Welcome to the financial mainstream?

THE HAZARDS FACING LOW INCOME PEOPLE WHEN NAVIGATING THE FINANCIAL WORLD

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What's in this report

This report has two purposes. The first is to document some of the lessons learned from conducting a financial literacy course on behalf of Houselink Community Homes over the winter of 2013/14. The response to the course was overwhelmingly positive. Participants spoke eloquently about the impact of financial problems on mental health. Much of what they said confirmed observations that I have been making over many years about what motivates the financial behavior of marginalized people. We want to share these insights with others who work with consumer survivors and low-income people.

The second purpose is to shine some light on issues we are often unaware of when we design financial literacy courses. Not all of these issues can be resolved by teaching yet more financial literacy. Some of them will require us to become advocates on a new front. That's because consumer protection in the world of banks and financial products is woefully inadequate—especially if you are poor.

As financial literacy educators in marginalized communities, we need to retool ourselves, so that we know how to champion people dealing with issues like debt, fraud, and "coercive tied selling" (more about that later). We also need to be talking to government and financial agencies about the realities of accessing mainstream financial services, and what needs to change.

The ‘meat’ of this report divides into four parts:

1. The outright barriers that marginalized people face when attempting to access mainstream financial services, such as banks
2. The invisible, lurking dangers of going mainstream, especially for people with debt histories
1. The useless, expensive frills they will hear far too much about when they go shopping for financial products
4. The valuable financial products and government benefits they will hear far too little about.

In each of these sections, I’ll describe the issues we’ve encountered and the information we gave participants that they found really useful. I’ll talk about what is teachable. But I’ll also put forward some recommendations for protecting consumers from what is realistically beyond the scope of financial education for most Canadians—especially vulnerable Canadians.

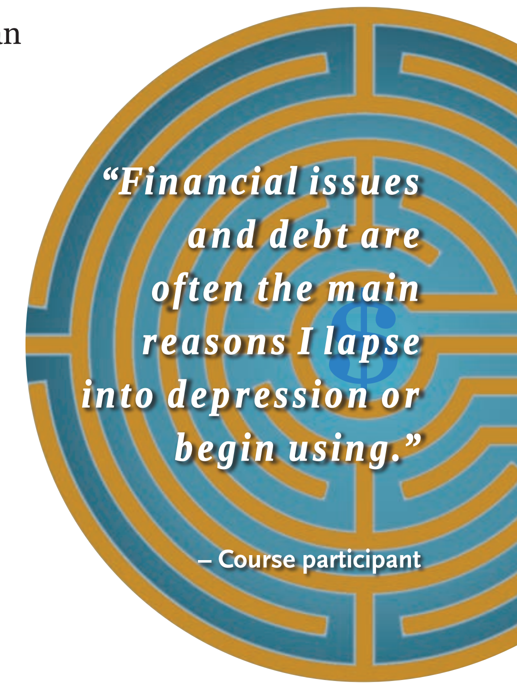
I’d like to dedicate this report to Saul Schwartz, who has analyzed the effectiveness of financial education in improving retirement income prospects. He has argued that “financial education should play only a limited and complementary role in helping Canadians plan for retirement, and that better design of pension plans, more substantive consumer protection and impartial third-party advice are far more important.[1]”

I would extend that observation beyond retirement planning to many other forms of financial activity. As we discovered in our Houselink course, a little financial literacy can indeed be a dangerous thing. It’s sometimes safer to keep getting skinned at a cheque-cashing storefront than it is to join the world of mainstream banking.

1. Saul Schwartz, “Can Financial Education Improve Financial Literacy and Retirement Planning?” IRPP Study, No. 12, December 2010, p. 24.

About Houselink's course

In the winter of 2013/2014, Houselink Community Homes, an agency serving marginalized people with mental health issues, responded to a need they had observed over decades. They offered an eight-week financial literacy course for their members and staff. Participants also included members of the activist consumer/survivor groups The Dream Team and Voices from the Streets.



Although studies show that the level of financial literacy is low among all demographics—no higher among low-income Canadians than other population groups[2]—the lack of financial knowledge can have a much larger negative impact on poor people.

Of the 20 participants in Houselink's course, 12 were low-income, consumer/psychiatric survivors and eight were support and community development workers. Houselink trusts that those who took the course will become ambassadors, using their newfound knowledge to provide better advice to their peers and clients.

2. See, for example, Ipsos Reid, May 10, 2011
http://abclifeliteracy.ca/files/Financial_Literacy_Research-2011.pdf

Before the course began, organizers interviewed 21 low-income people from Houselink and the Dream Team to assess their financial literacy needs and to help inform the direction of the course.

The curriculum focussed on six areas: income support, retirement saving and income, tax benefits, banking, credit and debt, and financial scams and consumer awareness. (See Appendix A for a course outline and information on the instructors.)

At the end of the course, 17 exit interviews were conducted, and we have reproduced comments from participants throughout this report.

Meeting the ‘unbanked’

About 12 years ago, when I was still a senior manager in the Ontario Government, there was a prolonged public service union strike. I was tasked with administering ‘cheque day’ at the Ontario Disability Support office in St. Catherine’s.

That meant that, for two months running, I got to see roughly the same group of 250 people who showed up to collect their cheques. I could not see why these people with various disabilities, some of them single moms, would go to such lengths to travel to an office and endure a picket line to pick up a paper cheque.

I talked to each person and asked them why. Most of them were taking their cheque straight to a storefront cheque-cashing outfit, where they would pay $18.75 in service fees.

I asked them if they had bank accounts. Most of them did, and kept only a few pennies in them. About a third were completely unbanked. Most were not filing tax returns and missing out on government benefits.

I saw that these people were leaving a lot of cash on the table. Why were they living off the financial grid?

When I left the government and launched my consultancy, Open Policy, I started ‘shadowing’ the low-income people I was advocating for. I wanted to know what their financial experience was like. These experiences, and the stories we heard from the participants in the Houselink financial literacy course, have informed this report.

It's hard for most people to imagine living their lives without a bank account—one of the most ubiquitous of institutions. Yet statistics show that a small but significant portion of the population are either unbanked or under-banked. Estimates of the Canadian population who are unbanked range from a low of 4% (Demirguc-Kunt & Klapper[3]) to a high of 15% (Bates). All studies agree that low-income people make up a preponderance of the unbanked population. In 1998, the government of Saskatchewan concluded that approximately 55-60% of those on social assistance were unbanked (Bowles et al.). A 1995 Environics study found that eight per cent of those whose incomes were below $25,000 had no access to banking services.

In countries with little poverty, the percentage of unbanked citizens is negligible. In Sweden and Finland, for example, 99% of citizens have a bank account. In the Netherlands, the total is almost 100%[4].

Yet in Canada, where poverty is still a fact of life, many citizens remain without a bank account. Why?

3. Demirguc-Kunt, Asli & Leora Klapper. "Measuring Financial Inclusion
4. Chaia, Alberto et al. "Half the World is Unbanked", (Oct. 2009) p. 11

1. The outright barriers to joining the mainstream

On May 27, 2014, Finance Minister Joe Oliver announced that the country's eight largest financial institutions had agreed to a deal to offer no-cost banking to low-income Canadians.[5] The move was hailed by the federal government as a long-overdue removal of barriers to accessible banking for Canada's poorest citizens.

It may be a step in the right direction, but there are other factors at play. People on social assistance rarely keep much money in the bank, because they need it to live. They are liable to go into overdraft. Most do not qualify for overdraft protection or lines of credit. When a cheque comes back because of insufficient funds (NSF), they are subject to the highest bank fees of all—Scotiabank, for instance, is currently charging $45.[6]

Fees are only one of the outright barriers that consumer/survivors encounter at the bank. Another is prejudice. Many odd-looking people are simply escorted from bank lines by security guards.

Income stigma is another issue. I have seen this personally, when shadowing clients at the bank. Tellers often treat people badly when they recognize that they are cashing or depositing various types of benefits of which they disapprove, such as welfare cheques.

5. http://www.fin.gc.ca/n14/14-073-eng.asp
6. http://www.scotiabank.com/ca/en,,16,00.html

Correct identification is also still a problem when opening a bank account. Picture ID is required, and a health card cannot be used.

Low-income people often have bad credit histories. Many banks will not allow a person with such a history to open a bank account.

And finally, there is the whole issue of ‘holds’. Banks may place holds of more than one week on funds deposited with them, to make sure the writer of the cheque has enough funds to cover it, or to make sure there is no stop payment order on it, or to verify cheque details. Athough some government cheques are stolen, there is no other reason to place a hold on these cheques where identity is proven, but holds are sometimes placed in error.

Low-income individuals, who are often operating with very tight cash-flow requirements, often cannot afford such delays in accessing their funds. (Bates). When I worked in the St. Catherine’s ODSP office, I met a fellow whose bank placed a hold on his ODSP payments, by mistake. He couldn’t pay his rent. His landlord locked him out of his room and dumped the contents on the street. He lost three fingers to frostbite and ended up in hospital for several days.

What we can teach and what we need to advocate for

There is some evidence that customers of cheque cashing businesses may not be aware of the costs that they are incurring. In a survey conducted for the Financial Consumer Agency of Canada in 2005, 31% of those using cheque cashing businesses had cashed a federal government cheque through one of those outlets, despite the

fact that federal cheques may be cashed without fee at any bank, with proper identification.[7]

Forty per cent of those using cheque cashing services did not believe that the service fees that they were paying were any higher than those offered by mainstream financial institutions.

These are misconceptions we can and must ‘unteach’. By 2016, the Government of Canada intends to completely switch from cheques to direct deposit for all government payments.[8] Storefront cash stops will no longer be an option for low-income people who receive federal benefits. We have to help marginalized low-income people learn how to bank.

Where will this change leave people who face outright barriers to mainstream banking? As financial literacy educators, how do we support them when security guards turn them away, when their ID is no good, when their credit history is bad, when they are constantly in danger of overdraft, or when holds get placed on their accounts?

What skills will we need as consumer advocates? And what policy and system changes should we be advocating for, in order to make banking truly accessible?

7. Financial Consumer Agency of Canada. Banking and Poor People, 2005
8. http://www.servicecanada.gc.ca/eng/sc/direct-deposit/

2. The invisible, lurking dangers of going mainstream

It takes some time for trust to build up in a financial literacy course to the point where people start disclosing their real concerns. It was several weeks into our Houselink course before people started to share personal stories about debt. What they revealed was disturbing.

> ***"The government is coming after me to seize money to cover student loans from the 60's. I was paying in installments but now they want it all at once and have a court judgment to seize my bank account. I will no longer be able to cover my medical expenses."***
>
> – Course participant

Often, on the way to poverty, perhaps in an episode of mental illness or other life crisis, people spiral into debt. Many low-income people have maxed out a credit card or are in some other type of default. Often there are several defaults. After a certain amount of time has elapsed on a defaulted debt, the creditor will sell the debt to a collection agency. The agency pays off the creditor, then goes after the debtor.

Creditors and collection agencies can place a *lien* or *encumbrance* on a debtor's bank account. This is also called the *creditor's right of offset*, and it means that the money in a person's bank account is no longer their own.[9]

This is one of the main reasons that people go off the financial grid. It's a big reason why cash stops are a thriving industry. Cash stops do not have accounts. No creditor can register a lien (i.e. take money from a cheque) cashed at a cash stop.

9. Sometimes, people pay off a debt but it refuses to die. A lien does not disappear just because there is no balance left on it. It has to be *discharged*. This does not always happen. So an old loan can come back to haunt a person when they open a new bank account, even if there is only a few dollars left owing.

When a lien gets placed on an account, ***there is no requirement to notify the consumer***. So, supposing a consumer/survivor on ODSP attends a financial literacy course where a well-meaning instructor urges her to take advantage of government incentives to save. For example, she can simply open an RESP account, file a tax return, and receive the Canada Learning Bond for her child. The instructor does not inquire about the participant's debt history, and she has long forgotten about the old, unpaid debt.

She opens the account. Boom—through right of offset, the creditor empties it. The fees for executing the lien are all charged to her, the account holder. She goes into overdraft. The NSF fees are very high. Banks have non-public lists of people they bar from account holding. She goes on the list. She has no idea how any of this happened.

I met a man recently who lives in subsidized housing on ODSP. He said he feels "violated" because he made the mistake of listening to someone who told him to get a bank account and file his tax return. Creditors found him soon enough and now collection agencies call, email and text him at all hours of the day and night. Great therapy for schizophrenia!

Inequitable access to information

Why is it so easy for creditors to get information about debtors, but so hard for consumers to get information about their own debts?

There has been a revolution over the last 20 years in the reliability of large, relational databases—tech talk for the fact that creditors can tap into debtor accounts in any bank in Canada. Any creditor can now place a lien on an account for as little as $8. The lien will travel throughout the banking system quickly to find the person. If you have an old debt, and a bank account, they will find you.

Furthermore, the Canada Revenue Agency (unlike the old Revenue Canada) is set up to collect any and all public debt, not just taxes. Any refundable credit (such as the GST tax credit or the Child Tax Benefit) processed through CRA is available for the offset of public debts. Any public creditor (governments administering student loans, for example) can get access to the money in a consumer's tax account. They routinely take money from child benefits and GST credits.[10]

There has been no corresponding revolution in consumers' access to information about their own debt histories. It is extremely difficult to access information on whether there is a lien or a potential lien on an account. It is a totally paper-based system. The banks will not participate in searches as they do not consider it to be their responsibility. One would have to hire a lawyer to search one's own credit history—a process that can cost several hundred dollars. Low-income people can't afford to do that.

What we can teach and what we need to advocate for

It is received wisdom in financial literacy courses that filing taxes and having a bank account are good things. And they can be good things, because for low-income people, taking these steps means gaining access to credits, benefits, and incentives for themselves and their families. But we must not teach about these benefits without delving seriously into the issue of personal debt and its ramifications.

We will encounter people who are fully conscious that they have a debt history

10. http://openpolicyontario.com/guest-blog-from-tess-without-warning-how-government-can-empty-out-a-bank-account-and-leave-you-with-nothing/

and completely resistant to the idea of joining the mainstream financial system. We will also encounter people who have heard the horror stories from their friends about the liens, the seizures, the hounding from the collection agencies. They aren't sure if the same thing would happen to them, but they don't want to take the chance.

We need to have the skill to lead them into a discussion about the risks and benefits. If they pay off the debt, will the benefits they receive ultimately outweigh the cost of the debt? How much money do they owe? How can they find out? Where can they go for credit counselling?

One of our Houselink course participants appreciated learning that you can call the collection agencies yourself and negotiate. He did not know that you can often settle with them for half of what you owe. Most people just ignore the calls from collection agencies. He said he learned it is better to deal with them, and offer what you can pay.

Advocating for consumer protection

Are there certain types of accounts that are shielded from raiding by creditors? In my experience, bank employees rarely know what kind of consumer protections are in place on various types of accounts. The answers I get are vague and inconsistent from bank to bank and from employee to employee. This is all I have been able to ascertain so far:

<table>
<tr><th>Account Type</th><th>Creditor right of offset at financial institutions</th><th>Creditor right of offset at cash stops</th></tr>
<tr><td>Regular account</td><td>Yes</td><td rowspan="5">No accounts of any kind, therefore no offsets possible</td></tr>
<tr><td>RESP</td><td>Unclear</td></tr>
<tr><td>TFSA</td><td>Unclear</td></tr>
<tr><td>RRSP</td><td>No</td></tr>
<tr><td>Other market accounts</td><td>Yes</td></tr>
</table>

We need to advocate with the federal government for legislation to strengthen consumer protection on various types of accounts, especially RESPs and TFSAs.

We also need privacy legislation in the Income Tax Act that will prevent the Canada Revenue Agency from facilitating creditor raids on tax benefit accounts. And we need better protection in privacy legislation from banks keeping secret lists of people barred from account holding.

Consumers should have the right to know if a lien has been placed on their account, and how much it is for. This would require federal and provincial consumer protection legislation. We need an automated discovery process for liens, encumbrances, and garnishments, so that it is as easy to research our debts as it is for creditors to find us.

The bank charges that account holders have to pay for lien execution are exorbitant. They should be regulated under the federal Bank Act.

Protecting vulnerable women

Single mothers are one group that has almost completely made the shift to mainstream banking. There are simply so many valuable refundable tax credits now available to mothers that it makes no sense to stay outside the system.

Unless, of course, you are living a double life. I have encountered situations in which the mother has a deal with the estranged father of her children. This is the deal: she keeps the kids, but he applies for the child benefits, claiming that the children live with him. He keeps all the money. In return, he leaves her and the kids alone.

There is no way that a financial literacy course will induce her to expose herself to the tax or banking systems. Her safety and her children's safety are at risk. As financial literacy educators, we need to know where the resources are in the community to protect this woman—not just from her violent ex, but also from the possibility of fraud prosecution.

3. The useless, expensive frills they will hear far too much about

If you hunt around carefully in the information rack at any retail bank outlet, you will find a reluctant little brochure that explains the bank cannot pressure you into buying another product or service as a condition of buying the one you actually wanted.

> ***"The Bank Act requires banks to inform customers in plain language that coercive tied selling is illegal. To comply with the law, Bank of Montreal has created this booklet ..."***
>
> – BMO brochure

But persuasive advertising—"Banking can be this comfortable" and "You're richer than you think"—are powerful enticements to take on more than one product.

Low-income people are really best off with a bare-bones chequing account and a very low-limit credit card that they use for small purchases and pay off in total each month. But I routinely find that the people I teach, especially those with mental health issues, have their financial arteries clogged with expensive banking products that do them little good.

For example, they routinely have credit cards with balance protection. This is supposed to insure them against the hazards of becoming disabled or losing their jobs. In most cases, they are already certified disabled and few have work—they are categorically ineligible for any sort of payout.

They are paying heavily for a useless product that was probably sold to them over the phone.

‘No-medical’ life insurance policies are also popular with the poor. The problem is that, unless you are life-threateningly ill, it is always cheaper to disclose your medical situation. No-medical insurance places people in the highest risk pool of the sickest people, and therefore charges very high premiums.

Low-income people are particularly vulnerable to the marketing of products like these. Many believe that buying them is mandatory.

Down the credit rabbit hole

I also find that low-income people almost always pay off only the minimum monthly balance on their credit cards. They do it because they are eligible and feel encouraged to do so. They do not understand that failure to pay one cent less than the whole balance may result in fees and loss of interest rate protections.

Linda Chamberlain is a Dream Team member and consumer survivor who found herself in an impossible situation as a result of this gap in her financial literacy. She had made purchases on her credit card amounting to a few hundred dollars. Then, she missed the minimum payments for a few months. When she had some funds to pay her bills, she paid the exact amount of her purchases. That was not, of course, the end of the story.

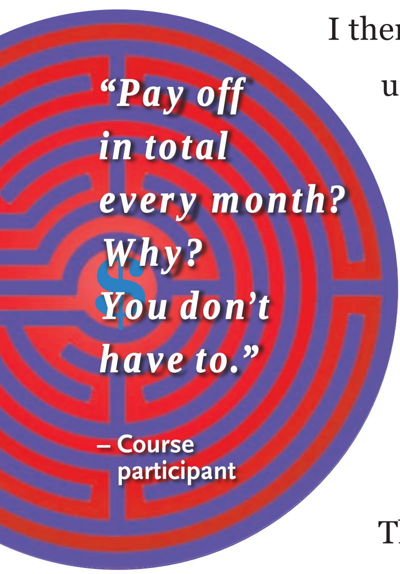
She had useless balance protection insurance fees being charged on the credit card. Because she had missed her minimum payments, the interest rate jumped to 27%. Over a three year period, her credit card balance metastasized to over $4000. Linda “knew” that she did not owe this much money. She just couldn’t believe it. She ignored the bills until the account was sold to a collection agency.

Her friends got together and paid off the bill so that Linda could avoid bankruptcy. I got the task of talking to the collection agent on the phone. She told me how important it was that people take responsibility. She pointed out how some consumers think that they can beat the system and get away with anything. Her job, she said, was to make sure bad actors like Linda got the justice they deserved.

What we can teach and what we need to advocate for

In training the Houselink participants, I found the most effective way to help them understand how high fees work was to talk about grocery shopping. I asked them: What's expensive at the grocery store?

The answers came back: Party platters! Organic! High end ice cream bars! Birthday cakes!



I then asked if they ever buy these items. Yes, but they all understood that expensive items at the grocery store were a treat, out of the ordinary, something they would buy once in a while.

So I said "Then why do you go to the bank and buy their equivalent of a party platter, organic food, and high-end desserts?

They were dumbfounded. They argued that they were compelled to buy the high end banking items, that they had no choice. They were told that this bundle of services was the best for them. It's our job as financial educators to disabuse them of notions like these. And it's hard to do, because banks speak with such authority, and who are we?

Lynn Arthur Steen points out:

> "Innumeracy encourages the view that all opinions are equally valid, that whenever there is disagreement, the truth lies somewhere in the middle. Innumeracy thus becomes another means of disenfranchisement: by reinforcing the idea that truth is relative and unknowable, people with the least defenses…will be most vulnerable."[11]

The lesson for me was that when you put people in touch with subjects like grocery shopping, where they do have a very good knowledge of price points, bargains, and high cost items, they can start to see how financial institutions are really no different than the grocery store. They just know a lot about groceries and very little about banking.

11. Lynn Arthur Steen, "The New Literacy," Why Numbers Count: Quantitative Literacy for Tomorrow's America, St. Olaf College, College Entrance Examination Board, 1997, p. 10.

Getting across financial abstractions

Low-income people are generally careful shoppers and coupon clippers, so I found it useful to explain various government benefits, deductions, and credits using these mocked-up coupons and cards to explain the concepts. For instance, non-refundable tax credits are like "money-off" coupons you can use to pay for an item at the grocery store, except what you get is money off your taxes. Refundable tax credits, on the other hand, are like a gift card that you can redeem for cash, regardless of whether you had to pay tax.

4. The valuable financial products and government benefits they will hear far too little about

"I did not know about Tax-free Savings Accounts."

– Course participant

"I initially thought that I would need an RRSP for retirement savings, and was very grateful for the new information regarding RRSPs which provided me with much more clarity and under-standing of RRSPs."

– Course participant

The financial world is complicated and difficult to navigate, with many rules, regulations and red tape, whether it be banking, the world of credit, income security programs, or the tax system. For those who are knowledgeable enough to navigate these systems, there are often financial rewards. But those who do not have the knowledge often miss out on benefits that would improve their finances.

For example, many people receiving ODSP do not know about special ODSP benefits to which they may be entitled. For example, there is a special diet allowance, as well as various work-related benefits. And ODSP workers tend not to tell their clients about these benefits.

"The info on RDSP's was good to know, and to know that it was exempted from ODSP."

"I had not previously been aware that RRSPs do NOT benefit low income families/individuals."

– Course participant

A person on ODSP who receives a large inheritance needs to know about Henson Trusts and others, where they can keep their money and not be penalized for it by ODSP.

Many people with disabilities do not know that they may be eligible to open a Registered Disability Savings Account, which can help them save money for the long-term without penalty. Also, the government may contribute up to $3500 a year to the account in grants and bonds.

And some seniors miss out on receiving the Guaranteed Income Supplement (which can add up to over $700 a month to their income), simply because they do not know about it.

Planning for retirement on a low income

For a low-income person who expects to qualify for the Guaranteed Income Supplement (GIS) when they turn 65, saving money inside an RRSP is not a good option. The tax advantages that are so attractive to higher-income earners have no value for a person with little or no taxable income.

For people who have higher earnings during their working lives, it makes sense to buy RRSPs and postpone taxes to the years after retirement, when income will be lower.

The opposite is true for people who have incomes low enough to qualify for GIS. Canada's low-income seniors are, on the whole, better off than working-age, low-income people. After they turn 65, their incomes will go up, through a combination of receiving Old Age Security, Canada Pension, and the Guaranteed Income Supplement. If they start to cash in RRSP's after age 65, their Guaranteed Income Supplement will go down. They will also have to pay tax on their RRSP income.

For low-income savers who expect to collect GIS, saving money inside a Tax Free Savings Account (TFSA) is a much better option. There is no tax on withdrawing money from a TFSA. Nor is there any tax on interest earned within the TFSA nor will their GIS be clawed back.

Why don't low-income people get the advice they need to plan their retirement? First, most financial advice is directed at people who have average or higher incomes. These people expect their incomes to drop after retirement. People who are on social assistance, however, can expect a modest gain in their standard of living after age 65. This is because Ontario's disability and social assistance programs for working-age adults provide lower incomes than Canada's social security entitlement programs for seniors.

Most financial advisors are unfamiliar with the workings of income security programs that benefit lower-income Canadians, perhaps because they don't deal with them as often. The GIS is an entitlement program, as opposed to a tax credit program. It is not directly linked to the sale of a financial product, such as an RRSP.

Hence, financial institutions have less incentive to train their staff to give sound retirement advice to low-income people. Moreover, many advisors believe they should not be counseling people to arrange their affairs in such a way as to take advantage of entitlements.

With the introduction of the Tax Free Savings Account, the poor finally have a good way to save and a reason to purchase financial products. The TFSA has been explicitly structured to "improve incentives for people with low and modest incomes to save" without penalties.[12] Education for those who advise low-income people on taxes and retirement planning has lagged behind this development.

12. http://www.tfsa.gc.ca/tfsapamphlet-eng.html

> ***"The information provided took a huge weight off my shoulders; now that I have the information, I have a lot less stress about retiring."***
>
> – Course participant

What is teachable and what we have to advocate for

Knowledge can make the poor less poor. We have to keep offering financial education in our communities. But we have to be knowledgeable ourselves, and sensitive to the realities of the people we are teaching.

> ***"I always hear that Canada's aging population won't be able to live as comfortably as they expected. Now that I have taken the course, I'm feeling much more confident about my retirement."***
>
> – Course participant

Because of a lack of knowledge around financial issues, many low-income people experience tremendous stress. Course participants noted that the information required to understand their finances is often "overwhelming." Some areas where lack of financial literacy knowledge particularly causes stress include:

- carrying large amounts of debt (Several people who were interviewed prior to the course mentioned this was probably the biggest source of stress in their lives.)
- having to navigate the huge bureaucracy and numerous rules around ODSP
- lack of knowledge around what kind of income one will have upon reaching retirement age.

Acquiring this knowledge appears not only to better people's financial situations, but also to help improve their mental health.

There was a consensus among participants that mainstream financial institutions and businesses can at times prey on low-income people, scamming them with products and services that they do not need and cannot afford. More needs to be done to warn low-income people about these traps.

During their exit interviews, the participants let us know that they found the course extremely useful, and would definitely be using the information they learned to better manage their financial situation.

They also said they felt more confident in having control over their finances. For example, more than one participant noted that they will now try applying for a Registered Disability Savings Plan. Others felt they will now be better at advocating with ODSP to ensure they are receiving the maximum benefits to which they are entitled. One person stated she feels much less anxious about reaching retirement age now that she knows what benefits she will receive. Another said that it was useful knowing that she can in fact negotiate with collection agencies.

We have to keep teaching financial literacy, in a way that speaks directly to the realities of the lives of those we instruct. We need support at the community level to do this—training and resources.

We also need to see better education for those who influence the financial decisions of people who are poor and disabled: the people they encounter at the bank; the workers who inform (or fail to inform) them about their benefits; the people who collect their debts.

And we need to see changes in our credit, banking, and tax systems—changes that will require new consumer protections, better regulations, and a lot more access to information, especially for people who have debt histories.

"A little knowledge (or learning) is a dangerous thing" is an adage that originated with Alexander Pope:

> **"A little learning is a dangerous thing;**
> **drink deep, or taste not the Pierian spring…"**[13]

It is our hope that this paper will lead to a deeper discussion of what it means to be financially literate, and what we can do to both educate and protect our most vulnerable financial consumers.

13. Alexander Pope, An Essay on Criticism, 1709

Appendix A: Outline of Houselink's financial literacy course

The course was divided into eight modules, delivered once a week from January to March, 2014. Each session was about two and a half hours long.

Module 1: Securing maximum entitlements through the Ontario Works and ODSP programs

- Special benefits: How to find out what they are and how to access them
- Examples include Community Start Up, Special Diet, Special Medical supplies, and stipends to cover volunteering expenses.
- Direct payments to landlords and pre-authorized debits
- Types of rent subsidies and how they impact other income supports
- Allowable assets

Module 2: rules around ODSP and Employment

- Allowable employment earnings and their impact on monthly entitlements
- Job-related benefits and other rules around employment.

Module 3: Information for seniors

- Old age Security
- Guaranteed Income Supplement
- Canada Pension Plan

- Allowance for the survivor

Module 4: Information for seniors, continued

- Maximizing entitlements as a senior
- Saving for retirement on a low income
- Barriers to personal financial planning

Module 5: Navigating the income tax system and maximizing tax credits and benefits

Non-refundable tax credits:

- Medical tax credit
- Income tax credit
- Charitable donations
- Disability tax credits

Refundable tax credits:

- Ontario Sales Tax credit
- GST/HST credit
- Property tax rebate
- Child tax benefits
- Disability tax credit
- Working Income Tax Benefit

Module 6: Banking, credit, and consumer awareness

- payday loans
- "no money down, no interest for six months" deals
- balance protection insurance
- how your credit rating affects your banking

- how to deal with creditors and collection agencies

Module 7: Banking, credit, and consumer awareness, continued

- How and when to file for bankruptcy
- Difference between a credit union and a bank.
- Opening and maintaining a bank account (and problems you may come across)
- Using the internet for research, online banking, and to access services.
- how to minimize bank and credit card fees

Module 8: Registered plans

- RDSP's/RRSP's
- Henson trusts/other trusts
- Tax Free Savings Accounts

Instructors for the course:

Peggy Gail is a Community Legal Worker and Clinical Instructor at Parkdale Community Legal Services. She works in the areas of social assistance, violence against women, mental health, disability, and seniors' issues. In addition to supervising students, she provides legal education to community groups and advocates for people who have been involved in the mental health system.

Catherine Manson is a Paralegal with Flemingdon Community Legal Services and a member of the ODSP Action Coalition. She educates the public about ODSP and advocates for changes to the legislation.

Catherine’s goal is to empower and promote self-advocacy for people receiving income support and to ensure everyone lives with dignity.

Brendon D. Pooran is Principal Lawyer at PooranLaw, advising individuals and government in the areas of wills and estates planning, disability law, and not-for-profit law. He created PooranLaw to support people with disabilities and to serve as a resource for accessibility issues throughout Ontario. He sits on the Ontario Consent and Capacity Board and teaches Critical Disability Law at York University.

John Stapleton is a writer, instructor, and Innovations Fellow with the Metcalf Foundation. He worked for the Ontario Government for 28 years in the areas of social assistance policy and operations and was Research Director for the Task Force on Modernizing Income Security for Working-Age Adults in Toronto. John teaches a popular course on public policy for community advocates and is extensively published in local and national media.

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