ECONOMIC VIEWPOINT

Household Finance Health Check

Why Do Some Canadians Save So Much More than Others?

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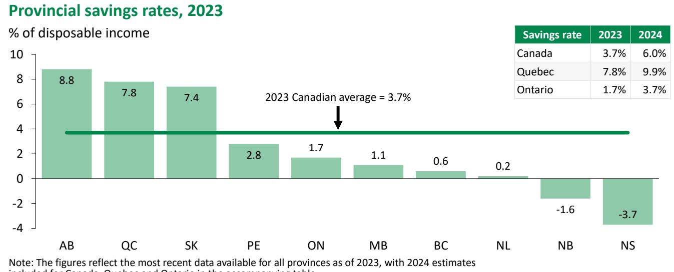
HIGHLIGHTS

- What do Quebec, Alberta and Saskatchewan have in common? They currently report the highest household savings rates in Canada. While high incomes support savings in the Prairie provinces, Quebec's performance is primarily driven by more restrained household spending.
- Quebec has experienced strong compensation growth over the past decade, helping to narrow the income gap with higher-earning provinces. Nevertheless, average household disposable income in the province remains significantly below the national level.
- Lower household spending across income brackets has been a key factor supporting Quebec's elevated savings rate. On average, Quebec households spend approximately $15,000 less than the national average, with middle-income households spending roughly $22,500 less than their counterparts in Ontario.
- Housing affordability and broader cost-of-living differences have played a central role in shaping these trends. Relative affordability in Alberta and Saskatchewan has also contributed to their high savings. In contrast, a lack of affordability in high-earning British Columbia (BC) and Ontario has eroded savings.
- Looking ahead, regional differences in demographics, housing costs, and economic pressures are expected to drive increasingly divergent savings patterns across provinces. These dynamics will shape household financial resilience and influence the broader macroeconomic outlook.

What do Quebec, Alberta and Saskatchewan have in common? Despite their distinct economic profiles and often contrasting policy approaches, these provinces share one notable trait: some of the highest household savings rates in the country (graph 1). The household savings rate in these three provinces is likely to approach 10% in 2024, a level not seen since the early 1990s recession (save for the pandemic). But while the headline numbers may be similar, the underlying drivers differ significantly. In this note, we examine the distinct economic and behavioural dynamics that have led to similar savings patterns across these diverse provinces. And looking ahead, we consider how evolving demographic, economic and policy trends may influence household savings across the country in the years to come.

Graph 1
Alberta, Quebec and Saskatchewan Are Home to Canada's Biggest Savers
Provincial savings rates, 2023

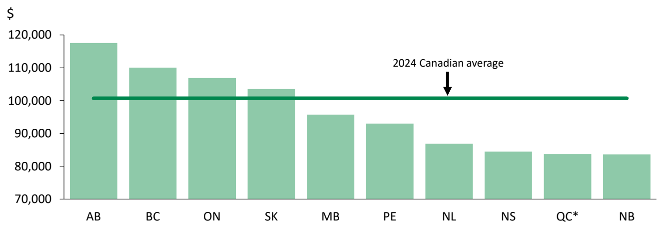


Note: The figures reflect the most recent data available for all provinces as of 2023, with 2024 estimates included for Canada, Quebec and Ontario in the accompanying table.
Statistics Canada and Desjardins Economic Studies

Mo' Money, No Problem

In 2024, average household disposable income varied widely across Canadian provinces. In 2024, it exceeded the national average in Alberta, BC, Ontario and Saskatchewan, while falling below it in Quebec, Manitoba and the Atlantic provinces (graph 2).

Graph 2
Household Disposable Income: Quebec and the Atlantic Provinces Lag Behind
Per household disposable income, 2024

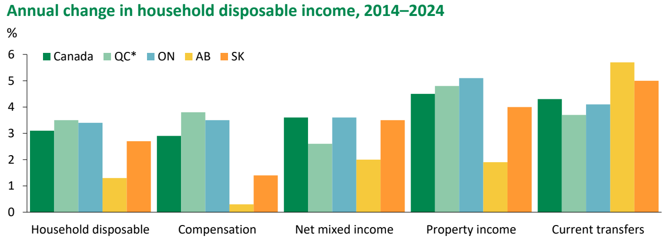


* Adjusted with more recent data from the Institut de la statistique du Québec, which, combined with our own estimate of household formation, brings the figure to $83,751. The previous estimate, released alongside those of the other provinces shown here, had Quebec at $81,758, placing it last at the time.
Statistics Canada, Institut de la statistique du Québec and Desjardins Economic Studies

In Quebec, average household disposable income was just under $84,000 in 2024, comparable to New Brunswick and lower than all other provinces. This figure was nearly 17% below the national average and almost 30% below Alberta—Canada's highest earning province. At 5.2%, income growth in Quebec was roughly in the middle of the pack in 2024 compared to other provinces and slightly below the national average of 5.5%.

As shown in graph 3, Quebec's average household disposable income has grown at a slightly faster pace (3.5%) than the national average (3.1%) over the past decade. Much of this outperformance is due to compensation of employees, which rose by 3.8% annually per household in Quebec compared to 2.9% for Canada overall. A key factor behind this weaker national income growth was the slowdown in natural resource activity beginning in 2014, which disproportionately affected Alberta and Saskatchewan. Growth in compensation per

Graph 3
Contrasting Trends in Income Sources Among Top Savers over the Past Decade
Annual change in household disposable income, 2014–2024



* Adjusted with more recent data from the Institut de la statistique du Québec.
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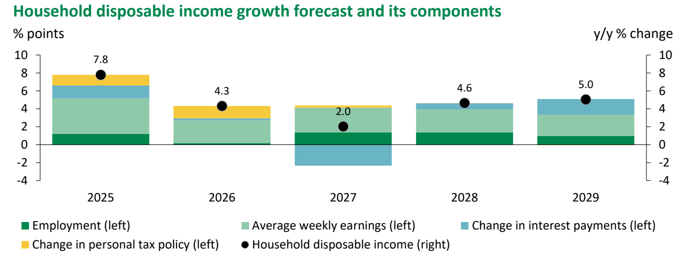
household in Ontario slightly lagged Quebec over the same period. For other income components, Quebec's growth roughly matched the national average.

Looking ahead, we expect national-level household disposable income growth to accelerate in 2025, partly supported by recent federal personal income tax changes (graph 4). This is likely to support continued income growth into 2026, albeit at a slower pace than this year. Note that household disposable income is a net measure that excludes current transfers to governments and corporations, including interest payments. With that in mind, we also account for the impact of mortgage renewals, which are expected to weigh most heavily on income growth in 2027.

Graph 4
Tax Cuts Will Provide a Modest Offset to Weaker Disposable Income Growth
Household disposable income growth forecast and its components



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At the provincial level, several regions offer useful case studies for the disparities that may emerge in the years ahead. In Quebec, an aging workforce, negative natural population growth, and a declining contribution from immigration are expected to constrain compensation-driven income gains. That said, wage pressures resulting from a shrinking labour force may help offset some of the downside. The province's sizable budget deficit is currently being addressed through ongoing spending restraint. If this approach is maintained over time, it could increasingly impact public services and income transfers (see our Weekly Commentary). This, in turn, may eventually require the introduction of new tax measures, given the province's need to balance the budget by 2029–2030. At the same time, homeowners in the relatively more affordable Quebec housing market are less vulnerable to ongoing mortgage renewals than in other provinces.

In Alberta, compensation growth is expected to benefit from stronger demographic fundamentals, including positive interprovincial migration. Like Quebec, Alberta is likely to face less pressure from mortgage renewals than BC or Ontario. Fiscal pressures are expected to be more moderate, although revenues remain closely tied to commodity price trends. (See our latest provincial economic outlook for more information.)

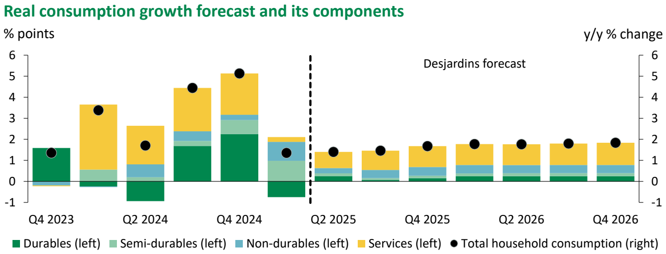
Ontario presents a more mixed picture. While it doesn't face the same fiscal and demographic challenges as Quebec, it also lacks Alberta's affordability and demographic momentum. Moreover, the province is expected to be more directly affected by mortgage renewals, which could weigh more heavily on household disposable income growth. The same is true for BC.

Headwinds Ahead for Consumers

With household disposable income growth in Canada projected to moderate after likely solid gains in 2024 and 2025, questions naturally arise about the implications for consumer spending. As household final consumption represents more than half of Canada's annual GDP, even modest shifts in spending patterns could have significant implications for overall economic activity.

As outlined in our recent June 2025 Economic and Financial Outlook (EFO), household consumption growth (adjusted for prices) is projected to remain subdued this year and next following outsized gains at the end of last year. A broad slowdown in consumer activity is anticipated in the coming quarters, with the steepest declines in spending on durable and semi-durable goods (graph 5). Households are likely to scale back on big-ticket purchases due to the combined impact of the ongoing trade war—through higher prices and increased uncertainty—and a soft housing market. The recent surge in auto purchases appears to have been driven, at least in part, by efforts to pre-empt tariff-related price increases. And in Quebec specifically, timing also coincided with the expiry and partial reinstatement of certain EV rebates, potentially introducing short-term volatility in aggregate consumption data.

Graph 5
Durables and Semi-Durables Consumption Should Slow in the Near Term
Real consumption growth forecast and its components



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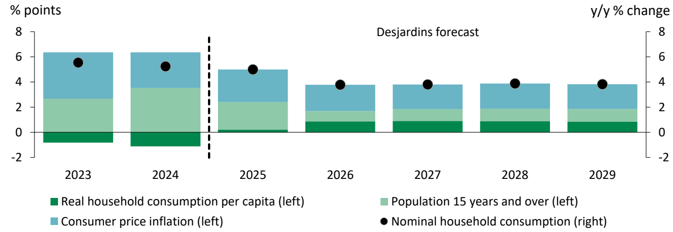
Despite the expected deceleration in headline consumption growth, real consumption per capita is projected to accelerate beginning in 2026. This reflects an expected deceleration in population growth due to reduced immigration (graph 6). The increase follows a period of falling real consumption per capita over the past two years, which was not solely attributable to population dynamics. Elevated consumer prices post pandemic

Graph 6
Real Consumption Per Capita Should Advance as Population Growth Slows
Nominal consumption growth forecast and its components



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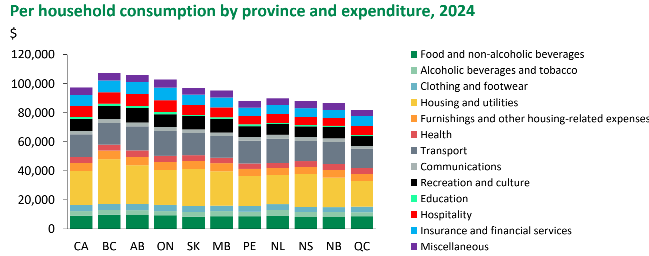
also curtailed the volume of goods and services consumed. With inflation expected to stabilize, this drag on real consumption growth should begin to ease. (See our analysis on the outlook for Consumer Price Index (CPI) inflation for more information.)

There are clear differences when we examine provincial household consumption, with BC having the highest level of domestic consumption on a per household basis in 2024 (graph 7). Unsurprisingly, the largest contributor was housing and utilities, which accounted for nearly 30% of BC residents' consumption basket last year.

Graph 7
Consumption Allocated to Housing Is Much Greater in BC than in Other Provinces
Per household consumption by province and expenditure, 2024



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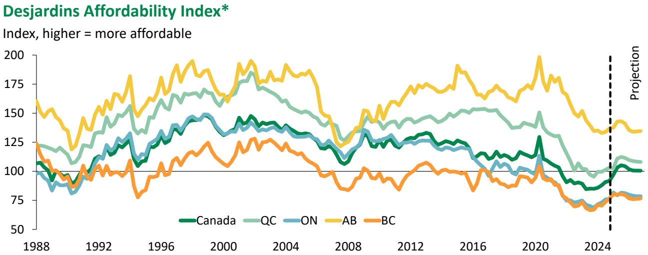
By contrast, just over 20% of per household consumption in Quebec was allocated to housing and utilities, the lowest share in Canada. Housing affordability plays a key role here, as Quebec remains more affordable than the national average. However, our research shows that housing is even more affordable in Alberta (graph 8 on page 4). This raises a key question: why does Alberta's share of consumption allocated to housing (25%) exceed Ontario's (23%) despite Alberta's greater affordability?

The answer lies in the level of overall consumer spending. In 2024, Albertans allocated a similar portion of their higher incomes to housing as Ontarians (about 23%), but the average Alberta household spent $3,000 more on housing than the

Graph 8
Alberta and Quebec Remain More Affordable than Other Big Provinces

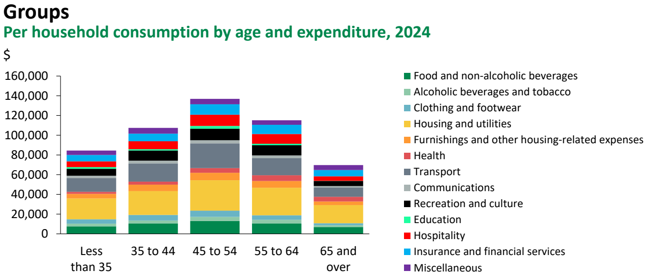


* Assumes a 20% down payment.
Canadian Real Estate Association, Statistics Canada, Bank of Canada and Desjardins Economic Studies

average Ontario household. And while BC remains the province most exposed to housing-related financial pressures, Nova Scotia is gradually approaching similar levels. In both provinces, households spent more than 27% of their per household income on shelter in 2024—the highest shares in the country.

Beyond income and affordability, demographic factors also explain differences in per-household spending. Shelter costs tend to peak among households that have a primary income earner between 45 and 54 years old, then decline thereafter. In 2024, senior households (aged 65 years and over) spent the least on housing in absolute terms (graph 9). Seniors also allocated less to most other consumer goods and services, with the exception of health care and insurance and financial services, which both represented a larger share of their more limited income.

Graph 9
Older Canadians Spend Less on Almost Everything than Other Age Groups



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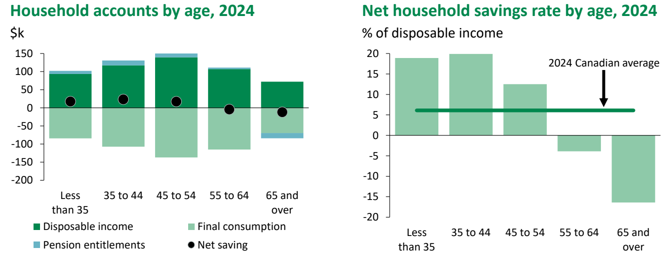
It's Not Just What You Make but What You Save

Demographics also influence the divergent saving patterns observed across Canada. While consumption often falls after the peak earning years of 45 to 54, income typically falls more sharply—especially after 65—causing the household net savings rate to turn negative (graph 10). For example, seniors' income fell short of consumption by more than 15% on average in 2024.

Graph 10
Saving Seems to Peak at Around 40 Years Old, and Before Income Does



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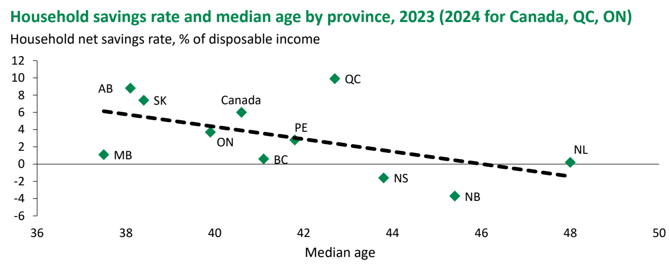
This dynamic helps explain why several Maritime provinces have recorded persistently negative savings rates in recent years.

In the case of Quebec's exceptionally high savings rate, lower household income and muted consumption are complemented by favourable demographic conditions (graph 11). Quebec's relatively older yet still economically active population is concentrated in the life stage where savings typically peak. However, even when accounting for this demographic advantage, the average savings rate in Quebec remains elevated, suggesting that other behavioural or structural factors may also be at play.

Graph 11
Quebec's Savings Rate Stands Out Among Its Similarly Aged Peers



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But demographics are only part of the story of higher savings. Being a high-earning province doesn't hurt either (graph 12 on page 5). This helps explain why Alberta and Saskatchewan have consistently ranked among the provinces with the highest household savings rates. In contrast, while BC and Ontario also report high average incomes, they haven't been able to offset the financial pressures associated with elevated living costs, particularly regarding housing. Distributional effects related to incomes and transfers at the provincial level likely contribute as well. For a closer look at how income and spending patterns influence savings across the income spectrum in Quebec, see Box on page 5.

BOX

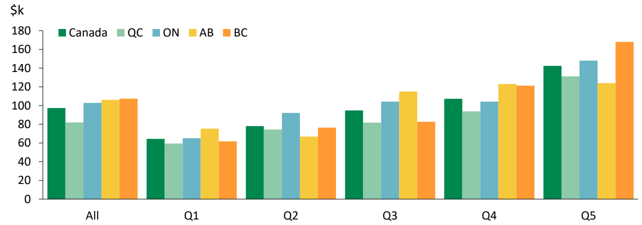
Is Quebec's Savings Outperformance a Goldilocks Outcome for the Few?

At its core, savings represent the difference between income and spending. Despite relatively modest income levels, Quebec has consistently posted some of the highest household savings rates in the country over the past decade.

This is particularly striking given the province's income distribution. Quebec households are overrepresented in the lower national income quintiles (a quintile represents 20% of an ordered group, in this case households ordered from lowest to highest income). In a perfectly even distribution, 20% of households would fall into each national quintile. In reality, 25% of Quebec households are in the lowest quintile, and another 24% fall into the second lowest. This means nearly half of Quebec households belong to the bottom 40% of the national income distribution. At the other end of the spectrum, only 11% of Quebec households are in the top quintile, roughly half the share expected under a geographically uniform distribution.

The province's elevated savings rate can largely be attributed to lower household spending across the income spectrum relative to much of the rest of Canada. This spending gap ranges from approximately $4,000 to $5,000 in the two lowest income quintiles and exceeds $10,000 in the higher income brackets (graph A). After accounting for compositional effects, such as the disproportionate share of consumers in the bottom half of the income distribution, Quebec households spend about $15,000 less annually than the national average.

Graph A
Quebec Households Spend Less than Their Ontario Counterparts Across All Income Brackets
Per household final consumption expenditure in 2024, by national income quintile



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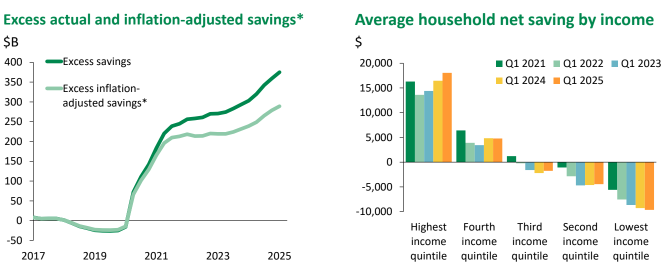
The contrast is particularly striking when comparing Quebec and Ontario: the spending gap peaks at around $22,500 among households in the middle quintile of the national income distribution, even though the difference in average household disposable income is only about $11,000. In addition, among Quebec households that fall into the national top quintile, average household disposable income is $212,600, comparable to Ontario and above the average in Alberta and Saskatchewan.

Taken together, these findings raise a question that warrants deeper investigation: is Quebec's elevated savings rate primarily driven by higher-income households benefiting from a lower cost of living? If so, the aggregate figure may obscure significant disparities in financial resilience across the income distribution. If savings are disproportionately concentrated among top earners, the province's financial stability may be more vulnerable than it appears, particularly in the face of economic shocks.

Graph 12
Affluent Canadians Continue to Build on Their Pandemic-Era Savings



* The underlying trend is based on the 5-year cumulative average growth rate from Q4 2014 to Q4 2019.
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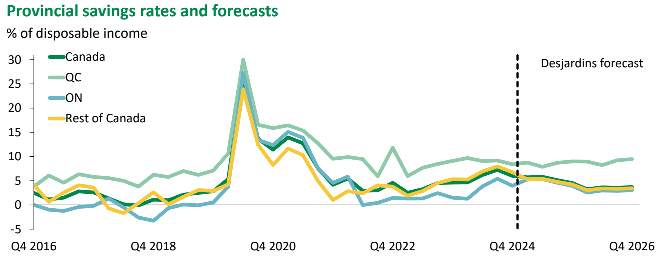
Looking ahead, Quebec is expected to remain among the provinces with the highest household savings rates in Canada through to the end of 2026 (graph 13 on page 6). While savings have risen elsewhere in Canada, that trend may begin to diverge from Quebec's trajectory. Alberta and Saskatchewan are likely to maintain relatively high savings rates, although lower oil prices could create some headwinds. In Ontario, the savings rate is projected to decline as economic and labour market underperformance, partly driven by trade tensions with the United States, weigh on household earnings. BC's household income is less exposed to tariffs due to the province's lower reliance on US trade, but savings capacity may be limited due to high housing costs. In the Atlantic provinces, savings rates are expected to remain near or below zero due to slow population growth, an aging demographic profile, and reduced international and interprovincial migration. And in the long run, Quebec may be subject to a similar fate as its population ages.

Graph 13
Savings Have Increased Across the Country, but That Trend May Diverge



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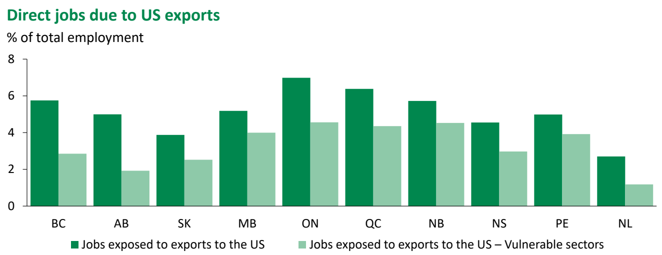
Risks to the Outlook for Household Finances

While Canada's overall household savings rate is anticipated to decline from recent highs, it will likely remain above both post-pandemic lows and the pre-COVID average. Still, this outlook carries notable risks, which warrant closer examination.

A key risk is slower household income growth through 2027; a weak economy or labour market could place downward pressure on employment and wages. This risk is particularly pronounced in Ontario and Quebec, the two provinces currently most exposed to the escalating tariff regime (graph 14).

Graph 14
Ontario and Quebec Have Outsized Job Exposure to US Exports



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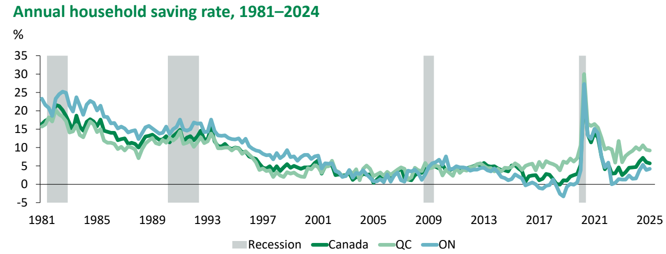
That said, a more pronounced slowdown could prompt the Bank of Canada to cut interest rates more aggressively than currently forecast. In such a scenario, rate cuts could partially offset the downside to earnings. Lower rates would also ease the burden of higher monthly mortgage payments at renewal.

A further risk specific to Quebec relates to the province's fiscal position. Should the government seek to increase revenues to avoid cuts to healthcare and education, households would pay higher taxes, potentially weighing on both consumption and savings.

Historically, Canada's savings rate has tended to rise during downturns, even when incomes decline or grow more slowly (graph 15). This is largely because households typically reduce consumption by more than the drop in their earnings. As such, if trade tensions with the United States hit earnings harder than expected, household consumption could slow disproportionately, deepening the economic slowdown.

Graph 15
The Saving Rate Tends to Increase at the Onset of Recessions



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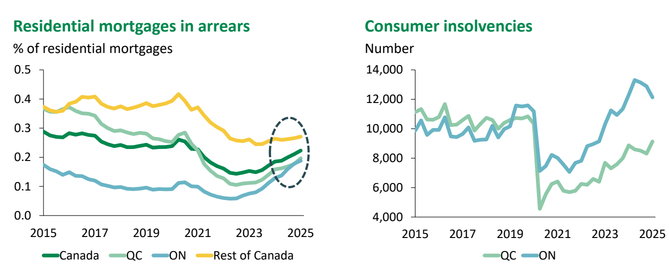
One reason consumption often drops during downturns is that Canadians prioritize mortgage payments to keep their homes. (We wrote about this behaviour when interest rates started rising back in 2022.) However, some concerning trends are now emerging. The pace of residential mortgage arrears is accelerating. This is particularly true in Ontario, where arrears have surpassed those in Quebec for the first time since early 2010 and continue to rise (graph 16). Arrears are also increasing in BC, though they are generally declining elsewhere. Consumer insolvencies have risen sharply in Ontario as well and are now above their pre-COVID peak from the mid-2010s. This suggests that higher borrowing costs may be playing a significant role. In contrast, insolvencies in Quebec remain well below pre-pandemic levels. We're seeing a similar trend in Atlantic Canada, while the western provinces are showing patterns more aligned with

Graph 16
Mortgage Arrears and Consumer Insolvencies Are Moving Higher



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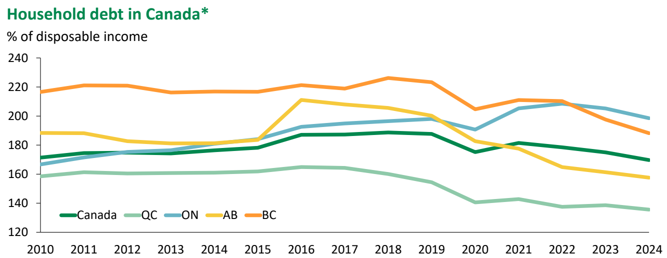
Ontario. Taken together, these developments point to a growing divide in consumer financial health across the country, with a clear fault line emerging along the Ottawa River.

These higher-frequency indicators may be just the canary in the coal mine. In 2023, Ontario overtook BC as the province with the most highly indebted households in the country (graph 17), and the gap continues to widen. Combined with Ontario's exposure to US tariffs and in-year data pointing to rising household strain, Canada's most populous province appears increasingly vulnerable to a protracted economic downturn. In contrast, households in Quebec and Alberta have improved their debt metrics, reflecting the high savings rates and offering resilience against a tariff-induced trade slowdown, particularly in Quebec's case. These trends suggest that policies to improve affordability, especially in high-cost jurisdictions like Ontario and BC, could help boost savings and reduce household financial vulnerability.

Graph 17
Ontario Now Has the Most Indebted Households in Canada



* End of period.
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Conclusion

Canada's economic diversity is reflected not only in its industries and regions, but also in the earning, spending, and saving behaviours of its households. High-income provinces such as Alberta and Saskatchewan are better positioned to save for a rainy day, with help from greater affordability, especially in housing. Meanwhile, Quebec consistently maintains a high savings rate despite lower average household incomes, thanks to restrained spending and favourable demographics. However, with limited population growth, declining housing affordability relative to other large provinces, and a continued focus on fiscal consolidation, Quebec's ability to close the economic gap with the rest of the country will increasingly depend on its capacity to generate employment in higher value-added sectors.

Ultimately, what matters most is not just how much households earn, but also their ability and choice to save. As economic conditions evolve and regional pressures shift, whether fiscal, demographic, or related to housing affordability, household savings remain a key buffer against volatility—enhancing financial resilience and sustaining consumption during downturns, thereby softening the impact of economic shocks. Understanding the regional and structural drivers of saving behaviour is essential for anticipating how households, and the broader economy, will respond to future shocks.