

Canadians signal strong need for financial literacy education at all ages: CICA survey

TORONTO, January 5, 2011 – A national survey conducted for the Canadian Institute of Chartered Accountants (CICA) finds that many Canadians are in difficult financial circumstances or making financial decisions that threaten their long-term prosperity.

The survey by Harris Decima also finds the majority respondents believe financial literacy education must start at an early age. More than eight of every ten (84 per cent) Canadians believe young people are ill-prepared to manage their finances when they enter the workforce and 85 per cent believe that financial management skills should be taught in schools to help solve this problem.

The CICA, which supports the efforts of the federal government's Task Force on Financial Literacy, conducted the survey to take the pulse of Canadians on the issue.

“Clearly, Canadians want financial literacy education for our youth but rising debt and insufficient retirement savings highlight a need for help at all ages,” says Kevin Dancey, FCA, president and CEO, CICA. “The good news is that Canadians see financial literacy as an essential life skill. Helping Canadians develop financial knowledge is critical to Canada’s ongoing prosperity and growth.”

Survey Highlights: Financial education for children and teenagers

- Seventy-eight per cent of Canadian parents have attempted to teach their children financial management skills, but two-thirds (60 per cent) believe they have not been very successful; how best to teach their children ranks second among the most sought after financial literacy skills. Note: Tips on minimizing taxes was the first.
- While Canadians believe that parents or guardians have the primary responsibility for teaching their children about money and that schools should teach financial management skills, a strong majority also believes that the financial services industry (75 per cent) and governments (68 per cent) also bear responsibility for ensuring that children and teenagers learn basic financial decision making skills.

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Rising debt levels threaten prosperity

- Thirty-four per cent of people surveyed reported carrying over a monthly balance on their credit cards and, among them, 55 per cent intend to carry forward a balance over the next month.
- More than one in ten Canadians (12 per cent) have borrowed to cover day-to-day living expenses, and half of them still owe against these loans.

Retirement saving rates insufficient

- Of those 55 or older, 40 per cent reported they have not saved enough for their retirement.
- Among those planning to retire in the next five years, 32 per cent believe they have not saved enough to retire on.

The CICA is working on a series of online and offline education initiatives, including community outreach by CAs, to advance financial literacy from childhood to retirement.

“While many Canadians are receptive to acquiring financial literacy skills, a key challenge will be the delivery of information and effective learning tools,” adds Dancey. “A national effort involving the financial sector, educators and government is needed so we look forward to the Task Force’s coming recommendations. Canada’s CA profession is eager to help improve financial literacy for all ages.”

The CICA’s Consumer Finance Study was conducted by Harris Decima via telephone during the summer of 2010 with a national random sample of 1,011 adult Canadians aged 18 years and over and is considered accurate to within ± 3.1 per cent, 19 times out of 20. A survey summary report is available online at www.cica.ca/flsurvey2010.

About CICA

Chartered Accountants (CAs) are Canada’s most valued, internationally recognized profession of leaders in senior management, advisory, financial, tax and assurance roles. Through their integrity, expertise, and internationally recognized qualification standards, Canada’s 77,000 CAs sustain their influence and leadership position both in Canada and globally. As trusted business advisors to Canadian organizations of all sizes, Canada’s CAs foster confidence in Canadian business and contribute to the health and sustainability of Canada’s capital markets and economy. The Canadian Institute of Chartered Accountants (CICA) represents Canada’s CA profession both nationally and internationally. The CICA is a founding member of the International Federation of Accountants (IFAC) and the Global Accounting Alliance (GAA).

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