

## **It is never too late to become financially literate**

### **Hamilton Council on Aging offers financial resource tips for older residents**

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Managing our personal finances, successfully, as we get older is dependent on our financial literacy and impacts our quality of life. Financial literacy is the ability to understand financial information and to make informed decisions in managing our money in ways consistent with our goals. It allows us to make simple calculations, understand financial concepts, make responsible financial decisions and to understand information from financial sources.

Older adults face critical decisions, including the savings that are needed for retirement plans, Social Security benefit choices, end-of-life plans, life insurance, and important medical care decisions. Financial literacy helps older persons understand the details of programs that support Canadians as they age, such as the Canada Pension Plan (CPP), Old Age Security (OAS), the Guaranteed Income Supplement (GIS) for low-income seniors, tax credits and other benefits, as well as provincial or territorial benefits.

The Canada Pension Plan (CPP) retirement pension is a monthly, taxable benefit that replaces part of your income when you retire. You qualify to receive CPP if you are 60 years and older and have made at least one valid contribution to the CPP. Canadians may choose to start the payments at any age between 60 and 70 years. If you defer receiving CPP until you are 70, the payments will increase by 42%. To be eligible to receive the OAS pension, you must: be a Canadian citizen or legal / permanent resident of Canada (or landed immigrant) 65 years or older and have lived in Canada for at least 10 years since age of 18 years. If you defer this pension until you are 70, the amount can increase by 36%. Further information about both these pensions can be found at <https://www.canada.ca/en/services/benefits/publicpensions/cpp.html>.

Financial literacy is important in developing a personal financial plan which can change as you age. This involves budgeting and taxes, managing your cashflow from earnings, investments or pensions, financing large purchases such as homes and cars, investing and managing risk associated with investments, record keeping about your spending, investments and any other transactions that occur with your money. It also includes planning for financial security when you retire and the ultimate transfer of your wealth to children, family or others who will receive an inheritance.

The Financial Consumer Agency of Canada has recently undertaken a public consultation to update the National Strategy to increase the Financial Literacy of Canadians. If you want to assess your own financial literacy you can complete an online quiz they provide which gives you results in various areas of financial literacy and

links to a database which has resources for you to increase your literacy <https://itools-ioutils.fcac-acfc.gc.ca/FLSAT-OAELF/star-comm-eng.aspx>.

For more sophisticated information about investing and tools and resources that are useful for investors the Ontario Securities Commission has an excellent, up to date website <https://getsmarteraboutmoney.ca> and provides information on different types of investments and how to make investment decisions. This site also has useful information about how Covid-19 has affected our finances.

As we age, financial literacy becomes more challenging due to cognitive and physical changes associated with aging. This may result in more difficulty engaging with digital technologies associated with financial transactions and decision-making when faced with financial issues and more vulnerable to scams and fraud. Financial literacy can help increase knowledge about situations that make people more vulnerable and can identify critical questions to ask when signing contracts for services. There are excellent resources on the topic of financial abuse and opportunities to report this in Ontario <https://www.canada.ca/en/employment-social-development/corporate/seniors/forum/financial-abuse.html>  
<https://www.ontario.ca/page/information-about-elder-abuse#section-3>.

A trusted financial advisor can help you manage your finances and increase your financial literacy. There are different types of financial advisors depending on their qualifications and experience and include: Certified Financial Planner, Personal Financial Planner and Registered Financial Planner. More information can be found at the Financial Consumer Agency of Canada. <https://www.canada.ca/en/financial-consumer-agency/services/savings-investments/choose-financial-advisor.htm>

Evidence suggests that higher levels of financial literacy are linked to higher levels of mental and physical health, longer life expectancy and quality of life while **lower levels of financial literacy are associated with lower earnings and poorer saving and investment behaviours**. There are many reasons to obtain information to improve one's financial literacy.

Dr. Julie Richardson is Professor and Assistant Dean, Rehabilitation Science Program School of Rehabilitation, McMaster University and a Board Member Hamilton Council on Aging, Co-Chair of the Hamilton Age Friendly Governance Committee and Co-Chair of the Hamilton Council on Aging 's Education and Advocacy Committee. For more information on the Hamilton Council on Aging or to make a donation please visit [www.coahamilton.ca](http://www.coahamilton.ca)