Financial Consumer Agency of Canada
Agence de la consommation en matière financière du Canada

CANADIANS AND THEIR MONEY:

KEY FINDINGS FROM THE 2019 CANADIAN FINANCIAL CAPABILITY SURVEY

Canada

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Executive Summary

This report highlights results from the 2019 Canadian Financial Capability Survey (CFCS). The CFCS is designed to shed light on Canadians' knowledge, abilities and behaviours as they relate to making financial decisions (Keown, 2011; FCAC, 2015). A key objective is to assess how Canadians are doing on indicators of financial well-being and inform ongoing efforts aimed at strengthening their financial literacy. This includes learning what Canadians know about the financial services available to them and understanding their approaches to financial planning (day-to-day money management, budgeting and longer-term money management), their plans for the future, and how they perceive their financial situations. The CFCS is a cross-sectional survey that has been conducted on a 5-year cycle, with previous versions fielded in 2014 and 2009.[1]

Canadians are facing financial pressures managing their debts and day-to-day finances

On average, Canadian household debt represented 177% of disposable income in 2019, up from 168% in 2018 (Statistics Canada, 2019). Results from the 2019 survey indicate that nearly three quarters of Canadians (73.2%) have some type of outstanding debt or used a payday loan at some point over the past 12 months (see also Statistics Canada, 2017). Almost one third (31%) believe they have too much debt.

A mortgage is the most common and significant type of debt held by Canadians. Overall, about 40% have a mortgage; the median amount is $200,000. From a life course perspective, virtually all homeowners will have a mortgage at some point in their life; almost 9 in 10 Canadian homeowners aged 25 to 44 (88%) have mortgages. On top of this, about 13% of Canadians have an outstanding balance on a home equity line of credit (HELOC) attached to their primary residence. For those with an outstanding balance on their HELOC, the median amount outstanding is $30,000. Other common types of debt include balances owing on credit cards (held by 29% of Canadians), vehicle loans or leases (28%), personal lines of credit (20%) and student loans (11%). Less common types of debt include mortgages for a secondary residence, rental property, business or vacation home (5%) or a personal loan (3%).

Finally, there is evidence that a growing share of Canadians are under increasing financial stress. While the majority of Canadians (65%) are keeping up with bills and payments, a growing share are facing financial pressures.

In particular, persons under age 65 are much more likely to be struggling to meet their financial commitments (39% vs. 22% for those aged 65 and older). Over the past 12 months, 8% of Canadians said they are falling behind on their bills and other financial commitments, up from

[1] FCAC conducted public opinion research by fielding an updated version of the CFCS to collect quantitative evidence using Prob*it,* a hybrid online/phone probability-based panel sample frame developed by EKOS Research Associates that allowed respondents to complete the survey either online or by telephone. To ensure the perspectives of all Canadians were reflected, the sample frame was augmented by random-digit-dial phone interviews.

2% in 2014. Individuals who are under the age of 65 or have household incomes under $40,000 are more likely to feel they are falling behind on their bill payments and other financial commitments. Family circumstances are also important: lone parents or individuals who are separated or divorced are more likely to report falling behind. There is no significant difference between men and women.

In terms of managing monthly cashflow, about 1 in 6 Canadians (17%) say their monthly spending exceeds their income, while 1 in 4 (27%) say they borrow to buy food or pay for daily expenses. Again, persons under the age of 65 and those with household incomes under $40,000 are among those more likely to run short of money or say their monthly spending exceeds their income. In addition, separated or divorced persons or lone parents are more likely to report borrowing money to cover day-to-day expenses.

Budgeting is crucial for many Canadians in managing their day-to-day finances, keeping on track with bill payments, and paying down debt

For many Canadians, creating and maintaining a budget is one of the most important first steps in managing their money. About half (49%) of Canadians report having a budget, up from 46% in 2014 (FCAC, 2015). The most common method of budgeting is using a digital tool, such as a spreadsheet, mobile app or other financial software (20%). This is followed by using a traditional approach, such as writing the budget out by hand or using jars or envelopes (14%). Evidence from the 2019 CFCS indicates that another 1 in 6 Canadians (17%) could benefit from having a budget. These individuals cite a wide range of reasons for not budgeting, such as not having enough time or finding it boring (9%) or feeling overwhelmed about managing money (6%). Others say they are not responsible for financial matters in their household or prefer not to know about their finances (4%), or that they do not know or prefer not to say (5%). These time-crunched and overwhelmed non-budgeters experience considerable challenges in managing their money.

Compared with non-budgeters who are time-crunched or feel overwhelmed, Canadians who budget are less likely to be falling behind on their financial commitments (8% vs. 16%). Budgeters demonstrate more effective management of their monthly cash flow: they are less likely to spend more than their monthly income (18% vs. 29%) or to need to borrow for day-to-day expenses because they are short of money (31% vs. 42%). Interestingly, Canadians who use digital tools for budgeting are among the most likely to keep on top of their bill payments and monthly cashflow. In addition, compared with Canadians who feel too time-crunched or overwhelmed to budget, those who budget are 10 percentage points more likely to be taking actions to pay their mortgages (35% vs. 24%) and other debts (57% vs. 47%) down more quickly.

Having a budget or financial plan is an effective way to start saving toward future goals and to prepare for unexpected expenses

Many Canadians are taking steps to prepare financially for their futures, including planning for retirement, saving for shorter-term financial goals, and preparing for unexpected life events and expenses.

Retirement savings

About 7 in 10 Canadians who are not yet retired (69%) are preparing financially for retirement, either on their own or through a workplace pension plan. This is up slightly from 66% in 2014 (FCAC, 2015). Interestingly, this may reflect the fact that over the past 5 years, Canadians have become increasingly aware of the need to save for retirement. For example, almost half of Canadians (47%) say they know how much they need to save to maintain their standard of living in retirement—an increase of 10 percentage points since 2014 (37%). Not surprisingly, Canadians who have a plan to save are more confident that they know how much they need to save for retirement (56% vs. 28%) and that their savings will provide the standard of living they hope for (71% vs. 32%), compared with those who do not have a plan for retirement. In fact, Canadians' anxiety about retirement is heavily concentrated among those who do not yet have a plan to save for retirement. These individuals are more likely to rely mainly on public pension benefits, such as Old Age Security or the Canada Pension Plan (or the Québec Pension Plan).

Other financial goals

Setting shorter-term financial goals is another important step in building an effective financial plan and managing money well. Interestingly, about two thirds of Canadians (66%) are planning some type of major purchase or expenditure within the next 3 years, such as buying a home or condo as a principal residence (11%), embarking on a home improvement or repair (17%), taking a vacation (14%) or purchasing a vehicle (13%). Having a budget can help put in place a plan for how to afford these types of financial goals. Only 6% of budgeters do not have a plan for how they are going to pay for their next major purchase, compared with almost 15% of those who feel too time-crunched or overwhelmed to budget.

Planning ahead for education

One of the first major financial decisions that many younger Canadians must wrestle with is how they will afford post-secondary education, whether that means technical or vocational training, a community college program or a university degree. Almost one quarter of Canadians aged 18 to 24 (23%) cited their education as the main expenditure they were planning within the next 3 years, making it the most common response for this age group. The median cost is estimated at $20,000 to $29,999, although the amount likely depends on the length and type of program.

Among Canadians who are planning post-secondary education in the next 3 years, almost half (47%) anticipate using mostly savings to pay for their education, while 40% expect to borrow at least a portion and 12% do not yet have a plan.

Half of Canadians aged 18 to 24 (50%) currently have student loans. The proportion with an outstanding balance on their student loan declines with age, to about 36% for those aged 25 to 29 and 21% for those aged 30 to 34. After age 35, only about 5% of Canadians have an outstanding balance on a student loan. For Canadians under age 35, those with a budget are less likely to have an outstanding student loan compared with those who feel too time-crunched or overwhelmed to budget (29% vs. 36%).

Emergency fund

Two thirds of Canadians (64%) have an emergency fund sufficient to cover 3 months' worth of expenses. A similar share (65%) are confident that they could come up with $2,000 if needed in the next month.

In general, Canadians who have household incomes of at least $40,000 and persons who have paid off the mortgage on their principal residence are more likely to have an emergency fund and be confident that they could come up with $2,000 to cover an unexpected expense. Seniors aged 65 and older and individuals who are married or widowed are also more likely to have an emergency fund and be able to cover an unexpected expense. In contrast, individuals who are living with a common-law partner, separated, divorced or single (never married) are less likely to have emergency funds or be able to cover an unexpected expense of $2,000, especially if they are lone parents. Women are less confident that they would be able to cover an unexpected expense of $2,000.

For those who still need to build an emergency fund or establish a regular habit of saving, having a budget can be an effective first step. For example, more than 6 in 10 budgeters (65%) have emergency savings compared with only 4 in 10 persons (39%) who feel too time-crunched or overwhelmed to budget. Moreover, about 61% of budgeters indicated that they would be able to come up with $2,000 to cover an unexpected expense compared with only 46% of persons who feel too time-crunched or overwhelmed to budget.

Strengthening financial literacy through financial advice and financial education

In Canada, there are myriad avenues Canadians can pursue to seek advice on topics like retirement planning, tax, insurance, debt management and general financial knowledge. Canadians frequently get their financial advice from multiple sources. About half seek financial advice from a professional financial advisor or planner (49%), followed by banks (41%) and friends or family members (39%). Canadians also conduct Internet research (33%), read newspapers and magazines (15%), and get advice from radio or television programs (10%).[2]

Overall, Canadians between the ages of 18 and 34 years are more likely to ask friends or family members (59%) or use the Internet (51%). In contrast, Canadians aged 65 and older are more

[2] For questions in which respondents are able to choose multiple answers, the totals do not always add up to 100.

likely to seek advice from a financial advisor or planner (51%) or a bank (41%). Those in this older age group are much less likely to look for financial advice on the Internet (13%).

A considerable portion of Canadians (41%) say they sought advice on a specific subject area or financial product at some point during the past 12 months—most commonly about general financial planning (24%). This was followed by retirement planning (19%), insurance (12%) and tax planning (11%). Less common subjects for financial advice included estate planning (7%) and planning for children's education (6%), likely due at least in part to the fact that these topics are more relevant during specific life stages.

On top of seeking financial advice, almost half of Canadians (44%) engaged in some type of financial education to strengthen their financial knowledge over the past 5 years, most commonly by reading a book or other printed material (22%), consulting online resources (16%), or taking financial courses at work (9%). Less commonly, Canadians took other in-person courses at a school (7%) or through a not-for-profit or community organization (5%).

Interestingly, there are considerable differences in the likelihood and the preferred methods of financial learning for different age groups. More than half of Canadians aged 18 to 34 (56%) have taken steps to strengthen their financial knowledge, mainly through online study (26%) or learning at work or in school (24%). In contrast, only one third of Canadians aged 65 or older engaged in financial learning over the past 5 years (32%). Seventeen percent of seniors did so by reading a book or other printed materials. Only 7% of persons in this age group participated in online financial learning.

Estate planning, powers of attorney, credit reports, financial fraud and scams

It is critical that Canadians strengthen their financial knowledge, skills and confidence because financial decisions are important throughout (and sometimes even beyond) their lifetimes. This includes estate planning and setting up powers of attorney. Financial education is also important to help Canadians protect themselves from financial fraud and scams.

In terms of estate planning, about half of Canadians (55%) have a will and 40% have powers of attorney drawn up. For Canadians under age 35, the challenge seems to be creating an estate plan in the first place, since only 22% have a will and only 9% have drawn up powers of attorney. Addressing this financial gap is especially important for those who have children or other financial dependents. For Canadians aged 65 and older, the bigger challenge may be ensuring that their estate plan is up to date. While the overwhelming majority of Canadians aged 65 and older have wills (95%) and have designated powers of attorney (68%), more than half have not updated their wills (53%) or powers of attorney (57%) in the last 5 years. This is a concern because some may have a will or power of attorney that no longer reflects their wishes.

All individuals are at risk of being victimized by fraud or financial scam, so it is important that Canadians are aware of these risks and know how to protect themselves. More than 1 in 5 Canadians (22%) report being a victim of financial fraud or a scam within the last 2 years. The most common form of fraud was the unauthorized use of a bank account or credit card number (18%). Other fraud or scams involved providing information by email or phone to a request that was later found not to be genuine (4%) or investing in a financial product that turned out to be worthless, such as a pyramid or Ponzi scheme (3%).

Thirty-eight percent of Canadians say they requested a credit report from Equifax Canada or TransUnion of Canada in the past 5 years, including 22% who had done so within the past 12 months. Persons who had checked more recently are more likely to consider themselves to have a bad or very bad credit rating (11% vs. only 3% of those who checked their credit report more than 10 years ago). Half of Canadians (48%) have never requested a credit report from Equifax Canada or TransUnion of Canada. In general, this tends to be the case for those who believe their credit rating is either good or very good.

Conclusion

This report provides results from the 2019 CFCS. It offers a first look at the steps Canadians are taking to take charge of their finances by budgeting, planning and saving for the future, and paying down debt. However, there are also emerging signs of financial stress for some Canadians. For example, about one third feel like they have too much debt, and a growing number are having trouble making bill, rent/mortgage and other payments on time.

About 4 in 10 Canadians say they found ways to increase their financial knowledge, skills and confidence in the past 5 years. They did this through a wide range of activities, such as reading books or other printed material on financial issues, consulting online resources, and pursuing financial education at work, school or community programs. Findings from the 2019 survey support evidence that financial literacy, resources and tools are helping Canadians to manage their money. For example, Canadians who have a budget perform better in terms of their financial well-being based on a number of indicators, such as managing cashflow, making bill payments and paying down debt. Further, those with a financial plan to save are more likely to feel better prepared and more confident about their retirement.

The Financial Consumer Agency of Canada (FCAC), along with a wide range of stakeholders and partners from across the country, provides numerous tools and resources to help Canadians meet these challenges and take charge of their finances.

- **To help Canadians who are facing financial pressures to manage their debts and day-to-day finances,** FCAC offers tools that can help Canadians make informed decisions when planning to get a mortgage. For example, the Mortgage Qualifier Tool enables users to calculate a preliminary estimate of the mortgage they could qualify for based on their income and expenses. On top of this, the Mortgage Calculator Tool can help with determining mortgage payment amounts, and provides a mortgage payment schedule. In addition, FCAC also offers content that helps Canadians make a plan to be debt-free.

- **Because budgeting is crucial for many Canadians when it comes to managing their day-to-day finances, keeping up with bill payments and paying down debt**, FCAC launched the Budget Planner in November 2019. This new interactive tool helps time-crunched or overwhelmed Canadians who may be having difficulties getting started with a budget. It integrates behavioural insights to help them build personalized budgets tailored to their unique financial needs and goals.

- **Having a financial plan is an effective way to start saving toward future goals and preparing for unexpected expenses.** Financial stress can affect various aspects of life at home and at work. In response, FCAC created Financial wellness in the workplace to help employees and the self-employed cope with their unique financial challenges. Employers can use these tools to build financial wellness programs tailored to employees' needs. Canadians can also look to tools such as Your Financial Toolkit, a comprehensive learning program that provides basic information and tools to help adults manage their personal finances and gain the confidence they need to make better financial decisions. Module 10 of Your Financial Toolkit on how to calculate retirement income as well as the Canadian Retirement Income Calculator provide useful information about government retirement benefits, such as Old Age Security and the Canada Pension Plan. Finally, FCAC offers a number of tools to help Canadians achieve their financial savings goals, such as the Financial Goal Calculator. It is especially important to help Canadians with this facet of their finances given that saving behaviours are strongly related to financial well-being.

- **To help Canadians strengthen their financial literacy through financial advice and financial education**, FCAC's online learning program called Your Financial Toolkit includes information on subjects such as retirement planning, tax planning, insurance and estate planning. Further, for those seeking information on how to better prepare for or cope with specific life situations, FCAC has developed web content called Life events and your money.

- **Finally, to help Canadians get started with estate planning, powers of attorney and credit reports, and to better protect themselves from financial fraud and scams**, FCAC and other government departments provide a wide range of free online resources. These can get Canadians started on estate planning and better understanding their credit reports and scores. For more information on estate planning, see Estate planning, wills and dealing with death on FCAC's website. To learn more about powers of attorney, see What every older Canadian should know about: Powers of attorney and joint bank accounts. Moreover, as noted above, many Canadians, especially those aged 75 and older, are not aware of—or do not know where to find—information on how to protect themselves against financial fraud and scams (FCAC, 2019). Along with a number of other government agencies, FCAC has developed resources to help Canadians learn more about financial fraud and scams, ways to minimize the likelihood of fraud, and steps to take if they suspect they have been a victim of fraud. To learn more about credit scores, correcting errors, ordering a credit report and more, Canadians should read Credit reports and scores.

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I. Introduction

The Financial Consumer Agency of Canada (FCAC) ensures federally regulated financial entities comply with consumer protection measures, promotes financial education, and raises consumers' awareness of their rights and responsibilities. In 2015, FCAC launched Canada's first National Strategy for Financial Literacy – Count me in, Canada which identified 3 overarching priorities for the development of initiatives to bolster Canadians' financial literacy and financial well-being. These priorities included strengthening Canadians' ability to manage money and debt wisely, helping them plan and save for the future, and increasing their awareness about how to prevent and protect themselves against fraud and financial abuse (FCAC, 2015).

The Canadian Financial Capability Survey (CFCS) is a cross-sectional survey that has been conducted on a 5-year cycle. Previous versions were fielded in 2014 and 2009. This report uses results from the 2019 survey to assess how Canadians are faring in terms of their financial literacy and financial well-being based on the priorities outlined in the National Strategy. It also aims to discover Canadians' financial strengths along with some of the current challenges. This includes learning about what Canadians know about financial services, their approaches to financial planning (day-to-day money management, budgeting and longer-term money management), their plans for the future, and how they perceive their financial situations (Keown, 2011; FCAC, 2015).

As this report shows, many Canadians are taking steps to improve their financial literacy and financial well-being. A number of Canadians also indicate that they are facing challenges in managing their day-to-day finances, making bill payments, keeping up with financial commitments, and dealing with debt. All of this is occurring within the context of financial digitalization, which is forcing many Canadians to learn about and choose between an expanding and complex variety of financial products and services that bring both new challenges and new opportunities.

The results in this report are organized into 4 sections. The first section examines results related to debt, including types and amount of debt. The second examines budgeting and its relationship to financial outcomes. The third section examines savings, such as for retirement or an emergency fund. The fourth and last section examines a variety of financial consumer behaviours, such as education savings, financial education and the prevalence of financial scams and fraud.

About the 2019 Canadian Financial Capability Survey

FCAC commissioned EKOS Research Associates to field the 2019 Canadian Financial Capability Survey (CFCS) using Prob*it,* a nationally representative hybrid online/phone panel. To ensure the perspectives of all Canadians were reflected, the sample was augmented by random-digit-dial phone interviews. The 2019 survey was made up of 2 data collection instruments (a core survey and follow-up survey), which were administered between March 18, 2019 and May 30, 2019. The core survey covered content contained in the 2009 and 2014 surveys. In addition, the 2019 CFCS introduced a follow-up survey to cover new content on psychological factors, fraud, debt management and financial well-being.

For more details on the methodology and design of the questionnaire and survey fieldwork, see the report at Library and Archives Canada entitled: "Data Collection for the 2019 Canadian Financial Capability Survey: Methodology Report"

II. Coping with increasing financial pressures and managing day-to-day finances and debt

Average household debt now represents 177% of Canadians' disposable income, up from 168% in 2018 (Statistics Canada, 2019). For Canadians, high debt levels mean that even small increases in the interest rates charged on credit products (such as lines of credit, mortgages, home equity lines of credit [HELOCs], vehicle leases and loans) can constrain future spending (Lombardi et al, 2017; Burleton et al., 2018). The Bank of Canada notes that households with high indebtedness (defined as having debt levels equal to 350% or more of gross income) are most at risk if interest rates trend upwards (Poloz, 2018).

Higher levels of indebtedness have been linked to financial stress, and can affect physical and mental health, resulting in fear and anxiety about the uncertainty of one's financial situation. Indeed, according to the Canadian Payroll Association, nearly 43% of workers are so financially stressed that their performance at work is suffering (CPA, 2019a; CPA, 2019b). This section considers the types and amount of debt that Canadians hold and the explores approaches that Canadians are using to pay down debt.

Highlights

- Almost one third of Canadians (31%) believe they have too much debt. Canadians are using a variety of credit products to finance a wide range of goods and services. For example, they are using debt to buy a house or condominium as a principal residence, finance a vehicle, pay for education and make day-to-day purchases.

- Mortgages are the most common and significant type of debt held by Canadians. Overall, about 40% of Canadians have a mortgage; the median amount owing is $200,000. Most Canadians will hold a mortgage at some point in their lives. For example, almost 9 in 10 Canadian homeowners aged 25 to 44 (88%) have one. In addition, about 13% of Canadians have an outstanding balance on a home equity line of credit (HELOC). For those with an outstanding balance on their HELOC, the median amount owing is $30,000.

- Other common types of debt include outstanding balances on credit cards (held by 29% of Canadians), vehicle loans or leases (28%), personal lines of credit (20%) and student loans (11%). Other less common types of debt include a mortgage for a secondary residence, rental property, business or vacation home (5%) or personal loan (3%).

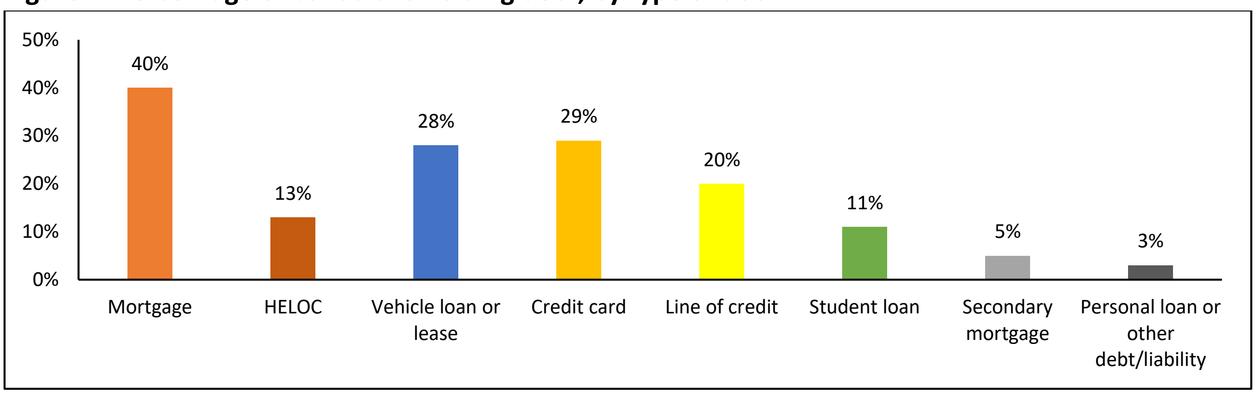
- While two thirds of Canadians (65%) are keeping up with bills and payments, a growing share are facing financial pressures. In particular, persons under the age of 65 are much more likely to be struggling to meet their financial commitments (39% vs. 22% of those aged 65 and older). In terms of keeping up with financial commitments, 8% of Canadians are falling behind on bills and other financial commitments, up from 2% in 2014. Certain groups are more likely to experience this type of financial pressure, including individuals under the age of 65 and those with household incomes under $40,000. Family circumstances are also important; those who are separated or divorced, or who are lone parents, are more likely to report feeing like they are falling behind on bill payments and other financial commitments. There is no significant difference in this regard between men and women.

- In terms of managing monthly cashflow, about 1 in 6 Canadians (17%) have monthly spending that exceeds their income, while 1 in 4 (27%) borrow to buy food or pay for daily expenses because they run short of money. Again, persons under age 65 and those with household incomes under $40,000 are among those more likely to report these problems. In addition, persons who are separated or divorced, especially lone parents who are financially responsible for children, are more likely to report that their monthly income is not sufficient to cover their spending and that they have to borrow money to cover day-to-day expenses.

Types of debt

The results from the 2019 CFCS indicate that almost three quarters of Canadians (73%) have used some type of debt over the past 12 months (see also Statistics Canada, 2017) and almost one third (31%) believe they have too much debt. As shown below, Canadians use a variety of different credit products, including debts tied to their primary residence, such as mortgages and HELOCs. Other common types of debt include outstanding balances on credit cards (held by 29% of Canadians), vehicle loans or leases (28%), personal lines of credit (20%), student loans (11%), and mortgages for a secondary residence, rental property, business or vacation home (5% have a secondary mortgage).

Figure 1: Percentage of Canadians holding debt, by type of debt



Mortgage debt and home equity lines of credit

Mortgages are the most common and significant type of debt held by Canadians. Results from the 2019 CFCS show that about 40% of Canadians currently have one. Most will hold a mortgage at some point in their lives. In fact, almost 9 in 10 Canadian homeowners aged 25 to 44 (88%) have a mortgage. In comparison, only about 17% of Canadian seniors aged 65 or older have a mortgage. Among those who have an outstanding balance on their mortgage, the median amount owing is $200,000. In fact, the median mortgage debt of Canadian families has more than doubled since 1999, even after adjusting for increases in salaries and the cost of living (i.e., inflation) (Uppal, 2019).

For Canadian homeowners, a type of debt that has been gaining in popularity is the HELOC. In fact, the Canada Mortgage and Housing Corporation estimates that HELOC debt has grown faster than all other non-mortgage loans combined and now represents the second-largest contributor to household debt behind mortgages (CMHC, 2018). Currently, about 13% of Canadians have an outstanding balance on a HELOC; the median amount owed is $30,000.

Figure 2: Distribution of outstanding balances on mortgages held by Canadian mortgage holders

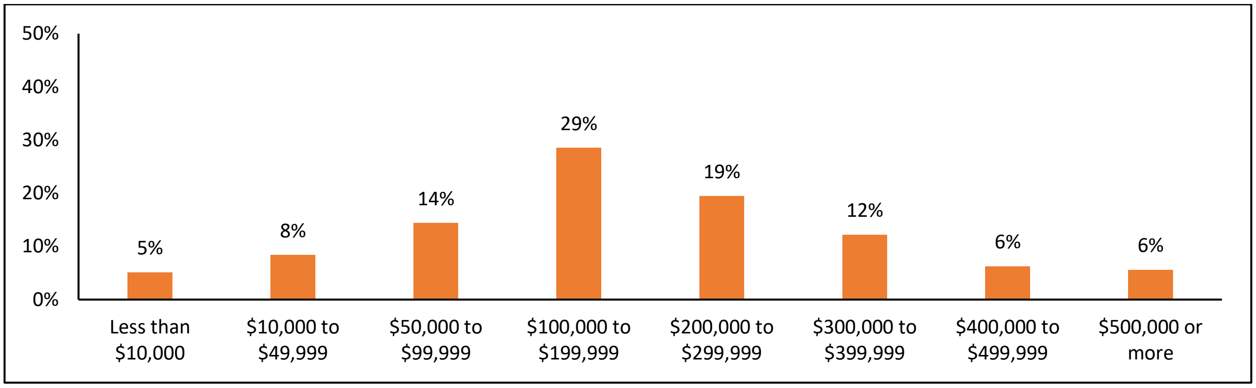
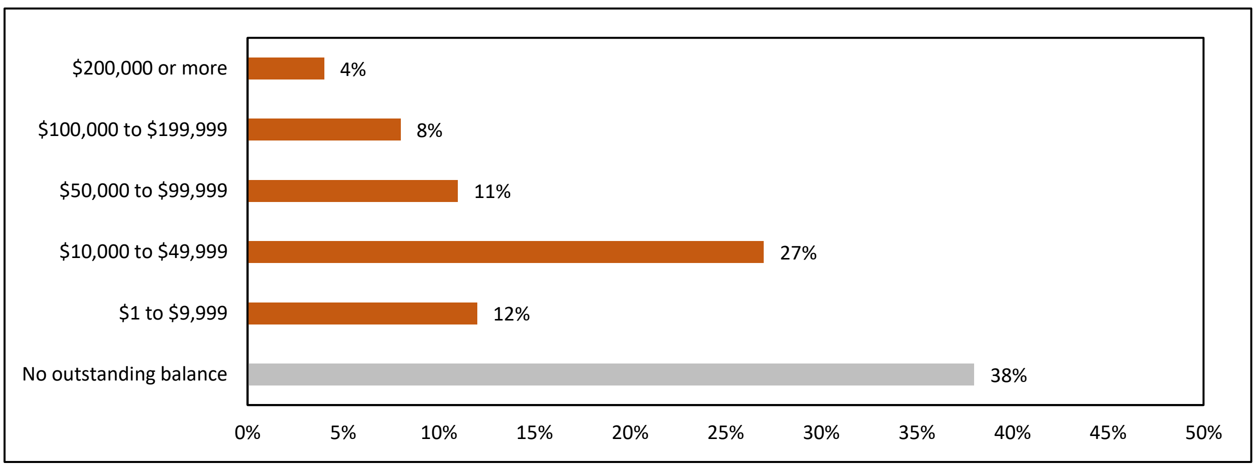


Figure 3: Distribution of the outstanding balances on home equity lines of credit (HELOC) held by Canadian HELOC holders



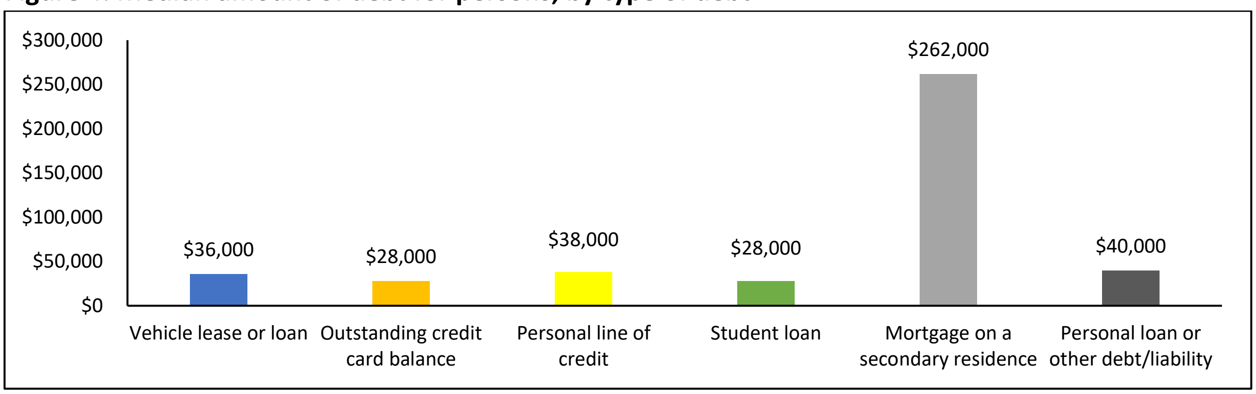
Other types of debt

Aside from mortgages and HELOCs, more than half of Canadians (56%) have some type of other outstanding debt, such as a vehicle loan or lease, credit card debt, personal line of credit or student loan, or a mortgage on a secondary residence, rental property or business. It is important to examine these other types of debt because they often involve higher costs (due to higher interest rates), which could be an issue in terms of financial stress. As shown above, the most common types of outstanding debt include credit card debt (held by 29% of Canadians), vehicle loans or leases (28%), and personal lines of credit (20%). About 11% of Canadians have outstanding student loans; these are concentrated among younger people. For example, half (50%) of Canadians between the ages of 18 and 24 have an outstanding student loan. Relatively few Canadians have a mortgage on a secondary residence, rental property or business (5%) or a personal loan or other debts or liabilities (3%).

The 2019 CFCS asked respondents to estimate the total value outstanding on all of their debts together (excluding mortgages and HELOCs held on a primary residence), combining outstanding credit card balances, vehicle loans or leases, personal lines of credit, student loans, secondary mortgages or other loans. For those with any of these types of debt, the total combined median amount owing was $30,000. This is similar to the estimates for non-mortgage debt reported by Equifax Canada and TransUnion of Canada, which ranged from $23,500 to $30,000 in 2019 (Equifax, 2019; TransUnion 2019).

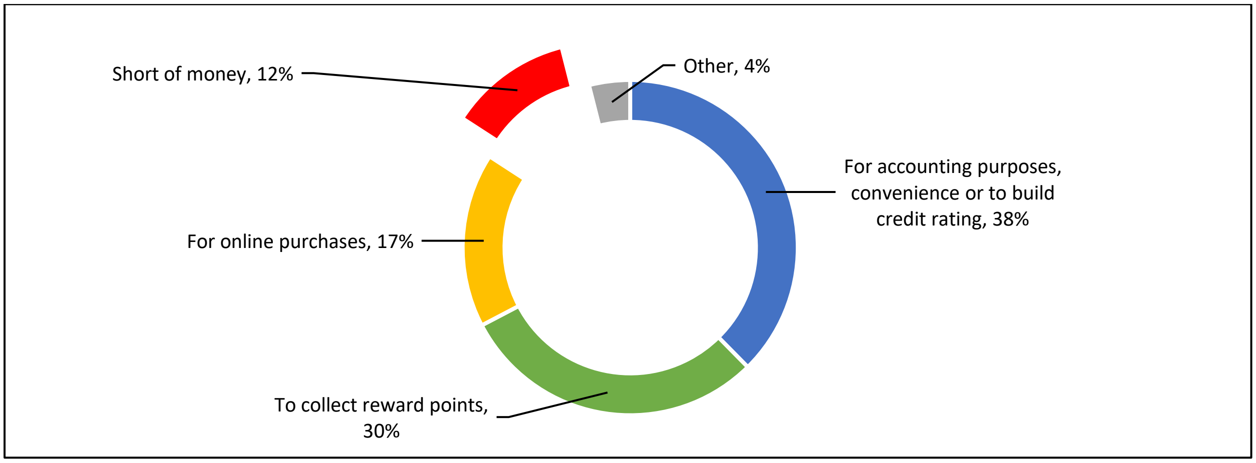
The analysis below shows the median amount of debt for Canadians who have outstanding debt associated with a specific product. For example, the median outstanding debt for all Canadians with a vehicle lease or loan, regardless of what other types of debt they have, is $36,000. Those with student loans or an outstanding balance on their credit card have a slightly lower median debt of $28,000. This is likely due to the fact that these individuals are generally younger and slightly less likely to have accumulated other types of debt. For those with a mortgage on a secondary residence, rental property or business, the median debt amount is $262,000 when combining all types of debt.

Figure 4: Median amount of debt for persons, by type of debt



On a related note, most Canadians over age 18 (93%) have a credit card. While the majority (59%) say they always pay the balance owing in full every month, about 41% carry a balance from one month to the next. This is important because it means many Canadians are paying high interest rates to use their credit cards. The main reasons Canadians give for using a credit card are for accounting purposes, convenience or to build one's credit rating (38%), to collect reward points (30%), or to make online purchases (17%). A potential indicator of financial stress is that 1 in 10 Canadians (12%) mainly use their credit card because they are short of money.

Figure 5: Main reasons for using a credit card among Canadians who have one



Keeping up with bill payments and day-to-day money management

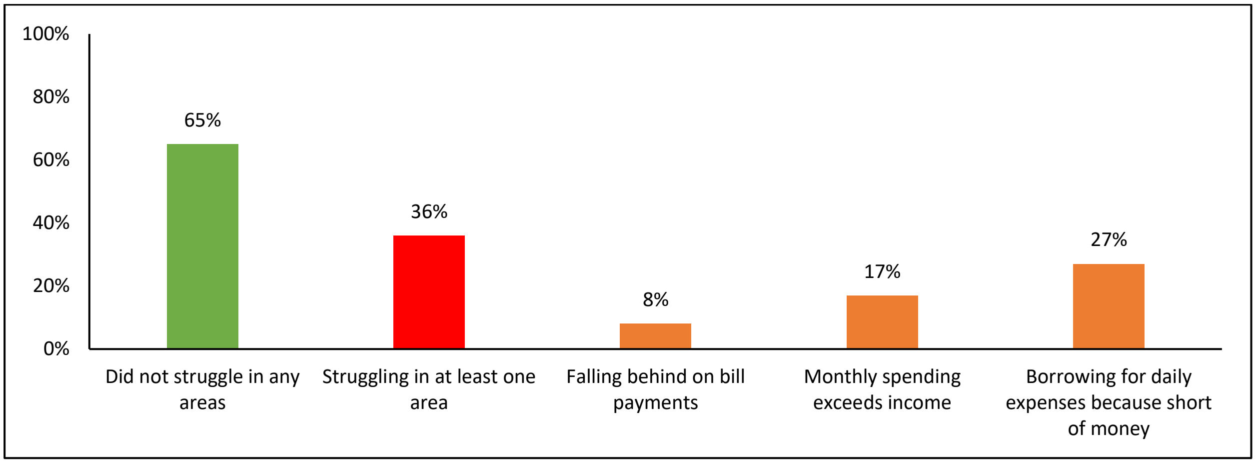
Given that many Canadians (31%) have indicated they have too much debt, it is not surprising that some are finding it difficult to manage their finances. Overall, about one third of Canadians (36%) indicated that they are struggling to manage their day-to-day finances or pay their bills. This is especially the case for those under age 65, who are much more likely to be struggling to meet their financial commitments (39% vs. 22% for those aged 65 and older).

For example, nearly 1 in 10 Canadians (8%) say they are falling behind on bill payments and other financial commitments. This is a considerable increase from 2% in 2014. A higher share of persons under the age of 55 (10%), and 15% of those with more modest household incomes (under $40,000), are falling behind. Family structure seems to be an important factor as about 17% of lone parents and 11% of those who are divorced or separated are falling behind on their financial commitments. By comparison, only 6% of individuals between 55 and 64 years old and 3% of those aged 65 and older are falling behind. Further, only about 5% of persons with a household income over $40,000 and 6% of those who were married or living with a common-law partner had trouble paying their bills on time. Again, there is no statistically significant difference between men and women.

When it comes to managing monthly cashflow, about 1 in 6 Canadians (17%) have monthly spending that exceeds their income. A relatively higher share of individuals aged 35 to 54 (21%) and those with household incomes of less than $40,000 (27%) are in this situation, along with a higher share of lone parents (34%) and persons who are divorced or separated (24%). By comparison, about 14% of persons aged 65 or older and 15% of persons under age 35 have monthly spending that exceeds their income. Further, about 14% of those who have a household income over $40,000 and 15% of those who are married or living with a common-law partner have monthly spending that exceeds their income. Women are slightly more likely than men to report that their monthly spending exceeds their income (19% vs. 16%).

Further, 1 in 4 Canadians (27%) borrow to buy food or pay for daily expenses because they run short of money. A higher share of persons under age 55 (34%), who have household incomes under $40,000 (39%), who are separated or divorced (37%), or who are lone parents (54%) are in this situation. By comparison, a lower share of those aged 65 and older (13%), persons with a household income above $40,000 (25%), and those who are married or living with a common-law partner (25%) report needing to borrow for daily expenses. Again, the difference between women and men is modest, at 29% vs. 26% respectively. These results are important because credit and cashflow challenges lower an individual's level of financial well-being (FCAC, 2018).

Figure 6: Percentage of Canadians struggling to make bill payments or manage cash flow over the past 12 months



Tools and resources

- Because of the importance of mortgages in the financial lives of many Canadians, FCAC offers tools that can help them make informed decisions. For example, the Mortgage Qualifier Tool enables users to calculate a preliminary estimate of the mortgage they could qualify for based on their income and expenses. The Mortgage Calculator Tool can help determine mortgage payment amounts and provide a mortgage payment schedule. In addition, FCAC also offers content that helps Canadians make a plan to be debt-free.

III. The role of budgeting in managing day-to-day finances and paying down debt

Budgeting is a fundamental way of managing day-to-day finances that has been shown to help people prioritize their spending when faced with resource constraints (Fernbach, Kan, & Lynch, 2015). It can also lead to better outcomes related to money management and financial well-being (FCAC, 2019). Knowing how to budget effectively is essential for people to live within their means and feel in control of their financial lives. This section explores the use of budgeting in Canada and its relationship to money management.

Highlights

- Creating and maintaining a budget is one of the most important first steps for Canadians to manage their money. About half (49%) of Canadians have a budget, up from 46% in 2014 (FCAC, 2015). The most common method of budgeting is the use of a digital tool, such as a spreadsheet, mobile app or other financial software (20%). This is followed by traditional approaches, such as writing a budget out by hand or using jars or envelopes (14%).
- The evidence indicates that another 1 in 6 Canadians (17%) could benefit from having a budget. These individuals cite a wide range of reasons for not budgeting, such as not having enough time or finding it boring (9%) or feeling overwhelmed about managing money (6%). These time-crunched and overwhelmed non-budgeters experience considerable challenges in managing their money.
- About one third of Canadians (34%) say they do not need a budget. These individuals tend to be older and have fewer debts and day-to-day money management challenges compared with other Canadians. For example, the majority (82%) of seniors aged 65 or older indicate that they do not need a budget. Moreover, a high share of individuals who do not have a mortgage (83%) or other types of debt (79%) say they do not need a budget. Finally, relatively few individuals who do not need a budget have problems keeping up with financial commitments (3% vs. 8% overall). They are also relatively less likely to have monthly spending that exceeds their income (10% vs. 17% overall) or to run short of money for daily expenses (15% vs. 27% overall).
- For most Canadians, however, evidence from the 2019 CFCS strongly suggests that budgeting helps with managing day-to-day finances and debt repayment. Compared with non-budgeters who are time-crunched or feel overwhelmed, Canadians who budget are less likely to be falling behind on their financial commitments (8% vs. 16%). In addition, budgeters are less likely to spend more than their monthly income (18% vs. 29%) or to need to borrow for day-to-day expenses because they are short of money (31% vs. 42%). Interestingly, Canadians who actively use digital tools for budgeting (compared with other methods) are among the most likely to keep on top of their bill payments and monthly cashflow.

- Having a budget is related to paying down debt. Compared with Canadians who feel too time-crunched or overwhelmed to budget, those with a budget are 10 percentage points more likely to be taking actions to pay down their mortgage (35% vs. 24%) and other types of debt (57% vs. 47%) more quickly.

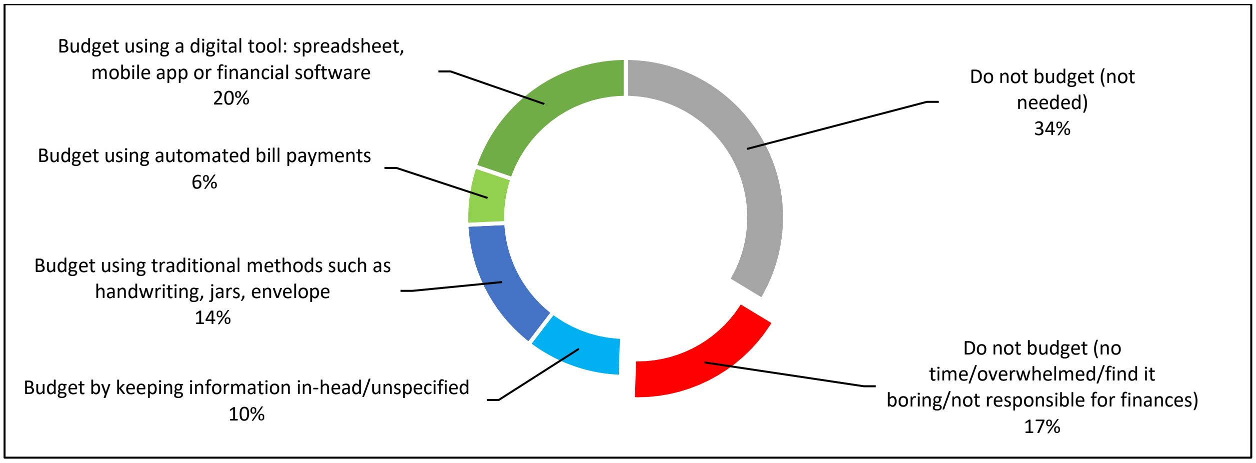
Methods of budgeting

For many Canadians, creating and maintaining a budget is one of the most important first steps to managing their money. In fact, almost half of Canadians (49%) had a budget in 2019, up from 46% in 2014. The evidence indicates that another 1 in 6 (17%) could benefit from having a budget because they are struggling to manage their money. These individuals cite a wide range of reasons for not budgeting. Among the most common are not having enough time or finding it boring (9%), or feeling overwhelmed about managing money (6%). As shown below, these time-crunched and overwhelmed non-budgeters are likely to be experiencing considerable challenges in managing their money.

As for Canadians who do not feel they need a budget, studies have found that they differ in their financial situations, attitudes and outcomes compared with those who cite other reasons for not having a budget (FCAC, 2019). For example, the majority of seniors aged 65 or older (82%) indicate that they do not need a budget. Moreover, individuals who do not have a mortgage (83%) or other types of debt (79%) are more likely to say that they do not need a budget. Finally, relatively few individuals who do not need a budget have problems keeping up with financial commitments or making bill or mortgage payments on time (3% vs. 8% overall). They are also relatively less likely to have monthly spending that exceeds their income (10% vs. 17% overall) or to run short of money for daily expenses (15% vs. 27% overall).

Canadians most commonly budget using a digital tool, such as a spreadsheet, mobile app or other financial software (20%). This is followed by traditional methods, such as writing a budget down by hand or using jars or envelopes (14%). Other Canadians mainly use automatic bill payments to track money in their budget (6%) or keep track of their budget in their heads or use other methods (10%). Importantly, a recent study by FCAC found that more active approaches to budgeting, such as using a digital tool or writing it down by hand, help build the confidence and skills needed to manage money effectively (FCAC, 2019).

Figure 7: Percentage of Canadians who have a budget, by budgeting method



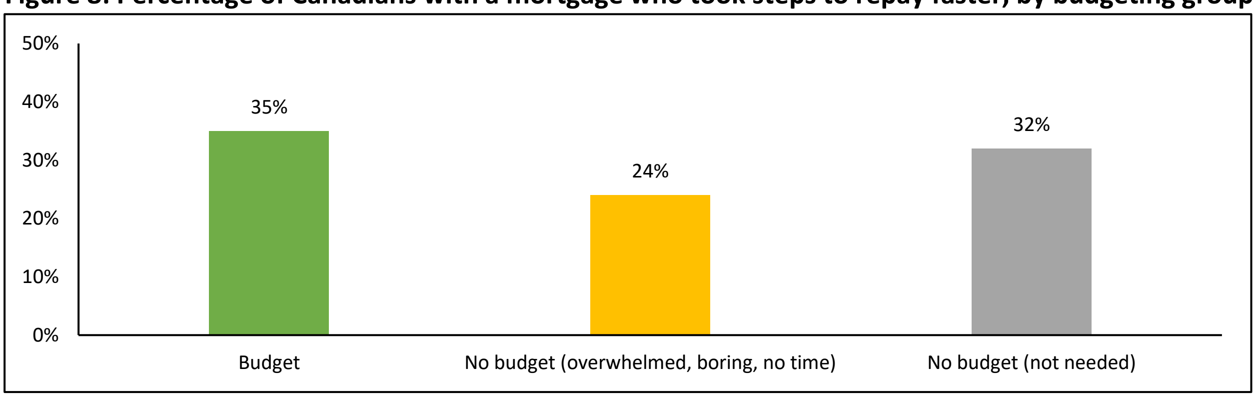
Budgeting helps Canadians pay down debt and keep up with bill payments

For those who have difficulties keeping up with bills and financial commitments, creating and following a budget can be an effective tool. It can help them meet financial commitments, manage monthly cashflows and pay down debt.

Budgeting is associated with actively taking steps to pay down mortgage debt

About one third of Canadians (34%) who have a mortgage are taking steps to pay it down more quickly than the minimum repayment schedule requires. In the past 12 months, a roughly equal share of mortgage holders either increased their regular mortgage payment amount (16%), made a lump sum payment (15%), or made more frequent weekly or bi-weekly payments (15%). About 9% used some type of combined approach, with the most common being to increase the frequency (weekly or bi-weekly) and amount of the regular mortgage payment. Importantly, budgeting can help with creating a plan to pay down debt faster. Relative to Canadians who feel too time-crunched or overwhelmed to budget, those with a budget are more likely to take active measures to pay off their mortgage faster (35% vs. 24%).

Figure 8: Percentage of Canadians with a mortgage who took steps to repay faster, by budgeting group



Budgeting is associated with actively paying down other types of debt

Half of Canadians (50%) who have other types of debt (for example, a credit card, vehicle loan or lease, or outstanding balance on a line of credit) are taking steps to pay it off faster. During the past 12 months, the most common methods used to pay down this debt involved making extra payments (31%) or focusing on paying down high-interest debt (26%). Others increased their regular payment amount (20%) or paid down smaller debts (13%).

Each approach has its own advantages: paying off high-interest debt reduces the amount of interest paid overall, while paying off smaller debts can lead to a feeling of accomplishment and increase motivation, even if these debts are smaller in value (Gal & McShane, 2012). Regardless, research suggests that focusing on reducing one debt at a time may be the most effective way to stay motivated and successfully pay down debts versus trying to pay multiple debts down simultaneously (Kettle et al., 2017).

Again, putting a plan in place to pay down debt can be an important step to help Canadians take charge of their finances, and it appears that budgeting supports this process. For example, compared with those who are too time-crunched or overwhelmed to budget, Canadians who budget are more likely to act on paying off debts quickly (57% vs. 47%).

Figure 9: Percentage of Canadians with other debt (besides mortgage and HELOC), who took steps to repay faster by method of repayment

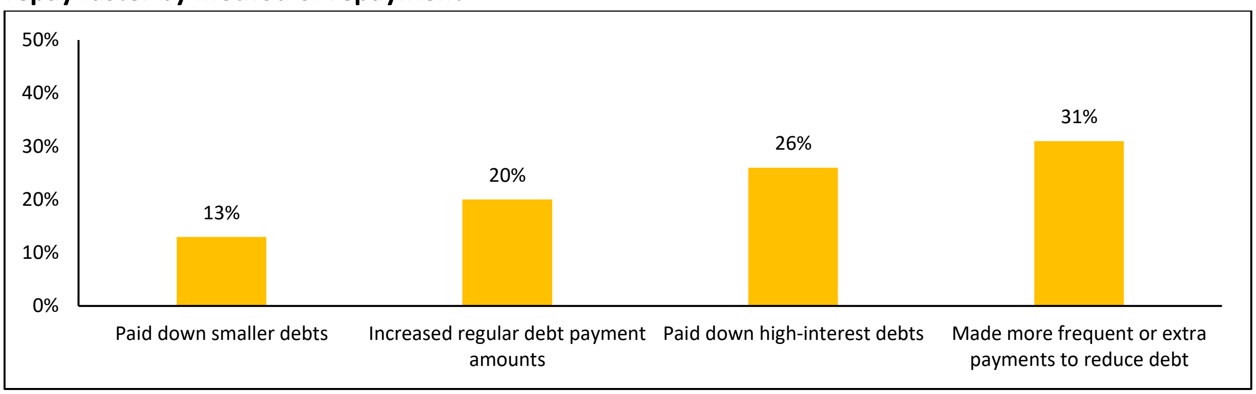
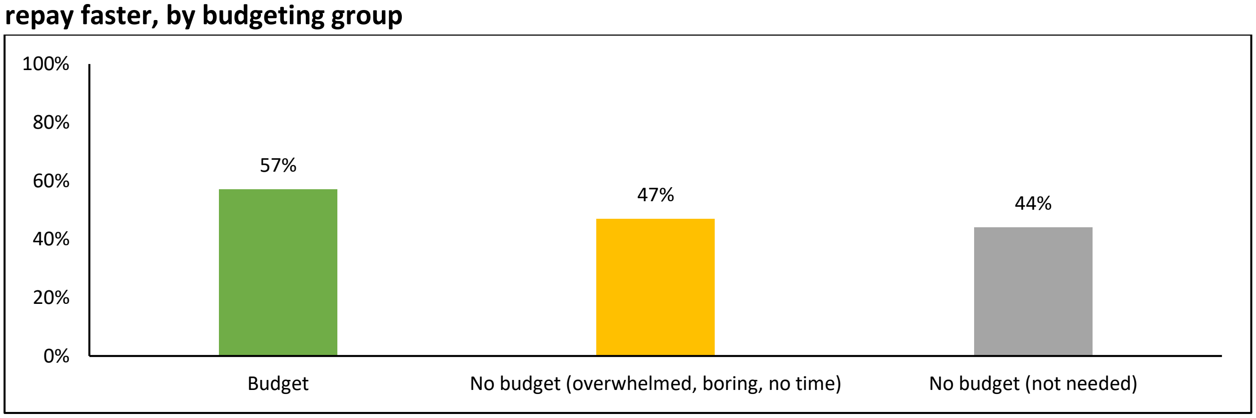
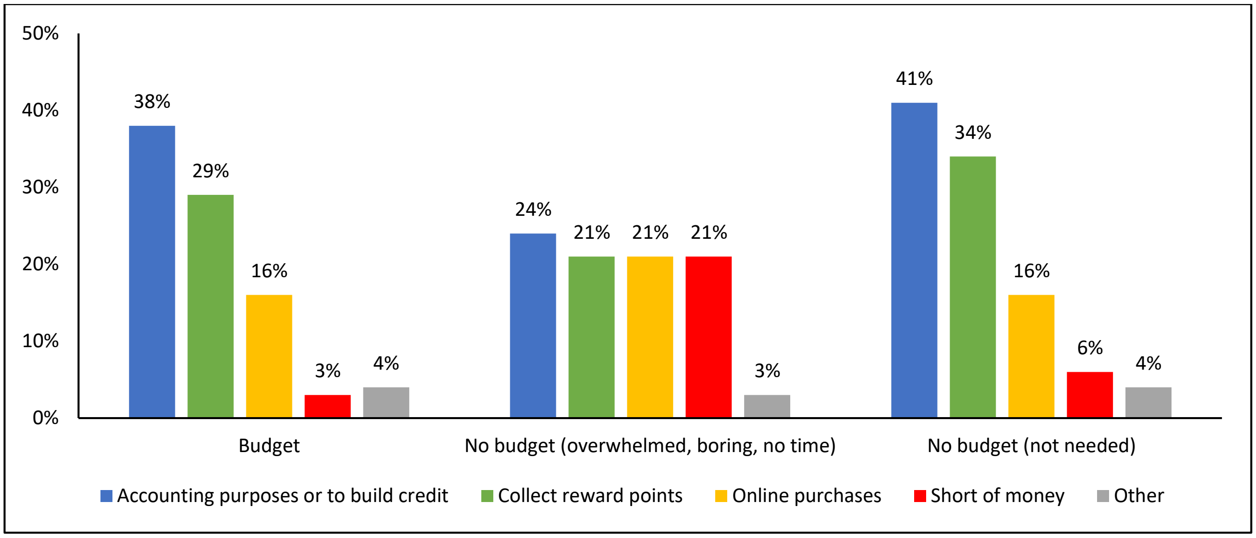


Figure 10: Percentage of Canadians with other debt (besides mortgage and HELOC), who took steps to repay faster, by budgeting group



There is also a big difference in how budgeters use their credit cards compared with those who feel too time-crunched or overwhelmed to budget; the former are much less likely to carry a balance (45% vs. 58%). Further, very few budgeters use a credit card mainly because they run out of money (3%). Rather, Canadians who budget use their credit cards mainly for accounting purposes, for convenience or to build up a credit history (38%), or to collect reward points (29%). In contrast, persons who feel too time-crunched and overwhelmed to budget often use their credit cards because they run out of money (21%) or to make online purchases (21%).

Figure 11: Main reason for credit card use among Canadians, by budgeting group

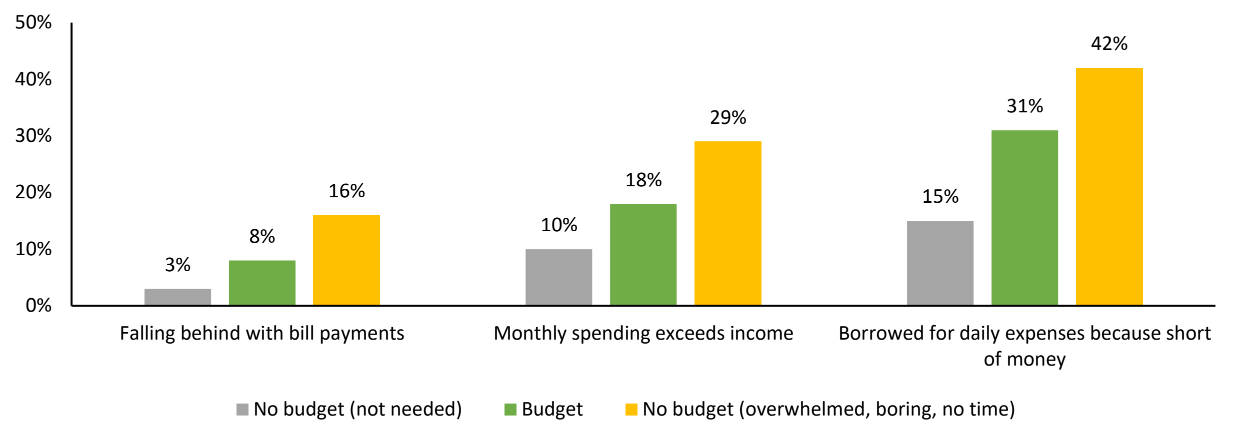


Budgeting and keeping on top of bills

Finally, having a budget can help Canadians keep on top of their bill payments and manage their day-to-day finances more broadly. For instance, compared with non-budgeters who are time-crunched or feel overwhelmed, Canadians who budget are less likely to fall behind on their financial commitments (8% vs. 16%). In terms of managing monthly cashflows, budgeters are less likely to have spent more than their monthly income (18% vs. 29% for non-budgeters who feel time-crunched or overwhelmed). Budgeters are also less likely to need to borrow for day-to-day expenses due to running short of cash (31% vs. 42%).

Interestingly, Canadians who actively use digital tools for budgeting are among the most likely to keep on top of their bill payments and monthly cashflow. As such, following a budget can strengthen financial resilience to deal with unexpected events in the future, which in turn can lead to higher financial well-being. Indeed, research shows that individuals who use budgets are more likely to engage in priority planning to differentiate needs from wants (Fernbach et al., 2015).

Figure 12: Percentage of Canadians with difficulties managing money and keeping up with bill payments, by budgeting group



Tools and Resources

- Starting a budget does not have to be difficult. FCAC recently conducted a pilot project that provided Canadians with educational messaging about budgeting as well as links to FCAC's budget tool via a mobile app. Overall, 1 in 7 (14%) who participated in the interventions began budgeting. Over half of those who started budgeting were still doing so as many as 18 months later. Further, these budgeters demonstrated more confidence and an improved ability to meet their financial commitments compared with non-budgeters (FCAC, 2019). To help Canadians who may be having difficulties getting started with a budget because they feel time-crunched or overwhelmed, FCAC launched the Budget Planner, a new interactive online tool to help Canadians manage their finances. Launched in November 2019, the tool integrates behavioural insights to help Canadians build personalized budgets tailored to their unique needs and financial goals. For more ideas on how to successfully create a budget and live within your means, check out FCAC's web content on how to make a budget.

IV. Saving toward future goals and preparing for unexpected life events and expenses

Budgeting is not only useful in managing day-to-day finances and debt—it can also help Canadians meet long-term financial goals, such as becoming financially prepared for the future. This can include planning for retirement, saving for education or saving to buy a home. It can also include shorter-term goals like making home repairs or improvements, buying a vehicle or taking a vacation. For many Canadians, planning for the future also means having an "emergency fund" in place in order to be prepared for unexpected life events and expenses.

Statistics Canada estimates that on average, Canadian households put aside savings of about $850 in 2018. It is important to keep in mind that savings patterns can vary considerably over a person's lifecycle as they increasingly concentrate on saving for retirement. For example, individuals in households where the primary earner is under 35 years old have average net savings of about $5,000 per year. These savings grow to an average of more than $10,000 annually for those aged 35 to 55 (Statistics Canada, 2018a; Statistics Canada, 2018c; Statistics Canada, 2017b). In retirement, Canadians are more likely to be drawing down their pension assets and other retirement savings. In fact, seniors aged 65 or older withdrew an average of about $17,000 from these savings each year. It is important to note that some Canadians are not saving at all. This choice can be influenced by both expected and unexpected life events that cause individuals to incur debt or draw down previous savings to finance their living costs (Statistics Canada, 2018a).

Highlights

- About 7 in 10 (69%) Canadians who are not yet retired are preparing financially for retirement, either on their own or through a workplace pension plan. This is up slightly from 66% in 2014 (FCAC, 2015). Interestingly, this may reflect the fact that Canadians have become increasingly aware of the need to save for retirement over the past 5 years. For example, almost half (47%) of Canadians say they know how much they need to save to maintain their desired standard of living in retirement—an increase of 10 percentage points since 2014 (37%).
- Interestingly, Canadians who have a plan to save for retirement are more confident that they know how much they need to save (56% vs. 28%) and that their savings will provide the standard of living they hope for (71% vs. 32%), versus those who do not have a plan to save. In fact, anxiety about retirement is heavily concentrated among Canadians who do not yet have a plan, especially among those who expect to rely primarily on government public pension benefits, such as Old Age Security or the Canada Pension Plan (or the Québec Pension Plan).
- Setting financial goals can be an important step in building an effective financial plan and managing money. Interestingly, about two thirds of Canadians (66%) are planning some type of major purchase or expenditure within the next 3 years, such as buying a home or condominium as a principal residence (11%), making a home improvement or repair (17%),

taking a vacation (14%), or buying a vehicle (13%). Having a budget can help people establish a plan for how to afford financial goals that involve major expenditures. Interestingly, only 6% of budgeters do not yet have a plan for how they are going to pay for their next major purchase versus almost 15% of those feel too time-crunched or overwhelmed to budget.

- Almost one quarter of Canadians aged 18 to 24 (23%) cite education as the main major expenditure they are planning in the next 3 years; it is the most common response for this age group. The median cost is estimated at between $20,000 and $29,999. However, there is considerable variation, likely due to differences in tuition costs between educational programs (for example, a 1-year vs. a 4-year program).
- Among Canadians who are planning post-secondary education in the next 3 years, almost half (47%) anticipate using mostly savings to pay for it, while 40% expect to borrow at least a portion and 12% do not yet have a plan for how they are going to pay for their education. Currently, half of Canadians aged 18 to 24 (50%) have student loans. The share with an outstanding balance on their student loan declines with age, to about 36% for those aged 25 to 29 and 21% for those aged 30 to 34. Only about 5% of Canadians have an outstanding balance on their student loan after age 35.
- Canadian parents plan to fund their children's education in a range of ways. Among those who are financially responsible for children (living in their household or elsewhere), about three quarters (73%) are saving for their children's education, whether through a Registered Education Savings Plan (62%) or other means (35%). Interestingly, there has been an 11-percentage point increase in the share using a Registered Education Savings Plan (62% vs. 51% in 2014). One third (33%) of Canadian parents anticipate either co-signing a student loan (25%) or taking out a separate loan (8%) to help pay for their child's education.
- In terms of preparing for unexpected life events and expenses, almost two thirds (64%) of Canadians have an emergency fund sufficient to cover 3 months' worth of expenses, while a similar share (65%) are confident that they could come up with $2,000 if needed in the next month.
- In general, Canadians who have household incomes of at least $40,000 and persons who have paid off the mortgage on their principal residence are more likely to have an emergency fund and be confident that they could come up with $2,000 to cover an unexpected expense. Seniors aged 65 and older and individuals who are married or widowed are also more likely to have an emergency fund and be able to cover an unexpected expense. In contrast, individuals who are living with a common-law partner, separated or divorced, or single and never married, especially lone parents, are less likely to have emergency funds or say they could cover this unexpected cost. Finally, even though women and men are equally likely to have money set aside in an emergency fund, women are less confident that they would be able to cover an unexpected cost of $2,000.

- For those who still need to build an emergency fund or establish a regular habit of saving, having a budget can be an effective first step. For example, more than 6 in 10 budgeters (65%) have emergency savings compared with only 4 in 10 who feel too time-crunched or overwhelmed to budget (39%). Moreover, about 61% of budgeters indicate that they would be able to come up with $2,000 to cover an unexpected expense compared with only 46% of those who feel too time-crunched or overwhelmed to budget.

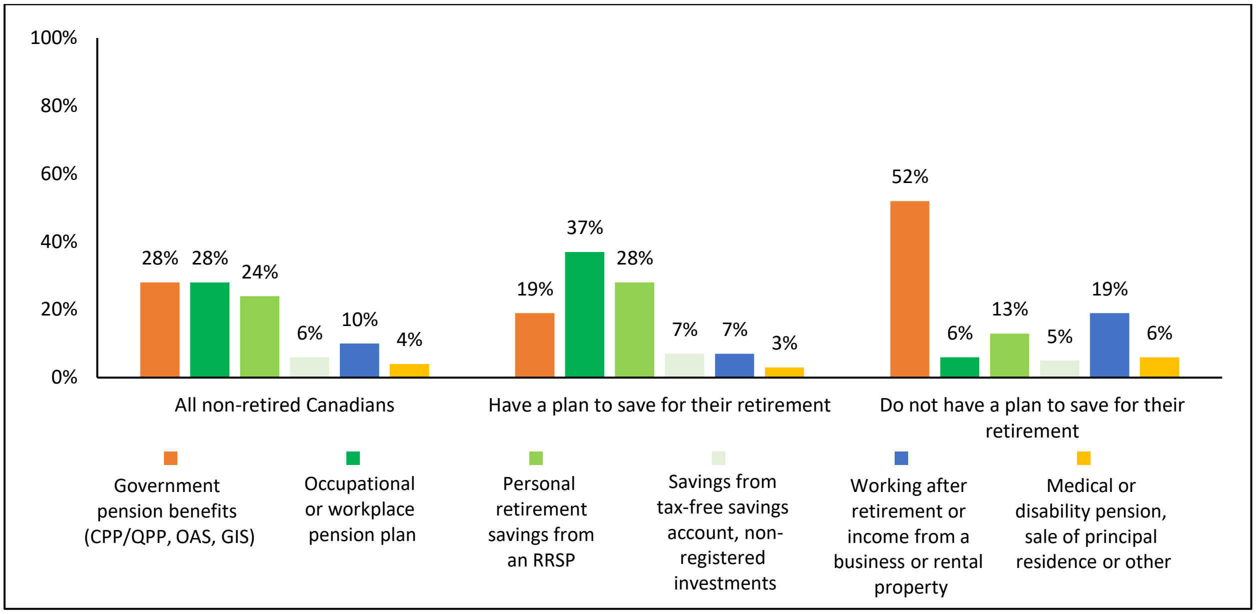
Putting in place a plan for retirement savings

About 7 in 10 Canadians (69%) who are not yet retired are preparing financially for retirement either on their own or through a workplace pension plan. This is up slightly from 66% in 2014 (FCAC, 2015). Further, almost half of Canadians (47%) report that they know how much they need to save for retirement, up from 40% in 2014. A recent survey by the Canadian Payroll Association showed that Canadian employees estimate that they need to save a median amount of $500,000 to $1,000,000 for retirement (CPA, 2018). Those with lower levels of financial knowledge, less education and lower incomes are least likely to be aware of what they will need to save to retire comfortably (Boisclair et al., 2014; Messacar, 2017; FCAC, 2015).

Among non-retired Canadians, the majority (58%) expect that their primary source of income in retirement will be their own retirement savings, whether through a workplace pension (28%) or personal savings in registered retirement savings plans (RRSPs), tax-free savings accounts or other non-registered savings accounts (30%). Among those who say they are preparing for their retirement, 92% are doing so using either their workplace pension or an RRSP. At the same time, government pension benefits, such as Old Age Security and the Canada Pension Plan (as well as the Québec Pension Plan in that province) remain crucial—particularly for those who do not yet have a plan to save for their retirement, since more than half (52%) expect this to be their primary source of income in retirement.

Finally, about 10% of Canadians plan to continue working or to rely mainly on rental income or business income as their main source of income in retirement. This is similar to the 2014 findings. Statistics Canada indicates that the share of seniors aged 65 and older who report working (mostly in part-year or part-time work) has almost doubled since 1995 for both men and women (Statistics Canada, 2017). For many Canadians who do not have a plan to save for retirement, many anticipate having to work longer into their retirement years (19% vs. 7% for those with a plan to save for retirement).

Figure 13: Non-retired Canadians' anticipated primary source of retirement income

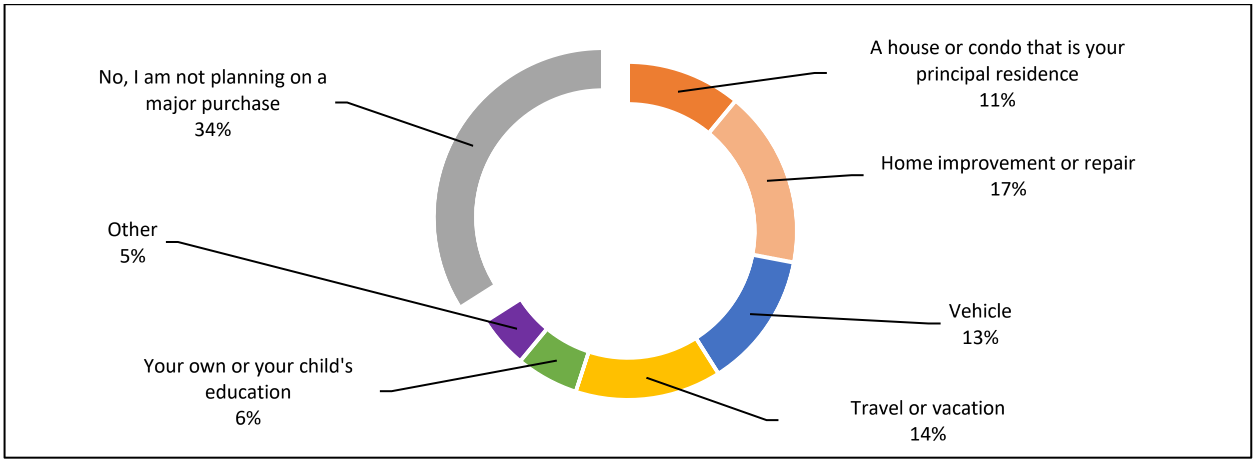


Over the past 5 years, Canadians have become increasingly aware of the need to save for retirement. For example, almost half of Canadians (47%) know how much they need to save to maintain their desired standard of living in retirement—an increase of 10 percentage points versus 2014 (37%). However, this awareness has been paired with increasing anxiety and uncertainty about retirement for some Canadians. For example, the share of Canadians who are confident that they will have the standard of living they hope for in retirement declined from 65% in 2014 to 56% in 2019. This worry is concentrated among those who do not have a plan for retirement savings. Among those who do not have a financial plan to save, only 28% are confident that they will have the standard of living they hope for in retirement, down from 57% in 2014. In contrast, the majority of Canadians who are saving on remain confident that they will achieve the standard of living they hope for in retirement (68% vs. 72% in 2014).

Identifying other common financial goals of Canadians

Saving for retirement is only one of many financial goals Canadians are striving to achieve. About two thirds (66%) are planning some other type of major purchase or expenditure in the next 3 years. This can involve important financial decisions and life transitions, such as buying a house or condominium, planning for their own or a child's education, or undertaking a major home improvement or repair. It could also include financial goals, such as buying a vehicle or planning a vacation.

Figure 14: Percentage of Canadians planning a major expenditure or purchase in the next 3 years

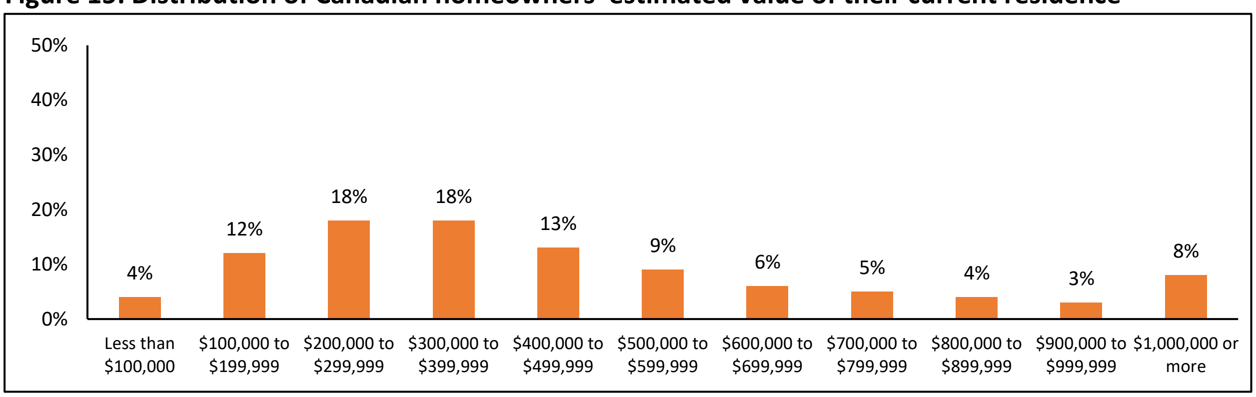


A house or condominium as a principal residence

About 1 in 10 Canadians (11%) are planning on buying a house or condominium as a principal residence at some point in the next 3 years, similar to the number reported in 2014. Almost two thirds (63%) of those planning on purchasing a house or condominium are expecting to make a down payment of 20% or less. Prospective Canadian home buyers mainly plan to use savings (57%), proceeds from the sale of a previous home (32%), or money withdrawn from an RRSP (28%) to fund their down payment.

The 2019 CFCS did not collect information about the prices these prospective buyers expected to pay for their houses or condominiums. However, it is interesting to note that among current homeowners, Canadians estimate their principal residence to have a median value of $300,000 to $399,999. For those in more urban areas, the estimated median home value ranged from $400,000 to $499,999. In more rural areas, the range was $200,000 to $299,999.

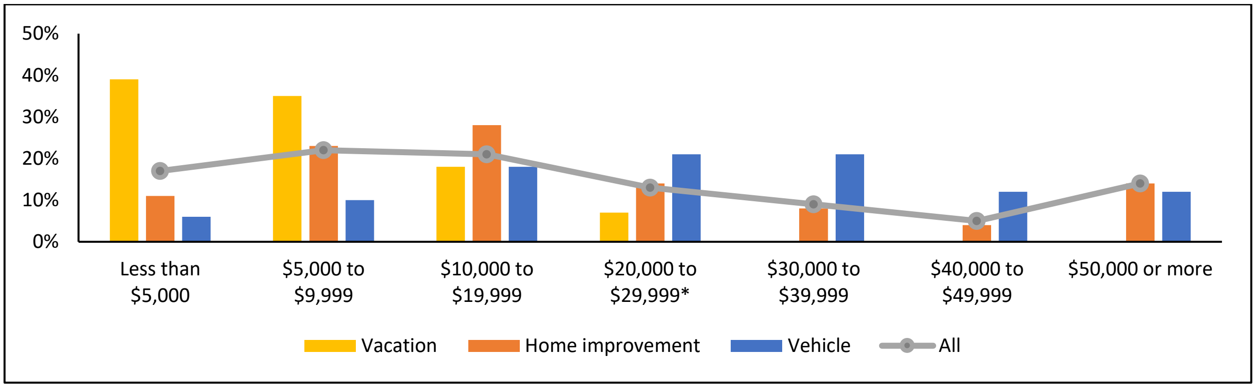
Figure 15: Distribution of Canadian homeowners' estimated value of their current residence



Other types of major purchases

Other financial goals for which Canadians are planning over the next 3 years include a home repair or renovation (17%), vehicle purchase (13%), or vacation (14%). The median cost ranges from $10,000 to $19,999 overall. For these purchases, many Canadians plan on using entirely savings. This is especially the case for vacations (60%), but also for home renovations and repairs (35%) and vehicle purchases (25%). For larger expenditures in particular, a portion of Canadians anticipate borrowing most or all of the needed funds, most frequently to pay for their next vehicle purchase (27%) or a home renovation (21%). A smaller portion of Canadians are planning on putting money toward their own education or their child's education (6%).

Figure 16: Estimated cost of major purchase planned within next 3 years, by type of purchase



* All vacation expenditures over $20,000 are grouped into this category due to small sample sizes.

Planning ahead for education

For many younger Canadians, one of the first major expenses for which they need to plan is post-secondary education, whether that means technical or vocational training, a community college program or a university degree. This section looks at how young Canadians are planning to pay for their educations, along with support from their parents.

Paying for post-secondary education

Overall, about 6% of Canadians are planning post-secondary education as their next major expenditure in the next 3 years, either for themselves or for their children. Moreover, almost one quarter of Canadians aged 18 to 24 (23%) cited education as the main major expenditure they were planning—the most common response for this age group.

The median estimated cost for this education is between $20,000 and $29,999, but there is considerable variation, likely due to differences in program and length of study. The average annual tuition cost for Canadian full-time students is $6,838 for undergraduate programs and $7,086 for graduate programs for the 2018/19 academic year (Statistics Canada, 2018b). Almost half (47%) of those planning on post-secondary education, either for themselves or their children, anticipate using mostly savings to pay for their education, while 40% expect to borrow at least a portion and 12% do not yet have a plan for how they are going to pay for their education.

Figure 17: Distribution of Canadians' estimated education costs among those planning post-secondary education within the next 3 years

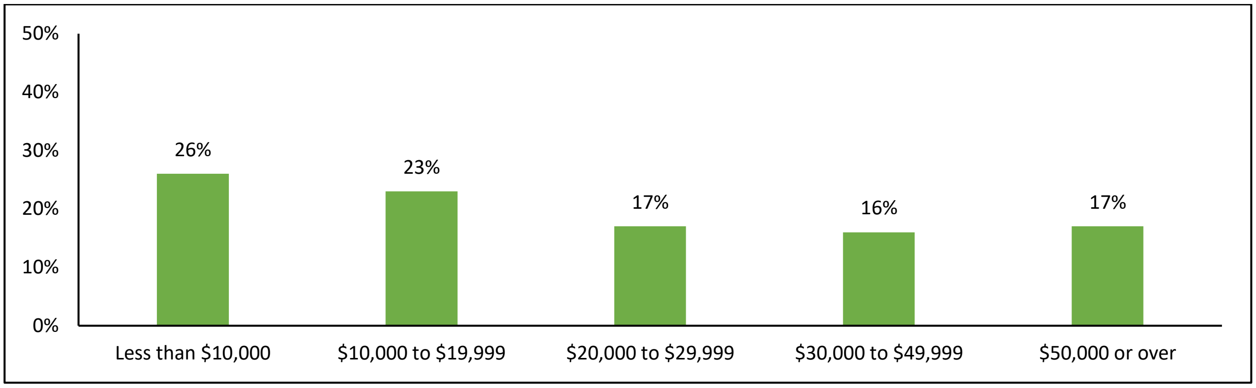
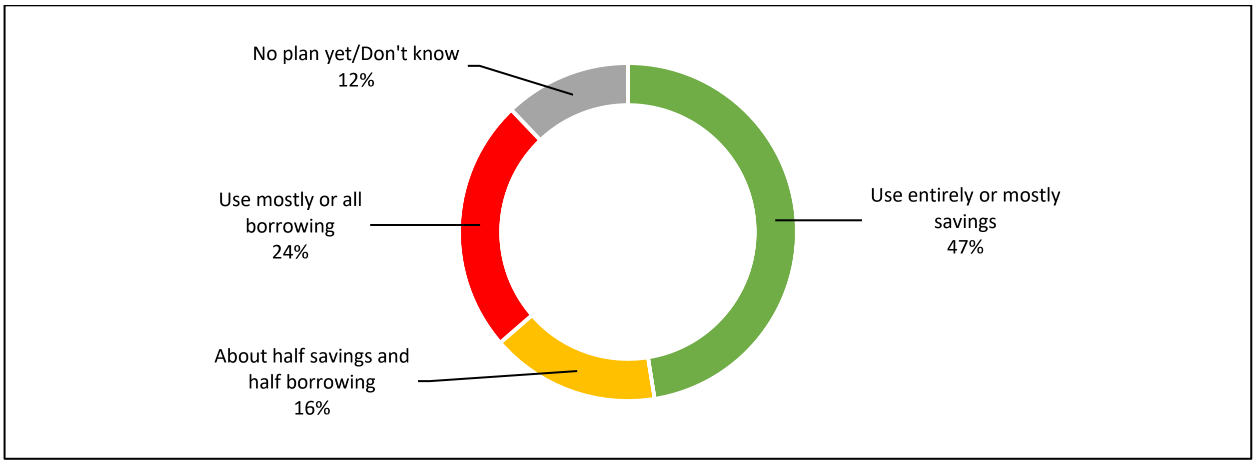


Figure 18: How Canadians plan to pay for post-secondary education costs expected within the next three years



Parents' support for their children's educations

The majority of Canadian parents plan to support their children's education in a range of ways. This can include providing financial support through savings, employment or pension income or by borrowing. It can also include practical support, such as the use of a vehicle or room and board.

For example, almost three quarters (73%) of Canadians who are financially responsible for children are saving for their children's education, similar to 2014 (71%) (FCAC, 2015). Interestingly, there has been an 11 percentage point increase in the share of parents using a Registered Education Savings Plan (RESP) (62% in 2019 vs. 51% in 2014). Even among parents with more modest household incomes (under $40,000), a substantial share (37%) have RESPs for their children. This is important because many lower-income Canadian families who have set up RESPs may be eligible for the Canada Learning Bond, which can provide up to $2,000 per eligible child (ESDC, 2019).

Similarly, the Canada Education Savings Grant provides an incentive for parents, family and friends to save for a child's post-secondary education by paying a grant based on the amounts contributed to the RESP, regardless of household income. For Canadian parents with RESPs, the median amount saved is $10,000 to $15,000. This suggests that most parents hope to provide some financial support in terms of savings; but it is important to keep in mind that this amount would only cover a portion of the tuition costs for many 3- and 4-year programs, and is less than the amount most people say they need to save (a median amount of $20,000 to $29,999, as above). Further, for many parents, these RESP savings are being used to support more than 1 child.

Parents also plan to support their children's education in other ways, such as by providing money from their employment or pension income (32%) or borrowing (33%). This includes about 25% who expect to help by co-signing for a student loan and 8% who plan on taking out a separate loan themselves for their children's education. Finally, on top of financial support, a number of Canadian parents plan to provide practical help, such as free room and board (57%) or the use of a vehicle (33%) for young people who are still in school.

Figure 19: Parents' planned methods of helping children pay for post-secondary education

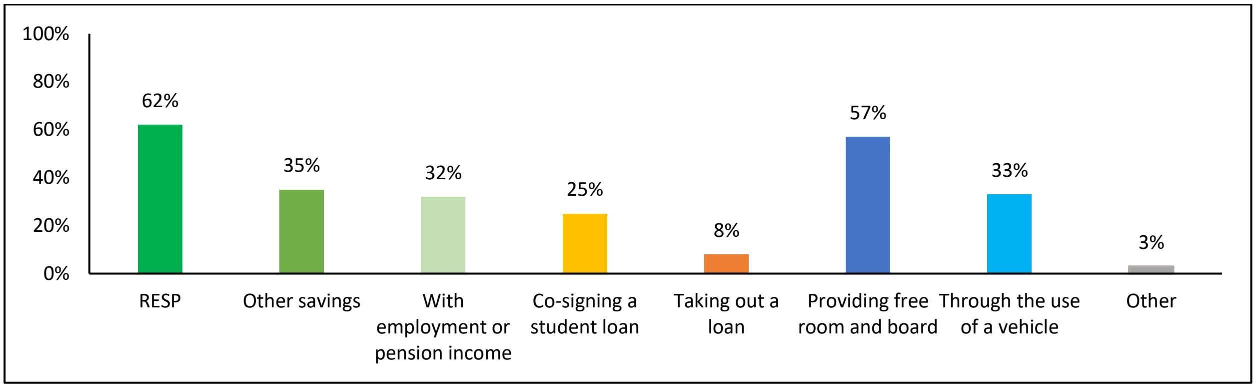
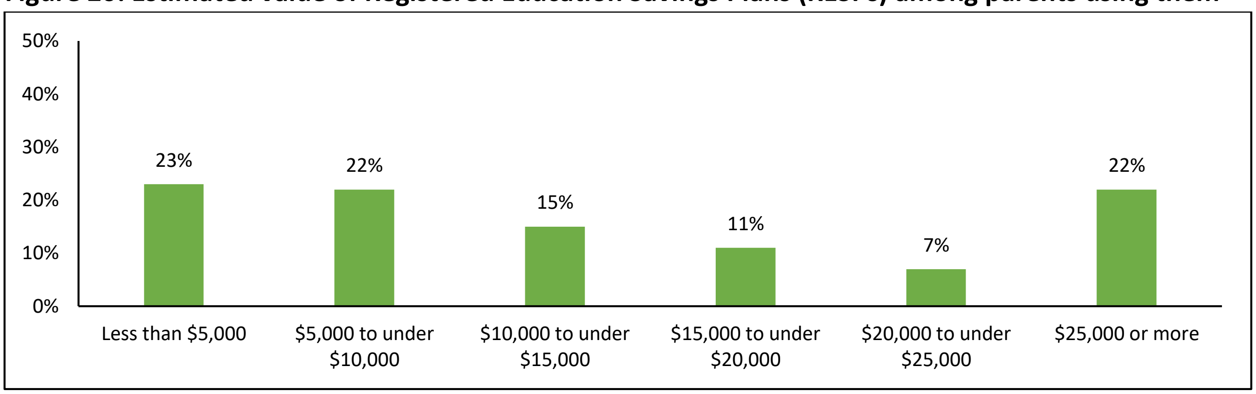


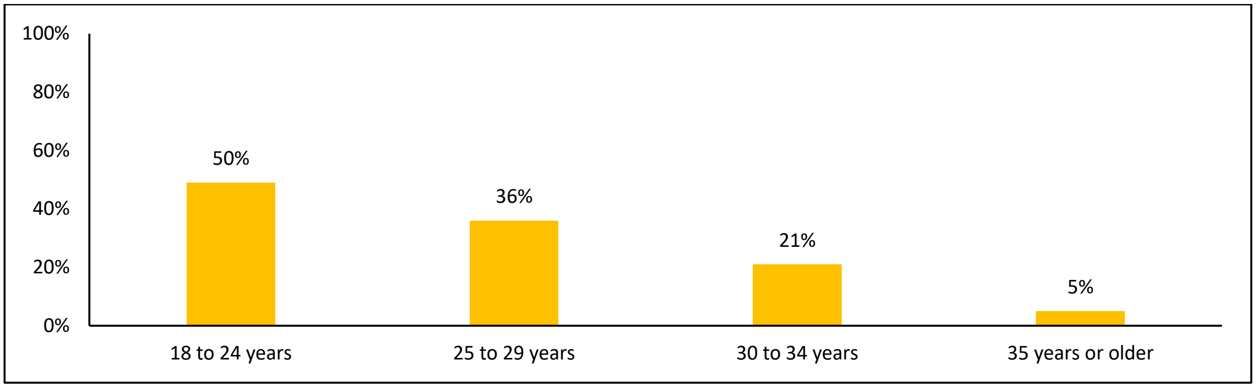
Figure 20: Estimated value of Registered Education Savings Plans (RESPs) among parents using them



Managing student loans

A recent study found that Canadian millennials born from 1980 to 2000 are more likely to have outstanding student loans compared with previous generations (Robson & Loucks, 2018). In fact, half of Canadians aged 18 to 24 (50%) have outstanding debt related to a student loan. The share with an outstanding balance on their student loan declines with age, to about 36% for those aged 25 to 29 and 21% for those age 30 to 34. Only about 5% of Canadians had an outstanding balance on their student loan after age 35.

Figure 21: Percentage of Canadians with a student loan, by age group



Establishing an emergency fund

Having a plan to regularly set aside money to cover unexpected expenses—such as an emergency fund or a "rainy day fund"—is important for Canadians' financial well-being. Evidence shows that individuals who actively save have higher levels of financial resilience as well as higher levels of overall financial well-being. In other words, regardless of the amount of money someone makes, regular efforts to save for unexpected expenses and other future priorities appear to be the key to feeling and being in control of personal finances (FCAC, 2018).

Results from the 2019 survey indicate that almost two thirds of Canadians (64%) have an emergency fund that could cover 3 months' worth of expenses. A relatively higher share of persons aged 65 or older (80%), who have household incomes of $40,000 or more (67%), who have paid off their mortgage (85%), or who are married (70%) or are widows or widowers (78%) have these precautionary savings. In contrast, a lower share of Canadians who are aged 55 or younger (54%), who have household incomes under $40,000 (48%), who have a mortgage (57%) or who rent (50%), or who are divorced or separated (55%), living with a common-law partner (54%), or single and never married (54%), have an emergency fund to cover 3 months of expenses. Among the least likely to have these funds are lone parents; only 36% have an emergency fund sufficient to cover 3 months of expenses.

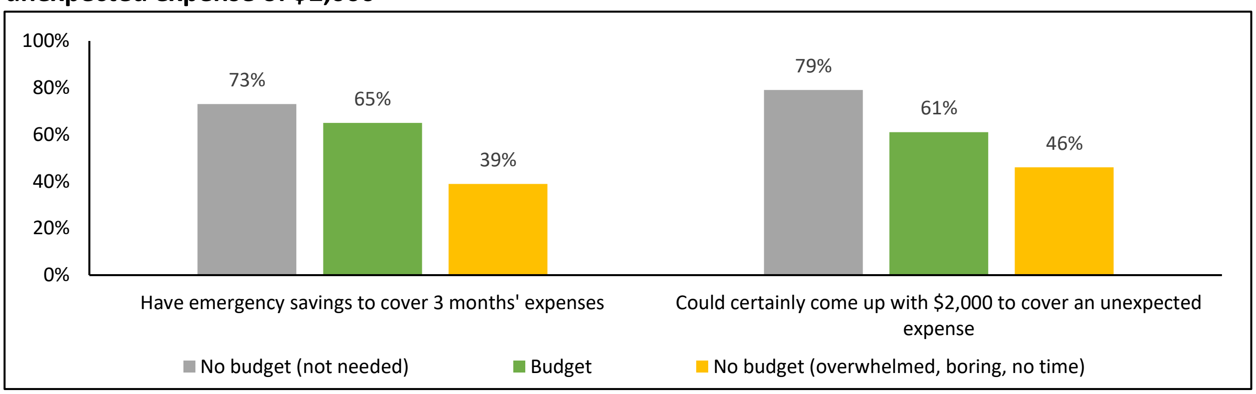
On a related note, about two thirds of Canadians (65%) are confident that they could come up with $2,000 if needed in the next month.[3] As noted earlier, individuals with more financial resources are considerably more likely to be able to cover this type of unexpected expense. For example, almost three quarters of Canadians (74%) with household incomes of at least $40,000 and 83% of Canadian homeowners without a mortgage could cover a $2,000 expense. Further, a relatively high share of Canadians aged 65 or older (77%) or who are married (74%) or widowed

[3] This result is slightly lower than that obtained in the Canadian Payroll Association's Annual Survey (2019), which focused only on employed persons (CPA, 2019a). The CPA report showed that 4 in 5 working Canadians could absorb an unexpected expense of $2,000.

(70%) were confident that they could come up with this amount if needed. By comparison, fewer than 40% of those with household incomes under $40,000, 67% of those with a mortgage, and only 48% of renters could cover an unexpected expense of $2,000 if needed in the next month. Further, a lower share of persons aged 55 and under (60%) or who are living with a common-law partner (64%), separated or divorced (56%), or single and never married (53%) say they would be able to cover this unexpected expense. Only 39% of lone parents say they could cover this unexpected cost. Women are less likely than men to feel that they would be able to cover an unexpected expense of $2,000 (61% vs. 68% for men).

For those who still need to build an emergency fund or establish a regular habit of saving, having a budget can be an effective first step. For example, more than 6 in 10 budgeters (65%) have emergency savings compared with only 4 in 10 persons (39%) who feel too time-crunched or overwhelmed to budget. Moreover, about 61% of budgeters indicated that they would be able to come up with $2,000 to cover an unexpected expense compared with only 46% of persons who feel too time-crunched or overwhelmed to budget.

Figure 22: Percentage of Canadians with emergency funds sufficient to cover 3 months' expenses or an unexpected expense of $2,000



Tools and Resources

Planning for retirement

- Financial stress can affect various aspects of life at home and at work. FCAC created web content called Financial wellness in the workplace to help employees and the self-employed deal with unique financial challenges. Employers can use these tools to build financial wellness programs tailored to employees' needs. Concerns about retirement income sufficiency may also point to the need to increase awareness and understanding of government retirement benefits, such as Old Age Security and the Canada Pension Plan. Canadians can look to tools such as Module 10 of My Financial Toolkit on how to calculate retirement income as well as the Canadian Retirement Income Calculator tool.

Other financial goals

- FCAC offers a number of tools to help Canadians achieve their financial savings goals. One is the online resource Your Financial Toolkit. Module 3 of this program is specifically designed to provide tools and tips to help Canadians save. Canadians can also use FCAC's Financial Goal Calculator to set savings goals. It is especially important to help Canadians with this aspect of their finances because saving behaviours are strongly related to financial well-being (FCAC, 2018).
- Many younger Canadians and their parents use student loans to finance post-secondary education. Planning ahead and having a budget is an important part of effectively managing student loans. In order to help younger Canadians make a plan for how they will finance their education, FCAC provides tips on how to budget for student life and a student budget worksheet to help build a realistic budget.
- For parents saving for their children's education, the Government of Canada's website on Registered Education Savings Plans provides information on what an RESP is and how to choose an RESP plan that is right for your family. Canadian families with more modest incomes may also be eligible to apply for the Canada Learning Bond, which provides additional money to an RESP to help with the costs of a child's full- or part-time studies after high school. Finally, the Ontario Securities Commission's report on saving for your child's education, provides a summary of the characteristics, costs and advantages of different types of RESPs.

Emergency funds

- For those who still need to build an emergency fund or establish a regular habit of saving, having a budget can be an effective first step. For example, more than 6 in 10 budgeters (65%) have set aside emergency savings compared with only 4 in 10 persons (39%) who feel too time-crunched or overwhelmed to budget. Canadians can use FCAC's Budget Planner to make a budget. To learn more about why it is important to save for unexpected events and expenses, and for tips on how to set up an emergency fund, see FCAC's Setting up an Emergency Fund.

V. Strengthening financial literacy through financial advice and financial education

In Canada, there are myriad different ways in which Canadians can seek financial advice on a wide range of topics, such as retirement planning, taxes, insurance, debt management and general financial knowledge. Making use of financial advice is important because it is associated with greater financial confidence and improved retirement planning (FCAC, 2017). Further, individuals who seek financial advice report having less finance-related stress and more financial confidence (Letkiewicz et al., 2016); retirees who seek advice on financial products are more likely to say their living standards in retirement meet their expectations (FCAC, 2017). Moreover, there is evidence of a virtuous/vicious cycle: people with high financial confidence may be more open to seeking financial planning advice while many with higher financial stress do not seek financial advice (Letkiewicz et al., 2016).

Further, a considerable portion of Canadians of all ages engage in either formal or informal learning on financial matters. This is important because the complexity of the financial marketplace is increasing rapidly. Recent research shows that financial education tends to improve financial confidence and self-efficacy (Rothwell et al., 2017) and that these characteristics are related to financial well-being (Kempson, Finney, & Poppe, 2017). Financial education has also been shown to be related to positive changes in financial behaviours, such as an increase in saving (Kaiser et al, 2019; Kaiser et al. 2017; Bernheim & Garrett, 2003).

This section examines the share of Canadians who take steps to increase their personal knowledge and understanding of financial matters, as well as what they do to increase their knowledge and outcomes related to their financial education efforts.

Highlights

- There are many ways to obtain information about financial matters. About half of Canadians seek financial advice from a professional financial advisor or planner (49%), followed by banks (41%) and friends or family members (39%). Canadians also seek advice from the Internet (33%), radio or television (10%), and newspapers and magazines (15%).
- Overall, Canadians between the ages of 18 and 34 years are more likely to ask friends or family members (59%) or seek financial advice using the Internet (51%). In contrast, Canadians aged 65 and older are more likely to seek advice from a financial advisor or planner (51%) or from a bank (41%). They are much less likely to consult the Internet for financial advice (13%).
- About 41% of Canadians say they sought advice on a specific subject area or financial product at some point during the past 12 months. Overall, Canadians most commonly seek advice about general financial planning (24%). This is followed by retirement planning (19%), insurance (12%), and tax planning (11%). Less common subjects for financial advice include estate planning (7%) and planning for children’s education (6%). This is likely due at least in part to the fact that these topics are more relevant to specific life stages.

- Almost half of Canadians (44%) say they engaged in some type of financial education to strengthen their financial knowledge over the past 5 years, most commonly by reading a book or other printed material (22%), using online resources (16%) or pursuing financial education at work (9%). Less commonly, they took in-person courses at a school (7%) or through a not-for-profit or community organization (5%).
- There are considerable differences in the method of learning by age. For instance, half of Canadians aged 18 to 34 (56%) take steps to strengthen their financial knowledge, mainly through online study (26%) or at work or in school (24%). In contrast, only one third of Canadian seniors aged 65 or older (32%) say they take active steps to increase their personal knowledge and understanding of financial matters, mostly by reading a book or other printed materials (17%).
- For Canadians who tried to increase their financial knowledge, 80% say they succeeded, and almost half (46%) say it helped them prepare for retirement. Other outcomes include a greater understanding of debt (37%), of how to create and maintain a budget (36%), and of how to achieve savings goals (34%).

Sources of financial advice

Canadians obtain information about financial matters in a variety of ways. About half seek financial advice from a professional financial advisor or planner (49%), followed by banks (41%) and friends or family members (39%). Canadians also conduct Internet research (33%), read newspapers and magazines (15%), and get advice from radio or television programs (10%). However, there are notable age-related differences.

Overall, Canadians between the ages of 18 and 34 years are more likely to ask friends or family members for advice (59%) compared with other age groups. This finding is important because young people who speak with their families about financial matters tend to have a higher level of financial literacy (OECD, 2015). In addition, younger Canadians frequently consult the Internet for financial advice (51%), which reflects the growing use of online or mobile financial services and products and advances in financial technologies (Competition Bureau Canada, 2018; Edenhoffer, 2018; Engert et al., 2018). In fact, a recent FCAC survey found that 97% of Canadians under age 65 conduct at least a portion of their banking online (FCAC, 2019).

In contrast, older Canadians are more likely to use advice from a financial advisor or planner (51%) or from a bank (41%), and are much less likely to rely on Internet sources (13%). Indeed, recent research by FCAC found that seniors use and prefer more traditional forms of banking and communication. This research found that nearly one third of seniors most often bank in person, and that many prefer to receive information about their banking products and services through more traditional methods, such as by mail or in person at a branch. This is largely due to safety and security concerns. Further, a quarter of seniors who have banked online in the past 12 months experienced negative issues, such as a website crash, trouble navigating, or forgetting a password (FCAC, 2019).

Figure 23: Canadians' preferred sources of financial advice

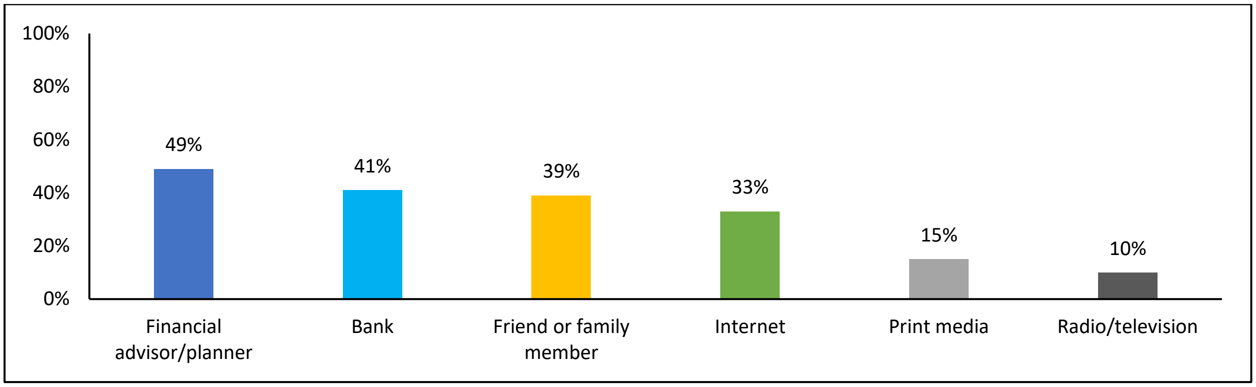
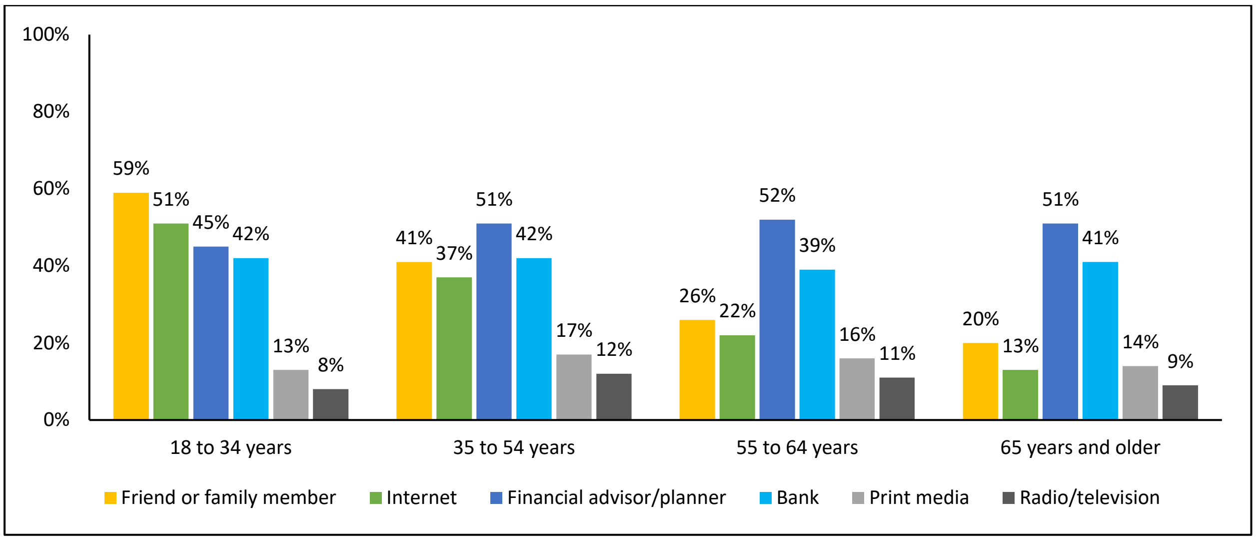


Figure 24: Canadians' preferred source of financial advice, by age group



Types of financial advice sought by Canadians in the past year

It is important not only to know where Canadians look for financial advice, but also the subject areas and issues they are seeking advice on. In the past 12 months, about 41% of Canadians sought advice on a specific subject area or financial product, including: general financial planning (24%), retirement planning (19%), insurance (12%), and tax planning (11%). Less common types of financial advice included estate planning (7%) and planning for children's education (6%). This is likely due at least in part to the fact that these topics are more relevant to specific life stages.

Interest in financial advice follows distinct life patterns. For example, advice related to retirement planning is of high interest to Canadians of all ages up until age 65 but then drops off dramatically. Advice on planning for children's education is highest among Canadians aged 35 to 54—precisely the ages when many are focused on raising children. Financial advice on insurance is also of most interest to those under the age of 55. Interest in tax planning is fairly level across age groups, while interest in estate planning increases slightly for those in the oldest age groups.

Figure 25: Percentage of Canadians seeking financial advice over past 12 months, by subject

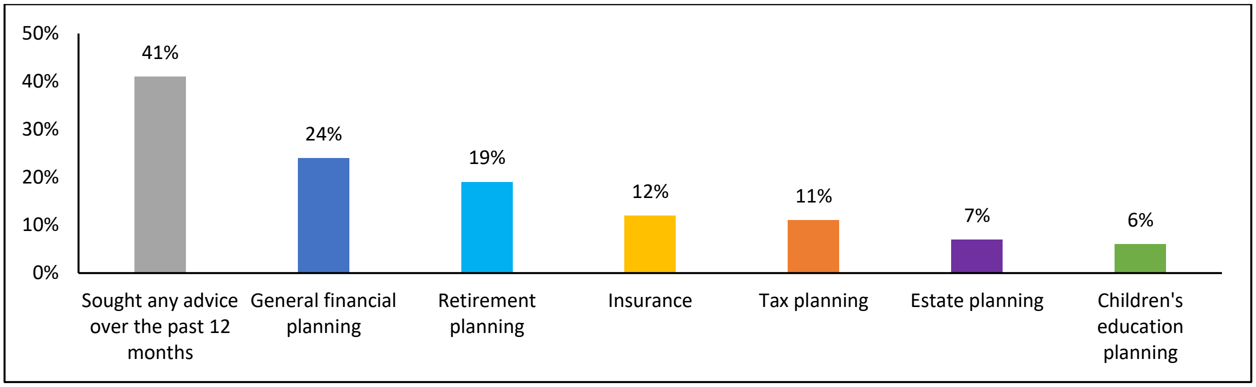
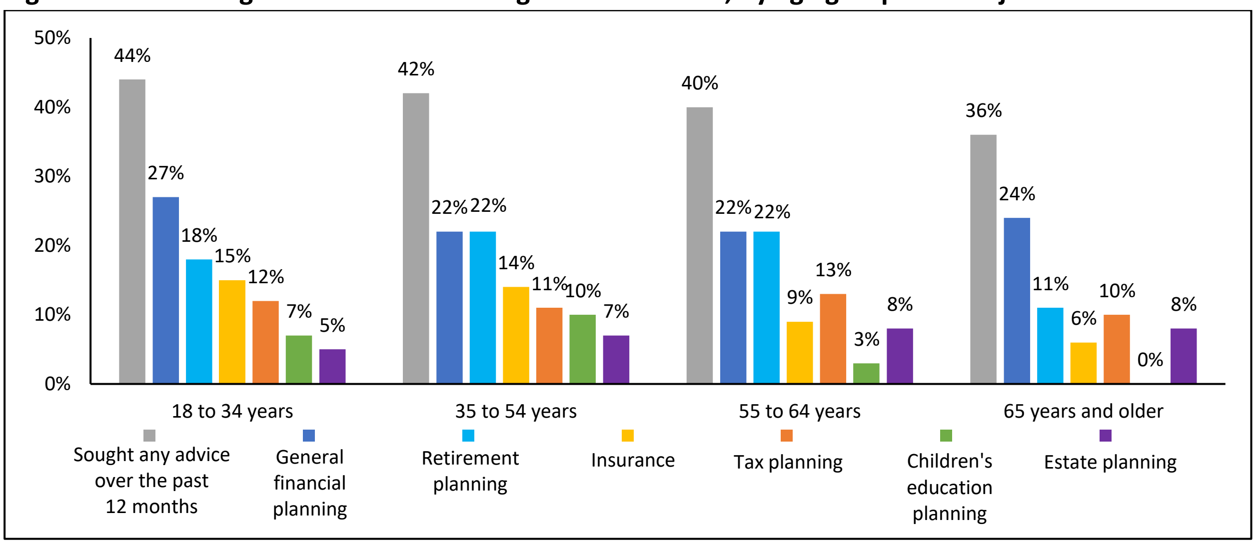


Figure 26: Percentage of Canadians seeking financial advice, by age group and subject



Methods of financial education and financial learning

Over the past 5 years, almost half of Canadians (44%) engaged in some type of financial education to strengthen their financial knowledge, most commonly by reading a book or other printed material (22%), conducting online research (16%), or pursuing financial education at work (9%). Less commonly, adults took in-person courses at a school (7%) or through a not-for-profit or community organization (5%).

There are considerable differences in the likelihood and the preferred methods of financial learning for different age groups. For example, more than half of Canadians aged 18 to 34 (56%) have taken steps to strengthen their financial knowledge. mainly through online study (26%) or at work or school (24%). In contrast, only one third of Canadians aged 65 or older engaged in financial learning over the past 5 years (32%). Seventeen percent of seniors did so by reading a book or other printed materials. Only 7% of persons in this age group participated in online financial learning. Again, this corresponds with the methods that seniors prefer for seeking advice and financial information (FCAC, 2019).

Figure 27: Percentage of Canadians engaged in different types of financial learning

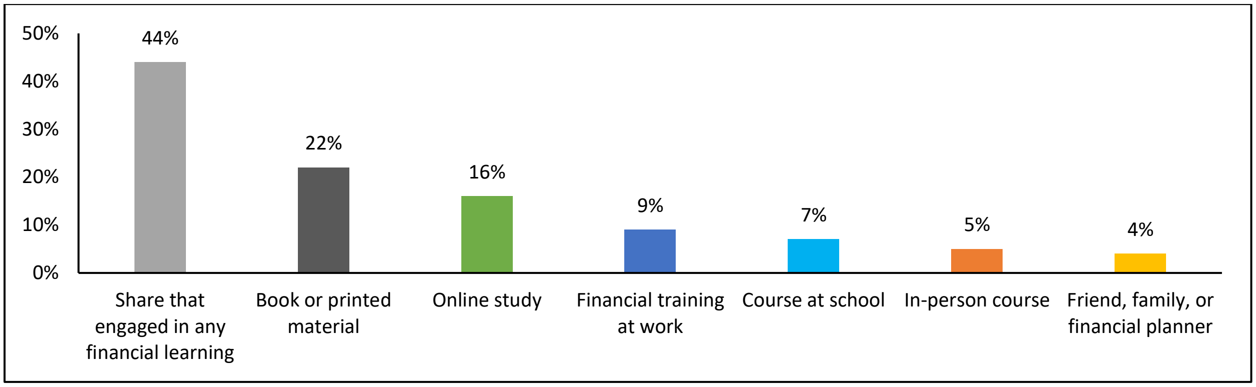
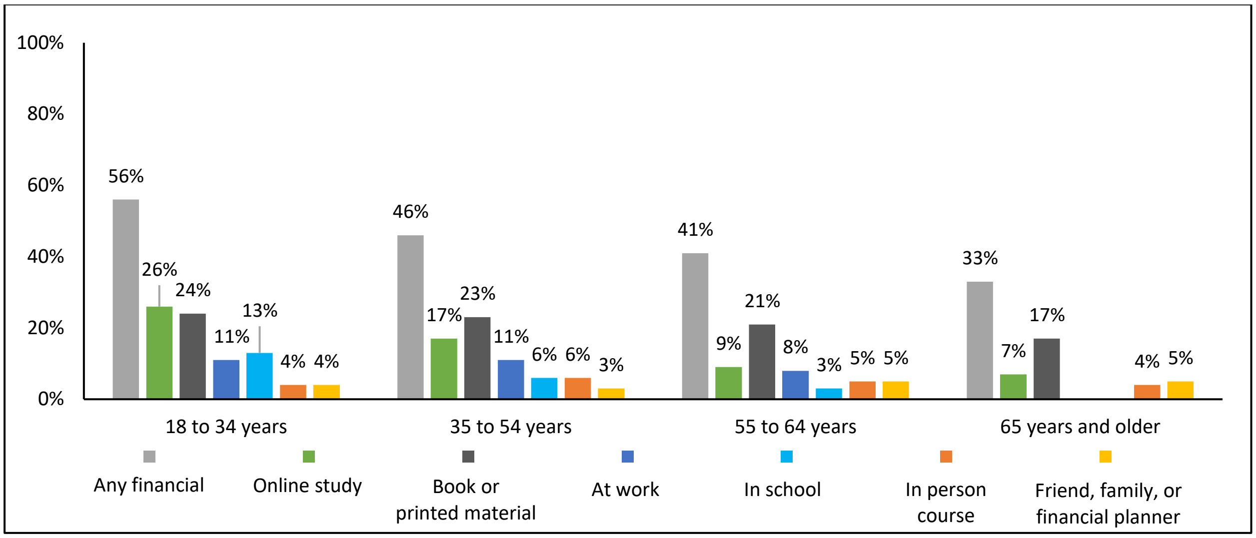


Figure 28: Percentage of Canadians engaged in different types of financial learning, by age group



*Note that the categories "From the media" and "Other" are not included because there were not enough Canadians from each age group to analyze these data.

Subject matter and outcomes of financial education and financial learning

Among Canadians who took steps to strengthen their financial knowledge, 8 of 10 (80%) increased their general financial knowledge and almost half (46%) learned about retirement. Other outcomes include a greater understanding of debt (37%), how to create and maintain a budget (36%), and how to achieve savings goals (34%). Among younger Canadians, the overwhelming majority increased their financial knowledge, generally on a wide range of subject areas. For those aged 18 to 34, key outcomes include improvements related to general financial knowledge (84%) along with retirement planning (44%) and debt management (41%); however, many also learned about topics such as budgeting (40%) and achieving savings goals (37%). For older Canadians, there is an increasing concentration on learning about retirement planning until about age 65. In fact, 53% of individuals aged 55 to 64 who took steps to increase their financial knowledge focused on material related to retirement planning.

Figure 29: Self-reported improvements in financial knowledge for Canadians who participated in financial learning, by type of outcome

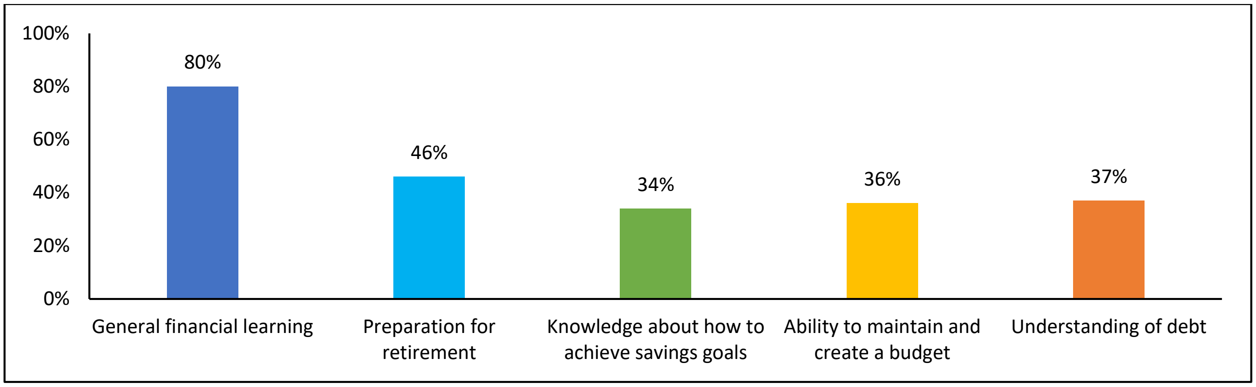
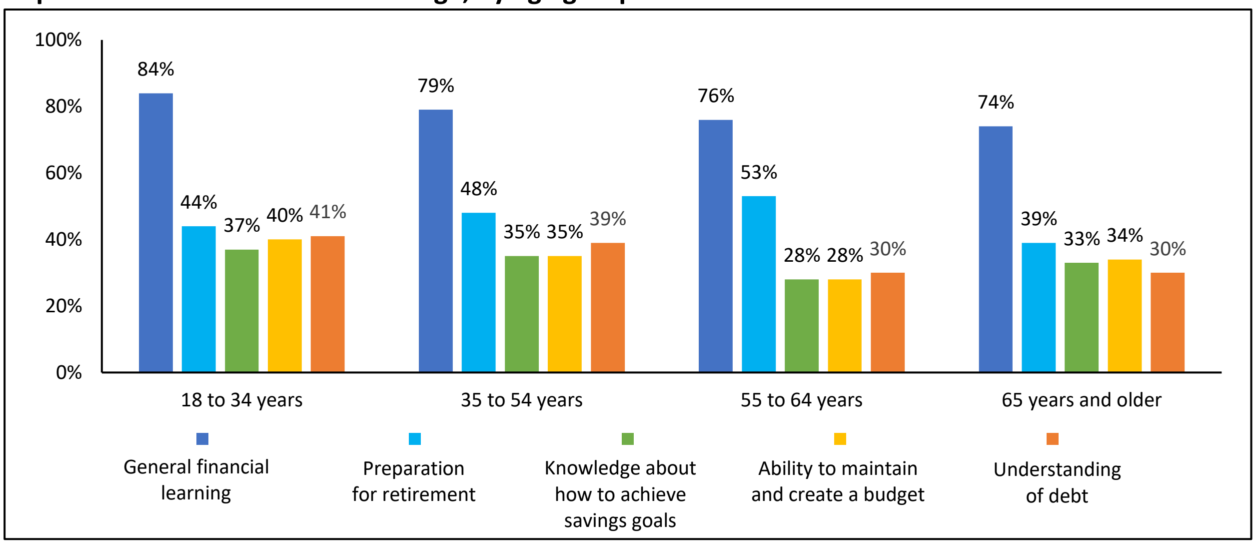


Figure 30: Percentage of Canadians who engaged in financial learning and their self-assessed improvements in financial knowledge, by age group



Tools and resources

- FCAC provides a wide range of online tools for financial learning. One is Your Financial Toolkit, a comprehensive program that provides basic information and tools to help adults manage their personal finances and gain the confidence they need to make better financial decisions. This program also includes information tailored to subjects such as retirement planning, tax planning, insurance and estate planning. As well, for those seeking information on how to better prepare for or deal with specific life situations, FCAC has developed life events and your money.

VI. Estate planning, powers of attorney, credit reports, financial fraud and scams

This last section looks at Canadians' plans as they relate to estate planning and powers of attorney. It is important to note that some experts suggest reviewing your estate plan every 3 to 5 years or when there is a major change in your life circumstances. However, many Canadians do not appear to have up-to-date wills or powers of attorney. This section also explores Canadians' experiences with financial fraud and scams over the past 2 years.

Highlights

- Half of all Canadians (55%) have wills, including the overwhelming majority (92%) of those aged 65 and older. For younger Canadians, it seems the challenge is creating a will in the first place; only 22% of those under age 35 have one. This is especially important for those with children or other financial dependents. For Canadians aged 65 and older, the bigger challenge may be ensuring that their wills and estate plans are up to date. Half (53%) have not updated their wills within the last 5 years.
- About 40% of Canadians have powers of attorney drawn up. Similar to having a will, the likelihood of having a power of attorney increases with age: about 7 in 10 Canadians aged 65 and older (68%) have designated a power of attorney versus only 19% of those aged 18 to 34. Again, a challenge for all Canadians is to ensure that their powers of attorney reflect their current wishes; three quarters (75%) of Canadians have not updated their powers of attorney in the last 5 years.
- While all Canadians are at risk of falling victim to a financial fraud or scam, consumers who are aware of the risks can better protect themselves. Thirty-eight percent of Canadians say they requested a credit report from Equifax Canada or TransUnion of Canada in the past 5 years; 22% had done so within the past 12 months. Those who checked more recently are more likely to consider themselves to have a bad or very bad credit rating (11% vs. only 3% of those who last checked their credit report more than 10 years ago). Half of Canadians (48%) say they have never requested a credit report from Equifax Canada or TransUnion of Canada. In general, this is often the case for those who believe their credit rating is either good or very good.
- Further, more than 1 in 5 Canadians (22%) say they were a victim of a financial fraud or scam in the last 2 years. This figure was similar across all age groups. The most common form of fraud was the unauthorized use of a bank account or credit card, reported by 18% of Canadians. Other fraud or scams involved providing information by email or phone in response to a request that was later found not to be genuine (4%) or investing in a financial product that turned out to be worthless, such as a pyramid or Ponzi scheme (3%).

Estate planning and powers of attorney

Estate planning is an aspect of financial planning that can have an impact beyond your own lifetime. Having an up-to-date will is an important part of a financial plan to ensure your financial assets and debts are dealt with appropriately and in accordance with your wishes after death.

Half of all Canadians (55%) have wills. For Canadians under age 35, it seems the challenge is creating a will in the first place; only 22% have one. This is especially important for those with children or other financial dependents. On the other hand, the overwhelming majority of Canadian seniors aged 65 and older (92%) have wills. For seniors, the bigger challenge may be ensuring that their wills are up to date. Half (53%) have not updated their wills within the last 5 years. As noted above, it is considered good practice to review your estate plan every 3 to 5 years or when there is a major change in your life circumstances.

Figure 31: Percentage of Canadians with a will and when it was last updated

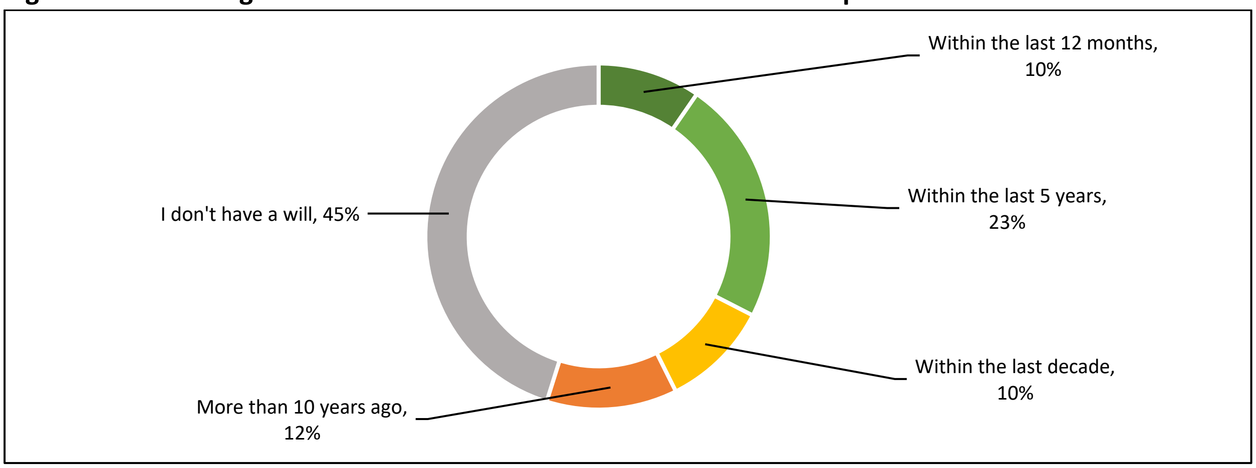
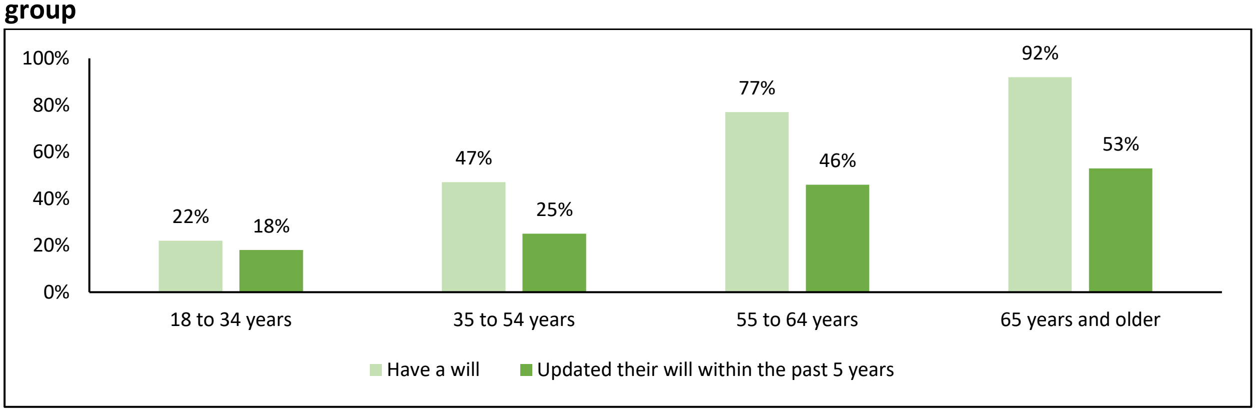


Figure 32: Percentage of Canadians that have a will and have updated it within the past 5 years, by age group



Another important part of estate planning is having an up-to-date power of attorney drawn up. This is a legal document that gives one person the authority to manage another person's money and property on their behalf. The document establishes who will be responsible for you or your property if you are unable to manage on your own, even temporarily. In most parts of Canada, it is also possible to designate powers of attorney to give another person the authority to make health and other non-financial decisions for you. These documents are separate from powers of attorney for finances and property (ESDC, 2013).

The likelihood of having a power of attorney increases with age: about 7 in 10 Canadians aged 65 and older (68%) have powers of attorney designated, compared with only 19% of those aged 18 to 34. Again, a challenge for all Canadians is to ensure that their power of attorney remains up to date. Three quarters of Canadians (75%) have not updated theirs in the last 5 years.

Figure 33: Percentage of Canadians with a power of attorney and when it was last updated

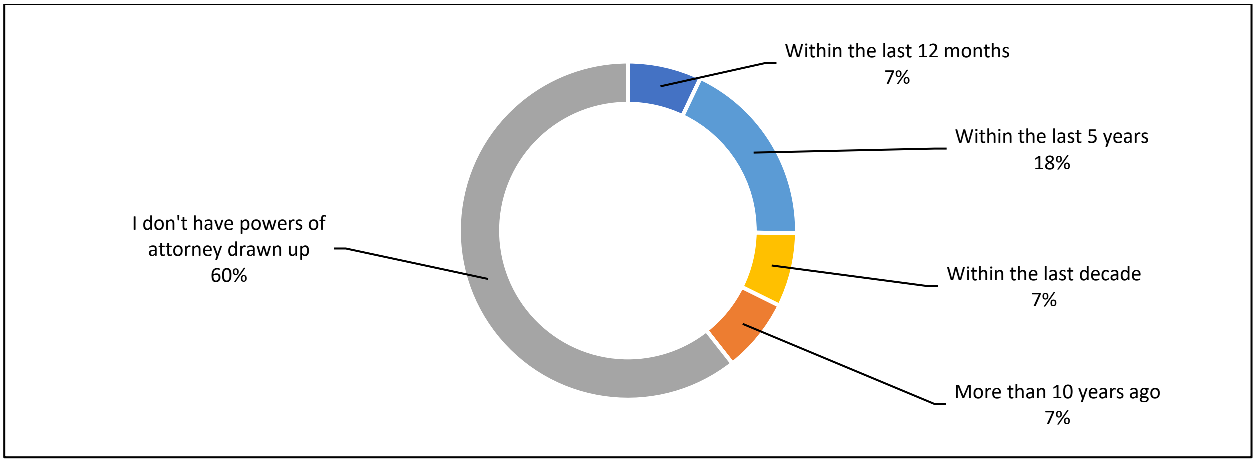
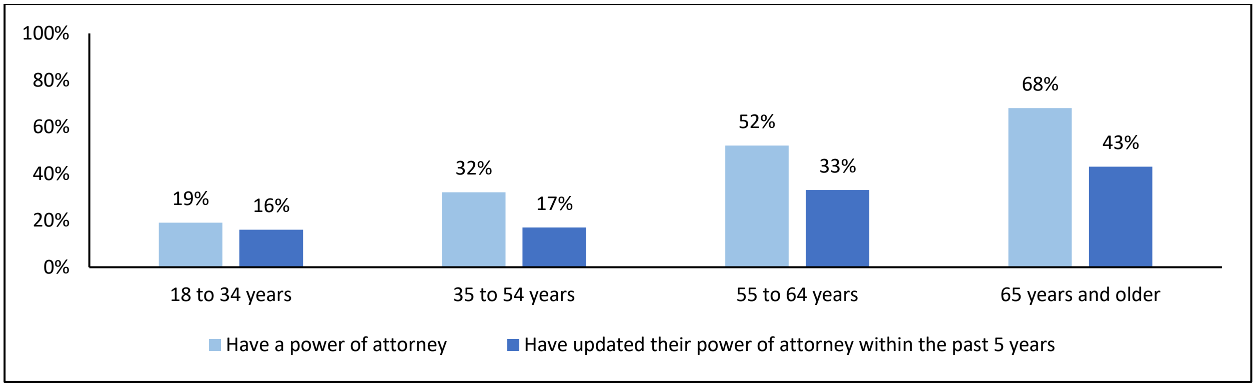


Figure 34: Percentage of Canadians that have a power of attorney and have updated it within the past 5 years, by age group



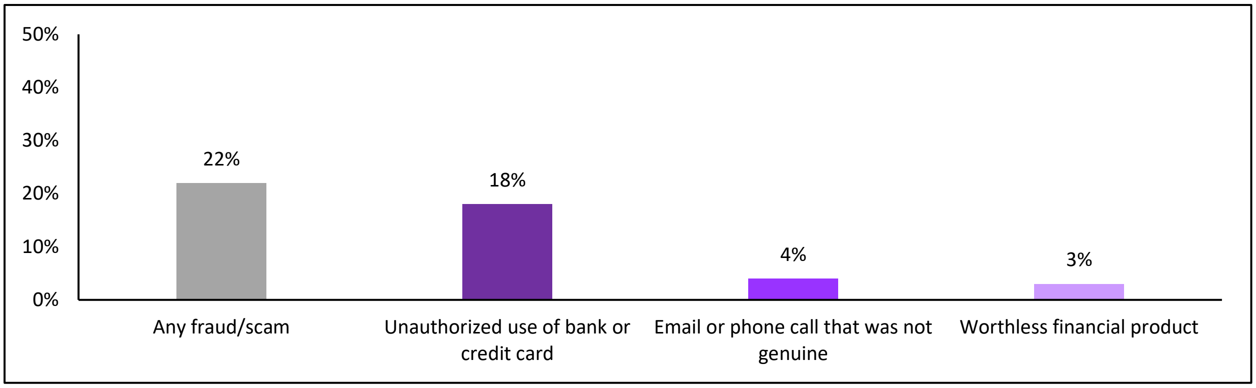
Credit reports and financial fraud and scams

This final section deals with credit reports and the extent to which Canadians are victims of financial fraud or scams. Every Canadian should be alert to these risks and know how to better protect themselves. Financial fraud can occur online or by phone, but also through in-person interactions, such as at shops or even when dealing with friends, family and neighbours.

More than 1 in 5 Canadians (22%) report being a victim of financial fraud or a scam in the last 2 years. This rate was similar across all age groups. These results are similar to those reported by

Chartered Professional Accountants Canada in 2019, which stated that 19% of Canadian survey respondents had been victims of credit card fraud (CPAC, 2019). The most common form of fraud was the unauthorized use of a bank account or credit card, reported by 18% of Canadians. Other fraud or scams involved providing information by email or phone in response to a request that was later found not to be genuine (4%) or investing in a financial product that turned out to be worthless, such as a pyramid or Ponzi scheme (3%).

Figure 35: Percentage of Canadians experiencing financial fraud or scams within the past 2 years



Requesting a credit report is one means consumers can use to verify that their financial affairs are in order. It enables them to track their credit usage and history, which can affect their ability to obtain a loan as well as the interest rate offered. A credit report also enables consumers to check whether their financial information is correct and can indicate if they have been the victim of identity fraud.

A credit score is a 3-digit number that is calculated using a mathematical formula based on the information in the credit report. You get points for actions that show you use credit responsibly, and lose points for actions that show you have difficulty managing credit (FCAC, 2016b). Credit scores fall within a range of 300 to 900, with average scores ranging around 650 to 725. Overall, about 59% of Canadians said that their credit score rating is above average (good or very good), while about 7% said their credit score is below average (bad or very bad).

Given that a credit report can have an impact on access to products and financial services, it is a good idea for financial consumers to regularly check their credit reports for errors. Thirty-eight percent of Canadians say they requested a credit report from Equifax Canada or TransUnion of Canada in the past 5 years, including 22% who had done so within the past 12 months. Persons who had checked more recently are more likely to consider themselves to have a bad or very bad credit rating (11% vs. only 3% of those who checked their credit report more than 10 years ago). Half of Canadians (48%) had never requested a credit report from Equifax Canada or TransUnion of Canada. Other studies have also find that about half of Canadians have never checked their credit score (BMO, 2015). Individuals who assume their credit rating is above average are less likely to check their score.

Figure 36: Distribution of Canadians self-reported credit score ratings

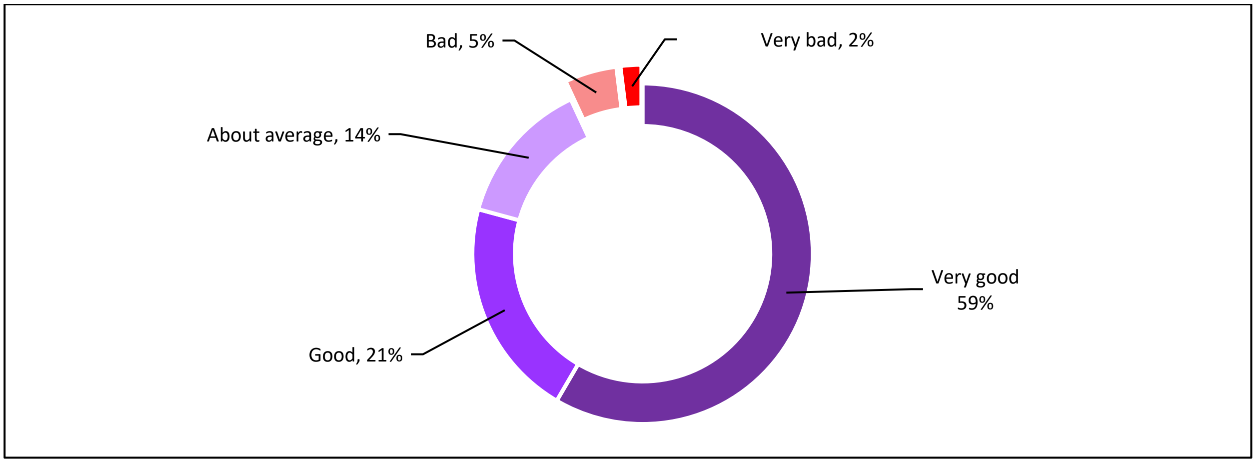


Figure 37: Percentage of Canadians who have requested a credit report and when they have last checked it

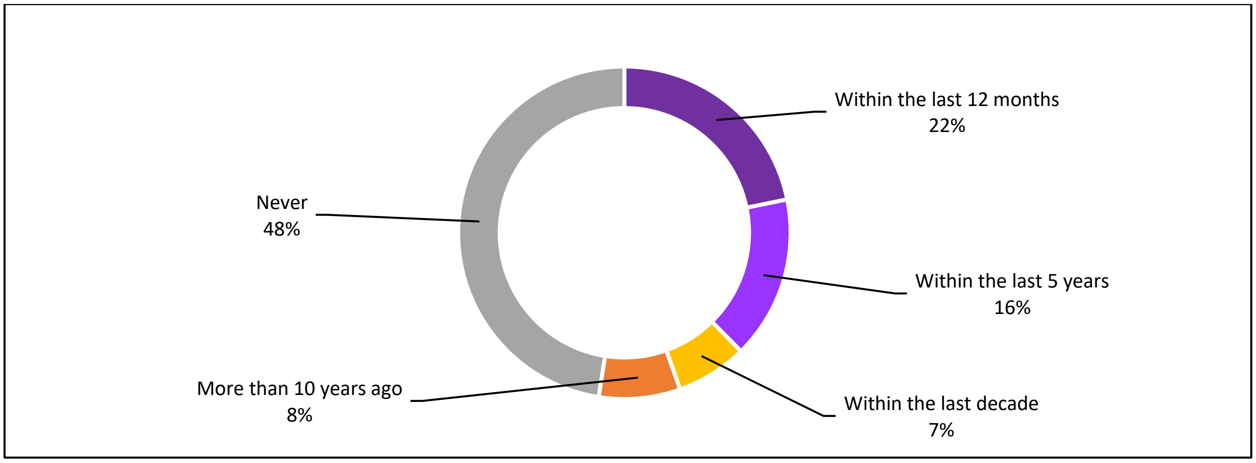
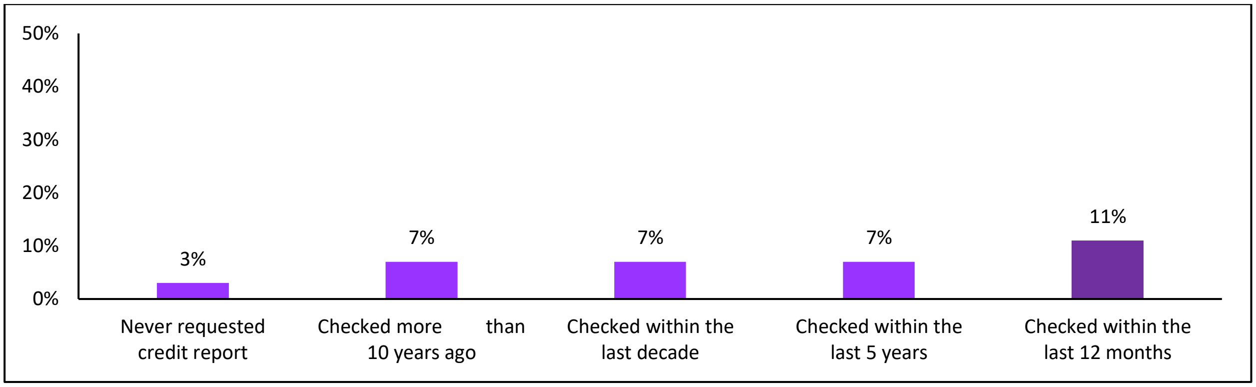


Figure 38: Percentage of Canadians who rate their credit rating as bad or very bad, by timing of latest credit report check



Tools and resources

Wills, powers of attorney and credit reports and scores

- FCAC and other government departments provide a wide range of free online resources to get Canadians started on estate planning and help them to better understand their credit report and scores. For more information on estate planning, see FCAC's website on Estate planning, wills and dealing with death. To learn more about powers of attorney, see What every older Canadian should know about: Powers of attorney (for financial matters and property) and joint bank accounts. Finally, to learn more about improving your credit score, correcting errors, ordering your credit report and more, see Credit reports and scores.

Information on financial fraud and scams

- A recent survey on banking in Canada found that many older adults are not aware of—or do not know where to find—information to protect themselves against financial fraud and scams. This was especially true for those aged 75 and older (FCAC, 2019). To better protect Canadians and ensure they have convenient access to this type of information, the Canadian Bankers Association recently introduced a Code of Conduct for the Delivery of Banking Services to Seniors (Canadian Bankers Association, 2019). Along with a number of other government agencies, FCAC has also developed online resources to help Canadians learn more about financial fraud and scams, ways to minimize the likelihood of fraud, and steps to take if they suspect they have been a victim.

VII. Conclusion

This report provides results from the 2019 Canadian Financial Capability Survey (CFCS). It offers a first look at what Canadians are doing to take charge of their finances by budgeting, planning and saving for the future, and paying down debt. While the findings show that many Canadians are acting to improve their financial literacy and financial well-being, there are also emerging signs of financial stress for some Canadians. For example, about one third of Canadians feel they have too much debt, and a growing number are having trouble making bill, rent/mortgage and other payments on time.

Over the past 5 years, about 4 in 10 Canadians found ways to increase their financial knowledge, skills and confidence. They used a wide range of methods, such as reading books or other printed material on financial issues, using online resources, and pursuing financial education through work, school or community programs. Findings from the survey support evidence that financial literacy, resources and tools are helping Canadians manage their money. For example, those who have a budget have greater financial well-being based on a number of indicators, such as managing cashflow, making bill payments and paying down debt. Further, those with a financial plan to save are more likely to feel better prepared and more confident about their retirement.

The Financial Consumer Agency of Canada, along with a wide range of stakeholders and partners from across the country, provides numerous tools and resources to help Canadians meet these challenges and take charge of their finances.

- **To help Canadians who are facing financial pressures manage their debts and day-to-day finances,** FCAC offers tools that can help them make informed decisions when planning to get a mortgage. For example, the Mortgage Qualifier Tool enables users to calculate a preliminary estimate of the mortgage they could qualify for based on their income and expenses. On top of this, the Mortgage Calculator Tool can help with determining mortgage payment amounts, and provides a mortgage payment schedule. In addition, FCAC also offers content that helps Canadians make a plan to be debt-free.
- **Because budgeting is crucial for many Canadians when it comes to managing their day-to-day finances, keeping up with bill payments and paying down debt**, FCAC launched the Budget Planner in November 2019. This new interactive tool helps time-crunched or overwhelmed Canadians who may be having difficulties getting started with a budget. It integrates behavioural insights to help them build personalized budgets tailored to their unique financial needs and goals.
- **Having a financial plan is an effective way to start saving toward future goals and preparing for unexpected expenses.** Financial stress can affect various aspects of life at home and at work. In response, FCAC created Financial wellness in the workplace to help employees and the self-employed cope with their unique financial challenges. Employers can use these tools to build financial wellness programs tailored to employees' needs.

Canadians can also look to tools such as Your Financial Toolkit, a comprehensive learning program that provides basic information and tools to help adults manage their personal finances and gain the confidence to make better financial decisions. Module 10 of Your Financial Toolkit on how to calculate retirement income as well as the Canadian Retirement Income Calculator provide useful information about government retirement benefits, such as Old Age Security and the Canada Pension Plan. Finally, FCAC offers a number of tools to help Canadians achieve their financial savings goals, such as the Financial Goal Calculator. It is especially important to help Canadians with this facet of their finances given that saving behaviours are strongly related to financial well-being.

- **To help Canadians strengthen their financial literacy through financial advice and education**, FCAC's online learning program called Your Financial Toolkit includes information on subjects such as retirement planning, tax planning, insurance and estate planning. Further, for those seeking information on how to better prepare for or cope with specific life situations, FCAC has developed web content called life events and your money.

- **Finally, to help Canadians get started with estate planning, powers of attorney and credit reports, and to better protect themselves from financial fraud and scams**, FCAC and other government departments provide a wide range of free online resources. These can get Canadians started on estate planning and better understanding their credit reports and scores. For more information on estate planning, see Estate planning, wills and dealing with death on FCAC's website. To learn more about powers of attorney, see What every older Canadian should know about: Powers of attorney and joint bank accounts. Moreover, as noted above, many Canadians, especially those aged 75 and older, are not aware of—or do not know where to find—information on how to protect themselves against financial fraud and scams (FCAC, 2019). Along with a number of other government agencies, FCAC has developed resources to help Canadians learn more about financial fraud and scams, ways to minimize the likelihood of fraud, and steps to take if they suspect they have been a victim of fraud. To learn more about credit scores, correcting errors, ordering a credit report and more, Canadians should read Credit reports and scores.

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