



## **Youth Financial Empowerment Toolkit**

### **Participant Workbook**

#### **Youth Financial Empowerment Curriculum**

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A project of the Financial Empowerment Resources Network (FERN), an initiative of the Community Social Planning Council of Greater Victoria

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## Program Objectives

By the end of this program, you will be able to:

- Self-assess your financial well-being and assets
- Identify areas you want to work on improving and make a plan for what to do
- Choose & access banking services that meet your needs
- Identify your expenses and create a spending plan that fits with your life
- Evaluate your credit situation and make decisions about using credit appropriately for your situation
- Check your credit report and find out more about debt management options
- Get your tax return filed to receive a tax refund or apply for tax credits/benefits
- Choose savings or investment tools that are right for you.

What are the financial issues that are important for you to learn about right now?

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## Program Plan

	Part 1 (before break)	Part 2 (after break)
Session 1	5 Asset Types Vulnerability Context	Self-Assessment of Financial Well-being
Session 2	Exploring Personal & Physical Assets	Cash Flow & Budgeting
Session 3	Exploring Human and Social Assets	Banking Accounts Credit
Session 4	Exploring Financial Assets	Savings and Investing Financial Safety Tax Returns & Tax Credits
Session 5	Preparing an Asset-Building Plan Celebration / Graduation	

## Emotional Currency

*Quote from book: "Emotional Currency" by Kate Levinson, Ph.D*

We tend to think about money in terms of dollars and cents, something quantifiable that we either do or do not have enough of. For most of us, though, our actual experience of money is much more complex, intricate, and tangled.

Our relationship to money can be rational, logical, and realistic, but it is also irrational and emotional. Money is not only legal tender; it is emotional currency as well. The range of emotional responses to money and the meanings they carry—as well as the ways we use money to express our feelings—are almost limitless.

Money is often one of the most emotionally charged arenas in our lives, sometimes the most charged. It deeply touches our relationships with ourselves, others, and the world.

# Money Messages

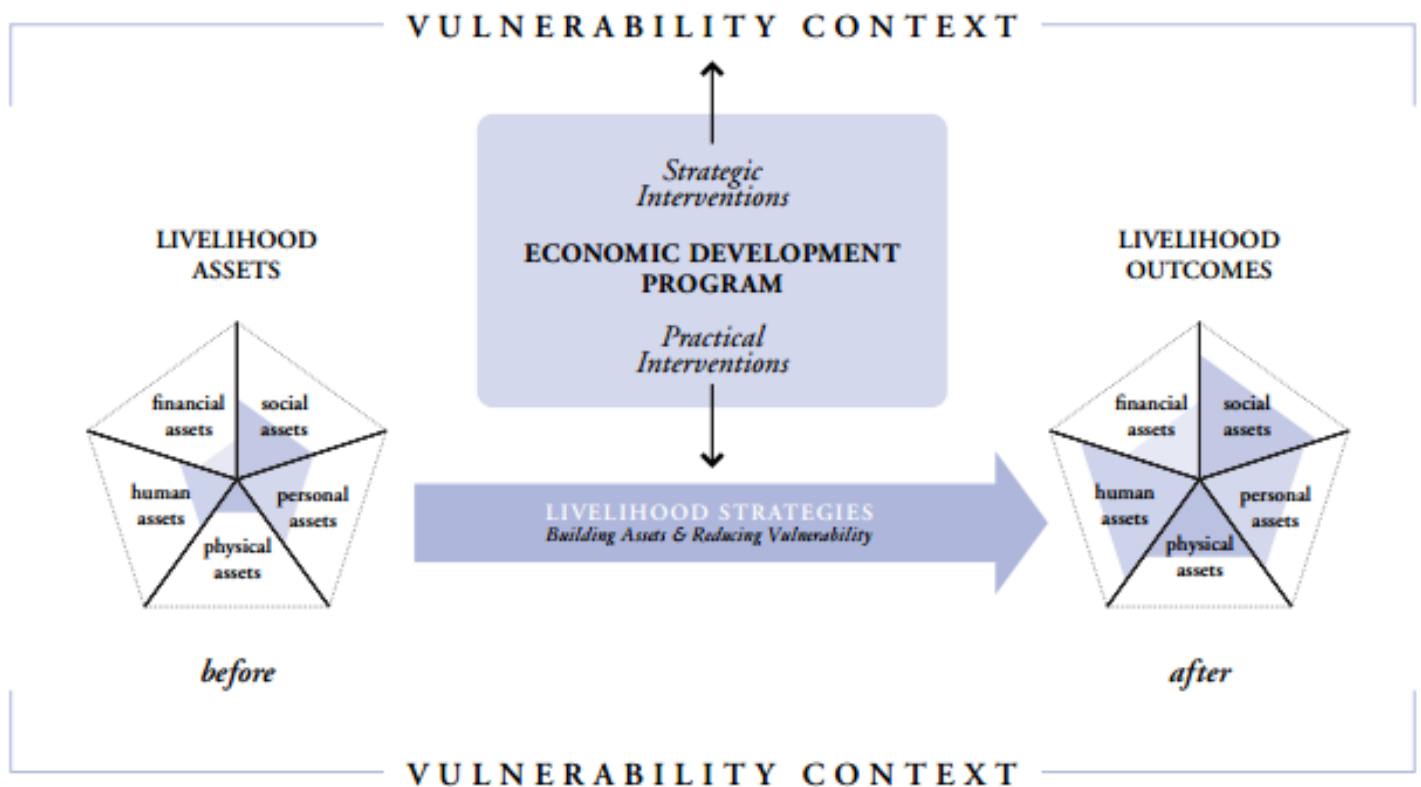
There are many “sayings” about money that many people share, and some of us also hold beliefs about money that are based on our personal experiences. Sometimes these beliefs can be helpful, but many money beliefs actually hold us back without our knowing it’s happening.

What are some “money messages” you’ve heard?

<b>Money Message</b>	<b>Flip It Around</b>
<p><i>Example:</i></p> <p><i>He who dies with the most \$/toys wins.</i></p>	<p><i>Example:</i></p> <p><i>Material possessions &amp; money don't make you a "winner"</i></p>
<p><i>Optional:</i></p> <p>The things I learned about money from my family or past experiences are:</p>	<p>The things I'm going to do to handle my finances <i>MY WAY</i> are:</p>



## Sustainable Livelihoods Framework

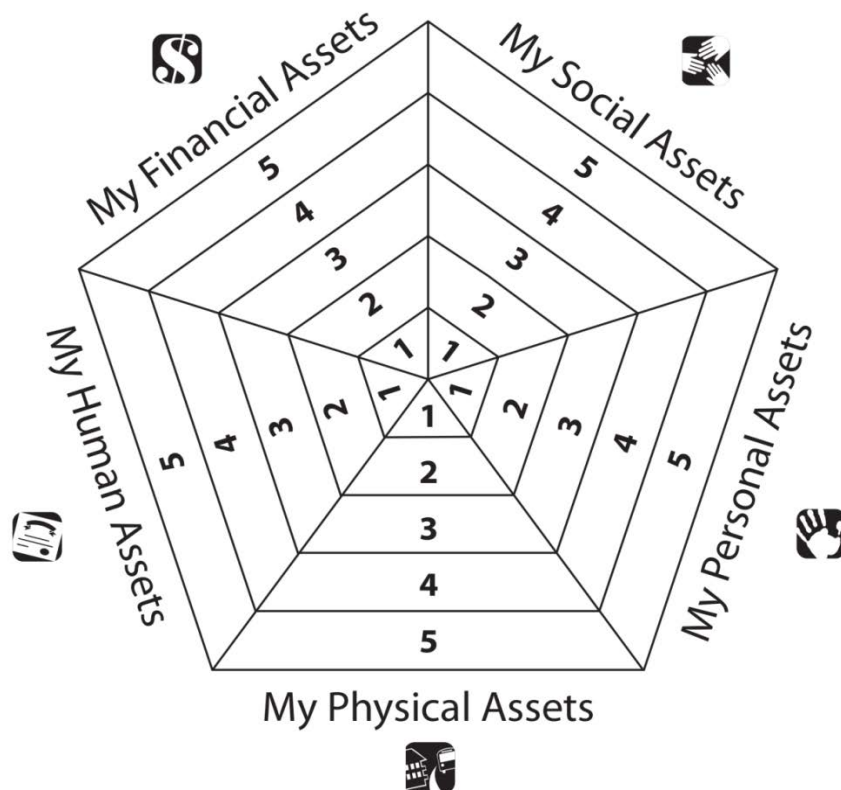


## What Makes People Vulnerable to Poverty?

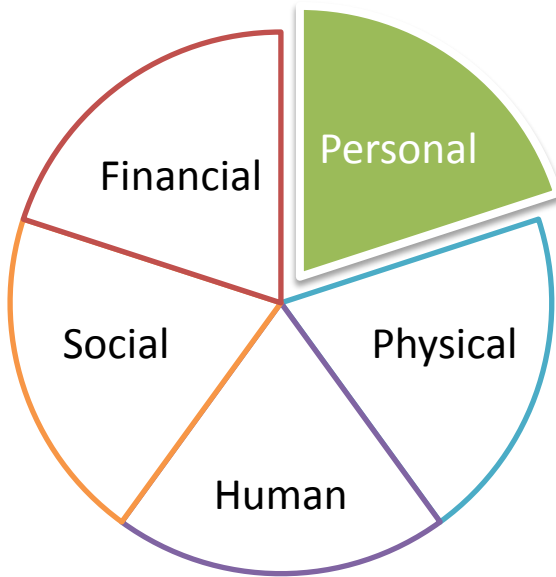
<p><b>Cycles and Patterns</b></p> <ul style="list-style-type: none"> <li>• Family history of poverty</li> <li>• Presence and # of children</li> <li>• Fatigue/stress</li> <li>• Perceived lack of control</li> <li>• Seasonality of employment</li> </ul>	<p><b>Shocks</b></p> <ul style="list-style-type: none"> <li>• Domestic Violence</li> <li>• Illness, Accidents</li> <li>• Addiction</li> <li>• Loss of job, Loss of housing</li> <li>• Death of a family member</li> </ul>
<p><b>Trends</b></p> <ul style="list-style-type: none"> <li>• Inflation outpaces income</li> <li>• Lack of affordable housing</li> <li>• Under paid part time employment</li> <li>• Cuts to the social safety net</li> <li>• Economic downturn</li> </ul>	<p><b>Systems</b></p> <ul style="list-style-type: none"> <li>• Weak social safety net</li> <li>• Social policy barriers</li> <li>• Discrimination based on: race, sex, sexual orientation, class, age, religion, culture</li> <li>• Unequal access to legal services</li> <li>• Limited access to capital</li> </ul>

## Five Asset Types

Human Assets	Physical Assets	Personal Assets
skills knowledge qualifications know-how information health ability to work  Human assets are what you rely on to get an income, either through working or knowing how to access social assistance.	shelter energy access to food transportation tools & equipment land care for children/elders  Physical assets keep you safe and secure, and meet your basic living needs.	attitude, work ethic ability to plan, look forward self-control self-confidence, self-esteem internal frame of reference reflectiveness emotional well-being assertiveness spirituality  Personal assets help us be strong, stay grounded in life and work hard to succeed.
Social Assets	Financial Assets	
networks and connections family community friendships / relationships being a part of groups trust and reciprocity with others  Social assets bring joy and meaning to our lives, and help us meet our needs by sharing with others.	earnings from work, family, gifts, government sources, insurance, trusts access to credit and stable credit rating savings or investments access to banking services ability to make financial decisions  Financial assets give us means of buying things to meet our needs.	







## Personal Assets Worksheet

Personal Assets include:

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I'm proud of having these personal assets:

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I'd like to build these personal assets:

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These are my strategies for building my personal assets:

What I will do:

When:

What help do I need?

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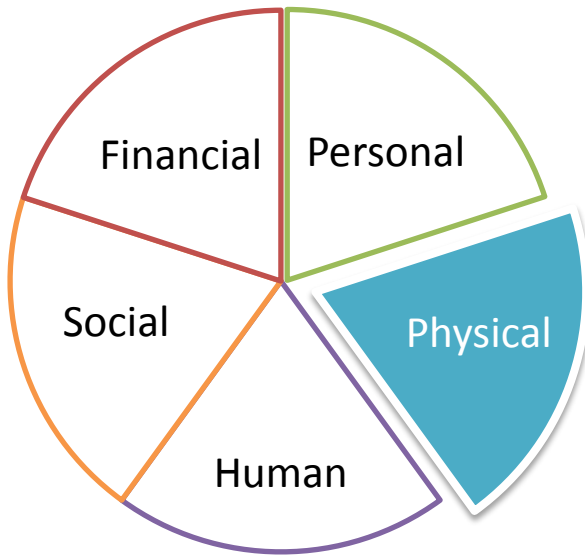
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# Physical Assets Worksheet



Physical Assets include:

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I'm proud of having these physical assets:

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I'd like to build these physical assets:

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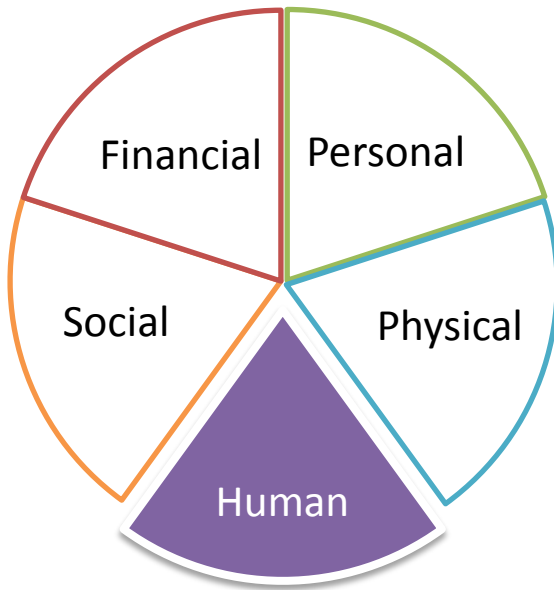
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These are my strategies for building my physical assets:

What I will do:	When:	What help do I need?

# Human Assets Worksheet



Human Assets include:

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I'm proud of having these human assets:

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I'd like to build these human assets:

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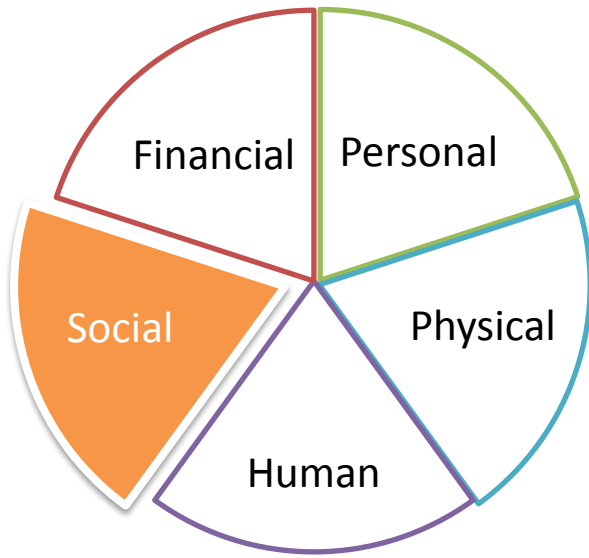
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These are my strategies for building my human assets:

What I will do:	When:	What help do I need?

# Social Assets Worksheet



Social Assets include:

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I'm proud of having these social assets:

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I'd like to build these social assets:

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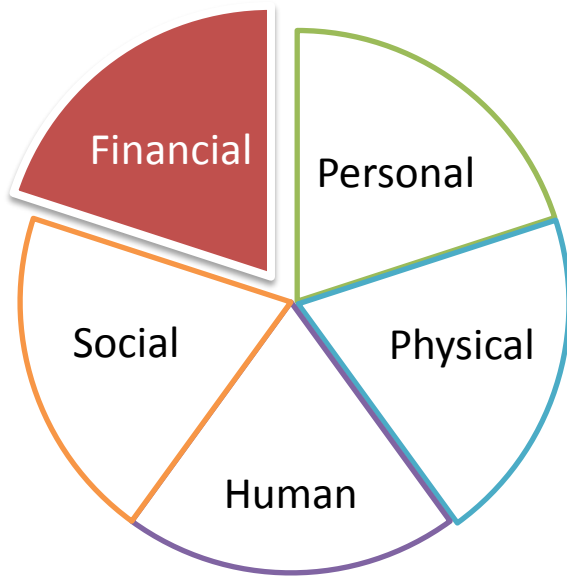
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These are my strategies for building my social assets:

What I will do:	When:	What help do I need?



## Financial Assets Worksheet

Financial Assets include:

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I'm proud of having these financial assets:

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I'd like to build these financial assets:

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These are my strategies for building my financial assets:

What I will do:	When:	What help do I need?



## Financial Well-Being

The field of personal finances is full of different phrases and terms that don't have specific dictionary meanings. You'll come across terms like "financial literacy" – "financial capability" – "financial empowerment" – and so on. We use "financial well-being" because it's focused on YOU and YOUR NEEDS.

### Financial Well-Being Includes:

- Being free from worry about one's finances (being free from unmanageable debt, having peace of mind);
- Having control over one's finances (being able to make ends meet, pay bills);
- Having the capacity to absorb a financial shock;
- Being on-track to meet financial goals;
- Being able to make choices that allow one to enjoy life (e.g. eat out now and then, go back to school, take vacations).

### Drivers of Financial Well-Being:

How do we get to this magical state of financial well-being? The journey is different for everyone, but based on research, these are the primary factors that contribute to financial well-being:

People who do the following things have higher levels of financial well-being:

- Manage your resources on a day-to-day, month-to-month basis
- Plan ahead and have financial goals
- Actively seek out financial knowledge from reliable sources
- Act on your financial knowledge

Personal characteristics also determine financial well-being, to a certain extent (within your context):

- Habits of planning and working hard
- Thinking about your future and what you want from it
- Self-control and responsibility
- Tendency to measure or judge yourself on your own terms – not comparing yourself to others
- Self-confidence
- Tendency to get things done that you've decided you want to do
- Personal health.

Your financial well-being is also affected by your social, economic and geographic situations.

- Social or family connections where there is trust and mutual help
- Availability of financial services in your neighbourhood
- Government or financial institution policies affecting your access to income and services
- Personal income and asset levels.

Individuals use different strategies to achieve financial well-being, based on their knowledge, behavior, personal characteristics and social/economic/geographic contexts. There are no right answers.

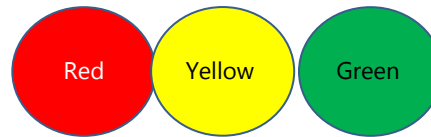
## Financial Well-Being Inventory

These statements describe various aspects of financial well-being. Nobody is “perfect” – in fact, most Canadians would not be able to say yes to all of these statements. Think about each statement and use a coloured pen or sticker to fill in a Red, Yellow, or Green light for yourself.

Red: This isn't true about me at all.

Yellow: This is kind of true.

Green: This is true about me.



### Gaining Financial Knowledge

- When I don't know something about finances, I know how to research it.
- I can evaluate whether a source of financial information is reliable.
- When I learn something new about finances, I usually act on it.
- I compare prices on things before I make purchases.
- I take steps to protect myself from identity theft or fraud.

### Access to Financial Services

- I have access to a chequing account that meets my needs and is affordable.
- I have access to a savings account that meets my needs and is affordable.
- I have access to affordable credit for emergencies or cash shortages.
- I have access to affordable credit for long-term purchases like learning, housing, etc.
- I have access to reliable financial advice from a qualified person who understands my needs.

### My Financial Situation

- I'm able to manage with the amount of debt I have.
- My credit record is good enough to qualify me for the credit I need.
- The amount of income I have is enough to meet my needs.
- If I had a financial emergency, I have resources to help me get through it.
- I am able to make financial choices that allow me to enjoy life.
- I'm comfortable with the way my finances are going right now.

### My Financial Behaviour

- I pay my bills on time (usually or always).
- I keep track of how much I've spent and what I've spent it on.
- I plan ahead for upcoming expenses.
- I file my taxes.
- I inspect my bank account statement (online or mailed to me) periodically to check for mistakes.

### Financial Objectives

- I have some financial goals for myself that seem relevant to me.
- I've got a realistic plan that I can follow for achieving my financial goals.
- I'm on track with the steps I have to take to achieve my financial goals.



○○○ When I'm making choices, I usually or always do what will help me reach my goals.

# Budgeting





## My Regular Expenses

**Monthly Fixed Expenses:**

Description	Amount
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
<b>Total Fixed, Monthly Expenses:</b>	<b>\$</b>

**Monthly Variable Expenses: (Estimates)**

Description	Amount
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
<b>Total Variable Expenses:</b>	<b>\$</b>

<b>Monthly Fixed Expenses:</b>		<b>\$</b>
<b>Monthly Variable Expenses (estimates)</b>	+	<b>\$</b>
<b>Monthly Regular Expenses:</b>	=	<b>\$</b>

## Typical Costs of Living

### Food

<http://www.dietitians.ca/Secondary-Pages/Public/The-Cost-of-Eating-in-British-Columbia.aspx>

Average monthly cost of the dietitian-approved food basket in BC in 2011 (adjusted for inflation to 2015)

Girl, 14-18 years	Woman, 19-30 years	Boy, 14-18 years	Man, 19-30 years
\$212.70	\$221.24	\$292.34	\$284.66

### Housing/Shelter

Canada Mortgage and Housing Corporation – Median Rent, April 2014 (# of units in brackets)

	Victoria	Esquimalt	Oak Bay	Saanich	Langford
Bachelor	\$695 (2,339)	\$700 (121)	\$695 (56)	\$720 (191)	(24 units)
1 Bedroom	\$835 (9,571)	\$765 (1,449)	\$810 (577)	\$825 (1,468)	\$795 (69)
2 Bedroom	\$1050 (4,264)	\$900 (1,067)	unknown(423)	\$1050 (1,140)	\$1120 (110)

Tenants Insurance - \$25/month – based on average of 4 quoted rates for 2 bedroom apartment.

Basic Telus land line - \$38.22/month

Utilities – \$122/month for 2 bedroom apartment (Stats Canada)

### Transportation

Adult Bus Pass: \$85/month

Gasoline for car, 2 tanks/month: \$110/month

Car Insurance: \$85-\$100 per month

Car Maintenance: varies widely!

### Clothing/Shoes/Household

Clothing & Shoes Statistics Canada Market Basket Measure – \$97.50

“Other” Household – Stats Canada calculates as 75% of your food & clothing budget, for things like entertainment, education, recreation, small household goods, repairs, maintenance, etc.

### Health Care

MSP Monthly Premiums: \$72 for one person is full rate. Premium assistance is based on your income:

Income	\$0-\$22,000	\$22,001-\$24,000	\$24,001-\$26,000	\$26,001-\$28,000	\$28,001-\$30,000	Over \$30,000
Monthly Premium	\$0	\$12.80	\$25.60	\$38.40	\$51.20	\$72.00

### Dental Care

Basic checkups can cost anywhere from \$75-\$150 for a basic annual visit, depending on your dental health. Subsidized dental care is available through Victoria Cool Aid Society's Health Centre. Free dental services are provided once a year through Dentistry from the Heart (Academy Dental and other dentists around town).

## My Irregular Expenses

**Irregular Expenses:**

Description	Amount	When?/How Often?	How Do I Plan to Pay For This?
	\$		
	\$		
	\$		
	\$		
	\$		
	\$		
	\$		
	\$		
	\$		



## Credit Unions vs. Chartered Banks

	Chartered Banks	Credit Unions
Ownership	Banks are corporations, owned by their shareholders.	Credit unions are co-operatives, owned by members who hold shares.
Control	If you can afford to buy more shares, you can get more votes and therefore control more of the bank's decisions.	One member gets one share and one vote, no matter how much money. All members are treated equally.
Location of Operations	Major banks (e.g. Royal Bank, TD Canada Trust, Bank of Montreal, Scotiabank, CIBC) can operate nationally.  Branches and ATMs are widespread.	Most credit unions can only operate in one province, although they can now apply to be federally registered and operate nationwide.  Branches and ATMs are not as widespread, but you can use a different credit union's ATM for free.
Types of Services	Banks can offer basically any financial service you can think of: banking, investing, insurance, lending.	Credit unions can now offer almost any service needed, although their smaller size may limit how much they can lend, or whether they have full investment services.
Costs	Major banks have to offer a low-cost account to seniors and youth, and most have low-fee packages for everyone.	Credit unions typically offer lower fees to their members, but you should shop around.
Mission/Purpose	Banks exist to make money for their shareholders. They are very efficient at that.	Credit unions exist to serve their members' interests. In many cases, that means being profitable. Credit unions have more local involvement with charities and community events.
Safety	Deposits are insured by Canada Deposit Insurance Corporation, up to \$100,000.	All deposits and members shares are guaranteed, with no upper limit.



## Credit Card Concepts

Principal	<p>The principal is the original amount of money that is borrowed or loaned. If you borrow \$100 from the bank, then the principal is \$100.</p> <p>When you use a credit card for purchases, the amount you've used for purchases is called the principal.</p>
Loan Period or Term	How long money is borrowed or loaned for. There is usually a fixed due date at the end of a loan. Also known as the "term" of a loan.
Interest Rate	"Interest" is what someone pays for the privilege of borrowing money. The rate is expressed as a percentage of the amount borrowed (the principal). If you borrow \$100 at 19.5%, you will owe \$119.50 back when the loan period ends.
Compounding	<p>Compounding means the interest is added to the principal at the end of the loan period. If the loan is continued, new interest will be charged on the principal + interest.</p> <p>Year 1 - <math>\\$100 \times 19.5\% = \\$19.5</math>. You'd have to pay back \$119.50.  Year 2 - <math>\\$119.50 \times 19.5\% = \\$23.30</math>. You'd owe \$142.80.</p>
Annual Percentage Rate (APR)	The annual percentage rate is the interest rate if you borrowed money for an entire year. It's easiest to compare rates over the same period of time, so the financial industry describes most interest rates as Annual Percentage Rates..
Daily Interest Rate	<p>Many loans are not for a full year. Credit cards can loan money just for a few days. The Annual Percentage Rate is divided by 365 days to find the daily rate. With credit cards, the interest is <b>compounded</b> each day based on the daily rate. With an annual rate of 19.5%, the daily rate is 0.053%.</p> <p>This seems really small, but if you have a high credit card balance, it adds up!</p>
Grace Period	Credit cards usually give you 20-25 days before they start charging interest on the principal. This may change if you've been late with payments in the past.
Late Fees	Some credit cards charge extra fees if you are even a day late making a payment. Returning a purchase does not count as making a payment!
Balance	How much you currently owe the credit card company. This includes your principal, the interest that's been charged on the principal, and any extra fees or penalties from not paying on time or using extra services.
Minimum Payment	How much you have to pay the credit card company to continue using your account. It is often a very small amount, sometimes just your interest and fees. Many companies do not include any part of your principal in the minimum payment,

	<p>meaning you're just paying fees and interest but not paying back the original debt.</p> <p>Credit card companies MUST tell you how long it will take you, paying just the minimum payment, to pay off your total balance. This is on each monthly credit card statement you receive.</p>
Cash Advance	<p>With some cards, you can go to a bank machine and take out cash using your credit card, instead of making a purchase at a store. This is called a cash advance. The interest rate may be higher. There is usually no grace period before interest is charged, and there may be extra fees. However, it is a way to get cash if you need it, and usually the interest and fees are lower than payday loans.</p>
Annual Fee	<p>Some credit cards charge a fee. Usually these are the ones which provide rewards points or extra privileges, like travel insurance.</p>
Credit Limit	<p>The maximum amount you're allowed to borrow on a particular credit account. This is for emergencies only! Try not to use more than 50-60% of your credit limit.</p>
Secured Card	<p>Credit cards are given out based on your ability to pay. If a bank is not sure you can pay, they may not give you one. Instead, you can apply for a secured card. This means you put an amount (often \$500) into a reserved account at the bank, and they give you a credit card with a limit of \$500. If you don't make your payments, the money in your reserved account is taken to cover the balance.</p>
Balance Protection Insurance	<p>Credit cards will try to sell you this insurance, which you pay for monthly (often \$5-10 per month). The way it works is, if you're suddenly not able to pay off your credit card balance, the insurance will pay it for you.</p> <p>It's expensive and often unnecessary, especially if your credit limit is low.</p>



## 5 Myths About Credit

1. If I can afford the minimum payment, I can buy this.
2. I need a lot of credit cards to build my credit score.
3. To build good credit, I pay my credit card as soon as I use it.
4. Using a credit card for points is a great way to save money.
5. Racking up my card to max and then paying it off will build good credit.

## Resources for Learning About Credit

Credit Counselling Society of BC – [www.nomoredebts.org](http://www.nomoredebts.org) – 1-888-527-8999

This is a non-profit organization dedicated to helping Canadians solve debt problems, manage money better and use credit responsibly. They have Counsellors available by phone, in person or through live online chat. You can ask them any questions, confidentially, and get un-biased advice about your debt worries. Their website also has many useful tools and great webinars.

Financial Consumer Agency of Canada – [www.itpaystoknow.gc.ca](http://www.itpaystoknow.gc.ca) – no phone # for public

This is a government agency that exists to protect and inform Canadians about financial issues. Their website contains helpful information and resources about nearly every imaginable financial subject, including your rights and responsibilities in the financial system.



## Resources for Building Financial Safety

### Preventing and Responding to Identity Theft

Identity theft is a form of fraud, and it's a crime. If you are concerned that you've been a victim of identity theft or fraud, contact the Victoria Police Department Fraud team, at the non-emergency number: 250-995-7654.

The Canadian Consumer Handbook has useful advice for preventing identity theft:

<http://www.consumerhandbook.ca/en/topics/consumer-protection/identity-theft>. The Consumer Handbook is a project of the Consumer Measures Committee, a partnership between the federal and provincial/territorial governments.

UVic has created a checklist for preventing and responding to identity theft. It's available online at: <https://www.uvic.ca/infobreach/assets/docs/identity-theft-checklist-Jan2013.pdf>

### Consumer Protection – Avoiding Scams

Consumer Protection BC is a non-profit that administers the province's consumer protection laws, responds to customer inquiries and complaints, licenses specific businesses and occupations, and investigates violations of consumer protection laws. Their website is a treasure trove of information about consumer protection! [www.consumerprotectionbc.ca](http://www.consumerprotectionbc.ca).

Better Business Bureau of Vancouver Island maintains files on businesses so that customers can check to see if a business has a history of customer complaints. <http://www.bbb.org/vancouver-island>

### Avoiding Payday Loans

Payday loans (and cheque cashing stores) are examples of "fringe financial services" that are appealing because they have lower barriers than mainstream banks and credit unions. However, that convenience comes at a high price. Cheque-cashing services (e.g. Money Mart) charge high fees, and payday loans or title loans come at extremely high interest rates.

Consumer Protection BC regulates the payday loans industry.

<http://www.consumerprotectionbc.ca/payday-lenders-portal>

### Recognizing & Responding to Financial Abuse

Battered Women Support Services in Vancouver has an excellent website that explains what financial abuse is (also known as economic abuse) and helps women protect themselves and respond.

<http://www.bwss.org/resources/economic-empowerment-strategies-for-women/>

Domestic violence and financial abuse can happen to both men and women of any sexual orientation. Although the resources from Battered Women Support Services describe relationships with a female victim and male abuser, the advice and resources are helpful for any gender.

# Savings and Investments

## Savings Types

People save money for all kinds of reasons. You're probably already a "saver" even if you don't think of yourself that way.

Short-Term	Intermediate	Long-Term
1 to 12 months	1 to 5 years	5 years +
Irregular expenses like BC Hydro bill, rent (if it takes more than one paycheque), gifts Upcoming purchases or costs, like moving, car insurance, small trips.	Major expenses like a car, tuition, big moves, appliances, big trips. Emergency fund (1-3 months of expenses, in case of job loss or sickness)	House purchase, education, retirement.

## Savings Vehicles

A vehicle is something you use to get in and go somewhere. A savings vehicle is something you put your money into, to go towards a goal.

There are different kinds of savings vehicles, which are useful for different purposes.

### Cash Savings

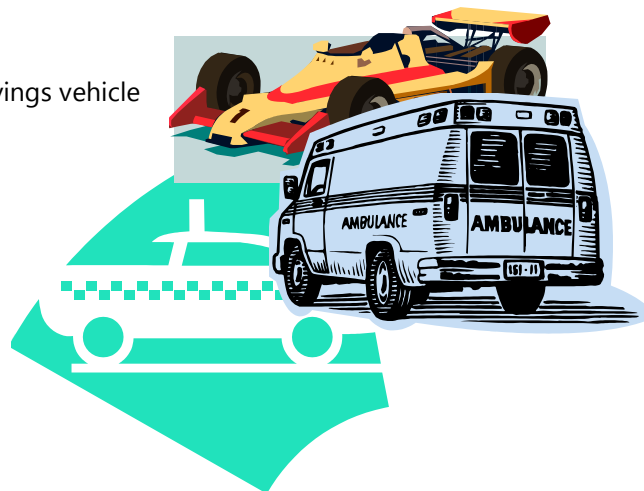
You can put coins in a jar, save your money in a sock or an envelope, or stuff it in your mattress. It's there when you need it, although it's easy for someone to steal.

### Savings Accounts

Head down to a bank or credit union (or call them on the phone) and you can usually open a savings account, especially if you already have a chequing account there. Most savings accounts have no fees or very low fees, but you're restricted to a low number of transactions each month. The purpose of savings accounts is to put the money in and leave it there until you need it, when you move it into your chequing account to spend it.

### Registered Savings Plans:

The government has created several types of "registered" savings accounts for different purposes. Each of these types of accounts can be opened at most financial institutions, and you can deposit money to them, but there are limits on how to take it out. ANY of these accounts can hold a variety of types of savings instruments. The reason for these registered plans is that, usually, if you save money and earn interest on it, you have to pay tax on that interest you've earned. In a registered account, the interest is taxed in a different way (not the same for all kinds). To open any of these, you have to provide your Social Insurance Number as well as the usual kinds of ID.



**RESP** – Registered Education Savings Plan – anyone can open one (including YOU or MCFD on your behalf). If you put money in, the government matches it if you're under 17. If you're on a low-income you can also get Canada Education Savings Grants or the Canada Learning Bond to boost your savings (again, you have to be under 17 to get these). You can take money out without paying tax on it to pay for school. If you don't use the \$, it can be paid out (with taxes to pay and you give back the government contributions) or transferred to a retirement savings plan.

**RRSP** – Registered Retirement Savings Plan – you put money in NOW and pay less tax today. When you retire, you take the money out (and interest earned) and pay tax on it at the time you take it out. If you're paying less tax now than you expect to in the future, it's not such a great idea. (When you retire, the money gets switched over to something called a RRIF – Registered Retirement Income Fund – that you take money out of).

**TFSA** – Tax-Free Savings Account – you put money in NOW that you have already paid tax on at today's rate. At any time, you can take the money out without paying tax, and you don't pay tax on the interest your money earns. You can put in up to \$5,000 a year. If you're paying a low tax rate now, this is a way to put money aside.

**RDSP** – Registered Disability Savings Plan – if you qualify as having a disability, your parents or grandparents can set up one of these for you. There are lots of grants available on top of what people save in your name. It's initially intended for parents who want to make sure their disabled children are financially looked after once they pass away.

With all of the registered savings plans mentioned above, the *holder of the account* is able to choose what to do with the money put into it. You can just keep it like a savings account, or put the money into other types of investments.

**RPRP** – Registered Pooled Retirement Plans The federal government is now introducing this savings vehicle. It is basically a retirement account you put money into through your employer and they can easily match it if they're a nice employer. It's a lot like an RRSP but you have less control over what happens with the money in it. *You don't get to pick the investments – the plan manager does, and you pay fees.*

### **Non-Registered Investment Accounts**

Most banks, credit unions and investment companies will let you open an investment account just like opening a bank account. These accounts require the usual kinds of ID. You can buy stocks, bonds, mutual funds, etc. through these accounts. Any money you put in can earn interest, and you'll pay income tax on that interest. Online investment companies are growing in popularity. Just like with most registered plans, you can have all different kinds of savings instruments in your account.



## Savings / Investment Instruments

Once you've got your "vehicle" set up, you also have to pick what kind of cargo you'll load!

An investment is a financial arrangement you make with a service provider (usually a bank or investment company). You hand over money for a certain length of time, with the expectation that you'll get more back. You're loaning your money to a service provider and they'll pay you interest on it. That interest is your RETURN.

Rule #1 in savings and investment is:

The more RISK there is in an investment, the higher RETURN you expect to make from it. If something's promising a high return, it's probably got higher risks.

Rule #2 is:

There is no such thing as a stupid question when it comes to choosing an investment. It's better to be cautious and ask lots of questions.

This is not a complete listing of investment instruments. The financial industry comes up with new types of investment all the time. These are the most common types of instrument.

**"Cash"** – money sitting in an account. Zero risk, zero return.

**GIC – Guaranteed Investment Certificate** – buy one of these for a specific amount (beginning at \$100, usually going up by hundreds) for a specific time period. You can sell it back earlier, but if you keep the money in there for the whole time, you get a certain interest payment which is better than most savings accounts. (Usually a few percent). This is you loaning your money to the bank/dealer you buy it from. They use your \$ to invest elsewhere at higher rates and make money off it. You're guaranteed to get your money back, so the interest rates are fairly low – the more you put in, the higher the rate.

**Canada Savings Bonds / Canada Premium Bonds** – CSBs are available through payroll savings programs. Premium bonds can be bought at banks or financial institutions, and only at certain times of the year. They are three-year commitments, paying about 1.19% per year over that time. This is you loaning your money to the Government of Canada. It's almost certain to pay back so the rate is low.

**Corporate Bonds** – you loan money to a company for a certain length of time (often 10 years). They make "coupon payments" each year, and give you all your money back ("redeem") at the end. These bonds are bought & sold through bond markets. As you have a contract with the company to be paid, it is a safer kind of investment than stocks (next) but not as safe as a Guaranteed certificate or a government bond.

**Stocks** – you buy a piece of a company, called a share. If it makes money, you may get a dividend. Otherwise you make money when you sell the shares to someone else, or back to the company. There's

no guarantee that you'll get your money all back, so you usually expect higher returns – but it really depends on who wants to buy this stock and how the company is doing. Smaller, riskier companies are priced lower to begin with, and you are taking a bet they'll be worth more later.

**Mutual Funds** – a financial company buys a whole collection of stocks and bonds in a “portfolio” and then divvies up the total value into “units”. You buy units, and hope the whole thing goes up in value. Because it's a mix of stocks, it's sometimes safer than buying just single stocks and bonds, although it can go both ways. You buy these from licensed mutual fund dealers. When you open a registered account at a bank, they'll usually try to sell you mutual funds. If you don't have the time to learn about investing, mutual funds are a good way to get a piece of stock market action, but you pay fees for all the work that goes into managing the mutual fund (deciding what stocks to hold, divvying up, etc).

**Index Funds / Exchange Traded Funds** – indexes are lists of investments that are traded on public markets. If the total value of the investments in an index list goes up, then the index goes up. You can actually buy a “unit” of an index fund, which is really just a bet that the total value will go up or down. You don't own any of the investments themselves. Exchange traded funds are index funds that are bought and sold in a public exchange. (If this seems dizzying to you, you're not alone. The financial sector has found a way to buy and sell bets on nearly anything).

**Options / Derivatives** – an option is the privilege to either buy or sell a particular investment. Derivatives are collections of options packaged together. These are essentially complicated bets about what will happen in the markets.

**Gold or Silver** – you can actually get minted gold or silver and hold it (sometimes you get it physically, other times you leave it in the bank). The price of gold goes up and down, so if it goes up between when you buy and sell, you make money. Gold prices change daily. Kind of a novelty investment unless you're big into it.

**Currencies** – if you buy US dollars or euros you can hold them in an account. Make money if the currency rate changes. No guarantees at all.

## Tax Benefits & Credits

This is a general overview. For more information, visit TAPS (Together Against Poverty Society) on Thursdays for tax help. Their service is first-come, first-served and they will file tax returns for you.

### Exemptions Coupon

“Free Income”

Kinds of Income You Don’t  
Have to Pay Tax On

### Examples

Sale of your car  
Garage sale earnings  
Reimbursed expenses  
GST Credits  
Gifts and inheritances

### Deductions Coupon

Reduce your Taxable Income  
so You Owe Less Tax

### Examples

Child Amount  
Child Care Expenses  
Disability Supports  
Moving Expenses (more than 40km)  
RRSP Contributions

### Non-Refundable Credit Discount Card

Reduce the Tax You Pay  
(but don’t get any back)

### Examples

Child fitness or arts programs  
Bus passes  
Tuition, education and textbooks  
Medical expenses  
Donations and gifts to others

### Refundable Credit Gift Card

Reduce the Tax You Pay –  
and Get Money Back  
(even if you don’t owe tax)

### Examples

\*GST Credits / BC Sales Tax Credit  
\*Low Income Climate Action Tax Credit  
\*WITB - Working Income Tax Benefit  
CCTB - Child Care Tax Benefit  
UCCB – Universal Child Care Benefit  
\*NCBS - National Child Benefit Supplement  
BC Training Tax Credit (apprentices)

\* amount depends on having a low income. Some of these benefits require you to be employed, or have children.

## Resources for Learning About Taxes

### Learning About Taxes – Canada Revenue Agency

This online program takes 60-90 minutes to complete. It includes videos and readings about our tax system and how to complete a basic tax return. It's free.

<http://www.cra-arc.gc.ca/tx/ndvdl/dctrs/lrn-tx/menu-eng.html>

### What Information Do You Need to File Your Taxes?

Your address information should be up to date with Canada Revenue Agency before you file. You can print out a form and mail it in from this site: <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/chngdrrs-eng.html>

Gather the following documents:

- Last year's "Notice of Assessment" (what you get back from CRA after you file).
- Any T4 slips you get from employers – they have to send them to you by the end of February
- T5007 form, if you received social assistance during the year
- T4E form, if you received employment insurance during the year
- Bus passes (monthly passes only)
- T2202 form, if you attended a post-secondary institution
- Receipts for moving expenses, if you moved more than 40km to work or go to school
- Receipts for donations or gifts you made to registered charities or political parties
- Receipts for medical expenses

### Help to Complete Tax Returns

Together Against Poverty Society offers free tax filing for people living on low incomes. Their tax preparers are at the office on Thursdays from 9-12 and 1-4pm. It is first-come, first-serve and there is often a line-up in tax season. You normally have to stay while your taxes are done so you can answer questions.

302 - 895 Fort Street - Victoria, BC V8W 1H7

Other Volunteer Tax Preparers:

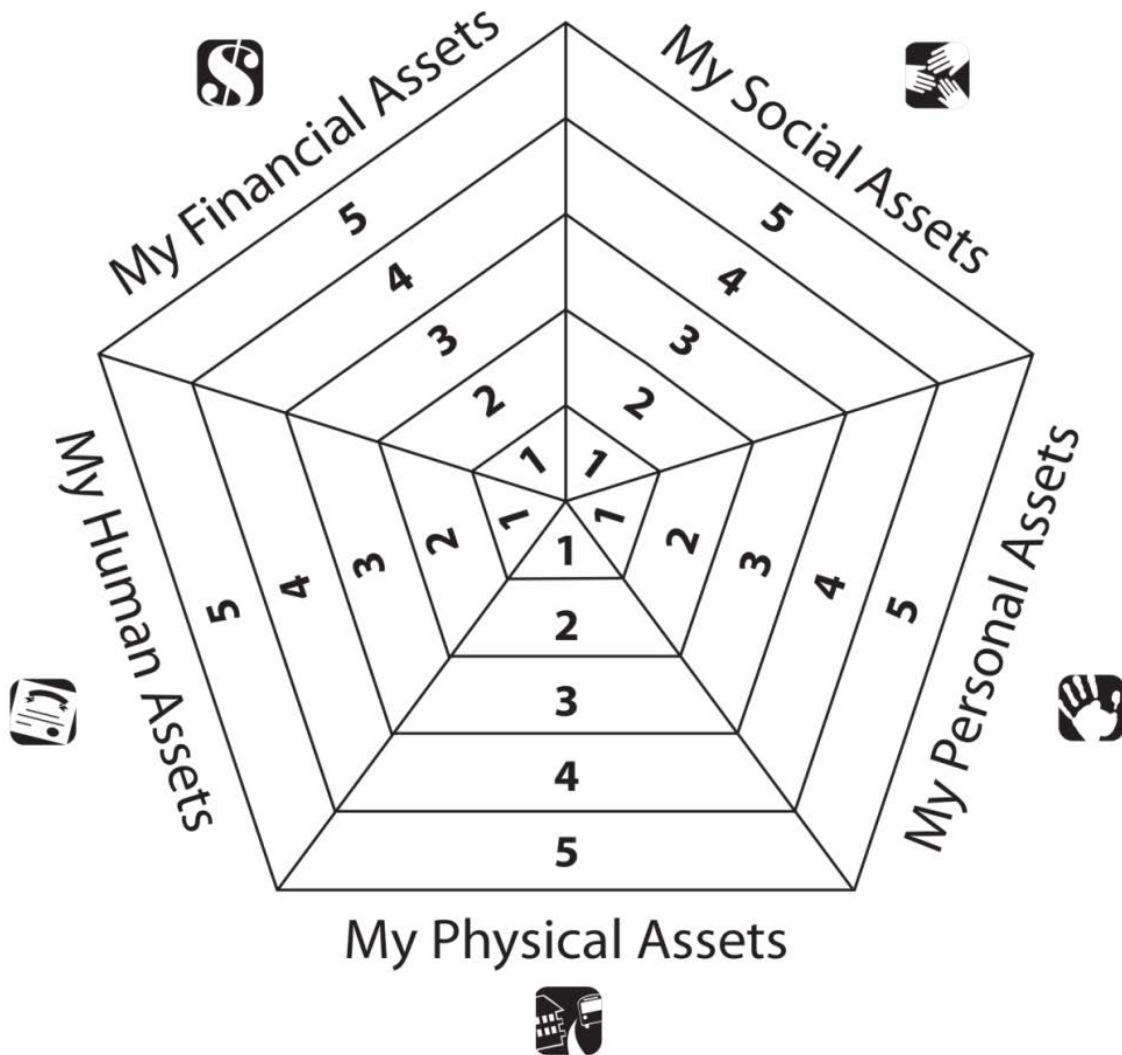
James Bay New Horizons – 234 Menzies Street, 250-386-3035

Oak Bay Volunteer Services – 101 – 20167 Oak Bay Avenue, 250-595-1034

Saanich Baptist Church – 4347 Wilkinson Road, 250-744-2020

# My Asset Map: Where Am I Now?

Date: \_\_\_\_\_



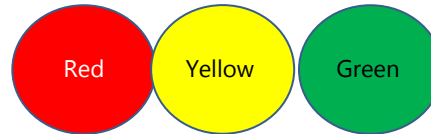
## Financial Well-Being Inventory

These statements describe various aspects of financial well-being. Nobody is “perfect” – in fact, most Canadians would not be able to say yes to all of these statements. Think about each statement and use a coloured pen or sticker to fill in a Red, Yellow, or Green light for yourself.

Red: This isn’t true about me at all.

Yellow: This is kind of true.

Green: This is true about me.



### Gaining Financial Knowledge

- When I don’t know something about finances, I know how to research it.
- I can evaluate whether a source of financial information is reliable.
- When I learn something new about finances, I usually act on it.
- I compare prices on things before I make purchases.
- I take steps to protect myself from identity theft or fraud.

### Access to Financial Services

- I have access to a chequing account that meets my needs and is affordable.
- I have access to a savings account that meets my needs and is affordable.
- I have access to affordable credit for emergencies or cash shortages.
- I have access to affordable credit for long-term purchases like learning, housing, etc.
- I have access to reliable financial advice from a qualified person who understands my needs.

### My Financial Situation

- I’m able to manage with the amount of debt I have.
- My credit record is good enough to qualify me for the credit I need.
- The amount of income I have is enough to meet my needs.
- If I had a financial emergency, I have resources to help me get through it.
- I am able to make financial choices that allow me to enjoy life.
- I’m comfortable with the way my finances are going right now.

### My Financial Behaviour

- I pay my bills on time (usually or always).
- I keep track of how much I’ve spent and what I’ve spent it on.
- I plan ahead for upcoming expenses.
- I file my taxes.
- I inspect my bank account statement (online or mailed to me) periodically to check for mistakes.

### Financial Objectives

- I have some financial goals for myself that seem relevant to me.
- I’ve got a realistic plan that I can follow for achieving my financial goals.
- I’m on track with the steps I have to take to achieve my financial goals.

○○○ When I'm making choices, I usually or always do what will help me reach my goals.

# Asset-Building Goals

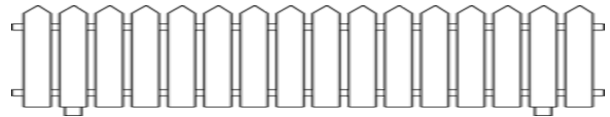
This year, I want to grow my \_\_\_\_\_ assets.

By the end of this year, I will:

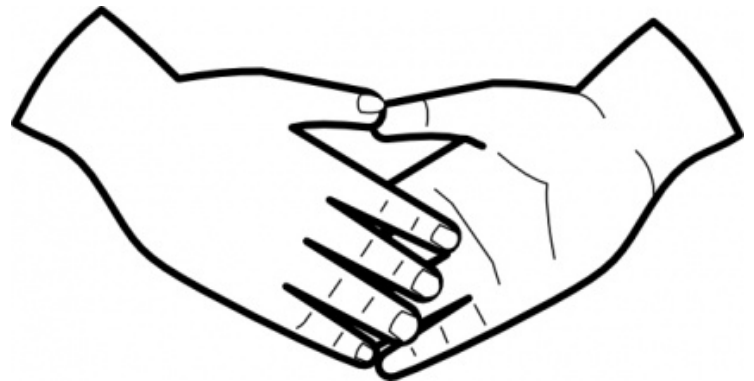
My steps to achieve this goal are:



An obstacle that might stop me is:



The people who will support me are:





## Asset-Building Goals

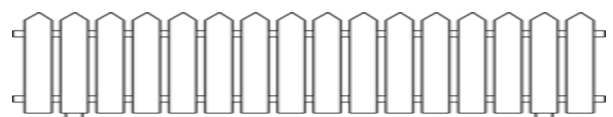
In \_\_\_\_ years, I want to grow my \_\_\_\_\_ assets.

By the end of \_\_\_\_ years (in \_\_\_\_), I will:

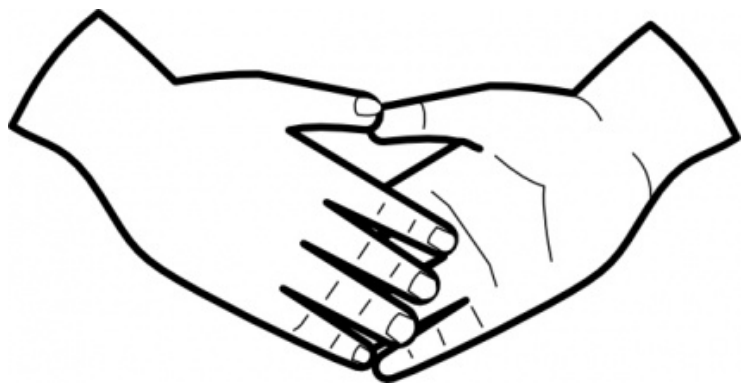
My steps to achieve this goal are:



An obstacle that might stop me is:



The people who will support me are:



## Money Quotes

"Wealth is the ability to fully experience life." – Henry David Thoreau

"A wise man should have money in his head, but not in his heart." – Jonathan Swift

"There are people who have money and people who are rich." – Coco Chanel

"A little thought and a little kindness are often worth more than a great deal of money."  
– John Ruskin

"Money is only a tool. It will take you wherever you wish, but it will not replace you as the driver." – Ayn Rand

"Greed is not a financial issue. It's a heart issue." – Andy Stanley

"No one's ever achieved financial fitness with a January resolution that's abandoned by February." – Suze Orman

"A man in debt is so far a slave." – Ralph Waldo Emerson

"A good reputation is more valuable than money." – Publilius Syrus

"He that is of the opinion money will do everything may well be suspected of doing everything for money." – Benjamin Franklin

"All riches have their origin in mind. Wealth is in ideas - not money." – Robert Collier

"It is more rewarding to watch money change the world than watch it accumulate." – Gloria Steinem

"A simple fact that is hard to learn is that the time to save money is when you have some." – Joe Moore