

## Challenge Paper: Rethinking Wealth

### Purpose Of This Document

This brief Challenge Paper:

- Introduces the multiple dimensions of “wealth”
- Situates *financial* wealth in the larger context of overall health and wellbeing
- Presents some of the urgent crises around “wealth”, and
- Introduces my response to these crises, WealthTable, which is a digital approach to increasing financial literacy and financial confidence among citizens.

### Sponsor Of This Paper

Cathy Matthews, B. Comm, CPA, CA

Cathy comes to the financial literacy agenda as both a finance professional and an advocate for human development.

As a CPA, CA with a corporate finance career in Toronto, Vancouver, New York and London, Cathy has worked in investment banking, debt and equity capital markets, institutional equity sales, credit derivatives, institutional investing, accounting, consulting and family office management. As an advocate for human development, Cathy has been influenced by many great leaders in the field including: Dr. Fraser Mustard (Council for Human Development), Dr. Stuart Shanker (Self-Reg Institute), Dr. Gordon Neufeld (Neufeld Institute) and Jim Skinner (Adler Centre). Cathy's experiences in finance and human development have converged upon advancing the financial literacy agenda as the Founder of WealthTable.

## Rethinking “Wealth” as a Multi-Dimensional State of Being

Wealth has many realms and connotations. Among the multitude of wealth’s dimensions, wealth can be physical, emotional, spiritual and financial. Wealth is knowledge, skills and experience. Wealth encompasses natural resources, wisdom and community. Wealth is both collective and individual.

Wealth has different values and meanings in different cultures, geographies and across generations. Wealth is unique to each individual and to each community both in terms of values and composition.

**Each** of these can be argued to be an integral part of a person’s, or a community’s, sense of wealth and abundance. But how many of these dimensions *are* integrated into our sense of wealth and abundance:

- Physical
- Emotional
- Spiritual
- Financial
- Knowledge
- Skills
- Experience
- Natural Resources
- Wisdom
- Community

## The Key Challenge Being Addressed In This Paper

For myself, I understand the dimensions and challenges around wealth much like a Russian doll. Each layer down reveals a new layer of wealth and challenges. So, within the multi-dimensional concept of wealth, I focus this Challenge Paper on *financial* wealth (my professional base). Within financial wealth, I focus on financial literacy and financial confidence. Within financial literacy and financial confidence, I want to put forward a digital approach that I call WealthTable. My hope is that by putting on our Table a specific, tangible “solution” (although I know that’s a dangerous word) to a core crisis—financial literacy and confidence—I can help us meet in a rich, impactful, biased-to-action dialogue that reaches into the other layers of the doll.

## The Big Issues In Financial Literacy and Confidence

Studies show that we lack financial knowledge (the following is Canada-focused research):

- 82% of millennials age 18 to 34 feel they lack financial knowledge and investing confidence (*CIBC 2015*)
- 31% of women are financially knowledgeable compared to 43% of men are financially knowledgeable (*Canadian Financial Capability Survey/Women in Canada: A Gender-based Statistical Report The Economic Well-Being of Women in Canada*)
- Couple families highest average net worth, at \$700,000 for those with children and \$910,000 for those without children. Lone parents lower net worth on average than couples with children. 2016 Data. (*Women in Canada: A Gender-based Statistical Report The Economic Well-Being of Women in Canada*)
- The average net worth of lone mothers less than half of that of lone fathers: \$240,000 versus \$540,000. Unattached women and men similar average net worth at \$250,000 and \$230,000, respectively. 2016 Data. (*Women in Canada: A Gender-based Statistical Report The Economic Well-Being of Women in Canada*)
- 48% of women know enough about investments to choose the right ones that are suitable for their circumstances compared to 63% of men (*Canadian Financial Capability Survey/Women in Canada: A Gender-based Statistical Report The Economic Well-Being of Women in Canada*)
- 14.7% of women correctly answered five key financial questions related to interest, inflation, and risk diversification in compared with 21.5% of men (*Canadian Financial Capability Survey/Women in Canada: A Gender-based Statistical Report The Economic Well-Being of Women in Canada*)
- Gender gap in financial literacy tends to increase with age, being greatest among those aged 65 and over (*Canadian Financial Capability Survey/Women in Canada: A Gender-based Statistical Report The Economic Well-Being of Women in Canada*)

Shifts in the nature of work (self-employment) **increase** the need for financial literacy

- 45% of Canadians will be self-employed by 2020 (*Intuit, 2017*).
- *Quicken Books* estimates \$150 in tax savings for every \$1,000 of self-employed business expense

Against these statistics, we know the following about the implications of financial literacy:

1. Financial stress is reported as the most significant stress for individuals and families. The evidence is clear that stress in pregnancy and early childhood attunes the stress pathways in young infants and children to impact long term physical and mental health outcomes. Society **must prioritize the reduction of financial stress through financial educational engagement to optimize long term health outcomes across generations.**

2. Financial literacy is **critical for the empowerment of women, essential for the advancement of women and must underpin any gender equality initiative.**

3. Time is of the essence! **An unprecedented waterfall of capital is cascading into the population segments reporting low financial confidence and low financial literacy.**

- \$30 trillion in assets (financial & non-financial) will transfer from Boomers to their heirs over the next 30-40 years in North America (*Accenture, 2014*)
- Women control 1/3rd of North American Financial Assets = \$3.2 Billion (*Boston Consulting Group*)

4. Meaningful **improvements in financial literacy are both achievable and scalable.** With advances in behavioural economics and the advantages of savvy digital financial tools and video curriculum, the knowledge and materials are within our hands to power up financial literacy and financial confidence.

## Assumptions Behind This Paper

### Current Landscape

- Current approaches to financial literacy and financial confidence are not working
- Single mothers and millennials are the population segments struggling the most with finances
- Financial engagement software industry is fragmented with no universal product leader i.e. **Word** for Words, **Excel** for Numbers, **Adobe** for Photoshop, **F** for Finance

### Behaviour

- Confidence comes from engagement and doing
- An increase in financial literacy among women will enhance gender equality
- What gets measured gets done!
- A commitment to financial health is a way of life, just like exercise, eating right and mental health

- Boomer men and women are not optimally engaging in their financial management as a couple and with their children, particularly daughters
- 90% of women at one point in their lives will be solely responsible for their finances

### Education

- Financial literacy begins with strength of elementary school math curriculum
- Financial literacy must be taught in high school and university in order to significantly advance national and global literacy rates
- Corporations can play a meaningful role in offering best practice financial literacy programs for employees

### Finance Industry

- The financial advisory industry remains male dominated
- Traditional financial brokers are approaching retirement
- Trend is towards hybrid asset management rather than pure robo-advisor. Slower migration to pure play robo-advisors than initially anticipated

## My Action-Response: WealthTable

WealthTable is:

- an approach to an existing mass scale problem that significantly impacts many of the **UN Sustainable Development Goals 2030**
- a specific initiative tackling **financial literacy** and **financial confidence**.
- a digital platform with an eye to **women** and **millennials**.
- a universal digital architecture for **understanding, building, managing and transferring** financial wealth.
- checklist driven, tracks personal assets and liabilities and associated documents for all wealth stages.

WealthTable imbeds financial literacy and financial confidence, through **engagement** and **scope delineation**.

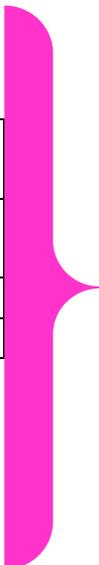
### Geography

Canada is the geographic launch pad for WealthTable. Global ambitions.

### Online Access

Please access WealthTable, currently hosted on the digital development platform heroku. See Appendix A for WealthTable link and login.

### WealthTable Positioning

<b>Earn &amp; Save</b>	<b>Invest</b>	<b>Structure</b>	
Changing Work Demographics	Overwhelming Product Choices	<b>Need for Universal Architecture</b>	 <b>Wealth Table Lives Here</b>
Unprecedented Household Debt Levels	Increased Product Complexity	<b>Education Platform</b>	
Rising Interest Rates	Amplified Volatility	<b>Intergenerational</b>	
Foreign Investment	Global Interdependence	<b>Digital/Bricks &amp; Mortar</b>	

## Appendix A: WealthTable Digital Access

<https://wealthtable-staging.herokuapp.com/>

The Username is: wtadmin

The Password is: supersecretstuff

Please sign up with a fictitious account by clicking on Sign Up in upper right of screen in order to experience the on boarding process.

To review a previously populated example you may Log In with:

Email: example@example.com<mailto:example@example.com><mailto:example@example.com>

Password: 12345678

There are 4 main platform layers to WealthTable.

1. Onboard: Checklist of assets and liabilities.
2. Summary: Shows all assets and liabilities identified during on boarding process.
3. New Documents Pages: Upload information by clicking on banking, borrowing, investments, property, insurance and estate and tax information on left sidebar and then click on + sign with circle around it on subsequent New Document pages. On each New Document page the scope of relevant documents for that asset or liability will be available in drop down menu under "Document Type".
4. Wealth Profile: Populated from the values input on the New Documents pages.

Note: Toggle between the financial Summary page and the wealth profile by using the Finances and WealthTable features in the top bar to the right.