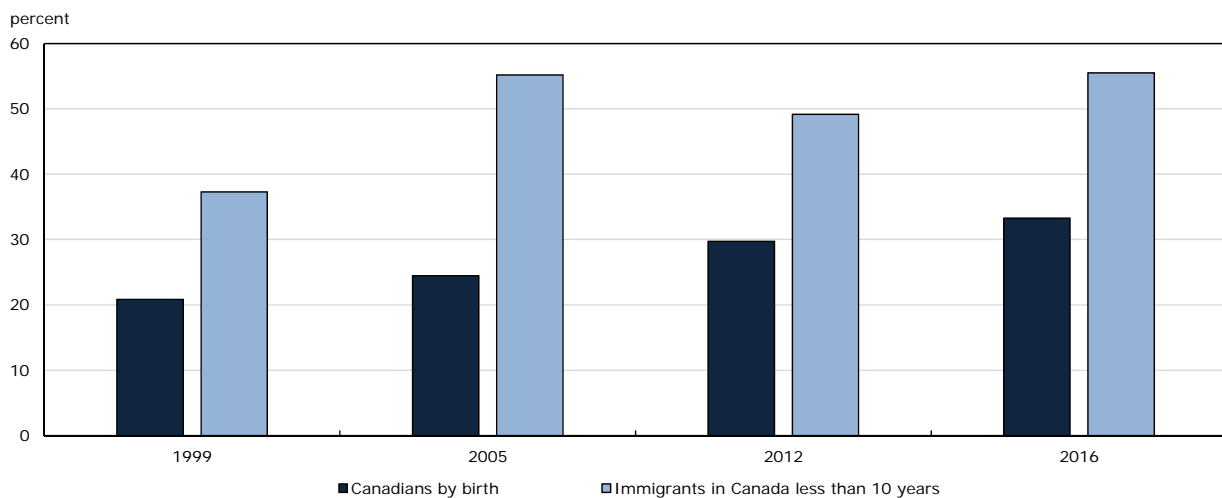
Note: Recent immigrant families are families in which the major income recipient is a landed immigrant who has been in Canada for less than 10 years. Older immigrant families are families in which the major income recipient is a landed immigrant who has been in Canada for 20 or more years. Other immigrant families are families in which the major income recipient is a landed immigrant who has been in Canada for 10 to 19 years.
Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

The third panel of Chart 1 shows that imposing age restrictions also narrows wealth differences between older immigrant families and Canadian-born families and affects comparisons of wealth trends.

Overall, a key message emerges from Chart 1: from 1999 to 2016, there is little evidence that immigrant families lost ground—in absolute terms or in relative terms—relative to Canadian-born families of **comparable age**. The only exception is that **absolute** wealth differences between older immigrant families and Canadian-born families whose major income recipient was aged 45 to 64 appear to have narrowed somewhat from 1999 to 2016. Since older immigrant families had, in 1999, higher median wealth than Canadian-born families of comparable ages, this implies that median wealth grew less among the former group than among the latter. However, median wealth grew faster among recent immigrant families and other immigrant families than it did among their Canadian-born counterparts of similar ages (Table 3).

While the comparisons shown in Table 3 are more informative than those presented in Table 1, they neglect the fact that the education level of major income recipients in immigrant families generally differs from that of their Canadian-born counterparts. For example, the percentage of major income recipients aged 25 to 44 who have a university degree is higher among recent immigrant families than among Canadian-born families (Chart 2). Since families whose major earners are highly educated tend to have higher wealth than other families, these differences in educational attainment across groups of families highlight the need to disaggregate the data both by the age and by the education level of the major income recipients.

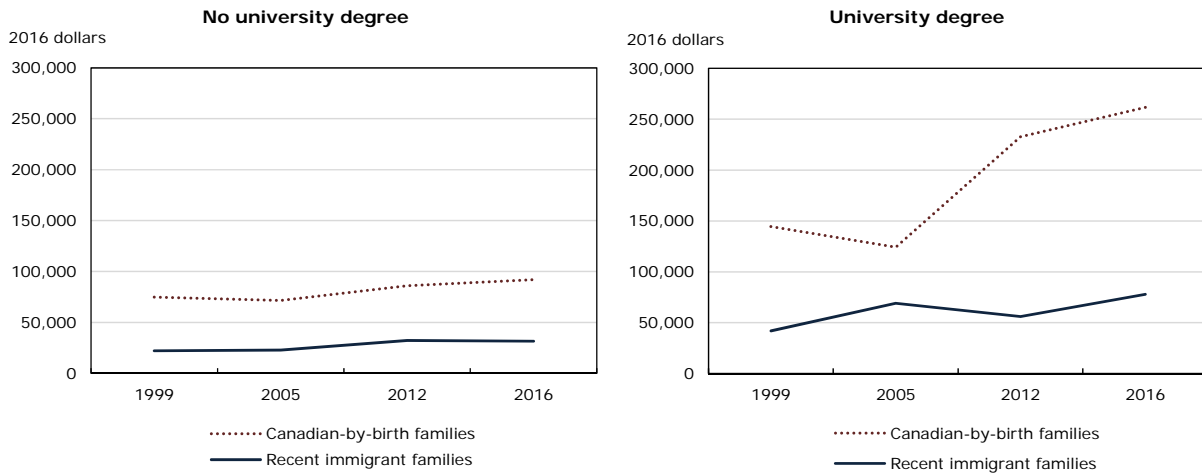
Chart 2
Percentage of major income recipients aged 25 to 44 with a university degree, by immigration status, 1999 to 2016



Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

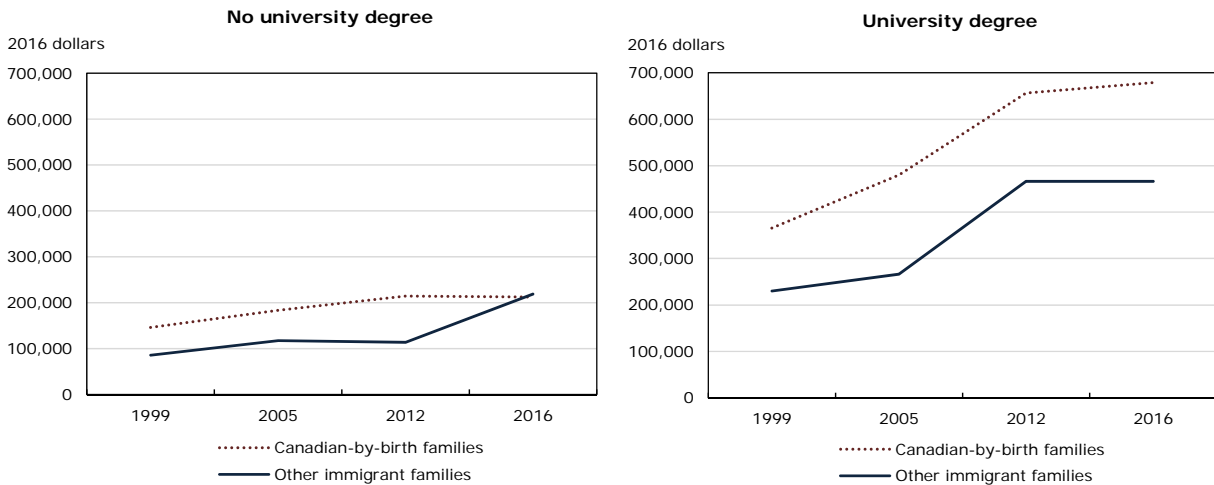
This is done in Table 5 and in Charts 3 to 5. Table 5 shows that regardless of the education level considered, the median wealth of recent immigrant families and other immigrant families grew no less than that of Canadian-born families of similar ages and education from 1999 to 2016. In contrast, the median wealth of older immigrant families grew less than that of Canadian-born families of similar ages and education. Older immigrant families whose major income recipients were aged 45 to 64 and held a university degree lost ground both in relative terms (Table 5) and in absolute terms (Chart 5) relative to their Canadian-born counterparts during that period. Recent immigrant families whose major income recipients were aged 25 to 44 and held a university degree lost ground in absolute terms relative to their Canadian-born counterparts from 1999 to 2016 (Chart 3). However, median wealth increased by roughly 85% for both groups from 1999 to 2016 (Table 5). As a result, recent immigrant families whose major income recipients were aged 25 to 44 and held a university degree did not lose ground in relative terms to their Canadian-born counterparts. In sum, only older immigrant families whose major income recipients held a university degree lost ground in both absolute terms and relative terms to Canadian-born families of similar ages and education during that period.

Chart 3
Median wealth of recent immigrant families and Canadian-by-birth families, both with major income recipients aged 25 to 44, by education, 1999 to 2016



Note: Recent immigrant families are families in which the major income recipient is a landed immigrant who has been in Canada for less than 10 years.
Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

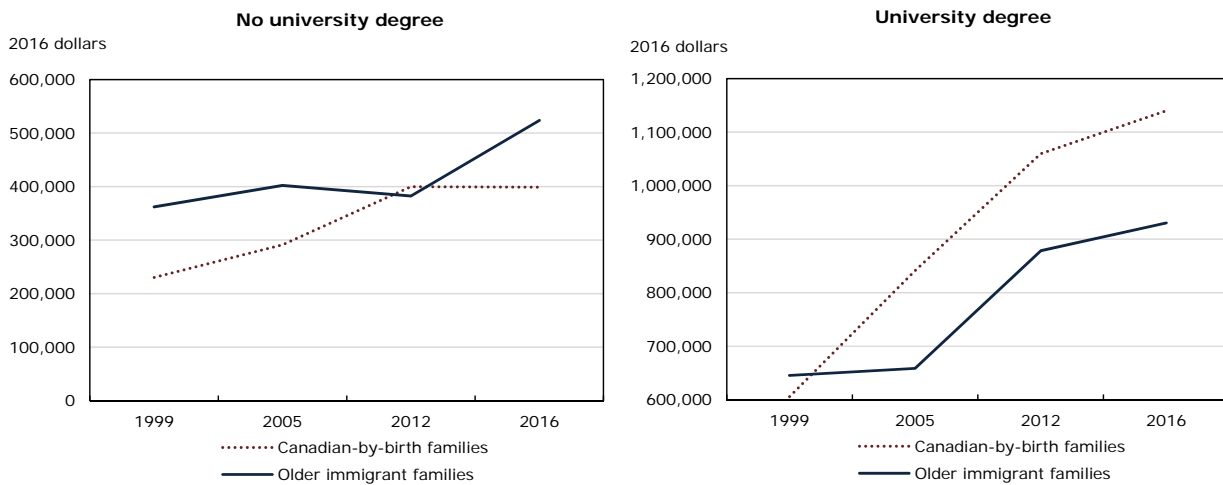
Chart 4
Median wealth of other immigrant families and Canadian-by-birth families, both with major income recipients aged 35 to 54, by education, 1999 to 2016



Note: Other immigrant families are families in which the major income recipient is a landed immigrant who has been in Canada for 10 to 19 years.
Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

Chart 5

Median wealth of older immigrant families and Canadian-by-birth families, both with major income recipients aged 45 to 64, by education, 1999 to 2016



Note: Older immigrant families are families in which the major income recipient is a landed immigrant who has been in Canada for 20 or more years.
Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

4 Wealth convergence

One important issue often raised in the immigration literature is the degree to which socioeconomic outcomes of immigrants (e.g., health, wages, family income) eventually converge with those of Canadian-born individuals as time spent in Canada increases. Since the wealth data currently available in Canada are measured at the family level, this amounts to asking whether the wealth of immigrant families eventually catches up to the wealth of comparable Canadian-born families over time. This section investigates this issue.

To do so, synthetic cohorts of families were created. This was done by tracking over time the 1999 cohort of recent immigrant families whose major income recipients were aged 25 to 44 that year. Data were assembled for the following groups:

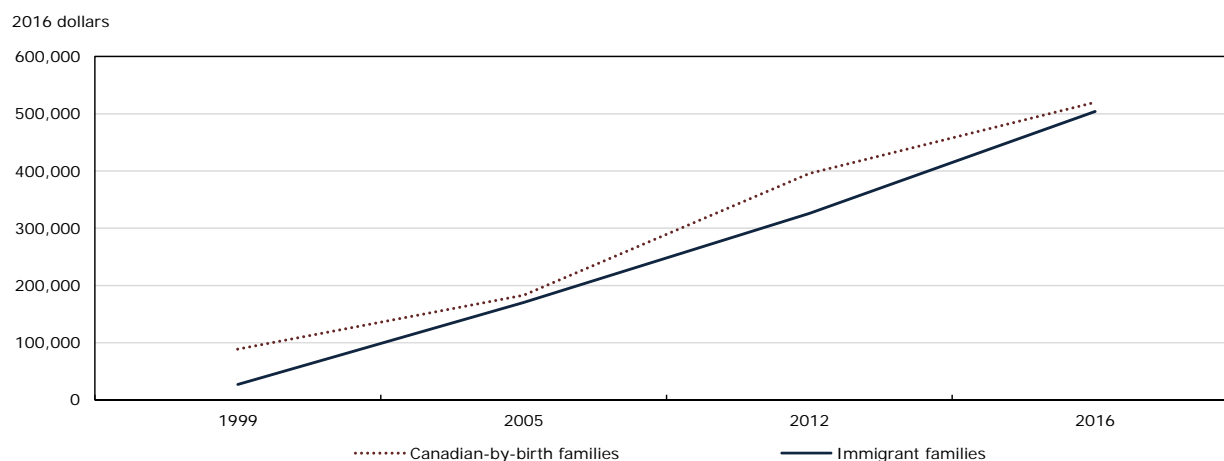
- (a) immigrant families whose major income recipient was aged 25 to 44 in 1999 and had been in Canada for 1 to 9 years as of 1999
- (b) immigrant families whose major income recipient was aged 31 to 50 in 2005 and had been in Canada for 7 to 15 years as of 2005
- (c) immigrant families whose major income recipient was aged 38 to 57 in 2012 and had been in Canada for 14 to 22 years as of 2012
- (d) immigrant families whose major income recipient was aged 42 to 61 in 2016 and had been in Canada for 18 to 26 years as of 2016.

The comparison group consists of Canadian-born families whose major income recipients satisfy the aforementioned age requirements (e.g., aged 25 to 44 in 1999 and aged 42 to 61 in 2016).

In the absence of longitudinal wealth data, family-level synthetic cohort analyses are the best strategy to investigate the convergence issue. While individual-level synthetic cohort analyses face challenges associated with the death and international emigration of some individuals, family-level synthetic cohort analyses face two additional challenges: (a) the breakdown and creation of new families over time, and (b) changes over time in the identity of the major income recipients within intact families. For these reasons, the numbers presented in this section are best viewed as providing **suggestive** evidence rather than strong evidence regarding the convergence issue.

Chart 6 plots the median wealth of the 1999 cohorts of recent immigrant families and Canadian-born families whose major income recipients were aged 25 to 44 in 1999 (42 to 61 in 2016). The simplest message from Chart 6 is that there is no evidence of wealth **divergence** between the two groups from 1999 to 2016. In 1999, the difference in median wealth between the two groups amounted to roughly \$60,000, and, in 2012, it amounted to \$70,000. Point estimates suggest that wealth differences narrowed from 2012 to 2016. However, they also suggest a narrowing from 1999 to 2005. At the very least, Chart 6 clearly shows a substantial narrowing of wealth differences in **relative** terms. In 2016, the median wealth of the 1999 cohort of Canadian-born families was 1.03 times higher than that of the 1999 cohort of recent immigrant families, down from 3.25 in 1999 (Table 6). Relative wealth differences also narrowed substantially over time for families whose major income recipient had a university degree (Chart 7) or those whose major income recipient had no university degree (Chart 8).⁹

Chart 6
Family-level synthetic cohort analyses of median wealth over time for Canadian-by-birth families and immigrant families, both with major income recipients aged 25 to 44 in 1999



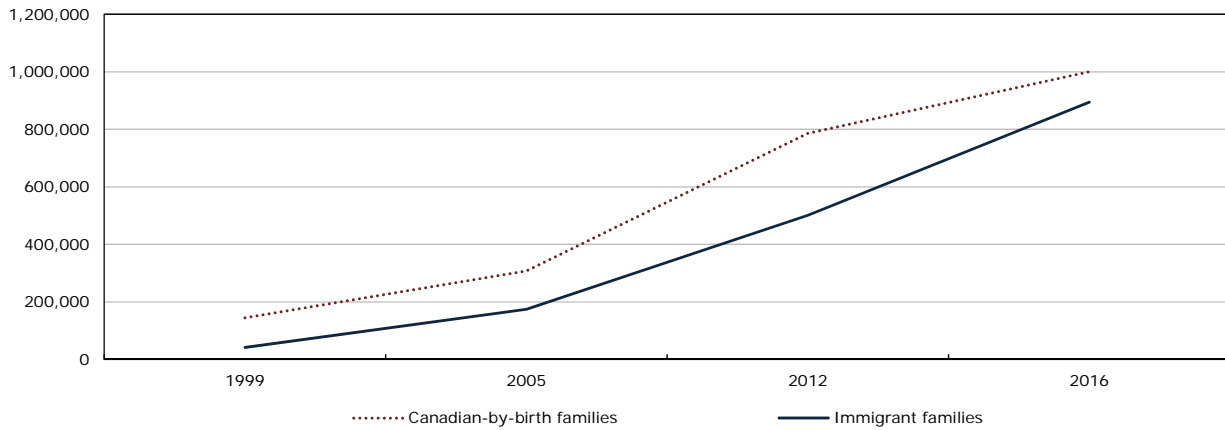
Note: Immigrant families who had been in Canada for less than 10 years as of 1999.
Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

9. In addition to the limitations outlined above regarding family-level synthetic cohort analyses, one limitation of Charts 7 and 8 is that major income recipients may obtain a university degree as they get older, thereby changing the identity of families whose major income recipient has (or does not have) a university degree.

Chart 7

Family-level synthetic cohort analyses of median wealth over time for Canadian-by-birth families and immigrant families, both with major income recipients holding a university degree and aged 25 to 44 in 1999

2016 dollars

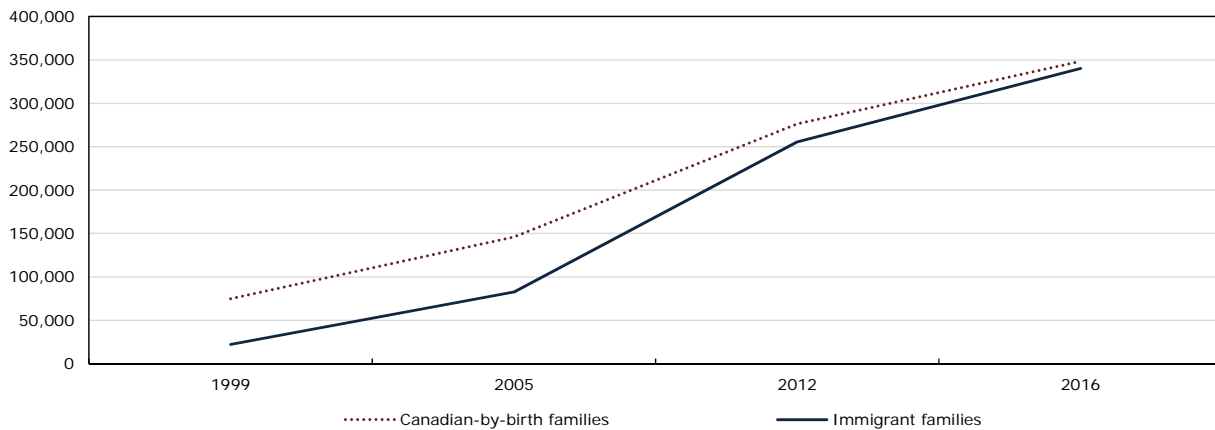


Note: Immigrant families who had been in Canada for less than 10 years as of 1999.
Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

Chart 8

Family-level synthetic cohort analyses of median wealth over time for Canadian-by-birth families and immigrant families, both with major income recipients with no university degree and aged 25 to 44 in 1999

2016 dollars

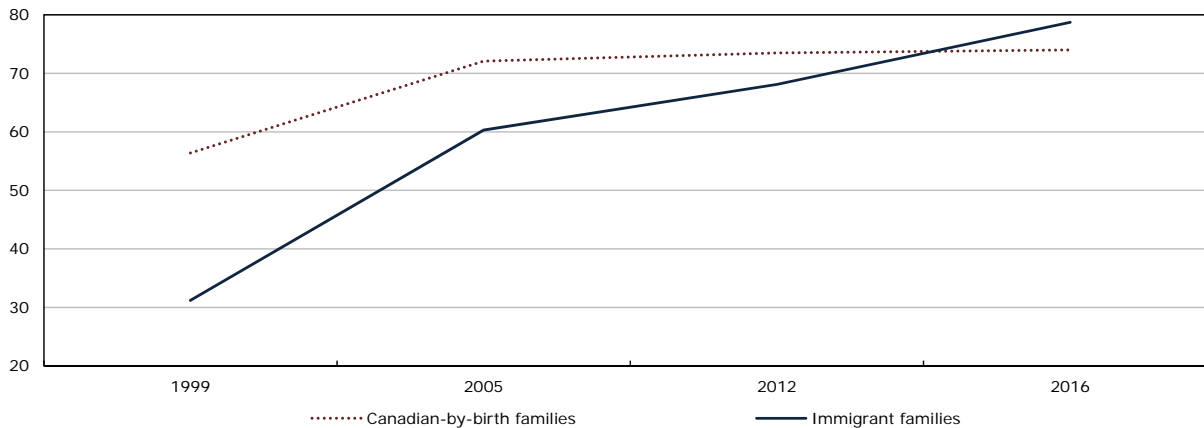


Note: Immigrant families who had been in Canada for less than 10 years as of 1999.
Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

Since principal residences and work-related pension plans are two key assets for families, it is worth investigating whether rates of homeownership and the percentage of families with RPP assets converge over time. This is done in Charts 9 and 10. Chart 9 shows that rates of homeownership converged over time between the 1999 cohort of recent immigrant families and their Canadian-born counterparts. In 1999, 31% of the recent immigrant families selected in this cohort had a principal residence, compared with 56% for their Canadian-born counterparts. By 2016, the corresponding percentages were 79% for immigrant families and 74% for Canadian-born families (Table 6). In contrast, the percentage of families with RPP assets shows no convergence from 1999 to 2012. In both years, the percentage is 25 percentage points higher for the 1999 cohort of Canadian-born families than it is for the 1999 cohort of recent immigrant families. There is some evidence of partial convergence from 2012 to 2016: point estimates suggest a 15-percentage-point difference between the two groups in 2016.

Chart 9
Family-level synthetic cohort analyses of homeownership over time for Canadian-by-birth families and immigrant families, both with major income recipients aged 25 to 44 in 1999

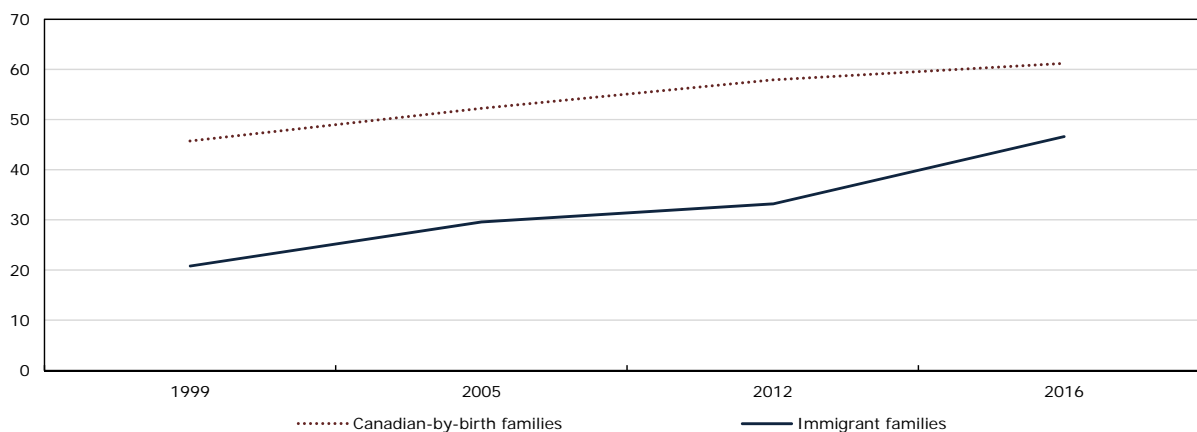
percent of families with a principal residence



Note: Immigrant families who had been in Canada for less than 10 years as of 1999.
Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

Chart 10
Family-level synthetic cohort analyses of families with Registered Pension Plan (RPP) assets, for Canadian-by-birth families and immigrant families, both with major income recipients aged 25 to 44 in 1999

percent of families with RPP assets



Note: Immigrant families who had been in Canada for less than 10 years as of 1999.
Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

In sum, three findings emerge from Charts 6 to 10. First, **relative** wealth differences narrowed over time between the 1999 cohort of recent immigrant families and their Canadian-born counterparts. Second, rates of homeownership fully converged. Third, the percentage of families with RPP assets did not converge from 1999 to 2012 but showed some partial convergence from 2012 to 2016.

5 Homeownership and registered pension plan assets

From the late 1990s to 2016, real interest rates (including those for mortgages) and rates of return on financial markets fell. While home prices increased during that period, the drop in real interest rates may have induced some immigrant families, especially the younger ones, to become homeowners. Hence, rates of homeownership may have increased for some groups of immigrant families since 1999.

Table 7 assesses whether this is the case.¹⁰ The results point to an increase in rates of homeownership among recent immigrant families whose major income recipients were aged 25 to 44. In 2016, close to 40% of these families owned a home, up from 31% in 1999 and 33% in 1984. For older immigrant families and other immigrant families, rates of homeownership in 2016 were very similar to those observed in 1984. This was also the case for Canadian-born families, regardless of the age of their major income recipients.

While rates of homeownership increased for recent immigrant families whose major income recipients were aged 25 to 44, the median value of the principal residence and the median net equity in the principal residence (i.e., the value of the residence minus the mortgage associated with it) increased for all groups of immigrant families considered in Table 7. Median net equity in the principal residence increased by a factor ranging from 1.7 to 2.0 from 1999 to 2016 for all groups of immigrant and Canadian-born families, except for other immigrant families whose major income recipients were aged 35 to 54. For this group, the median net equity in the principal residence was 2.6 times higher in 2016 than it was in 1999. This explains partly why the median wealth of this group doubled from 1999 to 2016 (Table 3).¹¹

The drop in real interest rates observed from 1999 to 2016 also led to an increase in the (discounted) value of defined-benefit RPPs, which account for most RPPs.¹² As a result, families with a member in one of the following situations experienced an increase in the value of their pension plan:

- (a) retired and hold a defined-benefit RPP
- (b) currently employed in a job that has such an RPP
- (c) currently in the labour market and had in the past a job covered by such an RPP.

Table 8 confirms that this was the case. All groups of Canadian-born families and immigrant families who had RPP assets experienced a significant increase in the median value of these assets. For example, the median value of RPP assets of other immigrant families whose major income recipients were aged 35 to 54 increased by roughly \$66,000 and that of older immigrant families whose major income recipients were aged 45 to 64 increased by roughly \$78,000, among families holding such assets.¹³

Taken together, the numbers shown in Tables 7 and 8 suggest that, from 1999 to 2016, increases in the net equity in the principal residence and in the value of work-related pension plans contributed to the growth in the median wealth of the immigrant families shown in Table 3. Because median statistics are not additive, quantifying the contribution of these two assets is difficult, however. To do so, the analysis now focuses on changes in **average** wealth observed during that period. Since average wealth for a given group of families is the sum of average assets

10. Table 7 adds data from the 1984 Assets and Debt Survey to provide a longer comparable time series on homeownership and net equity in the principal residence.

11. In 1984, the median value of the principal residence was the same across the groups of immigrant families (\$169,505 in 2016 dollars, or \$80,000 in 1984 dollars) and was also the same across the groups of Canadian-born families (\$127,129 in 2016 dollars, or \$60,000 in 1984 dollars). However, median net equity on the principal residence differs across groups. This reflects different mortgage values on the principal residence.

12. In 2012, the termination interest rate used to create the discount factors used to assess the value of fully indexed defined-benefit plans was equal to 0.54%, down from 3.76% in 1999.

13. Admittedly, the value of defined-benefit plans is influenced by several other factors. It will rise whenever

- (a) the seniority of employees with defined-benefit plans increases
- (b) their proximity to retirement rises
- (c) their real wages and salaries increase (for defined-benefit plans whose benefits are based on the highest wages earned over a given period).

An increase in the rates of return on defined-contribution RPPs (which was observed from 2012 to 2016) will also increase the value of RPP assets.

minus the sum of average debts, a decomposition of the sources of increases in average wealth over a given period can be performed.

Table 9 shows the results of this decomposition for immigrant families, and Table 10 shows the results for Canadian-born families. The numbers indicate that increases in the value of RPP assets played a relatively larger role—in terms of contributing to wealth growth—for Canadian-born families than for immigrant families. Increases in the unconditional average value of RPP assets accounted for 33% to 40% of the increases in the average wealth of Canadian-born families from 1999 to 2016 but for at most 17% of the increases in the average wealth of immigrant families. For immigrant families, increases in the unconditional values of housing equity—on the principal residence and on other residences—were the main source of wealth growth. They accounted for at least two-thirds of the growth in average wealth from 1999 to 2016. Increases in housing equity in the principal residence were the main source of wealth growth for older immigrant families and other immigrant families. In contrast, increases in housing equity in other residences were relatively more important for recent immigrant families. Increases in the unconditional values of RRSPs played virtually no role for immigrant families but accounted for 5% to 9% of the growth in the average wealth of Canadian-born families.

To assess whether these findings are robust to alternative sample selection schemes, Tables 11 and 12 replicate Tables 9 and 10 but exclude observations in the top 1% of the wealth distribution of each group of families.¹⁴ Virtually all of the aforementioned findings hold. The only exception is that increases in housing equity in other residences are no longer the dominant source of wealth growth for recent immigrant families: increases in housing equity in the principal residence become the dominant factor for this group when the top 1% is excluded.

Overall, Tables 9 to 12 indicate that while increases in both housing wealth and the value of RPP assets were key drivers of wealth growth for Canadian-born families from 1999 to 2016, increases in housing wealth played a more prominent role for immigrant families. Increases in RPP assets played a secondary role for these families.

6 Indebtedness and vulnerability to financial shocks

Following the 2008/2009 recession, concerns regarding the vulnerability of some Canadian families to increases in mortgage interest rates have increased. In this context, assessing the evolution of debt-to-income ratios and debt-to-asset ratios over the 1999-to-2016 period is worthwhile.

This is done in Table 13, where group-level indebtedness ratios are computed for each of the six groups of families considered.¹⁵ For all the groups of families considered, debt-to-income ratios increased substantially from 1999 to 2016, with most of the increase occurring after 2005. For example, recent immigrant families whose major income recipients were aged 25 to 44 had a debt-to-income ratio of 2.53 in 2016, up from 1.28 in 1999. In 2016, all three groups of immigrant families had markedly higher debt-to-income ratios than their Canadian-born counterparts. This was especially the case for other immigrant families whose major income recipients were aged 35 to 54: their debt-to-income ratio amounted to 2.80, compared with 1.77 for their Canadian-born counterparts.

In contrast, debt-to-asset ratios grew moderately from 1999 to 2016. Recent immigrant families whose major income recipients were aged 25 to 44 had a debt-to-asset ratio of 0.36 in 2016, up

14. For each year, six wealth thresholds were used to capture the top 1% of the three groups of immigrant and Canadian-born families.

15. Following Meh et al. (2009), group-level debt-to-income ratios were computed by dividing a group's average total debt holdings by its average family income after tax. Group-level debt-to-asset ratios equal a group's average total debt holdings divided by its average total asset holdings.

slightly from 0.33 in 1999. As expected, debt-to-asset ratios were lower among older families than among younger ones.

The growth in debt-to-income ratios was not driven solely by mortgage growth. The non-mortgage debt-to-income ratio also rose for all groups of immigrant and Canadian-born families. For example, the non-mortgage debt-to-income ratio increased from 0.20 in 1999 to 0.40 in 2016 for older immigrant families whose major income recipients were aged 45 to 64 (Table 14). In contrast, the ratio of non-mortgage debt to non-housing assets did not follow a clear pattern.

Table 15 examines another aspect of economic vulnerability and shows the percentage of families who used payday loans in the last three years.¹⁶ Regardless of the group of immigrant families considered, there is no evidence that immigrant families used payday loans to a greater extent than Canadian-born families of similar ages. Likewise, there is no evidence that immigrant families usually paid off their credit card balances each month to a **lesser** extent than their Canadian-born counterparts (third panel of Table 15). Proportionately, there are no more immigrant families who have no credit cards as a result of refusals than there are Canadian-born families in the same situation (second panel of Table 15).

Table 16 examines whether immigrant families **ever** withdrew money from their RRSPs more often than Canadian-born families for reasons **other than to**

- (a) purchase an annuity or an RRIF
- (b) use the Home Buyers' Plan
- (c) use the Lifelong Learning Plan.

The second panel shows that among families who ever had RRSP savings, the proportion who ever withdrew money for reasons other than those mentioned above is generally no higher among immigrant families than among their Canadian-born counterparts of similar ages. As a result, unconditional rates of withdrawals are generally no higher among the former group than among the latter (first panel).

Table 17 assesses how the percentage of people living in low-income families or in families that were in low income **and** had no financial wealth evolved from 1999 to 2016.¹⁷ For recent immigrant families, low-income rates dropped after the mid-2000s.¹⁸ The percentage of people living in families that were in low income **and** had no financial wealth also dropped among this group. In any given year, low-income rates and the percentage of people living in families that were in low income **and** had no financial wealth were the highest among recent immigrant families whose major income recipients were aged 25 to 44.

Table 18 considers all families (in low income or not) and shows that the percentage of people living in families with no financial wealth grew somewhat from 1999 to 2016. The increase was most pronounced—percentages grew from 10% in 1999 to 22% in 2016—among older immigrant families whose major income recipients were aged 45 to 64.

16. This question was asked in 2005, 2012 and 2016 but not in 1999.

17. Low-income rates are based on Statistics Canada's after-tax low-income cut-offs. Financial wealth equals net worth minus housing equity, business equity and private pension plan assets. Private pension plan assets include assets from RPPs, RRSPs, locked-in retirement accounts, RRIFs and other retirement funds.

18. Picot and Lu (2017) found a similar pattern.

7 Families with substantial wealth

While Section 6 examined the bottom of the wealth distribution, this section briefly documents the percentage of people living in families with substantial wealth.

This is done in Table 19, which shows the percentage of people living in families with (a) at least \$2.5 million of net worth and (b) at least \$5.0 million of net worth. Regardless of the threshold considered, very few people lived in wealthy immigrant families where the major income recipient was younger than 55 and arrived less than 20 years ago. In contrast, among the people living in immigrant families whose major income recipient arrived 20 or more years ago and was aged 45 to 64, about 11% lived in families with at least \$2.5 million of net worth in 2016 and 2% in families with at least \$5.0 million. The corresponding percentages are very similar for the comparison group of Canadian-born families where the major income recipient was aged 45 to 64.

8 Wealth composition in 2016

The analyses conducted in the previous sections documented changes in wealth holdings since 1999 but did not examine the asset and debt composition of various groups of immigrant and Canadian-born families. Tables 20 and 21 perform this task for 2016, using statistics on average wealth.

The numbers indicate that immigrant families held a greater share of their wealth in housing wealth. While roughly one-third of the average wealth of Canadian-born families is accounted for by housing equity on the principal residence and other residences, the corresponding fraction for immigrant families of comparable ages varies between one-half and two-thirds. Conversely, the share of wealth held in RPP assets and RRSPs is lower among immigrant families than among their Canadian-born counterparts. The share of wealth held in business equity ranges from 10% to 12% for most groups of families, except for recent immigrant families whose major income recipients were aged 25 to 44. For this group of families, business equity accounted for 6% of their net worth in 2016.

As a robustness check, Tables 22 and 23 replicate Tables 20 and 21 but exclude observations in the top 1% of the wealth distribution of each group of families. Most of the aforementioned qualitative findings hold when the samples considered exclude the top 1%. The only exception is that the share of wealth held in business equity (a) becomes fairly similar for recent immigrant families whose major income recipients were aged 25 to 44 and for other groups of immigrant families, and (b) drops by about 5 percentage points for Canadian-born families.

9 Summary of findings

Using data from the Survey of Financial Security of 1999, 2005, 2012 and 2016, this paper has examined the wealth holdings of immigrant families over the 1999-to-2016 period. The study first finds little evidence that the wealth of immigrant families during their first years in Canada has deteriorated since 1999 relative to a comparison group of Canadian families of similar ages and education. Only older immigrant families whose major income recipients were aged 45 to 64 and held a university degree lost ground in both **absolute** terms and **relative** terms relative to Canadian-born families of similar ages and education during that period.

To address the issue of wealth convergence, the study performs synthetic cohort analyses at the family level. These analyses provide no evidence of wealth **divergence** from 1999 to 2016 between the 1999 cohort of immigrant families whose major income recipient was aged 25 to 44 that year and comparable Canadian-born families. Relative wealth differences narrowed substantially over time. In 2016, the median wealth of the 1999 cohort of Canadian-born families was only 1.03 times higher than that of the 1999 cohort of recent immigrant families, down from 3.25 in 1999. For this specific cohort, rates of homeownership of immigrant families fully converged with those of their Canadian-born counterparts during this period, but the incidence of registered pension plan (RPP) asset holdings did not.

The study also shows that the wealth growth of immigrant and Canadian-born families were driven by different assets during the 1999-to-2016 period. Increases in both housing wealth and the value of RPP assets were key drivers of wealth growth for Canadian-born families. For immigrant families, increases in housing wealth played a more prominent role, while increases in RPP assets played a secondary role.

Debt-to-income ratios of immigrant and Canadian-born families increased substantially from 1999 to 2016. In 2016, immigrant families had markedly higher debt-to-income ratios than their Canadian-born counterparts. This was especially the case for other immigrant families whose major income recipients were aged 35 to 54: their debt-to-income ratio amounted to 2.80, compared with 1.77 for their Canadian-born counterparts of similar ages. However, debt-to-asset ratios grew moderately during that period. This suggests that a large portion of the increase in debt-to-income ratios was driven by larger mortgages. The study finds no evidence that immigrant families:

- (a) used payday loans to a greater extent than Canadian-born families of similar ages
- (b) usually paid off their credit card balances each month to a **lesser** extent than their Canadian-born counterparts
- (c) had no credit cards as a result of refusals more often than Canadian-born families
- (d) withdrew money from registered retirement savings plans (RRSPs) (for reasons other than buying a home, financing education or acquiring a registered retirement income fund [RRIF]) more often than Canadian-born families.

The study takes advantage of data on low income and wealth to show that (a) low-income rates among recent immigrant families dropped after the mid-2000s, (b) the percentage of people living in families that were in low income **and** had no financial wealth also dropped among this group.

Finally, the study highlights the fact that the composition of the wealth of immigrant families differs from that of Canadian-born families. In 2016, immigrant families had a greater share of their net worth coming from housing equity and a smaller share coming from RPP assets or RRSP savings.

10 Tables

Table 1
Median and average wealth, by immigration status of major income recipient, 1999 to 2016

	1999	2005	2012	2016	1999 to 2016
	2016 dollars				percent
Median wealth					
Overall	144,509	178,020	257,222	295,055	104
Immigration status					
Canadian by birth	138,215	173,767	272,204	304,198	120
Landed immigrant					
In Canada 20 or more years	333,522	430,093	471,609	624,189	87
In Canada 10 to 19 years	82,190	150,996	231,584	272,001	231
In Canada less than 10 years	30,968	43,433	52,753	62,000	100
Neither Canadian by birth nor landed immigrant	37,029	94,697	11,606	13,800	-63
Average wealth					
Overall	337,081	437,153	584,626	669,256	99
Immigration status					
Canadian by birth	330,380	426,841	603,194	679,840	106
Landed immigrant					
In Canada 20 or more years	526,742	648,393	756,822	994,553	89
In Canada 10 to 19 years	227,159	329,653	438,365	519,185	129
In Canada less than 10 years	130,076	277,740	272,063	293,319	125
Neither Canadian by birth nor landed immigrant	254,169	454,870	209,165	173,407	-32
	number of observations				
Sample sizes					
Immigration status					
Canadian by birth	13,034	4,221	9,774	9,563	...
Landed immigrant	2,723	931	2,025	2,577	...
In Canada 20 or more years	1,659	528	1,251	1,465	...
In Canada 10 to 19 years	469	193	362	466	...
In Canada less than 10 years	571	177	350	552	...
Neither Canadian by birth nor landed immigrant	164	119	203	271	...

... not applicable

Note: The number of years since landing is missing for some landed immigrants.

Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

Table 2
Average age of major income recipients, by immigration status, 1999 to 2016

Immigration status	Average age of major income recipient			
	1999	2005	2012	2016
	years			
Canadian by birth	46.5	47.0	49.9	51.0
Landed immigrant				
In Canada 20 or more years	57.1	59.9	59.4	60.8
In Canada 10 to 19 years	42.6	43.9	43.8	44.3
In Canada less than 10 years	38.8	39.1	39.2	39.3
Neither Canadian by birth nor landed immigrant	42.5	44.5	34.1	31.7

Note: Sample sizes are shown in Table 1.

Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

Table 3
Median and average wealth of families, by age group and immigration status of major income recipients, 1999 to 2016

	1999	2005	2012	2016	1999 to 2016
	2016 dollars				percent
Median wealth					
Major income recipient aged 25 to 44					
Canadian by birth	88,733	83,294	122,148	133,828	51
Immigrant in Canada less than 10 years	27,263	28,976	49,912	63,350	132
Major income recipient aged 35 to 54					
Canadian by birth	179,193	231,996	325,527	335,055	87
Immigrant in Canada 10 to 19 years	112,013	177,960	299,534	335,352	199
Major income recipient aged 45 to 64					
Canadian by birth	287,483	384,241	519,266	579,903	102
Immigrant in Canada 20 or more years	411,877	467,262	470,982	648,799	58
Average wealth					
Major income recipient aged 25 to 44					
Canadian by birth	204,775	245,765	315,316	347,577	70
Immigrant in Canada less than 10 years	110,468	161,336	219,356	271,935	146
Major income recipient aged 35 to 54					
Canadian by birth	351,981	477,778	620,949	658,607	87
Immigrant in Canada 10 to 19 years	245,508	363,604	505,188	575,695	134
Major income recipient aged 45 to 64					
Canadian by birth	519,161	656,809	857,920	979,079	89
Immigrant in Canada 20 or more years	625,159	711,394	818,348	1,062,259	70
	number of observations				
Sample sizes					
Major income recipient aged 25 to 44					
Canadian by birth	5,454	1,493	2,723	2,698	...
Immigrant in Canada less than 10 years	390	114	217	387	...
Major income recipient aged 35 to 54					
Canadian by birth	5,611	1,781	3,503	3,140	...
Immigrant in Canada 10 to 19 years	304	115	215	291	...
Major income recipient aged 45 to 64					
Canadian by birth	4,150	1,626	4,108	3,865	...
Immigrant in Canada 20 or more years	794	245	557	619	...

... not applicable

Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

Table 4**Average age of major income recipients, by age group and immigration status, 1999 to 2016**

	Average age of major income recipient			
	1999	2005	2012	2016
	years			
Major income recipient aged 25 to 44				
Canadian by birth	35.0	34.6	34.4	34.5
Immigrant in Canada less than 10 years	35.5	35.0	35.3	35.3
Major income recipient aged 35 to 54				
Canadian by birth	43.5	44.4	45.1	44.8
Immigrant in Canada 10 to 19 years	43.5	44.4	44.1	44.6
Major income recipient aged 45 to 64				
Canadian by birth	53.1	53.2	54.5	54.9
Immigrant in Canada 20 or more years	54.0	55.7	55.4	54.7

Note: Sample sizes are shown in Table 3.

Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

Table 5
Median wealth of families, by education, age group and immigration status of major income recipients, 1999 to 2016

	1999	2005	2012	2016	1999 to 2016
	2016 dollars				percent
Median wealth					
Major income recipient has no university degree					
Major income recipient aged 25 to 44					
Canadian by birth	74,974	71,416	85,987	91,800	22
Immigrant in Canada less than 10 years	22,156	22,800	32,199	31,540	42
Major income recipient aged 35 to 54					
Canadian by birth	146,252	183,766	214,743	212,798	46
Immigrant in Canada 10 to 19 years	85,912	117,600	113,946	219,000	155
Major income recipient aged 45 to 64					
Canadian by birth	230,430	291,425	400,017	399,246	73
Immigrant in Canada 20 or more years	362,141	402,538	382,687	524,000	45
Major income recipient has a university degree					
Major income recipient aged 25 to 44					
Canadian by birth	144,509	124,294	232,755	261,819	81
Immigrant in Canada less than 10 years	42,017	69,180	56,023	78,000	86
Major income recipient aged 35 to 54					
Canadian by birth	365,293	480,104	656,754	678,517	86
Immigrant in Canada 10 to 19 years	229,817	266,460	466,248	466,000	103
Major income recipient aged 45 to 64					
Canadian by birth	605,953	841,172	1,059,442	1,139,632	88
Immigrant in Canada 20 or more years	645,375	658,351	878,327	930,096	44
	number of observations				
Sample sizes					
Major income recipient has no university degree					
Major income recipient aged 25 to 44					
Canadian by birth	4,183	1,060	1,870	1,807	...
Immigrant in Canada less than 10 years	238	44	100	159	...
Major income recipient aged 35 to 54					
Canadian by birth	4,191	1,279	2,502	2,162	...
Immigrant in Canada 10 to 19 years	191	74	80	109	...
Major income recipient aged 45 to 64					
Canadian by birth	3,108	1,143	3,016	2,731	...
Immigrant in Canada 20 or more years	549	143	353	369	...
Major income recipient has a university degree					
Major income recipient aged 25 to 44					
Canadian by birth	1,271	433	853	891	...
Immigrant in Canada less than 10 years	152	70	117	228	...
Major income recipient aged 35 to 54					
Canadian by birth	1,420	502	1,001	978	...
Immigrant in Canada 10 to 19 years	113	41	135	182	...
Major income recipient aged 45 to 64					
Canadian by birth	1,042	483	1,092	1,134	...
Immigrant in Canada 20 or more years	245	102	204	250	...

... not applicable

Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

Table 6
Convergence of selected wealth indicators for 1999 cohorts of families with major income recipients aged 25 to 44 in 1999, 1999 to 2016

	1999	2005	2012	2016
		2016 dollars		
Median wealth				
a) 1999 cohort of recent immigrant families	27,263	170,400	325,800	504,009
b) 1999 cohort of Canadian-by-birth families	88,733	182,917	395,645	520,163
Relative wealth differences (b/a ratio)	3.25	1.07	1.21	1.03
		percent		
Percentage of families with a principal residence				
1999 cohort of recent immigrant families	31.2	60.3	68.1	78.7
1999 cohort of Canadian-by-birth families	56.4	72.1	73.5	74.0
Percentage of families with RPP assets				
1999 cohort of recent immigrant families	20.8	29.6	33.2	46.6
1999 cohort of Canadian-by-birth families	45.7	52.2	57.9	61.2
		number of observations		
Sample sizes				
1999 cohort of recent immigrant families	390	119	206	255
1999 cohort of Canadian-by-birth families	5,454	1,700	3,752	3,701

Notes: See text for the definition of the cohorts. RPP: registered pension plan.

Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

Table 7
Percentage of families with a principal residence, and median and net equity values
of the principal residence, by age group and immigration status of major income recipient,
1984 to 2016

	1984	1999	2005	2012	2016
	percent				
Percentage of families with a principal residence					
Major income recipient aged 25 to 44					
Canadian by birth	56.3	56.4	57.1	58.2	57.3
Immigrant in Canada less than 10 years	33.1	31.2	39.1	40.3	38.9
Major income recipient aged 35 to 54					
Canadian by birth	70.8	68.5	74.4	71.7	69.6
Immigrant in Canada 10 to 19 years	70.8	59.0	68.2	72.1	70.2
Major income recipient aged 45 to 64					
Canadian by birth	72.5	72.9	76.1	73.8	74.5
Immigrant in Canada 20 or more years	81.0	78.9	79.0	71.1	80.6
	2016 dollars				
Median value of principal residence—homeowners					
Major income recipient aged 25 to 44					
Canadian by birth	127,129	160,327	202,800	290,140	314,000
Immigrant in Canada less than 10 years	169,505	225,083	312,000	390,370	440,000
Major income recipient aged 35 to 54					
Canadian by birth	127,129	165,856	204,000	316,516	325,000
Immigrant in Canada 10 to 19 years	169,505	241,873	372,000	474,774	585,000
Major income recipient aged 45 to 64					
Canadian by birth	127,129	165,856	192,000	295,415	300,000
Immigrant in Canada 20 or more years	169,505	261,223	312,000	443,122	600,000
Median net equity in principal residence—homeowners					
Major income recipient aged 25 to 44					
Canadian by birth	72,040	64,960	86,400	105,505	112,000
Immigrant in Canada less than 10 years	84,752	76,017	96,000	140,807	150,000
Major income recipient aged 35 to 54					
Canadian by birth	97,465	93,985	122,596	179,359	180,576
Immigrant in Canada 10 to 19 years	103,822	123,010	175,200	280,644	323,000
Major income recipient aged 45 to 64					
Canadian by birth	110,178	123,563	150,000	221,561	245,000
Immigrant in Canada 20 or more years	148,317	207,320	240,000	342,892	400,000

Sources: Statistics Canada, Asset and Debt Survey, 1984; Survey of Financial Security, 1999, 2005, 2012 and 2016.

Table 8
Percentage of families with RPP assets, and median value of RPP assets, by age group and immigration status of major income recipient, 1999 to 2016

	1999	2005	2012	2016
		percent		
Percentage of families with RPP assets				
Major income recipient aged 25 to 44				
Canadian by birth	45.7	48.6	51.9	54.5
Immigrant in Canada less than 10 years	20.8	24.7	29.3	31.3
Major income recipient aged 35 to 54				
Canadian by birth	53.5	53.2	57.7	59.6
Immigrant in Canada 10 to 19 years	33.5	33.1	38.1	44.2
Major income recipient aged 45 to 64				
Canadian by birth	56.2	57.4	58.2	60.9
Immigrant in Canada 20 or more years	54.4	61.7	44.8	53.0
		2016 dollars		
Median value of RPP assets—families with RPP assets				
Major income recipient aged 25 to 44				
Canadian by birth	24,317	21,701	48,075	71,091
Immigrant in Canada less than 10 years	8,055	8,183	18,386	18,705
Major income recipient aged 35 to 54				
Canadian by birth	63,216	81,469	120,351	174,978
Immigrant in Canada 10 to 19 years	26,627	37,829	59,217	92,217
Major income recipient aged 45 to 64				
Canadian by birth	148,894	214,519	280,648	310,235
Immigrant in Canada 20 or more years	126,090	187,402	177,250	204,053

Note: RPP: registered pension plan.

Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

Table 9
Sources of increase in average wealth of immigrant families, by years since landing and age group of major income recipient, 1999 to 2016

	Major income recipient		
	In Canada less than 10 years and aged 25 to 44	In Canada 10 to 19 years and aged 35 to 54	In Canada 20 or more years and aged 45 to 64
	2016 dollars		
Increase in average wealth, 1999 to 2016	161,466	330,187	437,099
Increases in			
Housing wealth			
Principal residence	64,044	180,666	242,864
Other residences	75,553	55,922	57,999
RPP assets	2,620	44,607	72,214
RRSPs	544	-2,276	5,900
Business equity	1,564	27,627	55,879
Other	17,140	23,642	2,244
	percent		
Increases in			
Housing wealth			
Principal residence	39.7	54.7	55.6
Other residences	46.8	16.9	13.3
RPP assets	1.6	13.5	16.5
RRSPs	0.3	-0.7	1.3
Business equity	1.0	8.4	12.8
Other	10.6	7.2	0.5
	number of observations		
Sample sizes			
1999	390	304	794
2016	387	291	619

Notes: RPP: registered pension plan. RRSP: registered retirement savings plan.

Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

Table 10
Sources of increase in average wealth of Canadian-by-birth families, by age group of major income recipients, 1999 to 2016

	Age group of major income recipient		
	25 to 44	35 to 54	45 to 64
	2016 dollars		
Increase in average wealth, 1999 to 2016	142,802	306,625	459,919
Increases in			
Housing wealth			
Principal residence	57,994	99,208	130,418
Other residences	9,456	25,774	46,732
RPP assets	56,630	115,727	152,919
RRSPs	7,650	27,216	42,211
Business equity	2,882	27,492	43,294
Other	8,190	11,209	44,345
	percent		
Increases in			
Housing wealth			
Principal residence	40.6	32.4	28.4
Other residences	6.6	8.4	10.2
RPP assets	39.7	37.7	33.2
RRSPs	5.4	8.9	9.2
Business equity	2.0	9.0	9.4
Other	5.7	3.7	9.6
	number of observations		
Sample sizes			
1999	5,454	5,611	4,150
2016	2,698	3,140	3,865

Notes: RPP: registered pension plan. RRSP: registered retirement savings plan.

Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

Table 11
Sources of increase in average wealth of immigrant families, by years since landing and age group of major income recipient, top 1% excluded, 1999 to 2016

	Major income recipient		
	In Canada less than 10 years and aged 25 to 44	In Canada 10 to 19 years and aged 35 to 54	In Canada 20 or more years and aged 45 to 64
	2016 dollars		
Increase in average wealth, 1999 to 2016	123,124	295,937	385,094
Increases in			
Housing wealth			
Principal residence	54,733	176,465	238,936
Other residences	51,176	23,694	41,838
RPP assets	9,006	44,945	73,433
RRSPs	897	884	9,474
Business equity	3,788	26,089	33,608
Other	3,524	23,860	-12,196
	percent		
Increases in			
Housing wealth			
Principal residence	44.5	59.6	62.0
Other residences	41.6	8.0	10.9
RPP assets	7.3	15.2	19.1
RRSPs	0.7	0.3	2.5
Business equity	3.1	8.8	8.7
Other	2.9	8.1	-3.2
	number of observations		
Sample sizes			
1999	380	291	767
2016	380	287	606

Notes: RPP: registered pension plan. RRSP: registered retirement savings plan.

Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

Table 12
Sources of increase in average wealth of Canadian-by-birth families, by age group of major income recipients, top 1% excluded, 1999 to 2016

	Age group of major income recipient		
	25 to 44	35 to 54	45 to 64
	2016 dollars		
Increase in average wealth, 1999 to 2016	137,987	284,161	407,866
Increases in			
Housing wealth			
Principal residence	54,001	92,760	122,165
Other residences	7,929	21,102	31,609
RPP assets	54,363	114,513	154,301
RRSPs	7,835	27,077	41,521
Business equity	5,597	9,042	20,931
Other	8,263	19,667	37,338
	percent		
Increases in			
Housing wealth			
Principal residence	39.1	32.6	30.0
Other residences	5.7	7.4	7.7
RPP assets	39.4	40.3	37.8
RRSPs	5.7	9.5	10.2
Business equity	4.1	3.2	5.1
Other	6.0	6.9	9.2
	number of observations		
Sample sizes			
1999	5,331	5,471	4,030
2016	2,662	3,092	3,805

Notes: RPP: registered pension plan. RRSP: registered retirement savings plan.

Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

Table 13
Group-level indebtedness ratios for families, by age group and immigration status of major income recipient, 1999 to 2016

	1999	2005	2012	2016
	ratios			
Group-level debt-to-income ratios				
Major income recipient aged 25 to 44				
Canadian by birth	1.17	1.43	2.07	2.03
Immigrant in Canada less than 10 years	1.28	1.83	2.19	2.53
Major income recipient aged 35 to 54				
Canadian by birth	1.00	1.24	1.57	1.77
Immigrant in Canada 10 to 19 years	1.45	1.78	2.12	2.80
Major income recipient aged 45 to 64				
Canadian by birth	0.76	0.94	1.09	1.32
Immigrant in Canada 20 or more years	1.06	1.07	1.72	2.17
Group-level debt-to-asset ratios				
Major income recipient aged 25 to 44				
Canadian by birth	0.25	0.27	0.31	0.31
Immigrant in Canada less than 10 years	0.33	0.36	0.36	0.36
Major income recipient aged 35 to 54				
Canadian by birth	0.16	0.16	0.18	0.19
Immigrant in Canada 10 to 19 years	0.28	0.27	0.27	0.29
Major income recipient aged 45 to 64				
Canadian by birth	0.09	0.09	0.09	0.10
Immigrant in Canada 20 or more years	0.11	0.11	0.14	0.16

Notes: Group-level debt-to-income ratios are computed by dividing a group's average total debt holdings by its average family income after tax. Group-level debt-to-asset ratios are computed by dividing a group's average total debt holdings by its average total asset holdings.

Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

Table 14**Group-level indebtedness ratios for families, excluding mortgage debt and housing assets, by age group and immigration status of major income recipient, 1999 to 2016**

	1999	2005	2012	2016
	ratio			
Group-level non-mortgage debt-to-income ratios				
Major income recipient aged 25 to 44				
Canadian by birth	0.24	0.33	0.38	0.32
Immigrant in Canada less than 10 years	0.21	0.22	0.27	0.27
Major income recipient aged 35 to 54				
Canadian by birth	0.22	0.30	0.33	0.34
Immigrant in Canada 10 to 19 years	0.19	0.29	0.28	0.30
Major income recipient aged 45 to 64				
Canadian by birth	0.22	0.30	0.32	0.34
Immigrant in Canada 20 or more years	0.20	0.29	0.48	0.40
Group-level non-mortgage debt-to-non-housing asset ratios				
Major income recipient aged 25 to 44				
Canadian by birth	0.09	0.14	0.13	0.10
Immigrant in Canada less than 10 years	0.13	0.11	0.20	0.16
Major income recipient aged 35 to 54				
Canadian by birth	0.06	0.07	0.07	0.06
Immigrant in Canada 10 to 19 years	0.09	0.14	0.10	0.10
Major income recipient aged 45 to 64				
Canadian by birth	0.03	0.04	0.04	0.04
Immigrant in Canada 20 or more years	0.04	0.05	0.08	0.07

Notes: Group-level debt-to-income ratios are computed by dividing a group's average debt holdings (excluding mortgage debt) by its average family income after tax. Group-level non-mortgage debt-to-non-housing asset ratios are computed by dividing a group's average debt holdings (excluding mortgage debt) by its average asset holdings (excluding the principal residence and other residences).

Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

Table 15
Payday loans and credit cards, by age group and immigration status of major income recipient, 1999 to 2016

	1999	2005	2012	2016
		percent		
Used payday loans in the last three years				
Major income recipient aged 25 to 44				
Canadian by birth	..	3.7	5.5	5.6
Immigrant in Canada less than 10 years	..	2.0	5.0	2.1
Major income recipient aged 35 to 54				
Canadian by birth	..	2.5	4.1	5.3
Immigrant in Canada 10 to 19 years	..	0.8	2.2	1.3
Major income recipient aged 45 to 64				
Canadian by birth	..	1.2	2.8	3.5
Immigrant in Canada 20 or more years	..	0.8	1.6	3.0
Had no credit cards because of refusals				
Major income recipient aged 25 to 44				
Canadian by birth	5.8	3.8	4.6	4.3
Immigrant in Canada less than 10 years	3.2	2.4	0.8	1.2
Major income recipient aged 35 to 54				
Canadian by birth	4.4	3.9	4.2	4.2
Immigrant in Canada 10 to 19 years	3.4	1.1	1.4	0.7
Major income recipient aged 45 to 64				
Canadian by birth	3.3	4.1	3.4	3.7
Immigrant in Canada 20 or more years	2.1	0.1	3.0	1.3
Usually paid off credit card balances each month (credit card holders)				
Major income recipient aged 25 to 44				
Canadian by birth	57.4	63.9	66.2	52.2
Immigrant in Canada less than 10 years	74.0	83.1	79.3	58.1
Major income recipient aged 35 to 54				
Canadian by birth	62.3	62.3	66.3	54.8
Immigrant in Canada 10 to 19 years	74.8	81.6	85.2	68.6
Major income recipient aged 45 to 64				
Canadian by birth	69.2	67.1	70.0	62.3
Immigrant in Canada 20 or more years	77.2	75.0	73.3	59.7

.. not available for a specific reference period

Note: For 2016, the numbers in the third panel measure the percentage of families who paid "the full amount" on their credit card balances.

Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

Table 16
RRSP withdrawals, by age group and immigration status of major income recipient, 1999 to 2016

	1999	2005	2012	2016
		percent		
Ever withdrew money from an RRSP for any other reason¹				
Major income recipient aged 25 to 44				
Canadian by birth	18.9	16.2	12.2	14.6
Immigrant in Canada less than 10 years	5.6	7.2	3.1	3.8
Major income recipient aged 35 to 54				
Canadian by birth	22.7	21.3	18.2	21.2
Immigrant in Canada 10 to 19 years	14.9	24.4	13.2	12.3
Major income recipient aged 45 to 64				
Canadian by birth	22.5	23.1	21.9	25.8
Immigrant in Canada 20 or more years	19.2	25.6	16.2	17.4
Ever withdrew money from an RRSP for any other reason,¹ conditional on ever having RRSP savings				
Major income recipient aged 25 to 44				
Canadian by birth	27.2	24.5	19.5	21.4
Immigrant in Canada less than 10 years	12.6	16.3	9.1	9.2
Major income recipient aged 35 to 54				
Canadian by birth	30.7	28.8	25.2	27.7
Immigrant in Canada 10 to 19 years	22.5	32.4	20.2	20.5
Major income recipient aged 45 to 64				
Canadian by birth	30.7	30.6	29.8	33.2
Immigrant in Canada 20 or more years	23.8	31.2	23.6	24.3

1. For 1999: for reasons other than (a) to purchase an annuity or a registered retirement income fund (RRIF) and (b) to use the Home Buyers' Plan. For 2005 and onwards: for reasons other than (a) to purchase an annuity or an RRIF, (b) to use the Home Buyers' Plan and (c) to use the Lifelong Learning Plan.

Note: RRSP: registered retirement savings plan.

Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

Table 17**Low income and absence of financial wealth, by age group and immigration status of major income recipient, 1999 to 2016**

	1999	2005	2012	2016
	percent			
Percentage of people in low-income families				
Major income recipient aged 25 to 44				
Canadian by birth	13.7	10.8	7.2	5.8
Immigrant in Canada less than 10 years	39.0	39.8	27.7	21.2
Major income recipient aged 35 to 54				
Canadian by birth	9.7	7.5	5.3	4.9
Immigrant in Canada 10 to 19 years	21.6	20.5	11.2	10.3
Major income recipient aged 45 to 64				
Canadian by birth	9.5	8.1	6.8	6.5
Immigrant in Canada 20 or more years	9.1	6.0	13.2	5.9
Percentage of people in low-income families with no financial wealth				
Major income recipient aged 25 to 44				
Canadian by birth	3.0	3.4	2.4	1.8
Immigrant in Canada less than 10 years	9.9	6.2	8.2	4.0
Major income recipient aged 35 to 54				
Canadian by birth	1.6	1.7	1.1	1.0
Immigrant in Canada 10 to 19 years	3.6	2.5	2.2	2.7
Major income recipient aged 45 to 64				
Canadian by birth	1.0	0.8	1.2	1.2
Immigrant in Canada 20 or more years	1.8	0.0	4.0	0.9

Notes: Low-income rates are based on Statistics Canada's after-tax low income cut-offs. Financial wealth equals net worth minus housing equity, business equity and private pension plan assets. Private pension plan assets include assets from registered pension plans, registered retirement savings plans, locked-in retirement accounts, registered retirement income funds and other retirement funds.

Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

Table 18**Percentage of people in families with no financial wealth, by age group and immigration status of major income recipient, 1999 to 2016**

	1999	2005	2012	2016
	percent			
Major income recipient aged 25 to 44				
Canadian by birth	12.5	19.1	20.9	20.1
Immigrant in Canada less than 10 years	17.6	13.5	19.0	21.2
Major income recipient aged 35 to 54				
Canadian by birth	10.3	14.4	17.8	17.5
Immigrant in Canada 10 to 19 years	12.4	18.4	11.1	16.5
Major income recipient aged 45 to 64				
Canadian by birth	9.3	12.2	16.0	15.9
Immigrant in Canada 20 or more years	9.5	20.1	25.2	21.7

Note: Financial wealth equals net worth minus housing equity, business equity and private pension plan assets. Private pension plan assets include assets from registered pension plans, registered retirement savings plans, locked-in retirement accounts, registered retirement income funds and other retirement funds.

Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

Table 19**Percentage of people in families with substantial wealth, by age group and immigration status of major income recipient, 1999 to 2016**

	1999	2005	2012	2016
		percent		
People in families whose wealth is \$2.5 million or more (2016 dollars)				
Major income recipient aged 25 to 44				
Canadian by birth	0.7	1.4	2.1	2.0
Immigrant in Canada less than 10 years	0.0	1.9	1.5	1.5
Major income recipient aged 35 to 54				
Canadian by birth	1.5	3.0	3.9	4.9
Immigrant in Canada 10 to 19 years	0.4	3.5	1.9	2.7
Major income recipient aged 45 to 64				
Canadian by birth	2.4	4.0	7.2	9.8
Immigrant in Canada 20 or more years	2.0	0.9	6.5	10.6
People in families whose wealth is \$5.0 million or more (2016 dollars)				
Major income recipient aged 25 to 44				
Canadian by birth	0.2	0.7	0.3	0.6
Immigrant in Canada less than 10 years	0.0	0.0	1.0	0.5
Major income recipient aged 35 to 54				
Canadian by birth	0.5	1.3	1.2	1.1
Immigrant in Canada 10 to 19 years	0.1	1.0	1.3	2.1
Major income recipient aged 45 to 64				
Canadian by birth	0.9	1.6	1.8	2.0
Immigrant in Canada 20 or more years	0.7	0.8	0.8	2.1

Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

Table 20
Composition of wealth of immigrant families, by years since landing and age group of major income recipient, 2016

	Major income recipient		
	In Canada less than 10 years and aged 25 to 44	In Canada 10 to 19 years and aged 35 to 54	In Canada 20 or more years and aged 45 to 64
	2016 dollars		
Average wealth in 2016	271,935	575,695	1,062,259
Housing wealth			
Principal residence	98,843	276,754	443,186
Other residences	89,771	79,038	103,575
RPP assets	13,252	65,850	184,070
RRSPs	8,480	30,755	94,854
Business equity	15,416	57,425	108,295
Other	46,173	65,874	128,280
	percent		
Housing wealth			
Principal residence	36.3	48.1	41.7
Other residences	33.0	13.7	9.8
RPP assets	4.9	11.4	17.3
RRSPs	3.1	5.3	8.9
Business equity	5.7	10.0	10.2
Other	17.0	11.4	12.1
	number of observations		
2016 sample sizes	387	291	619

Notes: RPP: registered pension plan. RRSP: registered retirement savings plan.

Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

Table 21
Composition of wealth of Canadian-by-birth families, by age group of major income recipient, 2016

	Age group of major income recipient		
	25 to 44	35 to 54	45 to 64
	2016 dollars		
Average wealth in 2016	347,577	658,607	979,079
Housing wealth			
Principal residence	113,959	187,562	244,101
Other residences	21,661	44,839	75,985
RPP assets	79,866	176,736	283,503
RRSPs	33,699	73,250	114,069
Business equity	42,721	86,744	106,055
Other	55,672	89,476	155,367
	percent		
Housing wealth			
Principal residence	32.8	28.5	24.9
Other residences	6.2	6.8	7.8
RPP assets	23.0	26.8	29.0
RRSPs	9.7	11.1	11.7
Business equity	12.3	13.2	10.8
Other	16.0	13.6	15.9
	number of observations		
2016 sample sizes	2,698	3,140	3,865

Notes: RPP: registered pension plan. RRSP: registered retirement savings plan.

Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

Table 22**Composition of wealth of immigrant families, by years since landing and age group of major income recipient, top 1% excluded, 2016**

	Major income recipient		
	In Canada less than 10 years and aged 25 to 44	In Canada 10 to 19 years and aged 35 to 54	In Canada 20 or more years and aged 45 to 64
	2016 dollars		
Average wealth in 2016	210,506	516,972	942,387
Housing wealth			
Principal residence	86,308	264,747	431,576
Other residences	61,405	46,921	80,756
RPP assets	13,414	66,407	185,379
RRSPs	8,583	30,854	88,169
Business equity	11,676	44,521	57,830
Other	29,120	63,521	98,678
	percent		
Housing wealth			
Principal residence	41.0	51.2	45.8
Other residences	29.2	9.1	8.6
RPP assets	6.4	12.8	19.7
RRSPs	4.1	6.0	9.4
Business equity	5.5	8.6	6.1
Other	13.8	12.3	10.5
	number of observations		
2016 sample sizes	380	287	606

Notes: RPP: registered pension plan. RRSP: registered retirement savings plan.

Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

Table 23**Composition of wealth of Canadian-by-birth families, by age group of major income recipient, top 1% excluded, 2016**

	Age group of major income recipient		
	25 to 44	35 to 54	45 to 64
	2016 dollars		
Average wealth in 2016	301,478	575,544	856,216
Housing wealth			
Principal residence	105,754	175,683	230,911
Other residences	17,085	36,808	55,760
RPP assets	77,569	175,561	284,691
RRSPs	31,853	69,873	108,337
Business equity	20,713	38,712	53,876
Other	48,504	78,908	122,642
	percent		
Housing wealth			
Principal residence	35.1	30.5	27.0
Other residences	5.7	6.4	6.5
RPP assets	25.7	30.5	33.2
RRSPs	10.6	12.1	12.7
Business equity	6.9	6.7	6.3
Other	16.1	13.7	14.3
	number of observations		
2016 sample sizes	2,662	3,092	3,805

Notes: RPP: registered pension plan. RRSP: registered retirement savings plan.

Sources: Statistics Canada, Survey of Financial Security, 1999, 2005, 2012 and 2016.

Appendix: The Survey of Financial Security

The Survey of Financial Security (SFS)¹⁹ is a household survey that was conducted in 1999, 2005, 2012 and 2016 to measure the wealth, or net worth, of Canadian families. In-person interviews were used to collect information on the value of all major financial and non-financial assets and on money owing on mortgages, vehicles, credit cards, student loans and other debts. The net worth of a family is defined as the value of its assets minus its debts.

The SFS covers the population living in the 10 provinces of Canada. Excluded from the survey's coverage are the following:

- people living on reserves and other Aboriginal settlements in the provinces
- official representatives of foreign countries living in Canada and their families
- members of religious and other communal colonies
- members of the Canadian Forces living in military bases
- people living in residences for senior citizens
- people living full time in institutions, such as inmates of penal institutions and chronic care patients living in hospitals and nursing homes.

Altogether, these exclusions represent approximately 2% of the population.

Over the years, the sample size of the SFS has varied according to the budget available. The 1999 iteration of the SFS had a sample size of about 23,000 dwellings, the 2012 iteration, 20,000 dwellings, and the 2016 iteration, 21,000 dwellings. With these sample sizes, the survey design aimed to produce reliable estimates at the provincial level. In 2005, the sample size was considerably smaller—about 9,000 dwellings—and, as a result, the target of the 2005 SFS was reliable estimates at the regional rather than provincial level.

One of the challenges of doing a survey on wealth is the skewness of the distribution of wealth. At every iteration of the SFS, oversampling of high net worth households was used to ensure adequate coverage of less common types of assets and debts and to improve the efficiency of the sample design. The method has evolved over time in response to the availability of improved sampling frames.

In 1999 and 2005, an overlapping dual frame design was used. Part of the sample came from the Labour Force Survey (LFS) area frame to ensure complete coverage of the population, and part of the sample came from a list of dwellings in high-income postal codes to ensure adequate oversampling of high net worth families.

In 2012, a similar overlapping dual frame design was used. In this case, the LFS area frame sample was paired with a second sample selected from the T1 Family File (T1FF), a family tax file derived from individual tax returns (T1 returns). According to information on the T1FF, the net worth of households was estimated, and the T1FF sample was stratified by predicted net worth. The model used to predict the net worth of households on the T1FF was based on the 2005 iteration of the SFS and took into account information such as age and income.

19. The author wishes to thank Cilanne Boulet, from the Social Statistics Methods Division of Statistics Canada, for writing this appendix.

In 2016, the sample design was again based on information from two frames, but without overlap. This increased the efficiency of the design. The LFS area frame was used in rural areas to allow for a clustered design that was needed to do in-person interviews. In urban and urban-adjacent areas, a list frame based on the Household Survey Frame was used. The urban part of the sample was stratified according to predicted net worth, with the addition of a stratum for households for which income information was not available.

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