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Consumers are in fight or flight mode

by Mark Pavilons

The fallout from the pandemic has infiltrated our wallets and purses.

?We can't afford that,??will likely become the new battle cry for average Canadians.

A national survey by Credit Canada reveals that the COVID-19 pandemic has drastically affected consumer spending, habits and confidence with many still running on ?survival mode? and focusing on short-term goals.

The Financial Priorities Poll, an Angus Reid study of 1,500 Canadians, sponsored by the non-profit credit counselling agency, found that paying bills is the top financial priority for Canadians (54%). Meanwhile, 44 per cent said cutting back on spending takes precedent during COVID-19. Other financial priorities include:

? Having a positive bank balance at the end of the month (36%); having an emergency savings fund (35%); paying off debt (32%).

I would have thought these are priorities all the time, not just in unprecedented economic turmoil.

?While it's encouraging that Canadians are taking financial responsibility by focusing on paying bills and cutting back on spending, it's significant that six-in-10 don't consider a positive bank balance or an emergency savings fund as a matter of great importance,? said Keith Emery, Co-CEO of Credit Canada. ?Emergency saving funds are designed for just that ? emergencies ? and the COVID-19 pandemic has caused an emergency state.?

I don't know about you, but those with ?emergency? or slush funds have likely already tapped into them to pull up the slack. Many citizens and businesses applied for relief funding. Many others were lucky to have their mortgage or rent payments deferred.

If we were mortgage-free, we would be away to the races, and have much more financial freedom. It was an attainable goal in my parents' day, but today it seems quite impossible.

?Of additional concern, almost seven-in-10 don't consider paying debt to be of great importance and a staggering nine-in-10 do not prioritize having a high credit score,? said Emery.

As significant labour market challenges remain for younger Canadians, 18-34-year-olds have different financial priorities than older Canadians.

While having a positive bank balance at the end of the month is a top financial focus for younger Canadians (43%), this number drops to 32 per cent for 35-to-54-year-olds and 35 per cent for those aged 55+.

Similarly, two-in-five 18-34-year-olds (40%) rank having an emergency savings fund as a top financial priority. This declines as Canadians age with the 35-54-year cohort at 36 per cent and the 55+ cohort at 30 per cent.

The reason finances are so prevalent is they're the major reason for stress in a relationship, or household. It's sad that all that we are, all that we have become, comes down to dollars and cents.

Most of us are coping with COVID-19 the best we can. There's no doubt we've all experienced some new stressors in our lives. We thought we had seen it all, done it all, but we were wrong.

Parents have witnessed the gamut of behaviour from their offspring. I can't even count the number of times Kim and I have had to

encourage our kids to get a part-time job, keep the job, and the importance of having that said job.

Once they have money in the bank, they love the freedom it brings.

While none of our kids has any real daily living expenses, the oldest is paying her share of the car insurance. Her OSAP?payments will begin this fall.

Lexie graduated from university this spring and now faces the daunting challenge of pursuing her dreams and kick-starting her career.

But the cloud of COVID-19 has cast a huge shadow over immediate prospects.

It's been a very long time since I was a new graduate, pursuing my goals and dreams. I?managed to get a job in my profession quickly and the rest, as they say, is history.

I can't imagine how tough it's going to be for the class of 2020. I also sympathize for students heading into post-secondary studies in just a couple of weeks. I?imagine this fall will see a combination of online and in-person studies. I?have never witnessed such a thing in my lifetime.

Many industries ??lmost every profession ? have suffered. Some may not recover. Some will change their operating procedures forever and the workforce of tomorrow will have a totally different make-up.

I'm not sure how that impacts post-secondary students. Will some opt for another path, or switch their current program? Will some suffer simply because online studying is not for them, or not what they expected from their college or university experience?

Add to that a beleaguered economy. Many students depend on part-time jobs to get them through school.

I?always smile and chuckle to myself when financial advisors tell us to put money aside, make sure we top up our RRSPs and take a close look at our ?portfolios.?

I don't know about you, but my ?portfolio? is non-existent. In order for average Canadians to save, invest and buy RRSPs, they have to have a decent amount of money ?left over??at the end of the month. Sadly, that's not the case for the majority of working Canucks. If we had it, we'd love to invest it!

A substantial number of typical workers are leveraged, mortgaged and loaned out. The current economic conditions have tested everyone's limits.

How this will affect everyone in the long-term remains to be seen.

We may not all be in the same boat, we're sure rowing against the same current in these turbulent waters. Godspeed everyone!