

Instructional video explains pay statements to new workers

Production teaches the basics of being employed in Canada

BY SHEILA BRAWN

A NEW VIDEO by the Canadian Payroll Association (CPA) teaches young people and those new to the workforce about the basics of being employed and being paid in Canada.

"This 12-minute video addresses everything from social insurance numbers—how to obtain them, how to maintain them—to tax forms, minimum wage, statutory holidays, vacation pay, statutory deductions and content on saving at least 10 per cent of their pay each paycheque," says Janice MacLellan, vice-president of operations at the CPA.

The CPA created the video, called *Financial*

Literacy: Understanding Your Pay, as part of its efforts to promote financial literacy in the community and the workplace.

November is Financial Literacy Month in Canada. To mark the event, governments, businesses, associations and organizations across the country are promoting awareness of the importance of financial literacy.

The Financial Consumer Agency of Canada (FCAC) defines financial literacy as having the knowledge, skills and confidence necessary to make responsible financial decisions.

"We know that financial literacy helps people plan and save for the future and improves their financial well-being. It is important for individuals, but also to the economy as a whole. Understanding the basics about money is as essential today as numeracy and basic literacy," says Natasha Nystrom, media relations officer with the FCAC.

The Canadian Parliament officially designated November as Financial Literacy Month (FLM) in 2012, although the FCAC has been marking the event since 2011.

"The aim (is) to raise awareness among Canadians and stakeholders about the importance of financial literacy in strengthening an individual's financial well-being," says Nystrom.

"The first FLM brought together 75 organizations to hold 200 events across the country

to strengthen financial literacy. Since then, the momentum has been building as community organizations, volunteer groups, agencies from all levels of government, employers and private companies have become involved in FLM," she says.

"The fifth FLM (2015) showcased almost 1,500 events in every province and territory and we expect that this year's FLM will be just as successful, if not more," adds Nystrom.

MacLellan says the CPA has been running financial literacy programs for a number of years, focusing on high school students. "We feel a strong commitment to that as part of our community outreach program," she adds.

As part of the program, volunteers go into schools to teach students about what to expect from a payroll perspective when they get their first job.

MacLellan says the new video is ideal for high school financial literacy or civics and careers courses.

CPA volunteers can show the video as part of their presentation to students or a classroom teacher can present it using a CPA guidebook.

"We have transformed some financial literacy material that we have used for years in the classroom into (the new) video. It has the animation style of much of the gaming that you see today, so it appeals to that age group," she says.

The video is available in both English and French with either a male or a female narrator. It has three modules, which each run about three-and-a-half minutes.

The first one focuses on starting a first job. It briefly explains the social insurance number, personal tax credit forms and provincial/territorial rules for minimum working age, minimum wage, meal breaks, vacations and statutory holidays.

It also describes the various ways that employers may compensate employees (e.g., hourly, commission, salary, etc.), the frequency of payroll cycles and how employers pay employees. With direct deposit being the most com-

mon method of payment, the video advises people that they may have to provide bank account information to their employer.

The second part focuses on issues related to being paid, such as deductions for government programs (e.g., Canada Pension Plan, Employment Insurance, income tax) and those for employee benefits, union dues and savings plans.

The third one covers employee pay statements, explaining the various components on the statement and the importance of employees reviewing it with each pay. It touches on year-end reporting and filing income tax returns. The video also discusses the importance of employees saving some of their net pay each pay for future goals.

Beyond school, MacLellan says there are a number of other uses for the video. She notes that employers could use it as part of their presentation to students during youth career development programs, such as Take Our Kids to Work™ day.

In addition, she says the video could be a good learning tool for people who are new to Canada and may not be familiar with employment, pay and statutory deduction rules here.

"We have tested it recently with an immigration association in Nova Scotia. It provides some really good education about the different programs in Canada, such as CPP, EI, how to understand their pay statement and all the basics should they get their first job in Canada," MacLellan says.

She adds that employers who hire young workers or newcomers to Canada could use the video for employee orientation programs.

"If, for example, payroll professionals happen to be in the retail sector or the restaurant sector or the service sector, this is a great tool that can be used for onboarding employees," adds MacLellan.

"(For) the payroll professional, 50 per cent of their job is in communication both with the employee and the employer," she says. "When

you think of the role of a payroll professional, who often has to deal with the new worker coming in and who will typically phone the payroll department and say, 'I don't understand what this means,' it (the video) helps them understand."

While the video may focus on new workers, MacLellan says financial literacy is important for everyone. "As an association, we are very committed to financial literacy," she adds.

"When you are in the payroll profession, you interact on a daily basis as part of your role with working Canadians and you see, from time to time, people who are struggling," MacLellan says.

In fact, a recent CPA survey of more than 5,600 workers across the country found that many Canadians are not saving enough of their earnings. While financial planning experts often recommend people save 10 per cent of their net pay, 40 per cent of survey respondents say

they spend all of or more than their net pay and 47 per cent say they save five per cent or less of their earnings.

In addition, 39 per cent say they feel overwhelmed by their level of debt, up from the survey's three-year average of 36 per cent. Ninety-three per cent of respondents say they carry debt, with mortgages, credit cards, car loans and lines of credit being the most common.

The survey also found that 58 per cent of respondents say debt and the state of the economy are the biggest impediments to saving for retirement. Seventy-six per cent of respondents say they have saved only one-quarter or less of what they feel they need to retire. Among those 50 years and older, 47 per cent say they are less than one-quarter of the way to their retirement savings goal.

Jane Rooney, financial literacy leader at the FCAC, says employers can play an important

role in promoting financial literacy in the workplace. "Workplace financial literacy not only pays it forward by shaping a better financial future for employees, it has a payout in the present," she adds.

"Worries about personal finances are at the top of the list when Canadians talk about excessive stress. Stress isn't something we can leave at home when we go to work in the morning. It comes with us on the bus and sits with us at work, affecting our health, of course, but also our performance," says Rooney.

"It follows that workplaces that offer financial education can help employees cope with a major source of stress. The result? Happier and more productive employees," Rooney adds.

There are a number of things employers can do to promote financial literacy in the workplace, Nystrom says. She suggests employers use online resources and videos like the CPA's and/or offer in-house educational seminars.