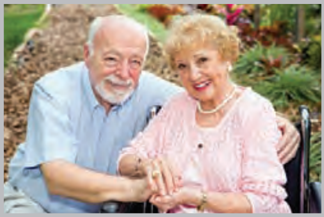
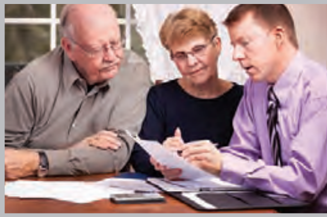
What We Heard:

A Summary of Public Consultations







TASK FORCE ON
Financial Literacy

September 2010

Mandate of the Task Force on Financial Literacy

In the 2009 Budget, the Minister of Finance announced his intention to establish a national task force dedicated to the issue of financial literacy. Appointed in June 2009, the Task Force on Financial Literacy is comprised of 13 members, drawn from the business and education sectors, community organizations and academia.

The Task Force on Financial Literacy will provide advice and recommendations to the Minister of Finance on a national strategy to strengthen the financial literacy of Canadians. This strategy will outline the following:

- the overall objectives, as well as a focused, concrete plan of action for strengthening the financial literacy of various segments of the population;
- ways to leverage existing resources to enhance financial literacy in Canada;
- the best means of promoting financial literacy in Canada;
- a framework for collaboration among all stakeholders – including government organizations at all levels – which would maximize financial literacy efforts in Canada and reduce duplication;
- ways in which the different stakeholders should collaborate to advance the state of financial literacy research in Canada; and
- methods of assessing the progress made in implementing a national strategy, including identifying appropriate timelines and milestones for achievement.

The Task Force will draw on global "best practices" and build on the strengths of successful initiatives that are already in place in Canada. The Task Force will submit a final report by the end of 2010 that recommends to the Minister of Finance a national strategy on financial literacy. The Task Force will make its report available to the public.

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TASK FORCE ON
Financial Literacy

www.financialliteracyincanada.com

September 22, 2010

The Honourable James M. Flaherty, P.C., M.P.
Minister of Finance
140 O'Connor Street
Ottawa, Ontario K1A 0G5

Dear Minister Flaherty:

The Task Force on Financial Literacy is pleased to present a summary of the information received during the public consultation process that we undertook across Canada from February to May of this year.

This is the second of three documents we will be submitting to you:

1. The first was the public consultation document entitled "Leveraging Excellence" which framed the consultation process, described areas of inquiry and posed questions related to each area (published February 22, 2010).

2. The second is this summary, which broadly mirrors the key themes and considerations outlined in the consultation document. The purpose of this document is to summarize the views of Canadians in response to our consultations. They do not necessarily reflect the opinions, or future recommendations, of the Task Force.

3. The third document will be the Task Force's recommendations to you by the end of this year.

In preparing this document, we carefully reviewed hundreds of pages of presentation transcripts, written submissions and on-line discussions on the Task Force website. While space limitations do not allow us to report everything we heard, we have captured the main themes and suggestions. Along with our research, ongoing dialogue with key stakeholders, international best practices and the expertise of individual Task Force members, we will be able to draw on this considerable body of thoughtful commentary for our final report and recommendations, and believe it will continue to be valuable to those charged with implementing the national financial literacy strategy.

We would like to underscore the fact that many respondents expressed their warm appreciation and thanks to the Federal Government for launching this initiative. In particular, those who provide credit counseling or work with low-income Canadians, immigrants and other vulnerable groups noted that the renewed emphasis on financial literacy is timely and welcome.

The Task Force deeply appreciates the time taken and the effort made by members of the public to share their views on financial literacy. The Task Force is equally impressed by the dedication manifested by a significant number of women and men working across this country to help improve the lives of Canadians.

Donald A. Stewart
Chair

L. Jacques Ménard, O.C., O.Q.
Vice Chair

Introduction

The Task Force on Financial Literacy (Task Force) was created in June 2009 with a mandate to provide advice and recommendations to the federal Minister of Finance on the formulation of a national strategy to strengthen the financial literacy of Canadians.

With the release of a consultation document in February 2010,[1] the Task Force launched a nationwide process to hear the views of individuals and organizations on how best to address the gaps in Canadians' financial knowledge. During the consultation period, which closed at the end of May 2010, the Task Force received over 300 written submissions, heard from 175 presenters in 14 communities, and attracted 125 contributors to its online forum (who posted 280 comments in all), more than 260 Facebook fans, and more than 50 Twitter followers. Participants included representatives from academia, consumer groups, credit-counselling firms, educators, financial service providers, government agencies, labour organizations, literacy organizations, not-for-profit community organizations and individuals.

The consultation document invited submissions and comments from the public in nine thematic areas: the current "landscape" of financial literacy, learning foundations for financial literacy, understanding financial behaviour, borrowing and debt, saving and investment, planning for retirement, protecting against fraud, the role of communications and technology, and evaluating success in building financial literacy. What we heard from participants in the public consultation process emphasized certain of these themes more than others. This summary report reflects these emphases. It distills the submissions and commentary we received according to some of the themes and questions proposed in the public consultation document, as well as further themes that emerged from participant input.

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1 Task Force on Financial Literacy. *Leveraging Excellence: Charting a course of action to strengthen financial literacy in Canada.* Ottawa: Task Force on Financial Literacy; 2010. Available at: www.financialliteracyincanada.com

The appendices to this report provide the mandate and membership of the Task Force, the communities visited, a list of participants who provided submissions or made presentations, and the questions posed in the public consultation process.

It is important to note that a number of participants took the opportunity to address a broad range of socio-economic and consumer-related issues that fall outside of the mandate of the Task Force. In this summary, we report on all of the views and suggestions we received, including those that fall beyond its mandate. This public input, received by means of written submissions to the Task Force as well as through its online forum and public consultations, constitutes one of several sources the Task Force will draw on to formulate its final recommendations.

This summary of findings from our public consultations does not necessarily reflect the opinions and perspectives of Task Force members, which will find expression in our final report. The views cited throughout this report are those presented by participants in the consultation process. The Task Force will present its own recommendations to the Minister in its final report of December 2010.

The Financial Literacy Landscape: Participant Views

This section outlines what participants in the public consultation process told the Task Force about the state of financial literacy in Canada. It then describes what participants identified as key policy problems or gaps and the reasons for, and consequences of, these problems or gaps.

Participant Views on the State of Financial Literacy in Canada

Participants in the public consultation process expressed strong support for the definition of financial literacy proposed in the Task Force public consultation document: "Financial literacy means having the knowledge, skills and confidence to make responsible financial decisions."[2] There was also a general consensus that, despite the availability of an abundance of educational materials to support financial literacy, many Canadians lack some or all of the skills, knowledge and confidence necessary to be financially literate.

Although there was no clear consensus on what exactly constitutes the set of skills and knowledge essential to financial literacy, certain elements were frequently mentioned. These included:

- strong budgeting, saving and debt repayment habits and skills and the related ability to set goals and to understand the difference between "needs" and "wants";
- the ability to understand the consequences of financial decisions in the short, medium and long run, especially as they relate to retirement planning and other significant life events;
- the ability to interpret financial documents, recognize the costs and benefits of different financial products, and understand core financial concepts such as compound interest;

2 For the definition and an explanation of its terms, see *Leveraging Excellence*, p. 10.

- knowledge of the tax system, especially as it relates to credits and deductions that are designed to encourage saving;
- knowledge of social programs that can provide individuals with income support when they need it;
- an understanding and awareness of organizations such as credit-counselling agencies, consumer groups, community groups and other non-profit organizations that help people cope with financial challenges; and
- the confidence to ask questions based on a strong assessment of the individual's strengths and weaknesses, and proper caution vis-à-vis promises of easy money.

Many participants implicitly or explicitly communicated the idea that financial literacy should be considered in a wide context, recognizing that Canada has a mixed economy in which the private, non-profit and government sectors all play an important role in determining financial outcomes. These participants therefore urged the Task Force to think about financial literacy not only in terms of how to budget, save, invest or borrow, but also in terms of knowledge, skills and confidence with regard to the impact of taxation, the availability of social programs, the intricacies of government retirement and income support programs, and the range of other public policies designed to encourage wise consumption, saving and investment behaviour more generally. On a similar note, some participants emphasized the importance of understanding the costs and benefits of insurance products such as automotive, home and life insurance – topics that these participants said are often neglected in financial education programs.

Participant Views on Trends Contributing to Low Financial Literacy

Participants identified several societal trends that may have contributed to problems related to low financial literacy among Canadians, including:

- widespread availability of on-demand credit with minimal qualifying requirements that encourage unsustainable borrowing habits;
- the absence of home economics courses or their equivalents in school curricula;

- demographic trends that compress the working/career life cycle and may contribute to increased household debt;
- a proliferation of increasingly complex financial products and services with contracts and disclosure statements that are difficult to understand;
- the move to digital media and electronic financial statements that may not be as conducive to careful scrutiny as traditional printed communications;
- the tendency for social programs to discourage saving behaviour, especially among people living on low incomes, for whom benefits clawbacks and requirements to eliminate assets can be serious disincentives for saving;
- general literacy and numeracy levels that have failed to keep up with societal demand; and
- widespread trends in advertising and popular culture that encourage individuals to consume rather than save, and the undermining effect of these trends on financial education efforts to teach people how to save.

Participants also suggested that financial literacy may be hindered by psychological traits that have been identified through research in the emerging field of behavioural economics. As one participant noted, this research suggests that “people exhibit strong status-quo bias, tend to be over-confident and are often myopic with respect to saving and risk evaluation. The main point is that policy-makers must be pragmatic and understand that a national financial literacy strategy is not a silver bullet that will prevent Canadians from making poor financial decisions.”

Non-profit community groups said that shortcomings with respect to financial literacy were especially serious among vulnerable Canadians – generally, groups who, in addition to having low income, also share some sort of demographic, cultural or other characteristic. These participants stressed that, for the most part, although a great deal of information is available to inform consumers about financial products and services, this material is only somewhat relevant (or available) to these vulnerable groups, which include:

- seniors, who for a variety of reasons can be particularly susceptible to mistreatment in the form of financial abuse and fraud;

- new Canadians who, whether because of language barriers or because they come from countries where there is little confidence in the financial system, may be reluctant to seek financial advice and feel overwhelmed by day-to-day financial matters, such as the payment of remittances to relatives in their native countries;
- Canadians living in rural or remote (including northern) communities where they lack access to a brick-and-mortar financial institution and/or broadband Internet, and therefore find it difficult to access basic financial advice and informational materials;
- Aboriginal Canadians who, for a variety of historical, institutional, geographic and cultural reasons, might not have full access to mainstream financial services; and
- other groups such as persons with disabilities, mental health problems and addiction issues who face other financial literacy challenges particular to their circumstances.

Participant Views on Consequences of Financial Illiteracy

With a few exceptions, participants felt that basic financial skills are increasingly important for *all* Canadians, given the availability of, and need for, credit at an increasingly young age, the increasing complexity of financial products, and the potentially severe long-term consequences of financial missteps.

A number of participants discussed these consequences in detail, stressing that they vary according to circumstance. One participant cited evidence that people living on low incomes are particularly susceptible to overestimating the costs and underestimating the benefits of post-secondary education. They therefore under-invest in post-secondary education, creating a long-term problem that undermines their financial potential. According to this participant, Canadians living on low incomes also tend to overestimate the supply of financial assistance more than most; this belief, when combined with steady increases in the cost of a post-secondary education, may act as another deterrent to pursuing higher education. Other participants noted that Canadians on low incomes are often unaware that they are eligible for a range of social benefits, and that this prevents them from taking advantage of programs that could help them overcome their circumstances.

Participants said that, in extreme cases, a lack of financial knowledge and poor financial decision making can lead to difficulty in obtaining adequate food, shelter and clothing. More generally, participants said, poor financial decisions can cause psychological stress, which in turn can express itself in poor health outcomes, marital breakdown and workplace difficulties.

A number of participants also suggested that a lack of financial literacy can have macroeconomic consequences that help explain, among other things, Canada's low (by historical standards) saving rate, a rising household debt–income ratio and increasing rates of personal insolvency. As one participant noted, these outcomes are "symptoms of poor financial decision making in many cases exacerbated by inadequate financial literacy skills." Another participant went even further: "The glaring truth from the financial crisis is that people who are not well informed do not make sound financial decisions and there is a price to pay for this in terms of our overall financial health as a country." Some participants also emphasized that financial literacy can help to foster the economic prosperity of individuals, support social cohesion and contribute to competitiveness.

Participant Views on the Importance of Financial Literacy

Although few participants claimed that financial literacy was a cure-all for society's financial ills, there was a broad consensus – with some exceptions – that financial literacy is crucial to the prevention, for individuals and society as a whole, of financial and psychological distress, low educational attainment, poverty and even fiscal and economic crises. Consequently, with very few exceptions, participants were strongly supportive of the Task Force and its mandate to develop recommendations for the Minister of Finance on a national financial literacy strategy.

The Learning Foundation for Financial Literacy: Participant Views

Participants strongly emphasized that financial literacy is a life-long learning process that should start as early as possible. The education system – and its role in a national financial literacy strategy – was therefore the predominant theme that emerged from the Task Force public consultation process, even though many participants recognized that formal education rests largely outside of federal jurisdiction.[3] In some instances, the Task Force was advised that jurisdiction should not be a barrier to national recommendations.

Participant Views on Existing Educational Efforts

Judging from what the Task Force heard in its public consultations, a great many individuals and groups in Canada are striving to bring financial education into the school system, often through approved primary and supplementary curriculum resources. Among the examples given were the following:

- credit unions that have set up banking services in local schools and have adapted curricula developed in the United States for use in the Canadian context;
- volunteers from the financial services sector who share their time and energy to teach important financial literacy concepts to students across Canada;
- curriculum development experts who are using their skills to develop financial literacy curricula, which they then market to local school boards and curriculum development experts at the provincial level;
- government agencies that have developed course curricula – some in an interactive online form – that have been accepted for use in schools;
- provincial securities regulators that have made educational materials available for teachers; and

3 The *Constitution Act, 1982*, and the numbered treaties, 1871–1910, articulate the Crown's responsibilities to provide educational services for First Nations.

- students who have developed a passion for financial literacy and work with their peers to improve financial education and promote good financial habits.

Participants who described their involvement with these efforts explained that they are the result of collaborative relationships with teachers, school administrators, school boards and, in some cases, provincial ministries of education. In particular, they stressed the importance of providing ready-made curricula to teachers, who are often overburdened with existing teaching requirements and who may feel uncomfortable teaching in this subject area, especially if they themselves are lacking in financial expertise. The importance of teacher training to increase teachers' comfort levels was also raised by participants.

Participant Views on Course Content

For the most part, the current educational efforts described to the Task Force share a common aim of teaching the fundamentals of financial literacy in a way that is relevant to young people. According to participants, these fundamentals include an understanding of:

- **budgeting** and the importance of saving even small amounts each and every month by helping students to plan their spending and to understand the difference between "needs" and "wants";
- **consumer education** and the importance of understanding how to comparison shop, read the fine print and understand common billing practices. Several participants stressed the benefits of illustrating these principles by using cellphone bills – something many students are familiar with – to help them appreciate the importance of wise consumption habits and the potential savings that can accrue as a result;
- **borrowing** and the costs and benefits of taking on student debt, using a credit card, or borrowing to buy a vehicle or home. Several participants stressed the importance of addressing student loans and credit card debt in particular, since these topics are, or will be, directly relevant to many students; and

- **compound interest** and the time value of money. In this respect, many participants stressed the importance of teaching simple learning tools such as "the rule of 72."[4]

Although this theme was less frequently discussed, the need for financial literacy initiatives to include basic education about how the economy works was emphasized by some participants. They made the case that, without this basic economic understanding, otherwise financially literate individuals can make costly mistakes about, for example, the likely direction of interest rates on home mortgages, the effects of inflation on savings, or the duration of an economic boom (or bust) and what that might mean for their personal finances. One participant said that this economic education should also explain the relative importance of different types of income both before and during retirement, help students understand differences between income and wealth and the relative distribution of each in the economy, and help young people take a critical perspective on the financial sector, investing, and the role of finance in the economy. Some participants also said that the school system should teach high school students about relevant insurance products such as automotive and apartment insurance, given that many will soon be faced with buying a vehicle and/or renting an apartment.

Participant Views on the Best Way Forward

Participants expressed a wide consensus on the need for financial literacy in the school system, as well as general agreement on the necessary content of financial literacy curricula. Within these broadly shared views, opinions varied significantly as to *when* financial literacy education should be delivered, *how* it should be integrated into the schools, and *who* should be charged with delivering it.

On the question of *when* financial literacy should be delivered, there was wide agreement that financial literacy should be offered throughout the elementary and

4 A model referenced by certain participants as an easy way to approximate how long it will take to double savings is available at www.primericacanada.ca/public/canada/rule_of_72.html.

high school years, and many participants emphasized the importance of delivering material appropriate to where students happen to be in their life course. For example, a number of participants said that, although teenagers are probably not ready to learn about mortgages and life insurance, they do need to understand debt products such as credit cards, student loans and cellphone contracts.

On the question of *how* financial literacy should be delivered, there were conflicting opinions about whether financial education should be offered as a stand-alone course or integrated into other subjects such as mathematics, economics, social studies or home economics. Those who favoured an integrated strategy said that this approach could make it easier to bring financial literacy into the schools, and that offering this material across a number of years would improve retention by linking basic financial concepts to other topics of interest to students. As one participant noted, some current efforts to offer financial literacy in the schools, which amount to only 21 to 30 hours of instructional time, are “insufficient” for a full understanding of financial literacy concepts.

On the question of *who* should deliver financial education, participants from a number of organizations said that financial sector volunteers could play an important role in helping teachers overcome challenges related to large workloads and possible unease with financial topics. Other participants cautioned that the involvement of financial sector volunteers in schools must be undertaken only in a transparent and an unbiased way, making every effort to minimize the potential for volunteers to exploit the classroom for their own or their employer’s benefit.

Participants also raised some other education-related themes. A number of participants noted for example that there is a significant “train-the-trainer” challenge in that some teachers may be intimidated by the subject matter and unwilling or unable to integrate financial literacy education into existing courses given heavy teaching demands; other participants highlighted the need for better teacher resources as well as credible, reliable and easy-to-find financial education resources for use in the classroom.

Participants also stressed the importance of complementing school-based financial literacy with education in the home; parents and members of the extended family, they said, can play a key role in shaping the financial behaviour of students as they progress through grade school and high school.

Suggestions on Financial Education in the School System

Over and above the unanimous call for more financial education in the school system, the Task Force heard from some participants who put forward proposals in which the federal government could play a more active role, especially in supporting provincial education efforts. Participants suggested that the federal government lead or support the national effort to introduce financial education in the provincial and territorial school systems by identifying core, age-appropriate financial literacy topics.

Another organization suggested that the federal government could, through a website, help collect and disseminate financial literacy curriculum materials by creating an inventory of programs that could be consulted by anyone interested in introducing financial education into their classes.

Participant Views on the Life Events Approach

For the most part, participants talked about delivering financial literacy in terms of what is known as the “life events” approach. This approach focuses on providing people with relevant information at key junctures in their lives when they are most open to receiving it. This can mean delivering information in a “just-in-time” manner at the time of a financial decision or transaction or, as one participant said, providing information “you need to know when you need to know it.” Some key life events identified by participants include:

- opening a bank account
- obtaining a driver’s licence
- taking out a student loan

- renting an apartment
- getting married
- buying a home
- starting a business
- retiring

This "life events" approach is closely related to the "life cycle" economic model, another frequently mentioned way of thinking about the delivery of financial education for adults. In the life cycle model, people typically "smooth" consumption over their lifetime by borrowing in their early working years, saving in their later working years, and drawing down those savings during retirement.

In a similar vein, a number of participants stressed the importance of addressing the varying financial needs of individuals rather than taking a "one-size-fits-all" approach to promoting financial literacy. In some cases, and especially when dealing with vulnerable adult Canadians, this may mean tailoring financial education to an individual's life experience, in what one participant dubbed the "biographic" approach. To illustrate, some participants noted that the needs of vulnerable Canadians tend to be focused around basic budgeting, saving and debt management, and that education on the intricacies of portfolio allocation strategies and wealth management may not be relevant for many of these Canadians. Finally, a number of participants stressed the importance of providing financial information, again especially to vulnerable Canadians, in an environment where they feel comfortable asking questions and are not afraid to reveal gaps in their knowledge. For many vulnerable Canadians, this implies that financial education is best delivered among peers and in a supportive setting.

Some participants stressed the importance of self-assessment mechanisms, possibly offered through websites, to help people become aware of gaps in their financial literacy.

Finally, organizations and individuals involved in providing financial education outside the school system provided a great deal of input that could help inform the delivery of financial literacy education from a life events perspective. Among other examples, the Task Force learned about:

- private-sector companies that offer financial literacy education services to adults through seminars, one-on-one counselling and financial literacy products. In many cases, these services focus on helping people awaken an interest in financial matters by stressing goals, consequences and strategies for managing financial complexity. As one such private company put it: "The very first and most important question Canadians need to ask themselves is, 'What is money for?' That is the foundation for everything and it differs for everyone";
- service providers that, through websites, advisors and seminars, provide financial education to customers and deliver presentations to community groups on selected financial topics;
- community groups that have integrated financial education into their program delivery or have set up stand-alone programs, especially for vulnerable groups;
- credit-counselling agencies that offer financial literacy services, including financial education workshops, to the broad community and are often a "go-to" point for community groups interested in adding financial education to existing efforts to serve the community;
- government regulators that are raising awareness around issues related to investing and fraud as well as delivering financial education material to younger citizens; and
- labour groups that offer union members extensive education on pension-related issues, as well as some unions that offer outreach services to members that could include advice related to financial concerns.

Suggestions on the Life Events Approach

Participant suggestions with respect to the life events approach to promoting financial literacy tended to stress doing more of what is already being done – as described earlier in this section – but with better coordination (to avoid duplication), better educational materials (to improve quality and relevance), better leadership (to provide a national focus), better marketing (to increase broad awareness), more funding (to help non-governmental organizations increase the scale and scope of their financial literacy offerings) and better incentives (in the form of tax deductions or credits for adults who pursue their financial education). The details of these suggestions are discussed in later sections of this report.

Other types of suggestions were also put forward. For example, some participants said that financial education for adults, especially in vulnerable populations, must include supports that help people overcome obstacles related to transportation, child care needs and language difficulties. Others said that financial literacy should be a required post-secondary course or, at a minimum, part of the orientation process for new post-secondary students.

Still other participants argued that deficiencies in “general” literacy and numeracy in the adult population should be addressed before, or at least concurrently with, efforts to improve financial literacy. To support this argument, these participants cited evidence that 48% of adult Canadians have low literacy levels – under level 3 on the International Adult Literacy Survey’s 0-to-5 literacy scale – and are therefore unable to interpret and understand even simple financial documents. According to the research cited, the proportion of Canadian adults who fall below level 3 is unlikely to improve over the next 20 years unless a concerted effort is made to improve general literacy and numeracy levels.

On a related theme, many participants said that one of the ways of addressing the complexity inherent in financial documents is for the financial sector to produce more “plain-language,” easy-to-understand documentation. To illustrate the complexity of some of the documents that consumers have to contend with, a participant at one of the Task Force public sessions said that “in order to purchase some insurance products, unsophisticated clients are asked to review and understand a contract that is 90 pages long and is written in advanced legalese.”

Some participants cautioned, however, that even "plain-language" documentation might not be sufficiently accessible for the many Canadians who have low literacy skills, since some of the concepts in financial documents – especially mathematical concepts such as interest calculations and portfolio allocation strategies – can be simplified only so much before they become meaningless. One participant recommended the use of visual aids to help learners grasp relatively complex topics.

Finally, on a related point, some participants cited the particular challenges faced by those who do not speak English or French. Some people in this situation turn to younger family members – often children or grandchildren – for help in interpreting financial documents, even when the latter are ill equipped to do so. To address the problems posed by linguistic barriers, participants suggested that governments and other institutions make an effort to deliver financial education materials in the language spoken by the recipient; in this regard specific mention was made of the North, where most of the population speak a language other than English or French.

Understanding Financial Behaviour: Participant Views

The Task Force consultation process was also dominated by themes tied to actual financial behaviour, especially borrowing, saving, investing and retirement planning behaviours as well as behaviours that increase a person's risk of falling prey to fraudulent schemes.

Participant Views on Borrowing Behaviour

A number of participants told the Task Force that a lack of knowledge is often at the core of what they described as a growing problem of over-indebtedness, especially among young Canadians. One participant commented that the problem is that "people that are in debt think they can still take on more and still manage." Others blamed a lack of understanding of concepts such as compound interest and the fact that "interest on their credit card negatively impacts them by the day."

With respect to young Canadians, several participants expressed concern about easy access to borrowing through credit cards, coupled with a poor understanding of the Canada Student Loan Program. They described how easy access to credit cards and lines of credit deters some post-secondary students from using what is perceived to be the more onerous but often less costly – and more forgiving – Canada Student Loan Program. Citing a national survey of 14,587 full-time undergraduate university students conducted by the Canadian Alliance of Student Associations, one participant said that 49% of students incorrectly assumed that they had to be enrolled full-time in order to access financial aid, while 65% incorrectly believed that parental income was always taken into account in decisions about who gets how much student financial aid. The Task Force also heard concerns about the aggressive marketing of credit cards on campuses to students who lack a basic understanding of how credit cards work, the interest rates charged and the potential to fall into debt quickly.

The Task Force also heard from a number of credit counselling agencies that work with people – young and old – who find themselves with large or unsustainable debts. According to these organizations, many of their clients are able to avoid filing a proposal or bankruptcy with some basic budgeting strategies and general financial education. The Task Force was told that, generally speaking, the earlier a credit counselling agency can help someone with a debt problem, the better the outcome.

Payday loans and other alternative financial services were also cited as a problem by some respondents, particularly those who represented Canadians living on low incomes or who provided credit counselling services. According to these participants, there is reason to believe that most payday loan clients, for example, have a poor understanding of the "'product' they are buying, or the cost they are required to pay." Another participant noted that these "fringe financial services charge staggeringly high service fees ranging from 210% to 450% annualized for even basic services such as cheque cashing. Annualized interest rates are even higher for payday loans. These practices make it difficult for low-income customers to trust the financial sector."

Several participants also said it is important to ensure that people understand the notion of "good debt," which they defined as debt incurred to earn an income through investments in endeavours such as post-secondary education, and which can yield future dividends in the form of higher income. "Bad debt," on the other hand, is typically used purely for consumption.

Suggestions on Borrowing

For the most part, participants suggested that consumers' vulnerabilities relative to borrowing, debt and related insolvency issues be dealt with through enhanced financial education. Generally, participants said that young people and adults alike should understand the meaning of terms such as "annual percentage rate", "grace period" and "compound interest", as well as the consequences of late payments. They should also ask themselves questions such as "How stable is my income?", "What are my long-term financial goals?" and "Will I still have money for emergencies?". On this theme of education-related approaches to improving borrowing and debt outcomes, there was a wide consensus on the importance of teaching young people about borrowing and debt before they attend college or university or begin their careers in earnest. In other words, participants stressed the need to reach people before they incur large debts such as student loans, car loans and mortgages.

Several participants also offered suggestions that strayed from purely education-oriented approaches to improving financial literacy with regard to borrowing and debt. These recommendations included:

- requiring easy access to online credit reporting agency reports, including training to help people interpret their report and understand what kind of behaviour will worsen or improve their credit score;
- requiring borrowers to obtain mandatory credit counselling or a "loan licence" that would be issued only on completion of a debt education course;
- implementing tougher regulation of payday loan companies, including better disclosure of the real costs to the borrower and caps on interest and fees charged;
- requiring loan providers to complete a detailed assessment of a client's credit-worthiness before offering a new loan product and basing this assessment on net income rather than gross income, as is currently the case;
- requiring financial services firms and others to notify clients as soon as they fall behind on one of their payments (debt or otherwise);
- imposing the strict application of all existing laws regulating borrowing practices;
- implementing stronger and uniform plain language and information disclosure rules for all credit product providers, including retailers who offer "buy now, pay later" options, so that consumers can more easily understand the nature of the credit agreement and do more comparison shopping;
- implementing prohibitions or stronger regulations on credit card and other forms of credit advertising and marketing in the popular media, including requirements that financial services firms clearly indicate that they are engaged in marketing rather than educational efforts;

- imposing credit limits on credit cards sold to students;
- simplifying the student aid/loan application process to deter people from paying for post-secondary education with credit cards and lines of credit, and timing the delivery of these funds to coincide with related expenses (such as tuition); and
- offering financial support for credit counselling agencies because, according to one participant, helping people with debt problems “is a money loser” for banks and other financial institutions.

Participant Views on Saving Behaviour

Many participants expressed concern about what they described as “Canada’s low personal saving rate” and a culture that does not appear to value saving. As one participant noted, “People don’t learn to save.” The presumed saving rate problem was attributed to a number of factors, including:

- a culture that tends to encourage consumption over saving. According to participants, this tendency may be especially pronounced among young people, who tend to discount the future and do not think about their retirement years;
- a lack of awareness of, and participation in, government-supported saving schemes such as Registered Education Saving Plans, Canada Education Savings Grants, Canada Learning Bonds and Registered Disability Savings Plan grants;
- a lack of awareness about the range of available social benefits; and
- concern that many Canadians lack the financial means to save.

Many situated their concerns about the insufficient saving habits of Canadians in the context of an aging population and related demands placed on individuals to fund their own retirement. (This theme is addressed in more detail under the heading “Participant Views on Retirement Planning Behaviour.”) Many participants viewed good saving habits as a bulwark against this demographic trend and also as an important habit in the short term, the argument being that better saving behaviour helps avoid the risks inherent in borrowing to meet current expenditures, including those related to unforeseen expenses caused by illnesses or accidents.

Some participants stressed the importance of this kind of short-term saving behaviour particularly for people living on low incomes, who might otherwise turn to potentially risky borrowing to fund immediate needs such as essential household goods, work clothes or transportation.

On the question of whether Canadians with lower incomes have the ability to save, opinion was divided. Some participants said that even people living "on very low income" could set money aside for the future, while others said that it was unrealistic to expect most Canadians to save, given what they described as growing income inequality.

Suggestions on Saving

Most suggestions to improve saving behaviour focused on enhancing educational initiatives to teach basic budgeting techniques to Canadians young and old. On this point, several participants stressed the importance of helping people distinguish between "needs" and "wants" and to develop a good understanding of where and how their money is spent. As one participant noted, "One of the big 'Ah-ha!' moments in classes that I've sat in on around budgeting is when people do the calculations around coffee. And so when people start calculating how much that costs them over the course of a month, there are huge light bulbs that go on and you can see people thinking, 'Oh yes, there's a little bit here and a little bit there that I can change in order to be able to save.'"

Other participants said that financial advisors play an important role in helping people develop better saving habits, citing survey evidence that suggests people who use financial advisors tend to save more than those who do not. The Task Force also heard a number of participants express support for the creation of social marketing campaigns to raise awareness about the importance of budgeting and other strategies to increase savings. These suggestions – and others related to increasing awareness about social programs and tax benefits available to Canadians with low incomes – are discussed in detail in the "Communications, Collaboration and Technology" section of this report.

Some of the proposed approaches on saving that were heard by the Task Force strayed from budgeting-related approaches. For example, some participants suggested that the use of economic incentives combined with financial literacy education could help bridge the gap between intention (the desire to save) and action (actual saving). In this respect, the Task Force heard from organizations that operate matched-savings programs, or “individual development accounts” (IDAs). In these programs, participants are rewarded with incentives to save (e.g., matching contributions for every dollar saved). According to these participants, IDAs have helped a number of Canadians living on low incomes to save for items such as computers, vehicles, homes, post-secondary education, retirement and even the capital necessary to start small businesses. Other suggestions included offering higher interest rates to people opening a first savings account and providing savings accounts with interest rates at 50 basis points above inflation to motivate people to save.

Another participant said that the federal government should “take low-income earners off the tax rolls” to help increase savings among this group.

Participant Views on Retirement Planning Behaviour

Setting aside the question of saving for shorter-term purchases and unexpected expenses, a number of participants also discussed the other major reason to save, namely retirement. As indicated earlier, many situated their concerns in the context of an aging population and the associated increase in life expectancy, two factors that will increase both individual and societal retirement needs.

Participants also discussed retirement planning in the context of a trend away from defined benefit plans in favour of defined contribution plans and how this trend has shifted responsibility for retirement planning to the individual. As one participant noted, “There has been a paradigm shift in assuming responsibility for pension income.”

Participants identified three major challenges in encouraging people to save for retirement. First, there was a broad consensus that retirement planning does not come easily to young people, especially in a culture that values consumption over saving. One participant told the Task Force how, at the age of 18, she turned down a chance to invest in her company's pension plan because she reasoned that she "was not ready to retire. And you know what, that was probably the stupidest mistake … that I've made in my life."

Second, a number of participants said that, in general, Canadians do not really understand how Canada's "three-pillar" retirement saving system works,[5] although opinion varied as to which pillar was the most or least understood. Third and finally, some participants said that many Canadians are unable to save for retirement simply because they lack the necessary disposable income.

Suggestions on Retirement Planning

Most suggestions to improve retirement savings focused on education initiatives (especially in the workplace), better information (especially for vulnerable groups) and the use of public awareness campaigns. With respect to what should be taught, participants stressed the importance of helping Canadians understand how the three-pillar retirement saving system works, and especially the amount of income replacement they can expect from the Canada Pension Plan (CPP) or Quebec Pension Plan (QPP).

Some participants, however, doubted that better budgeting and saving habits would have much impact on retirement saving, insisting that, although financial literacy is important, it is not equivalent to income security. These participants suggested increasing publicly funded support programs, including Old Age Security, the Guaranteed Income Supplement, and the CPP/QPP.

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5 As discussed in *Leveraging Excellence,* the three pillars are (1) Old Age Security benefits, including the Guaranteed Income Supplement; (2) Canada Pension Plan (and Quebec Pension Plan) benefits; and (3) private retirement savings, including company-sponsored retirement plans and tax-assisted programs such as registered retirement savings plans.

Other participants suggested methods to increase employee pension plan contributions. For example, one participant suggested that employees could be required to join employer-sponsored plans and proposed a reduction or elimination of vesting requirements. In a variation on this theme, other participants proposed that, learning from experience in the United States, policy-makers should foster increased employee savings by removing legislative and regulatory impediments to auto-enrolment and auto-escalation. Other participants suggested that the federal government consider creating a mechanism that would allow individuals to allocate part or all of their income tax refund to a retirement savings vehicle such as a Registered Retirement Savings Plan (RRSP), Tax-Free Savings Account (TFSA) or the CPP/QPP. Completing this theme was the notion that, whatever measures might be adopted, it is important to protect employee savings with a strong regulatory framework.

Some participants were in favour of strengthening private retirement saving vehicles (part of the third pillar of Canada's retirement saving system) by, for example, eliminating limits on RRSP contributions, allowing individuals to split income from RRSP withdrawals, removing annual withdrawal limits on Registered Retirement Income Funds (RRIFs) and setting up retroactive TFSA limits for Canadians who are near retirement.

Other suggestions on retirement planning included:

- creating a third-party supplemental national pension plan to be offered to Canadians;
- allowing Canadians flexible access to the public pension system;
- mandating all companies that do not currently have a company pension to join a national plan;
- making financial education and retirement planning an eligible expense for training expenditures;

- removing minimum withdrawals from RRIFs for citizens over 71; and
- modifying the federal government's annual 18% contribution limit for registered savings and pension plans to a lifetime maximum amount.

Participant Views on Investing Behaviour

A number of participants discussed the challenge that people face in deciding how to invest their savings – a challenge, many said, that is growing more acute with the current shift from defined benefit plans toward defined contribution plans.

In this context, participants often talked about the potentially risky and often complex nature of investing. Many cited the financial crisis of 2008–09 as an example of how market fluctuations can affect portfolio values and retirement planning. The concept of "risk" also arose frequently in relation to investing, along with references to the sense that many investors are "overwhelmed" by the large number of investment products available in today's market.

Suggestions on Investing Behaviour

In view of the complex nature of financial markets and the failure of many experts to anticipate the 2008–09 financial crisis and its consequences, some participants were skeptical about the potential for financial literacy efforts to help people make sound investment decisions. However, many participants maintained that financial literacy remains an important life skill.

Other participants addressed the role of market players in helping individuals cope with the complexity and risk involved in investment decisions. In that respect, financial advisors were identified by many as being well placed to help people improve their knowledge of investing while helping them manage complexity and risk in light of a detailed understanding of their client's needs, goals, retirement plans and risk tolerance.

On the other hand, many remarks were offered on the potential conflicts between the advisory and sales functions of some financial-sector intermediaries. This issue gave rise to debate and differing views among presenters as to whether fee-based advice might be preferable to a commission-based model for the purpose of consumer protection and awareness. To address this perceived conflict of interest, some participants proposed that proficiency and fiduciary standards be strengthened to explicitly require financial advisors to act in the best interest of their clients.

Despite these differences over who should provide what advice and how, many participants shared a strong belief that a key element of financial literacy as it relates to investing is the consumer's ability and confidence in asking the right questions and making informed decisions when choosing investment products.

Participant Views on Protecting Against Financial Fraud

The topic of fraud arose with some frequency over the course of the public consultation process, especially in relation to investing. The Task Force heard about collaborative efforts with law-enforcement organizations to reduce fraud, as well as fraud awareness campaigns (such as national awareness weeks or months organized and sponsored jointly by public, private and not-for-profit sectors to heighten consumer vigilance), web content and other publicity efforts. Participants also offered guidance on some of the behavioural and other factors that make people susceptible to fraud. These factors include:

- low risk aversion, especially with respect to investments;
- overconfidence;
- gambling tendencies expressed in the heavy use of lotteries, draws and other contests; and
- advanced educational attainment.

Participants identified a number of "at-risk" groups, including people living on low incomes, those with high levels of debt and ethnic communities. Elderly people, however, were by far the most-talked about "at-risk" group. In this respect, participants framed their discussion in the context of the financial abuse of elders, a problem they said may worsen given the increasing proportion of older people in the Canadian population. Participants noted that indicators of such abuse can include unpaid bills, shortages of money for necessities such as food and medication, the sudden appearance of previously uninvolved relatives, forged signatures, power of attorney granted under unusual circumstances, sudden changes in wills or accounts and complaints by an older person of not knowing where his or her money is going.

Suggestions to Address Fraud

Most participant proposals to address fraud consisted of continuing and strengthening existing efforts to raise awareness about the issue through campaigns such as the federal government's Elder Abuse Awareness Initiative, "fraud awareness month" activities and other public education efforts. They also suggested teaching people in the school system and beyond about the signs of fraudulent schemes and elder abuse as well as the importance of asking probing questions, such as asking for proof that an investment product salesperson is in fact a registered professional.

Some participants also suggested that government regulatory agencies work more diligently to reach out to vulnerable groups – especially elderly people – and that governments equip these agencies along with law-enforcement groups and Crown attorneys with the means to aggressively counter fraudulent schemes and elder abuse.

In a similar vein, participants stressed the importance of ensuring that front-line financial services staff understand issues related to power of attorney, joint accounts and trusts as potential avenues toward fraud. One participant suggested working with the financial services sector, as well as the provinces and territories, to improve knowledge and awareness of those potential avenues of financial abuse, particularly as they relate to the vulnerability of disadvantaged groups, including elderly people.

Communications, Collaboration and Technology: Participant Views

In the course of our public consultations, participants took the opportunity to provide their views on the idea of fostering greater collaboration and coordination (to minimize duplication) among financial literacy providers, and the institutional structure that would support these efforts. Participants also sketched some ideas for actual delivery of services by a national-level body and the broad communications objectives of a national financial literacy strategy. These three elements – collaborative/institutional issues, services delivery, and communications objectives – will be discussed in turn.

Participant Views on Collaboration, Coordination and Supporting Institutional Structures

Participants voiced a broad consensus that the federal government should play a leading role in advancing the interests of financial literacy in concert with existing efforts in the private and non-profit sectors. To that end, participants suggested that the federal government create a forum – or at least organize conferences – that would bring together key stakeholders from the financial services, non-profit, government and other sectors of the economy to share ideas and benefit from one another's strengths.

On this latter point, participants noted among other things that:

- the financial services sector has the reach, the expertise and the established relationships necessary to deliver financial education to a large segment of the population;
- the non-profit sector has the on-the-ground, community-level knowledge – along with relationships of trust – needed to provide meaningful financial education to vulnerable groups. It was also noted that community-based centres and programs,

while key to financial education delivery, are underfunded and would benefit greatly from public funding from multiple levels of government;

- the government sector has responsibility for education (at the provincial level) as well as the funding and policy-development capacity to support and deepen other stakeholder efforts;
- labour organizations have access to millions of Canadians and long experience with teaching members about pension issues; and
- employers, perhaps working in concert with unions and labour market sector councils, could potentially deliver financial education to millions of Canadians.

Despite widespread support for the idea, there was some debate over which federal or national body should take the lead in fostering collaboration and coordination among financial literacy stakeholders. Of those who addressed this question, most were of the view that the federal government should assume leadership, and about half lauded the work of the Financial Consumer Agency of Canada, suggesting that it might be the right government agency to take this role. Other participants, however, perceived the agency as having a low or misunderstood public profile, and some suggested that its mandates (i.e., financial institution regulation coupled with responsibilities on financial education) are potentially conflicting or confusing.

Some participants felt that the Task Force should also consider recommending an alternative institutional arrangement, such as the creation of a separate, non-profit institution or agency. In variations on this theme, participants suggested the creation of a national “Centre for Excellence” or a “National Commissioner for Financial Literacy” with regional offices to spearhead coordination and collaboration.

Some participants also disagreed with the view that a national strategy was needed to “coordinate” existing and new financial literacy efforts, arguing that such a role “would be extremely challenging” given the fragmented nature of the financial literacy landscape. One participant put it this way: “We need national facilitation – not coordination. In the same way that the Organisation for Economic Co-operation and Development (OECD) is a facilitator for international communication, collaboration and partnerships, we need a national body with that focus within Canada. We don't need a body 'to do' – we need a body that helps things to get done." In a similar spirit, other participants said that the key to a successful nationwide financial literacy strategy was "replication and not duplication." The Task Force was also told that it was important for the national financial literacy strategy to respect the unique cultural, legal and jurisdictional features within each province and territory.

Participants raised the question of how a lead organization would be funded, and several stressed the need for multi-year, predictable funding. To that end, some participants suggested that the federal government levy a dedicated fee on private-sector, for-profit financial services firms. On a related point, some participants urged the Task Force to recommend that financial literacy be deemed an "essential skill,"[6] the argument being not only that financial literacy is an important and fundamental skill in today's society but also that attributing this label to financial literacy would help "integrate financial literacy initiatives across a broad range of existing federal and provincial programs" and thereby open another funding stream to advance the cause. Several participants suggested that the national body should also administer a fund that would help pay for the delivery of financial literacy initiatives at the local level.

Participant Views on Services Delivery

A general consensus also emerged that the lead organization for the coordination of financial literacy efforts across Canada – regardless of form and location – would need to involve all sectors (e.g., governments, community groups, private firms, educators, etc.) to meet the needs of all segments of the population, and some suggested that each sector should have a role in setting priorities for financial literacy. It was also suggested that this organization would need to do more than coordinate, facilitate and/or consolidate existing financial literacy efforts. That is,

6 According to Human Resources and Skills Development Canada, nine separate skills can be understood as "essential": reading text; document use; numeracy; writing; oral communication; working with others; thinking skills; computer use; and continuous learning.

it would also need to actively manage some files of its own, such as the development of high-calibre, unbiased research into behavioural economics, financial literacy "best practices," the particular needs of vulnerable groups, and appropriate and feasible evaluation techniques (discussed later in this summary). Several organizations said that, as part of this effort, the lead organization should also develop a strategic focus on issues related to the delivery of financial literacy education to people living on low incomes and other vulnerable groups, given their acute needs and the potentially severe consequences of financial missteps. The national body would do all of this with an eye toward helping financial literacy stakeholders develop evidence-based curricula, programs and policies.

Participant Views on Communicating Financial Literacy

According to participants, the lead organization spearheading financial literacy initiatives in Canada should also be given a broad set of tasks that can be roughly categorized under the rubric of a "communications strategy." Participants outlined several elements of this strategy, including:

- a centralized web portal that would be comprehensive in nature while addressing questions about the visibility, credibility and potential bias of other financial literacy resources;
- marketing campaigns to raise awareness about the importance of financial literacy and some core financial literacy principles. A large number of participants cited the *ParticipACTION* fitness promotion campaign from the 1970s as a potentially useful model. Other marketing ideas discussed by participants included the creation and marketing of:
  - a financial literacy week or month;
  - a financial literacy guide similar to Health Canada's food guide; or

– a “0-30-300” campaign (patterned after Quebec’s 0-5-30 health strategy[7]), which would promote being 0 minutes late on paying bills, devoting 30 minutes a month to household budgeting, and committing 300 minutes a year to retirement planning.

- a strategic focus on using new communications technologies and interactive games, especially when trying to reach younger Canadians;
- a certification program and standards for “financial literacy educators”;
- a call centre and/or financial services centres to respond to questions and concerns related to financial literacy, especially for vulnerable groups that, according to some participants, are not well served by existing financial services providers;
- a “clearing house” or inventory of “best practice” financial literacy programs, curricula and evaluation methods that could serve as a reference tool for anyone interested in starting a new financial literacy program or improving upon an existing one. As one participant noted, the “problem exists that there is no one course or distribution mechanism available to host all these resources”;
- a “financial literacy champions” award to raise the profile of the issue in the community and to reward the hard work of those in the field;
- competitions or contests to motivate and attract students to think about financial literacy and how to improve the financial literacy of classmates;
- the involvement of non-traditional channels that have proven effective in delivering financial literacy, such as public health nurses, doctors, human resources departments and recreational programs; and
- a communications campaign that would send financial education material to people who use federal (and possibly provincial) programs such as student summer job programs, TFSAs, registered education saving plans and other government programs designed to encourage saving or that involve fund transfers to Canadians.

7 In Quebec’s health strategy, 0 refers to no smoking, 5 refers to the minimum number of vegetable portions per day a person should consume, and 30 refers to getting 30 minutes of exercise per day.

Evaluating National Progress: Participant Views

Although this was not a frequent topic of discussion in the public consultation process, there was nevertheless widespread agreement among participants that Canada's national financial literacy strategy should include a robust "evaluation" and accountability component that would be able to measure its strengths and weaknesses over time. As one participant noted, "Financial education strategies must be able to provide convincing evidence of their impacts."

In general, participants talked about two kinds or levels of evaluation, namely evaluation at a national level using survey/public opinion data and broad economic indicators such as the saving rate, and program evaluation at a local level. These discussions, in turn, were often couched either implicitly or explicitly in terms of evaluating the impact of financial literacy on knowledge, attitudes and behaviour. Generally, participants agreed that it was more challenging to evaluate the effects of financial literacy on behaviour – given all the potential factors that influence any given financial decision – than it was to measure the effects of financial literacy on improved knowledge.

Participant Views on Measurement

With respect to a national approach, there was a wide consensus among those who addressed the topic that the federal government should, in collaboration with key financial literacy stakeholders, develop baseline indicators to measure progress on its national financial literacy strategy over time. Some participants stressed the importance of developing a broad set of these indicators to allow policy-makers to assess performance on the basis of different aspects of financial literacy (investing, saving, borrowing, retirement planning and so on) and for different groups such as vulnerable Canadians. Others suggested that a broad composite measure – an index – would be helpful in assessing the overall performance of a financial literacy strategy.

Several participants said that these indicators could be built from the results of the 2009 Canadian Financial Capability Survey; for their part, provincial regulatory agencies tended to highlight the annual Canadian Securities Administrators survey and its potential use as a national evaluation tool.

Several presenters also provided concrete examples of existing data that could be used as national indicators of financial literacy. These included:

- the household saving rate
- the household debt–income ratio
- measures of capital or wealth accumulation
- number of bank accounts opened

Finally, some participants stressed the importance of encouraging dialogue – and creating a forum for these discussions – with other countries with an eye toward creating international benchmarks that could be built into Canada's financial literacy evaluation strategy. These benchmarks, in turn, could be used as an opportunity to refine and improve both the evaluation strategy and Canada's broader financial literacy strategy.

Participant Views on Evaluation

Over the course of its consultation process, the Task Force heard from a number of participants who shared anecdotal evidence about how financial literacy programs can change people's lives. One participant recounted the story of a student in a company-sponsored consumer math course who, after taking the course, said he had much more confidence in his understanding of the basic concepts of finance. Other participants said that, based on their experience working with people on low incomes, financial literacy was "especially critical to assist those living on low incomes to move out of poverty on a sustainable basis."

There was little consensus, or advice, on how best to quantify and evaluate these kinds of outcomes in a systematic way. On this count, participants told the Task Force that financial education program providers face three important challenges in evaluating the outcome of their financial literacy offerings, namely:

- a lack of expertise – most financial education providers are not evaluation specialists and, moreover, there appears to be no clear guidance on how to go about properly assessing financial literacy outcomes;
- a lack of funds – most financial education providers lack the necessary funding to hire specialists and pay for a sound evaluation process. Given this shortfall, participants said that evaluation was largely an afterthought; and
- inherent complexity of the task – as one participant noted, "while it is relatively easy to establish whether an individual has sufficient reading, writing and numeracy skills, it is much more difficult to establish if they fully understand the true cost and benefits of their financial decisions."

As a consequence of these challenges, the Task Force heard that existing evaluation efforts tend to be ad hoc and to be done after the fact rather than being integrated into the planning and delivery stages of financial literacy. One credit counselling agency, for example, told the Task Force that it measures success in a number of ways. For its income tax filing services, "success" is measured by the number of tax filers who use these services before the April 30 deadline, while for its budgeting services, success is sometimes measured by self-assessed reductions in stress or by the number of clients who no longer sign up for repeat visits (on the assumption that they have acquired the necessary skills).

That said, the Task Force heard some general advice on core principles of evaluation. One participant stressed that an evaluation strategy, with appropriate and quantifiable indicators, should be developed ahead of or in conjunction with program delivery. As this participant noted: "Don't do it retrospectively. If you do that, you can't really establish the credibility of an intervention in favour of financial literacy." Other participants said that in assessing financial literacy outcomes it is important to take a multi-year approach that recognizes it can take time for financial education programs to produce measurable improvements.

The Task Force also heard from a small number of larger non-profit organizations that have conducted some longer-term (longitudinal) evaluation studies on matched-savings/IDA programs, which often include a financial literacy component. In one case, the non-profit organization was able to conduct a “social return on investment” analysis to show that the program generated economic gains over and above its financial costs. These organizations, however, cautioned that limited access to funding and expertise remained important obstacles to conducting more of this kind of work.

To address these challenges, participants offered three broad suggestions for the federal government:

- create a fund to help support the cost of evaluating financial literacy programs;
- work with other stakeholders to develop credible, evidence-based financial literacy indicators; and
- provide a forum for financial literacy organizations to learn from and set benchmarks for one another by sharing best practices.

Next Steps

The Task Force appreciates all the considered views expressed by participants during its public consultation process. It is heartened that so many Canadians gave their time and energy to share their views on this important topic. The Task Force will give consideration to every submission, transcription, presentation and online forum comment as it continues its deliberations.

As part of the process leading up to the completion of its final report in December, the Task Force has published on its website copies of the submissions received. It also continues to reach out to stakeholders involved in the financial literacy arena. The intention of the Task Force through this summary report has been to reflect all views presented during the public consultation process. In preparing recommendations for its final report, the Task Force intends to constrain itself to providing analysis and recommendations that are solely within the scope of its mandate.

Appendices

A. Members of the Task Force on Financial Literacy

B. Communities Visited During the Public Consultation Process

C. Public Consultation Participant List

D. Questions from the Public Consultation Document *Leveraging Excellence: Charting a course of action to strengthen financial literacy in Canada*

A. Members of the Task Force on Financial Literacy

Chair

Donald A. Stewart
Chief Executive Officer
Sun Life Financial Inc.

Vice Chair

L. Jacques Menard, O.C.
Chairman
BMO Nesbitt Burns

Members:

Laurie Campbell
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Evelyn Jacks
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The Knowledge Bureau

Ruth Kelly
President and CEO
Venture Publishing Inc.

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University of Saskatchewan

P. Mitchell Murphy
Career Education Consultant
Western School Board
Prince Edward Island

Greg Pollock
President and CEO
Advocis

Bill Schwartz
Principal
Polestar Communications Inc.

Jean Vincent
President and General Manager
Native Commercial Credit Corporation

B. Communities Visited During the Public Consultation Process

Vancouver, British Columbia	April 6, 2010
Yellowknife, Northwest Territories	April 6, 2010
Calgary, Alberta	April 7, 2010
Saskatoon, Saskatchewan	April 8, 2010
Winnipeg, Manitoba	April 9, 2010
Toronto, Ontario	April 19, 2010
Montreal, Quebec	April 19, 2010
Montreal, Quebec	April 20, 2010
Halifax, Nova Scotia	April 20, 2010
Charlottetown, Prince Edward Island	April 21, 2010
Moncton, New Brunswick	April 21, 2010
St. John's, Newfoundland	April 22, 2010
Whitehorse, Yukon	April 27, 2010
Toronto, Ontario	May 11, 2010
Ottawa, Ontario	May 12, 2010
Ottawa, Ontario	May 13, 2010
Iqaluit, Nunavut	May 27, 2010

C. Public Consultation Participant List

The following lists all organizations and individuals who presented to the Task Force at one of our 17 public consultation sessions in 14 communities across Canada and/or sent us a formal written submission.

ABC Life Literacy Canada

Académie de finance “For Kids”

Affinity Credit Union

Alberta Federation of Labour

Alberta Securities Commission

Alterna Savings and Credit Union

Arctic Co-operatives Limited

Assiniboine Credit Union

Association des anciens en assurance de la personne

Association of Saskatchewan Home Economists

Autorité des marchés financiers

Baffin Regional Chamber of Commerce

British Columbia Federation of Labour

British Columbia Securities Commission

Buckland, Jerry

Bulmer, Steve

Business Buffet

Calgary & District Labour Council

Canada Without Poverty

Canadian Alliance of Student Associations

Canadian Association of Credit Counselling Services (Ross, Henrietta)

Canadian Association of Student Financial Aid Administrators

Canadian Auto Workers

Canadian Auto Workers Atlantic

Canadian Bankers Association

Canadian Co-operative Association

Canadian Council on Learning

Canadian Foundation for Advancement of Investor Rights

Canadian Foundation for Economic Education

Canadian Institute of Chartered Accountants

Canadian Labour Congress

Canadian Labour Congress – Saskatchewan

Canadian Union of Public Employees – Newfoundland/Labrador

Canadian Union of Public Employees – Saskatchewan

Canadian Union of Public Employees – Alberta

Canadian Union of Public Employees – Nova Scotia

Canadian Union of Public Employees/Syndicat canadien de la fonction publique

Carrefour Jeunesse Emploi de Côte-des-Neiges

Catholic Family Services of Hamilton

Centre for Northern Families

Certified General Accountants/Association des comptables généraux accrédités du Canada

Chevreau, Jonathan

Communications, Energy and Paperworkers Union of Canada/ Syndicat canadien des communications, de l'énergie et du papier

Community Financial Counselling Services

Community Living Association Saskatoon

Congress of Union Retirees of Canada

Corporate Minders Inc.

Creating Strong Habits – Financial Literacy Workshops

Credit Counselling Services of Atlantic Canada

Credit Counselling Services of Newfoundland and Labrador

Credit Counselling Society

Credit Union Central of Canada

Credit Union Central of Nova Scotia

Crosser, John

DataAngel Policy Research

Demarchi, Margarida

Duncan, Alan

Duncan, Karen

Entraide Budgétaire Ottawa

Fédération ACTIF

Fédération des travailleurs et travailleuses du Québec

Federation of Post-Secondary Educators of BC

Feick, Clayton

Financial Intelligence Inc.

Financial Planning Standards Council

Financial Road Map Workshops

First Nations Bank of Canada

Frontier College

FUNancial Education

Further Education Society

Green Pastures Society

Hague, David

HealthyMoney

InCharge Canada

Independent Financial Counsellors Inc.

Insurance Bureau of Canada/Bureau d'assurance du Canada

Investment Funds Institute of Canada/Institut des Fonds d'investissement du Canada

Investment Industry Association of Canada

Investor Education Fund

Investors Group

Jalan, Pradeep

Jamerson, Deborah

Junior Achievement of British Columbia

Junior Achievement of Canada

Junior Achievement of Manitoba

Junior Achievement of Nova Scotia

Leahy, Catherine

Literacy BC

Literacy Partners of Manitoba

Mackenzie Financial Corporation

MacPherson-Brewer, Margot

Manitoba Federation of Labour

MissFortune

Mission Bon Accueil

Mitton, Blaine

Momentum

Money Life Skills

Money Mentors

MoneyMinding Inc

Moolala

Mouvement d'éducation et de défense des actionnaires

Movement for Canadian Literacy

Nanaimo, Duncan & District Labour Council

National Adult Literacy Database

New Brunswick Federation of Labour

New Brunswick Securities Commission/
Commission des Valeurs Mobilières du Nouveau-Brunswick

Newfoundland and Labrador Federation of Labour

Northern Territories Federation of Labour

Northwest Territories, Department of Education, Culture and Employment

Nova Scotia Federation of Labour

Nova Scotia Federation of Union Retirees

Nunavut Government – Department of Finance

Nunavut Tunngavik Inc.

Option consommateurs

Parent, Jean-François

Parti démocratie chrétienne du Québec

Prince Edward Island Department of Education

Prince Edward Island Federation of Labour

Public Guardian and Trustee of British Columbia

Public Service Alliance of Canada/Alliance de la Fonction publique du Canada

Public Service Alliance of Canada – Atlantic Region

Public Service Alliance of Canada – Calgary Area Council

Public Service Alliance of Canada – Newfoundland and Labrador Region

Public Service Alliance of Canada – Northern Region

Public Service Alliance of Canada – Nova Scotia

Question Retraite

Red Deer College – Donald School of Business

Regina & District Labour Council

Roseman, Ellen

Ryan Lamontagne Inc.

Saskatoon and District Council of Union Retirees

Schwartz School of Business at St. Francis Xavier University

SEED Winnipeg

ShareOwner Education Inc.

Sioux Hudson Literacy Council

SkyRocketKids Foundation

Smith Jaremko, Beverley

Social and Enterprise Development Innovations

Social Planning Council of Winnipeg

SOS Dettes

St. Christopher House

St. John's and District Labour Council

St. John's Board of Trade

Students in Free Enterprise

Students in Free Enterprise – St Lawrence College

SUCCESS

Sunova Credit Union

TAMRIS Consultancy

The ABC Guys

Union des consommateurs

United Food and Commercial Workers Union

United Way Toronto

United Way Winnipeg

University of Prince Edward Island Student Union

University Women's Club of Montreal Inc

Vancity Credit Union

Visa Canada

Weigh House Investor Services

Whitehorse Chamber of Commerce

Wiginton, Frank

WoodGreen Community Services

York University Community Finance Project

Youth Challenge Fund

Yukon Anti-Poverty Coalition

Yukon Federation of Labour

Yukon Learn Society

Yukon Status of Women Council

Yukon Women in Trades and Technology

YWCA Halifax

Submitters

Advancing Canadian Entrepreneurship

Advocis

Alberta Human Ecology and Home Economics Association

Amos, Elaine

Armstrong, Ralph

Arsenault, Cory

Arthur, Chris

Banking Accessibility Project

Bisson, James

Bizz Buzz Communications

BMO Financial Group

Bourdon, Claude

British Columbia Business Education Association

British Columbia Ministry of Education

Burlington Public Library

Campbell, Jeannette

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Canadian Bank Machine Association

Canadian Centre for Elder Law

Canadian Chamber of Commerce

Canadian Federation of University Women Moncton

Canadian Life & Health Insurance Association/
Association canadienne des compagnies d'assurances de personne

Canadian Payday Loan Association

Capone, Anthony

Carroll, Dave

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CIC Financial Group

CL Jensen Financial Services

Coalition des associations de consommateurs du Québec

Correctional Services Canada Citizen Advisory Committee for Winnipeg Area Parole and Osborne CCC

Cox, Neville

Coxhead, Joan

Credit Counselling Canada

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CSI Global Education

Desjardins Group/Desjardins, Mouvement de caisses

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Dynamic Funds

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Edmonton Financial Literacy Society

Empire Life Insurance Company

Family Wealth Academy and Kidz Make Cents Inc.

Faucher, Yves

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Financial Education Institute of Canada

Financial Literacy Counsel Inc.

Financial Literacy Institute of Canada

First United Church Mission

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Francis, James

Galician Association for Independence and Action

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Gauthier, Donna

Gibbs, Connie

Green Money Institute

Groupe de recherche sur les comportements démographiques dans la gestion des risques de retraite

Headspring Consulting Inc.

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Hobson, Richard

Howes, Marie

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Independent Financial Brokers of Canada

Institut québécois de planification financière

Investors-Aid Co-operative of Canada

Jansons, Mo

JED New Media

Kenmar Associates

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Kingston Collegiate and Vocational Institute

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MacMillan, Alex

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Manitoba Public Utilities Board

Mann, Michele

Manulife Financial

Marquart, Darwin

Martin, Cynthia

McMurter, Don

Michaud, Suzanne

Mitchell, Dave

Murray, James

Murray, Lisa

Nakamoto, Ivan

National Union of Public and General Employees

Nichols, Diane

Norman, Margaret

Northwest Territories Literacy Council

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Office de la protection du consommateur

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Pinto, Laura

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Quinn, Christina

Rayne, Laurana

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Ritz, Roslyn

Robert, Jean-François

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Sallenback, Dean

School District 64 Parent Advisory Council

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Shareholder Association for Research and Education

Sheane, Garth

Sheridan, William

Simonsen, Peter

Skene, Michael

Small Investor Protection Association

Smith, Jerry

Stanford, Jim

Stapley, David

Steadyhand Investment Funds

Strimas, Frank

Suchanek, David

TD Bank Financial Group

The Investment Show

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Timmons, Bill

Tolvanen, Ahti

Toronto District School Board – North Etobicoke Students

Ulmer, Morgan

United Way of Calgary and Area & United Way of the Alberta Capital Region

van Bommel, Harry

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Willes, Lauren

Wilson, John

Yih, Jim

D. Questions from the Public Consultation Document *Leveraging Excellence: Charting a course of action to strengthen financial literacy in Canada*

1. The financial literacy landscape

- What financial knowledge and skills are essential for all Canadians?
- What would you recommend to improve and/or build on existing financial literacy programs and initiatives in Canada?
- What initiatives could be put in place to encourage more collaboration among the public, private and non-profit sectors?

2. The learning foundation

- What do we need to do to make financial education universal, relevant and accessible to all Canadians?
- What other efforts would improve financial literacy education in Canada?
- What parties should contribute to financial literacy education in Canada, and what roles should the following participants perform?
  - parents/family
  - colleges and universities
  - the private sector
  - non-government organizations
  - other

3. Understanding financial behaviour

- What initiatives might encourage people to stop procrastinating and start making, and sticking with, a financial plan?
- What can we do to counteract people's inclination to "live for today" instead of planning for tomorrow?
- What strategies would you recommend to help consumers who are overwhelmed by the number and type of financial products that are available to them?

4. Borrowing and debt

- What options could be considered to help more Canadians understand the difference between good and bad debt?
- What appropriate initiatives might help people with financial challenges before they become insolvent?
- What changes do you believe could be made to help people make more informed choices when it comes to debt and borrowing?

5. Saving and investing

- What motivates people to save?
- What kind of information do people need to make good saving and investment decisions for their particular circumstances?
- What else might help Canadians improve their saving and investing practices?

6. Planning for retirement

- What can be done to encourage Canadians to plan and prepare for retirement at an earlier age?
- What, from a financial literacy perspective, can be done to encourage Canadians to participate more fully in their workplace pension plan and/or a retirement plan (e.g., RRSPs)?
- What other initiatives or incentives related to financial literacy should the Task Force consider to help promote the retirement security of Canadians?

7. Protecting against financial fraud

- Is financial fraud linked to a lack of financial literacy? If so, how?
- What kind of information could improve Canadians' vigilance with respect to financial fraud? How should this information be presented, and who should deliver it to Canadians?
- Are there groups that are more susceptible than others to financial fraud and, if so, how could financial literacy help them?

8. Communications and technology

- How can financial information be best presented and communicated, in order to reach all Canadians?
- How can we make Canadians aware of the financial information that is available, and capture their attention and interest?
- What organizations would you trust to deliver credible and objective information over the Internet and using other new technologies?

9. Evaluating national progress on financial literacy

- What elements should be included in a national evaluation framework to gauge progress on financial literacy?
- To what extent can Canada use existing methods to gather data on financial literacy? To what extent will new methods be required?
- As well as assessing how financial literacy programs have improved Canadians' knowledge of financial issues, the Task Force would also like to assess how people's attitudes and behaviour have changed. Do you have suggestions about how to assess changes in attitudes and behaviour with respect to financial decisions?