

Taking the Fear Out of Finance

Headlines in 2012 continued to sound the alarm over record levels of household debt across North America. Concerns were also raised that many people are saving too little and are unprepared to support their lifestyles in retirement.

What's behind this unfortunate state of personal finances? Inadequate financial literacy – the knowledge, skills and confidence to make responsible financial decisions – has been identified as a key cause. [Studies](#) consistently reveal that one in two people don't have a budget, don't know where their money is going and don't understand even basic financial topics, such as inflation, compound interest and the terms of their mortgage. Many North Americans have never been taught basic financial literacy skills.

Why financial literacy matters

Sound money management has become increasingly important – and complex – in the 21st-century economy. There are many more financial decisions to make, temptations to spend and financial products to consider, from sophisticated mortgage options to a myriad of retirement investments. People who lack financial understanding are more vulnerable to adverse financial outcomes.

As a result, experts agree that everyone now needs basic financial literacy. For those on the margins, the need is even greater.

"I didn't know much about how to handle my money," explains Maria, a 24-year-old single mother of three young children living in the Jane-Finch suburb of Toronto, Canada. She is acutely familiar with the constant stress of trying to make ends meet, pay down debt and prevent the deepening of poverty.

"The challenges I faced were to get enough money to pay the rent, to buy the groceries, to buy some of the things that my children really like."

Life-altering impacts

Maria's situation started to change after she attended a series of free, customized money management workshops developed by United Way Toronto. The lessons she learned helped take the fear out of finance, and soon Maria began balancing her budget and even saving for her children's education. Today she feels in control over her financial life – and future.



Helping disadvantaged individuals and families gain that control is behind United Way Toronto's recently created Financial Literacy Strategy. It focuses on building money-savvy people who can make informed decisions, build their savings and assets, and make the transition to financial stability.

THE STATE OF OUR FINANCES	
<p>42%</p> <p>of U.S. adults give themselves a grade of C, D or F on their knowledge of personal finance.*</p>	<p>< 5%</p> <p>of household income in Canada is put into savings, compared to 20% thirty years ago.**</p>
<p>31%</p> <p>of Americans say that credit card debt keeps them from reaching their financial goals.***</p>	<p>\$1.63</p> <p>The average debt that Canadians had in 2012 for every \$1 earned after taxes – a record high.**</p>

* National Foundation for Credit Counselling, 2012 Consumer Financial Literacy Survey

** Statistics Canada

*** Nationwide survey by LearnVest and Chase Blueprint, 2012

“There is substantial, if not extensive, evidence that financial literacy can make an important contribution to the well-being of vulnerable groups.... Even when factors outside of individual control shape certain life chances, financial literacy programs can help reduce risks associated with key financial choices and life events.”

The Case for Financial Literacy, Canadian Centre for Financial Literacy, November 2012

Through workshops and other tactics, United Way agencies are breaking down a significant barrier for vulnerable groups: access to unbiased financial information and guidance relevant to their life context.

TD understands the value of financial education and has invested \$1 million over five years to help United Way Toronto pilot this important initiative and then share findings across the country. Our employees also believe in the cause: Many volunteer their time each month to deliver the workshops and have seen first-hand the life-altering outcomes of helping people acquire solid financial skills.

Why does TD care?

Money mismanagement has widespread consequences, affecting not only individuals and their families, but also society as a whole. Economists have noted the link between financial literacy, national competitiveness and overall economic stability.

As a major financial institution, TD has the responsibility, the resources and the opportunity to promote responsible attitudes toward money and help people understand how financial literacy can benefit them. While individuals are ultimately responsible for making their own choices, we believe businesses like ours must help educate consumers so they are empowered to make good financial decisions.

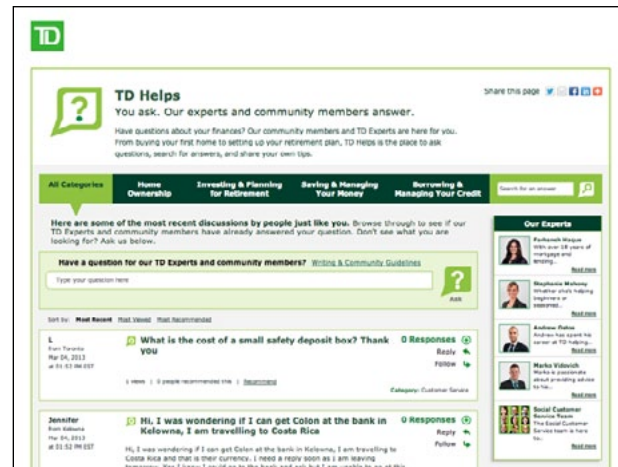
TD has long supported and promoted financial education, and we have recently stepped up our efforts in response to the growing need.

Educating our customers

Financial products carry many benefits when used properly. They can lead to a healthy financial future. But some products carry risks and consequences if not managed responsibly.

As the world becomes more concerned about issues such as escalating personal debt, some commentators have said that banks are as much the problem as the solution for financial literacy. At TD, we train our employees to offer products responsibly and to take sufficient time to explain them to customers, including any risks involved, so they can make the best financial choices for themselves.

Investing in our customers’ financial literacy is a win-win. They can make smart decisions about their money; in turn, TD benefits from having more satisfied, successful customers.



▶ **Why is financial literacy a priority for TD?**

We have developed a variety of resources, tools and services to help customers of all ages and income levels better navigate the financial marketplace. In July 2012, for example, we launched an interactive “ask and answer” social media community called TD Helps. It’s a free service for both Canadian customers and non-customers alike, where they can submit questions about home financing, investing and planning for retirement, saving and managing money, plus borrowing and managing credit.

Dedicated TD experts and fellow community members provide personalized responses to each question within 24 hours. In its first four months of operation, the service provided advice to more than 1,400 people and had over 115,000 unique visitors. Feedback about TD Helps has been very positive, and in 2013 we will expand the service to the U.S.

Across our footprint, TD offers hundreds of free seminars each year on topics such as buying a home and making investments. In 2012, we delivered 126 small business workshops in the U.S., with 2,879 small business owners gaining knowledge about cash flow analysis, business planning and more.

We have also taken significant steps to make our product materials and website information easier to understand, recognizing that the complexity of information itself can be an obstacle to financial literacy. In the U.S. last year, we introduced a simple, easy-to-read, one-page description of checking fees, based on a recommendation by the [Pew Charitable Trusts](#). TD Bank was the second major bank in the U.S. to adopt this approach. We know, however, there is more we need to do in this area.

Many TD employees are ambassadors for financial education in their neighborhoods. Over 2,300 TD volunteers globally taught money skills in classrooms and community centres last year, including our own financial education curriculum, the TD Bank WOW!Zone. The program was pioneered in 1990 to teach American students in Grades K–12 about building good financial habits early in life. Trained TD volunteers present free workshops in classrooms, with additional learning resources available [online](#) for kids, parents and educators. In 2012, we celebrated the one-millionth student taught through the program.

TD employees also volunteer through numerous external programs like Economics for Success and Dollars with Sense (Junior Achievement), Money Matters (ABC Life Literacy Canada), Number Partners (National Number Partners in the U.K.) and Dollars & Sense: Guidance for Aboriginal Youth (Aboriginal Financial Officers Association of Canada).

“To be a part of your community, you have to be active in it,” says Tim Houck, Senior Manager, Small Business Banking, and Money Matters volunteer from Halifax, Nova Scotia. “Through my volunteer experience, I have met people that haven’t had the same opportunities as others and find they are held back due to their lack of financial understanding – but they are eager to learn and work towards a better future.”

TD Economics Report: Financial Literacy (PDF)

Additionally, TD is committed to thought leadership in financial literacy. TD Economics, for instance, has published special research reports on the topic, including one last year on financial literacy opportunities and challenges in the U.S. We also participate in conferences that foster dialogue and fresh approaches. Our sponsorship of the Assets Learning Conference in Washington, D.C., in 2012 is a recent example. The event brought together over 1,300 government leaders, service providers and other pioneers in the field to discuss the best ways to achieve economic opportunity for America’s low-income families, including strategies for addressing debt and saving for the future.

A part of the solution

As the world of personal finance becomes more sophisticated and individuals have greater responsibility for their financial planning, the need for money skills will only increase.

Financial illiteracy is a serious, complex issue with many challenges. But it is one that can be overcome. Through long-term commitment, sustained investment and collaboration with many community, government and education partners, TD and its employees are working hard to be part of the solution.



In classrooms and communities

Raising financial literacy levels is also a priority in TD’s community giving. We focus our investments on helping youth through classroom programs and assisting at-risk, underserved individuals and their families. In 2012 alone, TD contributed \$1.8 million to organizations across North America and the U.K. that are working to build financial proficiency.

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1 million

American students have learned valuable money skills since 1990 through the TD Bank WOW!Zone financial education program.

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2,300

TD volunteers taught money skills in classrooms and community centres in 2012.

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