

Welcome!

- Thank you for joining the webinar on **Building household financial security during COVID-19 and beyond** hosted by Prosper Canada.
- The presentation will begin shortly. (Audio will begin when the presentation starts)

Technology Details:

- For technical assistance, please call GoToWebinar support line **1-855-352-9002**.
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Webinar logistics

- **Audience members have all been put on “mute”** for this webinar
- Please **share any questions you have using the “Question box”** (located in the control panel at the right side of your screen).
- You’ll find a few **handouts** you can download and refer to during the presentation (located in the control panel at the right side of your screen)
- **We will share webinar slides with all participants and post a recording** of the session within a few days.



Land acknowledgement

Prosper Canada – Who we are

Founded in 1986, Prosper Canada is a national charity dedicated to expanding economic opportunity for Canadians living in poverty through program and policy innovation.

As **Canada's leading champion of financial empowerment**, we work with governments, businesses and groups to develop and promote financial policies, programs and resources that transform lives and foster the prosperity of all Canadians.

We help service systems and organizations in all sectors to build proven financial empowerment approaches into their businesses in ways that:

- Are **sustainable**
- Help them **achieve their goals**
- Tangibly **increase the financial well-being of the low-income people** they serve.



Today's presentation (1:00-2:00 ET)

- 1. Welcome and introduction**
- 2. Post-COVID financial vulnerability**
 - BCG Social Impact Ambassador program
- 3. Q&A**
 - With Liz Mulholland, CEO, Prosper Canada

1. Introductions: Our panel



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We'd love to hear from you

What part of the country are you working in?

What part of the field do you work in?

What type of service do you offer?

Acknowledgements



The research in this presentation was made possible by the **Boston Consulting Group (BCG)** and **Common Good Strategies**.

Under the leadership of **Steve Ayer**, of Common Good Strategies, a *pro bono* team of skilled interns generously provided by BCG undertook to assess:

- The impact of COVID-19 on the financial lives of Canadian households
- How other countries are responding
- How Canada can help households to rebuild their financial health and participate fully in our economic recovery



Rebuilding financial stability, security and resilience for a strong recovery



Why the Canadian government should invest in financial help services now



COVID-19 is threatening the financial wellbeing of many Canadian households



Tactics and programs households are using to make ends meet are not sustainable for long-term recovery



Record number of households will face insolvency as they transition off CERB and debt/mortgage/rent deferrals end



Proven financial help services can increase financial wellbeing of vulnerable populations



Other countries are investing in financial help services as a key component of their economic recovery plans

Investment in financial help services is critical to Canada's economic recovery and building resilience against future economic shocks

Over 1.8M Canadians are still facing unemployment or reduced hours due to the COVID-19 pandemic (Canada Labour Force Survey)

1.1
Million



0.8
Million



1.8
Million

Canadians have **lost their job** due to the economic shut down necessitated by COVID-19 – a **5.7% decline** in employment since February

Canadians have lost **50%** or more of their normal **hours worked**

Canadians have experienced a **significant decline in their incomes** since February with low wage workers most severely impacted⁷

Unemployment expected to remain above pre-COVID levels through 2021

Economic outlook

*“The worst is behind us,
but recovery will be
gradual and uneven”*

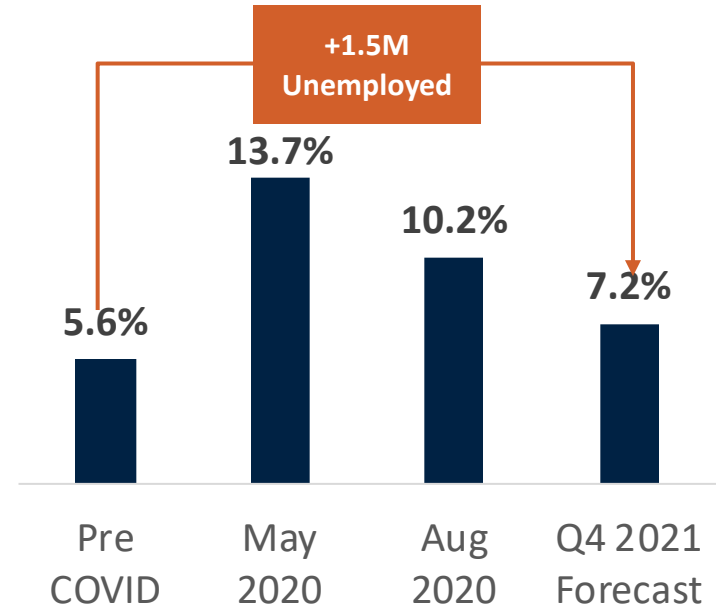
Economic and Fiscal Snapshot 2020



Government
of Canada

Unemployment rate forecast

Economic and Fiscal Snapshot, 2020⁸



Households are cobbling together income support, debt/rent deferral and savings to make ends meet



Income Support

8.8M Canadians had received CERB as of Sep 2020⁹



Payment Deferrals

At the end of August, **2.6M** Canadians had at least one active debt deferral^{14B}



Personal Savings

Nearly **30%** of impacted workers are using their TFSA/RRSP to make ends meet¹⁵

Meet Clara and James – members of two groups most financially impacted by COVID-19*



James

21 years old

James used to work at a café, **earning \$15/hour**, but the café shut down due to COVID-19.

He is **relying on CERB**, which **replaced his income entirely**, to pay his rent and pay for food.

James has had no luck finding a new job in the service industry. He worries about what will happen once CERB ends, as he **only has enough savings to last him two months**. If he does not find a job soon, he will likely be evicted by the end of the year.



Clara

38 years old

Clara lost her **\$50k/year** dental hygienist job. CERB has helped, but only replaced part of her income, so she has been **drawing on her savings**. Clara has two children, aged 8 and 10.

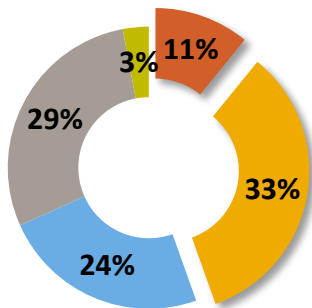
Three years ago, she bought her first condo with a large down payment. She normally spends half her salary on her mortgage but **has deferred mortgage payments** to manage her cashflow. It's been extremely hard though to **balance job hunting and full-time childcare**.

With rapidly dwindling savings, a big mortgage, and uncertain job prospects, Clara is anxious for what will happen when payments resume.

*fictional personas

Loss of employment and reliance on savings and government benefits is creating growing financial stress for many Canadian households

Impact of Covid-19 on financial Stress (2020)¹⁷



■ Significantly impacted ■ Somewhat impacted
■ Not impacted very much ■ Not impacted



- **30%** of people on CERB report being in “bad” or “terrible” shape financially¹⁸
- **45%+** reported Covid-19 has caused financial stress
- **211 Ontario** calls seeking mental support have increased dramatically¹⁹

Increasing financial stress has important spillover effects on families, workplaces, and demand for public services

Proportion of respondents who faced other life issues as a result of financial stress:¹⁷



“

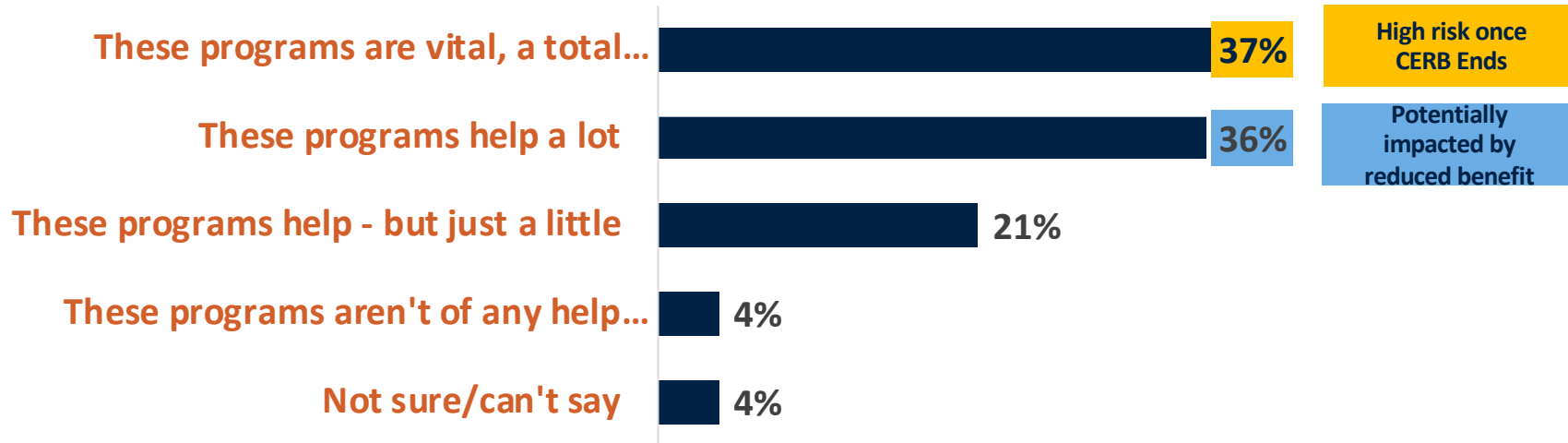
Money, health, relationships and work are deeply interconnected; stress in any one of those domains can compound problems in the others. It's important to pivot and focus on actions that will restore financial well-being

-Moirá Somers, Ph.D., C.Psych¹⁷

”

Many people consider CERB “a total lifeline” and will face significant financial risk if benefits end or are reduced before employment returns

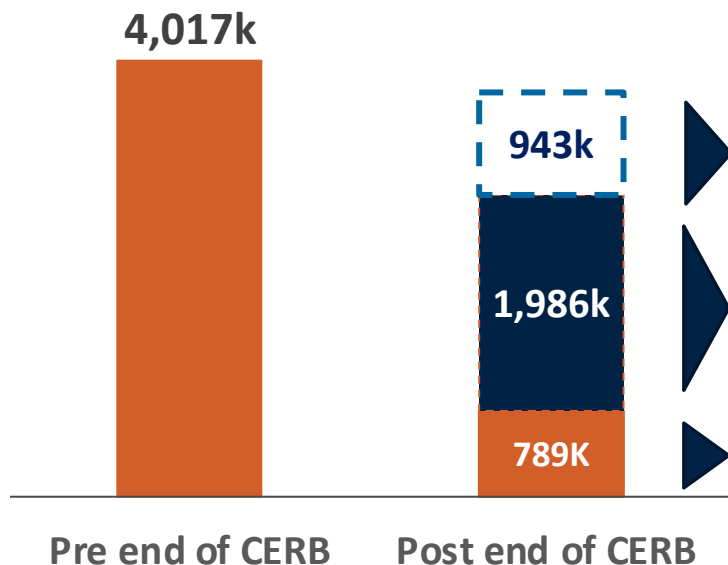
Which statement best describes the impact (of CERB) on you and your household during this economic downturn - % of those laid off/lost hours and applied¹⁶



Source: Angus Reid Institute, end of July 2020

943K CERB recipients saw benefits reduced or cut entirely with the end of CERB on Sept 27th

% of workers who lost jobs/income and receiving federal support⁴³



943K people will see reduced support after CERB ends

- **776K** people will be cutoff from federal support (\$0 support)
- **167K** will receive reduced support (\$1 to \$499)

1.99M people will receive the same amount under the new system

- This will be the same amount they receive currently

789K people will receive benefits greater than CERB

- EI payments (% of previous income) > \$500/week up to \$572/week

The government announced three new benefits programs as part of transition away from CERB, plus changes to EI. Most people will transition from CERB to EI as part of the changes. Status of approx. 300K CERB recipients still uncertain as of Sep 27th

Low-wage, part-time workers who have not seen their hours recover are most likely to be losing government benefits

Many CERB recipients will receive no federal support as the program wraps up

776,000

Canadians will be receiving no federal support under the new system

Low-wage and part-time are most likely to see their benefits reduced to nothing as CERB ends

65,000 will lose support because their income is greater than \$38,000

Most of the reduction is for **low-wage, part-time workers** who have partially returned to work, but **make less than \$1,000 a month**

Almost **40% (292K)** are in Toronto (**141K**), Montreal (**78K**), and Vancouver (**73K**)

As part of the Throne Speech, the government announced an increase in the EI and Canada Recovery Benefit floor from \$400 to \$500. This prevents an additional **1.8 million** Canadians from seeing their benefits reduced.

The financial impacts of COVID-19 will soon extend to housing as well, with mortgage arrears expected to increase once payment deferral programs end



Over **510,000** mortgages, worth over **\$130 billion**, were on deferral as of July 31st, 2020 at the big 6 banks alone²¹



By the second half of 2021, mortgage arrears could **double** those of the 2008 financial crisis²²

Unmet housing debt obligations can lead to:



20x higher incidence of “serious psychological distress”²³



Interruption with employment²⁴



Difficulties for children²⁴



Higher risk of homelessness²⁵

The rental market will also be affected as many households behind on rent will be unable to fully make-up payments once eviction bans are lifted



Canadians save **\$852/yr.**
on average ²⁶



Households paying 50% of
rent through pandemic will
likely have to pay **\$3,000+**
to avoid eviction²⁷



7% of renters
behind on rent payments in May²⁸
(**7x** normal rate)

6,000+
Eviction applications in Ontario
as of end of July²⁹

“Those of us who work in the eviction prevention sector are deeply concerned that when the floodgates open, there will be a tsunami of evictions”

- Alyssa Brierley, Executive Director Centre for Equality Rights in Accommodation (CERA)

Savings are running out and payment deferrals are ending, leaving growing number of households concerned about their ability to pay bills

Many impacted households forced to dip into savings during pandemic

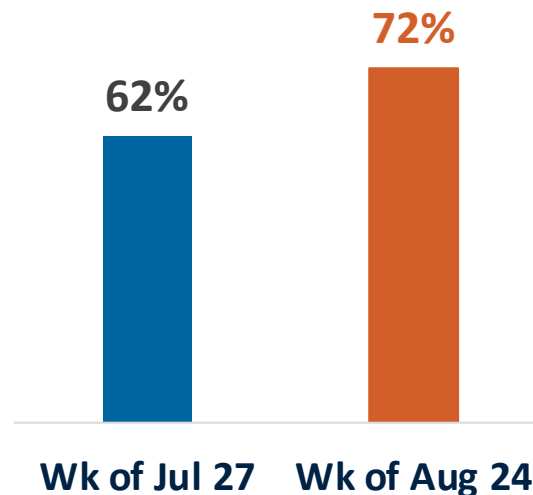
28%

of negatively impacted households using TFSA or RRSP to make ends meet¹⁵

TransUnion[®] 

Data collected week of Aug 24, 2020

Rising % of impacted households concerned about paying bills and loans





Role of financial help services in our recovery

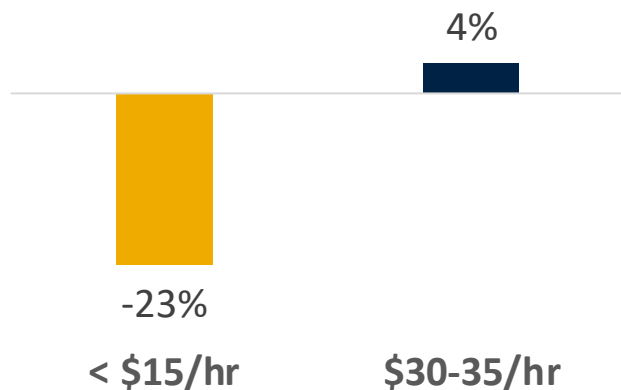
Low income Canadians are bearing the economic brunt of COVID, but have the least financial support



COVID-19 has disproportionately impacted low wage workers (\$20/hour or less)

Employment impact by wage rate

COVID-19 impact on aggregate hours worked (% change)



% change in seasonally adjusted actual hours worked (Feb to Aug) by usual hourly earnings. Source: Aug 2020 LFS⁷

COVID-19 impact on low-income Canadians

Low-income Canadians are more likely to...



Work in high risk, low wage, essential jobs



Face difficulty physically distancing at home or work

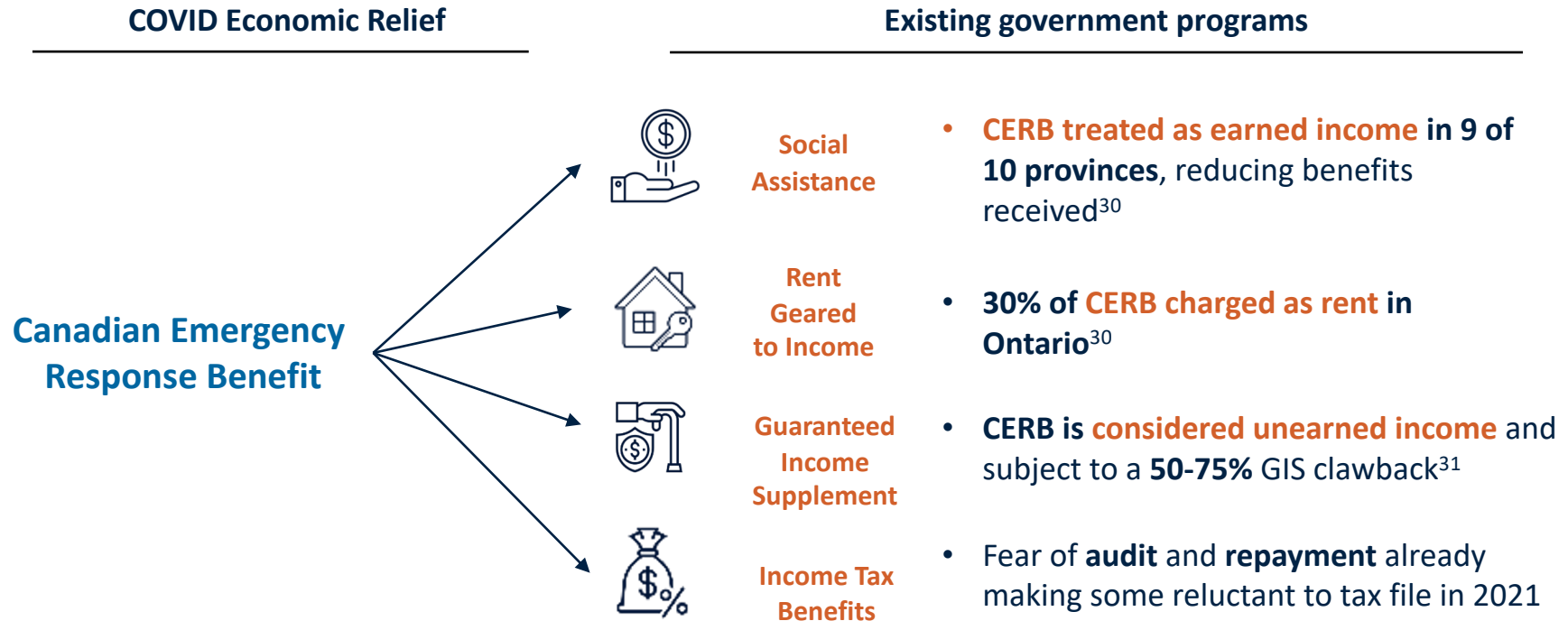


Have underlying health conditions



Rely on community services that have shut down

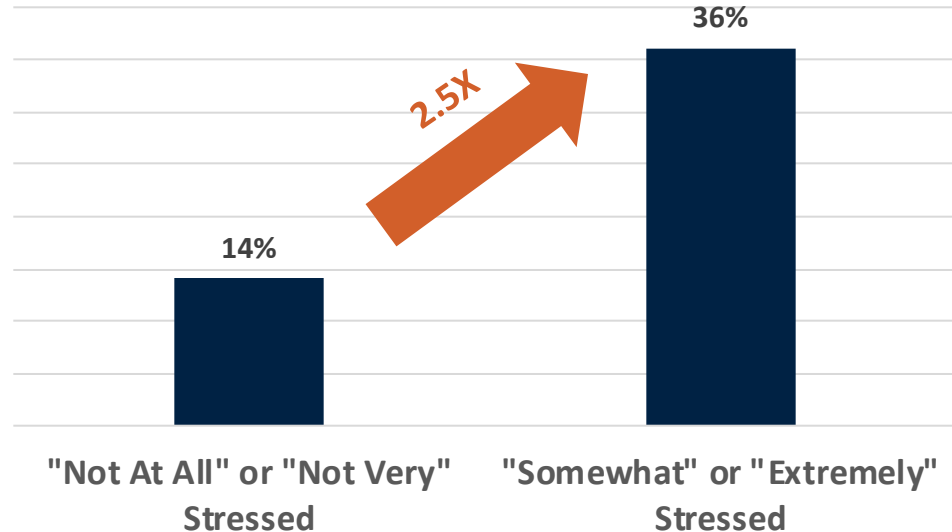
Vulnerable populations are facing complex financial decisions, including planning for the impact of COVID benefits on other assistance programs



Many financially vulnerable Canadians struggle to access support they need



% Respondents who “experienced any difficulties accessing financial support” by level of financial stress (2019)³²



Public financial help services help remove barriers and provide skilled, impartial advice to those who need it most



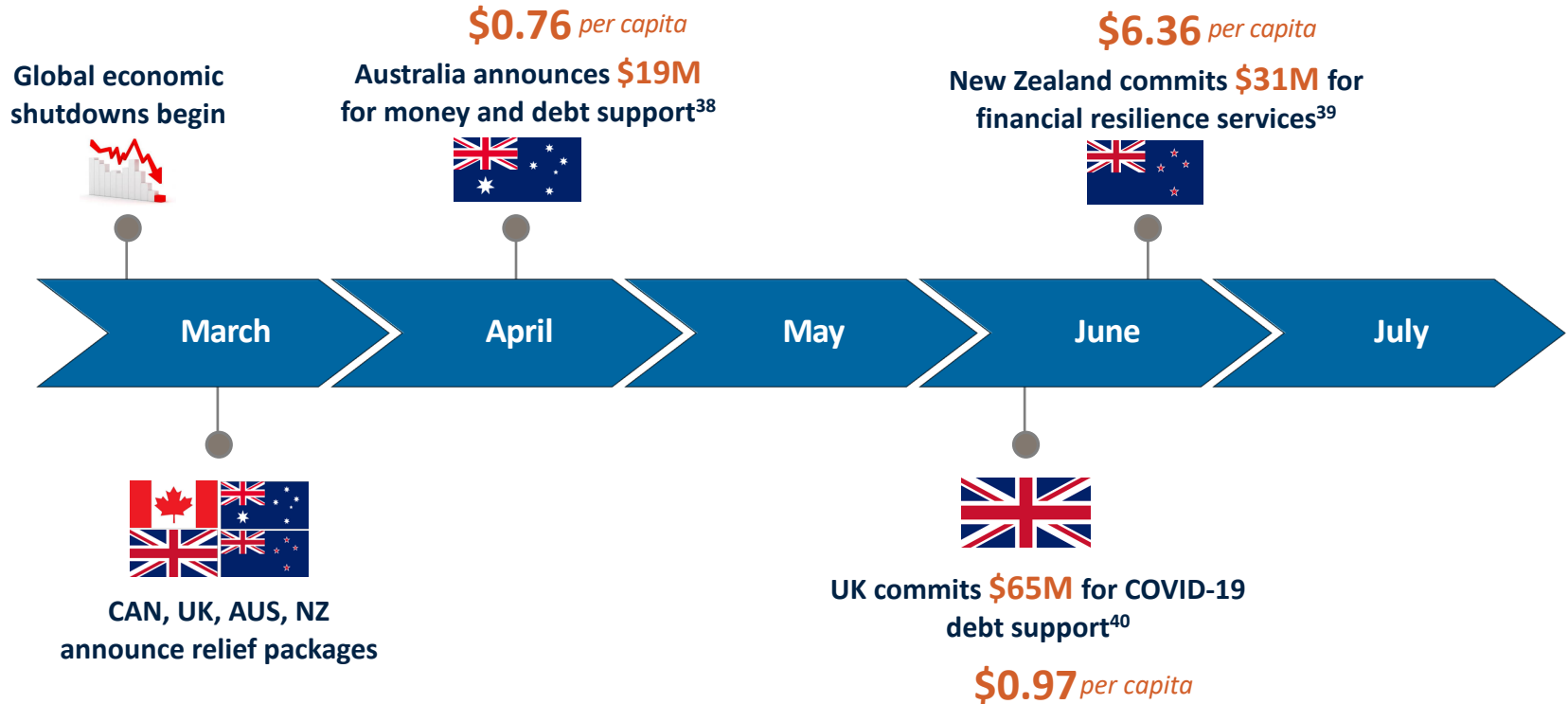
For example:

Tax filing: Primary means of establishing eligibility for and accessing most income benefits

Benefit navigation: Access to income benefits and financial relief for which individuals are eligible

Financial counselling: One-on-one advice to help Canadians adjust to reduced income and develop long-term financial stability

UK, Australia, and New Zealand have all invested in financial help services



Canada has responded swiftly amid COVID-19, but has yet to commit to long-term strategies to enhance and sustain Canadians' financial wellbeing

| COVID-19 response | Canada | UK | Australia | NZ |
|--|---------------|-----------|------------------|-----------|
| Emergency income support for individuals | ✓ | ✓ | ✓ | ✓ |
| Funding for not-for-profit organizations that deliver essential services | ✓ | ✓ | ✓ | ✓ |
| Investment specifically allocated towards enhancing financial help services | X | ✓ | ✓ | ✓ |
| Long-term efforts | Canada | UK | Australia | NZ |
| National financial wellbeing strategy | ✓ | ✓ | ✓ | ✓ |
| National program for monitoring and reporting household financial health | X | ✓ | ✓ | ✓ |
| Dedicated governmental department for funding and supporting financial wellbeing efforts | X | ✓ | ✓ | ✓ |

Governments can play a key role in facilitating planning and coordination of cross-sectors to build the financial wellbeing...



... but investment is equally critical

The following actions should be an integral part of any comprehensive, national financial wellbeing strategy



Create a national program to **monitor and report** regularly on the financial inclusion and health of Canadian households



Establish a national **Household Financial Stability and Wellbeing Research Program** to conduct targeted investigations into the financial challenges of Canadian households and effective solutions



Expand **Financial Consumer Agency of Canada role and resources to include financial empowerment** of low-income and other vulnerable people



Integrate financial empowerment into existing federal poverty reduction and social development strategies and programs



Invest in **sustainable delivery of community financial empowerment supports** needed to enable vulnerable Canadians to achieve full financial inclusion

What Prosper Canada is doing

The need for investment in financial empowerment (FE) help services is critical

We are focusing on the following areas:

- **Media outreach:** Raising awareness of the need for investment in FE help services through media outreach activities
- **Advocacy:** Engaging federal ministers and decision makers to promote investment in FE help services
- **Community support:** Equipping community partners with key messages to support advocacy and awareness building efforts.

What you can do to support our efforts



Follow us on social media and share our call to action messages to amplify our voice




Email your local Member of Parliament

Questions?



Thank you for joining us!

- **We will be sending you an email soon with:**
 - Slides from today's webinar
 - Link to webinar recording
 - Link to post webinar survey
- **We will also post the recorded webinar on our Learning Hub:**
- <https://learninghub.prospercanada.org/webinars/>


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Who is the Hub for?


This Hub is for practitioners, policy-makers, funders, and advocates working to advance the field of financial empowerment.



This online tool will help newcomers to Canada successfully manage their money

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1 2 3 4



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Appendix

Notes (1)

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