



Pervasive And Profound: **The Impact Of Income Volatility On Canadians**

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Pervasive And Profound: The Impact Of Income Volatility On Canadians



- Household financial well-being critical to Canada's future prospects.
 - Why are Canadians struggling to save?
 - Issue of inadequate savings in Canada temporarily concealed by extended housing boom.
 - Growing structural vulnerabilities under the surface.
- U.S. research on income volatility compelling:
 - Canada unlikely to buck the trend.
- Before we address problem head on, first need to acknowledge it exists... that requires data.
- Pervasive and Profound research (2017) results represents an important step forward.

Pervasive And Profound

Survey of 3,000 adult Canadians:

- Sample composition on region, age and gender reflects overall population.

Objectives:

- To measure the incidence of income volatility in Canada and who experiences it.
 - To better understand the impact of income volatility on:
 - Overall financial health, confidence and stress
 - Ability to manage day to day finances and expenses
 - Use of debt and ability to save

Key Findings



- Nearly 40% (10 million) experience moderate to high levels of income volatility
- 10% + (3.3 million) saw monthly income fluctuate by 25% or more.
- Volatility more likely to experienced by:
 - Self-employed, seasonal, part-time workers and students
 - Living in large cities/ Alberta
 - Low-to-modest income
 - Millennials (18-34), particularly female, and mature Gen X men (45-54)

Low-Income Canadians Are At Greater Risk



| | LICO CANADIANS | NON-LICO, BUT LOWER INCOME CANADIANS | MIDDLE-INCOME CANADIANS | HIGHER INCOME CANADIANS |
|--|--|--------------------------------------|-------------------------|-------------------------|
| | (Experience Very High, High or Moderate Income Volatility) | | | |
| Overall Financial Health Index (High / Very High) | 17% | 36% | 45% | 65% |
| Feel Like Falling Behind | 51% | 37% | 37% | 26% |
| A Lot of Stress Re-finances | 45% | 39% | 35% | 19% |
| Confident Will Achieve Future Financial Goals | 40% | 53% | 60% | 77% |
| Delayed Buying Groceries | 49% | 39% | 35% | 13% |
| Delayed Paying Utilities | 41% | 32% | 28% | 12% |

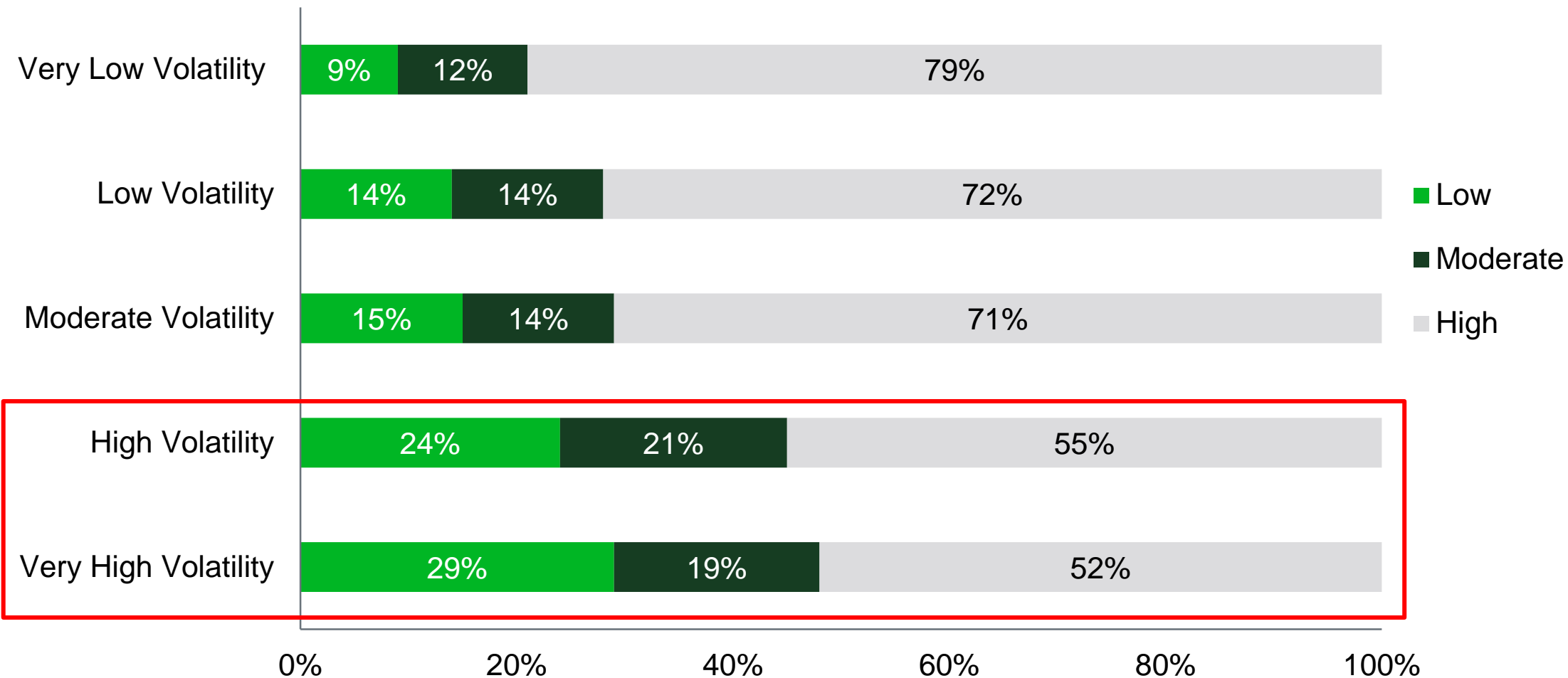
Source: Pervasive and Profound, TD Bank Group, 2017.

Note: Non-LICO but lower income = household income less \$50,000 per year; Middle income = \$50,000 - \$99,999; Higher income = \$100,000+

Canadians With High Income Volatility Also Experience Higher Expense Volatility



SPEND SUB-INDEX



Source: Pervasive and Profound, TD Bank Group, 2017

Income Volatility Delays Bill Paying



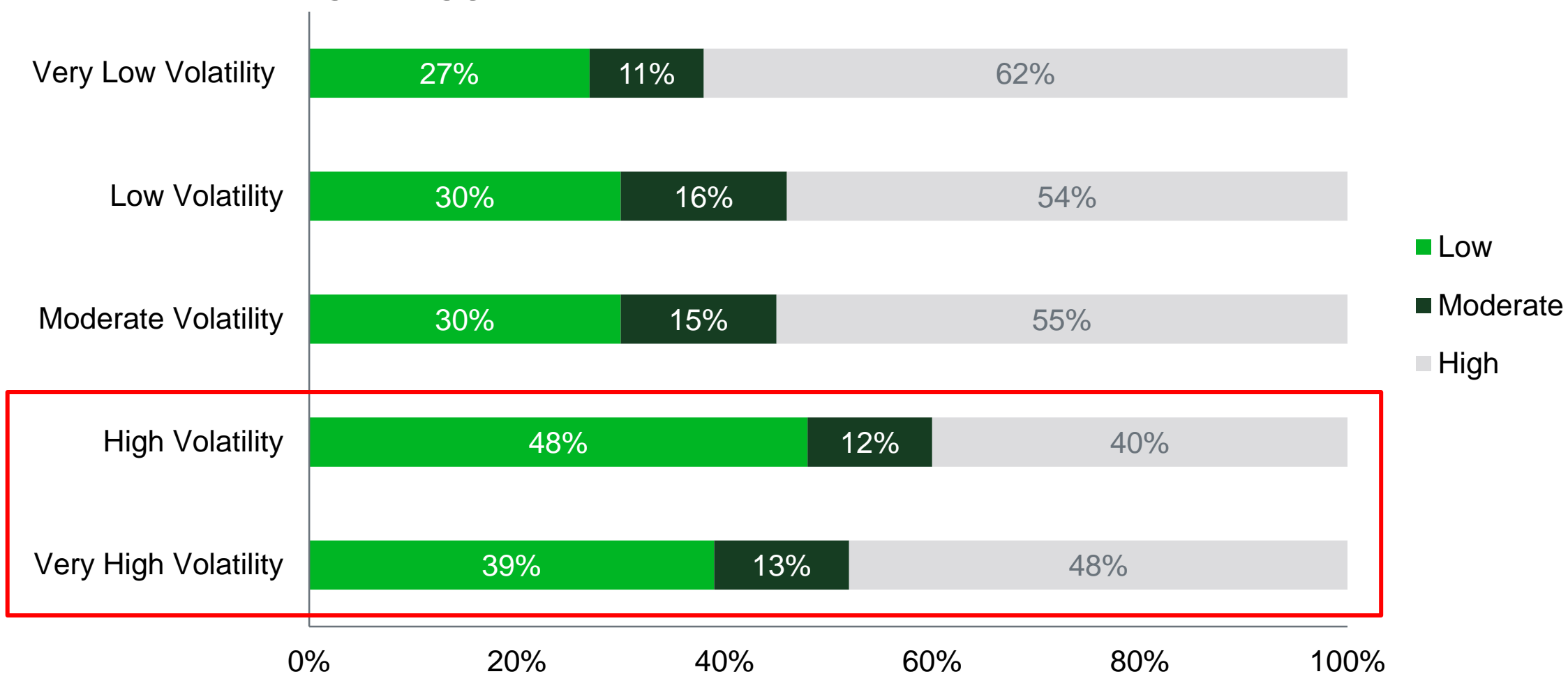
| | By Income Volatility Level | | | | |
|--|----------------------------|-----|----------|------|-----------|
| | VERY LOW | LOW | MODERATE | HIGH | VERY HIGH |
| Delayed Buying Groceries or Food | 16% | 22% | 26% | 38% | 39% |
| Delayed Paying Something on Credit Card Bill (at least minimum) | 14% | 23% | 24% | 31% | 38% |
| Delayed Paying a Monthly Bill like Utilities, Water, etc. | 11% | 18% | 22% | 27% | 34% |
| Delayed a Rent or Mortgage Payment | 5% | 9% | 11% | 18% | 23% |
| Delayed a Student Loan Payment | 1% | 6% | 8% | 11% | 13% |

Source: Pervasive and Profound, TD Bank Group, 2017.

More Than 2 In 5 Canadians With High Income Volatility Have A Lower Propensity To Save

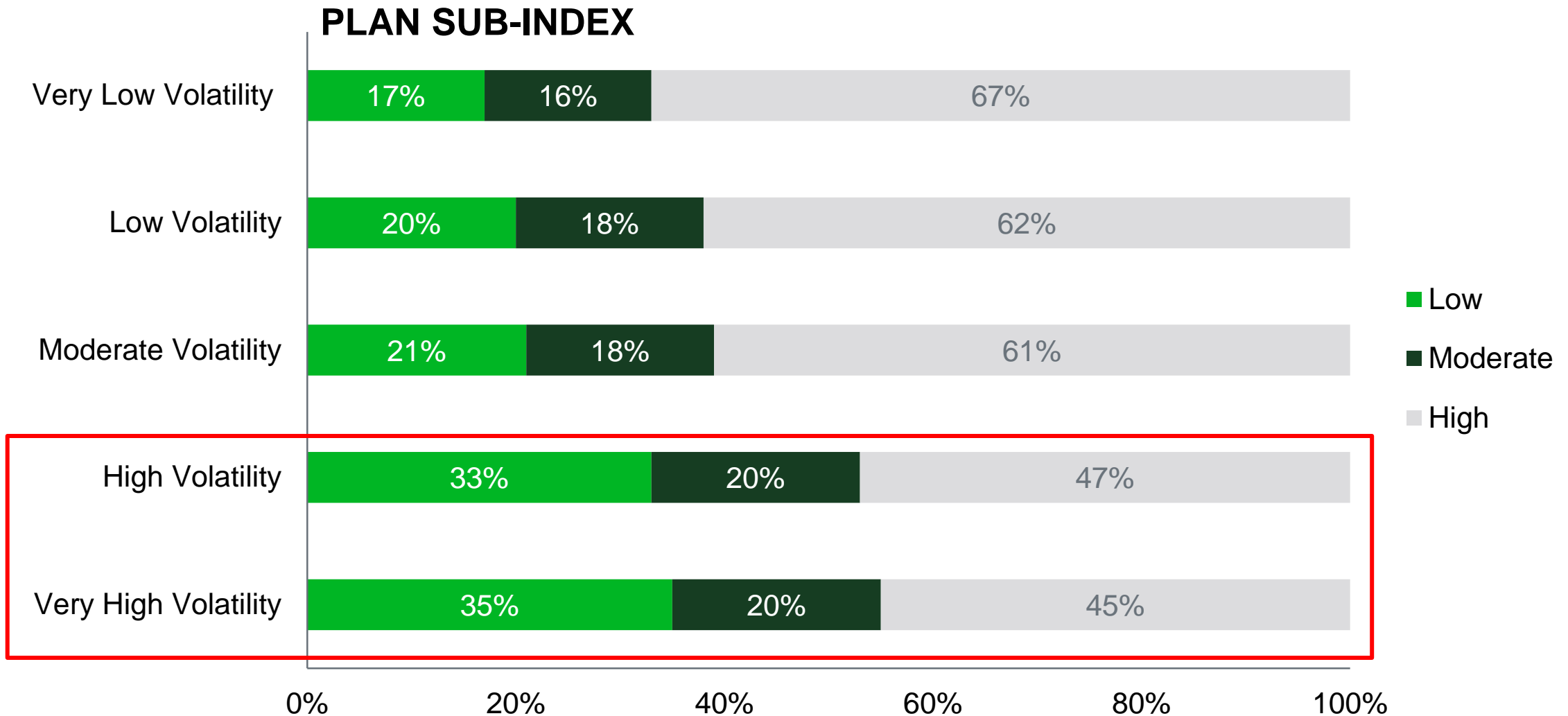


SAVE SUB-INDEX



Source: Pervasive and Profound, TD Bank Group, 2017

Those With High Income Volatility Are Roughly Half As Likely To Plan



Source: Pervasive and Profound, TD Bank Group, 2017

Summary



- This issue is pervasive and profound, with significant implications to the financial security of many Canadians.
- TD will continue to invest its own resources, and work with stakeholders, to address this issue.
- Our own internal research aligns with many of the key findings of our external market research

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