

SBTA Advocacy for Financial Literacy

5 Reasons Financial Literacy Should be a Graduation Requirement in Saskatchewan:

1. *Real-world relevance:* Financial literacy is a practical life skill that students will need as they transition into adulthood. It equips them with the knowledge and skills necessary to manage their personal finances effectively, including budgeting, saving, investing, understanding credit and debt, and making informed financial decisions.
2. *Financial well-being:* Financial literacy has a direct impact on an individual's financial well-being. Studies have shown that individuals with higher levels of financial literacy are more likely to make informed financial decisions, avoid debt, save for retirement, and build long-term wealth.
3. *Economic empowerment:* Financial literacy is closely linked to economic empowerment. It can help students understand how economic systems work, the importance of financial planning, and how to navigate the complex financial landscape. This knowledge can empower students to make informed choices about their education, career, and financial goals.
4. *Closing the education gap:* A mandatory financial literacy credit would help bridge the education gap by providing all students, regardless of their socio-economic background, with access to essential financial knowledge and skills. This can promote financial inclusion and help students from all backgrounds make informed financial decisions, regardless of their starting point.
5. *Consumer Protection:* Financial literacy can help students become more-informed consumers. It enables them to understand financial products and services, such as credit cards, loans, and insurance, and make wise consumer choices. Financially literate students are less likely to fall prey to predatory lending practices, fraud, or other financial scams, and are better equipped to protect themselves from financial exploitation.

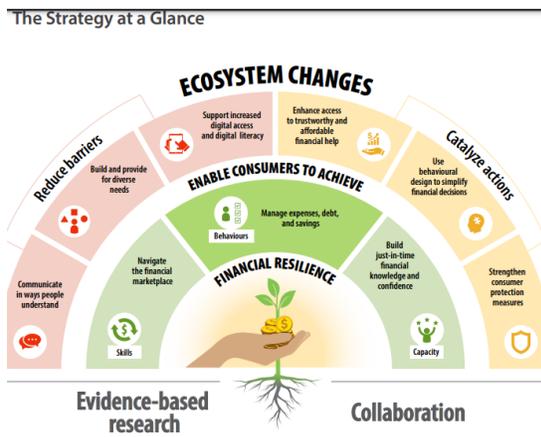
The Research

- **Statistics Canada** has reported that household credit market debt has increased to \$1.83 for every dollar of disposable income that households had. Income only gained 0.8% while household credit market debt rose 1.2%. **(December, 2022)**
- **Financial Consumer Agency of Canada**
Canadians and their Money: Key Findings from the 2019 Canadian Financial Capability Survey
<https://www.canada.ca/en/financial-consumer-agency/programs/research/canadian-financial-capability-survey-2019.html>
 - 73.2% of Canadians have some type of outstanding debt or used a payday loan at some point over the past 12 months. Almost one third of Canadians believe they have too much debt.
 - Persons under age 65 are much more likely to be struggling to meet their financial commitments (39% vs. 22% for those aged 65 and older). Over the past 12 months, 8% of Canadians said they are falling behind on their bills and other financial commitments.
 - In terms of managing monthly cashflow, about 1 in 6 Canadians say their monthly spending exceeds their income, while 1 in 4 say they borrow to buy food or pay for daily expenses
 - Canadians who budget are less likely to be falling behind on their financial commitments (8% vs. 16%). Budgeters demonstrate more effective management of their monthly cash flow: they are less likely to spend more than their monthly income (18% vs. 29%) or to need to borrow for day-to-day expenses because they are short of money (31% vs. 42%).
 - 23% of Canadians aged 18 to 24 cited their education as the main expenditure they were planning within the next 3 years. Among Canadians who are planning post-secondary education in the next 3 years, almost half (47%) anticipate using mostly savings to pay for their education, while 40% expect to borrow at least a portion and 12% do not yet have a plan.
 - Half of Canadians aged 18 to 24 (50%) currently have student loans
 - More than 6 in 10 budgeters (65%) have emergency savings compared with only 4 in 10 persons (39%) who don't budget. Moreover, about 61% of budgeters indicated that they would be able to come up with \$2,000 to cover an unexpected expense compared with only 46% of persons don't budget.

- **Financial Consumer Agency of Canada**

- **Make Change that Counts: National Financial Literacy Strategy 2021-2026**

- <https://www.canada.ca/en/financial-consumer-agency/programs/financial-literacy/financial-literacy-strategy-2021-2026.html>



A 5-year plan to create a more **accessible, inclusive, and effective** financial literacy ecosystem for all Canadians.

Vision

A Canada where everyone can build financial resilience in an increasingly digital world.

- Finances continue to be the greatest source of stress for Canadians—significantly more than work, personal health or relationships.
- The global pandemic has intensified financial challenges for many people, and revealed a concerning lack of financial resilience. This historic event has exposed the fact that financial vulnerability can affect anyone—no matter their income, level of education, or where they live.

- **Forbes**

- **Should Schools Teach Financial Literacy Classes (October 11, 2022)**

- <https://www.forbes.com/sites/forbesfinancecouncil/2022/10/11/should-schools-teach-financial-literacy-classes/?sh=1990d3a54633>

- According to the Financial Industry Regulatory Authority (FINRA), 53% of individuals with a higher financial literacy spent less than their income, and 65% had set aside a three-month emergency fund.
- The research shows that financial literacy classes help students make better financial decisions later in life. The FINRA Foundation found that students with higher financial literacy were less likely to have late fees, make only minimum payments on their credit cards and take out payday loans.
- States that have implemented financial literacy requirements have also seen positive outcomes. Three years after implementing this change, Georgia, Idaho and Texas saw credit scores rise and delinquency rates fall.
- Studies have shown a link between financial instability and mental health problems, like anxiety and depression.
- Financial worries are the number one stressor in many people’s lives. Individuals with high financial stress often report compromised immune systems, digestive issues, high blood pressure and other health problems.

- **Next Gen Personal Finance 2023 State of Financial Education Report**

- <https://www.ngpf.org/state-of-financial-education-report/>

- As of January 2023, 17 American States guarantee a Personal Finance course for all public high school students