

B.C. shoppers plan restraint

CHRISTMAS SPENDING: Survey indicates residents are watching their dollars this year

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THE PROVINCE

B.C.'s debt-laden shoppers say they will exercise control and stick to their budgets this Christmas shopping season.

But that hasn't stopped bankruptcy trustee Sands & Associates from bumping up staff numbers in preparation for a "day of reckoning."

"Christmas is the No. 1 opportunity for people to fall off the financial bandwagon," said Blair Mantin, Sands & Associates vice-president. "From mid to late January, you almost know the day when the credit card bills have arrived, because the phones just start lighting up. We are staffing up because I believe we will be very busy into 2014 and 2015."

Mantin's comments fly in the face of a holiday shopping survey recently released by Visa Canada stating B.C. shoppers plan to exercise unusual fiscal restraint this season.

Excluding mortgage debt connected to B.C.'s pricey real estate, personal debt levels in the province are about 50-per-cent higher than the national average at \$38,682.

"It is interesting to see that British Columbians are very budget-minded," said Sue Whitney of Visa Canada. "It is a very clear trend, that consistently when we ask people in B.C. the question in different ways, they keep saying: 'No, no. I'm only going to spend this much.' And it's a bit less than what the people in other provinces are going to spend, and they clearly say, 'I'm going to stick with-in my budget.'"

Mantin said 2013 has been a busy year for his business and that October was a record month.

He said many of Sands & Associates' new clients are seniors who've carried debt and mortgages into retirement.

Easy money has been "sloshing around" in B.C. for about 10 years, Mantin said. This leads to a troubling situation where people don't miss bills and have excellent credit scores because they've been able to access various sources of credit to juggle existing debts. It's a form of fiscal survival that can work when interest rates are at historical lows and lenders aren't shutting off the taps.

But any shock to the system — an inevitable rise in interest rates, an extended fall in the housing market or a surge in unemployment — could trigger a flood of bankruptcies.

"People say the real estate in B.C. is overvalued, but to me that \$38,000 figure in non-mortgage debt is the killer stat, because the minimum payments alone take up such a large part of a person's income. We think the day of reckoning is coming."

Laurie Campbell, CEO of Credit



Christmas shoppers check out Robson Street recently as a survey indicates B.C. consumers plan to show X-mas restraint this year. NICK PROCAYLO/PNG

Canada Debt Solutions, said British Columbians should be talking early and often about holiday spending plans. "If people in B.C. aren't making a budget for the holiday season, they could be heading very quickly into the red in the new year," Campbell says.

Helmut Pastrick, chief economist

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for Central 1 Credit Union, said he doesn't expect B.C. consumers to splurge on credit over the holidays.

"In general the economy has been sluggish and the data for Vancouver has been quite mediocre for retail spending," Pastrick said. "I'd think it will be fairly flat spending like last year or even a bit of a decrease."

And while it's a mystery why consumers in this province use credit more for day-to-day living and discretionary spending, we seem to be muddling through for now, Pastrick says.

Interest rates must rise, economists agree, but Canada won't move until central bankers in the U.S. edge away from unprecedented monetary stimulus policies. Pastrick doesn't expect the U.S. to raise rates until well into mid-2015, which means that B.C. mortgage holders should start thinking about locking in long-term rates, and consumer debtors at least have some time to get their balance books in order.

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Keep finances top of mind this holiday season

Top 5 warning signs you could be in financial trouble:

1. You are using credit to pay credit.
2. You don't know how much you owe.
3. You are not using a household budget.
4. You are hiding your spending from family.
5. You are only making the minimum payments on your credit cards.

Top 5 holiday spending tips:

1. "Shop early, shop with a plan, and stick to it," said Laurie Campbell, CEO of Credit Canada Debt Solutions.
2. Go shopping mid-week to avoid shopping frenzies.



Forget credit cards, use cash for presents this year.

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3. Talk with your family about what you can afford over Christmas.
4. Set a budget and stick to it.
5. Use cash or debit to purchase goods.



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The Province

'Tis the season to

SPEND

But experts say
it's also our No. 1
opportunity to fall
off the financial
bandwagon
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