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# 2022 Financial Literacy Survey

## *Summary*

**Prepared for Veterans Affairs Canada**

**Supplier: EKOS RESEARCH ASSOCIATES INC.**

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*Ce rapport est aussi disponible en français*

Canada The wordmark for Canada, with a small red maple leaf icon above the letter 'a'.

# 2022 Financial Literacy Survey

## Summary

**Prepared for Veterans Affairs Canada**

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**Date:** July 2022

This public opinion research report presents the results of an online survey conducted by EKOS Research Associates Inc. on behalf of Veterans Affairs Canada (VAC). The research study was conducted with 645 Canadian Veterans, under 65 years of age, who are currently entitled to a VAC Disability Benefit or the VAC Income Replacement Benefit. The survey was conducted between March 14 and April 14, 2022.

Cette publication est aussi disponible en français sous le titre Sondage de 2022 sur la littératie financière.

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# EXECUTIVE SUMMARY

## A. BACKGROUND AND OBJECTIVES

Veterans Affairs Canada (VAC) supports Veterans and their families through programs and services, and promotes recognition and remembrance of Veterans’ achievements and sacrifices during times of war, military conflict and peace.

As of March 31, 2021, the total population of Veterans in Canada was estimated to be 617,800<sup>1</sup>. This included 25,500 War Service Veterans and 592,300 Canadian Armed Forces (CAF) Veterans. Those served by VAC account for approximately 19% of the overall Veteran population in Canada. In addition, VAC provided benefits to 50,127 survivors of War Service and CAF Veterans and also administered benefits on behalf of the Royal Canadian Mounted Police (RCMP) to 17,957 RCMP members or former members and/or their survivors.

VAC seeks to better understand the financial well-being and financial literacy of CAF Veterans. Using the Statistics Canada survey, “Canadian Financial Capability Survey” (CFCS), validated measures of Financial Literacy and well being are established for Canada’s Veterans in receipt of VAC programming. The project identifies areas in which financial literacy can be improved and in order to create approaches to assist Veterans, including identifying tools and resources that could be used by Veterans to help improve their financial literacy and well-being.

## B. METHODOLOGY

The survey was administered to CAF Veterans. A random sample was drawn from VAC’s administrative database (the Client Service Delivery Network). Those included in the sample frame were: living CAF Veterans under age 65 years, were residents of Canada, had an active “My VAC” Account and were in receipt of VAC Financial Benefits or Disability Benefits or both. A random sample of 2,000 individuals was drawn by VAC among those eligible to participate.

EKOS provided VAC with a survey link to be used for the study, which VAC included with invitations distributed through their My VAC Account platform. The survey was based on the CFCS, regularly administered to Canadians by the Financial Consumer Agency of Canada, with slight modifications necessary to administer it to CAF Veterans. The survey was offered on a secure website, in both official languages, and mobile-friendly format, with the option of an accessible format for use with adaptive technologies.

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<sup>1</sup> Veterans Affairs Canada, Statistics Directorate, Finance Division, March 2022.

The survey was available from March 14 to April 14, 2022, with an initial email invitation and reminder. A total of 645 of the 2,000 sampled VAC clients participated in the survey for a response rate of 32%. In terms of non-response bias, a comparison of the sample characteristics to available population figures (as per Table 1) indicates the sample to be very similar to the population in terms of gender and education. There is, however, an older age profile among sample members relative to the population, as well as a slight over representation in the Atlantic and among Veterans separated, widowed or divorced. Survey response results were weighted by region, gender, age, education and marital status to reflect VAC's client population of CAF Veterans. The weighted results can be extrapolated to the broader population of CAF Veterans under 65 who are recipients of VAC disability benefits.

While no statistical testing of significance was performed, high level comparisons to the results for the general population of Canadians under 65 years of age within the 2019 CFCS are also discussed throughout the report.

## C. KEY FINDINGS

Below is a selected summary of findings. For further information, please refer to the Detailed Findings section of this report.

### *Veteran Profile*

- Most (81%) survey respondents are male which is similar to the population of VAC clients under 65.
- Most (70%) of the survey respondents were 50 years of age or older. Nearly half (46%) were aged 50-59, and 24% were aged 60-64. Survey respondents were of an older age profile than that found in the VAC client population where only 56% were 50 to 64 years of age.
- In line with the population of VAC clients under 65, the large majority (73%) were either married (55%) or living with a partner (18%). Also in line with the VAC client population, just over half had completed post-secondary education with a college diploma or certificate (36%) or a university degree (17%). Many had some college or university education (19%), and one in four (26%) had a high school diploma or less.
- The majority (66%) of respondents reported their personal income in 2021 to be at least \$60,000 (\$60,000-\$80,000 (30%), \$80,000-\$100,000 (20%), \$100,000-\$150,000 (12%) or more than \$150,000 (4%)). Overall, the personal income of these Veterans is higher than reported for the general population under 65 in the 2019 CFCS where only 40% reported personal income of \$60,000 or higher).
- 40% of Veterans reported that they were employed, including 28% of Veterans working full-time. 30% reported they were unable to work due to illness or disability and 22% were retired from CAF and not working.

- Sources of income for these Veterans primarily involved VAC Income Replacement Benefit (IRB) (46%), the Superannuation/Occupational workplace retirement pension plan (42%), employment (42%), or medical or disability pensions (32%).

### ***Financial Management***

- 93% of Veterans indicated having a personal chequing or savings account with a bank, credit union or trust company. This is marginally lower than the 98% reported in the general population based on the 2019 CFCS.
  - Most monitored their bank account balance weekly (47%) or daily (34%) which was on par with 2019 CFCS results.
- 59% had a household budget, which is higher than found in the 2019 CFCS (50%). Among those who did not, 47% reported they did not need a budget to manage their money, which is lower than the 62% found in the 2019 CFCS. 21% did not have a budget because they felt overwhelmed managing their money (considerably higher than the 9% found in 2019 CFCS).
- Financial matters were a shared responsibility in some households for regular payments (31%) or financial investments (45%).
- Over the past year, 41% of Veterans indicated that they were spending less than their income and 33% were spending about equal to their income; however, nearly one in five (19%) were spending more than their income on a monthly basis. The latter group is much more prominent among those who feel too overwhelmed to maintain a budget.
- While 54% were keeping up with bills and other financial commitments, 33% reported it to be a struggle at least some of the time and 7% reported they were falling behind, which is on par with the 2019 CFCS results.
- While the large majority reported that they could come up with \$2,000 if an emergency arose, 16% indicated themselves to be underconfident about this.
- 45% reported always paying their credit cards in full over the previous year. 45%, however, carried a balance from month to month, in line with 2019 CFCS results.
- Similar to 2019 CFCS results in the general population, 4% of Veterans reported use of a payday loan in the previous 12 months, and 7% declared bankruptcy in the previous 7 years. The incidence is higher in each case, however, among those who did not have a budget because they felt overwhelmed financially.
- Eight in ten Veterans noted they are planning for a major purchase or expenditure in the next three years, which is higher than the seven in ten found in 2019 CFCS. For one in four (26%), this expenditure involved a home improvement or repair (16% in the 2019 CFCS).
- 56% of Veterans with children reported they had RESPs (just under the 61% reported in the 2019 CFCS).

## **Retirement**

- 22% of Veterans in the sample had retired from CAF and were not working. Of the remaining 78%, 63% indicated that they were preparing financially for retirement; in line with 2019 CFCS results. Other than public pension benefits, half reported a workplace pension as an expected source of retirement income. It was reported that 43% would be drawing on RRSPs, although this was 62% in the 2019 CFCS. Three in ten also reported savings in a TFSA although this was 47% in the 2019 CFCS.
- Half of pre-retirement Veterans (49%) had a good idea about how much money they would need, which is similar to the 46% found in the 2019 CFCS. Nonetheless, 46% indicated they did not have a good idea or “don’t know”. Only 15% were very confident that the sources they described would be adequate to give them the standard of living they hoped for.
- Among those responding Veterans who had already retired, most indicated that their financial standard of living was as they expected it to be (43%) or better (24%), although 28% reported it to be worse than expected, which is in line with the 2019 CFCS results.

## **Assets and Debt**

- The responses demonstrated that 79% of Veteran respondents owned their home, while 17% rented. The majority owned their home with a mortgage (63%), which is considerably higher than the 43% reported in the 2019 CFCS, while 19% owned without a mortgage and 35% rented.
- Among the pre-retirement Veterans with RRSPs, 39% reported between \$10,000 and \$99,000 in these accounts. Apart from RRSPs, 72% of Veterans reported some form of financial assets, with TFSAs reported by the largest proportion (52%), followed by cash savings (44%), investments (30%) and a second property (8%).
  - Similar to the 2019 CFCS result of 64%, 67% of Veterans reported one or more sources of debt. The top two sources were debt from a car loan (48%; higher than the 30% found in the general population in 2019), and credit card balances (26% vs. 33% in the general population in 2019).
- Virtually all Veterans in the sample had at least one insurance product. This included auto insurance (91%), life insurance (76%), home insurance (75%) and health/dental insurance (74%). Just over one in three had disability insurance (38%).

## **Rated Financial Management Proficiency**

- Consistent with 2019 CFCS results, the majority of Veterans (75%) felt they were very knowledgeable (7%), knowledgeable (26%) or fairly knowledgeable (42%) on financial management. Another 21% saw themselves as not very knowledgeable.
  - Financial management abilities were measured in four areas. Just over one in three (33%; lower than in the 2019 CFCS at 41%) indicated they were very good at “making ends meet”.

- o In terms of keeping track of their money, 63% (similar to the 68% reported in the 2019 CFCS) reported they were good (34%) or very good (29%).
- o Shopping around for the best financial product or rate was not something Veterans felt very proficient at; however, results were comparable to the general population in the 2019 CFCS. Only 19% indicated they were very good at this, while 31% reported they were good at it. A full 22% noted they were not very good at looking for the best rates or products.
- o Even fewer (19%) indicated themselves to be very good at staying informed on financial issues, although 29% reported themselves to be good at this. Over half, however, reported themselves to be only fairly good (33%) or not very good (20%) at staying informed. This is also comparable to the 2019 CFCS.

### ***Advice and Education on Financial Issues***

- Over eight in ten (83%) Veterans in the sample indicated they had sought advice on financial investments including from a professional financial advisor (48%) or bank (43%). Another 31% preferred to look for their own information on the internet.
- Only one in three (32%) had made use of advice on financial products in the previous 12 months, which was similar to the general population in 2019 (39%). 21% paid for this advice, which is similar to the 25% who reported the same in the 2019 CFCS.
- 32% of Veterans reported they had increased their knowledge and understanding of financial matters in the previous five years. This typically involved reading a book on personal financial matters (17%) or through an online course using online materials (12%).

### ***Financial Literacy***

- 70% of respondents were aware that if the inflation rate were 5% and interest on savings were at 3%, they would not have as much buying power in a year's time. This is slightly lower than the 77% who were correct in the 2019 CFCS.
- The same proportion (70%) also knew that a single mother with two children would need the greatest amount of life insurance, which was 78% in the CFCS.
- Only 26% (considerably lower than 45% reported in the 2019 CFCS), recognized that it would be financially beneficial to borrow money if it contributed to getting a better paying job.

## D. NOTE TO READERS

Detailed findings are presented in the sections that follow. Overall results are presented in the main portion of the narrative. Comparisons with the 2019 CFCS<sup>2</sup> are also described for the same questions that were used in the CFCS. Results are typically supported by graphic or tabular presentation of results. Results for the proportion of respondents in the sample who either indicated “don’t know” or did not provide a response may not be indicated in the graphic representation of the results in all cases, particularly where they are not sizable (e.g., 10% or less). Results may also not total to 100% due to rounding.

Bulleted text is also used to point out any statistically and substantively significant differences between sub-groups of respondents. Key demographic patterns of interest are described throughout the report, under specific headings: Veteran or their family, Region, Urban versus Rural, Age, Gender, Education, Income, and Disability. Only differences that are statistically and substantively different (i.e., typically five percentage points from the overall mean) are presented. The survey instrument can be found in Appendix B.

## E. CONTRACT VALUE

The contract value for the POR project is \$34,809.49 (including HST).

PWGSC Contract Number: 51019-221048/001/CY

To obtain more information on this study, please e-mail please contact VAC at: [commsresearch-commsrecherche@Veterans.gc.ca](mailto:commsresearch-commsrecherche@Veterans.gc.ca)

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<sup>2</sup> The Canadian Financial Capability Survey (CFCS) conducted for the Financial Consumer Agency of Canada. While the CFCS sampled all Canadians 18 or older, results cited in this report are filtered to include only those who are 18 to 64 years of age, for the purposes of comparison with the study population.



## **F. POLITICAL NEUTRALITY CERTIFICATION**

I hereby certify as Senior Officer of EKOS Research Associates Inc. that the deliverables fully comply with the Government of Canada political neutrality requirements outlined in the Policy on Communications and Federal Identity and the Directive on the Management of Communications. Specifically, the deliverables do not include information on electoral voting intentions, political party preferences, standings with the electorate, or ratings of the performance of a political party or its leaders.

Signed by:



Susan Galley (Vice President)