More Ontarians living pay cheque to pay cheque

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Living pay cheque to pay cheque is a phrase that's been tossed around for decades.

Most of us hear it, and are thankful it doesn't pertain to us. Unless of course, it does.

According to the Canadian Payroll Association's ninth annual survey released last week, 47% of working Canadians report it would be difficult to meet their financial obligations if their paycheque was delayed by even a single week. Hopefully businesses using payroll solutions provided by the likes of Zenefits and others, this shouldn't be an issue. The issue is the rate of pay that causes these people to be unable to get out of a paycheque to paycheque cycle.

The numbers are even higher for millennials in their 30s (55% would have difficulty) and Gen Xs in their 40s (51%). In Ontario, 49% live pay cheque to pay cheque.

In the U.S., the stats are roughly the same, but given the size of the country, there are more than 25 million middle class Americans living pay to pay. That's almost the entire population of Canada!

The survey also shows that 42% of workers in Ontario spend all of or more than their net pay. The number-one reason given for increased spending is higher living costs.

Forty-three per cent of survey respondents in Ontario said they save 5% or less of their earnings, below the 10% savings level generally recommended by financial planning experts.

Illustrating just how strapped some employees are, almost 25% of Ontarians say they could not come up with just $2,000 within a month for an emergency expense.

High debt seems to be the culprit, and most say they're overwhelmed by their level of debt.

Nearly one-third (32%) of respondents in this province say their debt load increased over the year. More than 12% believe they will never be debt-free.

Count me in that 12%.

Most of us have a mortgage. Those who live in high-price areas (most anywhere in the GTA?nowadays), find mortgages on principal residences the most difficult debt to pay down, with 32% of respondents selecting this option. For the first time in the survey's nine-year history, mortgages surpassed credit card debt (23%) as the most difficult to pay down.

Results indicate that the primary reason for increased debt is higher overall spending. The major reasons for increased spending are higher living expenses (32%) and unexpected expenses (25%). Despite their precarious financial situation, 26% of working Canadians feel that earning more is their best way to financial well-being, versus just 19% who think spending less is the ticket to financial security.

Almost half of working Canadians (46%) say they will now have to work longer than they planned five years ago, and the top reason cited is they are "not saving enough."

This is corroborated by another result indicating that 74%, nationally and in Ontario, have saved only a quarter or less of what they feel they will need to retire. And even among those Canadians closer to retirement (50 and older), a disturbing 47% are still less than

a quarter of the way to their retirement savings goal.
The average Canadian's target retirement age is now about 61 (62 in Ontario), and half (46%) think they will need a retirement nest-egg of at least $1 million. Ontario residents are setting the bar slightly higher, with 53% feeling they will need at least $1 million to retire.
Just how does one save that amount of money? By my calculations, if you earned $100,000 annually, and contributed the maximum for your RRSPs, it would take you 40 years to set aside that money.
For most of us, our worth is tied to our homes, our biggest investment.
While the economy is strong, optimism and long-term outlook isn't.
Most working Canadians see little to cheer about, with only 39% (37% in Ontario) expecting the economy in their city or town to improve. While national optimism is up 3% over last year, it is down by 27% from the first survey done in 2009. Some Canadians are looking for the Best US Credit Card for Canadian residents so that they can at least earn rewards on their purchases and make their money stretch a little further.
There aren't many quick fixes to this dilemma.
Most financial types will urge you to "pay yourself first"?by saving roughly 10% of your net pay. It's fundamental math. Spend less, save more. Easier said than done.
If we're talking net pay here, let's look at some of the things that hammer away at that meagre amount. Gas prices at the pumps have risen roughly 30% in recent weeks, blamed on the impact of Hurricane Harvey. That extra pain at the pump will be felt my many.
Hydro rates still plague most homeowners, and while the government is looking at creative solutions, the bottom line impact remains.
Undoubtedly, natural gas rates will rise, so let's hope this coming winter will be a mild one.
We had to buy a new refrigerator last week. The old one lasted 9 years. Boy, $2,000 doesn't go very far when it comes to modern fridges! But it's a necessity. We didn't have $2,000 in a slush fund, so we had to find the funds elsewhere (read in-laws).
My 16-year-old son, who's been working part-time at a grocery store for the past year, has more money in his account that I do!
All of these surveys and financial data don't address what's most important ? the emotional strain and stress that the high cost of living is causing. It's documented that financial worries hurt marriages.
I take it all personally. I?feel less than adequate and believe I should be doing more, and earning more. My wife is considering a part-time job.
I?know I?have a lot of company in the "overwhelmed"?category. Somehow, that doesn't make it better.