

# Perspectives on Financial Literacy

**Hosted by the Alberta Regional Council**

May 28<sup>th</sup>, 2019

Fairmont Palliser Hotel

Calgary, AB

# Financial Literacy

**Susan Nickerson**

Chair, ACPM Board of Directors

Partner, *Torys LLP*

# Straw Poll

- How many organizations represented in this room provide financial wellness programs to your employees?
- If your organizations do not provide these programs currently, how many are considering it or otherwise think it would be beneficial to the organization to do it?

# Why is ACPM interested in this issue?

- Lack of financial literacy in educational systems
- Financial understanding continues to be a challenge for CAP members (DC plans, Group RRSPs)
- Lack of financial literacy compromises retirement outcomes for seniors
- Improved financial literacy can benefit the retirement income industry

# DEFINITION

Financial literacy is having the **knowledge, skills** and **confidence** to make **responsible financial decisions**.

- **Knowledge** refers to an understanding of personal and broader financial matters;
- **Skills** refer to the ability to apply that financial knowledge in everyday life;
- **Confidence** means having the self-assurance to make important decisions; and
- **Responsible financial decisions** refers to the ability of individuals to use the knowledge, skills and confidence they have gained to make choices appropriate to their own circumstances.

(Definition from the federal Task Force on Financial Literacy)

# 2019 ACPM Financial Literacy White Paper - Purpose

- Provide key principles for improving financial literacy for:
  - Program participants of pension plans and less formal group retirement savings plans
  - Canadians who currently do not participate in a pension plan or group retirement savings programs
- Focus on areas where ACPM can be the most effective and influential (retirement industry, government relations)

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# AIMCo Foundation for Financial Education

Kevin Uebelein

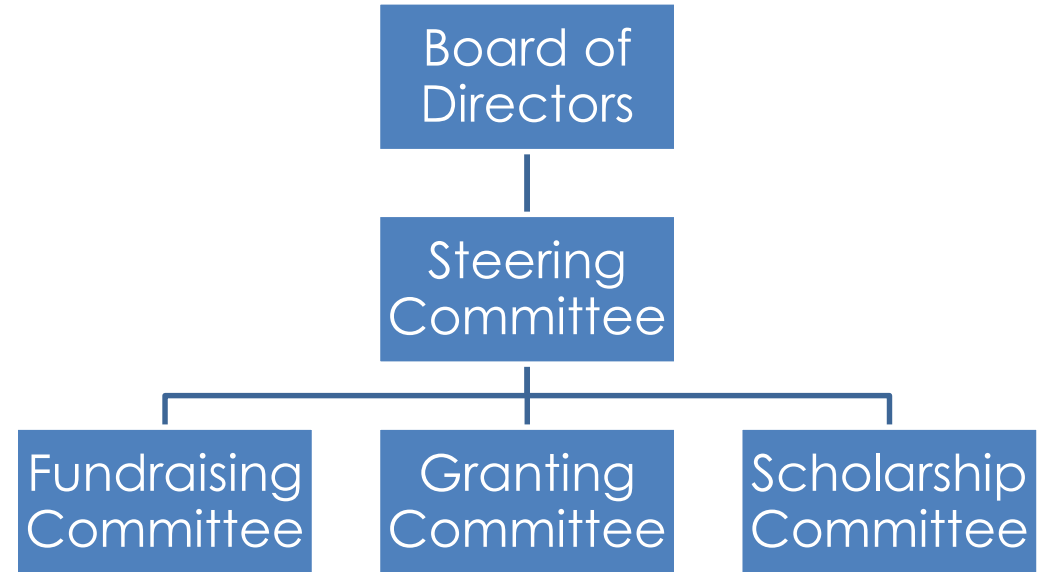
Board Chair

AIMCo Foundation for Financial Education



# Who We Are

- Charitable foundation focused on empowering prosperity through financial education
- Launched in October 2018
- Participation from 40 AIMCo employee volunteers at the board and committee level



# Who We Help

- Grants for non-profit organizations offering financial literacy and empowerment programs and services
  - First granting cycle is in the final stages of completion; second cycle in the fall
- Scholarships for post secondary institutions offering formal education in finance
  - Current scholarships with University of Alberta, University of Calgary, and NAIT



# Empowering Prosperity

- Internal Fundraising Initiatives – \$80,000 raised from AIMCo employees
  - Founders Club
  - Holiday Auction
  - Payroll Donations – one time & recurring
  - Jeans Week
- Corporate Donations



# Financial Literacy in the Workplace

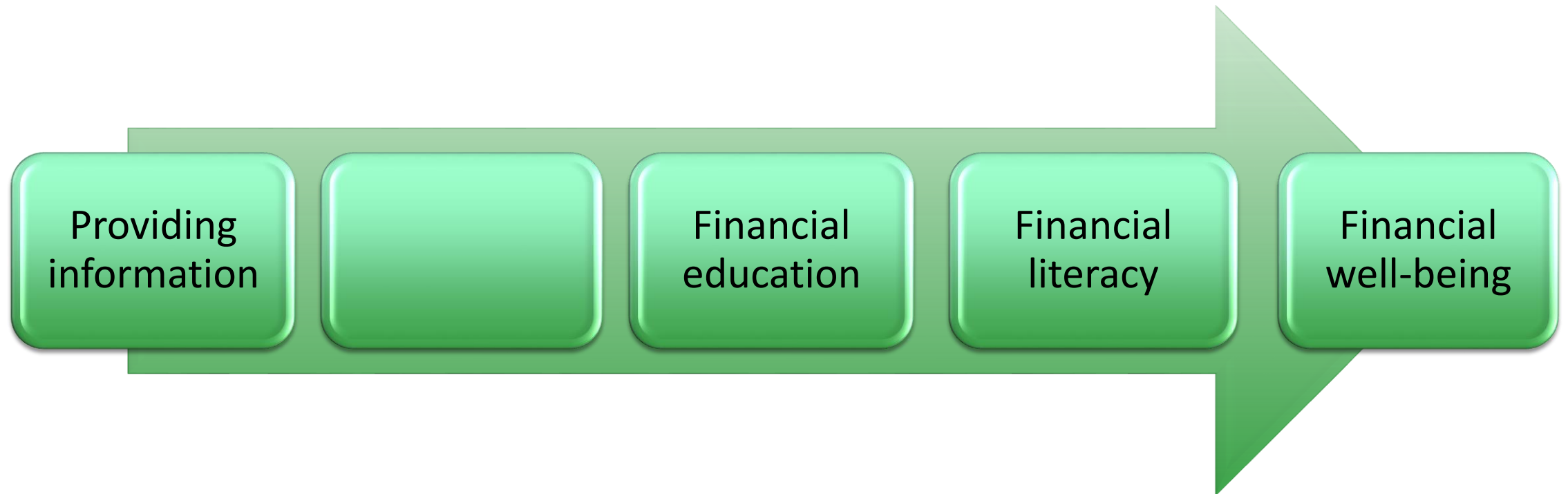
**Karen Hall CFP**

Vice President

Financial Education & Employer Services

T. E. Wealth

# Financial literacy – part of the financial well-being spectrum



# Employee success depends upon...

Behaviors	Abilities	Traits
<ul style="list-style-type: none"> <li>• Living within one’s means</li> </ul>	<ul style="list-style-type: none"> <li>• Knowing where &amp; when to find reliable information to make financial decisions</li> </ul>	<ul style="list-style-type: none"> <li>• Perseverance</li> </ul>
<ul style="list-style-type: none"> <li>• Knowledge-seeking</li> </ul>		<ul style="list-style-type: none"> <li>• Low need to “keep up” with others</li> </ul>
<ul style="list-style-type: none"> <li>• Goal setting &amp; planning</li> </ul>	<ul style="list-style-type: none"> <li>• Knowing how to execute decisions &amp; adjust</li> </ul>	<ul style="list-style-type: none"> <li>• Pro-active planner self-disciplined</li> </ul>
<ul style="list-style-type: none"> <li>• Following through on actions</li> </ul>		<ul style="list-style-type: none"> <li>• Confidence in own abilities to manage outcomes</li> </ul>

Source: Consumer Financial Protection Bureau, Financial Well-Being: the Goal of Financial Education (Jan. 2015).

# Financial literacy (wellness) programs support employees

To plan for today,  
tomorrow and the future



## Characteristics of a quality financial wellness program:

- Covers all aspects of personal finance
- Provides knowledge of core financial concepts
- Encourages both short & long-term goal setting
- Provides worksheets & decision-making tools to create & implement financial plans
- Includes both prevention and problem solving components

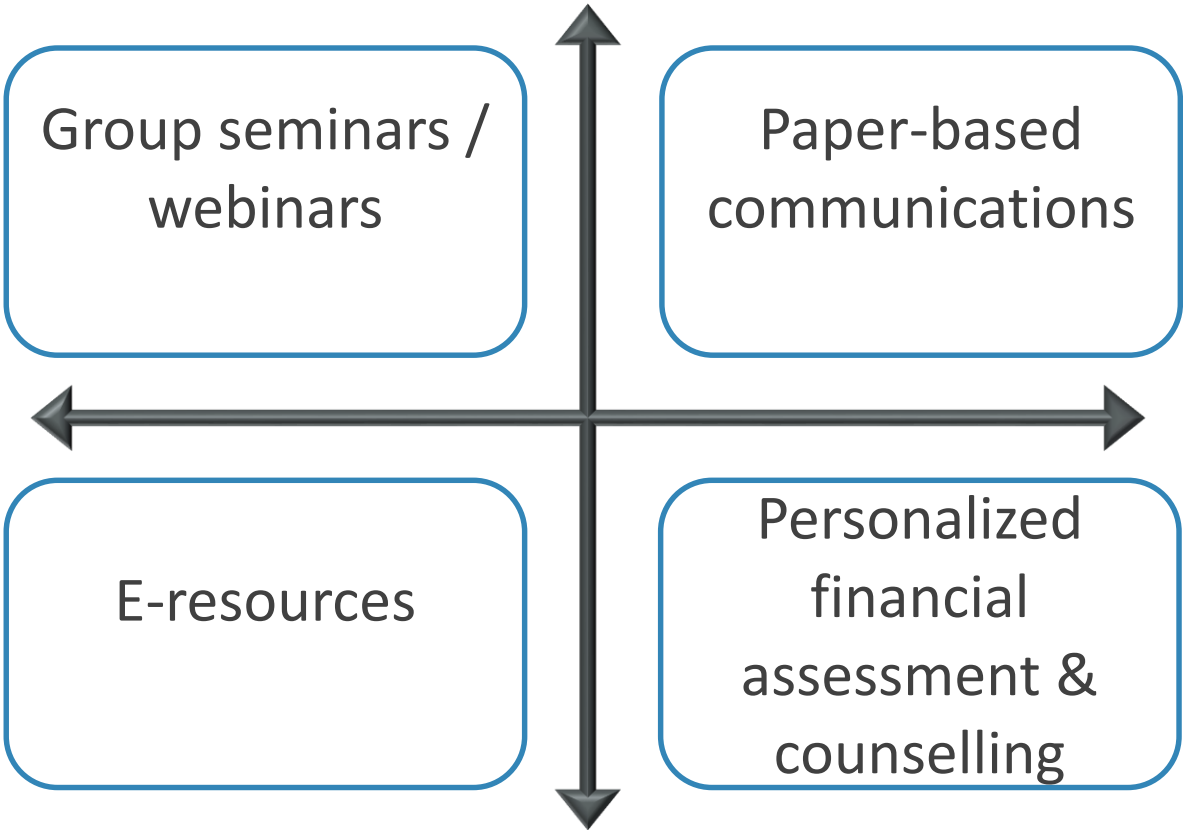
Source: IFEBP: Financial Wellness and Education in the Workplace: Strategies and Best Practices (2016).



# Identify your priorities



# Evaluate the tools & resources in place today



# Examine your employee population



# Assess the implementation challenges



# E-resources are key to self-service delivery



## Implementing a self-service e-platform

- 24/7 access
- Equal access to learning
- Allows users to engage at their own pace
- Problem solving and proactive planning for:
  - Life events as they occur
  - Developing and monitoring a financial/retirement plan

# Employee outcomes can benefit from “opportunities to engage”



## Employers have a vested interest

### Manulife Financial Wellness Index 2016

- 49% of the financially unwell say they feel distracted at work due to money-related issues.
- Financially unprepared employees are 16% less likely to say they are productive on the job.
- Only 11% of the financially unwell feel protected in case of unplanned events.

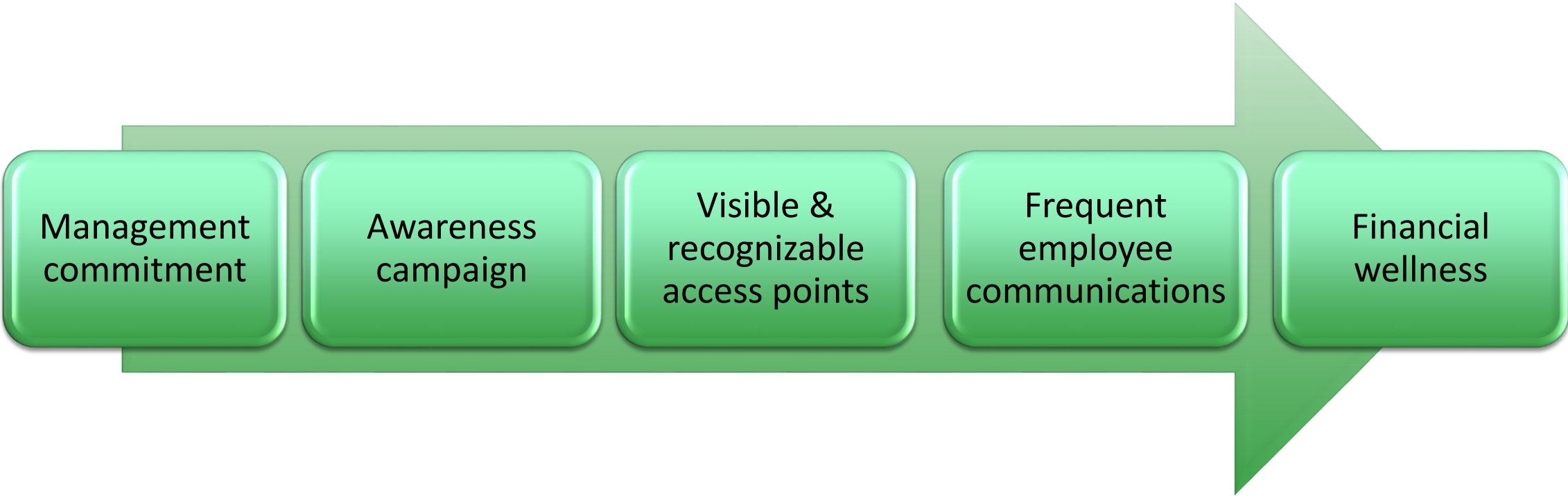


## Employer programs make a difference

### Manulife Financial Wellness Index 2016

- Canadians with a group retirement plan are almost 2X more likely to be retirement ready and financially well.
- Canadians with a group benefits plan – including health, wellness, life and disability – are almost 2X more likely to be financially well.

# Design a program that suits your organization's culture and workforce



## Key takeaways

- Don't expect to sit back and get results
- Financial wellness in the workplace requires an ongoing commitment
- Results will occur over time – not next week
- Leadership buy-in is essential
- Appropriately designed programs are a win-win
- Define success from the employee and employer perspective

# Questions?



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**SEPTEMBER 10–12, 2019**

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