Financial Consumer Agency of Canada

Financial Education Made Easy

A presentation by Jeff Balch
Financial Literacy

...having the knowledge to understand personal and broader financial matters, skills to apply that knowledge and understanding to everyday life, and the confidence to use the skills and knowledge to make responsible financial decisions that are appropriate to the individual’s situation.

- National Task Force on Financial Literacy, 2009
Boomeranging back

Boomers risk straining finances to support boomerang kids

New research from TD Canada Trust shows the majority of Boomer parents have financially supported their adult children in some capacity — to the point of suffering financially themselves.

19% of Boomers say they would consider putting their own security and financial future at risk to help support their adult children.

- 43% Have let them live at home rent-free
- 29% Have subsidized big purchases like a new car or computer
- 23% Have contributed to monthly bills like groceries and rent
- 20% Have helped pay off their credit card or other debt

What parents need to do to avoid financial stress

- Have open and honest conversations
  If grown children move back home, make sure they know what they will be responsible for — and stick to it. If your finances are being strained, let them know. Don’t be afraid to say no to your kids.

- Pay yourself first
  Take care of your finances first — retirement savings, your bills, etc. Set up a regular pre-authorized transfer of a set amount into a TFSA will help you save more for yourself and give you less to hand away.

- Be a role model
  Teaching your children about money from a very young age can help prevent a cycle of dependency. Don’t just give them financial aid, give them financial coaching with it.
Why Financial Literacy in Schools?

- Average debt load for post-secondary is approx. $26,000
- A BMO survey suggests the paying for the school is the number one stress
- Stats Canada records that the national student debt load is now over 15 billion
Why Financial Literacy in Schools?

JUST BECAUSE I MISSED PAYING A FEW BILLS IN THE PAST, I HAVE TO PAY HOW MUCH INTEREST?
Why Financial Literacy in Schools?

– Teens think they'll earn $90,000 a year by age 30
Why Financial Literacy in Schools?

WOW, LOOK HOW EASY IT IS TO GET MONEY!
CREDIT CARDS
AUTO FINANCING
LINE OF CREDIT
PAYDAY LOAN
0% DOWN
LOANS
LOAN

FCAC ACFC
Why Financial Literacy in Schools?

- 2 million Canadians use payday loan stores and they borrow 2 billion annually

Fees and Charges

Each FAST CASH ADVANCE is subject to a fee of $21 per $100 borrowed. For a $100 loan, a payment of $121 will be due at the end of the loan term.

Annual Percentage Rate = 521.17%
Why Financial Literacy in Schools?
Why Financial Literacy?

- research, conducted by Ipsos Reid found that money is one of the least discussed issues between parents and kids.

"Ontario students will have the skills and knowledge to take responsibility for managing their personal financial well-being with confidence, competence, and a compassionate awareness of the world around them."

A Sound Investment: Financial Literacy Education in Ontario Schools, 2010
Financial Literacy
Scope and Sequence of Expectations

2011
How do we do Give them the Skills?

- Where do you start?
It’s About Changing the Lens

... let me show you how
Products and Programs

- For youth: *The City*
- For young adults: *Financial Basics*
- For adults: *Your Financial Toolkit*

Accessible via FCAC’s Educational Programs Web page
Financial Basics Workshops

- **Target Audience:** Young adults and facilitators
- **Might also interest:** Post-secondary institutions, community groups, workplaces
- **Recommended for:** Workshops and in-person learning
- **Topics covered:** budgeting, saving, credit, investing, fraud prevention and financial planning
- Developed with the Investor Education Fund (IEF) and Ellen Roseman, author and financial journalist
Financial Basics: Materials

Workshop materials

- **FREE** workshop materials include:
  - Presenter’s Manual
  - Participants’ Handbooks
  - Presentation Slides
  - Workshop Evaluation Forms
  - Promotional Artwork
- Available in English and French
- Available in the following formats:
  - Printed hard copy
  - Online for download (HTML and PDF formats)
  - On a CD (PDF format)
Part One: INTRODUCTION

Agenda

• Introduction and quick quiz
• Benefits of financial literacy
• Budgeting
• Break
• Managing your expenses
• Credit and debt management
• Lunch
• Saving and investing
• Break
• Financial planning
• Protecting yourself
• Summary and wrap-up
What you will learn today

- How to manage your spending and prepare a realistic budget
- Ways to save
- How to pay off debt
- How to invest to make your money work for you
- How to plan to reach your own financial goal
The average current percentage of their income that Canadians save is:

a) 5%
b) 7.5%
c) 10%
The Cost of Banking Guide
Examining the Books

- Presenters Handbook
- Participants Handbook
Your Financial Toolkit

- **Target Audience:** Adults of all age
- **Might also interest:** Community groups, workplaces
- **Recommended for:** Workshops and in-person learning
- **Comprehensive 11 module program,** which includes worksheets, quizzes, calculators, videos, case studies and other resources
- **Developed with the Investor Education Fund (IEF) and l’Autorité des marchés financiers (AMF)**
Your Financial Toolkit

Topics covered:

- Budgeting
- Banking
- Saving
- Credit and debt management
- Mortgages
- Investments
- Insurance
- Income Taxes
- Pensions
- Retirement planning
Banking

This module covers:

- The basic services that financial institutions offer
- How to choose the type of banking account you need
- What your rights and responsibilities are when using a financial institution
- How to keep your accounts safe
- What to do if you think someone may be using your account illegally
Basic Banking
Basic Banking

This section covers:

- Basic banking services, such as deposits and card services
- How the deposit insurance system keeps your deposits safe
- How to use banking services for your everyday needs
Examining the website
Products and Programs

Life events on website

- Starting Your First Job
- Moving Out on Your Own
- Living as a Couple
- Having Children
- Owning a Home
- Planning Your Retirement
- Dealing with Debt
- Paying for Post-secondary Education
Products and Programs

Tools to help consumers make informed financial decisions

- Budget Calculator
- Credit Card Selector tool
- Credit Card Payment calculator
- Banking Package Selector tool
- Savings Account Selector tool
- Mortgage Qualifier tool
- Mortgage Calculator tool
Questions