

Canadian seniors with massive personal debt a trend that will continue

BY PAUL LUKE, THE PROVINCE DECEMBER 31, 2012



Associates, helps seniors who get into financial trouble. The number of seniors coming into the bankruptcy office have skyrocketed.

Photograph by: Ric Ernst, PNG

Daniel and Sarah of Abbotsford reached the end of their financial rope in 2011 when Canada Revenue Agency abruptly froze their accounts for unpaid taxes.

Their personal debt had climbed to about \$50,000. Daniel had suffered reversals in his small construction service business and the couple continued to spend more than they had.

Creditors were eager to continue extending them credit, assuring them finances would improve for them next year. They didn't.

The couple — whose names have been changed for privacy — were deeply ashamed.

"You feel guilt and wonder 'How did I let things get to this point?'" says Daniel, 61. "Eleven years ago, we were debt free."

In desperation, they went to see a bankruptcy trustee. After considering the options, they decided to file for bankruptcy.

Daniel had just joined the ranks of B.C.'s grandpa debtors.

People over the age of 55 are the most rapidly growing group of debtors in B.C., according to bankruptcy trustee Sands & Associates.

And New Year, when bills for Christmas spending come due, is when their ranks grow the fastest.

“From mid to late January we’ll start to see a big ramp-up of people getting their bills and not knowing what to do,” Sands senior vice-president Blair Mantin says.

“You almost know based when the credit card bills have arrived after Christmas based on the call volumes we see.”

The number of seniors coming through the doors of Sands’ Lower Mainland offices has soared in recent years.

The number of debtors aged 65 and older whom Sands has helped file bankruptcy or make consumer proposals jumped 217 per cent from 2009 to 2011. These numbers rose 193 per cent for those age 60 and up, and 166 per cent for people 50 and over.

Mantin predicts the numbers of grandpa debtors will continue to climb as seniors struggle with misfortune or spend their way into debt in retirement.

“There is nothing I’ve seen that would give me an idea this trend is going to stop,” he says.

“It was pretty rare for me to see people aged 75-plus but in the last month, there have been five in that demographic.”

Some seniors go bust from helping children who have remained dependent long into adulthood, Mantin says.

Others are forced to declare bankruptcy after unnecessarily paying off the debts of family members who die, Mantin says.

Seniors, unlike other age groups, don’t try to “game the system” or commit fraud when they come to see Sands, he says.

They may also suffer the most from physical effects of financial stress.

“If you’re already weakened because of some of the medical conditions associated with growing older — strokes or heart disease or hyper-tension — money stress may be something your health can’t withstand.”

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