



This Is How Much Canadians Think it Takes to Be Rich

Description

Have you ever considered how much money it takes to be rich in Canada? The answer depends on who you ask and where you live.

Somewhere between \$2 million and \$12 million

According to a survey from Charles Schwab, respondents from around the world said it takes anywhere from \$2 million to \$12 million to be considered “rich.” That’s a wide range. Of course, it takes a lot more money to be considered wealthy in London, England, than London, Ontario.

Wealth means different things to different people. For some, being wealthy means owning a primary residence, a cottage, and the ability to take a luxurious vacation every year. For others, being rich means they have a modest home where they can entertain friends and family and maintain this standard of living for the rest of their lives.

What it takes to be considered rich through income

Generally, there are two primary ways to determine wealth: income or net worth.

Investment firm Edward Jones reports that Canadians believe they need an average pre-tax salary of \$250,000 to consider themselves financially comfortable. When asked how much money a person would need to be rich (or have the lifestyle they desire), most respondents added another \$50,000.

How do these numbers stack up against actual incomes?

Here are the salaries of the top 1% of earners in each province and the territories:

- Alberta: \$291,260
- British Columbia: \$207,649
- Manitoba: \$178,675

- New Brunswick: \$160,474
- Newfoundland and Labrador: \$223,398
- Nova Scotia: \$172,992
- Ontario: \$236,267
- Prince Edward Island: \$151,695
- Quebec: \$181,682
- Saskatchewan: \$196,904
- Territories: \$229,629

The average salary of the top 1% of high earners across Canada is \$202,784 — just 20% shy of the income level reported in the Edward Jones survey.

Now for a reality check.

The actual average income in each province and territory is:

- Alberta: \$81,663
- British Columbia: \$64,699
- Manitoba: \$62,992
- New Brunswick: \$57,298
- Newfoundland and Labrador: \$64,769
- Nova Scotia: \$60,001
- Ontario: \$72,111
- Prince Edward Island: \$56,895
- Quebec: \$57,447
- Saskatchewan: \$64,333
- Territories: \$90,020

These numbers represent the middle 20% of salaries throughout the country, according to Environics Analytics. As you can see, actual incomes don't come close to the incomes Canadians report would support their desired lifestyle.

Using net worth to determine wealth

Another way to determine wealth is to look at net worth. Net worth is calculated by adding up all of your assets, such as property, retirement accounts, and other investments, and subtracting any debt. Debts include mortgages and money owed on credit cards, car and student loans, and any other obligations.

Gaining wealth through investments

While surveys are often a fun way to compare yourself to others, the amount of money you believe it takes to be rich is personal. Although many people are passionate about reaching a certain level of wealth, it is important to determine the amount of money you need to achieve the lifestyle that makes you comfortable.

Once you determine this amount, make a [plan to achieve it through investments](#). In Canada, [TFSA's and RRSP's offer tax-advantaged benefits that will allow you to reach your goal faster](#). By

investing in high-quality stocks, you are well on your way to being considered “rich” by any definition of the word.

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