

## HIGHLIGHTS OF THE 2008 REPORT – January 2009

- ***Recessions are very hard on families*** – We are in recession.
  - About 350,000 jobs were lost during each of the last two recessions. In the 1990s, it took five years for jobs to return to the 1990 level.
  - Average household incomes fell by \$3,800 during the last recession and incomes did not return to the 1990 levels for 10 years.
  - Poverty reached a new high during the last recession and did not return to the 1990 level for 11 years.
  - Insolvencies doubled during the last recession.
  - The “most severe crisis since the 1930s” suggests that families may be hit even harder this time.
- ***Debt loads are in the danger zone*** – Average household debt soared to over \$90,000 in 2008. The total debt to disposable income ratio climbed to 140% in 2008. The ratio of consumer debt plus mortgage debt climbed to 127% of disposable income in 2008 and has now crept up to “only” three percentage points below the US rate. This ratio is now above what the US rate was in 2006, just before the bubble burst.
- ***Spending and debt rise much faster than incomes*** – The average household income rose to \$65,200 in 2008 and was up by 11.6% since 1990. Spending increased twice as fast (+24.4%) over the same period while total debt (+71%) increased more than six times faster than incomes. Annual savings shrank.
- ***The wealth that went up has now come down*** – Average net worth (wealth) declined in 2008 as the stock market sank, house prices began to slip and debt increased. Even so, wealth per household averaged \$393,000 in 2008.
- ***Unattached individuals aged 18-64 are the forgotten poor*** – The number of unattached 18-64 years olds is still more than 50% higher than was the case in 1990. This group, which includes many “single employable” people, would get welfare payments equal to only 46% of poverty level incomes. Lone-parents with one child now get welfare payments equal to at least the poverty level in Quebec and Newfoundland and Labrador. These two provinces have specific anti-poverty strategies.
- ***Family finances report celebrates its 10<sup>th</sup> anniversary*** - The author presents 10 musings and reflections concerning serious and not-so serious issues from a personal perspective. He offers some advice to families and individuals as well as revealing that he does have a life outside of this report.