

Financial Literacy

Participant Workbook

Aboriginal Business & Community
Development Centre



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In This Workshop:



Budgeting



Saving



Banking



Borrowing



Credit

What is Financial Literacy?



Financial Literacy means having the knowledge to understand personal and broader financial matters, skills to apply that knowledge and understanding to everyday life, and the confidence to use the skills and knowledge to make responsible financial decisions that are appropriate to your situation.

Why learn about Financial Literacy?



Improves employability.

Enables you to become self
sufficient.



Improves your self esteem
and peace of mind.

Helps you to manage and
sustain resources so that
you can build a better life
for you and your loved ones



Sustainable Livelihood:

So much more than just getting by...

Chances are, you have heard the term sustainable and have a general idea of what it means. But you may not be as familiar with the notion of a sustainable livelihood.

Sustainable Livelihoods is based on the premise that **everyone has resources** on which to build and that strengthening a number of asset areas can enable people and families to not just get by, but to **actually get ahead**.

You can develop a sustainable livelihood in a number of ways, including participation in education, employment training, financial literacy and matched savings programs, and support for



Financial

- Income: employment / other
- Credit: rating / access to
- Savings or Valuable possessions
- Debt
- Your attitude toward money: your right to succeed & how you value your time/talents
- How you understand money / your financial literacy

Personal

- Identity
- Self-esteem
- Motivation
- Spirituality
- Independence

Physical

- Access to: housing, food, safety, transportation, childcare, recreation, information, computers....

Human

- Your ability to set goals
- Your mental health
- Your physical health
- Education / skills
- Employability
- Ability to learn & develop new skills

Social

- Support from: family, friends, community
- Ability to balance work/personal life
- Leadership skills
- Political literacy & action

A working definition of poverty: **poverty is the extent to which an individual or community does without resources.** These resources can include any of the things listed above.

Money and me...

Each of us have our own unique story about money, and this story affects how we think about and use money.

Complete the sentences below and discuss your answers with a partner.

Talking about money makes me feel

I learned the most about money from

My favourite thing to spend money on is

I hate spending money on

I would like to save money for

One thing about money that I would like to learn more about is

Money is...

With the same partner discuss the statements below. What quotes do you agree with? What quotes do you disagree with? Are there any sayings like this that you heard a lot growing up?

Money can't buy happiness.

Money doesn't grow on trees.

Love of money is the root of all evil.

Time is money.

"We can tell our values by looking at our chequebook stubs." - Gloria Steinem

"A penny saved is a penny earned." - Benjamin Franklin

"Not everything that can be counted counts, and not everything that counts can be counted." - Albert Einstein

"When I was young I thought that money was the most important thing in life; now that I am old I know that it is." - Oscar Wilde

"If you want to feel rich, just count the things you have that money can't buy." - Proverb

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

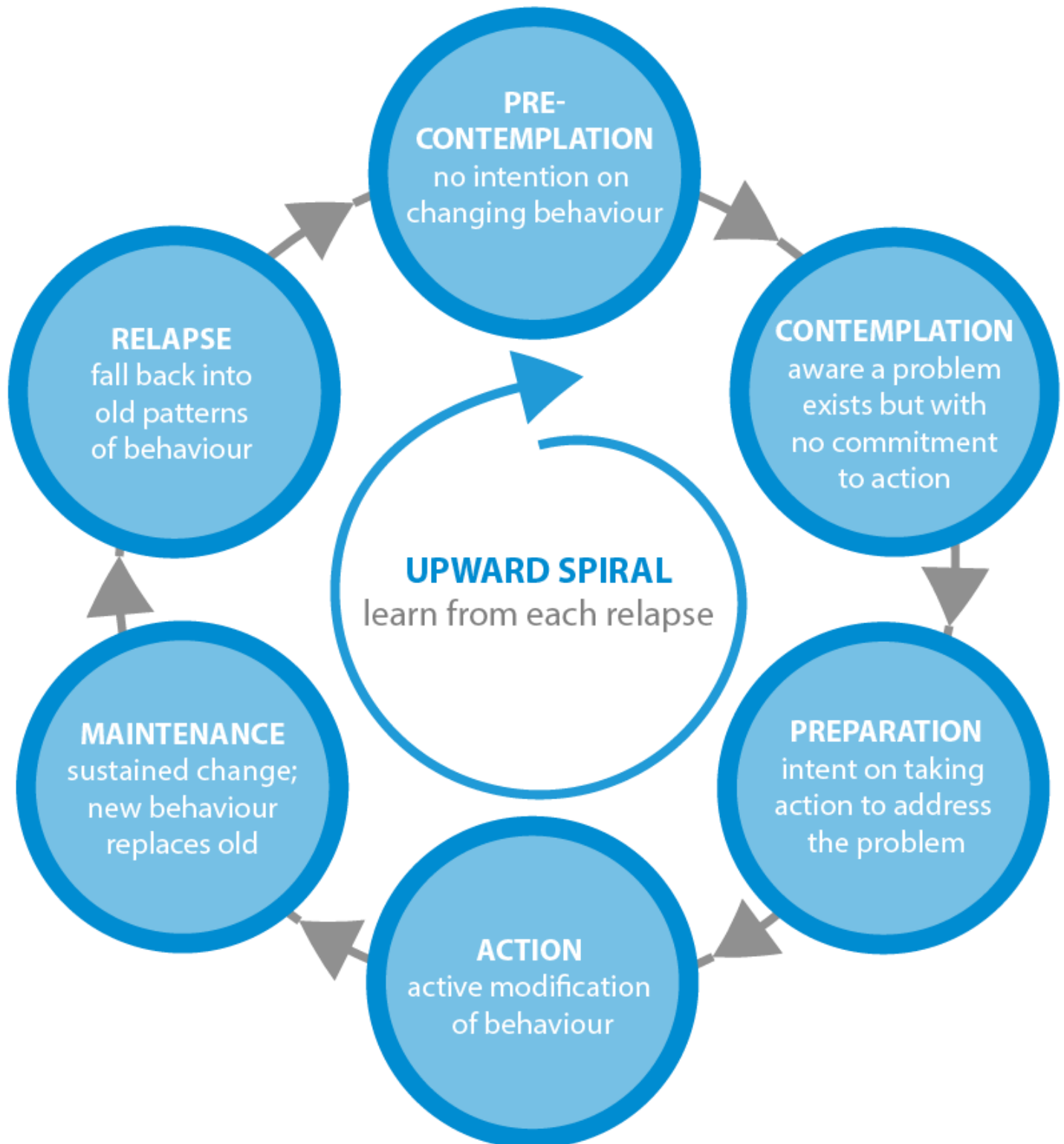
"He who does not economize will have to agonize" - Confucius

Money is POWER!

"Money in the bank is like toothpaste in the tube. Easy to take out, hard to put back." - Earl Wilson

We all start somewhere...

STAGES OF CHANGE



The foundation of sound money management is the Budget.

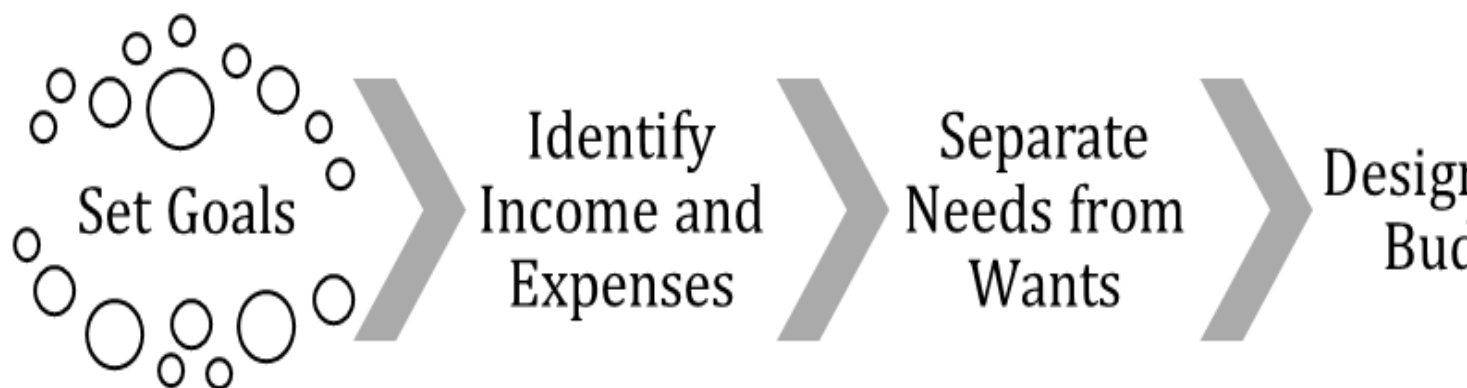


However, for many people, the word "budget" evokes feelings of fear or frustration. Your budget is your plan for your money. It is based on choices you make and priorities that you identify. Building a spending plan, or budget, is a step-by-step process.

Once complete, your budget is the solid foundation with which you can manage your current income and expenses and plan for future possibilities.

- Step 1: Set Goals
- Step 2: Identify Income and Expenses
- Step 3: Separate Needs from Wants
- Step 4: Design Your Budget
- Step 5: Put Your Plan into Action
- Step 6: Manage Seasonal Expenses
- Step 7: Looking Ahead

Source: mymoneycoach.ca



Reasons to Start Saving Now:

- ☐ To be able to make a large, important purchase, like a home.
- ☐ To retire at the age you choose while still maintaining the lifestyle you enjoy.
- ☐ To get out of debt.
- ☐ To reduce stress. A healthy bank account gives you tremendous peace of mind. Plus trying to keep up with the Jones' (who may in fact only be successful on the surface) is incredibly stressful. **Learning to be content makes a person a lot happier in the end.**
- ☐ To provide an education fund for your children.
- ☐ To provide an emergency fund for yourself for a **rainy day**.
- ☐ To stay home to raise your children.
- ☐ To be **less wasteful**.
- ☐ To appreciate what you already have. You don't want to weigh your life down with more stuff. Whether it's a new plasma T.V. or another small appliance in the kitchen, it's all just accumulated stuff. **A simpler life, means less cluttered, and one in which you can be more efficient .**
- ☐ To get out of the "drone like" consumerism of this world.
- ☐ To live a **healthier life**. How? You'll dine out less and enjoy simpler activities like good old walking!
- ☐ To give of both your time and your resources. If you're careful with your money you have more to share with others in need.
- ☐ To be more environmentally aware, because less consumption is easier on the planet.
- ☐ To learn resourcefulness.
- ☐ To challenge yourself.

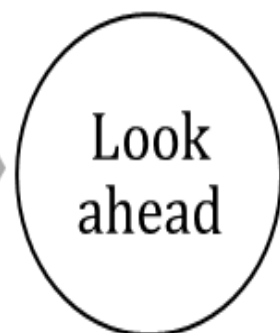
n your
lget



Put your
plan into
action



Manage
Seasonal
Expenses



Income and Expenses

Monthly Income:

Employment (net): _____

Child Tax Benefit: _____

Support Payments: _____

BC Gov't Assistance Benefits: _____

Other: _____

Total Income: _____



Monthly Expenses

Housing

Rent/Mortgage: _____

Taxes (property): _____

Utilities (Gas/Electricity): _____

Telephone/Internet/Cable: _____

Cell Phone: _____

Other: _____

Food

Groceries: _____

Meals Out: _____

Other: _____

Transportation

Car Payments: _____

Gas: _____

Car Insurance: _____

Maintenance/Repairs: _____

Public Transportation: _____

Taxi Fare: _____

Other: _____

Clothing

Clothing (personal): _____

Clothing (others/children): _____

Shoes: _____

Work Gear: _____

Laundry/Dry Cleaning: _____

Personal

Haircuts: _____

Toiletries: _____

Makeup/Cosmetics: _____

Other: _____

Entertainment

Movies: _____

Going out: _____

Books/Magazines: _____

Gym Memberships: _____

Vacation/Travel: _____

Hobbies: _____

Gambling/Lottery: _____

Other

Child Care: _____

Loan/Debt: _____

Cigarettes: _____

Alcohol: _____

Sporting Events: _____

Other: _____

Total Expenses

Total Monthly Income

Total Month Expenses

Difference

So, what's the verdict?

Is your income equal to or greater than your expenses? If so, that's great. Now you can follow through on achieving your goal. You may even want to make a few changes so that you can save more or reach your goal faster.

Is your income less than your expenses?

If so, you may want to make some changes. For example, see if you can

- cut your expenses
- find other ways to meet your needs
- boost your income

Is your income less than your expenses and there's no room left to cut expenses or change spending? If so, then there are programs, services and other resources to help you with your expenses.

Where can I get help reducing my housing costs?

Rental Assistance Program: BC Housing
www.bchousing.org | 1 800 257-7756

Where can I get help reducing my childcare costs?

Childcare Subsidy Program
www.mcf.gov.bc.ca | 1 888 338-6622

Where can I get help with my children's sports?

Jumpstart Program
www.jumpstart.canadiantire.ca | 1-877-616-6600

How can I access free leisure activities?

City of Prince George Leisure Access Program
<http://princegeorge.ca> / 250-561-7640

SAVE MONEY

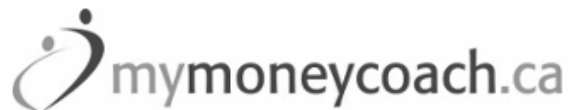


Making Your Spending Plan Work

Once you know when and how you are going to pay your expenses, you may be looking for a way to make it easy to track them. The system you choose should match your lifestyle, personality and skills. **It needs to work for you.** The important thing is to track so that you know what you have spent and what you still need to pay. Here are some ideas that you can use alone or in combination.

Envelope method: If you put your cash in separate envelopes for each expense category, then you can tell if you are on target just by checking what is left in each envelope. This is good if you're confident about handling cash. This is bad if you're worried about having large amounts of cash on hand both for theft and self-control reasons.

Electronic method: Use a spreadsheet to track expenses and income month by month. My Money Coach as a great free budget and expense tracker. Running totals can forecast when money will be tight and when you'll have some extra



spending cash. Try using a smartphone app for quick updates on the go. Mint is a free app that connects to your accounts and warns you when accounts are low.

Notebook method: Use a page for each expense category and write down the amount you budgeted as your opening balance. As you spend, subtract this amount. If you don't enjoy paperwork, this method is not for you.



Receipt method:

Keep all receipts or record all expenditures. At the end of the month, total each spending category and compare this to your spending plan.

Calendar method:

Using a calendar, mark the dates you have money coming in and when bills are due. This method gives you a quick reminder of where your money needs to go and when.

Check your (Im)Pulse

Change takes effort and can cause stress. Focus on what YOU can control and the changes YOU can make for yourself. This will minimize your stress and keep your energy pumping!

Before you make any changes to your spending behaviour, identify the triggers that deplete your personal resources and energy and cause you to impulse shop. When you're heading out the door, keep your TEMPO in mind:

Time of day: is there a time when you have more energy? Shop at times of the day when you have more energy and feel less stressed and pressured so that you will be able to make wiser choices.

Environment: are there certain environments that cause you to want to spend or make you feel obligated to spend just because you're there? For example craft fairs, home shows, malls, electronics stores, when you're on holidays or away from home on business are all times when it's easier to spend impulsively. Limit your opportunities to spend in such environments by either not going there or keeping your money safe from yourself. More on that next!

Mood: certain moods and emotional states deplete your energy resources and can make you more prone to impulse purchasing. Other moods colour your shopping with "rose coloured stickers" and everything looks like a great deal. Identify the moods that affect your spending behaviours: happy, sad, hungry, tired, distracted... and find ways to not shop during moods that will cause you to impulse buy.

Place: is there a certain store or city that's your weakness? Do you like to shop for craft supplies at a favourite store? Do you like to wander the aisles in the home improvement or tool store looking for great deals or ideas? Maybe you find yourself impulse shopping when you visit a certain city. If there is a place to avoid, do all that you can to limit your opportunities to go there. If you must still go, then keep your money safe from yourself... more on that shortly.

Occasion: is there a specific holiday or tradition that causes you to impulse buy? Does shopping with a certain friend contribute to unplanned spending? Do you spend impulsively when you know that you'll be getting a lump sum of money but you haven't got it yet, e.g. a bonus at work? Occasion-determined spending can be best controlled by having a budget that allows for seasonal and irregular expenses.

Both banks and credit unions offer a wide variety of banking, financial, and investment services.

The most basic of these services are the savings and chequing accounts.

Savings account:

- can be used to put money aside for short to medium-term savings goals. Allows you to make deposits, withdraw cash, and pay bills.
- often earn interest (less than what you would make with other types of investments).
- often have a limited number of free transactions and any transactions that you make over this limit will result in fees being charged to your account.

Chequing account:

- used for everyday banking and for paying bills. The bank will supply you with a debit card for this account and may provide you with cheques for a fee.
- generally do not earn very much interest (if any).
- fees are often charged under a package rate based on the number of free transactions you are allowed to make a month.

For both accounts just mentioned, your bank or credit union will offer: telephone and internet banking, a debit card for ATM access and retail purchases, direct deposit, pre-authorized bill payments, and preauthorized transfers to savings.

Having trouble choosing a Bank? The Financial Consumer Agency of Canada offers an online Account Selector tool at: www.fcac-acfc.gc.ca

8 Questions to Ask before Opening a Bank or Credit Union Account

1. Is there a minimum balance requirement to avoid a monthly fee? If so what is it?
2. How soon is my money available after I deposit it? (Both banks and credit unions can put holds on large and sometimes even small deposits).
3. Do I need to open a checking account or some other account to have a savings account?
4. Is there a limit to the number of withdrawals I can make each month from my savings account?
5. What fees are associated, if any with a savings account?
6. What fees are associated with credit and debit cards issued by the institution?
7. Does the institution offer online banking and if so, is there a fee to use the service?
8. Are there fees associated with ATM withdrawals?

8 Ways to Save on Banking Fees:

Never use a bank machine other than your own

Every time you use another bank's ATM machine, you are charged a network access fee by your own bank of \$1.50 plus a \$1.50 fee by the bank that operates the machine.

Make fewer withdrawals

Instead of withdrawing \$60 three times a week, take out \$180 once a week and you'll rack up fewer transactions.

Pay your bills online or via telephone banking

Sometimes these services are free or the fee is much less than using tellers or ABMs.

Maintain a minimum monthly balance

Most accounts will waive all bank fees if you maintain a minimum monthly balance – usually this is \$1,000 or \$2,000.

Use no-fee banking institutions

ING Direct and President's Choice Financial have no service fees whatsoever. They also have no branches or tellers – all banking is done by internet, phone or ABM.

Consider a low-cost account

These accounts charge less than \$4 a month and most – but not all – of the big banks have them. They make sense if you are able to limit your transactions to eight to 10 per month by avoiding the tellers and bank machines and doing online and telephone banking.

Skip the insurance

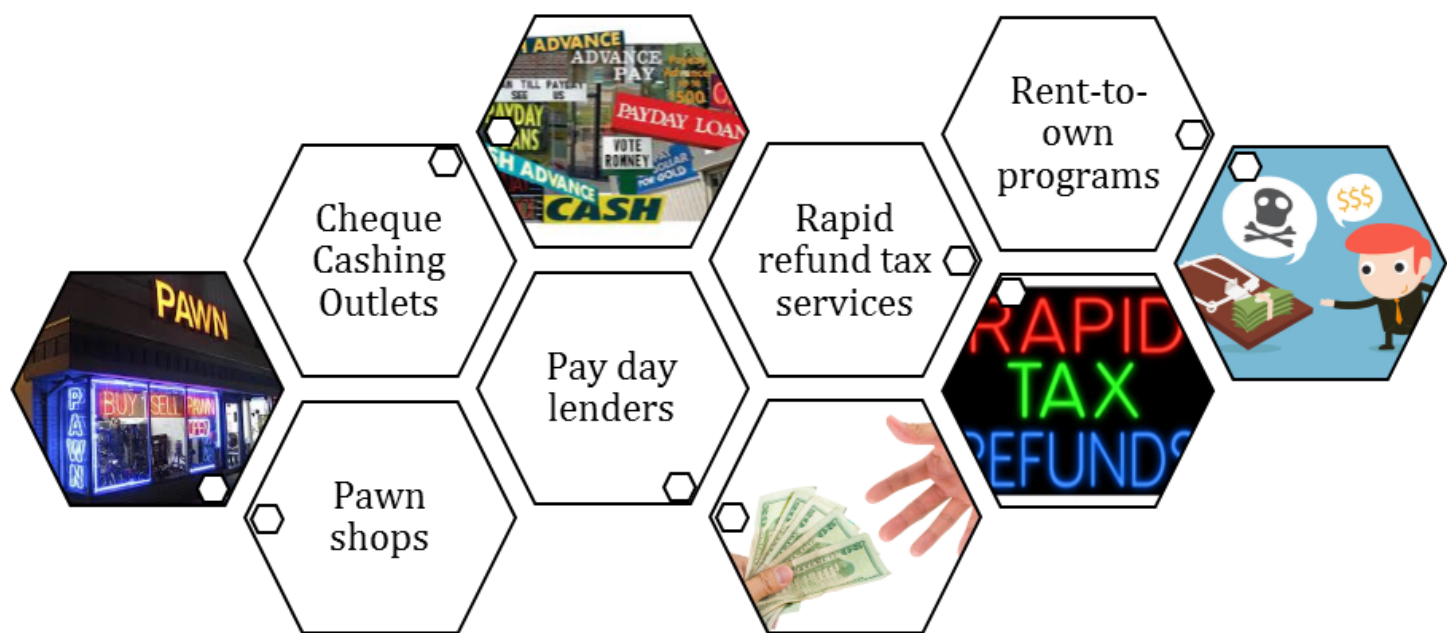
If you have sufficient private life insurance coverage it's not necessary to have insurance on any of your accounts. The insurance premium that you are paying could be going toward your principle and reduce your debt faster.

Monitor your account

Online banking allows you to monitor your account so that you know when funds are low. Avoid Not-Sufficient-Funds (NSF) fees of \$40-\$50.

Alternative Financial Services:

Alternative financial services are outside of the traditional, regulated banking system and, as a result, are almost always a much more expensive way to access financial services.



Comparing Alternative Financial Services to Banking:

Why might someone use Alternative Financial Services?

Why might someone use banking services?

Types of Credit

Type of credit	Lender	Uses	Conditions
Revolving credit			
Credit Cards (secured and unsecured – NOT prepaid)	Financial institution	To make purchases, pay bills, make reservations, rent products, buy online	Has a credit limit amount with a minimum payment required. Interest rates vary. There may be extra fees and benefits.
Department store card	Retail store	To make purchases at that store only.	Has a credit limit amount with a minimum payment required. Higher interest charges (28%) than a regular credit card (19%).
Overdraft protection	Financial institution	Connected to your bank account. Protects against small cash shortages and NSF fees.	Fees for use plus interest costs.
Line of credit	Financial institution	To making purchases.	Has a credit limit amount with a minimum payment required. Interest rates are often low.
Installment credit or loans			
Pay Day loans	Private businesses	Short term cash needs.	Amount based on income. Term no longer than 1 month. High fees.
Buy Now Pay Later loans	Retail stores	Buy higher cost household items, such as furniture.	Pay in full by due date in one lump sum or instalments. Set up fees may apply. If the loan is not paid in full by the due date, high interest fees apply and go back to the date of purchase.
Rent-to-own	Retail stores	Buy higher cost household items and pay in instalments.	Terms and conditions vary widely. Fees can double the amount paid beyond the original cost of the item.
Consumer loan	Financial institution	Make large purchases (car, renovations, computer).	Receive a lump sum with a set interest rate and repayment schedule. Interest rates vary.
Mortgage	Financial institution	Buy house or other property.	Requires a down payment of 5-20%. Receive a lump sum with a set repayment schedule over many years (20-35). Terms of the agreement set for 1-5 years. Interest rates can be fixed or variable.
Student loan	Government	Pay for education (tuition, books, living expenses).	Low interest rates. Repayment begins after student leaves school. Amount depends on financial need.

Source: Canadian Centre for Financial Literacy

Your Credit Goals:

You may want to establish credit, improve your credit, get a lower rate on your credit card, or make a major purchase. Write down your goals and the tasks needed in order for you to achieve your goals.

Example:

GOAL: Get a lower rate on my credit card.

TO DO:

Read through my statement and confirm my current rate.

Research other card's interest rates.

Locate the customer service number on the back of my card.

Call and ask how I can lower my rate.

GOAL: _____

TO DO:

GOAL: _____

TO DO: _____

Credit Scores and Reports: Your Adult Report Card

Credit bureaus summarize your credit use in a report. The credit report is one of the main things lenders look at when they decide whether or not to give you credit.

A credit report contains your history of credit use, your credit ratings, and your credit score.

An easy way to think about how these relate to each other is to think of the credit bureau as a school. The credit report is your report card. The credit rating is your grades in each subject. The credit score is your overall grade point average.

How You Can Check Your Credit Report:

The safest way to check your credit report is by mail. Order your credit report from Equifax or TransUnion. You will need to provide copies of 2 pieces of government issued ID that show your current address. If your ID does not have your current address you will need to provide a copy of a bill with your name and current address on it.

Make an appointment today to request your credit report: _____

Correct Errors on Your Credit Report:

Before the credit reporting agency can make a correction on your credit report, it will have to contact the financial institution that reported the information.

If the financial institution agrees that an error was made, the credit reporting agency has 30 days to correct your credit report. If the financial institution says that the information is correct but you are still not satisfied, you can submit a brief statement to the credit reporting agency, explaining your situation. This statement is added to your credit report.

Financial Institutions are required by law to have a process in place to resolve disputes. To get information about the financial institution's complaint process, contact the Financial Consumer Agency of Canada 1-866-461-3222 or visit www.fcac.gc.ca

Credit Cards are a valuable tool to help you build credit as long as you pay off the balance each month. Note: Prepaid cards are not a form of credit (they charge you fees to access your own money!).

Annual Fee: not all cards have a fee. Cards with fees often offer some benefit, such as lower interest rates, insurance, reward programs, or higher credit limits.

Annual Percentage Rate: the interest you owe on the amount not repaid in full by the due date. If you do not pay your balance in full each month, you are charged interest from the moment you made the purchase.

Credit Limit: the maximum amount you can borrow on your credit card.

Grace period: the amount of time you have to pay the balance on the card before you are charged interest. The grace period must be at least 21 days. If you pay in full by the due date, you will never be charged interest.

Minimum payment: the smallest amount you must repay, usually 2% to 10% of your balance owed. If you only make the minimum payment, the interest compounds. That can make the actual cost of your debt very high. In addition, making more than the minimum payment is better for your credit rating.

Rewards programs: points or cash back that you can redeem for goods services or travel.

Insurance: for rental cars, major purchases, travel, life insurance. Some offer balance protector insurance that will pay your card off if you lose your job or die.

Cash advances: allow you to borrow cash from your credit card. There is usually no grace period, and there is usually a higher interest rate.

Choosing a Credit Card: the Financial Consumer Agency of Canada offers a handy -dandy credit card selector tool. Visit: <http://www.fcac-acfc.gc.ca/> and check it out!

Try to stick to just one card. Use the card every once and a while. Keep it open—the longer you keep you account open and use it responsibly the better your credit history.

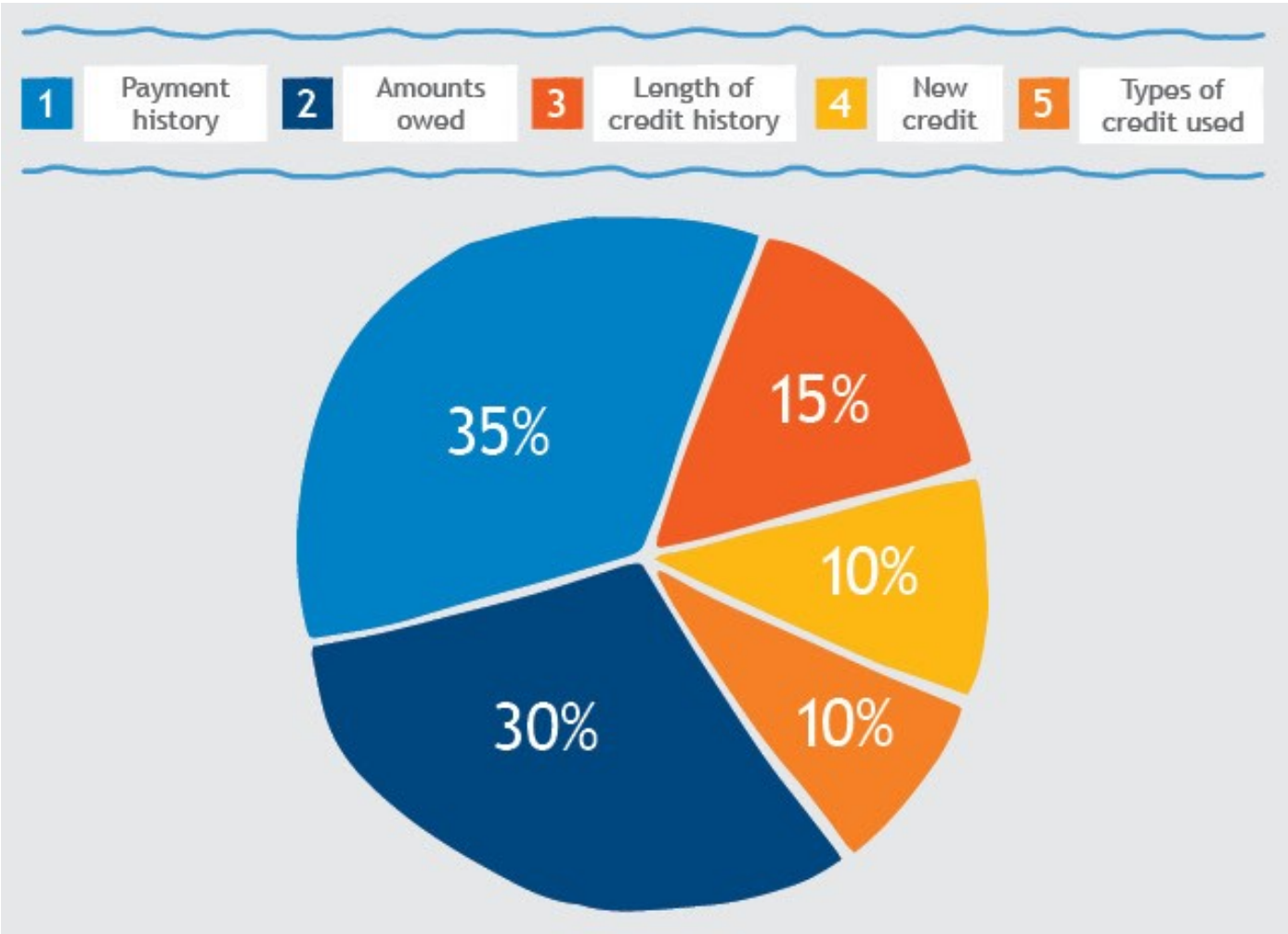
Adapted from: Canadian Centre for Financial Literacy

Handout 6-2: Credit Card Features

How to Use (not Abuse) Credit Cards

	Do	Don't
<u>Use your credit card occasionally.</u>		
<u>Have more than 2 credit cards.</u>		
<u>Apply for multiple credit cards.</u>		
<u>Apply for store cards to get a one time discount.</u>		
<u>Shop around for the best interest rates.</u>		
<u>Make only the minimum payment.</u>		
<u>Close your account after it's paid off.</u>		
<u>Carry a balance.</u>		

Building Credit with Your Credit Card: the 5 factors



Debt: How Much is Too Much: The 20 / 10 Rule

The 20 Rule: Maximum Balance Owing

$$\frac{\text{Annual Net Income (after Taxes)}}{\text{Max. Balance You can Afford}} \times .2 =$$

The 10 Rule: Maximum Monthly Payment

$$\frac{\text{Monthly Net Income}}{\text{Max. Monthly Payment}} \times .1 =$$

Does this seem like a realistic amount to carry? Why or why not?

Debt Problem Warning Signs:

you continually go over your spending limit or you use your credit cards as a necessity rather than a convenience

you are always borrowing money to make it from one payday to the next

your wages have been garnisheed to pay for outstanding debts

creditors pressure you for payment, threaten to sue or repossess your car, furniture or television, or hire a collection agency to recover the money for them

utility companies cut off service because your bills have gone unpaid

Defeat Debt in 9 Steps:

Step 1: Stop Using Credit

Step 2: Collect your Debt Information. The total, the minimum monthly payment, the interest rate, and the term for repayment.

Step 3: Rework your budget. Reduce expenses, sell assets, or pick up extra work. After housing and food costs, live frugal and dedicate most of what's left to debt repayment. Consider what you are gaining not what you are giving up.

Step 4: Negotiate and Consolidate. Speak with your creditors to see if you can lower your interest rates or combine all of your individual balances owing into one with a lower interest rate.

Step 5: Make a Debt Repayment Plan. Use the snowball method: organize your debts by interest rate. Focus most of your payment efforts on the debt with the highest rate. Pay the minimum payments on everything else. When the first balance is paid off, add that same payment to the next highest interest debt.

Step 6: Stick to your Plan. Set up automatic payments.



Get Motivated! Write the amount you owe on a sticky note and attach it to your credit card as a reminder every time you pull out the card.

Read blogs, websites, and books of people who have paid off their debt. Use the library.

Socialize with others who have similar goals.

Defeat Debt cont'd: When to Call in the Pros

These options will have a negative effect on your credit.

Step 7: Credit Counselling, Debt Repayment Program

The credit counsellor will negotiate with your creditors for you and you will make one payment each month to the credit counselling society that will be divided among all of your creditors. Credit Counselling Society of BC: www.nomoredebts.ca 1-888-527-8999

Step 8: Consumer Proposal

If the amount that you owe is less than \$250,000, you can work with a bankruptcy trustee. They will help you to put together an offer to your creditors. The offer reduces your balance owing and allows you to pay them off within five years or less.

Each creditor has one vote. Together, they can decide whether to accept or reject your proposal. If they accept it and a court approves, you can put your plan in place. You are then protected from any further legal action to collect on debts.

This option requires you to pay a fee that is included in your installment payments. You must also attend credit counselling.

Step 9: Bankruptcy

This is a legal process where you declare yourself unable to pay your debts, or 'insolvent'. You have to work with a licenced trustee. You must also attend credit counselling. The trustee may force you to sell assets, such as art, jewelry, antiques, a car, or even your house. The money is used to pay back your creditors. There is a fee to file for bankruptcy that is paid in installments over the process (approx. 1 year).

The process will discharge you from paying *most* of your debts. Some debts like cars, mortgages, child/spousal support, court fines, and student loans (unless you've been out of school for 7 years) are excluded. Yes, it's bad for your credit rating, but your credit rating may already be a disaster if you are months behind on payments and collections are contacting you.

In some very limited cases, no action may be needed

If you have no income or possessions, your creditors may not be able to collect any money from you to repay your debts. Or if your debts are more than six years old, or if you haven't made any payments or admitted your debts in writing in the last six years, and creditors haven't taken any legal action, they may have lost the right to sue you. But you should speak to a lawyer first before doing nothing. Source: BC Bar Association

Creditor Communication Check List:

To help things proceed as smoothly as possible, if you send a letter to your creditors making a special request, it would be a good idea to follow this checklist:

- ☐ Make a list of all of your current sources of income.
- ☐ List all of your weekly and monthly expenses – include all of your spending. Don't forget to include a monthly estimate of your necessary seasonal expenses.
- ☐ Consider your assets – what may be at risk if you are not able to pay.
- ☐ Find out if any of your debts are co-signed, joint or guaranteed. If you are not able to pay, the other person(s) may have to.
- ☐ Gather your supporting information. Prepare a brief summary of your expenses.
- ☐ Write a letter to your creditors to briefly outline your situation.
- ☐ Fax or mail your letter and supporting information to your creditors. Keep proof that they received it.
- ☐ Follow through with all commitments you outlined to your creditors in a timely manner. Make a note on your calendar if you need to send a payment or when you need to provide an update as to your situation.

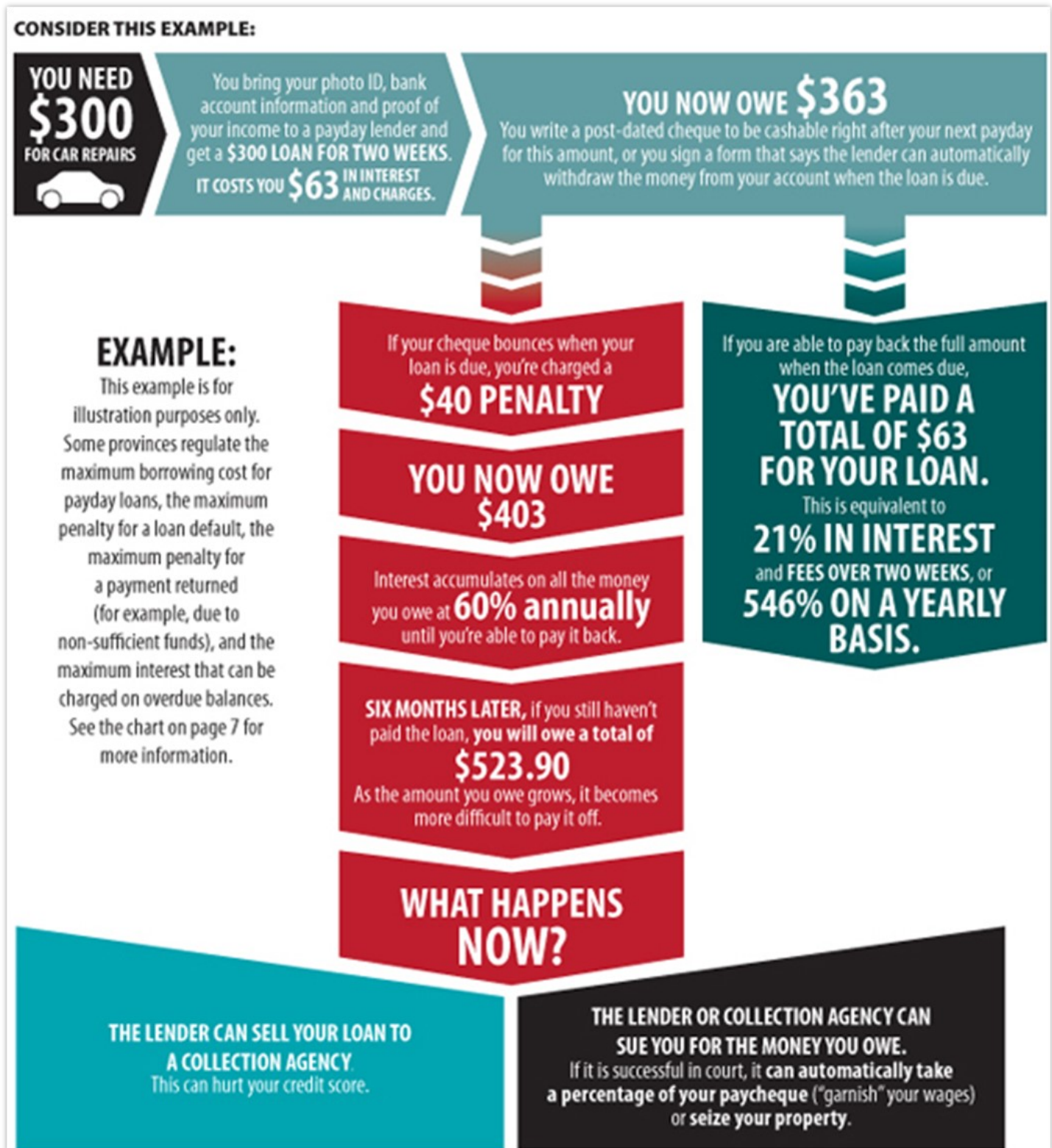
Please Note: If you have not made payments on a debt in some time and you contact a creditor in writing, either on your own or with one of the sample letters in this workbook, in some provinces that may constitute "acknowledging the debt," and restart the statute of limitation in the same way making a payment does.

Always use the term "alleged debt" when speaking with collectors or creditors. Sometimes they may try to get you to verbally acknowledge the debt. This, too, could restart the statute of limitation.

The statute of limitation that determines how long a creditor has to collect on a debt that is no longer acknowledged by the debtor varies by province and ranges from 2 to 10 years.

Credit reporting agencies also report debts on your credit report based on the date of last activity on the debt. After 6 years

The Cost of a Payday Loan:



On March 23, 2012 Consumer Protection BC ordered Cash Store Financial Inc., aka The Cash Store or Instalogs, to refund unlawful fees charged to customers for cash cards.

British Columbians who were overcharged for payday loans from The Cash Store or Instalogs are eligible for refunds estimated to total approximately \$1 million.

Visit: www.consumerprotectionbc.ca for more information.

Your Savings Goals

Goal setting steps:

1. Define a couple of concrete goals: one for the medium term (this year) and one for the longer term (beyond a year). If you have a family, discuss your goals so that you can work together to achieve them.
2. Research the cost.
3. Decide when you want to achieve the goal. That is your timeframe.
4. Calculate how much you need to save each month.
5. Do a 'reality check'. Can you afford to save this amount?
6. Make Adjustments if you need to. You may need to increase your savings time frame or look for ways to decrease your monthly expenses or increase your income. Write down your personal commitment toward saving for your goal.
7. Follow through!

Medium Term Goal: _____

How:	When?

Long term Goal: _____

How:	When?

Financial Record Keeping

Here are some important papers and records. You should keep them in a safe place and organize them so that you can find what you need. The chart shows their “shelf life” - how long you should keep them.

Remember: For safety, shred or destroy important papers before you throw them away.

<u>Papers/Documents</u>	<u>Shelf Life</u>
Pay stubs	After receiving your T4 and paying your taxes for that year
Birth certificates and other ID	Keep for life
Monthly bills with confirmation of payment	Keep for at least one year
Receipts for major purchases	Keep until past return date or warranty date
Warranties and guarantees for items you buy	Keep until the warranty expires
Medical receipts	Keep for at least a year. You may be able to use them for your tax return
Bankbooks and statements	Keep at least a year
Unused cheques or copies of cancelled cheques	One year - or six years if used as receipts for tax purposes
Investment papers and statements	Keep for as long as you own the investment
Credit card statements	Keep minimum one year or seven if used as a record of expenses for tax purposes
Leases (lease to buy), loan and mortgage papers	Keep until paid off. Keep the receipt of initial payment
Tax returns, notices of assessment, tax related receipts	Keep for six years
Insurance papers	Keep for the life of the insurance policy
Final will and testament	Keep for life

Consumer Quiz

What kind of consumer are you? Circle your answer

1. Before making a major purchase, I research the product, the company that makes it, and find reviews from people who've purchased it.

- A) Always B) Sometimes C) Never

2. I bring a list when I grocery shop so I won't be tempted to buy things I do not need.

- A) Always B) Sometimes C) Never

3. I check a store's return and refund policy before I buy things.

- A) Always B) Sometimes C) Never

4. I use coupons or look for sales before I shop.

- A) Always B) Sometimes C) Never

5. I stock up on things I need during sales or at bulk stores.

- A) Always B) Sometimes C) Never

6. If I am not satisfied with something I bought, I return it for a replacement or refund.

- A) Always B) Sometimes C) Never

7. When I shop for food, I compare the quantity to the price (the unit price) to make sure I get the best deal.

- A) Always B) Sometimes C) Never

8. I try not to make impulse buys, or buy things for emotional reasons, like "I deserve it!"

- A) Always B) Sometimes C) Never

9. I compare products before I buy to find the best price.

- A) Always B) Sometimes C) Never

10. If I have a question about a product, I ask a salesperson about it until my question is answered.

- A) Always B) Sometimes C) Never

11. I keep my receipts to keep track of the things I buy, and so that I can return them if needed.

- A) Always B) Sometimes C) Never

12. Name brand do not affect my buying choices. I buy whatever is the best quality at the best price.

- A) Always B) Sometimes C) Never

See page 30 for answer key

Consumer Quiz Answer Key

Count the number of As, Bs, and Cs you circled

If you answered mostly As:

You are a smart shopper. You think about your purchase and educate yourself before buying. You do not buy just for the sake of spending. You make the most of your shopping dollar. You know your rights as a consumer and you make sure you do not get cheated. While you may already know a lot of what this workshop covers, there is always room to learn more.

If you answered mostly Bs:

You have a good head on your shoulders when it comes to shopping. But paying a bit more attention to how you are spending your money could help you save more. You may want to learn more about your consumer rights. Perhaps you need to track your spending more often. This workshop will give you some ideas about areas where you can improve when it comes to your consumer habits.

If you answered mostly Cs:

This is a great workshop for you! You might want to rethink some of your spending and shopping habits. You could likely save money if you took the time to research deals before you buy. You also might want to learn more about your rights as a consumer to make sure you are not getting cheated. This workshop has tips that can help you improve in all these areas.



Places to Save Your Money - Where You Can Save Your Money in Canada

High Interest Savings Accounts

These types of savings accounts are usually more restrictive than regular savings accounts, but they pay a lot more interest. Make sure that your bank or credit union is paying you a competitive rate (you can't negotiate but you can move) and then save away. These types of accounts are usually safe, convenient and their interest rates usually move up as bank interest rates move up.

Term Deposits or Guaranteed Income Certificates (GICs)

If you know that you are not going to need your savings for a year or more, consider putting your savings into a Term Deposits or GIC (they are pretty much the same thing). These are a great way to try to get more interest on your money than a High Interest Savings Account can offer. However, this is not always the case, but it pays to check. Most banks and credit unions will allow you to put your money into a Term Deposit or GIC with a thousand dollars or more.

Tax Free Savings Account (TFSA)

For most Canadians, these are the best way to save. A Tax Free Savings Account is your own little tax haven. A TFSA is an official setup that shelters your investment from taxes. A TFSA account allows you to put up to \$5,000 a year into your tax shelter and not pay any tax on the interest that you earn or on the growth of your investment. Then when you take your money out of the TFSA, you don't pay any tax either. So now you don't have to sneak off to the Bahamas or the Cayman Islands to invest your money and protect yourself from taxes. The government has kindly brought the tax haven to you. Whether you are saving up for a car, a down payment for a house or your retirement, a TFSA is a smart way to invest.

Register Retirement Savings Plan (RRSP)

Before the Canadian government introduced the Tax Free Savings Account (TFSA), an RRSP used to be one of the best ways for many people to save. An RRSP is still a good way to save money, but it is now primarily meant to be a way to save for your retirement. You and your tax advisor (if you have one) will have to decide if an RRSP is right for you.

An RRSP is basically just a setup that shelters your investment from tax until you withdraw your money from the RRSP tax shelter. With an RRSP setup, you can choose to invest in a vast array or normal investments: savings accounts, term deposits, mutual funds, stocks, bonds, and other investments.

Tips to help you save money.

Here are some ideas to help you save money on both the needs and wants in your spending plan. Many of these options use bartering, swapping and trading. Some of these options may not work for you and that's fine. These are just some of the choices you have:

- Plant a garden. For the cost of seeds/starter plants, you can have a variety of vegetables that will last all summer (and winter if stored properly).
- Do a toy swap. Instead of buying your kids every new toy that comes along, consider trading videos, toys or sports equipment with another family a few times a year.
- Go veggie. Pile on the beans, lentils, pasta or rice and have vegetarian dinners twice a week. You'll shave about \$15 a week, or \$780 a year off your grocery bill.
- Pump it up. If your tires aren't properly inflated, they'll require more energy to roll, which wastes gas. Keep them properly filled and you'll save five per cent on fuel costs. That's \$104 savings on gas.
- Research free or inexpensive entertainment in your community. Use local newspapers and websites to learn about free or low-cost parks, museums, film showings, sports events, and other places which you and your family would enjoy.
- Bring your own reusable bags to the grocery store to avoid paying for plastic ones
- Don't put bras or underwear in the dryer. The heat breaks down the elastic and wears them out that much faster
- If your cellphone contract is up within the next few months, call the company and ask to speak to their retentions department. If you let them know you're considering switching to another provider, most are able to give you a deal better than you'll find advertised. It's an awesome way to get a good deal on your service

Tips for reducing telephone, cable, TV and Internet costs:

- Check that you need (or even use) all of the services or features that you're paying for.
- Reduce your long distance charges by using a different phone company or by making only emergency long distance calls.
- Cut back on, eliminate or pre-purchase cellular phone time. Be selective about giving out your cell number if you are paying per minute. Remember that you pay for incoming as well as outgoing calls.
- Cancel your landline if you only use your cellular phone.
- Consider Netflix instead of Cable or borrow DVDs from the Public Library.

Tips for keeping electricity and natural gas costs down:

- Turn off unused lights and electrical equipment.
- Use energy efficient light bulbs..
- Check the seals on your oven, fridge and freezer. Even a small gap lets out heat or cold.
- For maximum efficiency, hot water tanks should be set no higher than 50 degrees Celsius, refrigerators at 3 degrees Celsius and freezers at -18 degrees Celsius.
- Clean furnace filters regularly. Check filters at least once a month. Replace disposable filters or clean the permanent ones whenever they appear dirty.
- Use an electric heater only until the chill is gone from the room. An electric heater can cost up to \$50 a month to heat one room.
- Move all furniture at least 30 cm away from heaters and registers to make sure the heat is flowing efficiently.
- Close the drapes as soon as the sun goes down in winter to keep warm air in the room.
- Use small portable fans in the summer to cool parts of the house rather than keeping the furnace fan on all day.
- Use “door socks”—long snake-like pieces of material stuffed with sand or birdseed—to stop drafts under exterior and interior doors.
- Use an outdoor timer or power saver cord on your vehicle’s block heater and save up to \$20 per month. A vehicle only needs to be plugged in for three hours before starting, even on the coldest day.

BC Hydro PowerSmart for low-income customers:

Access Energy Saving Kits or the Energy
Conservation Assistance Program

BCHydro.com/PowerSmart



Buying food is not optional, but how much you spend on it can be.

There are a lot of options for reducing your food bill. Meat is usually one of the most expensive items we buy—consider adding some meat alternatives to your repertoire. You can substitute other protein items like peanut butter, dairy products, lentil and beans. If fresh milk is too large a part of your food budget, you can try alternatives like skim milk powder. Plan your meals for a week at a time and then shop just once a week. Plan your meals based on the grocery store flyer and what you already have in your cupboards.

- Never shop when you're hungry.
- Make a list and stick to it.
- Take advantage of coupons, but only for items you need. Use coupons, rebates and frequent shopper programs. Check discount bins.
- Save money by purchasing tougher cuts of meat and marinating, tenderizing or slow-cooking them. One pot-roast can yield several meals: shepherd's pie, sandwiches, tacos...
- Choose a warehouse or superstore for bulk buying.
- Compare the unit prices on items: the unit price can be found on the price label.
- Learn to be a label reader and watch the scanner at the cash register to catch any errors.
- Bring your store flyers with you to confirm prices and to get your store to match competitors' prices, if possible.
- Participate in a collective kitchen, where four or five people budget, plan, shop for and prepare four to five meals per month. At the end of the cooking session, each person goes home with several nutritious, low-cost meals ready for the freezer. Join an existing collective kitchen (several agencies provide these) or start your own with family, friends and neighbours.
- Cook at home more often. Don't throw food away! Freeze fruit, veggies, and leftovers for soups and smoothies or fruit popsicles.



Hungry for more ideas? The Public Library has tons of budget cookbooks as well as personal finance books with more ideas to live cheap!

This or that? Which common items are budget friendly?



Or



Or



Or



Or



Which items do you think are the most healthy?

Aboriginal Business & Community Development Centre

Business Planning & Financial Literacy



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