



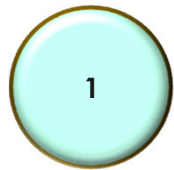
Saving and Asset Building on a Low Income

Melanie Buffel, Money Coach &
Diane Person, Mustard Seed

By PresenterMedia.com



Agenda



1 Introductions



2 Assets and a Sustainable Livelihood



3 Asset Poverty and Low Income



4 Tools to Build Financial Assets for Low Income



5 Resources and Collaboration



Questions....

- Who and what do you rely on for support in your daily life?
- What makes your life run smoothly?
- Who and what do you rely on for support in a crisis?
- What contributes to your resilience?



Livelihood Assets





Vulnerability Context

- Q: What make people vulnerable to poverty?

Cycles and Patterns

- Family history of poverty
- Presence and # of children
- Fatigue/stress
- Perceived lack of control
- Seasonality of employment

Shocks

- Domestic Violence
- Illness, Accidents
- Addiction
- Loss of job, Loss of housing
- Death of a family member

Trends

- Inflation outpaces income
- Lack of affordable housing
- Under paid part time employment
- Cuts to the social safety net
- Economic downturn

Systems

- Weak social safety net
- Social policy barriers
- Discrimination based on: race, sex, sexual orientation, class, age, religion, culture
- Unequal access to legal services
- Limited access to capital



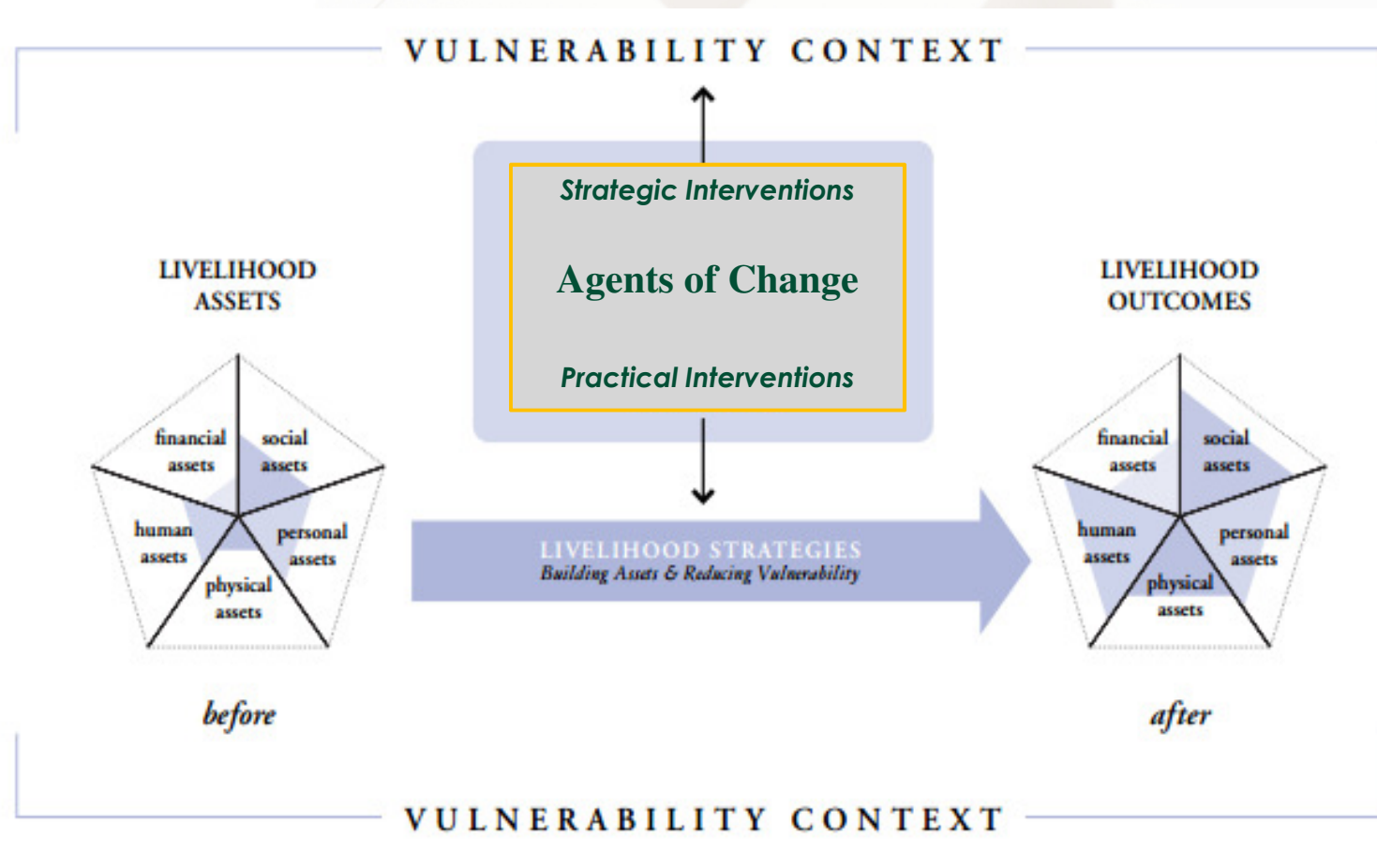
Livelihood Strategies

Livelihood Strategies	Livelihood Outcomes
<ul style="list-style-type: none">• Goal setting• Building basic needs• Enhancing employability• Developing connections & support• Building confidence & motivation• Engaging in productive activity• Investing in financial and other assets• Community involvement and networking	<ul style="list-style-type: none">• Reduced vulnerability• Access to shelter and basic needs• Increased earning power• Stronger support systems and networks• Greater economic self reliance and security• Greater wellbeing



The Framework in Action

A role for Agents of Change





Role of Financial Assets

Assets and the Poor - Michael Sherraden 1991

“Assets change heads”

Financial assets play a central role to:

- Smooth consumption overtime
- Improve household stability
- Increase community engagement
- Intergenerational positive effects
- Better education outcomes
- Psychologically connect people to a viable, hopeful future



Asset Poverty in Canada

- Poverty Policy – Income focus
- Low income cut off (LICO)
- David Rothwell at McGill University researching Asset Poverty in Canada
- Asset poor is defined by not owning sufficient assets to survive at the LICO for three months



Asset Poverty in Canada

- Canadians have the highest debt to income ratio in the G7 nation of 163%
- Nearly 1 in 6 Canadian families have a net worth of \$0 or -\$
- Nearly 1 in 4 Canadians have NO financial wealth at all... no savings, RRSP, investments
- Canada's household savings rate is low at 4.4%
- The asset poor are primarily households with female lone parents, renters and younger persons
- 14% of Canadians were joint low income and financial asset poor in 2005

References: Definition and Measurement of Asset Poverty in Canada, D. Rothwell (2013)

SEDI "Financial Empowerment" brochure



It's about budgeting right?

Q:What are the challenges when talking about savings and asset building with low income clients?

Vulnerability
Context

Asset Based
Intervention



Prosper Canada (formerly SEDI)

Financial Empowerment Framework

Building knowledge, skills and confidence through financial information, education and counselling	Increasing income through Living Wage efforts, access to and increasing levels of social benefits and tax credits	Creation of safe, accessible financial products and services	Access to savings and asset building opportunities	Consumer awareness and protection
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Financial Asset Building Tools

- **Financial Literacy**
- Building the financial knowledge, skills and confidence of individuals.
- Q: Examples of programs/models of intervention?
 - Workshops
 - Educational materials in print or website
 - Online calculators
 - One on one counselling / coaching



Financial Asset Building Tools

Access to income and benefits

Q: Examples of programs, policy efforts

- Living Wage
- Increase to Minimum Wage
- Micro enterprise development programs
- Benefits Navigators
- Government income supports
- Government subsidies for rent, childcare, transportation
- Tax credits eg. Working Income Tax Benefit, Disability Tax Credit



Financial Asset Building Tools

Accessible Financial Products and Services

- Q: Examples of programs, policy efforts
 - Low barrier bank accounts
 - Rent banks
 - Micro loans – Community Micro Loan Fund
 - Alternative to Pay Day Loan – Vancity Fast and Fair



Financial Asset Building Tools

Saving and Asset Building Opportunities

Q: Examples of programs, policy efforts

- Matched Savings programs
- RESP – Canada Learning Bond and Canada Education Savings Grant
- RDSP – Bond and 3:1 Match
- TFSA – withdrawal does not affect seniors benefits



Financial Asset Building Tools

Consumer Awareness and Protection

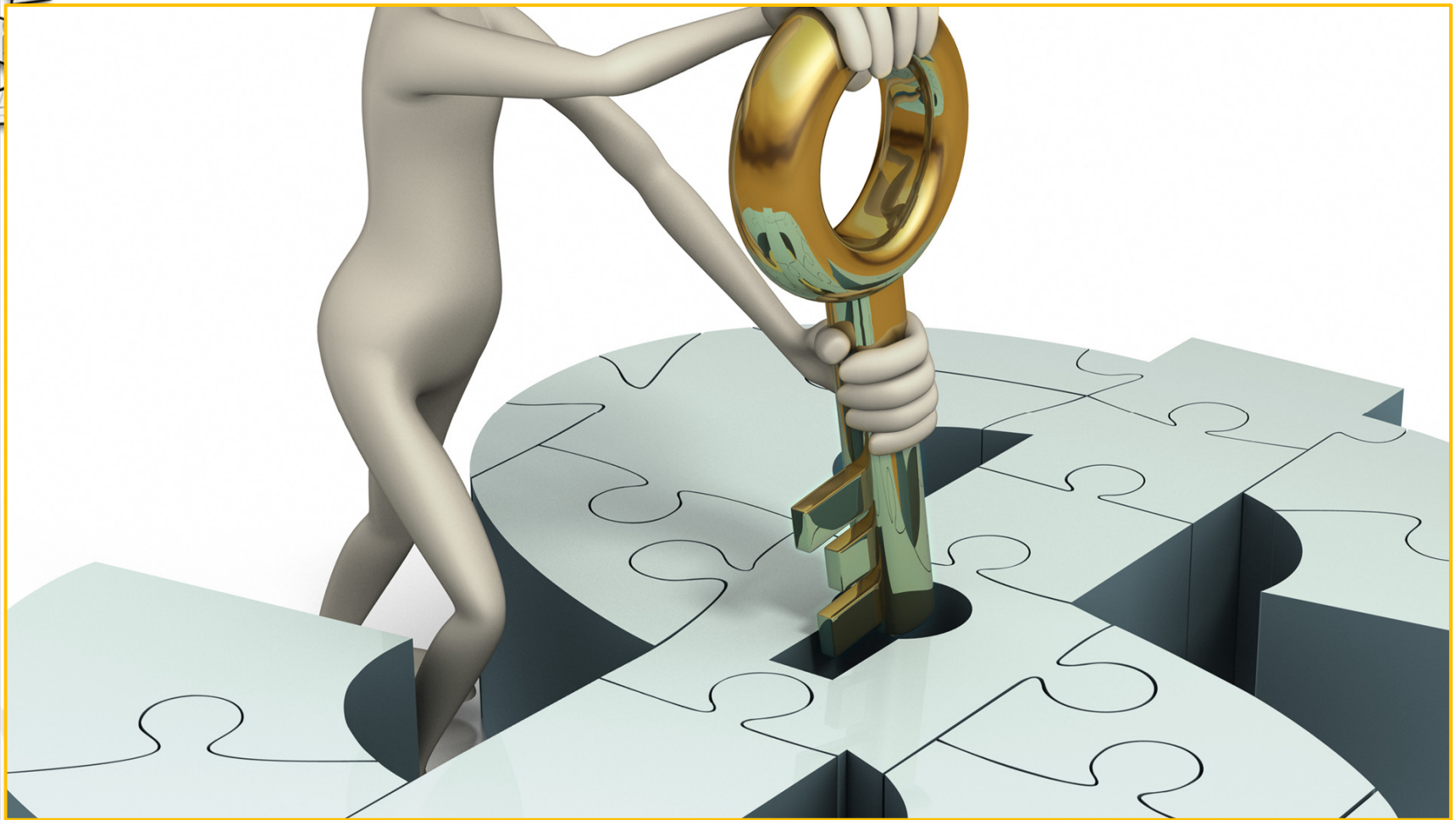
Q: Examples of programs, policies

- Government regulations and education efforts
- Consumer Protection BC
- Financial Consumer Agency of Canada (FCAC)
- Consumers' Association of Canada
- Media – eg. CBC Marketplace
- Public Interest Advocacy Centre
- Ad Busters



Collaboration and Resources

- Asset Building Learning Exchange (ABLE)
- National ABLE Steering Committee
- FCAC National Financial Literacy Strategy
- FCAC Financial Literacy Conference, Vancouver Nov 6-7th, 2014
- Resources on your Handout
- Additional Local Resources?



Thank you!
melanie@moneycoachescanada.ca