



# Financial Vulnerability Challenges for Low-Income Canadians

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## Introduction

Financial vulnerability is a mainstream issue, with more Canadians feeling the effects of housing affordability, the high cost of living, high interest rates, and extreme weather events. Financial vulnerability affected 76% of Canadians across all household income demographics as of June 2023 as outlined in our Institute's [June 2023 Index report](#). Financial stress negatively affects peoples' health and well-being, with more financially vulnerable households, including Canadians with low incomes, facing challenges.

Financial Resilience Institute is working to improve financial resilience and financial well-being for all Canadians, and in particular those who are more financially vulnerable or underserved. We believe in the power of evidence to build resilience, improve lives, and strengthen communities. Partnering with policymakers, financial institutions, employers, business leaders and non-profit organizations like Prosper Canada, we bring evidence-based research and analytics to support more targeted support and develop solutions for those most in need. Recognizing that systems change is complex and cross-sector collaboration is critical, we know that when individual families thrive, so do families, small businesses and the economy.

This Intelligence Memo, commissioned by Prosper Canada, provides updated data on challenges facing Canadians with low incomes specifically. This is based on the June 2023 Financial Well-Being study [1] and our Institute's peer-reviewed [Seymour Financial Resilience Index](#)® which measures and tracks household financial resilience across Canada three times a year [2]. Drawing from a robust sample of 5736 adult Canadians, including 1592 low-income Canadians, this memo builds on analytics and trended data in the [The Financial Vulnerability of Low-Income Canadians: A Rising Tide' Report](#) and the [Financial Vulnerability of Low Income Canadians Detailed Report](#) published in 2022 and 2021 respectively.

This report is being provided for policymakers specifically, to shine a light on the need for continued support at the federal and provincial level and for the financial empowerment sector specifically. In this way, individuals and families that are struggling the most, including the 28% of our population that have low incomes, can get the help they need.

## Definition of Low-Income Canadians

Low-Income Canadians are defined as adult Canadians living in households with incomes under \$25,000 and households of more than one individual with household incomes under \$50,000 i.e. excluding single person households with a household income between \$25,000 and \$50,000 [3].

[1] The Financial Well-Being study is Canada's most robust national independent study on the financial well-being of Canadians. It is an online survey conducted by the Institute launched in 2017 and conducted three times a year. The June 2023 study has a sample size of 5736 adult Canadians aged 18 to 70 years from a representative sample of the population by province, age, gender and household income, including a boost sample of 1592 low-income Canadians. Ecosystem reports are available at <https://www.finresilienceinstitute.org/index-releases-and-reports/>

[2] The Seymour Financial Resilience Index® measures household financial resilience, defined as the *ability to get through financial hardship, stressors and shocks as a result of unplanned life events* across nine behavioural, sentiment and resilience indicators. The peer-reviewed Index is based on the nuances of the Canadian consumer and ecosystem and has a pre-pandemic baseline of February 2020. It measures household financial resilience at the national and provincial levels, for key segments such as low-income Canadians and at the individual household level. Information on the Index development methodology and indicators are available at <https://www.finresilienceinstitute.org/why-we-created-the-index/>

[3] Reported household incomes are defined as total household income from all sources in 2022 before taxes and deductions. Sources of income can include wages or salaries from employer(s), self-employment earnings, government and private pensions, spousal or child support payments received and other sources of income.

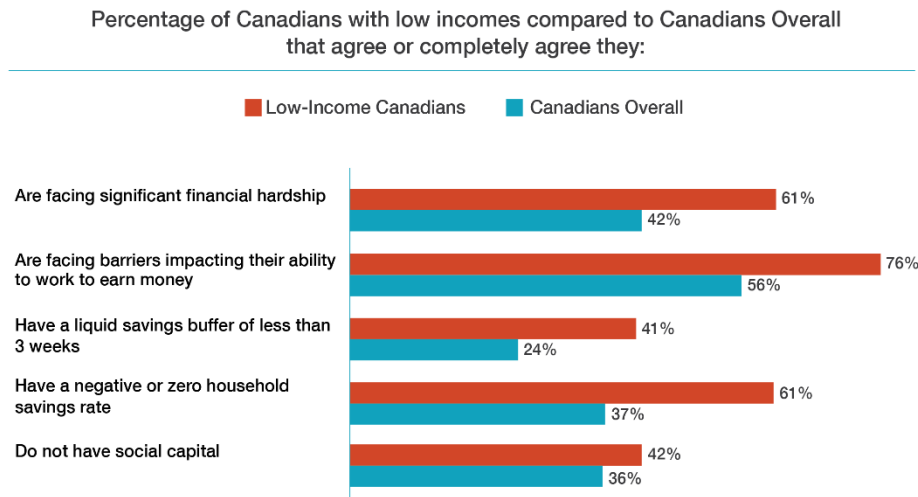
## 28% of Canadians representing an estimated 6.93 million people live with low incomes

As of June 2023, 27.8% of the total adult population reported they had low incomes, representing an estimated 6.93 million people [4]. There has been a slight increase in the proportion of low-income households from 26% of the total adult population in June 2022 and 2021, with an estimated 6.39 million people with low incomes in June 2022 based on the Financial Well-Being studies data.

## Many households with low incomes are unable to meet their essential expenses

41% of Canadians with low incomes or an estimated 2.84 million people were unable to meet their essential expenses as of June 2023, compared to 23% of Canadians overall. The proportion of Canadians with low incomes unable to meet their essential expenses is similar to 39.6% of Canadians with low incomes reporting the same in June 2022. This is despite the cost-of-living affordability relief provided to some of these households by the federal and provincial governments over the past 6 to 18 months, as tracked by Financial Resilience Institute.

As of June 2023, 61% of low-income Canadians report facing significant financial hardship compared to 42% of Canadians overall, representing 4.22 million people experiencing significant financial hardship. 42% of Canadians with low incomes lack social capital compared to 32% of Canadians overall and 76% are facing barriers impacting their ability to earn money compared to 56% of Canadians overall [5].



Source: June 2023 Financial Well-Being study conducted by Financial Resilience Institute  
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[4] Based on a population of 24.96 million Canadians aged 18 years old to 70 years old as of July 2021 (Source: Statistics Canada. 2021 Census of Population) Statistics Canada Catalogue no. 98-316-X2021001, released November 15, 2023.

<https://www12.statcan.gc.ca/census-recensement/2021/dp-pd/prof/details/page.cfm?Lang=E&DGUIDList=2021A000011124&GENDERList=1,2,3&STATISTICList=1,4&HEADERList=0&SearchText=Canada>

[5] Social capital, defined as a close person who could provide financial support in times of financial hardship, whom the person would be prepared to turn to, is one of the Index indicators.

## **Many low-income households are unable to get or afford the food they need**

As of June 2023, a concerning 16.4% of Canadians report that their household has been unable to get or afford the food they need, representing an increase from 13.8% in June 2022.

However, more financially vulnerable households, including low-income households, are disproportionately affected by food insecurity and poverty. Indeed, 27.2% of Canadians with low incomes report being unable to get or afford the food they need as of June 2023, with this very similar to 28.2% of households with low incomes reporting the same in June 2022.

## **Low savings buffers and savings rates are a problem for many low-income Canadians**

As of June 2023, 41% of Canadians with low incomes had a liquid savings buffer of 3 weeks or less, compared to 24% of Canadians overall. This is a decrease from 46% of low-income households reporting they had a buffer of less than 3 weeks as of June 2022, but is still highly challenging.

As of June 2023, 61% of Canadians, representing 4.22 million people also had a negative or zero household savings rate, significantly higher than for 37% of Canadians overall.

## **Unmanageable debt is a growing concern**

Canada is a country with significant consumer debt challenges, and a third (33%) of Canadians with low incomes, representing 2.29 million people, report their household debt level feels somewhat or very unmanageable as of June 2023, compared to 26.7% of Canadians overall. Given the high interest rate environment, this is of increasing concern, and leads to a vicious cycle of more of these households having to resort to predatory payday loan and installment loan financial products, as tracked by our organization, with the usage of these products much higher for those who are more financially vulnerable [1].

Concerningly, 42.6% of Canadians with low incomes somewhat or completely agree they have increased their borrowing to help pay for everyday expenses as of June 2023, compared to 43.8% reporting the same in June 2022. This compares to a third of Canadians overall reporting they have increased their borrowing to help pay for everyday expenses as of June 2023.

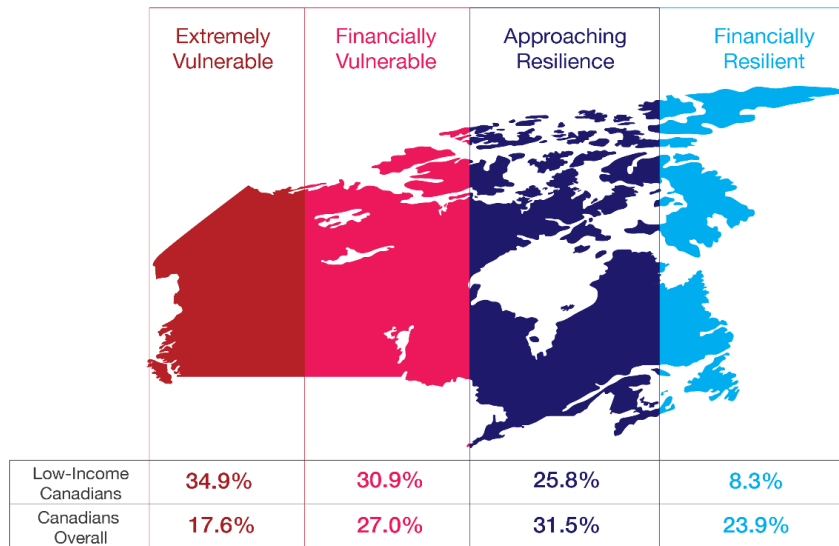
In addition, 48.6% of Canadians with low incomes, somewhat or completely agree that as a result of the increased cost of living, their household has drawn down on savings to service their debt. This compares to 41.6% of Canadians overall that report that their household has drawn down on savings to service their debt as of June 2023.

[1] This is similar to 32.1% of low-income Canadians reporting their household debt feels somewhat over very unmanageable in June 2022.

## Two thirds of low-income Canadians are ‘Extremely Vulnerable’ or ‘Financially Vulnerable’ based on the Seymour Financial Resilience Index ®

Based on the Institute’s peer-reviewed Seymour Financial Resilience Index ®, the mean financial resilience score of Canadians with low incomes was 40.1 as of June 2023, with this population ‘Financially Vulnerable’ to financial hardship, stressors and shocks as a result of unplanned life events [2]. The mean financial resilience score of Canadians with low incomes has increased from 37.2 in June 2022. However, they continue to be more financially vulnerable than Canadians overall, based on the Canada mean financial resilience score of 52.44 as of June 2023. The Index distribution highlights that 66% of Canadians with low incomes were ‘Extremely Vulnerable’ (35%) or ‘Financially Vulnerable’ (31%) as of June 2023 compared to 44.6% of Canadians overall, with these households having mean financial resilience scores of 0 to 30 and 30.01 to 50 respectively.

Distribution of Canadians with Low Incomes across the four financial segments compared to Canadians Overall (June 2023)



Source: June 2023 Seymour Financial Resilience Index ®  
 ‘Extremely Vulnerable’ households have a financial resilience score of 0 to 30, ‘Financially Vulnerable’ households a score of 30.01 to 50, ‘Approaching Resilience’ households a score of 50.01 to 70 and ‘Financially Resilient’ households a score of 70.01 to 100.  
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It is positive that there has been a significant decrease in the proportion of ‘Extremely Vulnerable’ low-income Canadians from 41% in June 2022 to 35% in June 2023, with government affordability relief expected to potentially have had some positive impact. However, affordability relief is clearly less significant than that provided during the pandemic for low-income Canadians, with the positive financial resilience outcomes and benefits of this relief outlined in our November 2021 report [2]. It is of concern that only 8.3% of Canadians with low incomes are ‘Financially Resilient’ compared to 23.9% of Canadians overall as of June 2023 [3].

[2] Financial resilience outcomes analytics for low-income Canadians that did and did not receive COVID-19 government financial relief is outlined on slides 70 and 71 of the [‘Financial Vulnerability of Canadians with Low Income Detailed Report’](#) (2021.)

[3] ‘Extremely Vulnerable’ households have a financial resilience score of 0 to 30, ‘Financially Vulnerable’ households a score of 30.01 to 50, ‘Approaching Resilience’ a score of 50.01 to 70 and ‘Financially Resilient’ a score of 70.01 to 100. Households from all income demographics are represented across all segments.  
<https://www.finresilienceinstitute.org/indicators-and-scoring-model/>

Multiple financial vulnerability, financial health and financial stress indicators tracked beyond those highlighted in this Intelligence Memo highlight the continued need for sustained and targeted support by policymakers and the wider ecosystem for those who are more financially vulnerable and/or underserved.

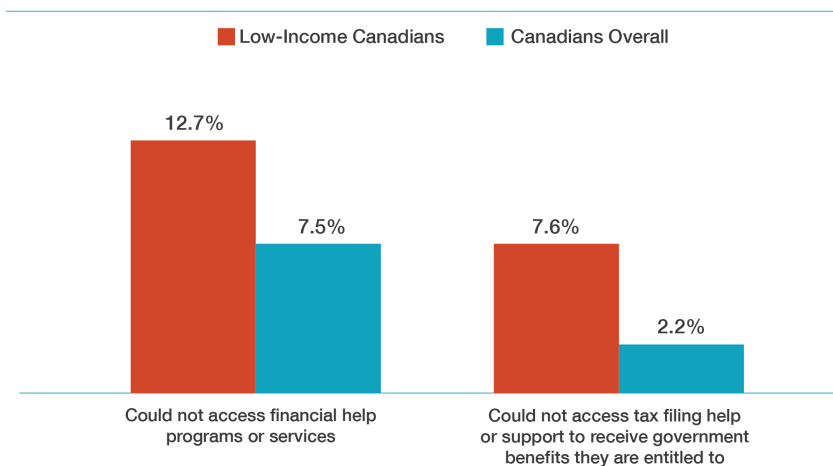
When viewed through an intersectional lens, mean financial resilience score challenges for certain populations (such as low-income Canadians with a disability) are even more significant [4].

### **12.7% of low-income Canadians could not access financial help programs and services over the past 12 months, with those able to access this support more financially resilient**

As of June 2023, 12.7% of low-income Canadians, representing 880,000 people, could not access financial help programs or services (for example provided by non-profit organizations supporting people facing barriers or hardship) over the past 12 months. This compares to 7.5% of Canadians overall not being able to access this help in the past twelve months. This access to help challenge is similar to last year, with 12.5% of Canadians with low incomes not having been able to access financial help programs or services over the past 12 months as of June 2022 [5].

7.6% of low-income Canadians, representing an estimated 526,000 people, report they could not access tax filing help or support to receive government benefits they were entitled to over the past 12 months as of June 2023, compared to 2.2% of Canadians overall.

Percentage of Canadians with low incomes that could not access financial help programs and services over the past 12 months compared to Canadians overall (June 2023)



Source: June 2023 Financial Well-Being study conducted by Financial Resilience Institute.  
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[4] Intersectional lens data insights are provided in the [Financial Vulnerability and Challenges of Key Populations Report](#) and [Financial Inclusion and Access to Financial Help Challenges Report](#), both published in January 2022.

[5] See Page 27 and 28 of [‘The Financial Vulnerability of Low-Income Canadians: A Rising Tide’ Report](#) (November 2022). The mean financial resilience score of low-income Canadians that were to access financial help programs or services in June 2022 was 39.06 compared to 24.12 for those who were not able to access this help over the past 12 months.

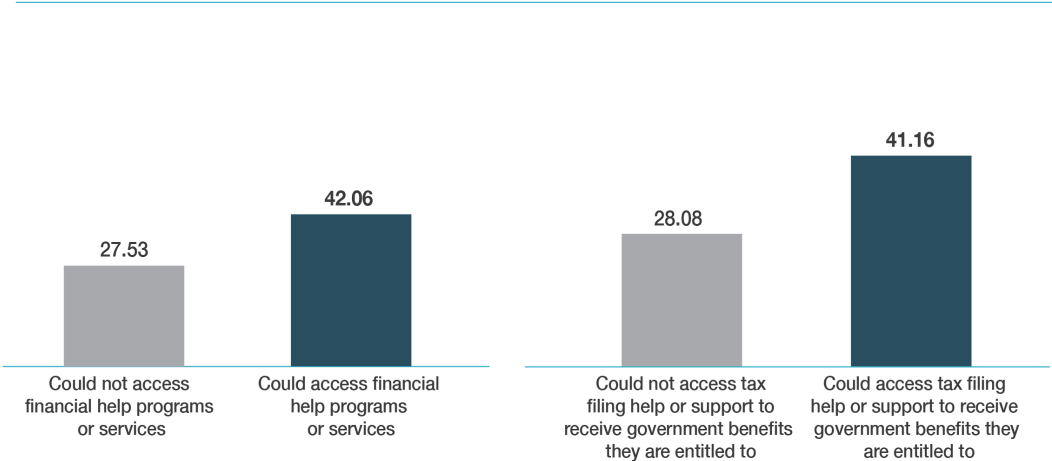


As of June 2023, the mean financial resilience score of low-income Canadians who were able to access financial help programs or services was 42.06, compared to those unable to access this financial help having a mean financial resilience score of 27.53. Canadians overall that were able to access financial help programs or services over the past 12 months had a mean financial resilience score of 54.05 compared to those unable to access this financial help having a score of 33.25 as of June 2023. This builds on Index analytics from November 2022 and highlights the importance of fostering financial inclusion and appropriate access to financial help for more vulnerable populations [1].

**Low-income Canadians able to access tax filing help or support to receive government benefits they were entitled to are more financially resilient**

Canadians with low incomes that were able to access tax filing help or support in receiving government benefits they were entitled to have improved financial resilience outcomes compared to those not able to access this help. As of June 2023, the mean financial resilience score of low-income Canadians who were able to access this tax filing help was 41.16 compared to a mean financial resilience score of 28.08 for those unable to access this help [2].

Mean financial resilience scores of households with low incomes that could and could not access financial help programs or services or tax filing help over the past 12 months (June 2023)



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[1] As of June 2022, the mean financial resilience score of low-income Canadians who were able to access financial help programs or services was 39.06 compared to those unable to access this financial help having a mean financial resilience score of 24.12 based on the Seymour Financial Resilience Index ©.

[2] Canadians overall that were able to access tax filing help or support to receive government benefits they were entitled to was 52.99 compared to a financial resilience score of 28.36 for those unable to access this support as of June 2023. The mean financial resilience score of low-income Canadians who were able to access tax filing help or support to receive government benefits they are entitled to was 37.89 as of June 2022 compared to a financial resilience score of 30.61 for those not able to access this tax filing help or support (November 2022).

## Summary

Independent robust research and Index analytics provided in this Intelligence Memo and other reports published by Financial Resilience Institute provide data-driven evidence that financial vulnerability challenges are significant for low-income Canadians. Importantly, however, access to financial help programs and support can foster improved financial resilience outcomes.

A focus on Canadians' financial well-being is critical to help build a more resilient, equitable and inclusive Canada. Financial vulnerability and financial stress are mainstream issues as outlined in our Institute's many published [reports](#) since 2017. Helping to empower and support people to maintain or improve their financial resilience and financial well-being is vital. There is also a key need to support more financially vulnerable populations, including low-income Canadians specifically, who are facing significant challenges in light of the extremely high cost of living and other systemic barriers. Many indicators tracked by the Institute, validate the criticality of non-profit organizations and other organizations being sufficiently funded and sustained so they can continue to provide essential services and support for Canada's more vulnerable populations, including Canadians with low incomes.

Evidence-based research and impact measurement provided through the Institute's Index are critical to support policymakers and others as they seek to develop and improve relevant programs and policies. Independent data analytics, tracking and impact measurement needs to combine with relevant policies, programs, interventions and action. Sustained support of the financial empowerment ecosystem working to help Canadians who are struggling financially is a clear priority, this report created to support advocacy and drive positive change for those who need help most.





## About Financial Resilience Institute

Financial Resilience Institute is a non-profit dedicated to improving the financial resilience and well-being of Canadians and global citizens. It is the leading independent authority on financial resilience and financial well-being in Canada and is measuring and tracking the financial health, resilience and well-being of Canadians and more vulnerable populations through its Index.

We would like to thank our funders Co-operators and Vancity for supporting our organization and this ecosystem report. Please [contact us](#) for enquiries or feedback on this Intelligence Memo or to explore opportunities for new programs or partnerships.

