

AS 1021 Introduction to Financial Security Systems Winter 2020

Joseph Raaymakers, M.Sc.

E-mail: jraaymak@uwo.ca

Office Hours: MWF 10:00-11:30 AM, 12:00-1:00 PM, WSC 107

Words of advice

- A lot of material is covered in this course and you are strongly advised to:
 - Attend lectures on a regular basis to help you understand material
 - Review lecture notes on a regular basis – This trains your mind to be better at studying which makes studying for tests and exams easier
 - Ask questions – Good science is good questions... so ask them – in class, by email, by forum on OWL
 - Draw connections between the concepts taught – they are all related
 - Contact me if you have any questions or are having any difficulty with the course material or tests/exams – That's what I'm here for
- Many students in the past have waited until it is too late to do these things – DO NOT be one of those students
- In addition to my office hours, there is a Help Centre in the Dept. of Statistical and Actuarial Sciences with graduate students who are able to help with most questions related to course material

Course Readings:

“Morneau Shepell Handbook of Canadian Pension and Benefit Plans, 16th Edition”, Abridged Edition

Various articles posted on OWL website

Modules:

Module 1: Financial Security and Insecurity (Articles on OWL)

Module 2: Old Age (Chapters 1, 2, 3, 9, 14; Articles on OWL)

Module 3: Poor Health – Medical Needs (Chapters 17, 20)

Module 4: Poor Health – Disability (Chapters 18, 21; Articles on OWL)

Module 5: Premature Death (Chapter 23; Articles on OWL)

Module 6: Other Topics (time permitting)

Course web page: www.owl.uwo.ca

- Slides – lecture notes will be posted before each lecture
- Course Outline and Announcements

Evaluation:

- Participation: 7.5%
- Report: 10%
- Midterm: 32.5%
- Final Exam: 50%

Calculators:

- Although this is not a mathematical course, you may need a calculator in class or for the test and exam, therefore it is recommended that you always bring your calculator!

Participation:

May include written reflection and other activities

Report:

Written report due by end of term (date TBA)

Midterm Test:

February 29, 2020, 7:00-9:00 pm

Final Exam:

TBA in April 2020

Please refer to the course outline for what to do if you miss a test or exam due to illness or a conflict with another course

Today's Objectives

- To introduce the concept of **financial/economic security**

Introduction to Financial Security Systems

- People often seek protection against events that threaten their financial security; these events include:
 - Job loss
 - Illness or injury / disability
 - Premature death
 - Old age
- There are various programs and products that are available to help reduce financial insecurity; sources include:
 - Individual
 - Employer
 - Government

Introduction to Financial Security Systems

- This course will give you some insight into financial security and insecurity and the differences between social / governmental programs and private programs, both on the individual and employer level
- We will discuss programs and products such as:
 - Retirement savings plans
 - Employer pension plans
 - Government social security programs
 - Long-term care insurance
 - Health insurance plans
 - Disability insurance

Poverty Charges Interest



Module 1 – Financial Security and Insecurity

→ Economic Security and Insecurity (Ch 1 of *Social Ins. & Economic Security*)

The Nature of Economic Security:

- What is **economic security**?
 - It is part of a person's total welfare
 - It is a *“state of mind or a sense of well being by which a person is relatively certain that he/she can satisfy basic needs and wants, both present and future”*
- A sense of economic well-being is dependent on the use of economic goods and services
 - An individual must have access to sufficient goods and services to attain economic security
 - For this to happen, an individual must have income

Module 1 – Financial Security and Insecurity

→ Economic Security and Insecurity (Ch 1 of *Social Ins. & Economic Security*)

- The more income a person has, the greater the level of economic security
- Income comes in several forms- what are they?

Module 1 – Financial Security and Insecurity

→ Economic Security and Insecurity (Ch 1 of *Social Ins. & Economic Security*)

Some Key Points:

1. The receipt of income must be continuous
 - A person must have a reasonable expectation that income will continue into the future

2. **Real income** must also be considered
 - This is the amount of goods and services that can be purchased with income
 - This can be affected by increases in income and inflation and regional differences in cost of living

Module 1 – Financial Security and Insecurity

→ Economic Security and Insecurity (Ch 1 of *Social Ins. & Economic Security*)

Some Key Points (continued):

3. The receipt of income must be at a level above the poverty or subsistence level of living
 - **Poverty** can be defined as having insufficient material goods/services so that a person's basic needs exceed their means to satisfy them
4. Economic security is *relative* to the standard of living enjoyed by others
 - As the standard of living (including educational level, cultural background, and rate and stage of economic growth and development) changes over time, the concept of economic security will also change

Module 1 – Financial Security and Insecurity

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The Nature of Economic Insecurity:

- **Economic insecurity** is the opposite of economic security
 - It occurs when a person is unable to achieve a sense of well being due to a fear that present and future needs will not be satisfied
- Examples of things that can cause economic insecurity?