

# Youth Debt = Lost Freedom

New program to help youth become more financially responsible.

**Toronto, September 17th, 2006** "We are only young once." How many times have you heard or uttered that statement? It speaks a volume of truth, but in today's economic conditions, it can be a licence to spend for today's youth. And spend they do: statistics say that the average university grad is \$19,500 in debt. But what about the less educated? Most Canadian statistics revolve around students.

A lack of financial knowledge and skills can have significant consequences for young people as they strive for self-sufficiency. It can be debilitating; it limits freedom. It causes people to work to pay off their loans instead of being able to use their money to progress in life. There is no extra money to enrol in higher education. Or worse, bankruptcy and a poor credit rating haunts you as you try to start your own business, buy your first car, or rent an apartment. Those lacking in basic financial skills may find themselves in a situation that places them more at risk for living in poverty. Other risks include vulnerability to frauds and scams, misuse and/or abuse of debt and credit or dependence on non-bank establishments such as cheque cashing services and high interest loans.

A new three-year initiative coordinated by SEDI (Social & Enterprise Development Innovations), and funded by Ontario Trillium Foundation, called **Financial Capability for Youth**, begins to address youth debt by educating youth and youth serving agencies about financial capability. Topics such as Attitudes, Values and Beliefs about finances, Banking, Consumerism, Credit, Debt, and Budgeting, and Saving and Investing Basics prepare youth for the life decisions they need to make now, and in the future. It aims to educate and empower youth to avoid being caught in the debt trap, and to keep their financial freedom.

SEDI, partnered with OAYEC (Ontario Association of Youth Employment Centres) and OACCS (Ontario Association of Credit Counselling Services), will provide capacity training to 110 staff at eleven youth serving organizations across Ontario (4 in one year, 7 in two). The goal of the program is for agencies to acquire the capability to deliver financial capability training, and to incorporate it into their current programs and services. It aims to alleviate a growing concern about youth debt and poverty.

Society tells young people that products like cell phones, fashion, entertainment are important. Combined with easy access to credit and high interest rates; it's a lethal combination. In Australia, research commissioned by the NSW Office of Fair Trading in 2003 found that the average debt among young people aged 18-24 is nearly \$6,000.

In Canada, we do not have any comparable statistics as studies tend to revolve around student debt. The value of student debt tends to be higher, creating greater "shock value" and reaction. However, their potential to earn tends to be greater, giving them the ability to pay off their debt. At-risk youth, or those with less education, may have a smaller accumulation of debt, but less ability to pay it back. This can create numerous other economic risks.

The Financial Capability for Youth project will target this group of at-risk youth, with the goal of providing better tools for managing money and making fiscally sound decisions. Ultimately, it hopes to help youth manage debt, and maintain their freedom. For more information, please contact: Casey Cosgrove, Director, Youth Initiatives, SEDI (416) 665-2828 x 230  
[ccosgrove@sedi.org](mailto:ccosgrove@sedi.org)