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Key Life Events Trigger Debt Awareness and Action *--Landmark study maps Canadian financial learning characteristics--*

Toronto, ON, November 09, 2009 – According to new research from the Investor Education Fund, key life events drive action on finances for a significant portion of Canadians aged 20 - 34. Time, money and access to information are the primary barriers to making informed decisions.

This landmark work is the first publicly available research on how Canadians learn about financial topics. A combination of online focus groups, a national online panel, and one-on-one interviews with participants between the ages of 20 and 34 showed that learning about financial topics closely aligns with major life events. For those getting started in adulthood, significant life changes include becoming a parent, starting a new job, and getting married.

“These are the times when people are making decisions that will affect the rest of their life, and when awareness about debt and its consequences becomes a key motivator to action,” says Tom Hamza, president of the Investor Education Fund. “However, people need to learn about responsible spending and building good credit before these life events take place.”

Information most commonly sought during the key life stages include:

- New Parents: Putting away money for the future, RESPs, living on a tighter budget, paying down debt.
- New Job: Establishing credit, long-term saving and investing, balancing spending and debt.
- Newly Married: Paying down debt, getting and paying for a mortgage, saving for a down payment.

The common thread amongst all three groups is reducing or controlling debt. The study shows that 59 per cent of young Canadians surveyed do everything in their power to stay out of debt. Yet 43 per cent live in fear that one day they are not going to be able to pay for everything their family needs.

Study participants also felt that while there is plenty of information about getting out of debt, there isn't enough on how to avoid getting into debt in the first place. For example, many said that had they known the consequences earlier, they would have thought twice about signing up for so many credit cards in university.

However, even when the right financial information is available, people often resist taking action for a number of reasons: finances (cash flow restrictions), fear of commitment (the time required to pay off debt) and the economy (the unpredictability of the market).

The study shows that preliminary research about financial topics is done online and typically begins with a search engine. Reasons for this approach include the security that comes with anonymity, time constraints, and fear of “ageism”. Online forums also offer elements of both sharing and an opportunity to learn about other’s experiences.

“This information will form the basis of our financial literacy efforts in the coming years, and will move us beyond identifying the problem to taking the first steps in figuring out how to solve it. The challenge is not in creating information, but in delivering it as effectively as possible,” Hamza concluded.

About the Survey

These are the findings of a Brondesbury Group study conducted from June to August, 2009 on behalf of the Investor Education Fund. The study is part of an ongoing survey to map Canadian financial learning characteristics across multiple demographics with the aim of developing a more precise picture of what topics need to be addressed in what places, and at what times.

About the Investor Education Fund

The Investor Education Fund offers unbiased financial information to the general public via www.investorED.ca and the students through its *Taking Stock in Your Future* teacher program, *Funny Money* assembly program and online financial tools. The not-for-profit organization was established by the Ontario Securities Commission (OSC), and is funded through OSC enforcement settlements.

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For more information contact: Kathryn Boothby, 905.330.0943 or kathryn@polarisprinc.com

BACKGROUND INFORMATION

Investor Education Fund has released its latest report on how Canadians between the ages of 20 to 34 learn about financial topics. This landmark study is the first that is publicly available in Canada on how Canadians learn about financial topics. It sheds light on what steps need to be taken to address the financial literacy problem in this country.

Key Findings:

Seeking information:

- People in this age group conduct research about financial topics online and typically start with a search engine. They consistently use traditional media less often than the Internet when seeking financial information.
- People seek multiple sources of information. The top sources of information across the 20 - 34 demographic are family, friends and the Internet. Other top sources vary by life event. For instance, new parents and newly married couples use blogs/forums and advisers, while students and new job seekers use books and online videos.
- The sign of a successful search is finding consistent, repetitive information.

Social Media:

Social media cannot be ignored when trying to reach these groups.

- Some 94% of this demographic are active users of social media.
- 47% use Facebook to try applications, 20% uses it to search for content.
- 51% of Youtube users search for content while 18% view ads.

What Each Group Looks For:

Different groups use different tools to learn about financial concepts.

- Checklists, case studies and calculators are the three leading tools across the demographic. In addition, text explanations are very important to new job seekers and students, while links to helpful websites are very important for new parents.
- Life events impact the information they seek. For example, new parents are interested in running a household with a tighter budget and new job seekers are interested in balancing saving and debt.
- Reducing or controlling debt is a common thread across the demographic; 59% of those surveyed do everything in their power to stay out of debt and 43% live in fear that one day they are not going to be able to pay for everything their family needs.

Barriers to Action:

The qualitative portion of the survey focused on in-depth examination of barriers to action, and looked at what the barriers are to making good financial decisions.

- Time, money, and a lack of the right information at the right time are the main barriers to making informed decisions.

Additional Findings:

Organizations that offer unbiased information (versus sales-related information) must improve their efforts to be in the forefront of people's minds.

- Government and bank websites are used equally when seeking information (tied at 52% of respondents).
- Different groups had different levels of interactions with commercial websites. Bank sites are relatively important sources of information for the newly married, while new parents tend to use government websites. New parents also exhibit high usage rates for corporate sites relating to baby products and parenting blogs.