

How financial empowerment services are helping Ontarians build financial health

Insights from the Ontario Financial Empowerment Champions Project and the Financial Empowerment and Problem Solving Project



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Ontarians with low/moderate incomes are under growing financial stress

The pandemic caught many Canadians unprepared and has increased financial stress for many households, with those earning under \$40,000/year the most severely impacted¹ and a higher proportion of Ontarians than other Canadians reporting that key aspects of their financial health have worsened since the onset of COVID-19.²

While individuals with financial resources can purchase professional financial help, those with low incomes have few places they can turn for expert, hands-on help when urgent financial problems hit or they need help to build their money management skills, access income benefits, tackle debt, and find ways to save for emergencies and longer-term goals. Mainstream financial products and services are typically tailored for

middle- and higher-income Canadians, while government and non-profit service providers often lack the mandate, funding, and training to help lower-income clients with their financial problems.

Ontarians with low/moderate incomes are having trouble getting the financial help they need to weather this crisis.

A third-party evaluation of our financial empowerment pilots and other survey data indicate both a need for community financial help services and a dearth of affordable alternatives for Ontarians with low to moderate incomes.

Those earning under \$40,000/year the most severely impacted



Community financial help services are a cost-effective response

In 2016, Prosper Canada partnered with the Ontario government and nine non-profit organizations to pilot delivery of community financial help services for low-income Ontarians over four years

(Apr 1, 2017 – Mar 31, 2021). Services included financial education, tax filing and benefit assistance, financial coaching and problem-solving, and basic banking support and help opening RESPs.

The Ontario Financial Empowerment Champions (Ontario FEC) and Financial Empowerment and Problem Solving (FEPS) projects were delivered by the following organizations and their local partners:





Maria's story

A knowledgeable worker and the right supports can change lives

Arriving at an income tax clinic emotionally distressed, Maria* was immediately connected with a Financial Empowerment Counsellor for urgent support to deal with her crisis.

Maria had almost completely exhausted her retirement savings. She had also incurred over \$10,000 in credit card debt, as she suffered from post-traumatic stress disorder and several chronic health conditions that made it hard for her to maintain steady employment.

Maria had tried to apply for the Ontario Disability Support Program in the past but was denied due to asset limits. She was never informed about the other income

support options available to her by the social service and health professionals assisting her.

Her Financial Empowerment Counsellor explained that she was likely eligible for the Canada Pension Plan – Disability benefit (CPP-D), outlined the application process, advocated with her medical doctor for accurate completion of medical forms, and helped Maria to complete the self-report forms. Maria described completing the forms as an “extremely emotionally triggering process” as they involved having to detail all of the ways her life had changed since the onset of her disabilities.

Maria was approved for CPP-D and now has a stable source of income. She also received just over \$14,000 in retroactive payments that she used to reduce her debt. Now that Maria has regained financial stability, she and her Financial Empowerment Counsellor are working on her Disability Tax Credit application with the goal of opening a Registered Disability Savings Plan and building her longer-term financial security.

*Name has been changed to protect client's identity.



Together, participating Ontario FEC and FEPS organizations and their local partners helped 120,834 low- and moderate-income Ontarians to build their financial capability and health³:

The average cost to the Ontario government was \$62/person⁵ and \$52/person⁶ to deliver the FEC and FEPS projects respectively. In four years, these programs helped people build their financial capability, resolve financial crises, tackle problem debt, save, and take other steps to build financial stability and security for themselves and their families.

120,834
low- and moderate-income
Ontarians helped



Enabling **87,397** individuals to access **\$470 million** in additional income through tax filing and benefit assistance⁴



Providing one-on-one financial coaching or problem solving to **23,078** unique Ontarians



Delivering financial education to **13,809** individuals



Helping low-income families open RESPs for **1,521** children



Training **3,670** community service providers to provide financial education, supports and/or referrals



Mobilizing **2,484** tax clinic volunteers



Roger's story

Financial counselling supports overall health and well-being

Roger* had worked as an IT professional throughout his career, earning a decent salary. After he suffered a medical episode in 2017, however, he was unable to continue working full-time and consequently saw a 75 per cent drop in his income. In 2019, he completely lost his remaining employment and was reduced to living off his life savings.

Roger learned that, to access financial assistance for the medical equipment he needed, he would have to bring his taxes up to date. As he had not tax filed for some time though, he was sure that he was “in big trouble with the government” and very concerned that there would be financial consequences if he filed his taxes. During his initial call with his Financial Empowerment and Problem-Solving (FEPS) worker, he nervously asked, “What if Canada Revenue Agency decides to

freeze my bank account and seize all my assets because I haven't filed my taxes for so long?”

His worker could see that Roger was extremely anxious about his situation and tax filing. He refused to look at CRA letters and documents and was deeply reluctant when it was explained to him that he needed to call CRA at least once to get his tax slips and find out the status of his taxes. Through multiple sessions over four months, and with the patient support of the Financial Empowerment worker, Roger finally collected all his necessary tax slips and documents. The FEPS worker prepared 10 years of tax returns which showed that, not only did Roger not owe the CRA any money, but he was entitled to a refund of over \$14,000.

Roger was in total disbelief when he heard the news. The FEPS worker slowly walked him through the logic. Satisfied with the explanation, relief washed over Roger and he was finally motivated to file his returns. He no longer experienced the fear and anxiety that had burdened him every time he thought about taxes. Not only would he apply for the financial subsidy to purchase an assistive device, the unexpected \$14,000 refund would cover a full year of rent, so he could afford to use this time to find employment.

Roger thanked the FEPS program for helping him to face and overcome his anxiety and to achieve financial stability and functional independence. He felt very hopeful about his upcoming job search and promised to file his taxes on time every year from now on!

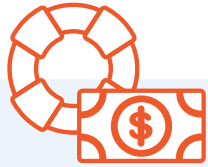
*Name has been changed to protect client's identity.

Impact and insights from independent evaluations



Independent evaluations were commissioned by the Government of Ontario to measure the impact of the Ontario FEC and FEPS projects. Both evaluations confirmed that the services provided by these two projects addressed an unmet need, reduced client financial stress, and improved client financial outcomes. They also confirmed that almost all service users would recommend the services to others.

**Almost all service users
would recommend the
services to others**



13%

of Ontario FEC evaluation participants indicated that they had received help with their finances from other sources



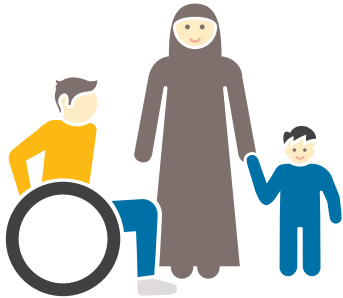
54%

of evaluation participants reported they often or always experienced financial stress



52%

of evaluation participants had monthly after-tax incomes of \$1,600 or less



1. The services address urgent financial needs

Independent evaluations confirmed a clear need for financial help services among low-income Ontarians, including those who work and are not recipients of Social Assistance. Only 13 per cent of Ontario FEC evaluation participants indicated that they

had received help with their finances from sources other than the Ontario FEC project in the previous 12 months.⁷ The prevalence of low-income households among FEPS program participants was significantly higher than among the general population and 54 per cent of evaluation participants reported they often or always experienced financial stress.⁸

The services most in demand among FEPS program participants were one-on-one counselling and free tax-filing assistance,

which is typically a prerequisite for clients to access additional income benefits.⁹

Based on the evaluation sample, the FEC project was also consistent with the needs of the target population, including individuals on social assistance, non-social assistance earners, the elderly, and other Ontarians with low income. Over half (52 per cent, n=1968) of evaluation participants had monthly after-tax incomes of \$1,600 or less.¹⁰



18% increase in participants who had direct deposit



17% increase in participants who felt they chose the best financial products



14% increase in participants who studied financial products before decision-making



13% increase in participants who felt they had the financial knowledge to make the right decision



2. Services successfully supported individuals with low incomes to achieve intended outcomes

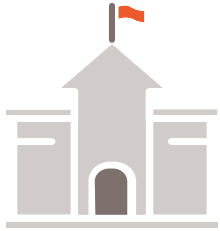
Participant pre- and post-service survey results indicate the Ontario FEC project contributed to a nine per cent increase in tax filing. In addition, the proportion of participants who had direct deposit increased 18 percentage points, those who felt they only chose the best financial products rose 17 percentage points, those who studied financial products before making decisions went up 14 percentage points, and the proportion who felt they had the financial knowledge to make the right decision went up 13 percentage points.¹¹

At the same time, pre/post-survey responses indicate a 27 percentage point drop in the proportion of respondents who always or often felt stressed about their financial situation and a 17 percentage point decrease in the proportion who found it challenging to live within a budget.¹² Thirty per cent of survey respondents may also have been helped to access government benefits they were eligible for but not previously receiving. Finally, survey respondents also reported a nine per cent net increase in overall monthly after-tax income.¹³



27%

drop in the proportion of pre- and post-survey respondents who always or often felt stressed about their financial situation



3. The services align with Government of Ontario priorities

The Ontario FEC project evaluation confirmed that the population served, and the services provided by the project aligned with the Government of Ontario's **Poverty Reduction Strategy**, Realizing Our Potential: Ontario's Poverty Reduction Strategy (2014-2019).¹⁴ Under the strategy, Ontario is focusing its resources on those who need them most – those receiving social assistance, persons with disabilities, the long-term unemployed, Aboriginal people, newcomers, and at-risk youth – to help them access the supports they need to become and stay employed.¹⁵

The Ontario FEC project also aligned with the Ontario government's **social assistance and employment service reforms**, as outlined in a November 22, 2018 news release.¹⁶ These reforms

introduced changes to the way provincial employment services will be provided. The emphasis is on more streamlined supports that are more outcome-focused. The services, as stated, will explore “more locally responsive, outcome driven, employment service delivery models.”¹⁷



4. Service users would recommend both programs to others needing financial help

Ninety-six per cent (n=782) of 812 FEC project participants who completed a post-survey 90 days after they received services said they would recommend the service to others. This is consistent with the views expressed by the FEC sites' staff

and managers. All of these evaluation participants strongly expressed that the project was having a positive impact on client stress levels, ability to manage their finances and their confidence.¹⁸

Ninety-five per cent (n=383) of 404 FEPS project post-survey respondents indicated that they would recommend the program to others and 89 per cent indicated they could not think of any changes they would like to see to the program.¹⁹





Joe's story

Financial counselling supports overall health and well-being

After a 14-day quarantine in Toronto, Joe* arrived at the local Financial Empowerment Champion organization seeking help – he was broken and in tears with no money, no possessions, and no housing.

He had left Canada to visit his wife in Colombia for four weeks but was then unable to return due to COVID-19. While he was away, the company he worked for shut down due to COVID-19 and he was laid off. The couple experienced extreme financial hardship without any income for five months.

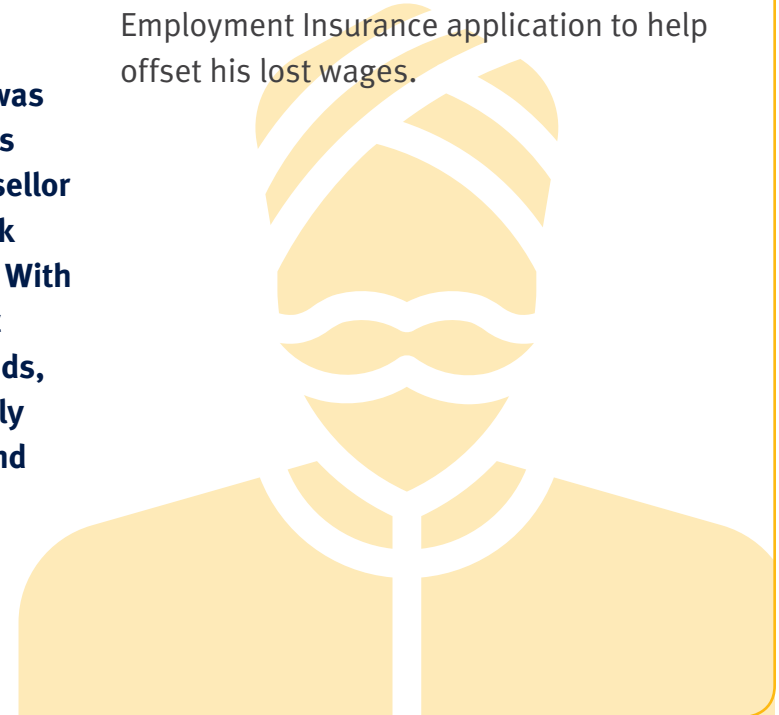
When Joe arrived back in Canada, he had lost his housing and his landlord had emptied his room and disposed of his furniture, personal belongings, and government paperwork.

Initially, it was difficult to communicate with Canada Revenue Agency (CRA) since

all of Joe's paperwork had been thrown out and he couldn't pass their security questions. The Financial Empowerment Counsellor secured a copy of Joe's T4 from his previous employer and filed his 2019 income tax return. Because Joe was staying at a men's shelter, he used the Financial Empowerment Champion organization's mailing address and phone messaging service.

Once CRA received his tax return, he was able to answer their security questions and his Financial Empowerment Counsellor was able to help him secure CERB back payments for the time he was laid off. With the help of his counsellor, Joe also set up direct deposit so that all CRA refunds, benefits and credits would flow directly into his account, eliminating delays and potential cheque cashing fees.

Joe has continued to meet monthly with his Financial Empowerment Counsellor to help him file bi-weekly for his CERB/CRB benefits. He was also referred to an in-house employment counsellor for help updating his resume and undertaking his job search. With their help, Joe was able to find part-time employment and housing. Joe will be returning soon for help with his Employment Insurance application to help offset his lost wages.



*Name has been changed to protect client's identity.

Looking ahead

In March 2021, the Ministry of Children, Community and Social Services (MCCSS) extended funding for both projects for an additional year (2021-22), while consolidating them into one program (Ontario Financial Empowerment Champions) and focusing services more narrowly on tax filing, benefit navigation and one-on-one financial coaching/counselling. This funding ends on March 31, 2022. Prosper Canada and Financial Empowerment Champion organizations are working to identify alternate sources of funding to sustain services beyond this date.

These services are needed by Ontarians now more than ever. In June 2021, one in five Canadian households reported having trouble meeting basic financial needs, and pre-existing disparities in access to financial resources and related difficulties have often been magnified and intensified by the pandemic experience.²⁰ Lone-parent families, Black Canadians, Chinese

Canadians and Indigenous Peoples are much more likely to be living with low incomes than Canadians generally, and 29 per cent of working age visible minority Canadians report living in a household experiencing financial hardship compared to just 16 per cent of working age Canadians (non-visible minorities). This rate increases to 31 per cent for South Asian households and 36 per cent for Black households.²¹

Despite these pressures, 11 per cent of extremely vulnerable and financially vulnerable Canadians (equivalent to 1.2M people) reported being unable to access COVID-19 government financial relief they believed they were eligible for.²²

Reduced financial well-being among lower-income households increases financial stress, with spillover effects on families, workplaces, and demand for already over-taxed public services such as healthcare, shelter, and social services.²³

The pandemic is fuelling growing inequality with low-wage workers disproportionately bearing employment and income losses while high-wage workers benefit from employment growth²⁴ and record savings from remote working and reductions in spending.²⁵

Tax filing and maintaining the flow of federal benefits to Ontarians with low incomes will remain challenging through the pandemic as tax clinics struggle to deliver services safely and to secure and retain the necessary volunteers. COVID-19 dramatically reduced assistance to the 248,000 Ontarians who relied on this service in 2019 to access \$845.8M in benefits and refunds (over 70 per cent from federal government²⁶).

These services are needed by Ontarians now more than ever

Financial empowerment services have the added advantage of advancing Ontario’s social assistance reform and other stability supports by:

- Facilitating coordinated FEC/municipal action to support social assistance recipients to achieve greater financial stability and resilience and enable other life stabilization goals.
- Equipping interested municipalities with tools and guidance to build financial help into social assistance and other services for improved program and client outcomes.
- Offering tailored self-help resources to enable social assistance recipients to take independent action to improve their financial health.

Ontario currently has the organizational expertise and service models to meet the financial help needs of vulnerable Ontarians, but sustained and expanded investment is needed to establish base capacity in all regions of the province to expand service reach and impact to:

- Support an inclusive recovery by addressing the financial needs of marginalized communities – e.g., Black, Indigenous, and People of Colour.

- Build resilience against future economic shocks by helping Ontarians to optimize their income, build a financial plan, manage debt and save for the future.
- Help households to actively rebuild financial health and resilience against future economic shocks.

No one sector can meet these needs, but with all sectors working together and doing their part – business, government, and community – we can ensure that all vulnerable Canadians have access to the financial help they need to build their financial stability, security and resilience against future shocks.





The Hariri family

Helping newcomers improve their financial stability

The Hariri* family, a refugee couple with six children, went to their local Financial Empowerment Champion organization for help doing their taxes.

They had arrived in Canada in late September 2019 and were finally eligible for subsidized housing in Sudbury. Even though they had not worked in Canada in 2019 and had no money, Sudbury Housing still required them to complete a tax return for the past year as proof of income to receive subsidized housing. They couldn't afford to pay for tax preparation services and were at a loss as to where to get help. They were referred to the local Financial Empowerment Champion organization in Sudbury.

The Financial Empowerment Counsellor helped the family complete their tax return and printed all the forms they would need as proof their taxes were completed,

ensuring their application to Sudbury Housing would proceed more smoothly.

On further conversation with the parents during the tax appointment, it was discovered that they had not applied for the Child Tax Benefit (CTB) on arrival in Canada. The application was completed during the same appointment resulting in over \$3,000 a month in child benefits that the family could then use for rent, food, and any other necessities they might require.

During the conversation, the counsellor also informed the family about other local organizations, such as the Sudbury Multicultural Association, that could help them acclimatize to the new city and access other community supports they might find helpful.

In November 2021, the Hariri family attended a budgeting session delivered

by the Financial Empowerment Champion organization at the Sudbury Multicultural Association. The family gained valuable skills in budgeting, accessing basic banking products, and credit awareness. They also learned about the Ontario Energy Support Program (OESP) and made an appointment to see their Financial Empowerment Counsellor for help with the application. A week later, they went in to complete their OESP application and qualified for a \$55 monthly credit on their hydro bill.

The Hariri's request for help tax filing has enabled them to acquire a modest but stable income, valuable money management skills, lower monthly costs, and information on other valuable community resources they can access – all significantly increasing their family well-being and increasing their chances of successful settlement and integration.

*Name has been changed to protect client's identity.

NOTES

¹ Charnock, Sarah, Andrew Heisz, Jennifer Kaddatz, Nora Spinks, and Russell Mann. Canadians' Well-being in Year One of the COVID-19 Pandemic. (Ottawa: Statistics Canada, April 15, 2021), <https://www150.statcan.gc.ca/n1/pub/75f0002m/75f0002m2021003-eng.htm>

² "Canadians with Incomes under \$40k Bearing the Financial Brunt of COVID-19." Newswire. Prosper Canada, November 19, 2020, <https://www.newswire.ca/news-releases/canadians-with-incomes-under-40k-bearing-the-financial-brunt-of-covid-19-879237606.html>

³ Based on monitoring data reported quarterly to Prosper Canada by Ontario FEC partners.

⁴ Of this amount, \$389M can be attributed to federal or provincial benefits, with federal benefits making up 65%.

⁵ This estimate includes start-up costs associated with the project. R.A. Malatest & Associates Ltd., *Evaluation of the Financial Empowerment Champions Project*. (Toronto: Malatest, 2020, p.4), <https://learninghub.prospercanada.org/wp-content/uploads/2021/08/FECs-Final-Eval-Report-2021.pdf>

⁶ R.A. Malatest & Associates Ltd., *Evaluation of the Financial Empowerment and Problem Solving Project*. (Toronto: Malatest, 2020, p.4),

<https://learninghub.prospercanada.org/wp-content/uploads/2021/08/FEPS-Final-Eval-Report-2021.pdf>

⁷ R.A. Malatest & Associates Ltd., *Evaluation of the Financial Empowerment Champions Project*, p. 23.

⁸ R.A. Malatest & Associates Ltd., *Evaluation of the Financial Empowerment and Problem Solving Project*, p. 15.

⁹ R.A. Malatest & Associates Ltd., *Evaluation of the Financial Empowerment and Problem Solving Project*, p.4.

¹⁰ R.A. Malatest & Associates Ltd., *Evaluation of the Financial Empowerment Champions Project*, p. 16.

¹¹ R.A. Malatest & Associates Ltd., *Evaluation of the Financial Empowerment Champions Project*, p.27.

¹² Ibid.

¹³ Ibid.

¹⁴ R.A. Malatest & Associates Ltd., *Evaluation of the Financial Empowerment Champions Project*, pp. 16-17.

¹⁵ Ibid.

¹⁶ "Ontario's Government for the People Announces Plan to Restore Dignity, Independence and Empowerment to Social Assistance System". Ontario Government. Children, Community and Social Services,

November 22, 2018. <https://news.ontario.ca/en/release/50486/ontarios-government-for-the-people-announces-plan-to-restore-dignity-independence-and-empowerment-to-social-assistance-system>.

¹⁷ Ibid.

¹⁸ R.A. Malatest & Associates Ltd., *Evaluation of the Financial Empowerment Champions Project*, p.26.

¹⁹ R.A. Malatest & Associates Ltd., *Evaluation of the Financial Empowerment and Problem Solving Project*, p.4.

²⁰ Donaldson, Kirk, Jonathan Fonberg, Andrew Heisz, Jennifer Kaddatz, Julie Kaplan, Eric Olson, Ian Walker, Eloise Duncan and Kujtim Koci. *The financial resilience and financial well-being of Canadians during the COVID-19 pandemic*. (Ottawa: Statistics Canada and Seymour Management Consulting Inc., Sept 9, 2021), <https://www150.statcan.gc.ca/n1/pub/75f0002m/75f0002m2021008-eng.htm>

²¹ Ibid.

²² Seymour Consulting. *Seymour Financial Resilience Index™ October 2020 Report*. (Ottawa: Seymour Consulting, Nov 26, 2020, p.35), https://financialhealthindex.org/wp-content/uploads/2021/09/OCTOBER-INDEX-FINAL_Nov26-Final.pdf

²³ "Financial stress and its impacts", Financial Consumer Agency of Canada, accessed December 1, 2021, <https://www.canada.ca/en/financial-consumer-agency/services/financial-wellness-work/stress-impacts.html>

Bell, Orly N., Michael K. Hole, Karl Johnson, Lucy E. Marcil, Barry S. Solomon, and Adam Schickedanz. "Medical-financial partnerships: cross-sector collaborations between medical and financial services to improve health." *Academic pediatrics* 20, no. 2 (2020): 166-174.

²⁴ Benjamin Tal, "Canadian Labour Market Dichotomy — Deeper Than Perceived," *In Focus*, Jan 19, 2021, <https://economics.cibccm.com/cds?id=7737970b-204e-477f-8f4b-e0f643f60a3c&flag=E>

²⁵ Bank of Canada. *COVID-19, savings and household spending*. Remarks delivered virtually by Lawrence L. Schembri, Deputy Governor, to Restaurants Canada, Toronto, March 11, 2021, <https://www.bankofcanada.ca/wp-content/uploads/2021/03/remarks-2021-03-11.pdf>

²⁶ Based on Prosper Canada analysis of outcome data from Financial Empowerment and Problem-Solving Project and the Ontario Financial Empowerment Champions Project.