

Mounting debt a burden for us all



Mark Pavilons]]

As we engage in our annual exercise in overspending and over-extending ourselves, at one point we take stock, usually when the rye runs out.

North Americans are likely burdened by the greatest amount of debt in our history. It's almost at the point for many of our friends and neighbours that they never expect to be out of debt, or even leave much behind, while others try to [get out of debt with online payday loans](#) and other means.

There are many reasons for our current plight.

In what's seen as a bonus, our low interest rates are actually a contributing factor.

The bank's low interest rates have been frozen since September of 2010 and this has encouraged Canadians to accumulate piles of debt.

A recent report by the Bank of Canada cautions that Canada's household debt-to-income ratio is near a record high. It has encouraged citizens to borrow too much for their own good and even led financial organizations to lend money to proverbial 'bad risks.'

The review revealed 12 per cent of Canadian households are 'highly indebted,' nearly double the level in 2000.

These households carry about 40 per cent of the country's overall consumer debt load.

South of the border, some 18% of all Americans say they will never get out of debt, and 43% of those with debt expect to remain in debt at age 61 or later, according to a survey by CreditCards.com.

The statistics get more depressing for older Americans. Of those age 61 or older with debt, 31% say they will never get out from under. The survey includes mortgage debt as well as credit card debt. Some have ruined their credit scores and are struggling to make ends meet. To resolve this situation, many are using a [credit card for no credit](#) to help them with their money woes. Although debt can creep up on people, fortunately, there are a few ways to help manage and resolve it. If you're looking to consolidate your credit card debt, you could see about using SoFi's [credit card consolidation](#) services. Median mortgage debt rose 82% among people 65 or older from 2001 through 2011, according to the Consumer Financial Protection Bureau.

Optimism is much higher among younger people, the study found. Only 6% of 18- to 29-year-olds say they will never get out of debt. Jody Farmer, CreditCards.com's vice president of strategic marketing, says part of this might be wishful thinking. "Every age group feels like being debt-free is just around the corner," he says.

More than a third of Americans (38%) have incurred debt this holiday season. Other findings:

I would assume the stats are similar in this neck of the woods.

This year, we've been fortunate to start early and budget well. While we haven't added a lot to our debt load, we're still like many of Canada's 'working poor.'

Our debt has ballooned over the past five years for a number of reasons. I was out of work when a previous company I worked for

went bankrupt. The introduction of full-day learning by Queen's Park has kicked my wife's daycare business in the shins. The cost of living rises, wages remain stagnant and the rift becomes wider and wider. And yes, the cheap interest rates led us to the trough, where lines of credit are bountiful.

While we have some money put aside for our oldest to go to university, the bubble will burst. There will come a time when both my wife and I will have to get second jobs and think about downsizing.

As a journalist, I've gone to countless meetings, debates and press conferences, where people act sympathetic and empathetic to the plight of average Canadians. I can spot the fakes a mile away.

I sympathize with the plight of cash-strapped Canadians because I am one. And yet, my oldest daughter works part-time to raise the money to go on mission trips to help the destitute in far-away lands. I have a sapphire and white gold ring for sale on eBay right now ??a gift I got made to mark our 10th anniversary (don't worry I asked my wife first). I'm selling it out of necessity.

While our kids will be quite happy with what Santa brings them this year, my wife and I have scaled back. Thanks to my selfless daughter, I am constantly reminded about the difference between want and need.

We have given more to charity this year, not because of the feel-good nature of the exercise, but because it's necessary. And we have a little to give.

We want our children to realize that maintaining a home and family takes work and a lot of money. While our nine-year-old is struggling with the concept of money, I try to explain just how much \$20 is. But they're living the reality of \$10 hamburgers and \$50 field trips.

For Baby Boomers who remember our childhoods, these sums are outrageous by comparison.

I wonder just how much money is floating around in this weird society we've created.

I know governments spend money like water, and the civil service is now the career of choice ??the proverbial goose that lays the golden eggs. But in another generation, when house prices average \$1 million-plus; a cup of coffee tips the scales at \$5 and gas hits \$3 a litre, will our offspring be in a precarious situation? With their parents unable to help them out, will society be in for a massive crash?

I know I'm being a downer during what's supposed to be a joyous time of year, but this my friends, is reality.

And for these very reasons, it's so important to take note of the plight of others and feel for our fellow men, women and children.

Despite this economic abyss we've helped create, there is always room for compassion, civility and charity.

I wish mountains of these things for everyone!