



Financial Empowerment

United to reduce debt, grow savings, build assets.

PROGRESS REPORT - SPRING 2016

Financial barriers make it hard to be optimistic about the future. Every day more than 127,000 Calgarians, 1 in 10 of us, struggle to make ends meet. With the economic downturn and resulting layoffs, this number is growing as many people in our city are experiencing financial stress for the first time.

In 2015, United Way, Vibrant Communities Calgary, Momentum, The City of Calgary, Bow Valley College, and the Government of Alberta launched Financial Empowerment, a city-wide initiative to address the root causes of poverty.

Financial Empowerment:

- Supports Calgarians living on low incomes to build financial knowledge, manage debt, and grow savings and assets
- Builds the capacity of community agencies to help Calgarians improve their financial health
- Integrates financial help into existing programs, services, and systems within the city

Financial Empowerment contributes to Calgary's overall poverty reduction strategy, Enough for All, which aims to reduce poverty in our city by 50% by 2023. Financial Empowerment also contributes to the second goal of the strategy; everyone in Calgary has the income and assets needed to thrive.

2015 FINANCIAL EMPOWERMENT RESULTS SNAPSHOT



BASIC NEEDS FUND

Achieved 120%
of 2015 Target

1324 Calgarians living on low incomes accessed community supports. **\$606,900** in crisis support funds were provided to individuals and families facing a financial crisis. **92% of recipients** reported that these funds stabilized their emergency situation and prevented them from falling deeper into financial crisis.



REGISTERED EDUCATION SAVINGS PLANS (RESPs)

Achieved 44%
of 2015 Target

53 agencies were trained to help Calgarians living on low incomes open RESPs for their children, resulting in **394 new RESPs** in 2015. Based on early results, we have adapted our strategy to encourage increased uptake as education savings are a vital tool in ending the cycle of poverty.



FINANCIAL COACHING

Achieved 110%
of 2015 Target

Financial Coaches are front-line agency workers who receive customized training to support clients in improving their personal financial situations. **22 Financial Coaches** have been trained.



EARNING AND LEARNING ASSET BUILDING

Achieved 94%
of 2015 Target

47 people living on low incomes changed their savings patterns and saved **\$38,700** toward building financial assets. All savings were matched, encouraging saving as a regular habit and accelerating the ability of participants to move out of poverty.



SAFE & AFFORDABLE FINANCIAL PRODUCTS

Achieved 100%
of 2015 Target

In a partnership with Momentum, First Calgary Financial launched Cash Crunch loans, an alternative to predatory payday loans. **60 loans**, totalling **\$72,000**, were disbursed to Calgarians living on low incomes who were facing a financial crisis or seeking a way to exit the payday loan cycle.



TAXATION & BENEFITS

Achieved 328%
of 2015 Target

2,465 tax returns were filed through tax clinics resulting in **\$1,747,685** in tax refunds for Calgarians living on low incomes. **1,128 Calgarians** accessed additional government benefits through their participation in tax clinics.

HIGHLIGHT: PAYDAY LENDING IN CALGARY

Financial Empowerment is gaining momentum in our city. In addition to the achievements outlined previously, United Way and partners have also successfully advocated for changes to regulations around payday lending.

The annual interest rate on some payday loans can be up to 600%, making it difficult for many to escape the cycle of increasing debt. To explore this issue, the Payday Lending and Financial Inclusion Task Force was created by The City of Calgary. It included members from United Way, Momentum, Vibrant Communities Calgary, CUPS, First Calgary Financial, Servus Credit Union, the Canadian Payday Loan Association, as well as a Calgarian with experience accessing payday loans. The group's first policy successes culminated in City Council unanimously approving changes to municipal guidelines that will lower the density of payday lenders and require these businesses to pay a licensing fee.

Building on these efforts, Bill 15, An Act to End Predatory Lending, was introduced in the provincial legislature in May 2016, and reflects three of the task force's five recommendations. This act proposes changes to the framework that governs payday lending practices in Alberta. Among these changes is a reduction in the maximum allowable interest rate to \$15 per \$100 borrowed from \$23 per \$100 borrowed. If the bill is passed, Alberta's maximum allowable cost of borrowing will become the lowest in Canada. Payday lenders will also be required to promote financial literacy resources and allow consumers to repay loans and interest in installments.

United Way and Financial Empowerment partners see this as another critical step in moving vulnerable Albertans from poverty to possibility.

INVESTING IN OUR CITY

We can all relate to the desire to reduce debts, grow savings, and build assets. For many in our city, this feels unattainable. Financial Empowerment aims to change this. Building the financial stability of our youth and families is an investment in the future of our city.

In times of economic challenges, any of us can be vulnerable, which means anyone can have a tough time making ends meet. Financial Empowerment addresses the root causes of poverty while responding to the immediate needs of Calgarians living on a low income.

Thank you for your generous support of Financial Empowerment. The work continues to accelerate as we move towards Financial Empowerment's overall bold goal: 45,600 Calgarians living on a low income will see a positive change in their net worth by 2023.



1 in 3 Calgarians worry about not having enough money for housing.



of households living in poverty have at least one person employed full-time.

COMMUNITY PARTNERS

