

From child care and housing, to food and vacations, here's how inflation is biting into family budgets ^[1]

Having a young family can be the most expensive time in a person's life

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EXCERPTS:

Carlyne St Jules may have to cut her family vacation short this year, thanks to soaring inflation.

"Everything out here, it's \$300 and up," she says of hotel rooms in Montreal, where she has family and previously studied dance.

"To fill my tank ... to come here it was like \$89. I have a small four-door Kia."

St Jules, a 29-year-old event co-ordinator who now lives in New York City with her three children, ages two, seven and 10, says she "brought them out here so they can see my old stomping grounds — but I don't know how much I'll be stomping around here with these prices."

From ballooning grocery bills to pricier extracurricular activities, parents are confronting cost-of-living increases that have them worried about opportunities for their children and a stable financial future for their family.

Cost of just about everything is rising

Inflation hit a 39-year high in June amid an economy hampered by COVID-19, labour shortages, supply chain challenges and the looming threat of a recession.

Money doesn't stretch as far these days on everything from diapers to daycare and family outings. As well, vacations are harder on the wallet as the cost of gas soars and prices for travel accommodations rise.

Young parents aren't accustomed to such speedy price hikes; many weren't born when inflation last hit this pace in 1983.

Mortgage and rent, along with car loans take some of the biggest bites out of parents' incomes, said Scott Hannah, CEO of the Credit Counselling Society.

For drivers, prices at the pump have increased even faster — gasoline prices for June, the most recent month available, were 54.6 per cent higher than in the same month in 2021, according to Statistics Canada data.

These financial drains are making things difficult for Canadians, Hannah said. Meanwhile, children's appetites grow, clothes need replacing and extracurricular sports, classes and activities mount. He said that having a young family is the most expensive time in a person's life.

"I'll be 65 next February — it's hard to say that — and back when I was a kid it wasn't that big of a deal if you didn't have the latest and greatest. But boy, it sure is now," Hannah said of the pressure of consumer trends.

No relief

For Montreal residents Nabil and Samia Haliche, bigger grocery bills and a pricey toll at the pumps have pushed them to hunt harder for food sales.

"We see it clearly at the grocery store," said Samia, after she and her husband stepped out of a second-hand clothing store in Montreal with their two daughters, ages two and 10. "Everything is more expensive than usual."

Families with young children often have one parent on parental leave, off work or working part-time, adding to the financial strain.

Housing prices and rents also shot up throughout the pandemic. The national home price index, which adjusts for pricing volatility, peaked at \$835,000 in March, capping off a two-year climb of 52 per cent, according to the Canadian Real Estate Association. Prices spiralled upward in a frantic buying streak that saw families stretch budgets to enter the market or upgrade to more spacious homes amid COVID-19 confinement and rock-bottom rates.

The average Canadian rent jumped 9.5 per cent in June from a year earlier, though remained 3.5 per cent below June 2019, according to

Rentals.ca, an apartment-search website.

"A lot of young families in the last two years have used this opportunity, No. 1, to start their family, and No. 2, to get into that first home," said Leah Zlatkin, a mortgage expert at LowestRates.ca.

Many pushed their budgets to the limit to make down payments and monthly interest — which promptly began to rise as the Bank of Canada started raising its key interest rate.

"For those people, when you see a variable-rate increase it could be a bit shocking," Zlatkin said.

For homeowners worried about their situation, Zlatkin suggested sitting down with a mortgage broker to discuss refinancing. If payments seem beyond their means at the moment, she said clients should immediately inform their mortgage provider, who can offer a payment deferral program or temporary interest-only payment plan.

A clear-eyed look at what can be removed from the budget — or replaced with less expensive options — is also called for.

"Late night while you're bottle-feeding or breast-feeding the baby, flip through the Flipp app and find some deals and do some price matching when you're in the grocery store."

Hannah suggests buying in bulk — small families can team up with larger ones — cashing in loyalty points and swapping name brands for generic ones. Even a slightly awkward conversation with family members to lower holiday gift expectations may be wise.

"No one wants to receive a gift from someone who can't afford to give it," he said.

Region: Ontario ^[3]

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