Seymour Financial Resilience Index™

The financial resilience and financial well-being of Canadians with low incomes: insights and analysis to support the financial empowerment sector

Summary Report: November 2021

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This report was created by Seymour Management Consulting Inc. and commissioned by Prosper Canada and the ABLE Financial Empowerment Network

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  Additional data and insights available in the detailed report at http://financialhealthindex.org

Purpose of the Summary Report

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With the Detailed Report available at http://financialhealthindex.org

1. To highlight data and insights related to the financial resilience, vulnerability, financial stresses and financial well-being of low-Income Canadian based on the 2021 and 2018 national Financial Well-Being studies (with a boost of low-income households) and Seymour Financial Resilience Index TM.

2. To highlight challenges and financial stresses of low-income Canadians, as well as insights around how the pandemic has impacted them over them between June 2020 and June 2021.

3. To share sample consumer and financial behaviours of low-income Canadians, including related to savings, debt, household spending and challenges in terms of accessing financial help and support from Financial institutions and Non-Profit Organizations based on the Financial Well-Being studies and Index data.

Definition of "Low-Income Household"

All individuals and families with household income under $25,000 plus households with more than one individual with a household income of under $50,000 i.e. excluding single person households with a household income of <$50,000. [1]

[1] Reported household incomes are defined as total household income from all sources last year (in 2020) before taxes and deductions. Sources of income can include wages/ salaries from employer(s), self-employment earnings, government and private pensions, spousal or child support payments received and other sources of income. The Financial Well-Being studies also track whether a household reports having received COVID-19 government relief as a separate question.

About Seymour Consulting

Seymour CONSULTING

Seymour Management Consulting Inc. is a Canadian strategic consulting firm founded in 2009.
We are the leading independent authority on financial health in Canada and customers of the C.D Howe Institute.
Through our team of experts and partners, and by applying the Seymour Financial Resilience Index TM, we deliver measurement, research and analytics, strategic consulting and collaborative innovation. Seymour Consulting is a collaborative partner of Prosper Canada.

Core Purpose and Vision

Our core purpose is to help measurably improve Canadians' financial resilience and well-being, by collaborating with Financial Institutions, Government and committed institutions to better support the financial resilience of their citizens, customers, employees and target populations at scale. Our vision is for financially resilient Canadians and financial well-being for all.

Eloise Duncan, CEO and Founder

Kujtim Koci, Director, Research & Analytics

Proprietary Framework for Financial Well-Being

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Created by Seymour Consulting in 2016 to shape the Financial Well-Being studies and Index

Consumer Financial Well-Being

- Financial products and solutions
- Customer Experience
- Information and planning
- Tools, support and advice

Financial Resilience & Capability

- Knowledge & Skills
- Confidence
- Behaviours

Consumer and Financial Behaviours

- Daily Financial Management
- Borrowing & Debt Management
- Save, Plan and Invest
- Protect against the unexpected

Financial Resilience Index

Financial Health
The ability to balance your financial needs of today with those of tomorrow, as a result of decisions and behaviours that move you forward

Financial Resilience
The ability to get through financial hardship, stressors and shocks as a result of unplanned life events

Financial Stress
The emotional peace of mind in terms of your financial situation and current and future financial obligations. The opposite is financial stress.

The national longitudinal Financial Well-Being Studies - 2017 to 2021

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Canada's first and most robust longitudinal, national study of Canadians' financial health, wellness and resilience and the role Financial Institutions can play to support their customers' financial wellness

Canada's most robust national, independent investigation into consumer financial well-being, and the linkage between financial health and overall personal well-being. The study typically has a sample size of 3000 to 5000 adult Canadians.

The study also measures the extent to which tier one banks help to improve the financial wellness of their customers and many other reported consumer and financial behaviours and financial stresses and challenges of Canadians and specific populations.

Conducted annually from 2017 to 2018 and 3X a year as of February 2020.

Online survey with large sample sizes between c. 3000 and 5000 adult Canadians for most studies.

Primary or joint financial decision makers, aged 18 to 70 years old.

Recruited through the Angus Reid Forum, data is weighted to be representative of the population by province, gender, age and household income. All study design and analysis is led by Seymour Consulting.

Sample size of Canadians with low incomes and overall study samples

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Sample sizes	Total sample	Low-income Canadians
June 2018 study	5067	904
June 2021 study	5028*	1391

2020 Financial Well-Being studies	Low-Income Canadians
February 2020 [pre-pandemic baseline]	282
October 2020 for the October Index	834
February 2020 for the February Index	824

*The June 2021 study included 1,140 respondents from Quebec.

Executive Summary

- Low-income households are defined as all households with a total household income under $25,000 (including single person households) and households with more than one person with total household incomes between $25,000 and 49,999.
- Households with low incomes represent 26.1% of the population with only 12% of these households are 'Financially Resilient', compared to 31.1% of Canadians overall.
- The number of households with low incomes increased during the COVID-19 pandemic. As of June 2021, there are approximately 6.75 million households with low incomes in Canada, with this population having has increased from an estimated 4.6 million households in 2018.
- Households with low incomes based on the above definition have a mean financial resilience score of 41.5 based on the June 2021 Seymour Financial Resilience Index TM, highlighting they are 'Financially Vulnerable'. This compares to a mean score of 55.67 for Canadians overall.
- The mean financial resilience score of low-income Canadians with total household income under $25,000 is lower at 38.43 as of June 2021.
- Improvements in the financial resilience of these households and those in other income demographic groups compared to the pre-pandemic Index baseline are a function of changed consumer and financial behaviours amid lockdowns, COVID-19 relief provided by governments and financial relief offered by Financial Institutions and other organizations (such as utility companies) to people experiencing financial hardship.
- Canadians with low incomes are facing more challenges in 2021 compared to 2018 across many financial health, financial resilience/ vulnerability and financial stress/ wellness indicators measured through the Seymour Financial Resilience Index TM and national longitudinal Financial Well-Being studies.
  - For example, 41.8% of households with low incomes have a liquid savings buffer of 3 weeks or less as of June 2021 and significantly fewer households (17.9%) have a liquid savings buffer of 6 months or more compared to 27.9% in 2018.
- The Seymour Financial Resilience Index TM and June 2021 Financial Well-being study highlight that many Canadians with low incomes have been hard hit financially by the pandemic:
  - 65% of households report that their household has experienced significant financial hardship as a result of the pandemic, an increase from 55% of households in June 2020. This compares to 44% Canadians overall as of June 2021.
  - As a result, 51.5% of Canadian households with low incomes have had to draw down on savings as of June 2021 (compared to 37% in June 2020) and 40% report that they are unable to meet their essential expenses.
  - 29% of low-income households reported their income decreased by more than 25% during the pandemic, compared to 18.7% of Canadian households overall at the national level and 16% reported a decrease in income of over 50% (down slightly from 18% in June 2020.
  - 68% of low-income households reported the pandemic has reduced their financial security.

Source: Seymour Financial Resilience Index TM and 2021, 2020 and 2018 Financial Well-Being studies.

Executive Summary (2)

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- Many Canadian households with low incomes experience financial stressors and challenges, with some of these worsening between June 2020 and June 2021 and between 2018 and June 2021. As of June 2021:
  - 90% of households with low incomes report that the cost of living has increased for them.
  - 68% reported housing affordability is a problem for them personally.
  - 68% report they are facing barriers impacting their ability to earn money.
  - In addition, 12% of Canadians with low incomes have also been threatened with eviction, compared to 8% of Canadians overall.
- 53% of households with low incomes also report experiencing month-to-month income volatility, compared to 39% in 2018. This can make it difficult for households to manage their finances and/or plan ahead financially.
- As of June 2021, 80% of Canadians with low incomes reported wanting to better understand their household's financial resilience and how they can improve it.
- The Index shows a strong correlation between financial behaviours and the financial resilience of households, including for Canadians with low incomes. There are opportunities for frontline financial help providers to help people with low-incomes to adopt optimal financial behaviours, recognizing that these efforts need to be accompanied by more upstream solutions and policies aimed at reducing current systemic barriers to financial inclusion and financial well-being for vulnerable groups, and improving the adequacy of income security supports for those living in deep poverty [1].
- Additional efforts to provide people with low incomes with more access to safe and affordable financial products (particularly credit) and to equip them to choose the best products available to them (such as lower cost alternatives to payday loans) can also help to strengthen their financial resilience.
- Many households with low incomes have worked hard to bridge through financially and exhibit healthy financial behaviours, despite many facing challenges and stressors with the high cost of living and other personal, institutional and systemic barriers to financial inclusion and financial well-being. [2]. For example, 68% of Canadians with low incomes have a disability based on the survey demographic data. (See slide 51 in the report for details on the consumer and financial behaviours of Canadians with low incomes.)
- Despite 66% of households with low incomes households agreeing that they have become creative around ways to make their money work harder and 38% reporting that they have found new ways to earn money, 40% of these households reported in June 2021 that their household is unable to meet their essential expenses (i.e., shelter, food, utilities and transport) compared to 30% in June 2020. 18.4% of respondents completely agree that their household has been unable to get or afford the food they need, compared to 9.9% of Canadians generally and 6.3% of Canadians with household incomes over $150,000.

[1] For example, single adults on social assistance and people reliant on provincial disability support.
[2] For example, 68.1% of Canadians with low incomes have a disability based on the survey demographic data.
Source: Seymour Financial Resilience Index TM and 2021, 2020 and 2018 Financial Well-Being studies.

Executive Summary (3)

- Despite their efforts, many households with low incomes have not been able to make the same financial gains over the past year as other Canadians:
  - 18% have set up or built an emergency savings fund, compared to 23.9% of Canadians overall.
  - 38.1% reported not being able to save at all, up from 33.9% in June 2020.
  - Only 24% agreed completely or somewhat that their financial situation has improved over the pandemic, in contrast with 62.6% of Canadians with incomes over $150,000 and 40% of Canadians generally.
  - 16.1% reported being able to reduce or consolidate their debt compared to 22.3% Canadians overall.
- As a result, 65% of households with low-incomes are 'Extremely Vulnerable' and 'Financially Vulnerable' (with a financial resilience score of 0-30 and 30.01 respectively) based on the Seymour Financial Resilience Index TM as of June 2021, compared to 55% in June 2020.
  - This compares to 39% of Canadians overall and 20% of Canadians with household incomes above $150,000 represented in these two segments.
  - There has been an increase in Canadians with low incomes represented in 'Extremely Vulnerable' and 'Financially Vulnerable' segments between June 2020 and June 2021.
  - 12% of low-income households are 'Financially Resilient compared to 31.1% of the Canadian population overall based on the June 2021 Index.
- Financial stress is negatively impacting the mental and physical health, work productivity, and family life of a large and in some instances growing percentage of Canadians with low incomes. As of June 2021:
  - 77% reported that money worries are impacting their mental health.
  - 59.8% reported that money worries are making them physically unwell (compared to 44.4% in 2018).
  - 79.7% reported that money worries are causing them emotional stress (compared to 47.8% of households in 2018).
  - 67.1% reported that money worries are causing feelings of isolation (compared to 58% in 2018).
  - 52.9% reported that money worries are impacting their productivity or performance at work.
  - 40% reported that money worries are causing fights with their partner or spouse (compared to 33.8.

Source: Seymour Financial Resilience Index TM and 2021, 2020 and 2018 Financial Well-Being studies.

Executive Summary (4)

- Despite the stresses many income many households are under, some are finding it hard to access the help and advice they need to improve their situation. Canadians from low-income households are less likely to have social capital they would be prepared to turn to for financial help and advice compared to Canadians at the national level and 'Financially Resilient' low-income Canadians.
- 49.8% of households with low incomes reported their household received COVID-19 government financial relief since the pandemic started as of June 2021. These households had a low mean financial resilience score of 37.07 in February 2020, and still a low score of 41.05 overall as of June 2021, despite working hard to bridge through financially. 55.3% of households that reported their household has received Government COVID-19 financial relief had a negative or zero household savings rate as of June 2021. Households with a total household income under $25,000 are more vulnerable still: with a mean financial resilience score of 39.5 in June 2021 for those who reported they have received COVID-19 Government financial relief compared to 37.35 for those who did not.
- 11% of households with low incomes could not access financial information or education they need. 69% of households with low incomes also rate their primary Financial Institution as 'poor to fair' (1-6 out of 10) for helping to improve their financial wellness, and many customers from more financially vulnerable segments based on the Index feel less well supported by their FI compared to more financially resilient customers. 14.8% of households with low incomes reported that they could not access financial help programs or services, such as those provided by non-profit organizations supporting people facing barriers or hardship. This is an increase from 10.4% of similar households in June 2020.
- As of June 2021, 49.1% of Canadians with low incomes reported receiving Government Covid-19 financial relief since the pandemic started, with this higher than the 44.2% that reported receiving the relief in June 2020. The mean financial resilience score of Canadians with total household incomes under $25,000 that received relief based on the June 2021 Index was 39.50 compared to 37.35 for households from the same household income group that did not receive relief. This is the only household income group where households that received Government COVID-19 financial relief had higher financial resilience scores compared to those in the same household income group that did not access this relief.

Source: Seymour Financial Resilience Index TM and 2021, 2020 and 2018 Financial Well-Being studies.

Conclusion

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- Many Canadian households with low incomes have been hit financially by the pandemic and/or are experiencing financial vulnerability, as evidenced through indicators tracked by the Seymour Financial Resilience Index TM. Data points to increased financial vulnerability and financial stress for many households in 2021 compared to 2018, due to increased cost of living and other systemic barriers, with challenges exacerbated by the pandemic. The mean financial resilience scores of these households and other indicators in this report provide baseline metrics for longitudinal measurement by policymakers and other financial empowerment stakeholders interested in building the financial well-being of Canadians with low incomes [1].
- Despite many households with low incomes taking active measures to improve their financial situation, over three quarters of these households have seen no improvement, or a worsening in their financial situation over the past year. Financial stress is also having a negative impact on the mental and physical health, work productivity, and family life of a large percentage of low-income Canadians. Despite widespread interest in opportunities to improve their financial knowledge and resilience, affected households are finding it hard to access the financial help and advice they need.
- These findings paint a stark portrait of the financial vulnerability of millions of vulnerable Canadians, who we believe may require more targeted support by governments, financial institutions, non-profits and the wider ecosystem so they can overcome challenges and maintain or improve their financial resilience, financial well-being, and overall well-being over time.
- This can involve not only targeted financial support, policies and programs, but tools and mechanisms to help engage and empower Canadians with low incomes to understand their financial resilience and how they can maintain or improve it within their financial context. At the same time, there is a need to recognize the impact of unplanned life events and personal, institutional and systemic barriers that can contribute to financial vulnerability.
- As peoples' financial resilience can change for better or worse over time, Canadians with low incomes may require more targeted and/or sustained support. Flexibility and fair banking practices to help Canadians who are more financially vulnerable can also help these people avoid additional financial vulnerability. Ultimately, helping Canadians that are more vulnerable to maintain or improve their financial resilience can lead to measurable positive social, financial and community impacts. It can also help leaders to build a more resilient, equitable and inclusive Canada.

[1] The Index measures and track the financial resilience of many household populations including but not limited to people with disabilities, Indigenous populations, racialized Canadians, some of which are also represented in the 'low-income' and/or 'Extremely Vulnerable' segments.
Source: Seymour Financial Resilience Index TM and 2021, 2020 and 2018 Financial Well-Being studies.

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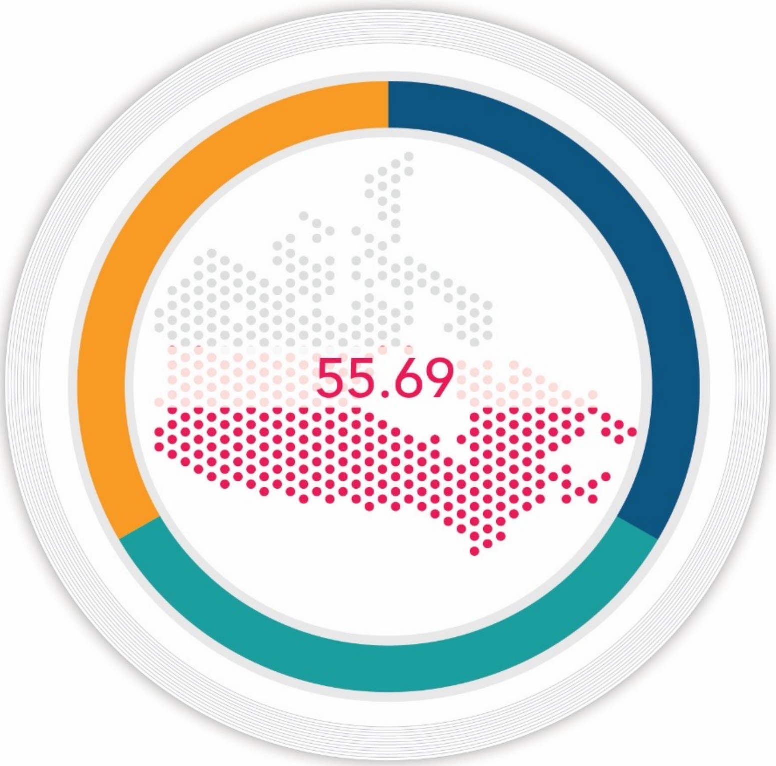

Seymour Financial Resilience Index™

WHAT THE INDEX MEASURES

Financial resilience: i.e. **household's ability to get through financial hardship, stressors and shocks as a result of unplanned life events.** The Index measures and tracks this for Canadian households across nine behavioural, sentiment and resilience indicators. Financial resilience measurement and tracking is available at the national, provincial, segment and individual member household level.

The ability to balance your needs of today with those of tomorrow, as a result of decisions and behaviours that move you forward.

The ability to get through financial stressors, shocks and financial hardship as a result of unplanned life events.

Emotional peace of mind in terms of our financial situation, and current and future financial obligations. The opposite is financial stress.

Source: Seymour Financial Resilience Index TM.

Seymour Financial Resilience Index ™ Indicators

FINANCIAL HEALTH

1
Debt management composite.

2
Plans ahead financially for upcoming and unexpected expenses or to save for long-term goals.

3
Change in household financial situation over the past 12 months.

FINANCIAL RESILIENCE

4
Social capital: close person(s) who could provide financial support in times of financial hardship.

5
Liquid savings buffer.

6
Self-reported credit score.

FINANCIAL STRESS

7
Confidence in ability to meet short-term savings goals.

8
Financial stress composite.

9
Financial stress over current and future financial obligations.

Extremely Vulnerable | Financially Vulnerable | Approaching Resilience | Financially Resilient

0 | 10 | 20 | 30 | 40 | 50 | 60 | 70 | 80 | 90 | 100

Seymour Financial Resilience Index ™ Scoring Model

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Extremely Vulnerable	Financially Vulnerable	Approaching Resilience	Financially Resilient

0 10 20 30 40 50 60 70 80 90 100

Financial resilience scores between **0 and 30** represent individuals and households that are most vulnerable and unable to survive financial stressors or shocks. These people report financially resilient outcomes across none of the nine indicators.

Financial resilience scores between **30.01 and 50** represent individuals and households that are financially vulnerable to large financial stressors or shocks yet subsisting under normal conditions. These people report financially resilient outcomes across few of the nine indicators.

Financial resilience scores between **50.01 and 70** represent individuals and households building their financial resilience in the absence of financial shocks. These people report financially resilient outcomes across some of the nine indicators.

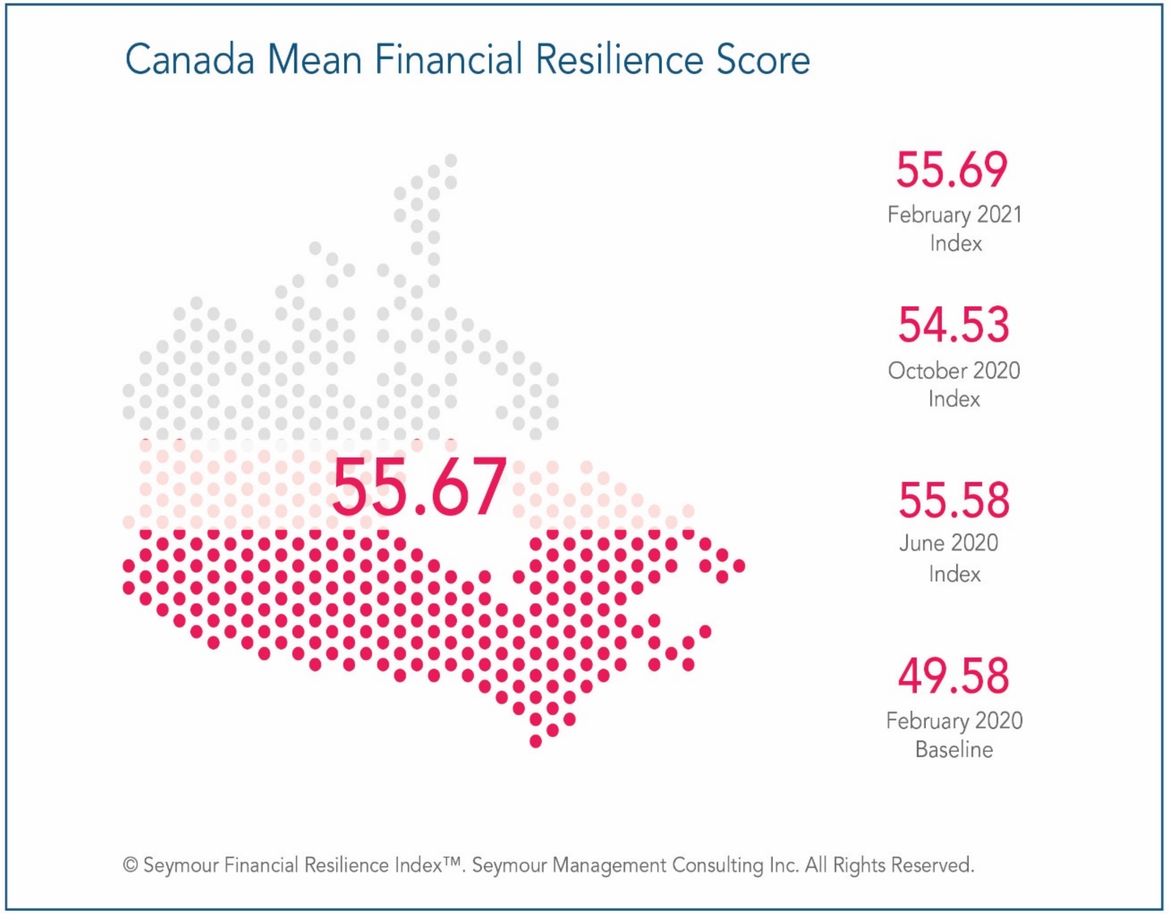
Financial resilience scores between **70.01 and 100** represent individuals and households that can endure financial shocks with little effect to their overall financial resilience. These people report financially resilient outcomes across nearly all (or all) of the nine indicators.

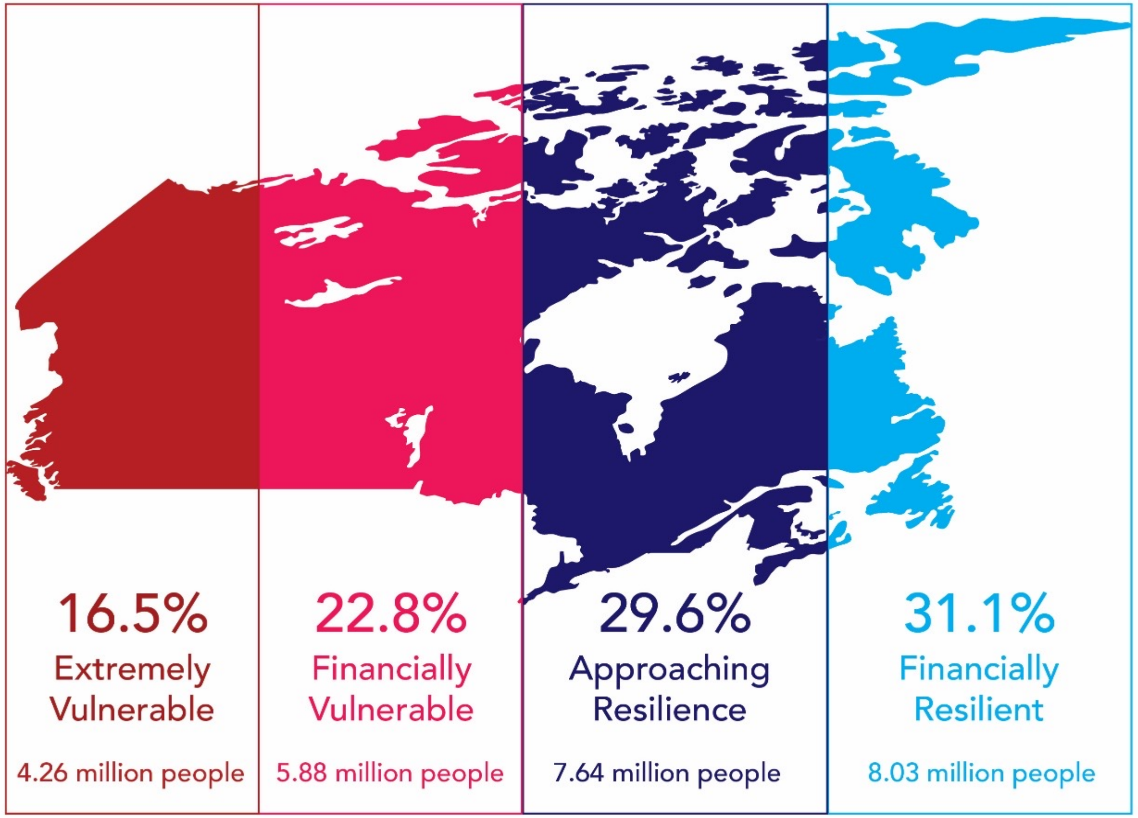
0 - 30	30.01 - 50	50.01 - 70	70.01 - 100

Financial resilience score for the four financial resilience segments

Source: Seymour Financial Resilience Index ™.

National mean financial resilience score for Canada and segment distribution based on the June 2021 Index

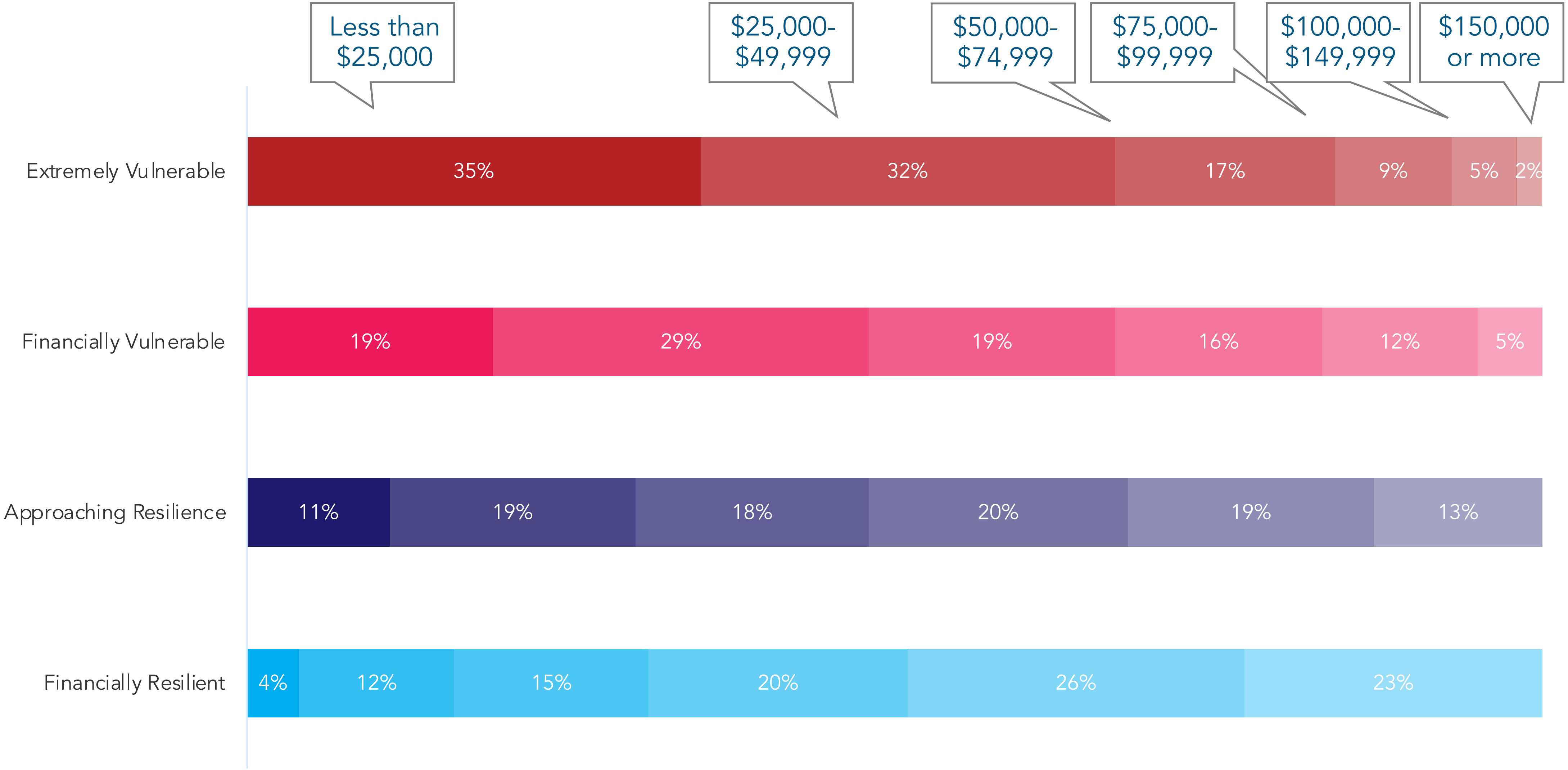




[1] Based on a population of 25.81 million Canadians aged 18 years old to 70 years old as of July 2019 (Statistics Canada)

Households across all income demographics are represented across all four financial resilience segments

Data based on the June 2021 Index



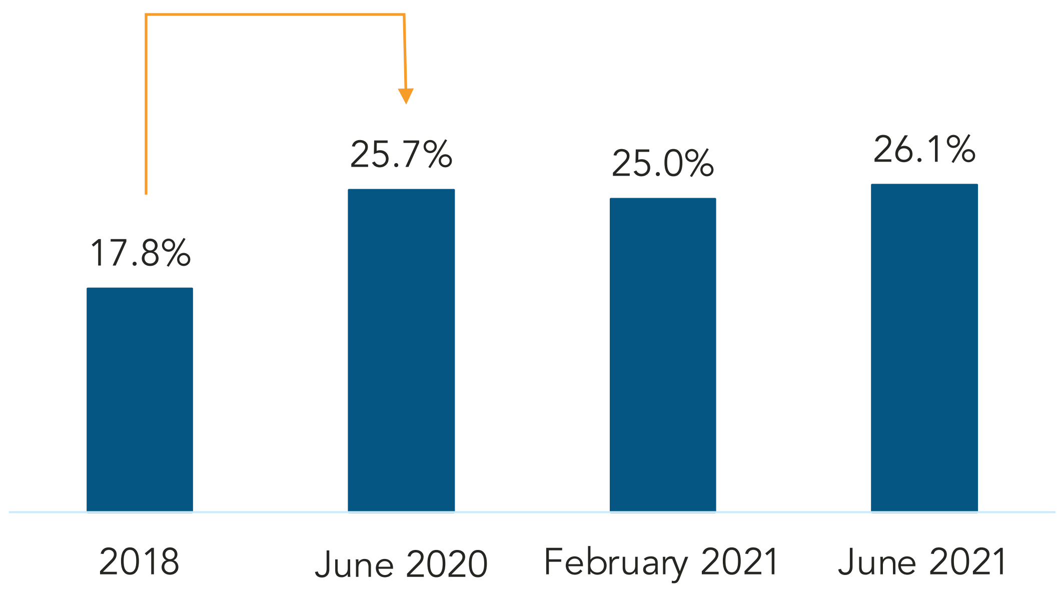
Note: For those with total household income between $25,000 and $49,999, data above includes single person households.

Source: Seymour Financial Resilience Index TM

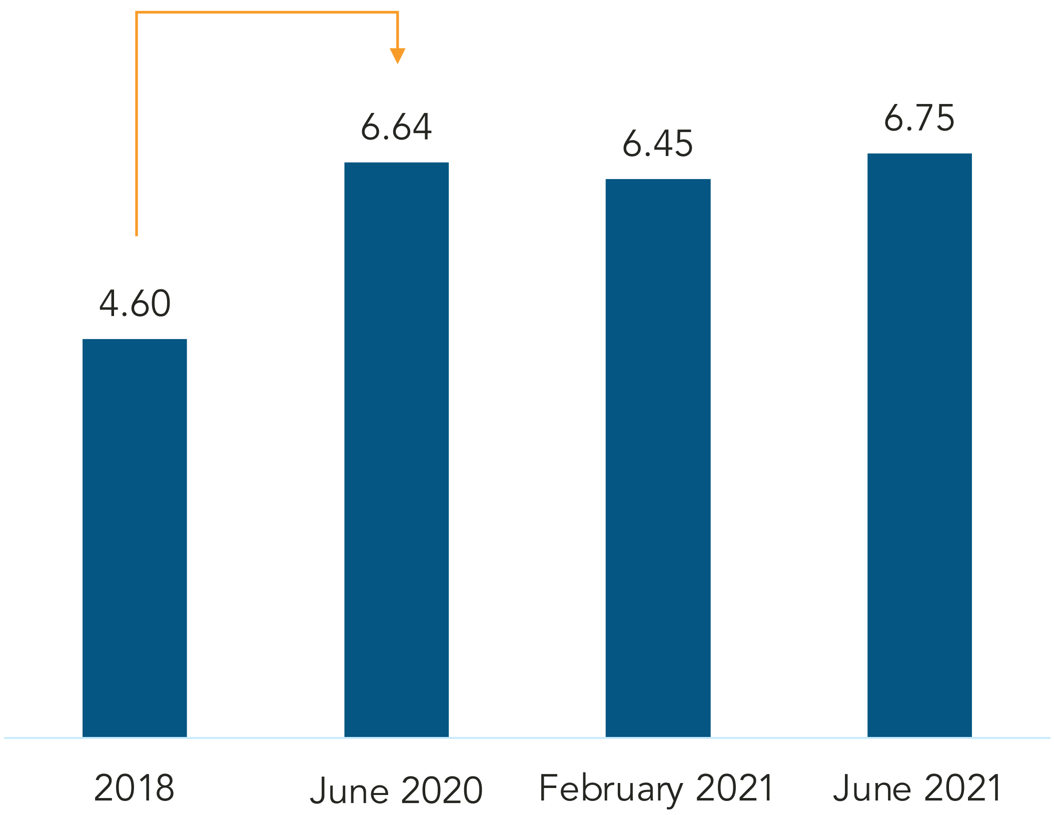
There are an estimated 6.75 million Canadian households with low incomes as of June 2021: representing 26.1% of the adult population

This has increased by 47% from the estimated 4.6 million households in 2018.

Percentage of population who are low-income Canadians



Population of low-income Canadians in millions



Based on a population of 25.81 Canadians aged 18 years old to 70 years old (as of July 2019). Source: Statistics Canada

Source: Seymour Financial Resilience Index TM and 2018, June 2020, February 2021 and June 2021 Financial Well-Being studies.

Distribution of households with low incomes across the four financial resilience segments based on the Seymour Financial Resilience Index TM

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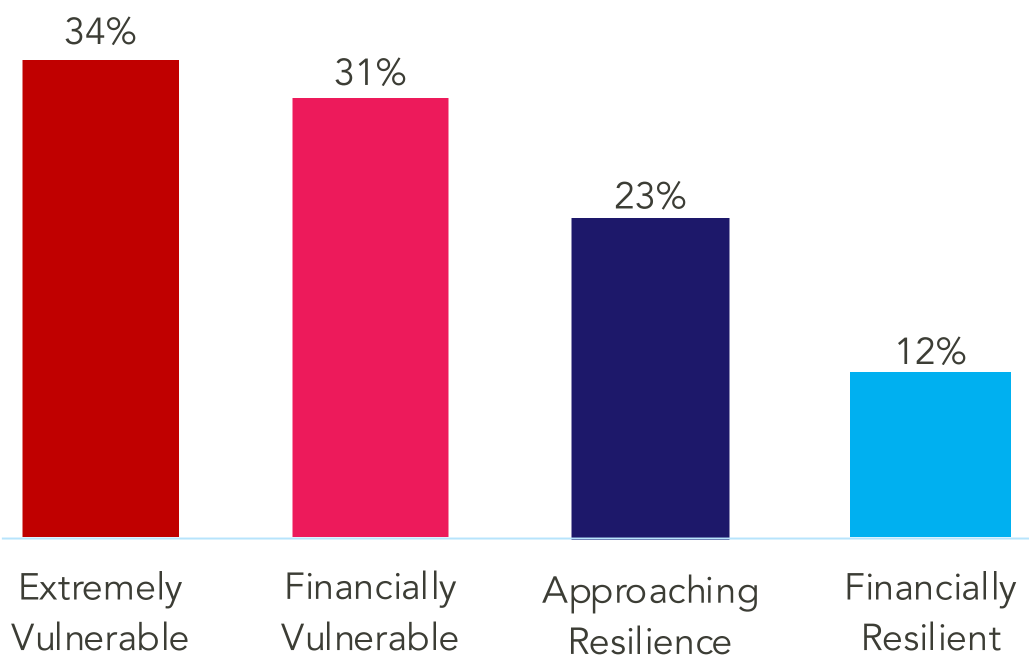
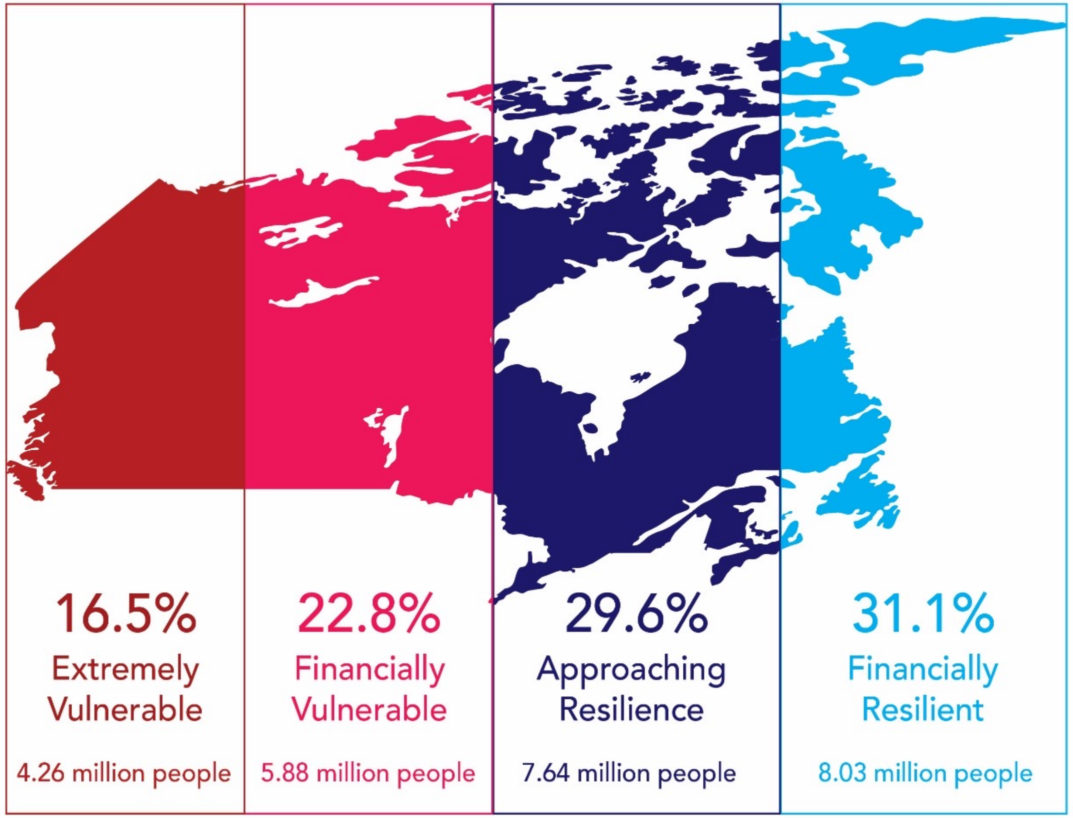
Distribution of households with low incomes across the four financial resilience segments [June 2021]





[1] Based on a population of 25.81 million Canadians aged 18 years old to 70 years old as of July 2019 (Statistics Canada)

Source: Seymour Financial Resilience Index TM

The Index shows an increase in Canadians with low incomes represented in 'Extremely Vulnerable' and 'Financially Vulnerable' segments in June 2021 compared to June 2020

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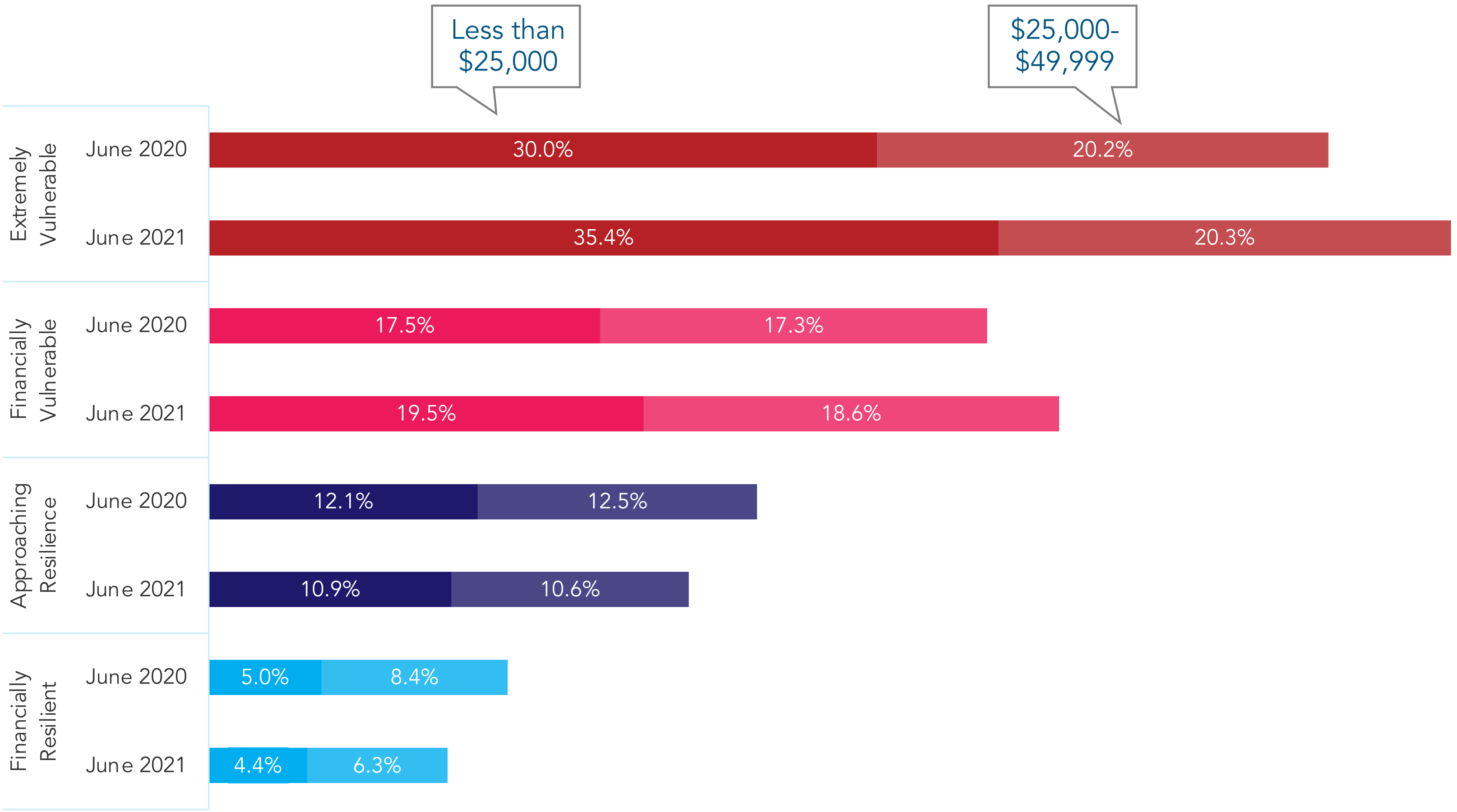

[1] For respondents within the $25,000 to $49,999 household income bracket, this excludes Canadians who are single as per our "Low-Income" definition.

The financial resilience of Canadians with low incomes and changes through the first year of COVID-19 as of June 2021 compared to February 2020

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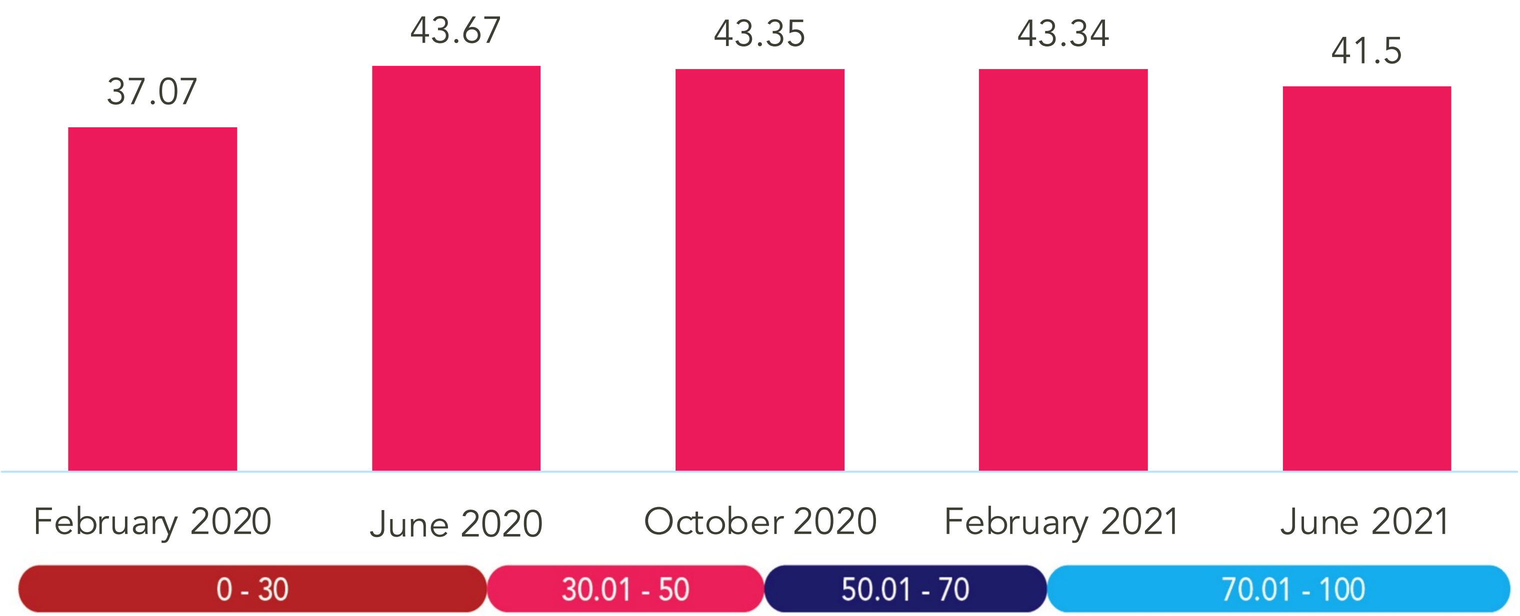
- The mean financial resilience score of Canadians with low incomes as per the definition in this report 41.5 as of June 2021 compared to 37.07 pre-pandemic (based on the Index baseline) Overall, these Canadians 'Financially Vulnerable'.
- The mean financial resilience score of low-income Canadians with total household incomes under $25,000 is 38.43 as of June 2021, compared to 34.07 in February 2020 (pre-pandemic).
- The mean financial resilience score of Canadians with household incomes between $25,000 and $49,999, where there was more than one person in the household, was 40.08 in February 2020. This increased to 47.64 in February 2021 and 45.11 in June 2021.
- As of June 2021, 34% of low-income households are 'Extremely Vulnerable' compared to 29% in February 2020, despite the size of the 'Extremely Vulnerable' population declining over the first year of the pandemic for Canadians overall.
- Households with low incomes - and Canadians from all household income demographics that are 'Extremely Vulnerable' based on the Index - face more barriers and financial challenges. For example:
  - 16.6% of 'Extremely Vulnerable' households report having been threatened with eviction as of June 2021, compared to only 0.6% of 'Financially Resilient' households.
  - 76% of 'Extremely Vulnerable' households also face barriers impacting their ability to work compared to 44% of 'Financially Resilient' households.
- The financial resilience 'gap' evidenced through the pandemic is also highlighted by the Seymour Financial Resilience Index, and reported in our recent report with Statistics Canada on the 'Financial Resilience and financial well-being of Canadians during the Covid-19 pandemic. [1]

[1] See Statistics Canada – Seymour Consulting report on the "Financial resilience and financial well-being of Canadians during the COVID-19 Pandemic (September 2021) https://www150.statcan.gc.ca/n1/daily-quotidien/210504/dq210504e-eng.htm)
Source: Seymour Financial Resilience Index TM

Canadians with low incomes as per our definition have a mean financial resilience score of 41.5 as of June 2021: showing they are 'Financially Vulnerable'

Their mean financial resilience score is 41.5 based on the June 2021 Index, compared to 37.07 based on the Index baseline pre-pandemic in February 2020.

Mean financial resilience score of Canadians with household incomes under $49,999 (excluding single person households in the $25,000 to $49,999 bracket)



Financial resilience score for the four financial resilience segments

[1] Reported household incomes are defined as total household income from all sources last year (in 2020) before taxes and deductions. Sources of income can include wages/ salaries from employer(s), self-employment earnings, government and private pensions, spousal or child support payments received and other sources of income.
[2] Based on a sample size of Canadians with low incomes [as defined in this report] of 649 in June 2021, 364 in February 2021, 354 in October 2020 ,761 in June 2020 and 117 in February 2020.
Source: Seymour Financial Resilience Index TM

Canadians with total household incomes under $25,000 are more financially vulnerable still

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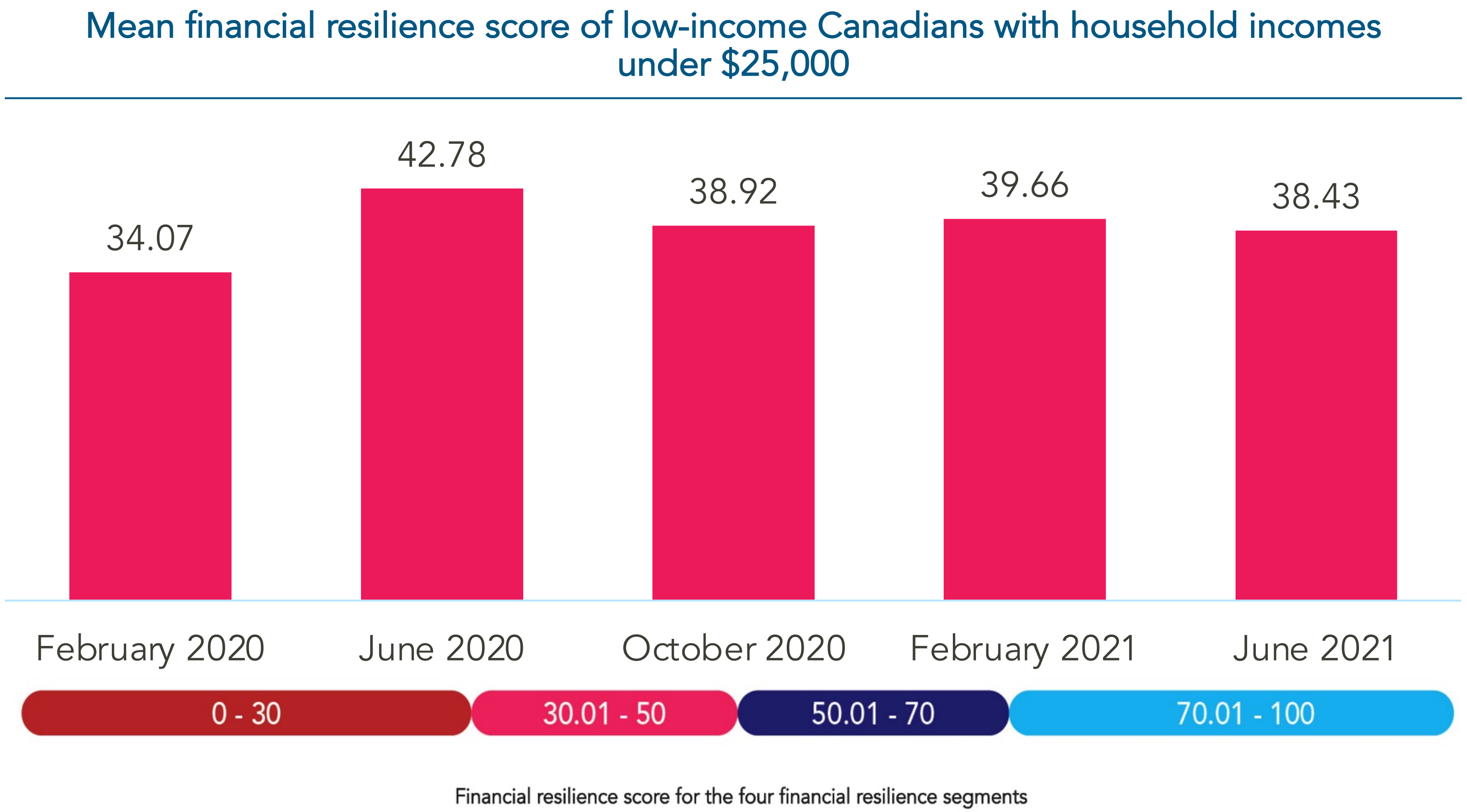
Their mean financial resilience score is 38.43 based on the June 2021 Index, compared to 34.07 based on the Index baseline pre-pandemic in February 2020.



[1] Reported household incomes are defined as total household income from all sources last year (in 2020) before taxes and deductions. Sources of income can include wages/ salaries from employer(s), self-employment earnings, government and private pensions, spousal or child support payments received and other sources of income.
[2] Based on a sample size of Canadians with low incomes [as defined in this report] of 649 in June 2021, 364 in February 2021, 354 in October 2020 ,761 in June 2020 and 117 in February 2020.

How the financial resilience (or vulnerability) of Canadians with low incomes has changed between 2018 and June 2021

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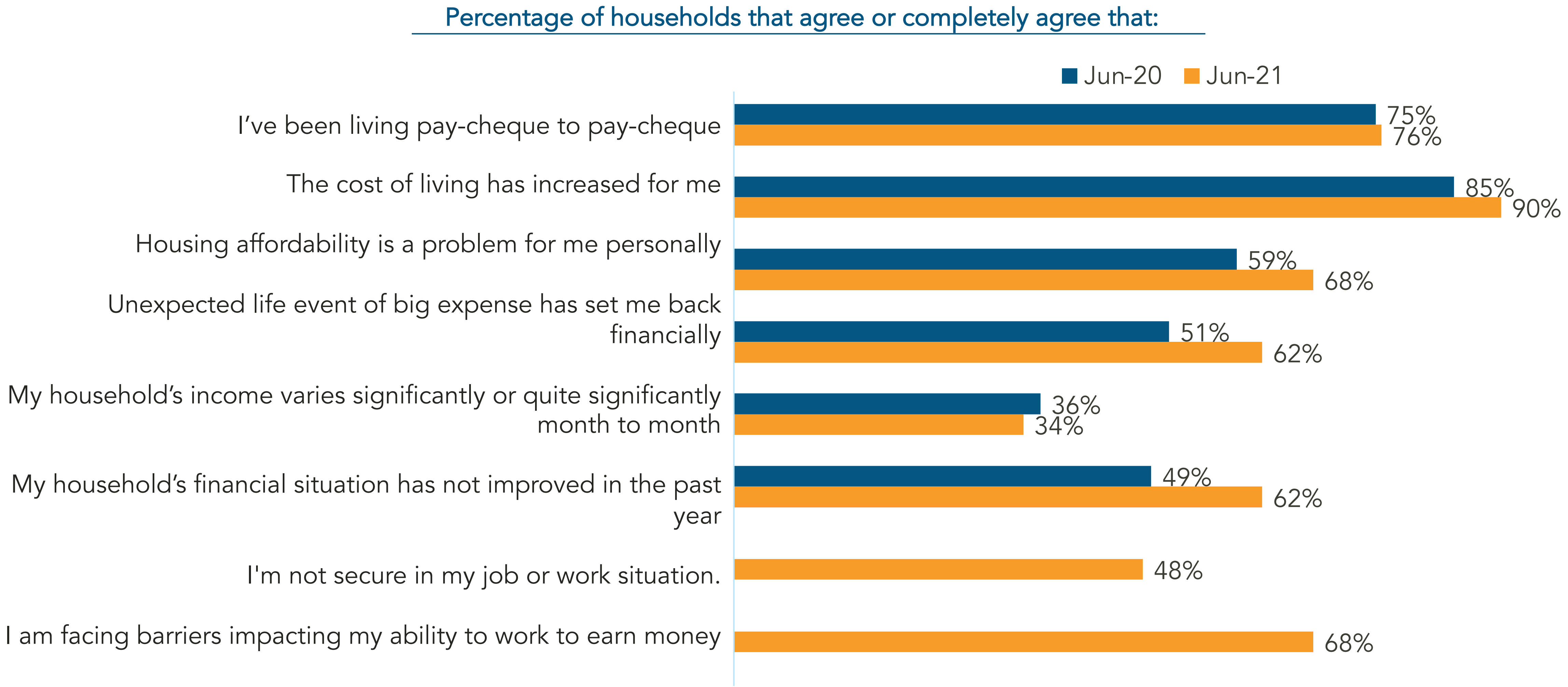
As of June 2021:

1. More Canadians with low incomes are financially vulnerable based on having liquid savings buffers of less than a week, and less than 3 weeks in 2021 compared to 2018.
   - Nearly 42% of these households with low incomes have a buffer of less than 3 weeks, up from 35% in 2018.
2. Many more households with low incomes (53%) report experiencing income volatility or variability compared to 2018 (39%), which can also make it hard to manage their finances, plan and save. This in turn has a knock-on affect on their financial resilience.
3. The proportion of Canadians with low incomes that report having high levels of financial stress over their current and financial obligations has increased.
4. Just under 60% report that money worries impacted their physical health: representing an increase of 58% compared to 2018.

Source: Seymour Financial Resilience Index TM and 2018 and June 2021 Financial Well-Being studies.

Financial stressors and challenges for households with low incomes

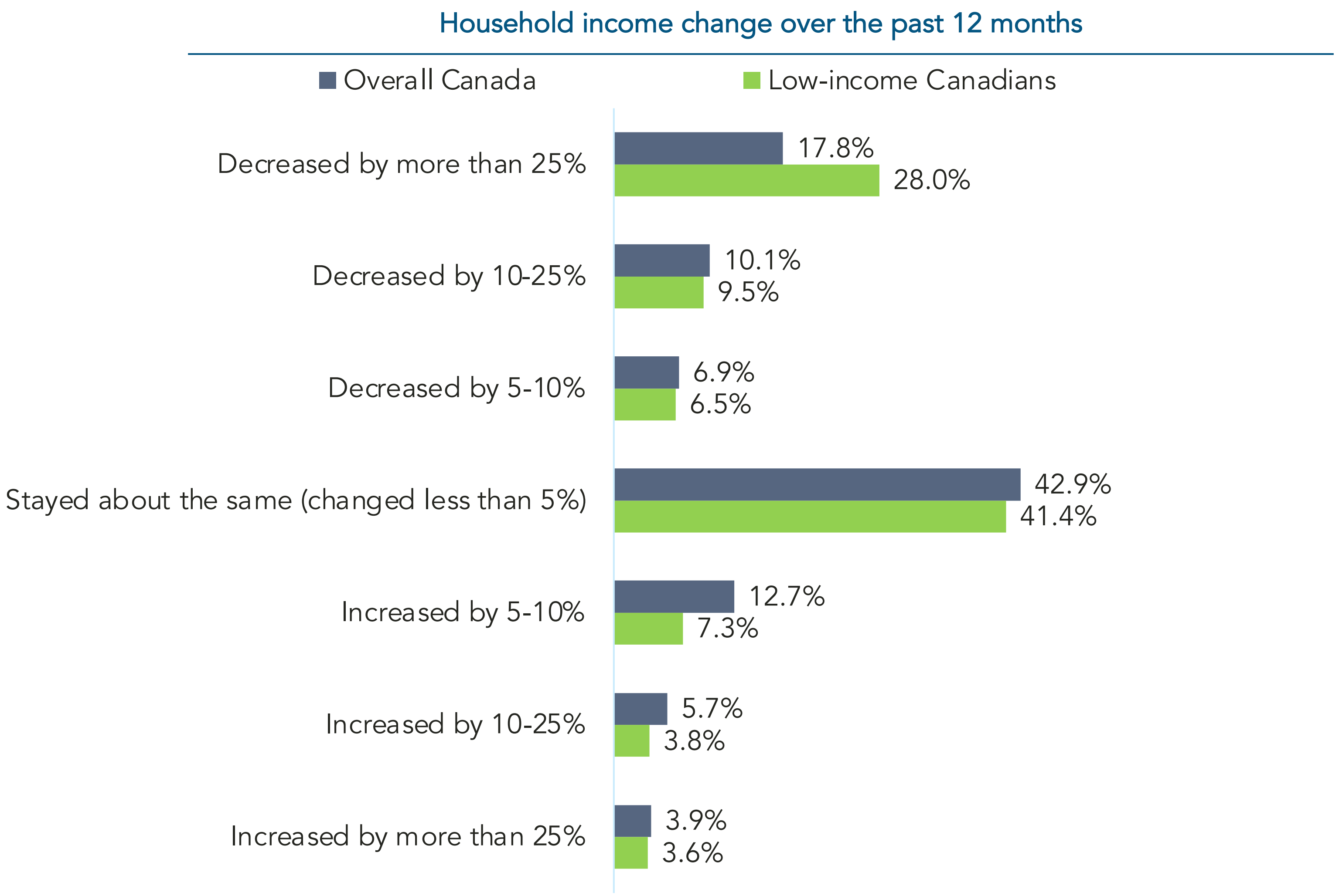
As of June 2021, 76% of households with low incomes are living pay-cheque to pay-cheque, with more people reporting that the cost of living has increased for them, housing affordability is a problem for them personally and their financial situation has not improved in the past year compared to one year earlier.



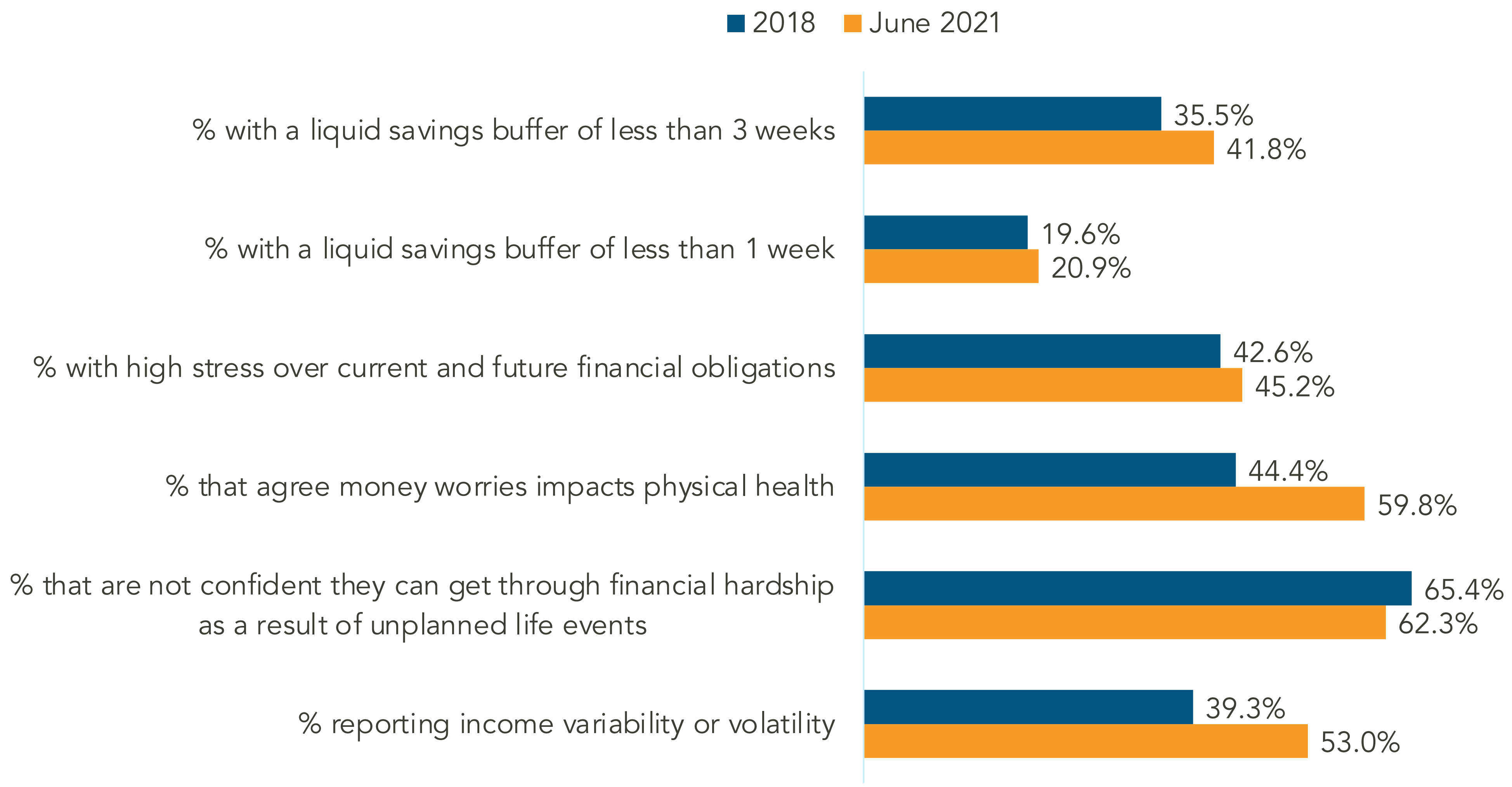
Source: Seymour Financial Resilience Index TM and June 2020 and June 2021 Financial Well-Being studies.

28% of Canadians with low incomes have experienced a decrease in their household income of 25% or more over the past 12 months, significantly more than for Canadians overall and 'Financially Resilient' households

However, 26% of low-income households have also seen an increase in their income by more than 5%.



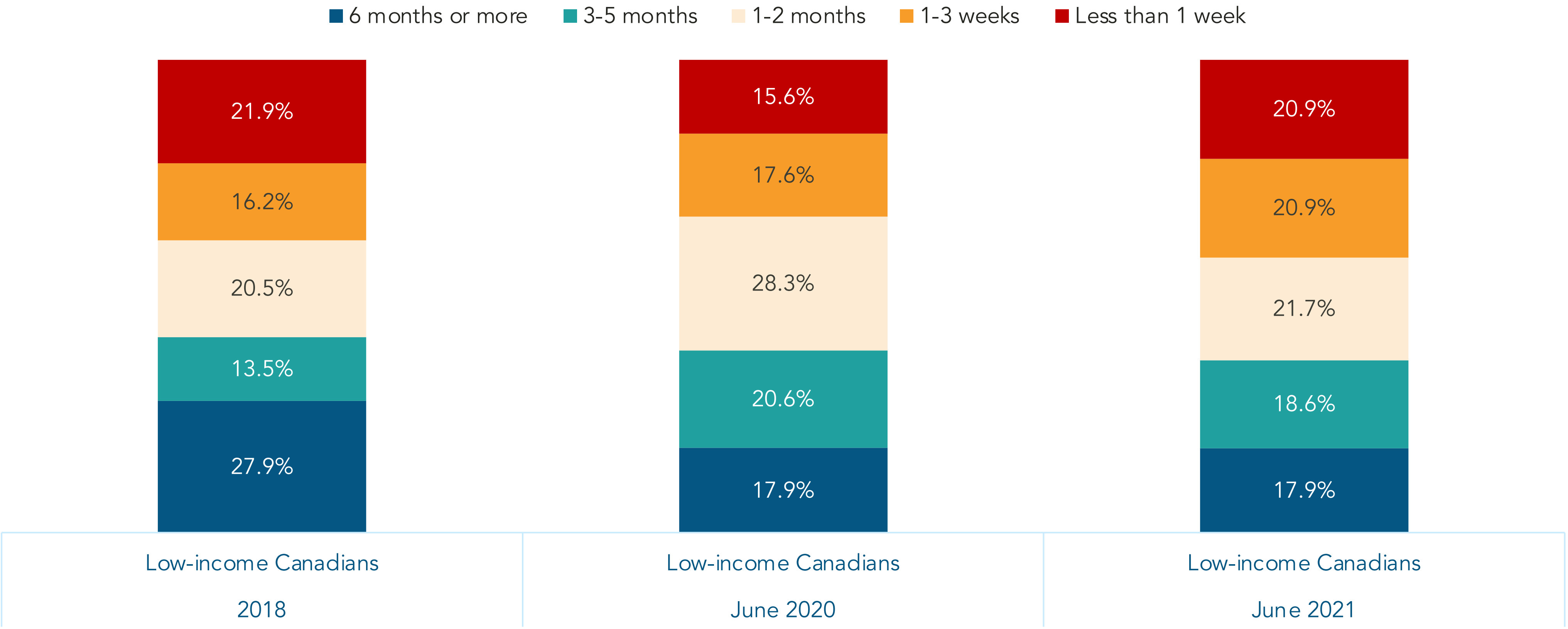
Insights on the financial vulnerability of Canadians with low incomes in June 2021 compared to 2018 based on key indicators



Source: Seymour Financial Resilience Index TM and 2018 and June 2021 Financial Well-Being studies

There has been an increase in Canadians with low incomes with a liquid savings buffer of less than 3 weeks and a significant decrease in households with a buffer of six months or more, indicating increased financial vulnerability

How long the household could afford to cover expenses at their current level of spending without borrowing or drawing on retirement savings



Source: Seymour Financial Resilience Index TM and 2018, 2020 and 2021 Financial Well-Being studies.

The pandemic has disproportionately impacted 'Extremely Vulnerable' households, and low-income households, from a financial hardship perspective

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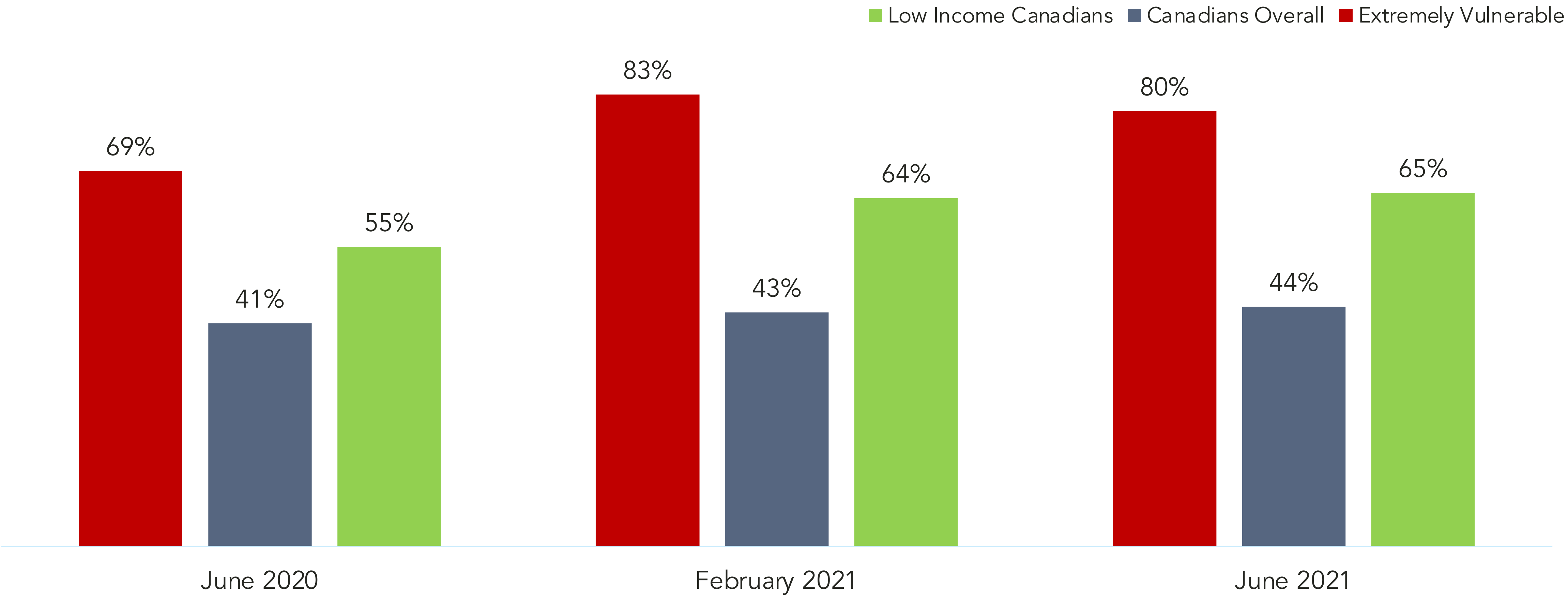
65% of households with low incomes report that the pandemic has caused their household significant financial hardship as of June 2021, compared to 55% of households with low incomes a year earlier.

Households that strongly or somewhat agree that the pandemic has caused significant financial hardship

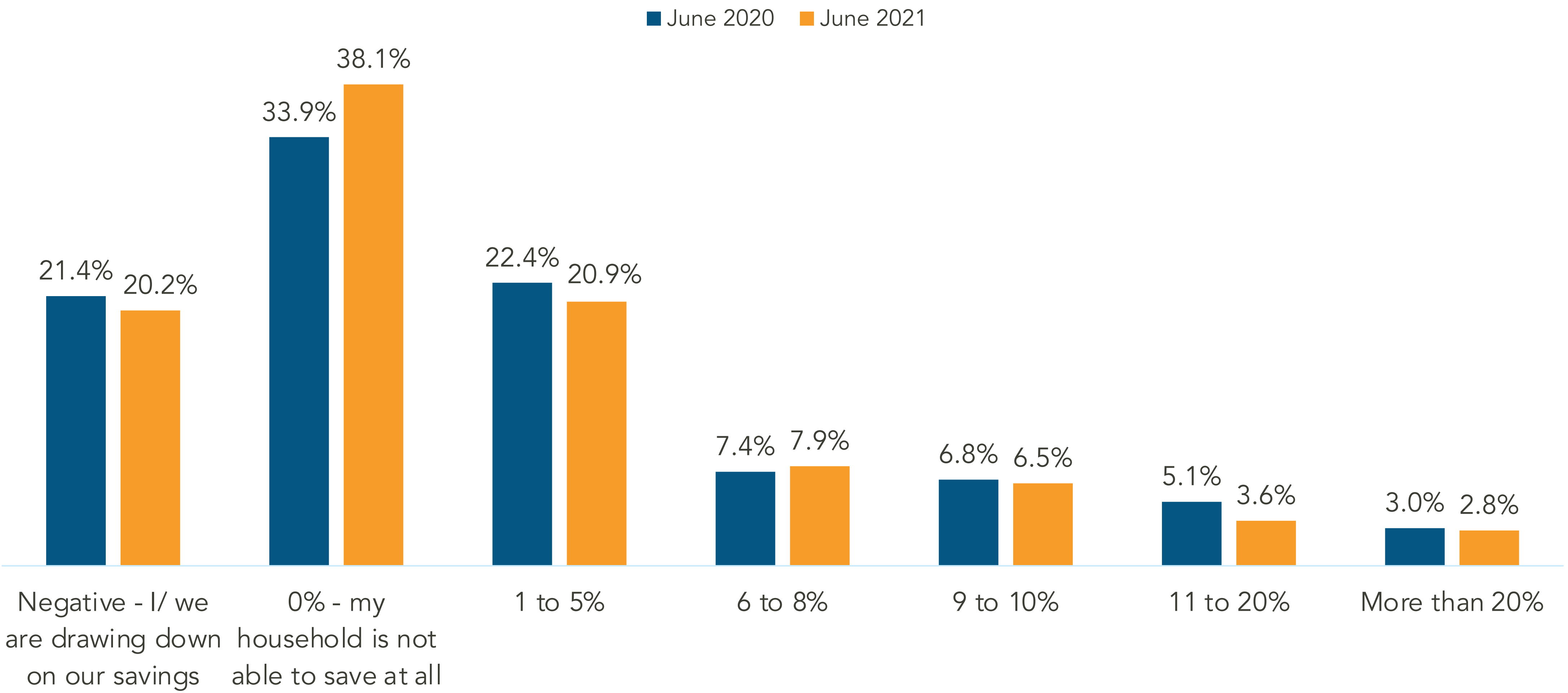


Source: Seymour Financial Resilience Index TM June 2020, February 2020 and June 2021

38.1% of Canadians with low incomes are not able to save at all and 20.2% are drawing down on their savings as of June 2021

With the Index highlighting significant differences in household savings rates across the four financial resilience segments as well as for key populations.

Houshold savings rates for low-income households: June 2021 compared to June 2020



Source: Seymour Financial Resilience Index TM June 2021

68% of households with low incomes report that the pandemic has reduced their financial security as of June 2021

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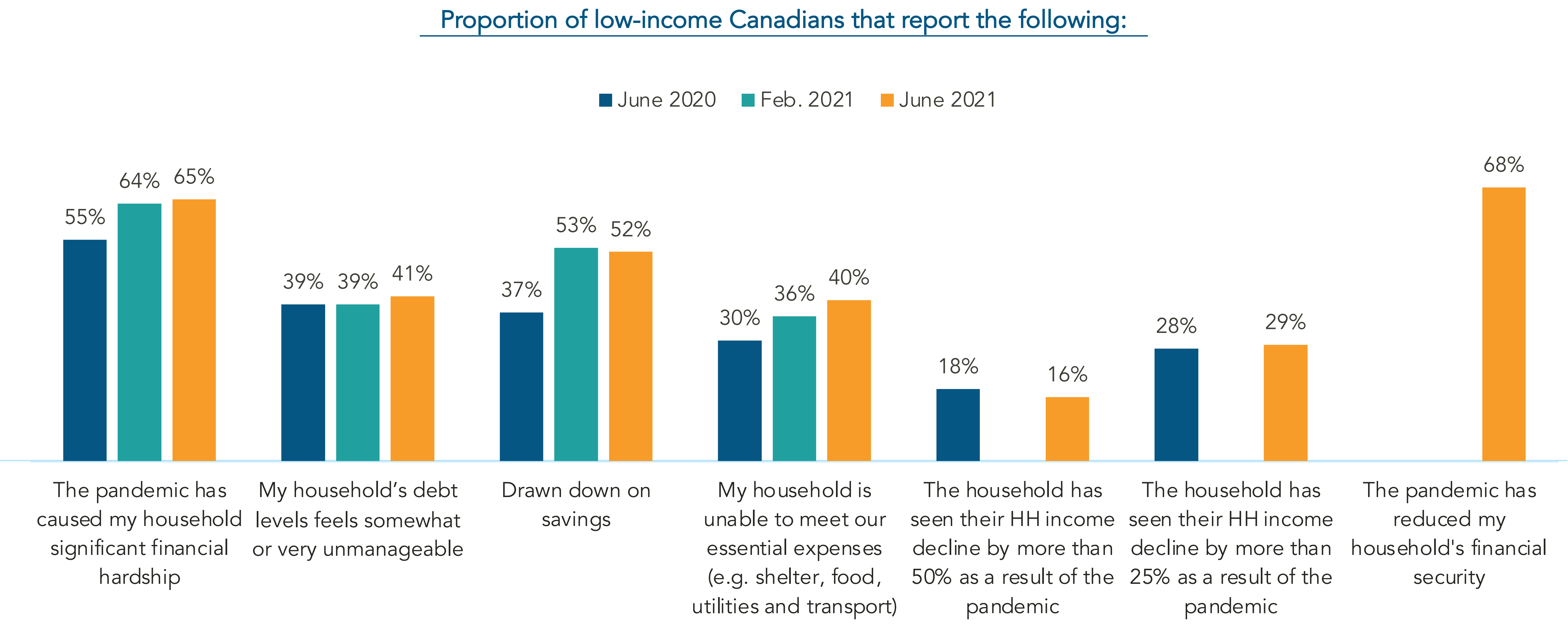
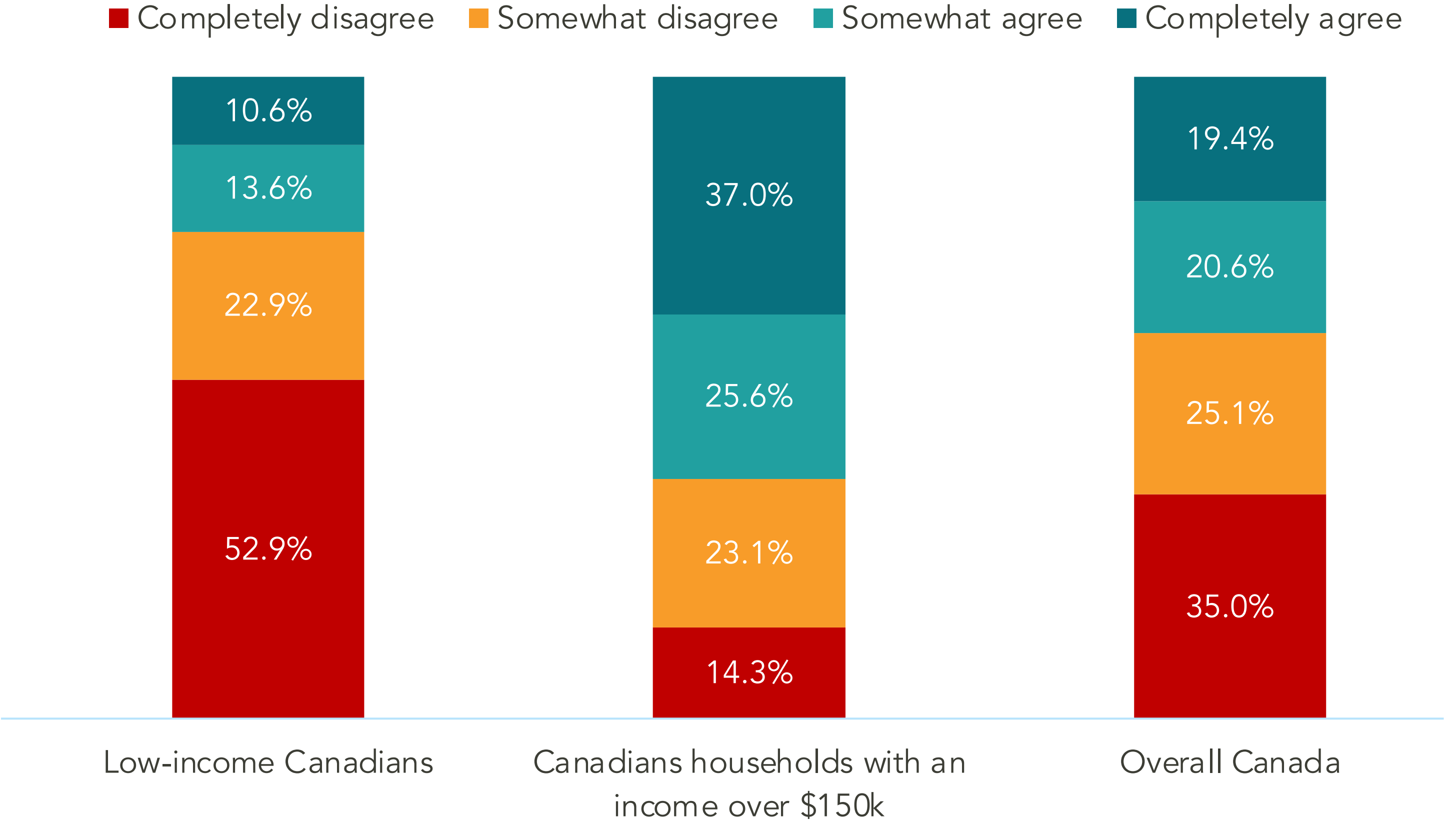
As a result, 52% of these households have had to draw down on savings as of June 2021 and 40% were unable to meet their essential expenses.

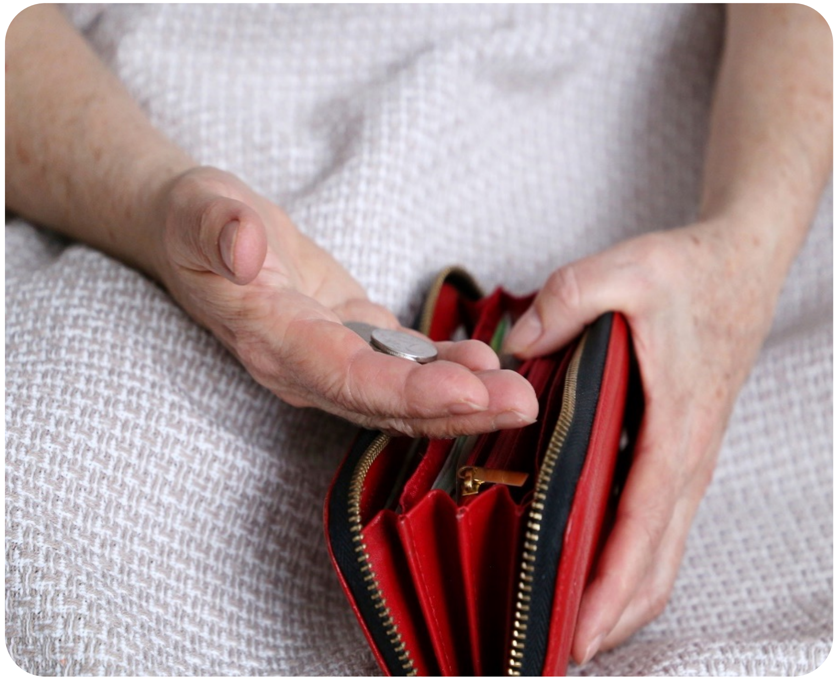


Source: Seymour Financial Resilience Index TM June 2020, February 2020 and June 2021

52.9% of low-income households completely disagree that their household's financial situation has improved in the past year, much higher than for Canadians overall

Household's financial situation has improved in the past year (June 2021)

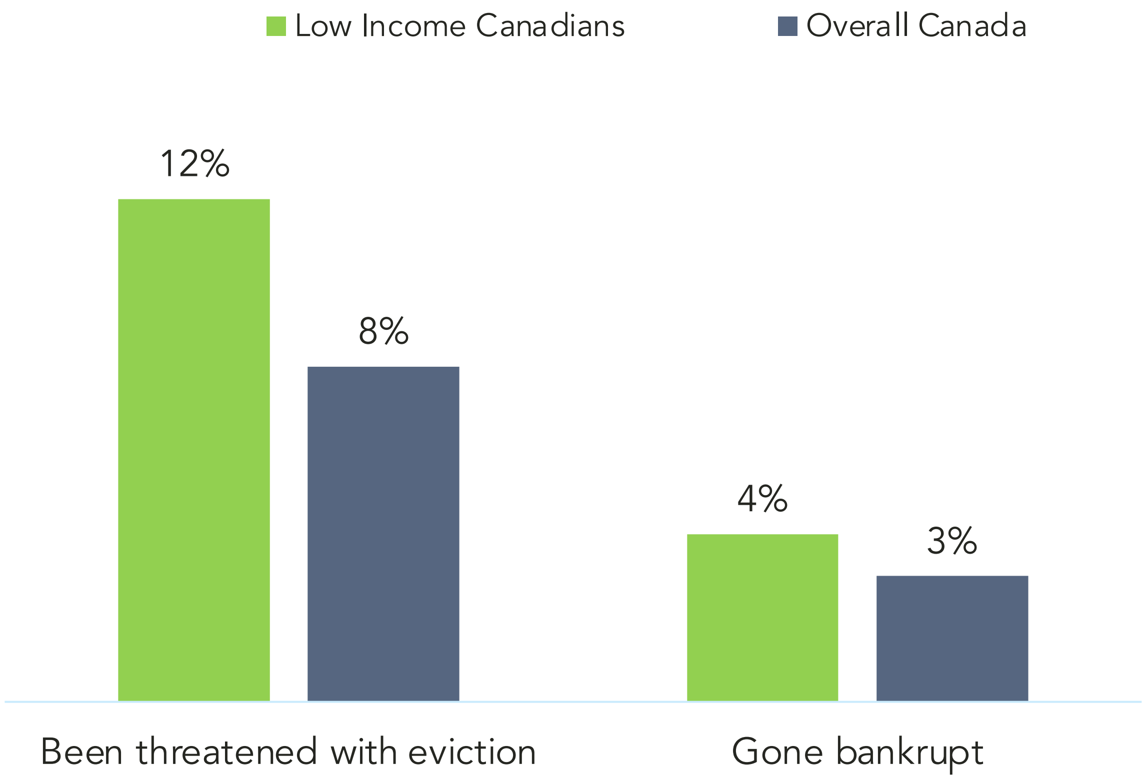


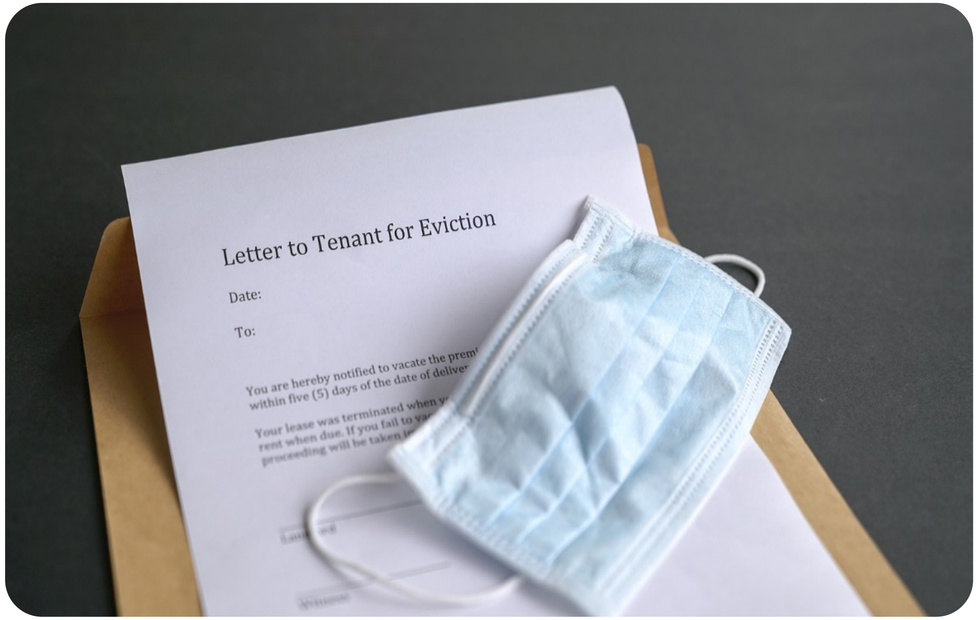


Source: Seymour Financial Resilience Index TM June 2021

12% of households with low incomes have been threatened with eviction over the past 12 months, compared to 8% of Canadians at the national level

Proportion of households with low incomes and 'Extremely Vulnerable' Canadians that report they have been threatened with eviction or gone bankrupt (June 2021)



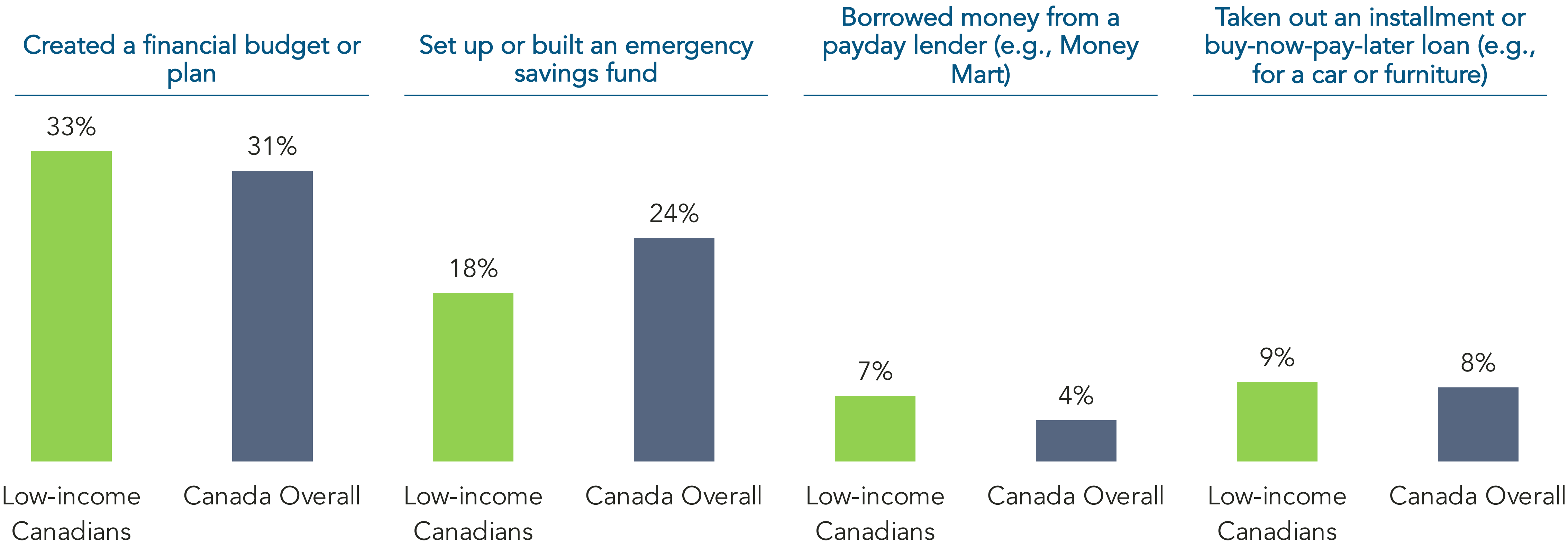


- Low-income Canadian renters are more likely to have been threatened with eviction (12.3%) compared to the overall Canadian renter population (8.3%) and renters with a household income of over $150k.
- Moreover, low-income renters living in rural areas have been threatened considerably more (17.9%) than those living in urban areas (11.6%).

Source: Seymour Financial Resilience Index TM and June 2021 Financial Well-Being study.

33% of households with low incomes have created a financial budget or plan in the past 12 months, and 18% have set up an emergency savings fund. This compares to 31% and 24% of Canadians overall respectively

In terms of more predatory payday loans and installment loans, 7% of low-income Canadians have taken out payday loans and 9% have taken out installment loans as of June 2021: with these numbers higher than for Canadians at the national level.



Source: Seymour Financial Resilience Index TM and June 2021 Financial Well-Being study

Over 7 in 10 families with low incomes agree that they want to understand their household's financial resilience and how they can improve it

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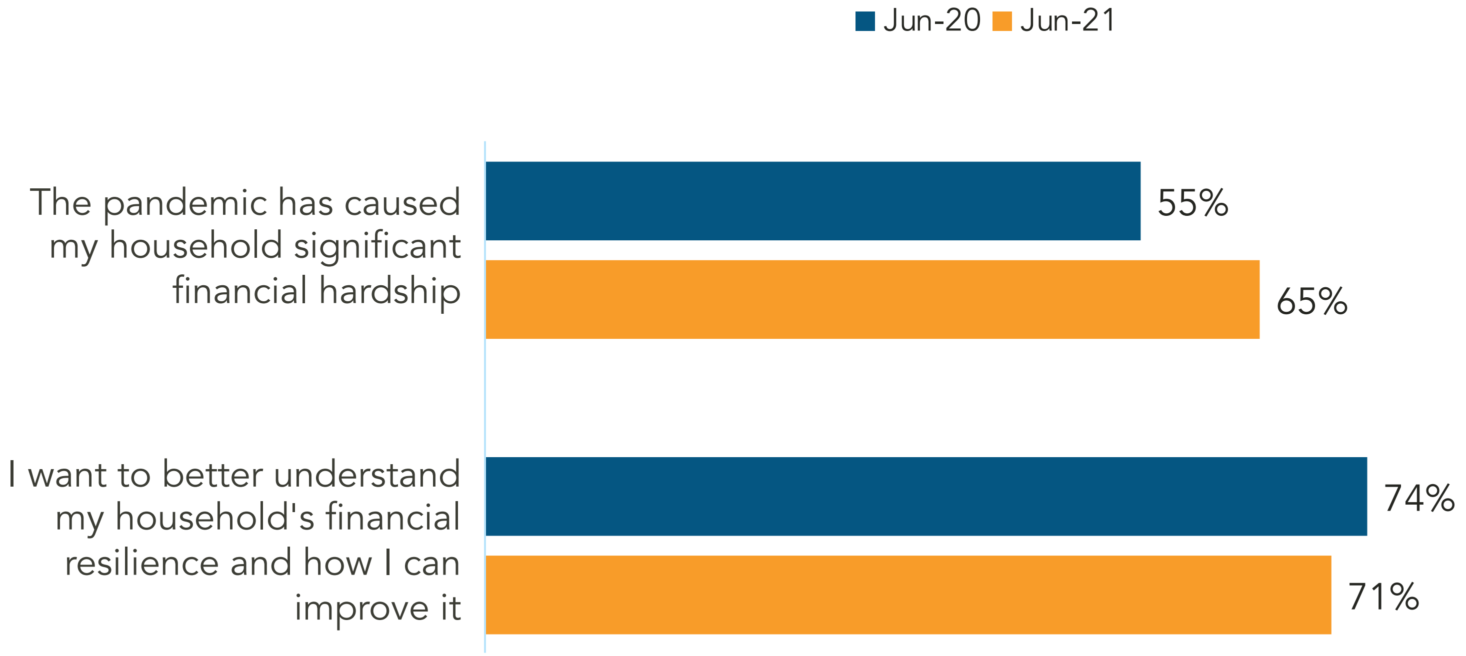
Percentage of households that agree or completely agree that:



Source: Seymour Financial Resilience Index TM June 2020 and June 2021

Many Canadians with low incomes, despite facing barriers, are working hard to bridge through financially and to maintain or improve their financial resilience

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The Seymour Financial Resilience Index TM tracks many reported consumer and financial behaviours of Canadians. Data analysis highlights that many households with low incomes have worked hard to bridge through financially. For example, as of June 2021:

- 71% have significantly reduced their non-essential expenses, compared to 65% of low-income Canadians in June 2020. This compares to 62% of Canadians at overall significantly reducing their non-essential expenses.
- 51% have drawn down on their savings (compared to 37% in June 2020) and compared to 39% of Canadians overall.
- 43% increased their borrowing to pay for everyday expenses.
- 40% of households took steps to improve their financial literacy, similar to 39% of Canadians overall.
- 36% have deferred mortgage compared to 12% of Canadians overall.
- 35% have borrowed money from friends or family compared to 19% of Canadians overall.
- 33% have created a financial budget or plan compared to 31% of Canadians overall.
- 32% have sold or pawned something to get by compared to 18% of Canadians overall.
- 24% have used a food bank compared 10% of Canadians overall.
- 21% have deferred utility payments compared to 13% of Canadians overall.
- 19% have moved or changed their accommodation to reduce living expenses.
- 15% have deferred rent payments compared to 12% of Canadians overall.
- 7% have borrowed from a payday lender compared to 4% for Canadians overall.
- 9% have taken out an installment or buy-now-pay-later loan compared to 8% of Canadians overall.

Source: Seymour Financial Resilience Index TM and 2021, 2020 and 2018 Financial Well-Being studies.

40% Canadians with low incomes have taken steps to improve their financial literacy as a result of the pandemic as June 2021. Yet nearly a quarter report they have needed to use a food bank and 32% have sold or pawned something to get by

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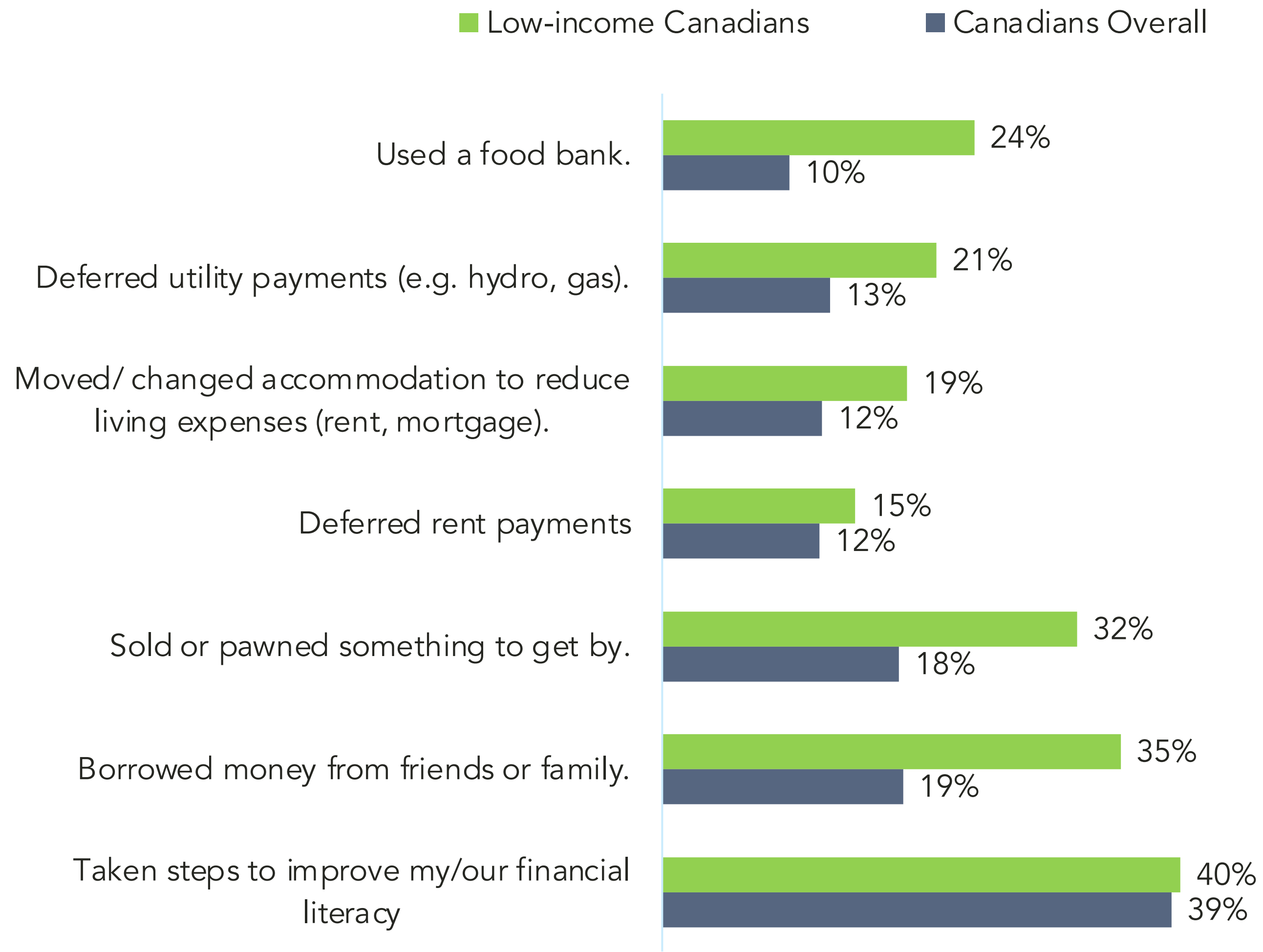
Example reported consumer and financial behaviours for low-income Canadians (June 2021)



Source: Seymour Financial Resilience Index TM and June 2021 Financial Well-Being study

Financial stress has measurable negative impacts on the overall personal well-being of Canadians overall, and those with low incomes

- The Financial Well-Being studies have been measuring the impact of financial stress on the overall well-being of Canadians across the country since 2017. The studies highlight consistently year-over-year the extent to which financial stress on the overall well personal well-being of individuals and families. This impact measurement aligns with the Federal Government's Well-Being Framework [1].
- Financial well-being, and all other well-being dimensions are also much more challenged for more financially vulnerable Canadians based on the Seymour Financial Resilience Index TM. This is also the case for Canadians with low incomes. Financial well-being serves as a foundation to the many well-being dimensions for individuals, families and communities.

For households with low incomes, as of June 2021:

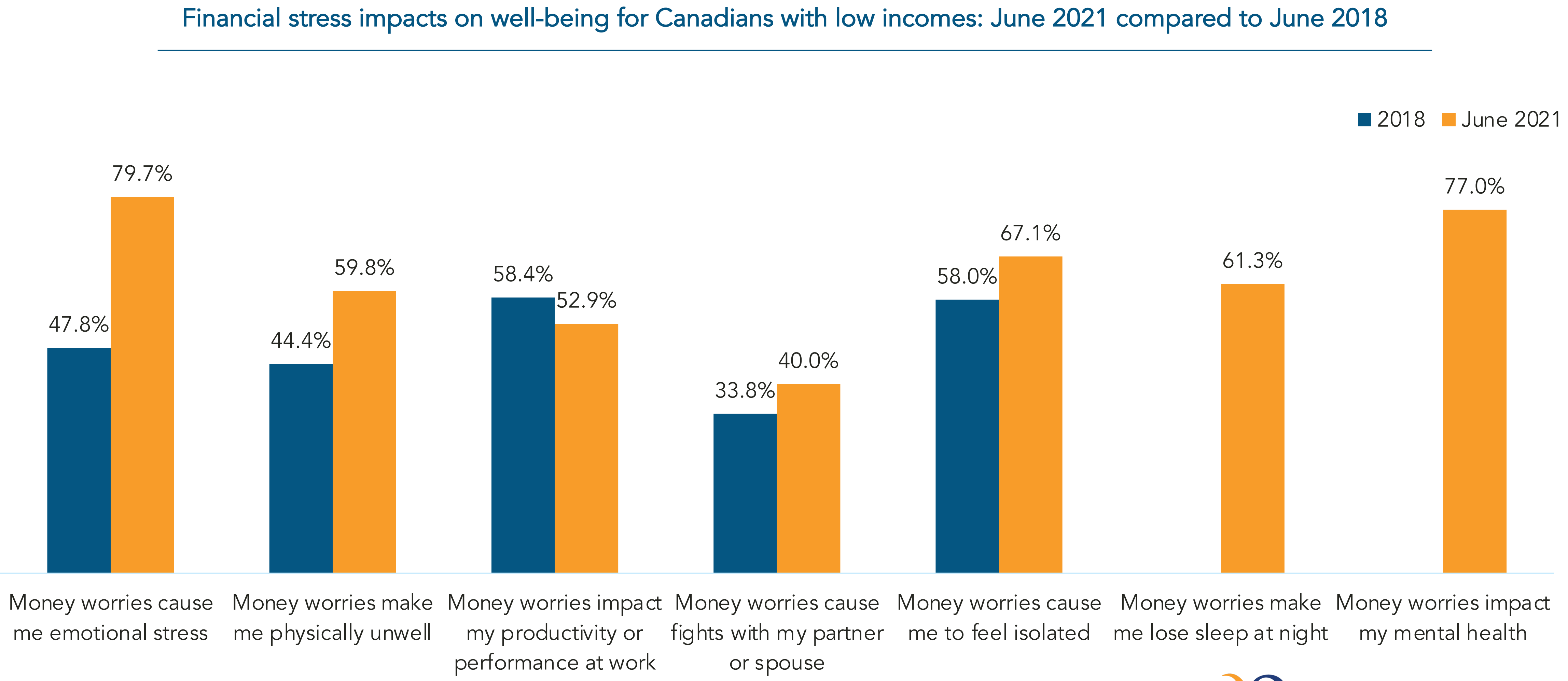
- 77% of households with low incomes (5.19 million people) households report that money worries impact their mental health [2].
- 59.8% (4 million people) report that money worries make them physically unwell, with this 35% higher in 2021 compared to 2018.
- 79.7% (5.4 million people) report that money worries cause them emotional stress, up significantly from 2018.
- 52.9% report that money worries impact their productivity or performance at work.
- 67.1% (4.5 million households) report that money worries cause feelings of isolation, compared to 58% for Canadians with low incomes in 2018.
- 40% report money worries cause fights with their partner or spouse, compared to 33.8% in 2018.

[1] See Statistics Canada – Seymour Consulting report on the "Financial resilience and financial well-being of Canadians during the COVID-19 Pandemic (September 2021) https://www150.statcan.gc.ca/n1/daily-quotidien/210504/dq210504e-eng.htm)

[2] Based on a population of 25.81 Canadians aged 18 years old to 70 years old (as of July 2019). Source: Statistics Canada

Source: Seymour Financial Resilience Index TM and June 2018 and June 2021 Financial Well-Being studies.

Money worries is clearly negatively impacting the mental and physical health, relationships and well-being of families of more households with low incomes in 2021 compared to 2018, with particularly negative health impacts related to mental and emotional health, physical health, productivity at work and isolation



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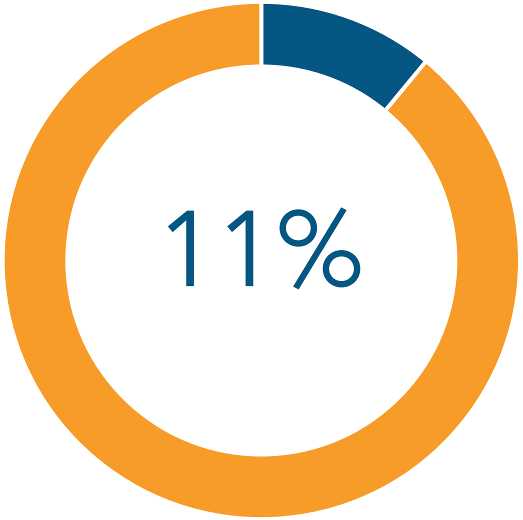
Source: Seymour Financial Resilience Index TM and 2018 and June 2021 Financial Well-Being studies with a boost of low-income Canadians.

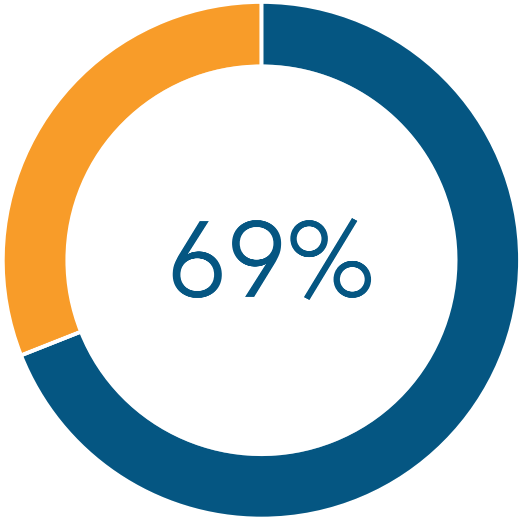
Around 11% of Canadians with low incomes report they have been challenged in accessing financial information or education they need

69% of households with low incomes also rate their primary Financial Institution as 'poor to fair' for helping to improve their financial wellness over the past year, as of June 2021.

Proportion that could not access the financial information or education they needed



Proportion that rate their primary primary Financial Institution as 'poor to fair' (1-6) for helping to improve their financial wellness



Source: Seymour Financial Resilience Index TM and June 2021 Financial Well-Being study with a boost of low-income households.

The Financial Well-being studies provide independent tracking on the extent to which Canadians rate their primary Financial Institution for helping to improve their financial wellness: overall and for tier-one bank customers

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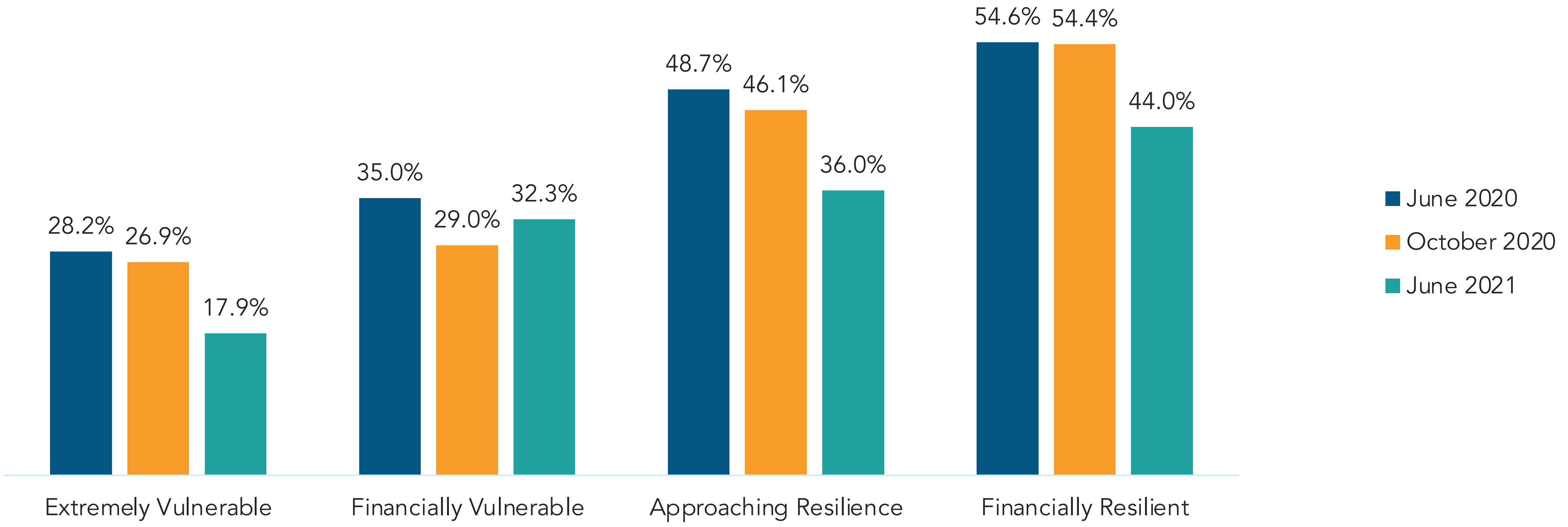
Data highlights opportunities for enhanced support particularly of 'Extremely Vulnerable' and 'Financially Vulnerable' customers by Financial Institutions, with these segments more highly represented by Canadians with low incomes.

% of Canadians rating their primary Financial Institution as Good or Excellent (7-10) in terms of helping to improve their financial wellness over the past year: by financial resilience segment



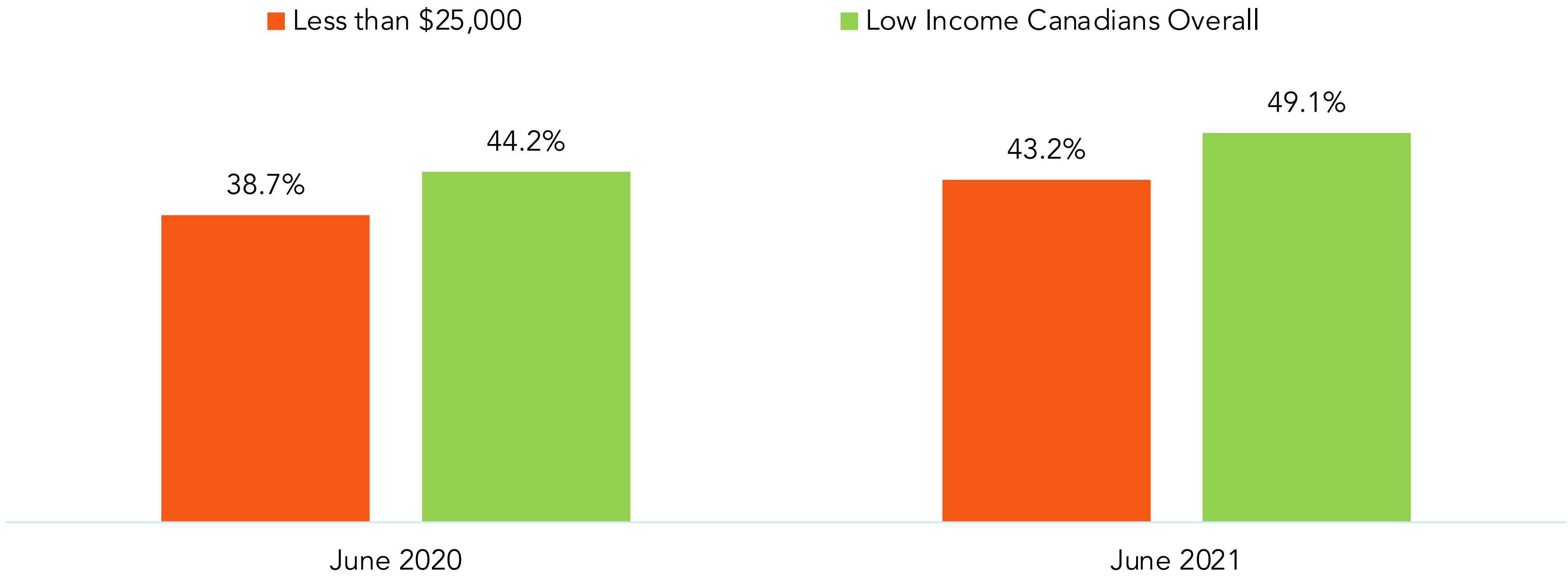
Seymour Consulting provides independent data and tracking on the financial resilience of Canada's tier one bank customers and the extent to which their customers rate them for helping to improve their financial wellness. Additional insights relate to financial and debt stressors, reported consumer and financial behaviours, access to financial products, services, help, advice and support, 'fair banking' practices and usage of predatory financial services, such as payday or installment loans.

Source: Seymour Financial Resilience Index TM June 2020, October 2020 and June 2021.

As of June 2021, 49.1% of households with low incomes reported that their household has received Government COVID-19 financial relief since the start of the pandemic

This compares to 44.2% of households that reported this in June 2020.

Households with household incomes under $25,000 and Canadians with low incomes overall that report their household has received COVID-19 Government financial relief since the pandemic started

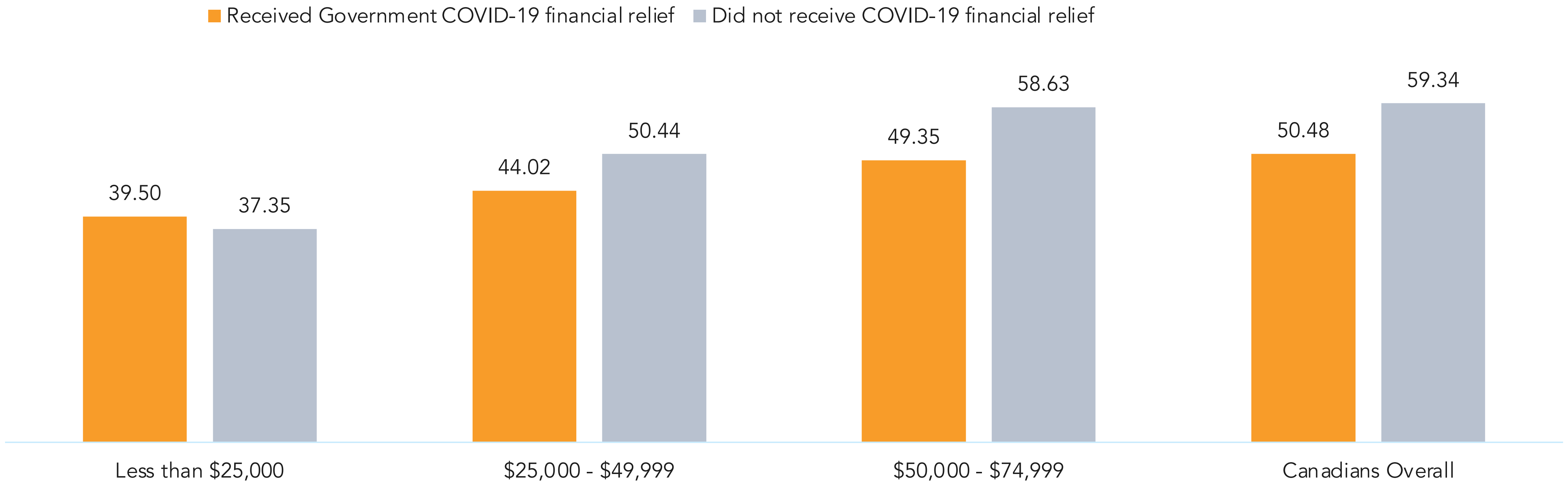


[1] Government COVID-19 financial relief outlined in the Financial Well-Being study included: Employment Insurance [EI], Canada Emergency Recovery Benefits (CERB), Canada Emergency Wage Subsidy [CERW], Indigenous Community Support Fund and provincial employment relief. Households with total income of $25,000 to $49,999 include single person households.
Source: Seymour Financial Resilience Index TM June 2020 and June 2021.

Canadians with low incomes under $25,000 who received Government COVID-19 financial relief were the only household income segment that had a higher mean financial resilience score compared to their counterparts who did not receive this relief

Index analysis indicates that government COVID-19 financial relief was impactful in terms of helping to improve the financial resilience of particularly households with total household income below $25,000. This was also the case based on October 2020 Index data.

Mean financial resilience score of Canadians with low incomes who have received COVID-19 Government financial compared to those who haven't received relief since the start of the pandemic: with sample data by household income demographic and for Canadians generally [1]



[1] Government COVID-19 financial relief outlined in the Financial Well-Being study included: Employment Insurance [EI], Canada Emergency Recovery Benefits (CERB), Canada Emergency Wage Subsidy [CERW], Indigenous Community Support Fund and provincial employment relief. Households with total income of $25,000 to $49,999 include single person households.

Source: Seymour Financial Resilience Index TM June 2021

Comparison mean financial resilience scores as of June 2021 and June 2020 for low income Canadian segments who received versus didn't received government COVID-19 financial relief, compared to Canadians generally

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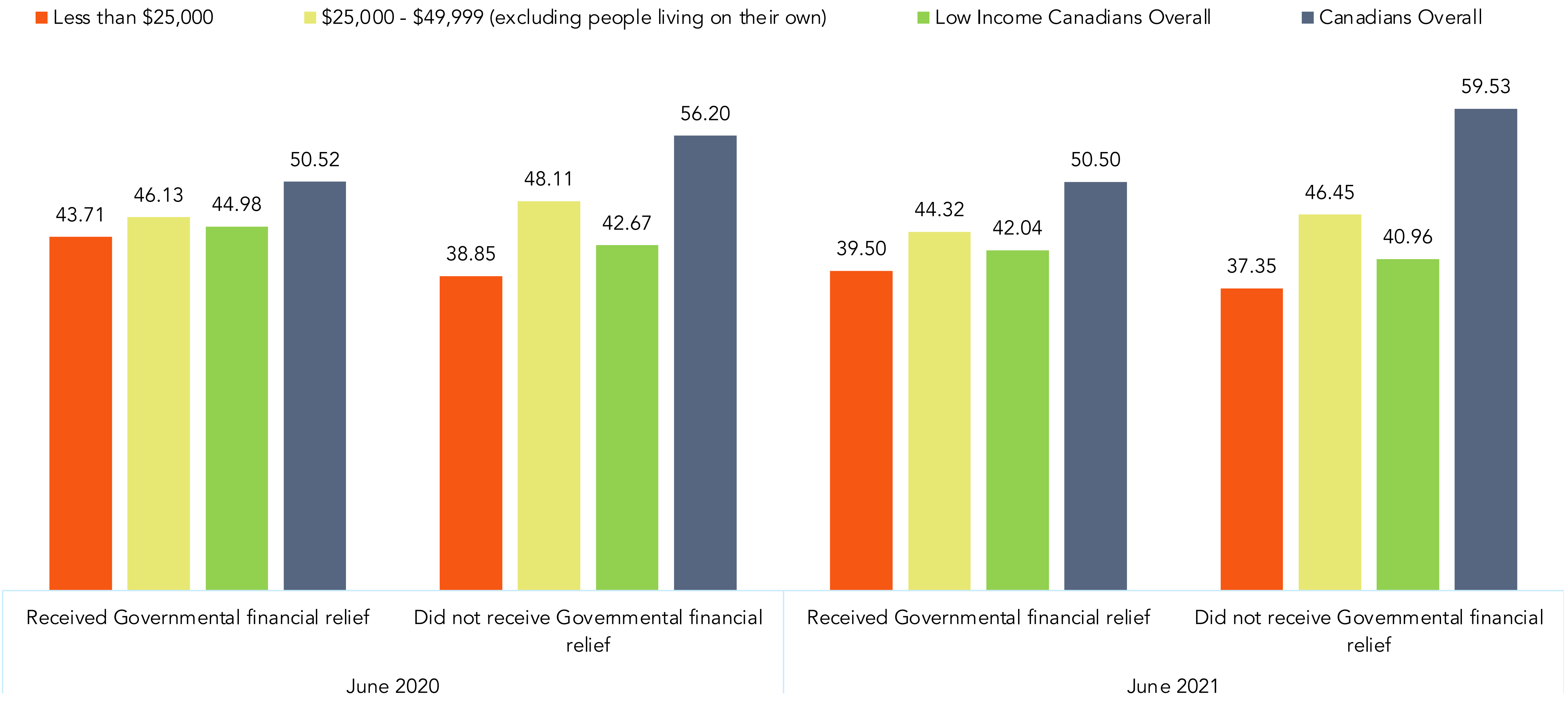
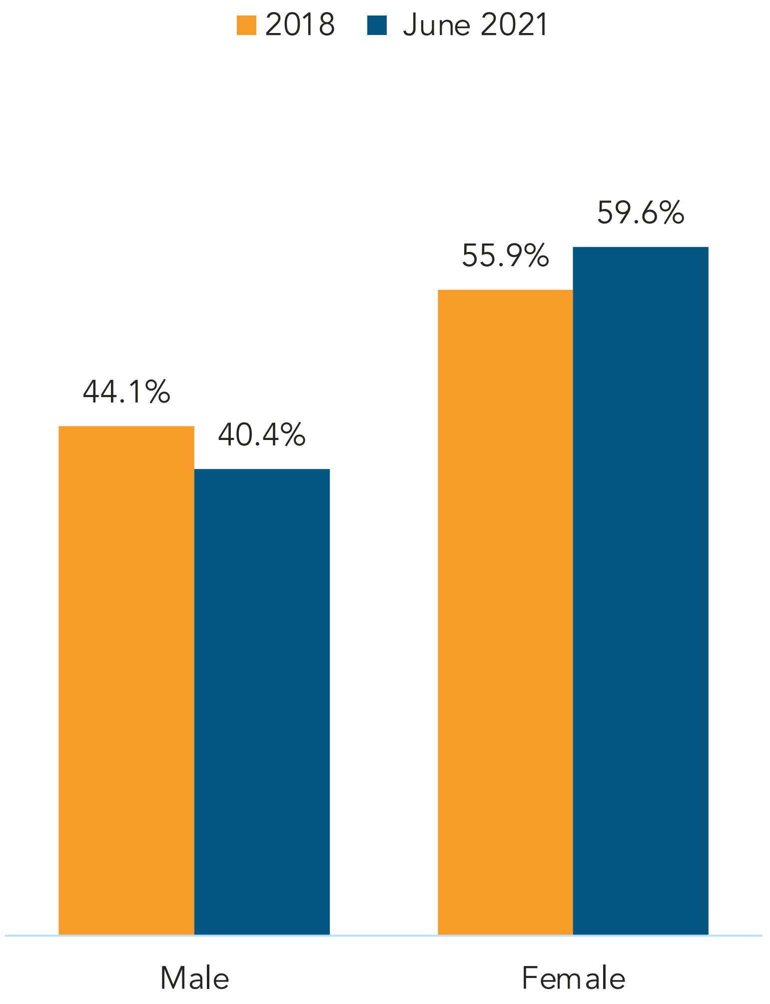
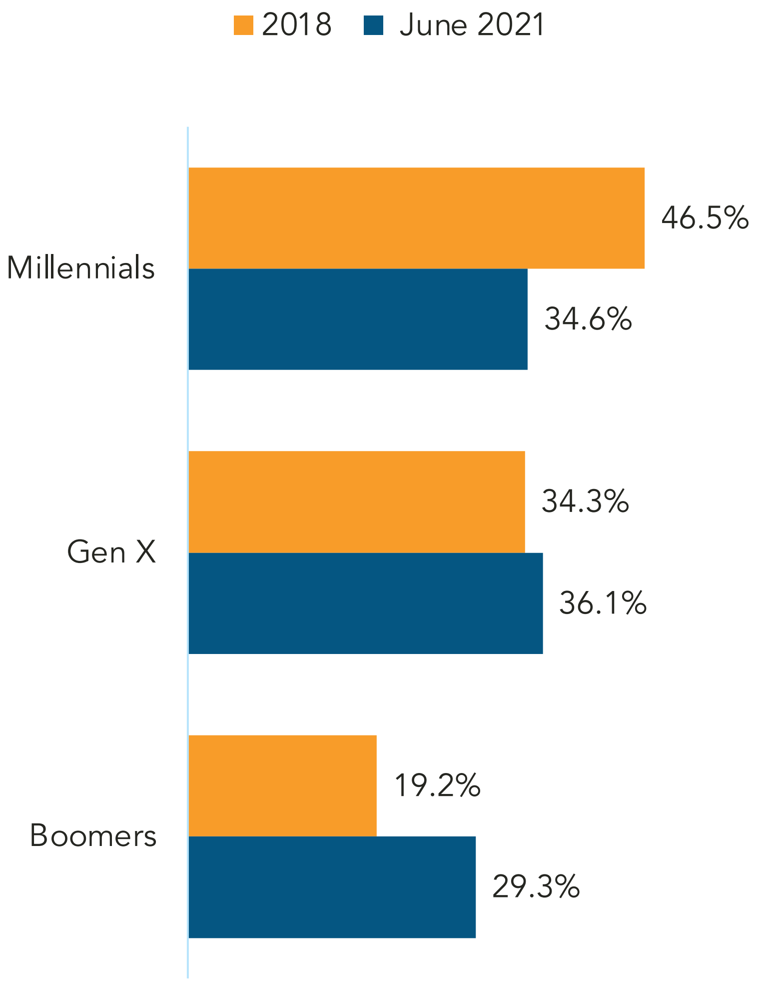
Data on the mean financial resilience score of Canadians for low-incomes overall and key segments who have and haven't received Government COVID-19 financial relief based on Seymour Financial Resilience Index TM June 2020 and June 2020 data

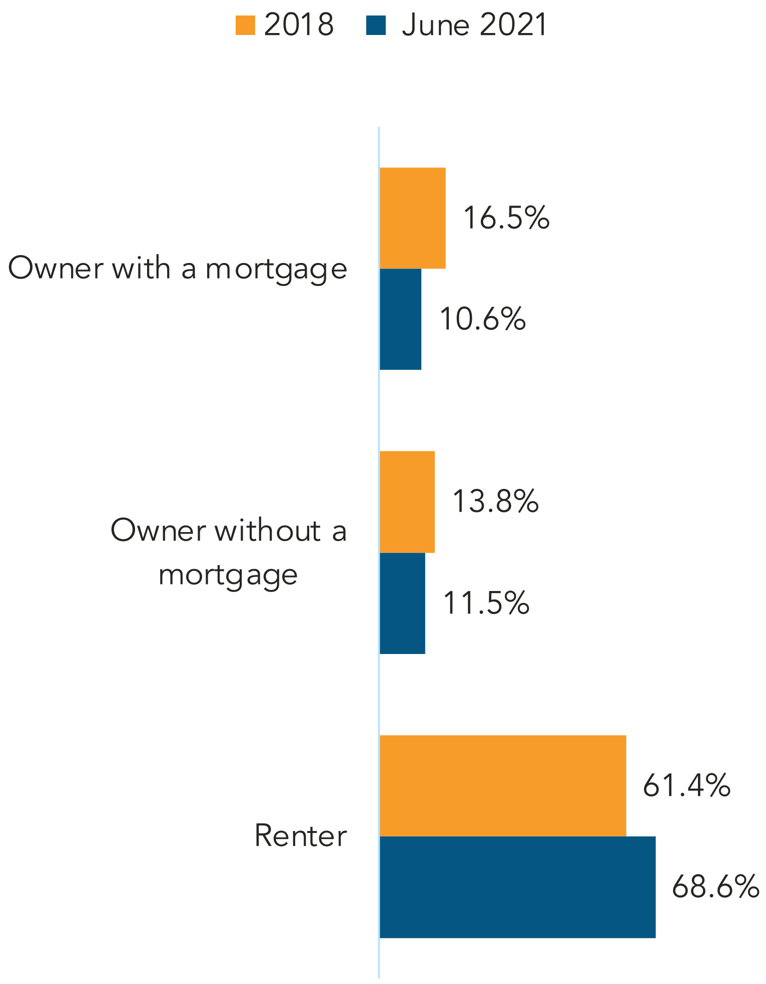


Appendices: Survey demographics, additional analysis and information

Demographics of Low-Income Canadians in the June 2018 and June 2021 Financial Well-Being studies



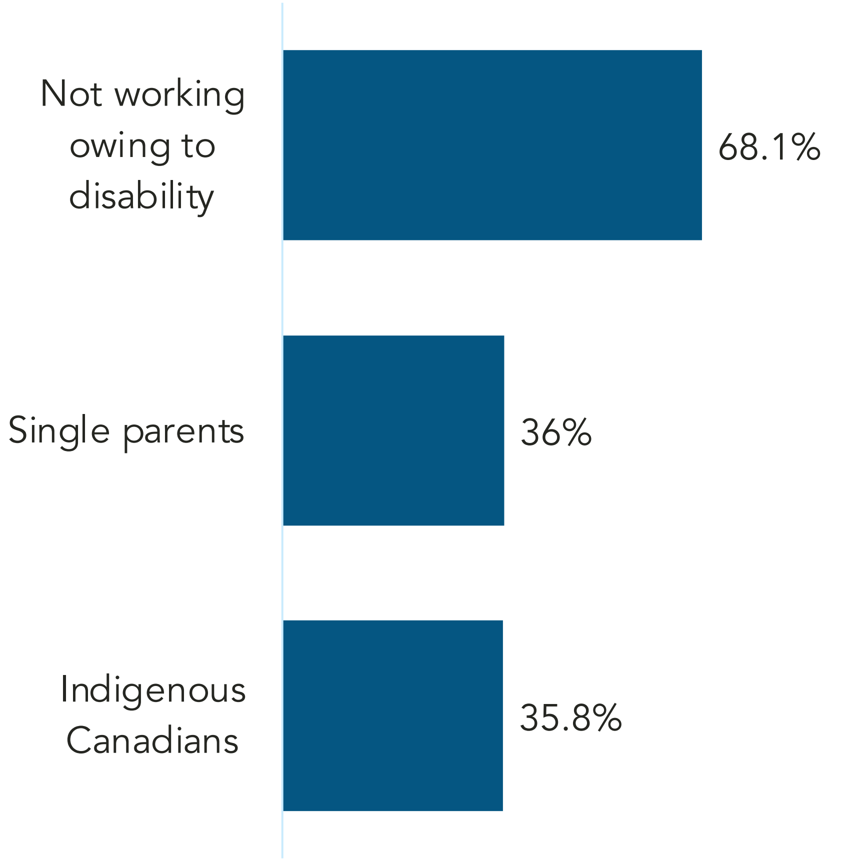


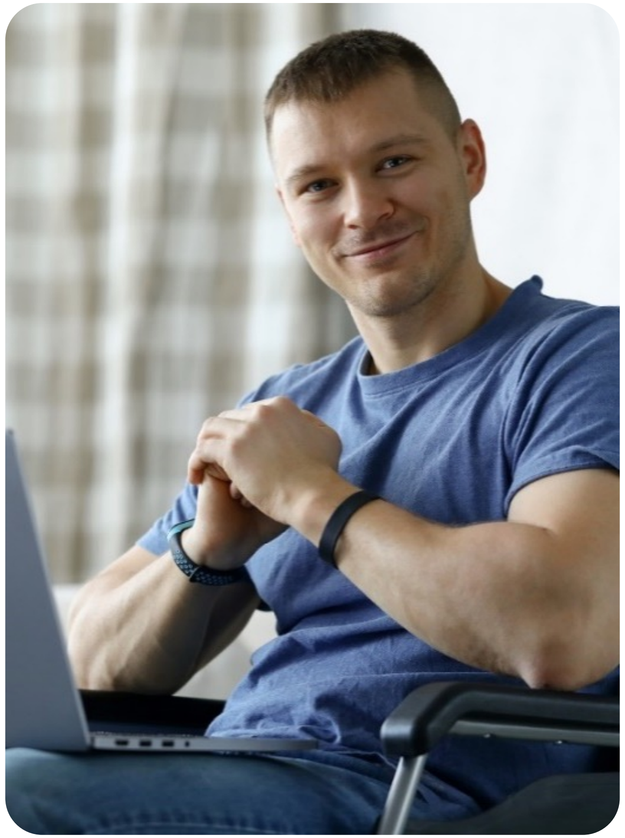


Source: Seymour Financial Resilience Index TM and June 2021 Financial Well-Being study

Proportion of households represented within the low-income Canadian population as June 2021

Proportion of the following households that are low income as of June 2021

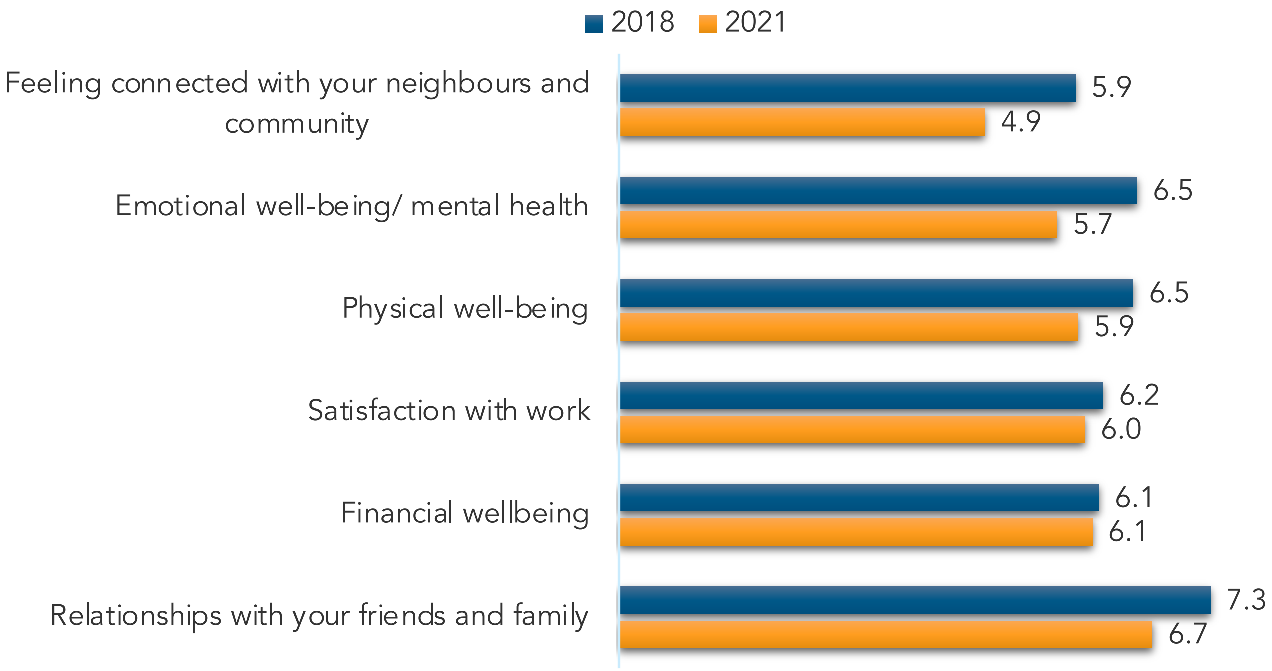




Source: Seymour Financial Resilience Index TM and June 2021 Financial Well-Being study

Canadians' personal well-being, including their financial well-being at the national level: 2018 (pre-pandemic) compared to February 2021 (Source: Financial Well-Being studies)

Following are six aspects that can contribute to your overall personal well-being.
How would you rate each aspect of your life at this time? Scale of 1 to 10, where 1 is "Poor" and 10 is "Excellent." [1]



Personal Well-being Elements

[1] Sample size: 5,067 adult Canadians for the June 2018 Financial Well-Being study (all provinces excluding Quebec) and 3,018 adult Canadians for February 2021 Financial Well-Being study (including Quebec) with the sample representative of the Canadian population by province, age, gender and household income.

The 'financial resilience gap' evidenced through the Index: with more financially vulnerable households being more negatively impacted by the pandemic.

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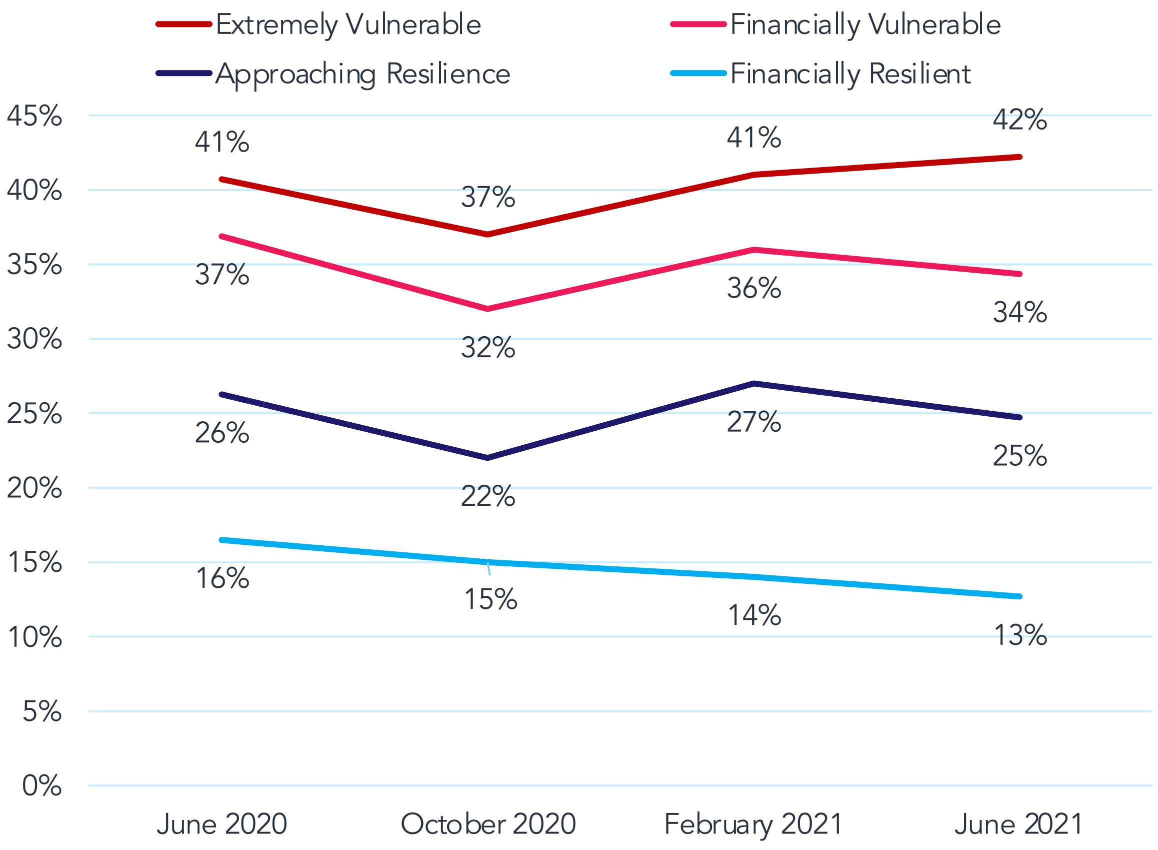
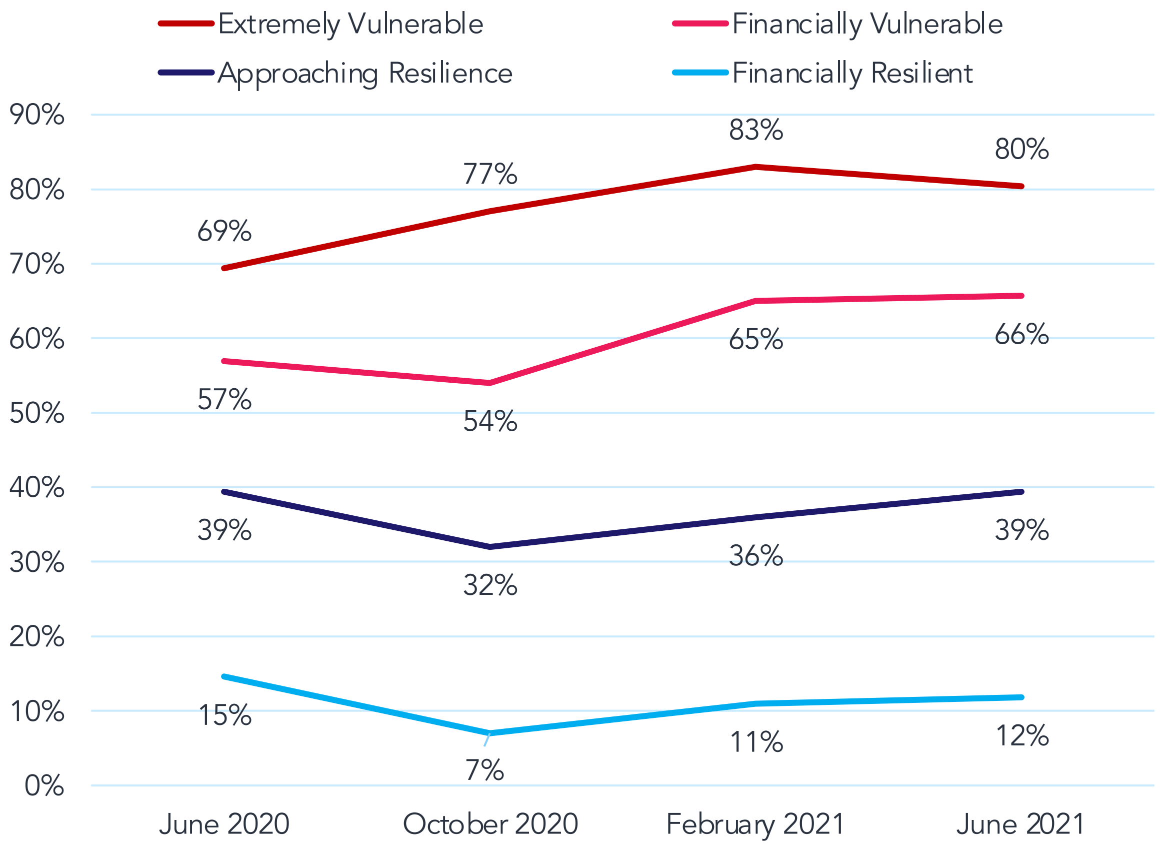
Somebody in household has lost their job as a result of COVID-19



Pandemic has caused my household significant financial hardship



Source: Seymour Financial Resilience Index TM.

Index Development Methodology

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The Index builds on five years' of data analysis from the 2017-2021 Financial Well-Being studies dataset. The first index of its kind in the world, it was developed based on the unique nuances of Canadian consumers and Canada's financial ecosystem.

The Index was developed through an iterative process to regressing and evaluating over 30 potential indicators against self-reported "financial resilience" or "financial stress" measures using the multiple linear regression technique. In the end, nine variables were determined to account for 57 percent of the variance in the financial resilience construct based on the June 2021 index and 64 per cent variance based on the February 2021 Index.

All nine indicators are significant predictors in the regression model with a p-value of less than .01 ($p<.01$), meaning there is a one percent chance that these results are accidental.

The regression model was validated against 2017, 2018 and 2019 Financial Well-Being survey data, which revealed consistency in results, represented both by a strong R-squared as well as similar weights of the independent variables as predictors of financial resilience (note: weightings for the model are based on their overall contribution to the dependent variable in the model and are not equal).

Based on 2017 and 2018 data, six out of the nine index model independent variables were available, and in in the 2019 data 7 of the independent variables were available. All nine variables including the composite variable are available based on the February 2020 data.

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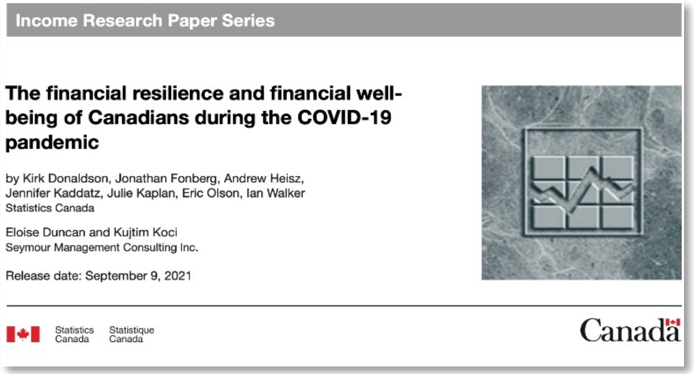

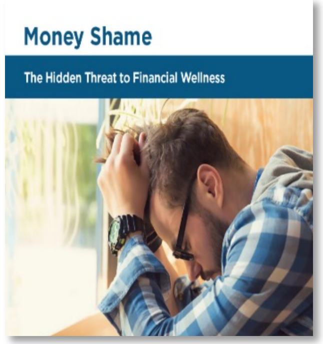

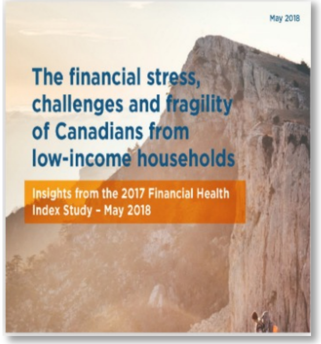

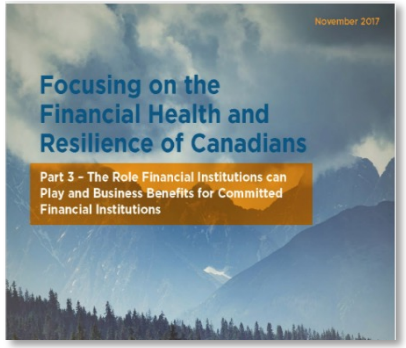

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