THE MULTICARE GROUP

November 2013 Louise Massé

November is Financial Literacy Month in Canada

The Government of Canada launched the country's third annual financial literacy month in Ottawa on Friday November 1st, 2013. There will be a month of activities designed to help raise Canadians' awareness of the importance of increased financial literacy. "Canadians face different financial challenges as they go through life," says Minister of State Kevin Sorenson. The year's theme is *Financial Literacy across Generations*, which puts the focus on learning or brushing up on the basics of money management and the importance of insurance. A list of events is available on the Financial Consumer Agency of Canada (FCAC) website.

Throughout the month, the Canadian Life and Health Insurance Association (CLHIA) is focusing on financial literacy with respect to helping Canadians understand life and health insurance matters with its 'Ready for Life' campaign. The Association has enhanced the financial literacy area on its website where consumers will be able to access resources including brochures on various life and health insurance products and a web-based tool to keep track of important personal and financial documents. The CLHIA's tweets (@CLHIA) throughout November will also centre around the 'Ready for Life' campaign.

The Insurance Bureau of Canada (IBC) is helping Canadians "To Save and Protect" -- to SAVE money by better understanding their auto, home and business insurance, and PROTECT their most valuable assets with the right insurance policies. A recent Pollara survey commissioned by IBC shows that more than 50 per cent of Canadians want to know more about home and car insurance and how it fits into their financial plans. The survey also reveals that 88 per cent of Canadians think schools should include home and car insurance in any financial lessons. To learn more about your home or auto insurance, go to www.ibc.ca

In addition, to mark Financial Literacy Month in Canada, BMO Financial Group has released a financial tip for each day of the month during November. Part of 'Making Money Make Sense', BMO's tips are designed to help individuals and families gain a better understanding of their finances, save money and manage day-to-day finances more effectively.

BMO's 30 Tips for 30 Days in November:

- Tip #1: Understand your needs and look for an investment advisor who takes an interest in your specific life situation to help you meet your financial goals.
- Tip #2: Open a Registered Retirement Savings Plan (RRSP) as early as possible and making regular contributions will ensure financial stability during retirement.
- Tip #3: Investing in an RRSP is a great way to save for retirement in a tax-efficient manner. No tax is paid on investment growth in an RRSP so investments compound far more quickly than they would if invested outside of an RRSP.
- Tip #4: Familiarize yourself with the wide range of investments that can be held in an RRSP, including bonds, equities, exchange traded funds (ETFs), guaranteed investment certificates (GICs) and mutual funds.

- Tip #5: Spousal RRSPs can be an effective income-splitting strategy to help defer taxes right away and reduce overall taxes in retirement.
- Tip #6: Invest in a Tax Free Savings Account (TFSA) to save thousands of dollars in taxes over the long term and to help you grow your savings faster.
- Tip #7: Diversify your portfolio by including a mix of investments spread across several sectors to reduce volatility without lowering expected returns.
- Tip #8: Consider preferred shares as an investment choice in today's low interest rate environment. They are a hybrid of equities and bonds and offer guaranteed fixed dividends with stable share prices and predictable distributions.
- Tip #9: Create a comprehensive household budget and revisit it often to help keep your overall finances in check.
- Tip #10: Track your day-to-day spending habits and take advantage of rewards programs to make the most out of every dollar spent.
- Tip #11: This holiday season, encourage friends and family to contribute to your child's RESP to help pay for his or her education.
- Tip #12: Donate securities to benefit from tax savings while supporting a cause that you believe in.
- Tip #13: Ensure you are covered with travel medical insurance to avoid financial risk before going on vacation.
- Tip #14: Use a combination of a credit card, debit card and cash for added security, convenience and flexibility when travelling to or shopping in the U.S.
- Tip #15: Take advantage of credit cards that offer affordable emergency medical and travel insurance to save money and have peace of mind when you travel out-of-country.
- Tip #16: Students should pay off credit card balances in full each month and take advantage of rewards and discounts associated with their student-specific credit card to save money.
- Tip #17: When planning for a new home, housing costs - including mortgage payments, utilities and taxes - should not take up more than one-third of your total household income. If you can land safely within these parameters, then homeownership is an affordable and realistic option.
- Tip #18: Under the federal government's Home Buyer's Plan, use your RRSP to help make a down payment on your first home.
- Tip #19: Use the tax refund generated from your RRSP contribution to pay down your mortgage.
- Tip #20: Before getting married, have an open dialogue about your current finances including your respective saving and spending habits. The "financial talk" will help with the transition from "my money" to "our money."
- Tip #21: Establish a realistic budget for your wedding day and identify ways to minimize costs.
- Tip #22: Re-visit your financial situation and budget accordingly when "expecting" a new addition to the family.
- Tip #23: Save for your child's education by investing monthly Universal Child Care Benefit (UCCB) cheques in a Registered Education Savings Plan (RESP).
- Tip #24: Create a payment schedule, which includes spaced-out payments and planned financial commitments, to manage day-to-day finances.
- Tip #25: Use trusted online financial tools and resources to make smart financial decisions and set your- self up for financial success.
- Tip #26: Pay yourself first and put 10 per cent of your income into a high-interest savings account to boost your savings potential.
- Tip #27: Bring your lunch to work and put the dollars you save towards retirement.
- Tip #28: Include an emergency fund in your financial plan to help ensure you are prepared for unforeseen expenses and to avoid incurring high interest debt.
- Tip #29: Consolidate high-interest debt into a line of credit to save on interest costs and become debt-free sooner.
- Tip #30: Small business owners should implement year-end tax strategies that will reduce costs and help save money.

In Conclusion

In my opinion, several factors support the argument that employers should also be helping to improve their employees' financial education. Research suggests that those who lack solid financial skills have higher levels of stress. Additionally, employee assistance program provider Shepell•fgi says 63% of all finance-related calls to its service in 2010 were for assistance with personal debt and credit issues—up from 50% of finance-related calls in 2009. In a 2009 survey by Desjardins Financial Security, 61% of respondents cited money as one of their stressors. Stress has repeatedly been linked to poor health. The consequences to employers are increased health benefits costs, absenteeism and declines in productivity. Further, a 2009 study from the Personal Finance Employee Education Foundation in the U.S. demonstrated that the return on investment—through lowered healthcare costs and increased productivity—for employers that offer a comprehensive financial education program is as much as three to one.

A financial education program offered on at least a monthly basis can help to increase employee engagement. Lessons should clearly explain financial concepts in simple language using graphics and fill-in-the-blank learning tools. Employers can enhance this education with access to Certified Financial Planners for follow-up consultations. The demand exists for financial education programs in the workplace. When delivered properly, they can generate a tremendous return to a company's bottom line through decreases in employee stress and the associated health concerns, increased productivity and greater commitment to the organization. If you are interested in establishing a financial education program for your employees, please contact your account executive.

Sources:
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Conclusion : Louise Massé, Senior Benefit Consultant and Financial Insurance Advisor