Proceedings of Financial Forum II

December 8-10, 2006

Vancouver, British Columbia

Organized by

Ruth E. Berry, Doreen Gardner Brown, and Phyllis J. Johnson

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Proceedings of Financial Forum II

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Families in Canada

Issues and Trends

Presented by

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Executive Director

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FINANCIAL FORUM II

December 8-10, 2006

Sylvia Hotel, Vancouver, BC

Families in Canada Issues and Trends

Overview

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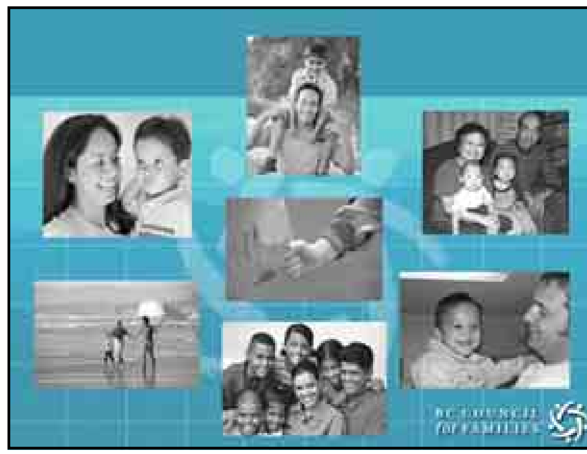
Welcome to Vancouver

From the
BC Council *For* Families

December 2006



BC Council *for* Families

VISION
Healthy Families in a Healthy Society

MISSION
Leadership through Education Training, Advocacy, and Research for the Healthy Development of Families

What We Do

- **Advocate that prevention, promotion and early support must be valued and essential parts of the continuum of supports and services for children, youth and families**
- **Empower families by providing educational resources on topics such as parenting, childhood development, parent-teen relationships, work-life balance, suicide awareness and more**
- **Strengthen families by training facilitators to deliver parenting programs**

What We Do (continued)

• Support family education professionals by coordinating professional development workshops and symposia, participating in conferences and disseminating research and resources

• Work collaboratively with other organizations in responding to issues and challenges facing families

• And connect families to information and services through our website, Resource Centre, referral service and Family Connections magazine

Awards Received

Provincial
• President's award from BC Public Health Association
• BC Association of Broadcasters Humanity Award

National
• Honorary Membership Award from the Vanier Institute of the Family
• Leadership Award from Family Service Canada

International
• Distinguished Service to Families Award from the National Council on Family Relations (USA)

Top 10 Trends for Canadian Families

The Vanier Institute of the Family, www.vifamily.ca
Profiling Canada's Families III, 2004

1. Fewer couples are getting married
2. More couples are breaking up
3. Families are getting smaller
4. Children experience more transitions as parents change their marital status
5. Canadians are generally satisfied with life

Top 10 Trends for Canadian Families

The Vanier Institute of the Family, www.vifamily.ca
Profiling Canada's Families III, 2004 *(continued)*

6. Family violence is under-reported
7. Multiple-earner families are now the norm
8. Women still do most of the juggling involved in balancing work and home
9. Inequality is worsening
10. The future will have more aging families

OTHER TRENDS

The Vanier Institute of the Family
Profiling Canada's Families III, 2004

1. Boomers make really big waves as they grow and age

   "If you know how many people of each age are around today, you can make a reliable forecast about how these same people will behave tomorrow" (David Foot)

2. Over one million identify as Aboriginal
3. More immigrants mean more families

OTHER TRENDS (continued)

The Vanier Institute of the Family
Profiling Canada's Families III, 2004

4. The action is in big cities
5. Same sex couples counted for the first time (2001 Census)
6. Boomerang kids –Hi Mom – I'm back

OTHER TRENDS (continued)

The Vanier Institute of the Family

Profiling Canada's Families III, 2004

7. **Grandparents are important for children**
8. **Parenting and working**
9. **Stress is up for most Canadian families**
10. **Culture here, culture there, culture everywhere**

Putting Research in to Practice

Current Research and its impact on practice

- **Brain Research**
- **Father Involvement Research**
- **Work-life Balance Research**
- **School-Aged Children (7-12 year olds) Research**

THANK YOU

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Financial Education at the Work Place: a good business practice!

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Rationale

The nature of employment relationships s undergoing fundamental changes that may have enormous implications for how companies attract, motivate and retain talented employees in the future. The bond between employee and the employee has shifted from a long term relationship involving loyalty and commitment to a contract like economic exchange. Furthermore employers are putting more financial decision making responsibility for employee benefits on the employee. Financially uninformed employees cannot manage personal finances efficiently and most likely will not fully appreciate their employer provided benefits, not understand how their work duties affect their employer's finances and profitability.

Poor personal financial behaviors negatively impact both families and employer; and personal financial worries can affect job performance and lead to unwanted turnover. There is very little knowledge on the implications of financial knowledge resulting from employer provided financial education on benefit participation and appreciation, and satisfaction with finances, company and company loyalty.

Objectives

The overall objective of this study was to assess the effects of employer provided financial education on employee financial knowledge, financial behavior; expectations for their future financial situation; and their loyalty to and satisfaction with the employer. Funding for this study was provided by Ernst and Young (1999-2001); and in partnership with State Farm Insurance that has offices throughout the nation. The data were collected nationally in two phases – before and after financial education. Financial education sessions were presented by Ernst and Young

This study assumes that the information and advice disseminated in an educational session increases financial literacy. The financial literacy in this study was measured by level of knowledge in four areas- retirement planning, investments, future planning, and credit management. And this study explores the impact of broader financial education on all employees' financial knowledge, participation and appreciation of employee benefits, financial satisfaction and satisfaction with the employer.

Procedures

Data for this study were collected in two phases. During the first phase Phone surveys conducted in 1999 by ISU Stat. Lab. with randomly selected employees working in eight regions 2,400 out of 4,000 agreed to participate; 60% response rate. Special survey instrument developed to collect data on various aspects of employees' financial knowledge, behavior, and satisfaction (with finances and work). Six months after a 3.5 hour Financial Seminar covering various topics was offered by E&Y financial planners Phone interviews were conducted in 2000. 1,519 respondents out of 2,400 who participated in Phase I survey agreed to respond this time producing a response rate-64%.

Survey instrument was modified to fit the needs of the follow up study-4-6 months after the educational session. Compared information provided by participants and non participants.

Results

Phase I results show that a small proportion of respondents understood the value of conducting a complete financial review that involves a written plan, took steps necessary to reduce estate taxes, made use of professional financial advisors, or participated in optional benefits (flex accounts, dependent care). Males & older respondents were more likely than females and younger respondents to engage in "good" financial practices. And a fairly large proportion of respondents did not believe that their company was sincerely interested in the well-being of each employee.

During Phase II we explored the specific effects of employer-provided financial education on employee, financial knowledge, expectations for their future financial situation, and satisfaction with the employer. Those employees who participated in the educational sessions scored higher in all four areas of financial knowledge–investments, retirement planning, financial future, credit management, and they expressed more confident in their future financial situation; they were more satisfied with the workplace-company rankings, and scored high on loyalty measure. These results provide support for the mediating role that expectations for the financial future played linking financial literacy and work place satisfaction. This linkage between employee confidence in their future financial situation and the development of positive emotional bond with the employer is in line with organizational support literature.

Self directed learning is any form of study in which individuals have primary responsibility for planning, implementing and evaluating their learning efforts. Literature shows that environments that further self-directed learning benefit the individual and the workplace, and that the financially strong employees are satisfied employees. We analyzed the impact of four educational offerings by employer on good financial mgt. behavior of the employees to determine the effect of financial management behavior on financial and career satisfactions. Results show that self directed learning was significantly associated with better financial practices, better financial practices were related to higher financial satisfaction and financial satisfaction was positively related to higher career satisfaction. So ours results show that financial satisfaction moderated the relationship between financial mgt. practices and career satisfaction.

Analysis of financial learning and the examination of specific settings that stimulates it is a small but growing focus of research in personal financial field. Specific attention is being paid to work place learning. Hence, we explored the use of financial learning media (newsletter, other periodic publications, software, internet based information) at the work place is influenced by family, friends, and co-workers, and the use of financial learning media at work place relates to the financial Knowledge of employees. Based on social learning theory we predicted that financial conversations with family, friends and co-workers would explain the level of self directed learning activities. And that self directed learning activities would be associated with higher level of financial knowledge both general and specific to retirement planning.

Results confirmed that conversations with family and friends about financial information generated increased use of employer provided materials. Use of employer provided materials for self directed learning resulted in higher score on general financial knowledge scale. However, knowledge about retirement planning was influenced by access to the internet information only. Women were less likely than men to use the internet, financial planning software, and financial publications as a result of talking to family and friends. Men were more likely than women to gain significantly more retirement-specific knowledge by using financial planning software. Financial publications prevailed as a significant information source for women to learn about investments, whereas, men seemed to favor financial publications to enhance their understanding about retirement needs. It can be concluded that family members, friends and co-workers play an important role in initiating financial learning. And for that learning to take place, educational offerings that support self-directed learning and particularly those provided by the employer, are used by employees and play an important role to increase financial knowledge level of employees.

The employer provided health coverage represents the main source of health insurance for Americans and the share of employees for this benefit is increasing steadily. Accurate knowledge about health coverage would seem to be critical for making sound decisions to choose the plans that best meet the needs and better fit the financial resources of the family. Previous research suggests that most employees have little understanding of scope and monetary value or even the existence of many components of their health care benefits. Hence in this study we assess employees' knowledge level and their participation in various employer provided health care plans. We also determined what importance they attached to those various plans with special emphasis on the supplemental health care plans.

The results show that being a female, and working in the field offices related to both higher plan participation and stronger plan importance. Similarly, being older and having larger family related to better plan participation. Being married and being non-white related to stronger plan appreciation. The knowledge level and learning efforts increased the variance explained in plan participation and plan importance by a small percentage points. This is surprising and calls into question the effectiveness of the employer provided media in educating employees about the availability, scope and monetary value of supplemental healthcare plans.

Conclusion

Employees who participated in employer provided financial education were more likely to report more appreciation for the benefits score high on knowledge scales, be engaged in 'good' financial management practices and exhibit change in beliefs about their own role in financial matters. Similarly those who participate in educational offerings showed an increase in knowledge level about retirement issues, were more confidence in their ability to handle financial tasks, made higher contributions to savings and retirement plans, and showed an increase in self directed learning. Specifically they Increased or maxed their contributions to retirement plans, changed asset allocation in retirement accounts, made or changed their Will, increased participation in optional benefits including flex spending accounts and supplemental health care plans.

Implication for employers

These results indicate that Recognize that financial education provides psychological benefits and that the "psychological rewarding experiences" are valuable for employees. Employees should broaden the nature of educational efforts by including-credit mgt., investments, tax and estate planning and target specifics groups such as women (especially newly divorced, windowed); minority groups; employees in lower paid positions. The employer provided education should be a two way communication between the employer and employee.

Employers should conduct a periodic and systematic assessment of what employees know about their benefit packages to learn how, where, and when they learn and what they want to learn and which approach to education is effective with which group of employees. Furthermore they should Encourage and facilitate self directed learning, identify factors that influence self directed learning, determine readiness for self directed learning and develop concepts and materials that enhance self directed learning.

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Family Business Issues[1]

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University of Manitoba

Clients with a family business pose particular challenges to financial planners. In this presentation, I want to focus on two relatively recent studies that highlight some of these challenges and raise issues that will generate discussion. First though, some context for these studies.

Although family businesses are an important contributor to the well-being of Canadians, we do not have good estimates as to either their number or their contribution to the economy. Statistics Canada collects information on self-employment, but self-employment and owning a family business are not equivalent concepts as not all people who are self-employed are self-employed in a "family business." Statistics are also collected on small businesses, but not all small businesses are family businesses. Many family businesses are quite large – perhaps one of the most common example in this country is McCain's – so we can't equate small businesses with family businesses either.

Perhaps what underlies this lack of good statistics on family businesses is the lack of agreement on what constitutes a family business. A number of definitions have been used in the literature, definitions which have incorporated such characteristics as the number of hours per week the manager puts into the business, age of the business, number of employees, and how many members of the family are involved as owners or managers of the business (Heck & Trent, 1999). All these definitions have some value, and it appears the field is comfortable working with different definitions and the comparisons these definitions allow. However, as users of the literature, it is important to know that these differences in definition exist and that we are not always comparing apples and apples when reading family business studies.

That said, if the statistics from the United States can be extrapolated to Canada, and if we examine the question of prevalence of family businesses from the standpoint of the family rather than going at it from the standpoint of the business, as many as 10% of families may have a business associated with the family. This latter estimate comes from the National Family Business Survey, a research project that has shed new light on family businesses, and from which the two studies that will be summarized here originate.

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[1]This paper reports results from the Cooperative Regional Research Project, NE 167R, "Family Businesses: Interaction in Work and Family Spheres," partially supported by the Cooperative States Research, Education and Extension Service (CSREES), U.S. Department of Agriculture, and the Experiment Stations at University of Hawaii at Manoa, University of Illinois, Purdue University (Indiana), Iowa State University, Michigan State University, The University of Minnesota, Montana State University, University of Nebraska, Cornell University (New York), North Dakota State University, The Ohio State University, The Pennsylvania State University, Texas A & M University, Utah State University, The University of Vermont, University of Wisconsin-Madison, and the Social Sciences and Humanities Research Council of Canada (for The University of Manitoba).

The academic literature on family businesses is relatively young. The first few studies appeared in the early 1980s, and the numbers began to grown in the late 1980s; thus, there is just over twenty years of academic research on family businesses (Astrachan, 2003). Despite the fact that the literature is young, it has developed rather quickly. In the beginning, researchers relied on case studies; small, non representative samples; and research that "piggybacked" on consulting contracts with firms (Zahra & Sharma, 2004), limiting the generalizability of the research results. Interestingly, there have been several review articles just in the last few years (Bird, Welsch, Astrachan, & Pistrui, 2002; Sharma, 2004; Zahra & Sharma, 2004), and those who have surveyed the family business literature have noted the change in methods: More sophisticated methods of analysis are being used, along with better samples. The National Family Business Survey, a survey conducted by a consortium of family researchers, exemplifies the use of larger, more representative samples and better methods of collecting information on family businesses. This survey was conducted in the U.S. in 1997, and many of the people that were surveyed in 1997 were surveyed again in 2000.

The research team behind the survey came at family businesses from a different vantage point than the prevailing perspective at the time. The prevailing perspective was that family businesses were systems, and the family and business systems should be kept separate. The family was viewed as a "problem to be solved" in the business. In contrast, using a family resource management perspective, our research team thought that, for the most part, the anecdotal evidence is that families start businesses to support the family; they don't necessarily do so the other way around, and perhaps the recommendation to keep the family and the business separate isn't always the right thing for all families in business.

We modeled family businesses as overlapping family and business systems and saw family businesses on a continuum: "Separate and apart," where the family business is two separate systems with very little interaction between the systems is at one end, "enmeshed," where the family and business are so intertwined that they really can't be separated is at the other, and most family businesses are seen as lying somewhere between these two extremes (Stafford, Duncan, Danes, & Winter, 1999). What the National Family Business Survey research team has been attempting to do is examine the degree of overlap between the family and the business, how families handle the overlap, and what their choices mean for their families and their businesses.

With this background information, I want to present two studies using the 1997 National Family Business Survey data. In the first study, the authors examine the intermingling of business and family finances, and in the second, the determinants of family business sustainability. I will conclude by addressing some of the implications of this research.

Intermingling of Finances

Hanes, Walker, Rowe, and Hong (1999) studied the degree of intermingling of financial resources between the family and the business. A transfer of resources from the business to the family was deemed to have occurred if the answer to any of the following questions was "yes":

- if business real estate had been used to secure loans for the family
- if other business assets had been used to secure loans for the family
- if family cash flow problems had been met by using business income, and

- if family members owed money to the business.

Five items identified whether family resources were being used to support the business:

- if the home had been used to secure loans for the business
- if other household real estate or property had been used to secure loans for the business
- if business cash flow problems had been met by using family income
- if the business was currently in debt to anyone in the family, and
- if any family members were providing unpaid work to the business.

Well over half of families in business (61%) reported intermingling of financial resources in either one direction or the other, and intermingling was less likely when the business was a partnership, as opposed to being a sole proprietorship. Intermingling was more likely if the business was located in a rural area or a small town, if the business had already borrowed from a financial institution, and if the manager was female (Haynes et al., 1999). Those are the results for any intermingling, but it's worth looking at each direction separately.

When business resources were being used to support the family, it was more likely that the business was a corporation as opposed to being a sole proprietorship or a partnership. It was also more likely that the business was located in a rural area or a small town and that the business had already borrowed from a financial institution. Over half (52.2%) of family businesses where intermingling had occurred had used business financial resources to support the family (Haynes, et al., 1999).

When family resources were being used to support the business, it was more likely that the business was a sole proprietorship, that the business had already borrowed from a financial institution, and that the manager was younger and more experienced (Haynes et al., 1999). Intermingling from the family to the business was less likely if there were children at home. This latter result is expected because children are expensive, and if children are at home, financial resources may be needed more in the family than the business. In more than three quarters (77.2%) of family businesses where intermingling had occurred, family financial resources had been used to support the business, which does not support the notion that the family is a drain on the business.

The implications? First, clearly these family businesses actively intermingle family and business resources; thus, "any assessment of the well-being of the family (or business) is incomplete without an assessment of the well-being of the business (or family)" (Haynes et al., 1999, p. 238). If, as is likely, resources are traded without a paper trail, do families in business accurately know the financial position of the family and the business?

Second, the authors raise a provocative question. Perhaps the flow of resources across the family and the business illustrates efficient use of resources by these family businesses. That is, managers of family businesses may be in a position to see where resources are needed most and transfer them between the family and the business to the highest valued use and achieve full resource utilization. Thus, small family businesses may be more efficient than large businesses that can't make such transfers due to more complex ownership structures (Haynes et al., 1999). Is the challenge to financial planners, then, assisting families in business to identify when intermingling is efficient resource use and when is it poor management?

Family Business Sustainability

Olson, Zuiker, Danes, Heck, and Duncan (2003) examined the influence of business characteristics, family characteristics, and responses to disruptions on the sustainability of the family business. What is meant by sustainability is that if a family business is going to continue, the family must be successful in business and minimally successful as a family. Family businesses are not sustainable if they are not successful in both business and family life. In this particular study, there were four measures of success: objective and subjective business success and objective and subjective family success. Objective business success was measured by gross business revenue, subjective business success by the owner's perception of business success, objective family success by the family's business income, and subjective family success by the APGAR, a measure of the functional integrity of the family.

Four equations were estimated, each with one of the four dependent variables. Business system variables (e.g., age of the business, ownership structure, location, characteristics of the manager), family system variables (e.g., number of children, number of generations, family management style, family tensions), and responses to disruptions variables (e.g., using family income in the business, family working in the business, family helping in the business, hiring temporary help) were the independent variables in each of the four equations.

We found that across the equations, family variables had a greater effect on the business than business variables had on the family. We also found that the family system characteristics and the responses to disruptions had significant effects on all four measures of success: gross business revenue, perceived business success, the family's business income, and the functional integrity of the family (Olson et al., 2003).

One of the clearest results from this study was that family tensions decreased gross business revenue, perceived business success, and family functionality (Olson et al., 2003). Thus, efforts to reduce family tension pay off for both business and family success. Living in a two- or three-generation family increased gross business revenue; in other words, if the family had no children (i.e., a one generation family), the business was less successful than if the family had children. Yet our results also show that owners perceive children to be a drain on the business – they are expensive and they take up resources.

Among responses to disruptions, reallocating time from sleep to the business increased both gross business revenue and perceived business success. Hiring temporary help during hectic periods resulted in both increased gross business revenue (objective business success) and family's business income (objective family success), but hiring a family employee had a much higher, positive effect than hiring a non family employee. If one had a choice as a business owner between hiring a family member or a non family member, these results point to hiring the family member because clearly, family employees increased business success more so than non family employees. Yet these business owners perceived that family employees decreased business success and non family employees increased business success. Thus, there is a real discrepancy between the actual effect of family and non family employees on business success and the perception of the business owner/manager of the effect (Olson et al., 2003). These results indicate an area where independent advisors can help family business owners in thinking about their hiring decisions and the likely impact of these decisions on the sustainability of the family business.

Other Implications of these Studies

In a recent journal editorial, Rogoff and Heck (2003) write of family as the oxygen that fuels the entrepreneurial fire. In the entrepreneurship literature, the focus has been on the characteristics of the entrepreneur who starts the business. Family is an under researched area in terms of providing the financial and human resources that allow entrepreneurs to start a business, and families provide the environment in which human capital and values are developed in the entrepreneur. Thus, Rogoff and Heck (2003) argue that the focus on entrepreneurs is misplaced because entrepreneurs must start somewhere and the somewhere they start is in families. Astrachan (2003) writes that "supportive, flexible families are most likely to be associated with successful start ups" (p. 570). For example, families that are willing to lose a little sleep during hectic times in the business so that they can cover their business responsibilities, knowing that their relationships are strong enough to withstand that adjustment, are the families more likely to experience family and business success – the necessary conditions for family business sustainability. Successful families in business can be flexible and know that what they lose now, they will make up sometime down the road.

For family financial advisors and family researchers in practice and in education these research results provide, first, confirmation of what we have always known: Families are complex systems. The results also show that family is embedded in the family business, and trying to keep family and business separate is probably not a helpful approach when dealing with families in business. Rather, our efforts might be better placed in assisting families in documenting resource transactions so they can ascertain the financial health of the business and the family. Second, I think advisors with a human ecology background have a natural advantage in seeing families in business as overlapping systems. These advisors will see possibilities for improving the economic well-being of these families that people who don't see them as complex systems will miss because they won't see the possibilities.

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Current Trends in Consumer Bankruptcy and Insolvency

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Abstract

This presentation summary outlines some of the recent economic data related to the debt and insolvency situation of Canadian consumers, and socio-economic factors affecting trends in bankruptcy. The legislative provisions which may come into effect in the next year are outlined. A research proposal on the role of payday loans in consumer bankruptcy and insolvency is discussed. The accompanying PowerPoint slides illustrate the points made in this presentation, and references are included.

Economic Trends

Canada has experienced a recent era of growth in the domestic economy, with real Gross Domestic Product (GDP) growing at an average rate of 2.9% during the past decade. This has been a factor of strong employment growth with Canada posting the highest rate of employment growth in the G8 countries from 1997 to 2004. Real personal disposable income per capita has also been on an upward trend since 1996, reaching $21,000 in 2005. Income has become increasingly polarized, however, with the two bottom income quintiles showing virtually no gains (in real terms) as compared with their pre-recession income level in 1989. Net worth data has shown the same trend, with no growth experienced in the bottom quintiles, in fact, the lowest quintile actually had a loss of $600 (so they now owe this amount) in the recent 1999 data. A Survey of Financial Security study released December 7, 2006 by Statistics Canada showed that in 2005, the median net worth of Canada's estimated 13.3 million "family units" amounted to about $148,400 in 2005, up 23.2% from 1999, after adjusting for inflation. At the same time, Canadians had an increased debt load and debt to asset ratio.

Inflation rates have been kept low in recent years by the Bank of Canada's policies, as illustrated in slide 5, with long term interest rates following suit. This low interest rate environment has likely been a factor in the decreasing savings rates of Canadian families, and the increased debt to income ratio. The larger debt loads are not entirely composed of increased mortgage debt, consumer credit currently accounts for 30.7% of total debt, which has been steadily climbing since 1992.

Canadian Consumers and Demographic Trends

In the Matusicky presentation on Friday evening, many of the demographic trends facing individuals and families in the future were discussed. These include the rise in non-traditional families, increased time crunch, the economic situation of female lone parents, and increased immigration to Canada. This paper considers only a limited number of these trends with a family financial dimension.

Recent immigrants, which will be the focus of the Johnson paper following this one, do have larger debt loads than other Canadians. At the 2001 census, 18.4% of persons in Canada were born outside the country. A 2003 Statistics Canada study revealed the poor earnings performance of recent immigrants to Canada and concluded that they will be "more likely to have difficulty making ends meet and will also be more financially vulnerable to shocks such as job loss or unexpected expenditures." The poverty rate for visible minority immigrants is more than three times that of immigrants in general (Carey).

Both general literacy rates and financial literacy skills are low in the general population. Gaps in financial literacy can leave consumers vulnerable to problems such as fraud or mismanagement of credit. The principle of disclosure underlies consumer protection in the financial services sector. However, a readability assessment of 49 financial documents in 1998 concluded that all required a college or university education to understand. This is shown in slide 8.

Households are under pressure and are unlikely to be able to pay their bills if their income was disrupted for even one month. This includes households at the highest income level. Various public opinion research firms have shown that consumers are concerned about their current debt levels as shown in slide12. But there is easy access to credit even for consumers with delinquent credit ratings. Credit card advances, one of the most expensive sources of consumer credit, have increased exponentially since 1984, as shown in slide 14. Therefore, the rising bankruptcy rates (www.bankruptcycanada.ca) are unlikely to diminish substantially in the future.

Legislative proposals

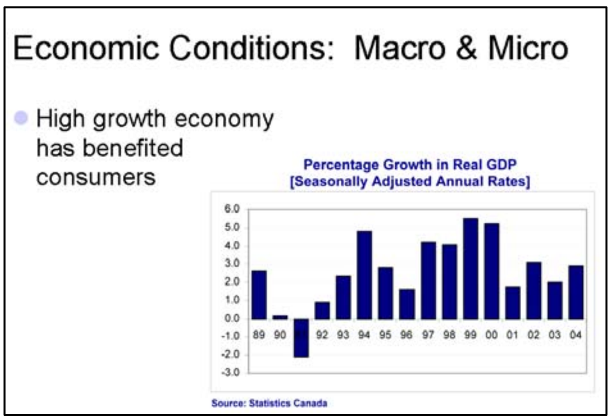
A number of changes to the Bankruptcy and Insolvency Act, contained in Bill C-55, were passed on November 21, 2005, just before the fall of the Liberal government. These changes have not yet been proclaimed, and since this topic does seem to "fly below the radar" of government interest, it is unsure when they may become law. In brief form, these changes involve a reduction of the student loan waiting period for declaration of bankruptcy from 10 to 7 years, changes in surplus income provisions reducing the options for automatic discharge after 9 months, the exemption of RRSPs and RRIFs from seizure, and raising the threshold for making a Division II proposal from $75,000 to $250,000.

Wage earners will also be provided with more protection when their employers declare bankruptcy. Wages and vacations owed to employees will now rank ahead of creditors claims in a bankruptcy. Pension plans will also rank ahead of secured creditors. There were many other changes proposed by the Senate Committee on Finance studying this legislation, but not all of them were accepted in the final bill.

Payday Loan Research

The author is currently working on a research project funded by the Office of the Superintendent of Bankruptcy research grants program. This study will analyze the role payday loans play in personal bankruptcies and Division II proposals. There are no published studies of the effects of these loans on bankruptcy so the results of this work should add some substance to the current public policy debate about regulating payday lenders. The following research questions will be explored: Do insolvents with payday loans go bankrupt more quickly, with lower debt-to-income ratios than other insolvent consumers? Are they holding more short-term debt than other insolvent consumers? What other variables are associated with high levels of payday loans?

The sample will be drawn from bankruptcy and proposal filings in the six largest metropolitan areas in Canada, since payday lending tends to be an urban phenomenon. Information about insolvents will be taken from the e-filed Form 79s (Statement of Affairs) and payday lenders will be defined as those belonging to the Canadian Payday Lending Association. The work should be completed by the fall of this year.



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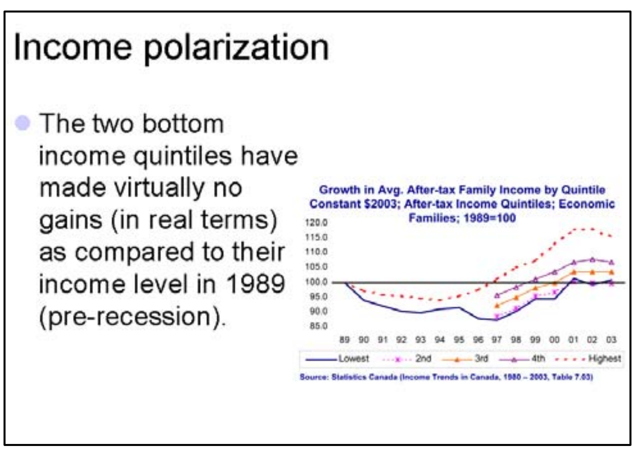

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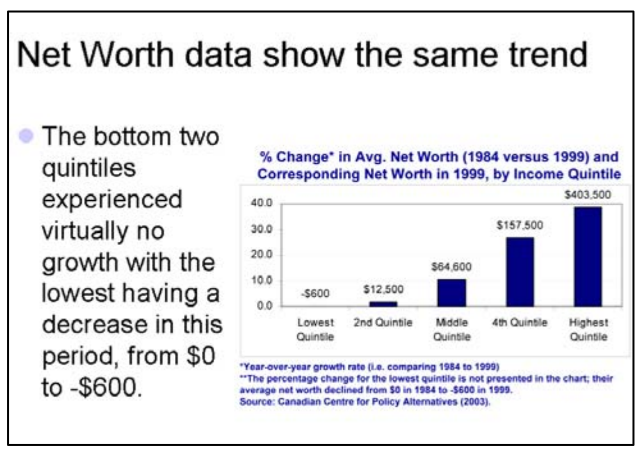

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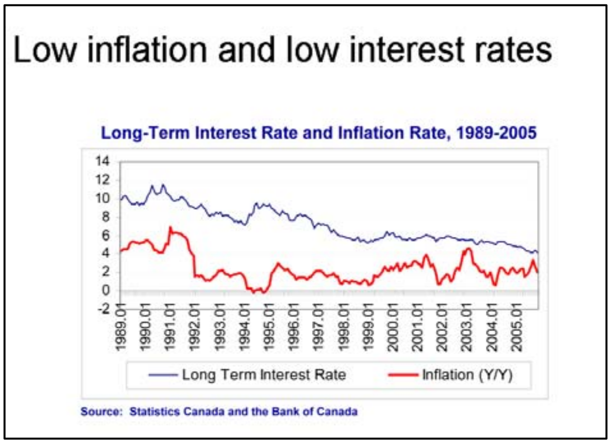

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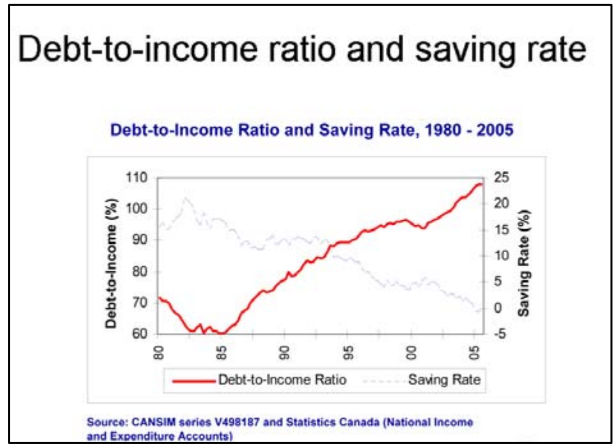

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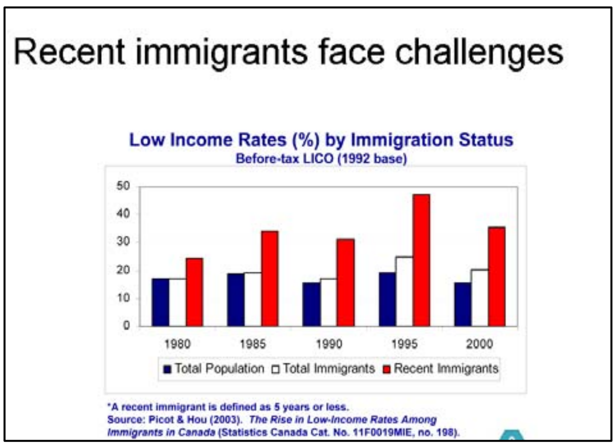

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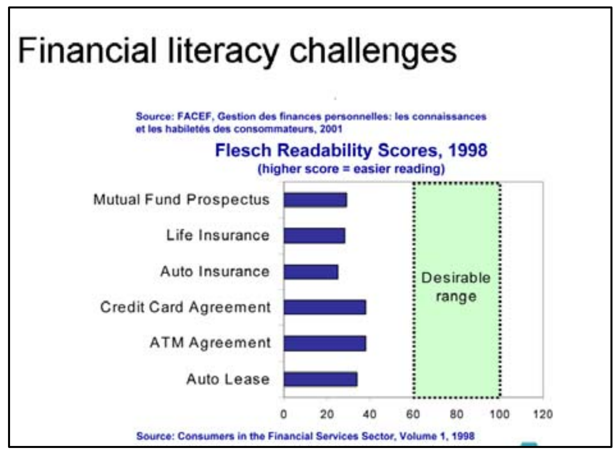

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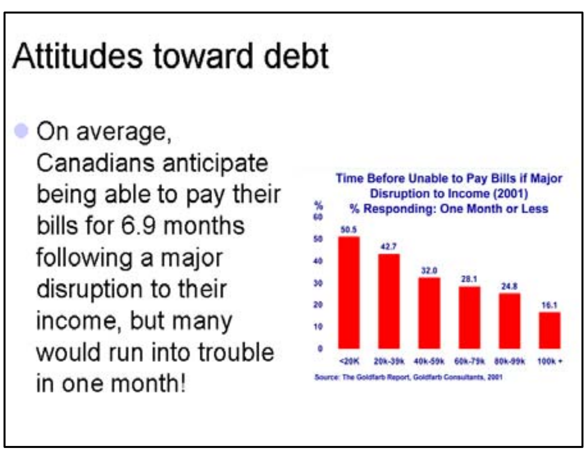

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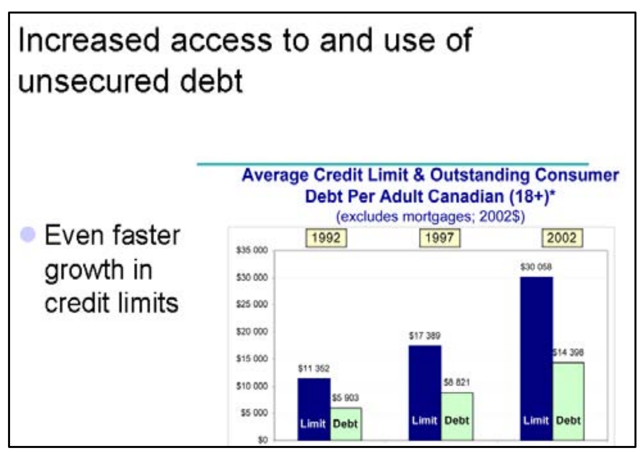

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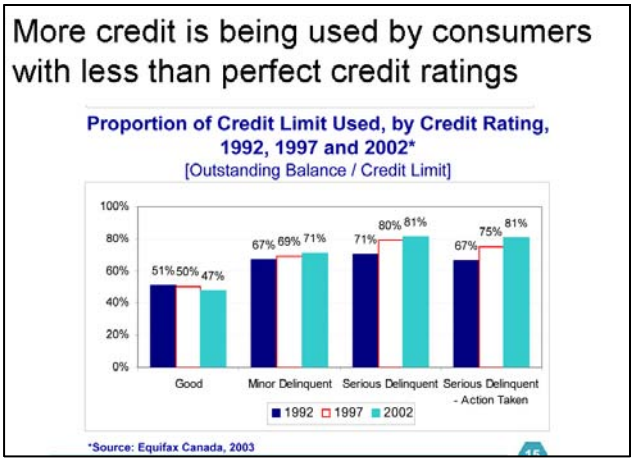

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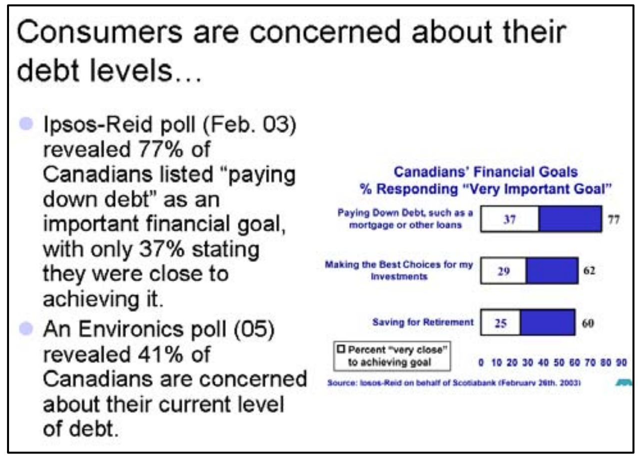

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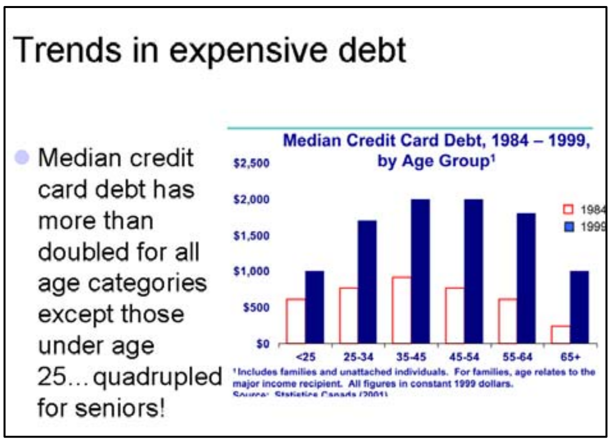

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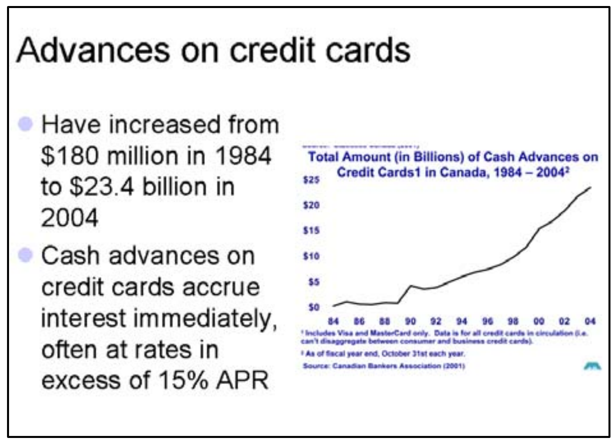

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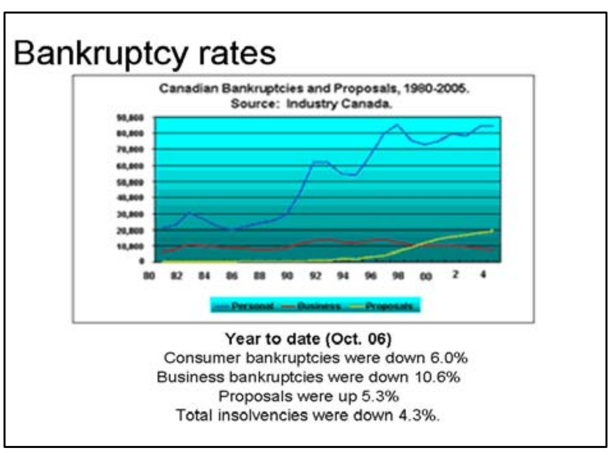

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Financial Considerations for Immigrant and Refugee Families

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Social Work & Family Studies, University of British Columbia

Two financial issues often facing new immigrants and refugees are an obligation to send money to support family members elsewhere (remittances) and gaining access to financial services available in the new country. This paper provides an overview of remittances, highlighting the unique situation of refugees by giving examples from the author's research with Vietnamese and Sudanese refugees, and identifying how those working with such populations might use this information. In addition, recent efforts by financial institutions to promote financial access for immigrants are highlighted, and suggestions are given for how financial educators might use this information.

Several Canadian trends emphasize the need for expanding financial research and education with new populations: 1) immigrants comprise 18% of the population, a record high, with the percentages much higher in cities such as Vancouver (37.5%) and Toronto (44%); 2) visible minorities are 13% of the population (within this category, 26% are Chinese, 23% South Asian, and 17% Black), and 3) future immigrants are expected to be mainly from Asia and the Middle East (Statistics Canada, 2003).

Refugees and Remittances

Those who come as refugees arrive with minimal financial resources, and their education or skills may not be recognized or transferable to jobs here. They may not have family with them, and contact with family may be difficult due to the nature of the flight from home. Because family members left behind may still be in dire circumstances, the newcomers send money while also trying to save money to sponsor them to safety. Major reasons for sending remittances include care and concern for the safety and well-being of family members left behind, and a desire to fulfill obligations and commitments (Stark & Lucas, 1988).

Vietnamese Remittance Patterns

Because not all families had money to arrange for the exit of all family members from Vietnam, a common strategy was to use their assets for the most employable person who could gain employment, send money, and save for sponsoring additional family members. While such an obligation was difficult for refugees with limited wages or sporadic employment (Locke, 1992), many showed considerable ingenuity in sending food, clothing, medical items, and money to relatives in Vietnam during their early resettlement (Gold, 1992). Reasons for not sending money included being too poor to send anything, having lost contact with relatives, or parents being deceased (Dorais et al., 1987). A primary reason for sending money was that the family needed it (Lam, 1996). After 12 years in Canada, Vietnamese Canadians endorsed traditional views about financial responsibility for family, including family residing in Vietnam, but these beliefs were tempered by an unwillingness to get in a financial bind (Johnson, 2003).

Some of the effects on those who are currently remitting money to family in Vietnam include conflict between spouses about sending money to his or to her family, and whether to send money to family in Vietnam or to spend that amount on family in Canada. The former refugees want to support family and community in Vietnam but they do not want their financial help viewed as supporting the Vietnamese government (Johnson, 2007).

Sudanese Remittance Patterns

Sudanese refugees are more recent arrivals than the Vietnamese to Canada. As such, they are in the early stages of sending remittances and trying to establish themselves in Canada while saving to sponsor family members. The majority (90%) of the Sudanese men we surveyed said they were sending money to family elsewhere. The amount sent was 5-10% of their income or a mean of $148 a month, which created difficulty in meeting their basic expenses. This amount seems to be the maximum they can send without major financial difficulties occurring. All said it was important or very important to send the money (Johnson & Stoll, 2005). Others found that Sudanese refugees experienced anxiety and guilt when thinking about not being able to meet financial responsibilities to family members elsewhere "whose circumstances they see as much worse than their own" (Akuei, 2004, p. 5). Not fulfilling their responsibility to support family created distress and strain (Simich et al., 2004). According to focus groups with leaders in the Sudanese community, specific sacrifices made to support family elsewhere included postponing their own education, working several jobs, and not meeting the needs and wants of the family in Canada. Pride and dignity were positive aspects noted about meeting their obligations of sending money (Johnson, 2007).

Implications

Financial educators and counselors need to recognize the importance of financial obligations to family wherever they live, and to understand that for the family's safety, remittances are often fixed, not flexible expenses. Learning about options used for sending money, reasons why some are selected over others, and incorporating this knowledge into teaching about best practices is an important area to understand when working with immigrant and refugee clients. Financial educators could create budget scenarios based on income and expenses of those in similar situations, and show what happens to other expenses as the proportion of income for remittances increases. Providing one-on-one assistance in deciding affordable amounts to send and training community members to provide such assistance may be desirable. Financial safe guards for sending money require the help of NGOs and multi-national banks to ensure remittances reach their destination in refugee camps and war-torn countries. Those working with settling the new immigrants or refugees could provide opportunities for discussion or support groups to hear how others manage sending money and meeting basic living costs and how they help family back home understand why more money cannot be sent (Johnson & Stoll, 2005).

Immigrants' Access to Financial Services

Bank web sites, a special conference by the U.S. Federal Reserve Board, and print media coverage emphasize the importance of newcomers having access to financial services.

One of the reasons is that new immigrants are potential large markets with considerable financial resources. For example, a headline in the *Toronto Sun*, October 1, 2006, reads "Big Banks Compete to Court Immigrant Clientele: Market Worth $3B a Year" (Tricher, 2006). Others are concerned that newcomers, especially those who have limited finances or knowledge about financial options available may turn to the alternative financial sector (Paulson et al., 2006).

Learning about and having access to the Canadian financial setting is one of many ways in which newcomers integrate. In his remarks at the Financial Access for Immigrants Conference, April 16, 2004, Ben S. Bernanke, Member, Board of Governors of the Federal Reserve System, said: "Full economic integration of immigrants requires that they have access not only to the informal financial sector but also to the formal one, including banking, insurance, pension funds, and other institutions. Only by using such institutions will immigrants successfully expand their range as entrepreneurs, become homeowners, build credit histories, save for retirement, and insure against financial and other risks." (Paulson et al., 2006, p. 2)

In my longitudinal research with Vietnamese refugees over their first 12 years in Canada, I found that they were actively engaged in various financial practices, with the percent participating increasing considerably between the second and third interview (between 5 and 10 years after their arrival). With the exception of saving money, the participation rates in the other financial practices were low at the first interview, which was during their first two years in Canada. At the first, second, and third interviews, the percent saving money was 75%, 71%, and 75%; the percent borrowing money was 23%, 35%, and 61%; the percent with a credit card was 6%, 12%, and 65%. Mainstream financial institutions were the major sources for saving and borrowing money.

Their experiences in having a chequing or an ATM account provide a picture of access to financial accounts in established financial institutions. At Time 1, within their first two years in Canada, 50% had a chequing account; at Time 2, 64%, and at Time 3, 84%. ATM accounts were not available until the mid 1980s, the time of the second interview. At that time, 17% had an ATM account, with 74% having such an account by the third interview (1992-93). Variables correlated significantly with access to chequing accounts were better English ability, being younger, having higher education and consumer knowledge, higher income, being male and married. Initially, private sponsorship was correlated, which reflects the common practice of private sponsors opening accounts for them. These data reflect how accessible accounts were to newcomers who arrived without financial resources, and at a time prior to increased immigration from Hong Kong and other parts of Asia, which also brought about an increased awareness by financial institutions of new financial markets.

In 2000, a special report for Industry Canada highlighted ways to increase access to and use of financial institutions by newcomers. Some of the suggestions were to select stores within the ethnic neighborhood to act as bank agents, have ethnic community members work with banks to help them learn about the community, encourage community banking and investment initiatives, and provide short-term loans from public agencies for necessities such as a rental assistance loan (Ramsay, 2000).

The amendments to the Bank Act in 2001 (Access to Basic Banking Services Regulations) have meant improved access to banking services, with 99% of Canadians over 18 having an account at a financial institution (Canadian Bankers' Association, 2005). In addition, Canadian financial institutions are working with financial institutions in the immigrant's home country to help the person have credit established upon arrival in Canada (Atallah & Rebola, 2006). Mainstream financial institutions are developing financial options that take into consideration cultural preferences of newcomer groups (Atallah & Rebelo, 2006; *Canadian Newcomer Magazine*, 2005; Paulson et al., 2006).

Working with ethnic communities to understand cultural barriers to the use of established financial institutions will help financial counselors and educators avoid suggesting options that will not work because of cultural beliefs. Also, identifying traditional ways of saving and borrowing money will help educators to understand that the group may not know the Canadian setting yet, but they do understand concepts such as trust in financial arrangements, costs of borrowing, and return on investments. Then this information can be drawn upon to show parallels and differences in using Canadian financial practices.

Acknowledgement: Financial support from the Canadian Home Economics Foundation, Margaret Speechly Stansfield Memorial Award 2005.

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Role of the Financial Counsellor in Collaborative Practice: An Alternative Option for Divorce

Doreen Gardner Brown, BHEc CFP
Financial Forum II
Vancouver 2006

Topics

- Collaborative Practice – what it is
- Accessing the expertise of the financial professional
- Model for neutral role - using projections
- Practice examples
- IACP Practice Standards and Ethics

DIVORCE IS COSTLY

- 61% say divorce is the most financially expensive event that could happen
- In a 2004 survey:
  - 35% had to go into debt
  - 28% had to sell personal assets
  - 27% had to sell financial assets
  - 22% had to get financial support from family/friends

Source: 2004 Decima Express Survey for Investors Group

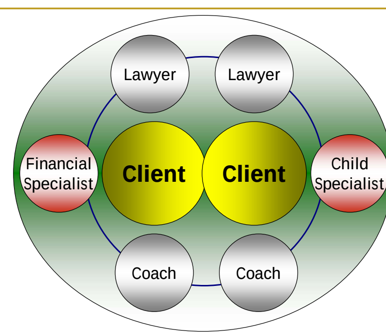
Process Choices

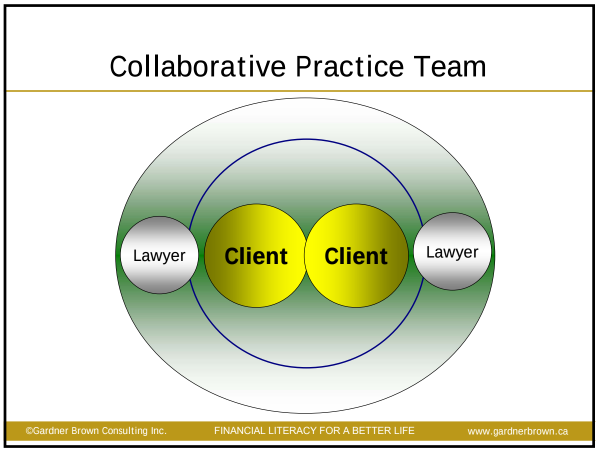
- Assisting "kitchen table" settlements
- Mediation
- Collaborative Practice
- Hire lawyer(s) – negotiate or litigate

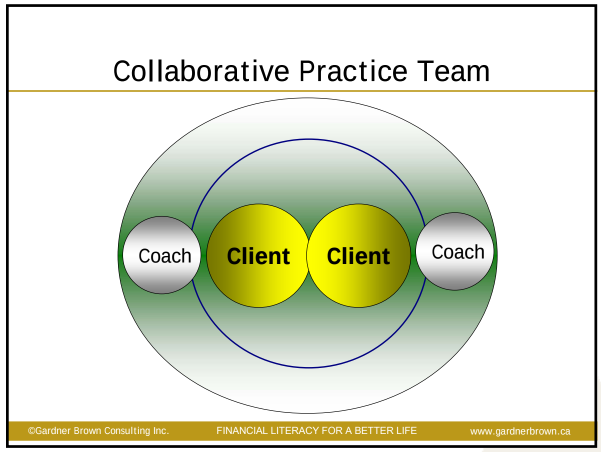
Collaborative Practice

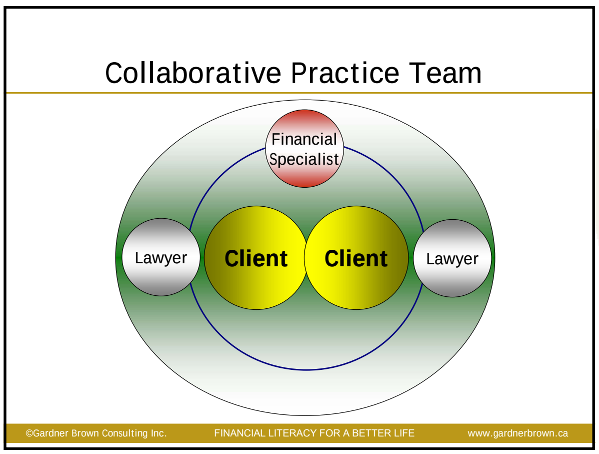
Separate but coordinated roles for three different professionals
- Lawyers
- Financial specialists
  - Counselling, Planning and Education
  - Business and Pension valuations
- Mental Health professionals
  - Divorce Coaches
  - Child Specialist

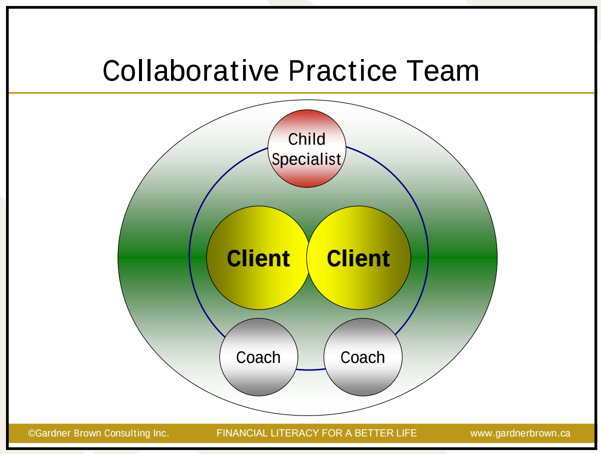
Collaborative Practice Team











Collaborative Practice

builds solutions based on needs and interests of both clients.

Allows for more creative outcomes.
Tailor made for the spouses and any children.

Using a Financial Counselling Model in Collaborative Practice

- Establishing relationship with clients and the other team members.
- Assessing the clients' financial situation.
- Assisting clients as they make decisions about resources and make their plans to implement their decisions.

From: Collaborative Practice: Deepening the Dialogue
by Nancy Cameron QC

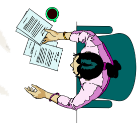
Financial Counselling or Planning

- Client measure of success
- Services provided to client
- Client professional relationship

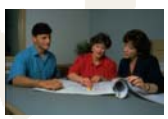
Credit: Jerry Mason, PhD and Bernard Poduska, PhD

Finances During Transitions

- Getting Organized
- Preparing & Using Personal Financial Statements
- Understanding Options & Opportunities
- Considering Projections
- MAKING DECISIONS



Neutral Financial Professional Assignments



- Preparing projections
- Educating clients
- Assembling data
- Determining financial arrangements
- Valuing pensions and businesses

Ten Roles for Financial Professionals

- Working with child support/spousal support payments – options, optimizing benefits
- Valuing family assets (business valuator)
- Assisting with full disclosure of financial information
- Evaluating insurance needs
- Analyzing financial data (forensic accountant)

More roles ...

- Assembling required financial information
- Preparing projections of cash flow and net worth
- Providing financial advice re: investments or making referrals
- Tax planning & implications on division of family assets
- Valuing pension assets (actuary)

Source: The Greiner /McFarlane /Gardner Brown list, January 2006.

IACP Financial Specialist Requirements

1. Professional license or designation in good standing e.g. CFP, CA, CGA or CMA.
2. Background, education and experience in financial aspect of divorce and all financial planning areas.
3. Interdisciplinary Collaborative training – 12 hours.
4. Financial fundamentals of divorce – 20 hours.
5. Client centered, facilitative conflict resolution – 30 hours.
6. Communication, advanced mediation, coaching – 15 hours.

Source: IACP Professional Standards, July 2004.

Practice Example - Monroes

- Principles – transition to self-employment, similar lifestyle, current sense of equality, care for children – now and future.
- Financial assignments – education, analysis and business planning, projections
- four 5-way meetings plus meetings with both lawyers to create parameters for projections.
- 25 projections prepared.
- She had financial planner.

Practice Example - Zakowskis

- Principles – many related to parenting, transition, moving to full employment
- Financial assignments – projections, education
- One 5-way meeting and one 3-way with one client and her lawyer
- 3 projections prepared

Practice Example – Bonds

- Principles – maintain standard of living for Mom and children, Mom to stay at home. Dad have some certainty about his future obligations and Mom have certainty around future support.
- Financial assignments – projections, education.
- Two 5-ways and 25 projections.

Practice Example - Potts

- Principles – keep family home in the family, parenting
- Financial assignments – projections
- One 5-way meeting and 4 projections

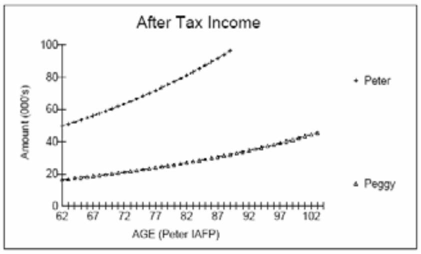
Net Worth Statement: **Peggy**

ASSETS		LIABILITIES	
Liquid		*Short-Term*	
Cash & Equivalent	$ 0	Credit Cards	$ 0
Short-Term Savings	$ 0	Personal Loans	$ 0
Term Deposits	$ 0		
Investment		*Long-Term*	
Investments	$50,000	Mortgage	$ 0
Retirement Savings	$50,000	Loans over 1 Yr.	$ 0
		Sub Total:	**$0**
Personal			
Home	$350,000	**NET WORTH:**	**$450,000**
Sub Total:	**$450,000**		

Net Worth Statement: **Peter**

ASSETS		LIABILITIES	
Liquid		*Short-Term*	
Cash & Equivalent	$ 0	Credit Cards	$ 0
Short-Term Savings	$ 0	Personal Loans	$ 0
Term Deposits	$ 0		
Investment		*Long-Term*	
Investments	$300,000	Mortgage	$ 0
Retirement Savings	$500,000	Loans over 1 Yr.	$150,000
		Sub Total:	**$150,000**
Personal			
Home	$ 350,000	**NET WORTH:**	**$850,000**
Sub Total:	**$1,000,000**		

Baseline Comparison Graphs – Peter and Peggy



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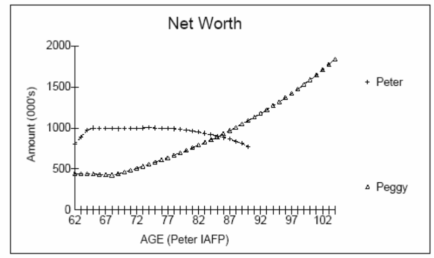
Baseline Comparison Graphs – Peter and Peggy



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Cash Flow and Net Worth COMPARISONS

- Model using financial planning software
- Create financial projections - graphs and reports
- Net Available Spending is:
  - After income tax
  - After pension and RRSP/retirement contributions
  - After mortgage payments
  - Incorporates spousal support

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Collaborative Financial Professional Articles

Jeffrey H. Rattiner, CPA, CFP: "Torn: The Ethical Dilemmas of Your Clients' Divorce." *The Journal of Financial Planning*, Featured Article Online, April 2006.

Doreen Gardner Brown, BHEc, CFP: "Becoming the Financial Specialist in Collaborative Practice." Practitioner Forum. *Proceedings of the Association for Financial Counselling and Education Planning (AFCPE) Conference*, November 2005.

Cathy Daigle, CFP, CDFA and Mark Hill, CFP, CDFA: "The Neutral Financial Professional: A Unique Opportunity, a Singular Responsibility." *The Collaborative Review*, Spring '05.

Lili A Vasileff, CFP: "Divorce Planners are Negatively Perceived by Matrimonial Lawyers." The *Journal of Financial Planning*, Your Practice Featured Article Online, March 2005.

Doreen Gardner Brown, BHEc, CFP: "A Role for the Financial Specialist." TEAM - Together Everyone Achieves More concurrent workshop. *Proceedings of the IACP Networking Forum in Boston*, October 2004.

Cathy Daigle, CFP, CDFA and George B. Richardson, JD, CFLS: "Engaging a Financial Specialist." *The Collaborative Review*, Summer 2004.

Financial Time and Costs

- Meetings with clients and lawyers – 4 to 6 hours
- Meetings with clients – 2 to 4 hours
- Time to prepare net worth statements
- Time to prepare set of projections – 7 to 10 hours
- Fees to do business or pension evaluations
- Fees range from $125 to $250 per hour

Northern California Financial Specialists on the Neutral Financial Specialist Role

"Divorce isn't easy, but it may strive to be financially fair. Most couples really do want to reach settlement. The challenge often lies within what may look financially fair today may not be affordable just a few years from now. Divorcing couples are asking for financial expertise. Utilizing a neutral Financial Specialist may save you time and money by assisting you and your attorneys with the financial challenges."

Created at the Green Gulch Retreat, August 2004.

Websites To Bookmark

www.collaborativedivorcebc.org
www.collaborativepractice.com
www.bcjusticereview.org
www.justice.gc.ca/en/dept/pub/spousal/project/index.html
www.mediator-roster.bc.ca
www.ag.gov.bc.ca/dro

Acknowledgements - Collaborative Colleagues

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- Sandra Polinski, BA, LLB
- Darryl Robinson, RSW, CFP, RFP
- Sally Rycroft, CGA, RFP, CFP, PRP

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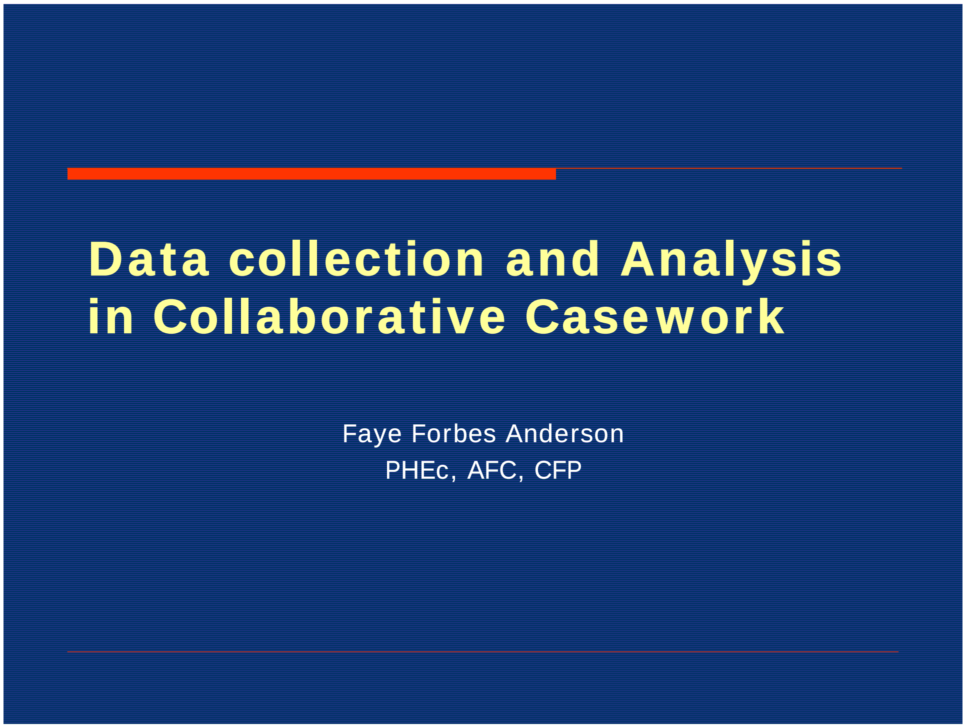


The new collaborative divorce process offers a wide array of possible roles for financial specialists.

While many lawyers and psychologists in the collaborative process may not differentiate among the various financial specialists, identifying the tasks in the process can help home economists see appropriate roles for their expertise.

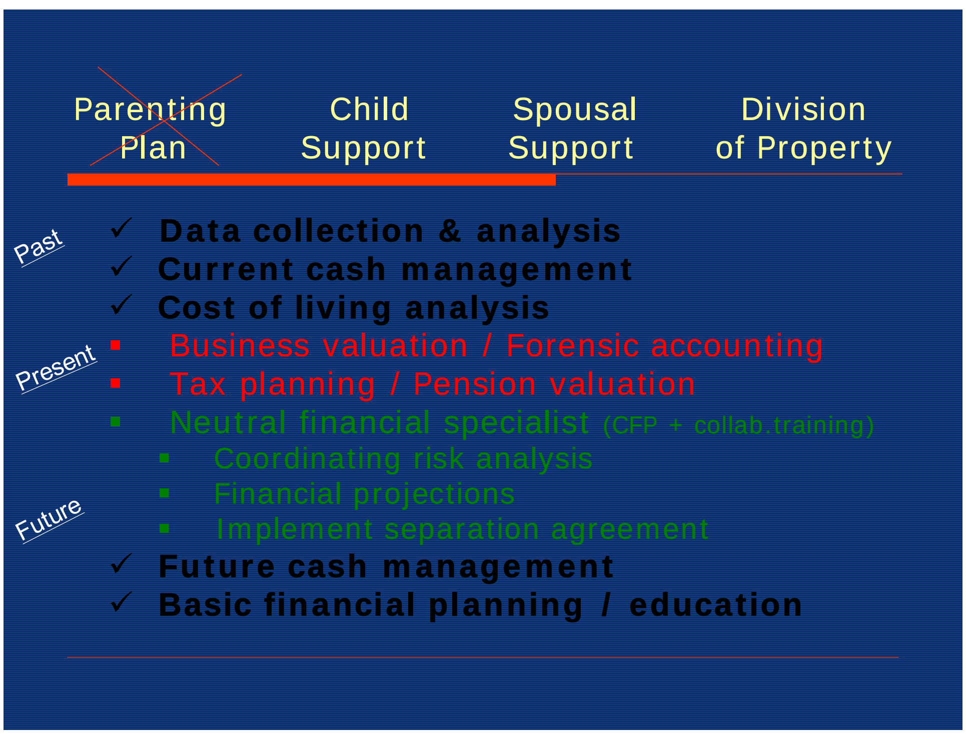
4 issues require negotiation in the collaborative divorce process. Three of them are financial issues: child support, spousal support and division of property.

On the following slide:

- The green-coloured tasks as a neutral financial specialist would require home economists to pursue continuing education for the Certified Financial Planner designation, a collaborative divorce workshop, and mediation training.

- The red-coloured tasks would require more extensive further education and training.

- The black checkmarks note the tasks readily available to Professional Home Economists who specialize in family financial management. In fact, home economists are the professionals best suited to those tasks.



The first task we see on the above slide is our topic “data collection and analysis”.

Like all good projects, the impetus behind creating a new data collection process was client demand. In this case, it was clients' frustrations and their reported feelings of being overwhelmed by the lists of financial data required by their lawyers. Other reasons became quickly apparent.

The existing data collection process used by divorce lawyers, was appropriate for the litigation process. For collaborative divorce, however, a new process was needed. In the new process, a financial specialist is able to guide clients through collecting data that encompasses all aspects of their financial life with the goal of easing the transition into their new financial realities.

The solution was to create user-friendly binder with check boxes, summary tables, and separate sections for each facet of personal finances (even those not usually required in the divorce process). The goal was to reduce clients' stress and promote their divorce task success as well as their future financial success.

The Binder: Contents

1. Income
2. Expenses
3. Liabilities
4. Personal Assets
5. Registered Assets & Pensions
6. Group Benefits & Insurance
7. Savings & Investments
8. Assets From Outside the Marriage

The following two sample pages illustrate the layout of the binder.

- For each section, the first page is a series of checkboxes, allowing clients to gather and organize their information in small, manageable pieces as their time and energy allows through the emotional process of divorcing.

- The pages following it are summary tables to organize and distil the financial information for the benefit of the lawyer, the financial specialist, and most importantly, for the client.

The sample pages are for Section 4, “Personal Assets”.

Personal Assets / Residence

Please include a copy of the following:

- □ "Personal Assets" summary (on following page)
- □ Your most recent Property Tax Assessment *or* market appraisals for all matrimonial homes and vacation properties
- □ A list of all safe deposit box contents
- □ A list of all other non-financial assets that will need to be included in the division of property negotiations
  (Items that you have not already agreed on how to split)
  e.g. furniture, jewellery, frequent flyer miles, season's tickets

Personal Assets

Vehicles, Trailers, Motorbikes, Snowmobiles…

Year	Make/Model/Serial Number	Registered Owner	Appraised Value	Loan Balance	Payments Per Month
			$	$	$
			$	$	$
			$	$	$

Homes and Vacation Properties

Description/Address	Purchase Date	Purchase Price	Estimated Value	Loan	Owner	Who Lives Here?
		$	$	$		
		$	$	$		
		$	$	$		
		$	$	$		

* Principal Residence

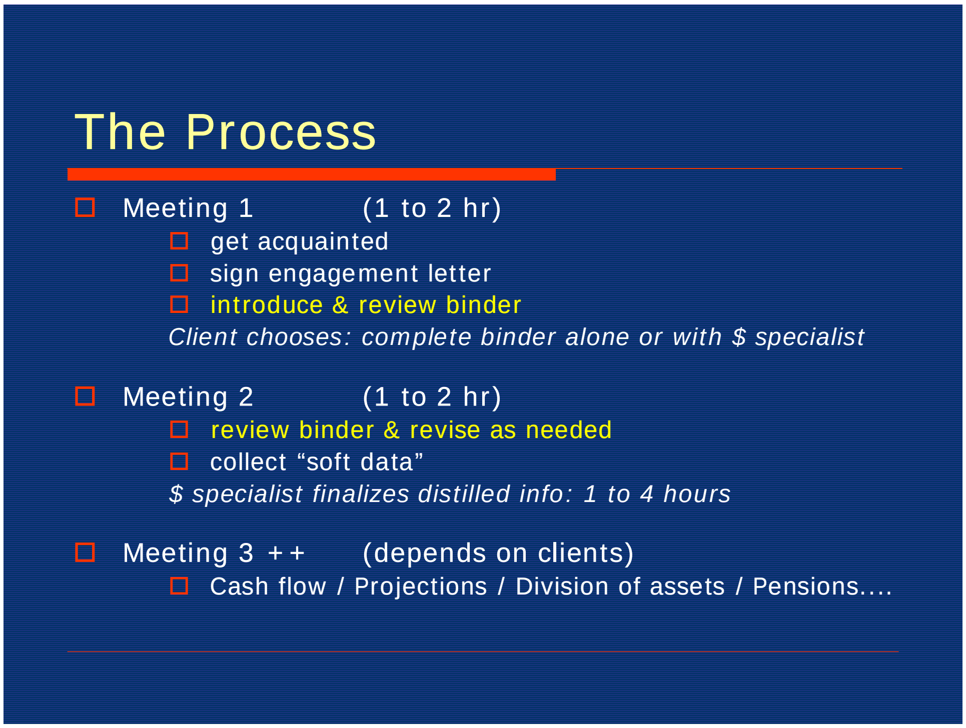
Non-Financial Assets

(Fair market value, not replacement value)

Description	Estimated Value, or Appraised Value *	Comments
	$	
	$	
	$	
	$	
	$	
	$	
	$	
	$	
	$	

* Include appraisal

Using the binder to collect financial information allows the client to control the amount of time he or she spends with the lawyer or financial specialist. The following illustrates client contact time and financial specialist time for data collection and analysis.



Data collection is a critical piece in the divorce process. Home economists can find a financially and professionally rewarding role assisting clients through this first step in their transition into a new financial situation.

OACCS Certified Credit Counsellor Program & Accredited Financial Counsellor Canada℠

Financial Forum II, Vancouver Dec. 9, 2006 presentation by
***Carol Fraser**, P.H. Ec. OACCS Accreditation Coordinator*

The Ontario Association of Credit Counselling Services (OACCS) launched a new program to certify credit counsellors in April 2006. The program has a three pronged approach that incorporates two distinct courses plus work experience.

The new Accredited Financial Counsellor Canada℠ is one of the required courses to become certified. The Association for Financial Counselling and Planning Education (AFCPE) has taken their existing AFC course and with input from the OACCS added components and provided a Canadian reference point to the entire content. This course is licensed exclusively through the OACCS and is available to anyone working the financial counselling field. A course outline and enrolment form follows.

The second part of the Certified Credit Counsellor designation is successful completion of the Insolvency Counsellor's Qualification Course (ICQC). This course is administered on behalf of the Office of the Superintendent of Bankruptcy (OSB) and the Canadian Association of Insolvency and Restructuring Professionals (CAIRP) by the National Insolvency Qualification Program.

The third component of the CCC program is for each applicant to have completed a minimum of 18 months, full-time equivalent work in a not-for-profit credit counselling agency. During that time the counsellor must have opened and managed at least 200 client files that include a variety of counselling, advocacy (third party counselling) and debt management programs.

The goal of the OACCS is that within five years all counsellors working in the not-for-profit credit counselling sector in Ontario will be certified. New employees will be expected to meet the criteria within three years of hire.

The program will enhance the specialized knowledge, unique skills and expertise credit counselling professionals require daily in assisting clients. The designation will also provide the public, funders, creditors, government and other stakeholders increased credibility.

AFCC℠ Information is available at www.oaccs.com

For additional information contact:
William Moores
OACCS
1-888-746-3328
wmoores@indebt.org

AFCC℠

Accredited Financial Counsellor Canada℠

Accredited Financial Counsellor Canada℠

AFCC℠

Contact OACCS To Enrol Today

The Ontario Association of Credit Counselling Services

P.O. Box 189
Grimsby, Ontario
L3M 4G3

Telephone: 1-888-746-3328

Fax: 905-945-4680

OACCS is the exclusive licensee in Canada of the Accredited Financial Counsellor Canada℠ certification program.

AFCC℠ is a certification mark of the Association for Financial Counseling and Planning Education®.

OACCS AFCPE℠

What is the AFCC℠

The Ontario Association of Credit Counselling Services is pleased to exclusively offer the Accredited Financial Counsellor Canada℠ program (AFCC℠).

This program, the first of its kind in Canada, provides a unique opportunity for Credit Counsellors to earn a distinguished professional designation.

The Accredited Financial Counsellor Canada program has been carefully designed and customized to include Canadian components in the study curriculum.

OACCS is proud to have been selected as the exclusive Canadian licensee for the AFCC℠ program by the Association for Financial Counseling and Planning Education® (AFCPE®).

The Benefits

Earning your Accredited Financial Counsellor Canada designation will highlight your specialized knowledge, unique skills and expertise as a qualified Credit Counsellor.

Having your AFCC℠ designation will enhance your credibility and your level of professionalism with the public, creditors, funders, government and other stakeholders. In addition, it will showcase your strong qualifications in the Credit Counselling industry.

Take that important step towards earning your Accredited Financial Counsellor Canada designation.

ENROL TODAY!

Course Content

The Accredited Financial Counsellor Canada℠ Program has two components, Personal Finance and Counselling Skills. Both of these course components are required to earn the AFCC℠ designation.

Program content is divided into two components: knowledge and skills. The knowledge component includes the following:

- Basic personal finance
- Credit use
- Bankruptcy and insolvency
- Legislation and court process
- Credit and collections industry
- Credit reporting
- Consumer issues
- Government and community resources

The skills component of the Program covers these main areas:

- Counselling
- Client and creditor-relations
- Negotiation
- Advocacy
- Communications
- Case management
- Organization and time management

The AFCC℠ is a self-study program and students set their own pace of learning for the program. Each of the two modules of the AFCC℠ program is similar to a one-semester college or university course. The average time to complete a module is approximately 45 hours. The following study guides are included in the course materials:

- *Personal Finance Study Guide*
- *Financial Counseling and Debt Management Study Guide*

The Association for Financial Counseling and Planning Education® (AFCPE®) will deliver and administer the Accredited Financial Counsellor Canada Program, including distribution of course materials, testing, and monitoring of continuing education credits.

Accredited Financial Counsellor Canada℠

AFCC℠

Course Qualifications

In order to become an Accredited Financial Counsellor Canada each candidate is required to:

- Pass two examinations with a score of 70% or greater on each examination.
- Provide proof of two years of acceptable counselling or finance related employment.
- Sign an agreement to adhere to the Code of Ethics.
- Submit three acceptable letters of reference; one from a supervisor, one from a peer counsellor and one from a client.

Maintaining Your AFCC℠ Designation

In order to maintain the Accredited Financial Counsellor Canada designation, following successful completion of the program, an accredited individual is required to:

- Pay an annual fee.
- Provide proof of attendance at 30 hours of continuing education in each two year period.

Enrolment Process and Cost

AFCC℠ enrolment forms are available from the OACCS. These enrolment forms need to be completed in full and returned with payment to the OACCS for processing. Please refer to the enrolment form for fee information.

The program fee includes registration, course study guides, text books and exam.

CONTACT OACCS FOR YOUR ENROLMENT FORM.

About the Ontario Association of Credit Counselling Services:

Since 1970, the Ontario Association of Credit Counselling Services (OACCS), a not-for-profit registered charity, has represented a membership of professional, not-for-profit Credit Counselling agencies, about 70% of the not-for-profit Credit Counselling Agencies in Canada. OACCS is the only Credit Counselling Association in Canada that has its own status and recognition through legislation; Bill Pr82 – An Act Respecting the Ontario Association of Not-for-Profit Credit Counselling Services. True to our legislation, OACCS places a strong emphasis and focus on establishing, promoting and regulating uniform standards of knowledge, skills and ethics for persons engaged in the practice of not-for-profit Credit Counselling. This includes training opportunities and continuing education.

OACCS is the only organization in Canada to offer the exclusive professional designation of Accredited Financial Counsellor Canada which recognizes the unique skills, knowledge and integrity of highly trained Credit Counsellors in the areas of personal finance, consumer credit, money management and counselling skills.

About the Association for Financial Counseling and Planning Education®:

AFCPE® is a professional association for individuals interested in financial planning and counselling education.

The association seeks to promote the education, training and certification of financial counselling and planning professionals. AFCPE® also promotes and disseminates research findings and research methodologies related to financial counselling

AFCPE[SM]

Accredited Financial Counsellor Canada[SM]

Date: M M / D D / Y Y Y Y   *Please Print*

Name:

Employer:

Job Title:

Work Address:

City:

Province:

Postal Code:

Work Phone: - -   Ext:

Fax: - -

Home Address:

City:

Province:

Postal Code:

Home Phone: - -

E-Mail:

Contact You: ☐ at home ☐ at work

Highest Education Level Completed:

- ☐ High school diploma
- ☐ Community or technical degree/diploma
- ☐ BS or BA degree
- ☐ MS or MA degree
- ☐ Ph.D. degree
- ☐ Other: ______________________________

OACCS

The Ontario Association of Credit Counselling Services

Telephone: 1-888-746-3328

Fax: 905-945-4680

Current Employment Type:

- ☐ Executive Director
- ☐ Manager
- ☐ Counsellor
- ☐ Administrative
- ☐ Other: ______________________________

____

Authorization

By signing below, Enrolee gives OACCS the right to verify and share information with respect to the Accredited Financial Counsellor Canada[SM] program with the Association For Financial Counseling and Planning Education®.

Enrolee signature:

____

Date:

____

AFCC Program Fees

☐ Cheque

☐ Money Order   ***Total Enclosed:*** *$999.00*

Please send your completed enrolment form, including cheque or money order payable to:

Ontario Association of Credit Counselling Services
P.O. Box 189, Grimsby, Ontario. L3M 4G3

OACCS is the exclusive licensee in Canada of the Accredited Financial Counsellor Canada[SM] certification program.

AFCC[SM] is a certification mark of the Association for Financial Counseling and Planning Education®.

Quebec young adults, credit, and debts

Marie J. Lachance
Consumer sciences
Université Laval, Québec

Financial Forum I I
Vancouver, December 2006

Introduction

- *Bankrupcies among Canadian 15-24 has doubled between 1987 & 2001 (BSF, 2003)*
- *2 out of 3 Canadian students hold at least 1 credit card; 33% with an unpaid balance (CFMB, 2003)*
- *Cégep students show low level of knowledge in personal finances (Lachance, 2004; Stafford-Smith & MacKey, 1989)*
- *Canadian 18-24 show lower scores in personal finances than general population (FACEF, 2001)*

For the Canadian Federation for Economic Education (2002)

Economic competence concerns…

the essential concepts, attitudes and behaviours that are necessary to attain economic decisions and actions with confidence and efficacy.

Questions of research

Are young people sufficiently equiped to face the world of credit ?

- *To what extent do they use credit ?*
- *Do they show minimal knowledge in credit matters ?*
- *What are their attitudes towards credit and debts ?*
- *What are the nature and the level of their debts ?*

Details of the survey

- *Telephone survey in June 2004*
- *45 items, about 12 minutes*
- *Urban & suburban areas of Québec*
- *Probabilistic sample of 980 respondents*

List of the main variables

- *Credit use/debts*
  - *Number of credit cards held*
  - *Line of credit*
  - *Nature, number of different debts*
  - *Total amount of debts in $*
- *Credit knowledge (9 true/false items)*
- *Saving and budgeting habits (2 items)*
- *Perception of competence in P$ (2 items)*

- *Attitude towards credit/debts in general*
  - *6 out of the 13 perception items*
  - *Cronbach's Alpha = 0,70*
- *Perception of parents' and friends' use of credit (2 items)*
- *Main source of learning in P$ (1 item)*

  Trials & errors, family, friends, colleagues, spouse, media, financial counsellor
- *Sociodemographics (7 items)*

Characteristics of the sample

Age : *18-29 years old* *M = 24,1 (3,0)*

Gender : *55,7% = women*

Education : *77,1% post-sec.* *M = 14,2 (2,6)*

Living situation : *36,7% in couple*
26,7% with co-rentors
19,3% alone
14,5% with parents

Occupation

36,6% full time workers
16,2% full time students
36,5% students and workers
10,7% others

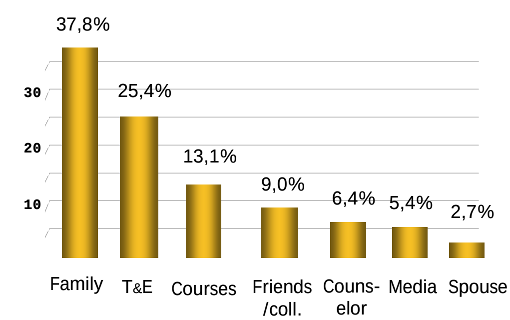
Income (95,2%)

M = 20 908 $ (S.D.= 4 848$)

Job earnings (80,0%)

M = 23 074 $ (S.D.= 14 958$)

Figure 1. Main source of learning in P$



Credit knowledge mean scores

- *Sample: 4,45 / 9.00 (S.D.= 1,81) or 49.4%*
- *Debtors: 4,70 / 9.00 (S.D.= 1,82) or 52.2%*

Table 1. Descriptive results about perception of credit/debts

	Disagree %	Agree %
1. There is more + than - to use credit	34,2	37,6
2. Credit allows getting better qualilty of life	44,4	31,8
3. Credit is synonymous with problems	36,7	34,0
4. Everybody should hold at least 1 credit card	46,2	38,4
5. Nobody should be afraid of using credit	28,6	41,8
6. Nowadays, the use of credit is a necessity	30,0	35,6

Table 1. (following)

	Disagree	Agree
7. With credit, no need to save money to buy…	84,0	6,8
8. Nowadays, it is usual to have debts.	33,7	48,9
9. Having a credit card pushes me to spend +	61,2	29,3
10. I am competent in P$	20,7	50,6
11. People of my age are <u>not</u> competent in P$	22,9	41,1
12. My parents are heavy users of credit	52,5	27,1
13. My friends are heavy users of credit	27,2	32,5

Products of credit and debts

- *At least 1 credit card:* *77,4%* *<u>M</u>=1,9 (1,5)*
- *Line of credit:* *37,0%*
- *At least 1 debt:* *77,1%* *<u>M</u>=1,5 (1,3)*
- *Total debt (CAD$):* *<u>M</u>=14 018$/ 3 676$)* *(S.D.= 29 893$/ 6 545$)*

Table 2. Nature and mean ($) of debts (n=980)

	%	<u>M*</u>	S.D.
Student debt	*39,9*	*7 489*	*6 192*
Balance on credit card	*34,7*	*1 122*	*2 217*
Debt on line of credit	*15,9*	*4 248*	*5 778*
Car (achat ou location)	*20,6*	*9 436*	*6 286*
Furniture and appliances	*13,5*	*1 385*	*1 852*
Loan from friends/parents	*13,2*	*2 389*	*3 582*
Mortgage	*8,8*	*88 644*	*42 968*
Others	*6,5*	*4 095*	*4 294*

* Mean calculated for the sub-group with this specific debt

Determinants of knowledge

1. *Personal income (+)*
2. *Number of debts (+)*
3. *Learning from trials and errors (-)*
4. *Learning from family (-)*
5. *Number of credit cards held (+)*
6. *Attitudes towards credit and debt in general (+)*
7. *Learning from friends and colleagues (-)*
8. *Total amount of debts in $ (+)*

Determinants of the attitude

- *Knowledge (+)*
- *Friends are high users of credit (+)*
- *Number of children (-)*
- *Parents are high users of credit (+)*
- *Education (+)*

Determinants of the level of debts

1. *Number of different debts (+)*
2. *Personal income (+)*
3. *Budgeting regularly (+)*

Conclusions and recommandations

- *The majority uses credit (remarkable growth)*
- *Low level of basic knowledge*
  = « at risk » consumers

- *Divided attitudes towards credit/debts*
  But social environment affect this attitude
  Parents should be aware as models

- *Having many debts should be seen as an alarm*

- *Quality education is essential*
  (CUNA, 2002; Facef, 2001; O'Neil, 2002; Usher, 2000)

- *Courses (school, work ?) and media*
- *Information/education for parents*

- *More research...*

Thank you !

Lachance, M.J., Beaudoin, P. & Robitaille, J. (2006). Quebec Young adults' use and knowledge of credit. *International Journal of Consumer Studies, 30*(4), 347-359.

Lachance et al., (2005). Report of the study (in French only)
On request: marie.lachance@eac.ulaval.cca

Basic Skills for Living: Learning about Money Series

Joan Butcher, Member of the Basic Skill for Living Committee
Winnipeg, Manitoba

The **Learning About Money series**, part of the **www.basicskillsforliving.ca** web site, is a multi-facetted resource that teaches the language and life skills of managing money day to day. They include resources that you can download free and duplicate for educational purposes. The purpose of this resource is to assist older teen and adult learners improve their money management skills. It is intended for those who are living at home, or independently, and are managing part or all of their income.

The introduction to Learning About Money series describes how to use the resource. The Manitoba **Literacy Stages** is used to allow learners to gauge their progress. The Stages were created in 1993 by Robin Millar and range from Stage One intended for those who are 'non-readers' to those who are 'developing' readers at Stage 3. Most of the activities in the Learning About Money resources are suitable for **Stage Two** and **Stage Three** learners.

There are **three educational modules** in the Leaning about Money section **- Banking Skills, Spending Plans** and **Understanding Credit**. In each module you will find links to fact sheets, worksheets, and hand poster/overhead masters that may be downloaded and duplicated for educational use. As well, there are video scripts for the **Learning About Money video.**

Consumer Education Fact Sheets cover consumer spending and credit topics. Each fact sheet is written at the Stage2/3 (Grade 6/7) literacy level and is two pages long. The six fact sheets are:

- Ways to Pay When You Shop
- Paying with Credit
- Focus on Credit Cards
- Use Credit with Care
- Focus on Short-term Loan
- Your Credit Record

Handling Money is an educational resource that focuses on skills related to money recognition and money handling needed for everyday life. In each module, you will find assessment tools, teaching activities, and worksheets. As well, there is an Introduction for educators in how to use the resources. Money recognition includes: names and values of coins, larger and smaller coin values, names and values of dollar bills, larger and smaller dollar bill values. Money handling includes: coins and bills of equal value, adding and subtracting money, writing numbers and words for money, adding prices, and making change. Everyday situations are given so that both literacy and life skill education needs for teens and adults are addressed.

The Basic Skills for Living project is a volunteer steering committee of Professional Home Economists who belong to the Manitoba Association of Home Economists (MAHE) - Winnipeg Branch. These resources have been developed with funding from the National Literacy Secretariat, Human Resources Development Canada.



promoting fairness
promoting fairness
promoting fairness

A Resource for Fairness

Ombudsman
SASKATCHEWAN

What is an Ombudsman?

An ombudsman is someone appointed to look into complaints and disagreements from a specific area.

Each type of ombudsman may have different mandates and authority.

Some Types of Ombudsman:

- Government
- Military
- Financial institution
- Telecommunication
- Broadcasting
- Business

Ombudsman Saskatchewan

For a government ombudsman, the legislative authority directs the ombudsman to investigate complaints from persons who think they have been unfairly treated by the provincial government, its departments, agencies, boards, commissions and crown corporations.

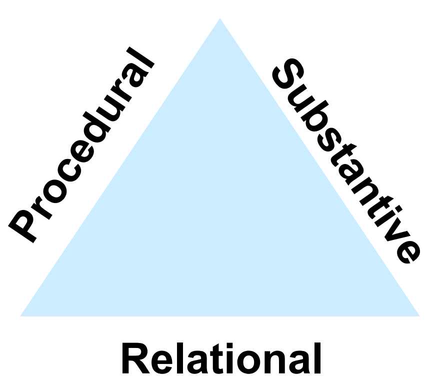
Ombudsman Saskatchewan (continued)

This involves reviewing decisions or actions, including the provision of services, and determining if they are fair:

- **Unreasonable**
- **Contrary to law**
- **Unjust**
- **Oppressive**
- **Improperly discriminatory**
- **Based on a mistake of law**
- **Based on a mistake of fact**
- **Wrong**

An ombudsman may also review the process in reaching a decision to ensure that it was fair.

Three Aspects of Fairness



Fairness Complaints that have a Financial Impact or Issue for Families

- **Agriculture**
  - Rebate program denials and procedures
  - Crop insurance indemnity denial
  - Cash incentive program denials

- **Education**
  - Student financial assistance denied
  - Repayment demands
  - Miscalculations

- **Health**
  - Denial of out of province treatment costs
  - Program coverage
  - Drug plan coverage

- **Housing**
  - Rentalsman hearing issues and orders
  - Rent and eviction issues in public housing
  - Public housing mortgage calculations
  - Special program denial

- **Insurance**
  - Denial of coverage
  - Denial of claim payout
  - Incorrect value of claim payout

Fairness Complaints that have a Financial Impact or Issue for Families

- **Injury**
  - WCB claim and benefit denial
  - Vehicle accident injury claim denial
  - Benefits delayed

- **Justice**
  - Lost property in correctional centres
  - Improper calculation and/or removal of money from trust accounts (Public Trustee and Correctional Centres)
  - Errors in sentencing affecting release date and employment.

- **Social Assistance**
  - Denial of benefits or reduced benefits
  - Denial of allowance for special and medical needs
  - Overpayment and repayment issues
  - Demand for sale of houses and vehicles or use of savings
  - Inappropriate expenditures

- **Utility**
  - Disconnection of utility services
  - Billing errors
  - Payment plans and ability to pay
  - Budgeting issues
  - Collection methods

Ombudsman as a Financial Fairness Resource

- Referrals to other appropriate agencies
- Intake assessment of the financial concern and negotiation of a resolution
- Mediation between parties in conflict over a financial issue
- Investigation into the financial issue regarding fairness of decision, action or process
- Systemic review into fairness of a program or procedure
- Workshops and presentations for high schools and the general public
- Fairness training for government bodies
- Printed materials and information handouts for conferences and classrooms

Credit Counseling Resources

Brenda Purschke
Credit Counselling Services of Alberta

As financial counsellors we are always looking for resources to help our clients and as Canadian financial counsellors, it is even better when we can find ones that come right from home!

One of the most useful websites that I have come across for resources has been developed by Industry Canada at **www.strategis.ic.gc.ca**. In the "Strategis for: Consumers" area there are links to other Canadian Consumer information agencies and publications, there are links to a number of financial calculators, but my favorite is located at Office of the Superintendent of Bankruptcy - Information and Services for Debtors**.** When you go to this section, scroll down and you will find:

"Youth Financial Awareness

Debtor education is not part of the Office of the Superintendent of Bankruptcy's regulatory mandate but it is one of our core values. We continue to seek innovative ways to educate people about the pitfalls of debt.
The OSB has begun developing financial education tools for teachers, parents, babysitters and others, to use with children. These include:

- *four financial guides for the following age groups: 5 and 6 year olds, 7 and 8 year olds, 9 to 12 year olds as well as 13 to 15 year olds. These guides are aimed at parents and contain information on what kids in each of these age groups should know about financial matters. They also contain games and activities.*
- *a Financial Guide for Post-Secondary Students which includes sections on managing money, savings and investments, income tax, types of credit, bank accounts and services, tips on how to save, searching for student employment, fraud, etc.*
- *a cartoon booklet designed by young volunteers containing 5 strips, each with a financial lesson followed by a questions that can be asked of the young readers.*
- *a game board designed by young volunteers geared for 7 to 10 year olds covering areas like advertising, making financial decisions, etc."*

You can download all of the above publications and have a look right away or, if you would like to order them so that you have hard copies, go to OSB Publications and Request Form (PDF Format 217 KB) at
http://strategis.ic.gc.ca/epic/site/bsf-osb.nsf/vwapj/OSBPublicationsRequestForm_ E.pdf/$FILE/OSBPublicationsRequestForm_ E.pdf or contact:

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If you are also looking for other Canadian printed materials, you can also go to www.creditcounselling.com and then go to "Printed Materials". There you can download Money Strategies Tipsheets such as "*Budgeting on a Roller Coaster Income",* or click on this link https://www.creditcounselling.com/downloads/RCMoneystratweb.pdf and you can have a look right away!

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