

# **The Effects of Declining Household Wealth on Economic Security in Canada, 2007-09**

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## **Abstract**

The large decline in stock prices and the smaller fall in house prices in Canada since 2007 have significantly reduced the assets of many Canadian households. The collapse of particular financial assets such as Asset Backed Commercial Paper (ABCP) and business failures have also reduced household wealth. These declines reduce the economic security of retirees and those approaching retirement, as well as the security of workers being thrown into unemployment. This paper attempts to quantify the reduction in security and examines how it is distributed across the population using the 2005 Survey of Financial Security as the basis. The effects of changes in asset prices and business failures are estimated under a range of assumptions.