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PRIVATE
REFUGEE
SPONSOR
Ontario
NETWORK

STRIVING TOWARD BEST PRACTICE

Financial Literacy

Canada's banking system is now about 80% digital and may be a shock to newcomers from cash-based countries who have no experience in such a system and need to develop trust. Sponsors have a responsibility to make them aware of sophisticated technology and layers of protection in our banking system, explaining the financial norms in Canada. In addition, sponsors need to have conversations around keys to successful financial management such as budgeting, financial goals and how to avoid debt. A trusted interpreter may be needed when discussing these issues and when going to financial institutions.

Key guidelines:

Bank account

- **Opening an account** – essential to receiving sponsor funds and government benefits; savings an/or chequing account.
- **Interest and bank charges** – explain that there are monthly charges; could be waived; explain interest income.
- **ATM** – how to use them.

Financial management

- **Ensure careful budgeting** – help set up a family budget.
- **Set realistic financial goals** – how much should you spend a month.
- **Borrow only if absolutely necessary** – if borrowing, need to include the monthly payment in your monthly budget. Explaining about instant cash loan schemes and the high interest rates involved.
- **Get professional counselling for debt** – seek help to manage debt; payments in budget.

Budgeting

- **Helps to build savings** – a step to reaching financial goals.
- **Tracks income and expense** – ensures living within one's means and does not spend more than one has.
- **Assists planning** – to address unexpected circumstances and emergencies.
- **Creates a plan** – to pay off debt and avoid future debt.

Credit cards

- **Limits** – pay attention to the card limits and don't increase them without increased income, ensure monthly payments are in the monthly budget.

Financial goals

- **Establish goals** – short-term (one year), medium (one to ten year), and longer term (10 Years) goals.
- **Talk** – about saving, paying off credit cards, buying a car, taking a vacation, buying a home and saving for the children's education in addition to retirement.

Taxes

- **Filing annual tax return** – establishes relationship with Canada based on residency.
- **Government benefits** – these are tied to filing tax returns.
- **Help is available** – community services can provide free tax filing for newcomers.

Fraud

- **What does it look like** – protocols around sharing information.
- **Protection** – how to protect oneself in the event of falling prey to scammers.
- **Call** – bank, police, credit bureau, the Canadian Anti-Fraud Centre.

Connections:

- <https://cba.ca/>
- <https://www.canada.ca/en/financial-consumer-agency.html>
- <https://prospercanada.org/>
- <https://ircc.canada.ca/english/newcomers/services/index.asp>
- <https://www.bmo.com/main/personal/newcomers-to-canada/>
- <https://loanscanada.ca/money/canadian-bank-fees-the-good-the-bad-and-the-ugly>

- <https://www.canada.ca/en/financial-consumer-agency/services/credit-reports-score/credit-report-score-basics.html>
- <https://www.canada.ca/en/revenue-agency/services/tax/international-non-residents/individuals-leaving-entering-canada-non-residents/newcomers-canada-immigrants.html>

Reference:

- PRSN Workshop: Financial Literacy, September 20, 2022