



**Restoring Canadians' Financial Security:
Our COVID-19 Relief and Recovery Plan**

May 27, 2020



Prosper Canada – Who we are

Founded in 1986, **Prosper Canada is a national charity dedicated to expanding economic opportunity for Canadians living in poverty** through program and policy innovation.

As **Canada's leading champion of financial empowerment**, we work with governments, businesses and groups to develop and promote financial policies, programs and resources that transform lives and foster the prosperity of all Canadians.

Over the past four years, with **14** community **Financial Empowerment Champion** partners, we have **piloted financial help services enabling 351,000 vulnerable Canadians to build their financial capability and health and access over \$700 million** in new income.



Our COVID-19 Relief and Recovery goal

Raise **\$20M**
from business,
governments, &
foundations

To work with partners in all sectors to ensure financially vulnerable Canadians get the help they need to:

- **Access emergency benefits** and relief measures, putting a firm financial floor under their feet
- **Build a sustainable budget** that will get them through the crisis and help them avoid debt they cannot afford.
- **Make a financial recovery plan** to build their financial health as the pandemic recedes.

Financial vulnerability was high before COVID



- **43%+** Canadians were **living paycheque to paycheque**³
- **48.8%** of Canadians **lacked enough savings** to stay above the poverty line for three months⁴
- **Household debt** was at or near all time-highs¹ – on par with our GDP
- **Personal insolvencies** had reached their highest level in a decade.²

This left many households unprepared for a brief emergency, let alone a prolonged economic shutdown.

COVID-19 has made life much worse for 3.4 million low-income Canadians

- **Low-income Canadians are facing increased hardship and risk:**
 - More likely to work in high risk, low wage, essential jobs
 - Challenging to physically distance at home or work
 - More likely to have underlying health conditions
 - Community services they relied on have shut down or cut back services.
- **Many struggle to access emergency benefits and relief** due to information, language, literacy, numeracy, digital and other barriers.
- **500,000+ need help tax filing to maintain eligibility for critical income benefits**, but many tax clinics are closed due to physical distancing.
- **Many households are facing a growing “debt cliff”** when debt and rent payment deferrals end.

Broader job and income losses are reaching crisis proportions

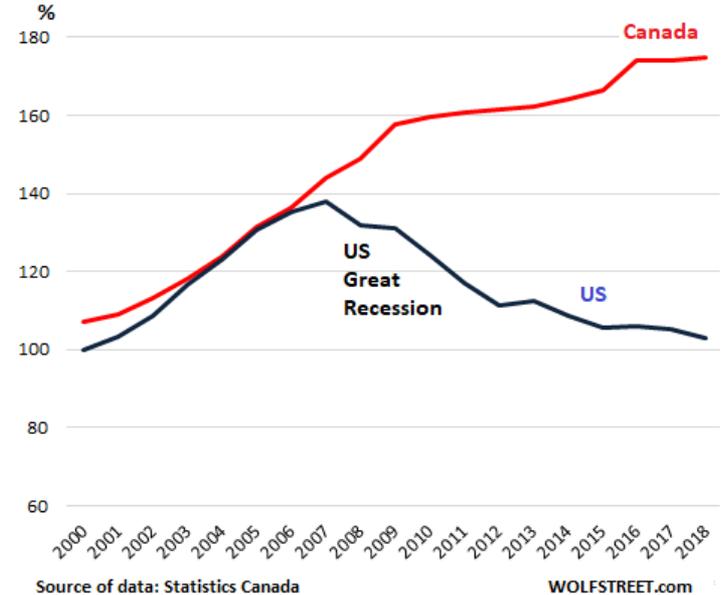
- **3,005,000** Canadians lost their jobs in Mar/April⁴
- **8.2M** or **37%** of working Canadians have applied for emergency relief⁵
- **26%** of Canadians lack an average **\$3,489** to stay above the poverty line for **2** months without work⁶
- In March, **29%** of Canadians already reported **COVID** having a moderate/major impact on their ability to meet financial obligations or essential needs.⁷



Rising household debt will be a brake on future recovery if unaddressed

- **Household debt-to-income ratio is expected to rise from 176% to 200%+ through 2021⁸**
- **Up to 20% of mortgages may be in arrears by September.⁹**
- **Economic recovery depends on consumer spending, but Canadians will likely pay down debt instead.**
- **According to the U.S. Federal Reserve, this dynamic was a key cause of America's slow recovery from the Great Recession.¹⁰**

Canada V. US Household Debt Burden
Debt-to-Disposable-Income Ratio



We need to address key service gaps to avert a deeper economic and poverty crisis

Canada has been quick and effective in providing emergency help but many Canadians struggle to access these supports due to language, literacy, numeracy, digital, mental health and other barriers. Action is needed to address key gaps:

- 1. Tax filing assistance** – **3,500** community providers need to be trained and equipped to deliver new virtual tax clinics to **500,000+** low income people
- 2. Help navigating emergency benefits** – CERB is easy to apply for but a minefield of interactions with other programs, that can lead to cumulative clawbacks of **100%+** and loss of eligibility for other supports people need to make ends meet.
- 3. Free, quality financial counselling** – Many Canadians need urgent help to manage lower incomes and debt through this crisis and to make a financial plan to restore their financial health afterward, but there are few places they can turn for help.

Prosper Canada has the expertise, experience and network needed to deliver on our plan

Piloted tools & programs that have helped 351K Canadians

Skilled research, evaluation and service design team

Experienced granter with strong track record

Financial Relief Navigator comprehensive COVID resource

Prosper Canada

**Learning Hub
Canada's source for toolkits and training**

National Financial Empowerment Network

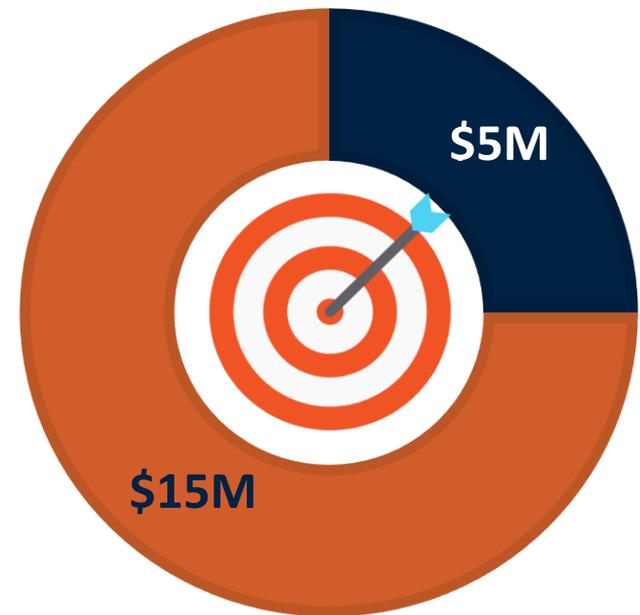
Strong cross-sector partnerships

We are seeking funding partners from all sectors

Everybody has a stake in Canada's successful recovery and the financial health of Canadian households.

Prosper Canada has asked the federal government to make a \$15M investment over two years to enable us to launch these initiatives.

We are inviting Canada's financial sector and philanthropy to contribute \$5M to help Canadians meet urgent financial needs and begin rebuilding their financial health.



Impact of your investment

With adequate resources, we will mobilize an unprecedented national response to Canadians' urgent financial needs:

- ✓ **Helping 500,000+ financially vulnerable Canadians get the help they need to:**
 - Access emergency benefits
 - Build a sustainable budget
 - Make a financial recovery plan

- ✓ **Connecting Canadians to \$500M+ in new income benefits** that will increase their financial stability during COVID-19 and beyond.

- ✓ **Strengthening Canada's community infrastructure** by building in financial help services that improve other health, social and economic outcomes

- ✓ **Mobilizing partners in all sectors to help Canadians begin building their financial resilience** against future shocks.

Why your investment matters

- ✓ **Hundreds of thousands of vulnerable Canadians will reduce their risk of contracting COVID-19** through tax filing and benefit help that keeps their income flowing and enables them to stay home safely.
- ✓ **Canadians who have lost jobs and income will receive urgently needed financial relief** through clear, easy to access information and benefit navigation help.
- ✓ **Canadians who are struggling to make ends meet or manage debt will achieve greater financial stability and health** through effective financial counselling.
- ✓ **Communities will have the capacity to provide more people with financial help**, particularly in rural and remote communities, through new, virtual service delivery approaches.
- ✓ **Canada will avoid a deeper economic and poverty crisis** by mobilizing all sectors to provide timely and effective financial help to households.

Together, we can help the most vulnerable and lay the foundation for a strong economic recovery

Prosper Canada and its national network of partners have a successful track record of helping hundreds of thousands of Canadians with their financial challenges.

But we need new resources to meet the scale of the COVID-19 crisis, if we are to rapidly deliver solutions that help vulnerable Canadians and those who have recently lost jobs and income.

We look forward to working in close partnership and coordination with you and our other funders to deliver on our shared goal – supporting Canadians to weather this crisis and accelerating Canada’s economic recovery when it is past.

Notes

1. Matt Lundy (2019). "Canadians' debt burden rises, sparking concern," *Globe and Mail*, Dec 31, 2019. <https://www.theglobeandmail.com/business/economy/article-canadians-debt-burden-rises-sparking-concern/>
2. Cillian O'Brien (2019). "Personal insolvencies in Canada are at their highest level in a decade," *CTV News*, Dec 4, 2019. <https://www.ctvnews.ca/canada/personal-insolvencies-in-canada-are-at-their-highest-level-in-a-decade-1.4715915>
3. Canadian Payroll Association NPW 2019 Employee Research Survey. <https://payroll.ca/PDF/NPW/2019/Media/CPA-2019-NPW-Employee-Survey-as-at-June-25-2019-v1.aspx>
4. Statistics Canada (2020). Canada's Official Poverty Dashboard: Snapshot, February 24, 2020. <https://www150.statcan.gc.ca/n1/pub/11-627-m/11-627-m2020019-eng.htm>
5. Accessed May 26, 2020: <https://www.canada.ca/en/services/benefits/ei/claims-report.html>
6. Statistics Canada (2020). "Labour Force Survey, March 2020"
7. Statistics Canada (2020). "Labour Force Survey, April 2020" *The Daily*, May 8, 2020. Accessed May 21, 2020: <https://www150.statcan.gc.ca/n1/en/daily-quotidien/200508/dq200508a-eng.pdf?st=7-PwgDqC>
8. Evan Siddall (2020). "Supporting Financial Stability During the COVID-19 Pandemic," Speaking notes for Evan Siddall, President and CEO, CMHC for presentation to House of Commons Standing Committee on Finance, May 19, 2020. Accessed May 22, 2020: <https://www.cmhc-schl.gc.ca/en/media-newsroom/speeches/2020/supporting-financial-stability-during-covid19-pandemic>
9. *Ibid*
10. Janet L. Yellen (2013). *A Painfully Slow Recovery for America's Workers: Causes, Implications, and the Federal Reserve's Response*. Speech delivered at "A Trans-Atlantic Agenda for Shared Prosperity" conference sponsored by the AFL-CIO, Friedrich Ebert Stiftung, and the IMK Macroeconomic Policy Institute, Washington, D.C. Feb 11, 2013. <https://www.federalreserve.gov/newsevents/speech/yellen20130211a.htm>

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Background slides

1. Financial Solutions Lab will lead rapid R&D, service innovation and solution development

Harnessing knowledge & insights from vulnerable Canadians and experts from all sectors ...



2. Financial Empowerment Champion network will be expanded to deliver financial help to more Canadians

20 Financial Empowerment Champions will deliver critical virtual services:

- ✓ Tax filing
- ✓ Benefit navigation
- ✓ Financial counselling

Current **Financial Empowerment Champions** (14) are established leaders with a strong track record of delivering effective financial help:

- **320,000** served
- **\$700M** new income
- **146,403** tax/benefit assistance
- **129,904** financial education
- **44,007** financial coaching
- **6,610** financial educators trained



3. Prosperity Gateways will support large service providers to build financial help into their services

Prosper Canada will engage interested partners and provide technical assistance to build relevant, effective and sustainable financial help interventions into their services.

Large service systems with scaled reach

Government services

Community Services

Technology platforms

Financial services



Employment



Housing



Seniors



Libraries



Disability



Transit



Public health



Family



Settlement



Social assistance