Implementing a Financial Literacy Program in a Correctional Institution for Adult Male Federal Offenders

By

Emilie Russel

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Abstract

The Manage Your Money (MYM) program was originally developed in 2009 by Enactus members of St. Lawrence College to help meet the provincial requirements of the local Family and Children Services. In 2015, Correctional Service Canada approached Enactus to provide the MYM program to federal male offenders in correctional settings to address the offenders’ financial literacy need. The MYM program materials (workbook and facilitator manual) were modified to address specifically the needs of the offender population. The program was delivered in a correctional setting with 11 offenders for a total of five sessions over the course of three weeks. All 11 participants and 5 correctional staff members completed a needs assessment survey prior to the beginning of the program. Results of the needs assessment helped to identify areas of financial literacy specifically related to the participants that should be addressed when delivering the program. On the last day of the program, participants completed a participant feedback questionnaire to rate their satisfaction with the MYM program and comment on the delivery and content of the program. Results of the feedback questionnaire show that the MYM program was in fact meeting needs of the offenders by providing them with basic financial literacy education. While the intent of the MYM program was to provide skills for offenders to use once released into the community, offenders began using the skills while still incarcerated. Recommendations for future research include delivering the MYM program in the institution with pre and post-test to evaluate the participants’ acquisition of financial knowledge. In addition, it is recommended that the MYM program expands into the community so that it is available to offenders once on parole.
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Chapter I—Introduction

Correctional programs continue to prove to be successful and ultimately reduce the risk of recidivism for offenders once integrated back into the community. Correctional Services Canada (CSC) provides structured programs to challenge factors which play a significant role in offenders’ criminal behaviour (Correctional Service Canada, 2009). CSC programs target areas such as social, educational, vocational and mental health domains which are ultimately designed to address individual offender criminogenic needs; the primary goal of CSC is to provide rehabilitative offender programming to help offenders safely re-integrate into the community as law-abiding citizens.

Upon institutionalization, offenders are required to complete the Offender Intake Assessment (IOA) consisting of two main components. The first component is the criminal risk assessment, which rates an offender’s level of risk as low, medium, or high based on static risk information as a result of the Statistical Information on Recidivism Scale (SIR). The second component is the Case Needs Identification and Analysis (CNIA) component, which reviews and scores the severity of seven dynamic need areas, which comprise of employment, marital/family, associates/social interaction, substance abuse, community functioning, personal/emotional orientation, and attitude (Taylor, 1998). A subcomponent to the community functioning dynamic factor is financial instability. Due to dynamic factors being changeable, offenders, if motivated to do so, can change. More specifically, the social learning theory, according to Bandura (1993) asserts that behaviour is learned and therefore, can be unlearned. Many offenders lack the necessary skills for effectively managing their finances previous to incarceration, during incarceration and upon institutional release. Once released into the community some offenders immediately encounter a multitude of challenges, such as poor interpersonal skills, poor cognitive or emotional functioning, and poor financial management. Factors, such as low income, large debts, poor budgeting, and minimal banking experience all contribute to a deficiency in financial literacy, particularly with offenders in comparison to non-offenders (Koenig, 2007). Barriers, such as having a criminal record, can impose a risk providing limited opportunities of legal employment (Visher, Winterfield, & Coggeshall, 2005). Deficiencies in the criminogenic need area of employment and community functioning contribute substantially to the ability to gain legal, financial income and results in crime. Attaining legal employment upon institutional release is a key predictor to successful re-integration. In addition, having the skills and tools to appropriately manage personal finances will contribute to maintaining legal employment, securing suitable housing, and provides over-all balance in one’s life. Due to insufficient work history, underprivileged neighbourhoods and difficulty accessing banking services, ex-offenders often do not possess the necessary financial management skills (Martin, 2011).

Financial literacy is an imperative life skill that is beneficial when making financial decisions and attaining goals in terms of financial matters. According to Remund (2010), “Financial literacy is a measure of the degree to which one understands key financial concepts and possesses the ability and confidence to manage personal finances through appropriate, short-term decision-making and sound, long-range financial planning, while mindful of life events and
changing economic conditions” (p. 284). Providing a financial literacy program to offenders may increase their financial knowledge, skills, confidence and contribute to successful community functioning. The financial industry is developing and becoming more complex; therefore, experts recognize that the key to financial security is an understanding of basic finances (Mandell & Klein, 2007). Providing a financial literacy program to offenders with upcoming parole will enable offenders to become familiar with current information pertaining to finances. A financial literacy program can help bridge the gap for offenders who may have been incarcerated for a significant amount of time and need to be informed of the changes occurring in the financial industry.

For this purpose, the Manage Your Money (MYM) program (Wilcock, 2014) will be used to teach offenders the basics of managing personal finances. The Manage Your Money (MYM) program is a financial literacy program that is geared towards young adults living in the community. The manual is written at a grade eight level, which is higher than the average offender reading level. The MYM program is geared to a younger population, therefore many of the MYM workbook examples and materials focus on financial matters associated with young adolescents. The aim of the thesis project is to revise the current MYM workbook and facilitator manual and make modifications where appropriate to fit certain offender needs. The key incentive is to provide offenders with current information pertaining to money management and emphasize the importance of financial literacy. The idea of the proposed thesis project is that after completing the MYM program using the modified version of the MYM workbook and facilitator manual, offenders will have enhanced their financial literacy. After completing the MYM program, it is anticipated that offenders will utilize their new financial knowledge and skills once released into the community.

The subsequent chapter will review the relevant literature supporting the importance of the Risk-Need-Responsivity (RNR) model including motivation to change, Adult Basic Education (ABE), and Financial Literacy Education (FLE). This information will include the importance of implementing a financial program specifically tailored to offender needs. The review will also discuss best practices used in standardized correctional programming for adult, male federal offenders to minimize recidivism. Following the literature review, the delivery methodology of the MYM program will be discussed, followed by an overview of the results including the presentation of the resource manual. Lastly, there will be a discussion, which will include a summary of the findings of the thesis involving the importance of a financial program for the offender population including strengths, limitations, contributions to the field of behavioural psychology, and implications for future research.
Chapter II—Literature Review

This literature review incorporates empirical peer-reviewed literature supporting the importance of the Risk-Need-Responsivity (RNR) model including motivation to change, Adult Basic Education (ABE), specifically adult learning principles, and Financial Literacy Education (FLE) to emphasize the significant impact money management skills can have on offenders. This information will include the importance of implementing a basic financial literacy education program specifically tailored to the needs of offenders awaiting parole eligibility. The review will also discuss the current best practices used in standardized correctional programming for adult, male federal offenders to minimize recidivism.

Successful re-integration is challenging for offenders. They must establish stable housing, find legal employment, and have access to resources available in the community. In addition to finding employment, ex-offenders must open a bank account, make payments and establish good credit. It is important for offenders to have financial knowledge prior to release especially due to the evolving complexities of today’s technology in the financial market. According to the Correctional Services Canada (CSC) Citizen Advisory Committee (CAC) for the Winnipeg Parole Office and Osborne Community Correctional Centre, financial literacy skills should be incorporated in correctional programming. Currently, government and non-profit organizations in the United States and England have implemented components of financial literacy education skills in correctional institutions.

Jones (2006) researched the effectiveness of a Financial Skills Training (FST) program delivered at Her Majesty’s (HM) Prison in Liverpool, England between August and December 2006. The program was designed with reference to the Adult Financial Capability Framework (AFCF) and followed the Adult Literacy and Numeracy Core Curriculum. The program was delivered by a professional community education specialist in partnership with the Citizens Advice Bureau (CAB). The CAB is located at the Prison Resettlement Unit and is accessible to offenders and their families for services such as training and advice. The program booklet “Money Matters” was designed to be used during the program and given to each participant to keep as a resource. The objective of the research was to learn from staff experiences and offender experiences to further develop financial capability education in prisons in the future. A total of 51 offenders with varying backgrounds in education and financial knowledge volunteered to participate in the program which took place for the duration of one week. The program focused on empowering participants to engage in positive financial behavioural changes. The purpose of each session was to enable offenders to reflect upon their past financial experiences and choices and recognize strategies to help plan for a better financial future. An informal educational approach was used allowing for open discussion and interactive exercises among offenders. This approach was valued by the participants and they further expressed that their opinions and ideas were valued (Jones, 2006). Throughout the duration of the program, offenders had access to seek CAB members in the prison in regards to financial advice and where to find the resources upon institutional release. Of the 51 original participants, 36 completed the program successfully and 36% of completers sought financial advice within the prison. At the end of the program a feedback questionnaire was completed by the participants...
regarding the delivery of the program and program content. In conclusion 100% of the participants agreed “there is a need for it” and suggested that the program should be repeated. The project demonstrated both the relevance and significance of financial capability training for offenders and the need for more support for such a program in the institutional setting.

Call, Dyer, Wiley, and Day (2013) further stress that there is relatively little research that addresses offender financial education needs. A study involving twelve male offenders was completed to assess offenders’ perceived financial education needs using qualitative methods in the form of three research questions; Perceptions of Personal Financial Education Needs, Perceptions of Other Inmates’ Financial Education Needs, and Perceived Barriers to Financial Education Delivery. Participants were divided into three groups based on their score on the financial knowledge assessment (5 with low knowledge, 4 with moderate knowledge, and 3 with high knowledge). Individual interviews lasting between 40 minutes to 2 hours involved open-ended questions and were documented using a recording device. The recordings were transcribed, coded, and analyzed to identify recurring themes within the participants’ answers. Participants answered the first research question stressing the importance of financial education and mentioned that most offenders are incarcerated as a result relating to financial matters. Participants also indicated an interest in learning more about self-employment and entrepreneurship such as how to manage a small business which related to the interest of budgeting and managing finances. The second research question generated answers for specific financial education needs; saving was the most predominant theme, followed by investing. The third research question explored perceived barriers which produced answers like system distrust such as having to disclose information with financial institutions and distrust of institutional staff. As a result of all three research questions, Call et al. (2013) validated the importance of encompassing participant interest and needs for effective financial education programs.

The Risk-Need-Responsivity (RNR) Model
The Risk-Need-Responsivity (RNR) model generated by Andrews and Bonta (2010) is an evidence-based framework recognized for furthering correctional research into practice. The RNR model is concerned with the importance of addressing appropriate treatment interventions for offenders to reduce the risk of recidivism (Andrews & Bonta, 2010). The risk principle states that the intensity and quantity of treatment should match the level of risk to reoffend and the need principle states that criminogenic needs identified in the assessment process should be treated as rehabilitation targets (Public Safety Canada, 2014). Two categories fall under the responsivity principle. First, the general responsivity principle states that the treatment delivered to offenders should be cognitive-behavioural in nature. Second, the specific responsivity principle states that in rehabilitation, CBT should be tailored to the specific characteristics of the individual, taking into account variables such as cultural norms and learning styles of the participants (Public Safety Canada, 2014). In order to adhere to the responsivity principle, delivery of a program should seek to address individual learning styles while remaining sensitive to the gender and culture of offenders (Hollin, 1999).

Adult Learning Principles
Knowles (2006) states that the majority of adults who want to experience learning want to create change whether it is in their skills, behaviours, or their attitude. It was theorized that adult learners have five distinct and unique characteristics. First, self-concept is introduced as a
person moving from a dependent personality to becoming a mature self-directed human being. Second, experience becomes a growing source of resource as a person matures. Third, readiness to learn is acquired when a person becomes oriented in the developmental tasks of one’s social roles. Fourth, orientation to learning is associated with problem-centered learning rather than content-centered, and lastly, motivation to learn is developed when adults respond better to internal motivation versus external (Knowles, 2006). Ghorbani, Khodamorabi, Bozorgmanesh, and Emami (2012) assert, the best motivators for adult learners are strong interest and self-benefit. Typical motivators include job enrichment, adapting to community changes, a desire for better money management skills, or a need to strengthen old skills. In relation to motivation for improved personal finances, Taylor, Tisdell, and Forté (2012) state that understanding underlying assumptions of one’s own beliefs and values can assist learners to become advocates for their personal finances and financial behaviour change.

Adult Basic Education (ABE)

Muirhead and Rhodes (1998) identified two main assumptions about Adult Basic Education (ABE) and literacy training in correctional institutions in the Ontario region. The first assumption was that improved literacy skills relate to improved employability, and therefore decreases recidivism rates. Secondly, it was assumed that offenders are functionally illiterate. A total of 5,186 federal offenders between April 1992 and July 1996 were admitted to a regional institution. Of the 5,186 offenders, there was a total of 252 refusals and 121 tests that could not be accounted for. As a result of the testing a total of 79.7% of federally sentenced inmates between April 1992 and July 1996 were found functionally illiterate. Furthermore, 67.9% of inmates had a reading level of grade 8 or lower, 19.1% found to have a reading level of grade 6 or lower, 10.9% at a grade 12 reading level, and 9.8% at a post-secondary reading level. These findings strongly reinforce the relationship between illiteracy and recidivism. Furthermore, Muirhead and Rhodes (1998) affirm the importance of ABE and literacy training for reducing recidivism. Taylor, Tisdell, and Forté (2012), emphasize the need for Financial Literacy Education (FLE) programs and recognize that these programs should tailor to the specific needs of the participants. The results of Muirhead and Rhodes (1998) demonstrated that often offenders are functionally illiterate which is a characteristic that studies do not always take into consideration. FLE studies are more concerned with the effectiveness and content of the program rather than the demographics of the program participants (Muirhead & Rhodes, 1998). Therefore, to increase program effectiveness, the material should be modified to the level of learning of the average inmate and should provide relevant examples specific to the circumstances of this population.

Financial Literacy Education

Sherraden and Grinstein-Weiss (2015) expressed that, in recent national surveys Americans’ financial knowledge and skills were falling behind the demands of financial life. In addition, people need both financial ability and financial inclusion. Financial ability is having the knowledge and skills to manage personal finances, while financial inclusion involves applying safe and appropriate financial policies, products and services. Due to people not advancing at the same pace as the financial world, an attempt to increase financial capability was completed in the context of three trends with the focus of targeting young persons (Sherraden & Grinstein-Weiss, 2015). First, people become comfortable and are unprepared to use alternative financial products, or have yet to become familiar with the ever evolving financial technologies. Second, youth
experience intense financial decisions sooner in life than the previous generation. Often, they are unprepared and unaware of the implications involved with making such critical financial decisions. The third concept states that young and minority families struggle financially. Benefits such as insurance or retirement savings are often not included with low income jobs and low income families. Sherraden and Grinstein-Weiss (2015) assessed the abovementioned three trends through financial socialization and financial education, financial advice and guidance, as well as financial inclusion, and financial protection. The trends served as building blocks for financial capability and had a positive effect when targeting young individuals. More importantly an early start to learning the basics of financial literacy contributed to financial success.

Zhan, Anderson, and Scott (2006) state that, due to an increase in recognizing the importance of financial literacy and its role for promoting economic well-being, there is greater interest to improve long-term self-sufficiency among welfare recipients and the working poor. Many offenders come from a low-income background and often return to it upon institutional release given their limited financial means (Martin, 2011). As a result of financial difficulties, some ex-offenders find themselves seeking financial support from family and friends which can last from several months to many years after entering the community. In the event that ex-offenders are fortunate enough to obtain legal employment, they still continue to struggle financially once released from the institution as they may have outstanding fines, child support payments, and court fees (Martin, 2011). Several studies suggest the effectiveness of employer-based programs and the positive impact financial programs had on employees’ personal money management (Clark & Shreiber, 1998; Garman, Kim, Kratzer, Brunson, & Joo, 1999). In addition, other studies determined that school-based financial training for youth had positive effects on financial knowledge and behaviour (Barrese, Gardner, Thrower, 1998; Boyce et al., 1998). Furthermore, Zhan et al. (2006) assert that although financial programming is available to the general public, low-income individuals often are not presented with the same opportunities. For example, low-income youth are more likely to drop out of high school before being exposed to financial programs, meanwhile low-income adults are more likely to work for employers that do not offer retirement benefits or workplace financial education. Zhan et al. (2006) assessed five areas of financial knowledge: predator lending practices, public and work related benefits, savings and investing, banking practices, and credit use and interest rates. A total of 163 low-income participants completed the program with 54% correct responses on the pre-test and 74% correct answers on the post-test. It was found that individuals with less experience improved their knowledge more than the other participants. These findings suggest both a need for and the potential benefits of financial education programs.

Financial Literacy Education and the Offender Population

Carlson and Cervera (1992) found that financial problems were one of the most common stressors faced by offenders and their families. Koenig (2007) was the first published financial knowledge assessment completed with the incarcerated population. A total of 17 self-referred offenders completed a financial knowledge assessment in an attempt to tailor a financial literacy program to offender backgrounds and needs. The assessment was an adapted version of the JumpStart Coalition for Personal Financial Literacy’s survey and used both a pre-test and post-test which generated participant scores of 37% to 90%. The following four domains were explored: financial problems, savings or debt, banking, retirement, housing, and automobile ownership and financing. Although the majority of participants had either a checking or savings
account, most reported that they held a zero or negative balance in savings. Furthermore, the majority of offenders reported they had debt of some kind including court and restitution fees, child support, and medical bills), a finding that is well-supported in other research (Cammett, 2006; Arditti, Lambert-Shute, & Joest, 2003). Only four of the men had ever had a bank loan or credit card and only two men owned their own home or began to save for retirement (Koenig, 2007). This low knowledge of savings and investing can be related to the low-income backgrounds that many incarcerated individuals possess, as previously stated in other research which suggest that low-income households may lack access to establishments that promote saving behaviours (Beverly & Sherraden, 1999).

Nilsson (2003) suggests that offenders in comparison to non-offenders have less access to fundamental resources, and a greater accumulation of resource deficiencies. For example, in a thorough review of resources, Nilsson (2003) assessed the effects of living conditions on recidivism for 346 male and female offenders. Data was gathered on participants’ education, employment, financial situation, housing, social relations, personal safety, and health. The study consisted of a 3-year follow-up period during which time these factors were assessed for their impact on recidivism. The results from this study indicate that recidivism was most closely related to deficiencies in education and employment. Housing and financial situation also had a statistically significant relationship with recidivism, but to a somewhat lesser extent (Nilsson, 2003). It should also be noted that the greatest impact on recidivism was found when participants demonstrated an accumulation of the above noted factors. This is not surprising given that success in the areas of education and employment certainly contribute to housing opportunities and financial stability.

Galchus (2014) reiterates that released offenders often return to low-income neighbourhoods where employment rates are low and crime rates are high. Although steady employment provides a source of income, Martin (2011) states that income addresses only the short-term needs of offenders. Galchus (2014) further explains that instead of solely focusing on employment there should be a focus on asset accumulation which will meet the long-term needs of offenders. Assets such as putting a down payment on a house or buying a car can be very beneficial especially in the event of an economic crisis. However as stated above, released offenders that are financially illiterate will face numerous barriers which can contribute to recidivism. Galchus (2014) recognizes that currently a national movement in the United States to promote financial literacy education for incarcerated offenders does not exist. The idea of having a pre-release financial literacy training program for offenders was developed through a financial capability survey that includes 43 questions. This survey was completed by 299 incarcerated male offenders and compared to the results of the 2012 Financial Institute Regulatory Authority’s (FINRA) National Financial Capability Study which included 211 Arkansas males (non-offenders). Questions on the survey explored the differences in the level of financial knowledge and differences in financial history and experiences as well as general demographic questions. The survey data showed that the financial knowledge of offenders was relatively lower than that of the general FINRA population (Galchus, 2014). These findings suggest that a comprehensive financial literacy program should be developed for offenders prior to release or if they are soon eligible for parole.

In terms of correctional programming, Bates (2005) modified the Life Skills Project by adding a life skills component to the existing three programs (domestic violence counselling,
substance abuse treatment, and vocational training) targeting both male and female offenders. The added life skills modules included family relationship development, counselling education, job and vocational training, and a personal financial management component. A total of 3,063 offenders participated in the project either voluntarily or by court order. Data was collected by using a total of nine pre and post-tests. By adding the additional life skills component, areas in all three pre-existing programs were enriched. Furthermore, the pre and post-tests demonstrated a positive increase in the employability, personal money management, pathways to change, and parenting classes. After completing the program, offenders were additionally offered a transitional program upon release from the institution and overall demonstrated a decrease in recidivism rates (Bates, 2005).

**Summary**

Many studies strongly indicate that financial problems contribute to offending and thus presents as an important criminogenic need, however, financial knowledge and experiences within the formal economy is largely overlooked with the incarcerated population. Although specific needs assessments are likely already occurring similar to Koenig’s (2007) assessment survey, it remains important to expand needs-assessment literature to further inform financial literacy education efforts that are already happening. While the current literature supports a need for financial education, no empirical research is being completed to advocate the effects such programs have on offenders being released into the community. Providing offenders with the opportunity to become more knowledgeable in managing their personal finances contributes to a lower rate of recidivism and a higher rate of successful re-integration which benefits both the offender and society as a whole.
Chapter III—Method

Participants and recruitment procedures

The participants of the Manage Your Money (MYM) program included a total of 11 male federal offenders, age 18 years and older, in a minimum security correctional institution. The intent was that participants would be referred by their parole officer based on identified needs surrounding the criminogenic dynamic factors of employment/education and community functioning. A MYM flyer was created by Enactus members to provide information about the program, the start date, time, and contact information. The flyer was posted around the offender living units in the institution. Participants were either referred by their Parole Officer (PO) or self-referred themselves to participate in the program.

Inclusion/ exclusion criteria.

As inclusion criteria, the participants needed to have literacy skills at a grade 8 level or higher to comprehend the workbook material and program exercises (handouts) which required reading and answering questions. In addition, it was recommended that the participants participated in the MYM program as a way of preparing for parole. Exclusion criteria included participants who had prior CSC programming commitments or participants who could not attend all five MYM sessions.

Confidentiality and Informed Consent.

Due to the nature of the project, and consistent with established policies regarding offenders and confidentiality of both the institution and CSC no informed consent procedure was deemed necessary. The MYM program was/is not a core CSC program, therefore confidentiality and informed consent were not collected. However, participants were informed by the facilitators and in the Participant Feedback Questionnaire (Appendix C) that any information gathered through the questionnaires would be used to evaluate program content and delivery and may be shared with others involved in the Manage Your Money program and as part of academic requirements in the Behavioural Psychology program at St. Lawrence College.

Facilitators

The MYM program was delivered by two St. Lawrence College students (Behavioural Psychology degree program and Community and Justice Services diploma program) using all three MYM program delivery materials; the facilitator manual, the workbook, and the MYM Power Point presentation. A three-hour training session was provided to the two students by the Enactus member who currently delivers the MYM program to youth in the community. In addition, both students attended five, two-hour MYM sessions delivered in the community. In addition to the training session, the students were required to volunteer and practice delivering the MYM program in the community to vulnerable youth. Through delivering the program in the community, the facilitators learned how to build a professional rapport with the participants while maintaining a positive leaning environment.
Design
The MYM workbook and facilitator manual were designed to cover all the fundamental areas of financial literacy so that participants can acquire the knowledge to better interpret basic financial matters and resolve financial issues. Permission for use and modifications to the workbook and facilitator manual was received via e-mail and through verbal communication by Enactus, St. Lawrence College, Kingston, Ontario on 07/09/2015. The MYM workbook and facilitator manual were originally created to target young adolescents; therefore, minor changes were made to better fit offender needs, specifically managing finances once on parole in the community and accessing necessary financial resources. Changes such as making the topics relevant to adults rather than youth, providing current information regarding Ontario Disability Support Program (ODSP), information on low-income families, and adding a discussion on technological advancements in the financial world. Each participant received a workbook which provided additional exercises pertaining to the material that was discussed during each session of the program. In addition to a comprehensive literature review, several sources were contacted during the modification process of the MYM workbook. These sources included the author of both the MYM workbook and facilitator guide, as well as the other student co-facilitating the program. The revised version of the workbook will be reviewed and approved by Enactus members involved with the MYM program. Staff members at the institution such as parole officers, social programs officers, correctional programs officers and program managers will also be encouraged to share their input on the revised version of the manual. For this purpose, a summary of personal communications will be provided.

Measures
Random staff members at the institution were asked to fill out a Needs Assessment Questionnaire for Staff (Appendix A) prior to MYM workbook and facilitator manual modifications. A total of fifteen questionnaires were handed out to random staff members that work directly with offenders and a total of five questionnaires were competed. In addition, a one-on-one interview was conducted with each participant prior to commencing the MYM program. During individual interviews, participants filled out a Needs Assessment Questionnaire for Participants (Appendix B) and the information was used to make additional modifications to the MYM workbook and facilitator manual as well as any other additional changes to the program content. On the last day of the MYM program, participants were given the opportunity to fill out a Participant Feedback Questionnaires (Appendix C) to provide the facilitators with comments and opinions about the material and program delivery.

Setting and apparatus
The MYM program was delivered in the programs building at the minimum security institution in a regular sized classroom with desks and chairs. The materials required for this program included individual copies of the MYM workbook for each participant, two facilitator guides, a laptop provided by the institution, and writing utensils.

Procedures
The program was delivered in a correctional institution program room setting. A total of five, two-hour sessions occurred twice a week for a total of 3 weeks. The program was primarily delivered through verbal instruction and a PowerPoint presentation in conjunction with the facilitators’ guide. Group discussions also took place which allowed the participants to share and
exchange ideas amongst themselves in relation to the topics being discussed. If a session was finished before the 2 hour time period, participants were given the option to stay and work on the MYM workbook exercises in where the facilitators would be nearby to answer any questions.

Participants were informed that the expectation was to attend all five sessions, unless due to an illness or extenuating circumstance. If a participant missed one session, he/she could continue the program and was provided with a quick overview of the missed session by the facilitators in the following session. This review must be done at the discretion of the participant.

The MYM workbook (Appendix D) and facilitator manual (Appendix E) incorporate a total of five modules.

Module 1: You, Past, Present, and Future: This module allows participants to explore their personal beliefs and attitudes and associate these with how one might manage their personal finances. During this module, participants further explore their personality and attitudes and the influence these have on one's ability to manage money. Learning styles will be reviewed and the importance of setting SMART (Specific, Measurable, Achievable, Realistic, Timely) goals will be discussed.

Module 2: Cost of Living: Module two explains the cost of living (the average amount of money an individual or family can expect to spend on food, clothing, housing, heat, utilities, transportation, and other basic expenses). Following, the Cost of Living Adjustment is explained; a government protective program for citizens in regards to the cost of living. The anatomy of a paycheque (how net pay is calculated) is reviewed as well as the different types of possible income (salary vs. wages) and understanding the importance of filing tax returns. Participants also have the opportunity to distinguish between, needs, wants, and priorities and explore different types of purchases (impulsive, emotional, informed).

Module 3: Budgeting and Banking: This module describes the significance of personal financial management/budgeting and explains how to create a budget that reflects goals and specifies where money goes. Participants examine the difference between services offered by banks and credit unions. The specifics of account types are reviewed, providing participants with information so that they can make an informed decision when choosing between financial institutions and account types. In addition, information on interest, compound interest and Tax Free Savings Accounts (TFSAs) is provided.

Module 4: Borrowing: During this module, advantages and disadvantages of credit lines are examined and the importance of credit card terms and conditions is explained. Acquiring debt and the difference between what is considered bad debt and good debt (ex. an investment) is explained and the advantages of a debt management plan. Additionally, the dangers of pay day loans and cash advancements are explained and compared to other types of loans. Participants will then have the opportunity to review these topics through answering questions provided in the workbook.

Module 5: Staying on the Safe Side: Module five provides an overview of identity theft and fraud and how to prevent it. The importance of monitoring your information and how it can be accessed is explored and tips on how to protect personal information is provided. Participants are also informed on government savings and investment plans such as Registered Education
Savings Plans (RESP), Registered Retirement Savings Plans (RRSP), Tax-Free Savings Account (TFSA), and Registered Disability Savings Plan (RDSP). Furthermore, the fees and costs associated with investments are explained as well as the factors to consider when choosing between a financial planner and a financial advisor.

**Evaluation**

This was a pilot study for MYM and the first time this program was ever delivered in a correctional institution. Due to time and research constraints, the effectiveness of the program was not evaluated. The process for creating financial knowledge tests and collecting data from participants would require an extensive amount of work which was not practical at the time. However, it was possible to collect feedback from program participants on the last day of the MYM program in the form of an anonymous Participant Feedback Questionnaire (Appendix C) consisting of open-ended questions and Likert scale ratings. This survey was used to collect qualitative information on the delivery and relevance of the MYM program. In addition, staff were encouraged to share their opinion based on the impact of the program and its’ strengths and weaknesses in the form of a verbal discussion with the program facilitators.
Chapter IV—Results

The final products of this thesis include the Manage Your Money (MYM) participant workbook (Appendix D) and facilitator guide (Appendix E), MYM certificate of program completion (Appendix F), MYM PowerPoint instructional slides (Appendix G), MYM flyer for participant recruitment (Appendix H), and the community resource sheet (Appendix I). The purpose was to provide a financial literacy program tailored to offenders’ needs and consequently as part of this process, modifications were made to the MYM program materials. Modifications were made to both the workbook and facilitator guide prior to delivering the MYM program by gathering information through a Needs Assessment Questionnaire completed by all participants and various staff members. Following the delivery of the MYM program, supplementary feedback was provided by participants, staff members, St. Lawrence College faculty, and St. Lawrence College students to make further changes to both the workbook and facilitator guide to additionally enhance the material to better fit the offender population. A two hour debrief session took place on December 21st, 2015 at St. Lawrence College, Kingston with CSC members, Enactus members, placement student college supervisors, and four MYM facilitators including this writer. The debrief session involved a discussion about the overall MYM experience at the correctional institutions. Program strengths and delivery challenges were discussed and possible solutions to overcome obstacles for future implementation of the MYM program were explored.

The MYM workbook and facilitator guide are designed to complement one another such that the material covered in all of the sessions including the hyperlinks to online resources are provided in both manuals. Also, the MYM workbook is a resource in itself as it contains all of the information covered during the sessions for participants to refer to as needed throughout the course of the program or after. Supplementary information which was also provided to the participants in the form of a community resource sheet included resources such as local financial institutions, local clothing programs, and local food banks.

Results of the Needs Assessment Survey for Staff

The Needs Assessment Survey for Staff was given to staff members who work directly with offenders at the institution two weeks prior to the beginning the MYM program. A total of five staff members from different work departments with different positions including correctional program officers, social programs officer, and a parole officer completed the survey. Only one question included a Likert scale; “On a scale of 1 (strongly agree) to 10 (strongly disagree), how important would a financial literacy program be to offenders who will soon be eligible for parole?” Of the five respondents, three of them answered 1 (strongly agree) with a mean score for all participants of 1.6 (SD 0.9). A common theme among the respondents’ comments was that managing finances is a significant issue among offenders and is often associated with crime for financial gain; therefore, providing such a program could help eliminate some of the financial barriers that offender face once on parole by providing skills to help them become more self-sufficient and further prevent offending for monetary gain. Based on the topics covered in the MYM program, three out of five respondents chose Banking and Budgeting as the most important topic and four out of five chose the Cost of Living as the second
most important topic. For one of the least important topics, five out of five respondents chose *Investing*. At the end of the survey respondents provided other possible topics to be explored with offenders which included, “how to resist the “bling” lifestyle”, “how to have fun for free”, and, “how to live within your means.” Financial challenges that staff have seen offenders struggle with while incarcerated included their limited pay, responsivity issues (language, level of education), gambling, and acquired debt. Further, financial challenges that staff have seen offenders struggle with once released into the community included outstanding debt, lack of available resources, working minimum wage jobs, lack of secure employment, and committing crime for financial gain.

Verbal feedback was also received from many institutional staff members including parole officers, social programs officers, correctional programs officers, program managers, and administrative staff. The overall feedback from institutional staff was extremely positive with a strong support for the MYM program. Other feedback included the possibility of expanding the MYM program within other correctional facilities including Community Correctional Centres (CCCs) and Community Residential Facilities (CRFs) for ex-offenders currently on parole.

**Results of the Needs Assessment Survey for Participants**

The Needs Assessment Survey for Participants was completed by all participants two weeks prior to starting the MYM program. The survey was given before the beginning of the program for the purpose of making changes to the MYM workbook and facilitator manual based on the information gathered. Ten out of eleven participants completed the survey due to the 11th participant registering for the group two days prior to the first session. Only one question included a Likert scale: “On a scale of 1 (strongly agree) to 10 (strongly disagree), how important would a financial literacy program be to offenders who will soon be eligible for parole?”. Of the 10 respondents, all 10 answered 1 (strongly agree) to question one. Out of 10 participants, a total of 7 participants answered that they had not taken a financial literacy program before. Of the three participants that had taken a financial literacy program before, one stated that it was a half day and the other stated that the training was brief. Although all answers varied across participants, a common theme was their interest in increasing their current financial knowledge and decreasing stress related to financial matters to better prepare for their future.

When asked to list topics in order of priority, a total of nine out of ten participants chose the cost of living as one of the top three topics of interest, followed by eight out of ten choosing banking and budgeting. In terms of personal goals, four out of ten participants specifically stated they wanted to plan for retirement and education savings. Other personal goals included land and property ownership. Another common theme among participants was that six out of ten noted that they were not familiar with community resources such as employment centres, financial institutions, housing, and rental agencies. More importantly, all participants recognized risks associated with re-integration and how financial literacy education can help contribute to becoming a law abiding citizen.

**Participant Feedback Questionnaire Results**

Feedback was provided by participants in the form of a group discussion and by individually completing the questionnaire. The Participant Feedback Questionnaire was
completed by all 11 participants on the last day of the MYM program. Participants were asked to fill out the questionnaire individually and anonymously. Questions 1, 2, 3, 4, 7, 8, and 13 used a Likert scale format ranging from 1 (strongly agree) to 10 (strongly disagree). Table 1 shows the means and standard deviations of the respective Likert scale results.

Table 1

<table>
<thead>
<tr>
<th>Question</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The information presented was what I intended it would be.</td>
<td>3.5</td>
<td>3.1</td>
</tr>
<tr>
<td>2. The information was helpful and easy to understand.</td>
<td>2</td>
<td>2.4</td>
</tr>
<tr>
<td>3. The workbook exercises were easy to understand.</td>
<td>2.3</td>
<td>2.5</td>
</tr>
<tr>
<td>4. The examples provided in the program were relevant.</td>
<td>2.9</td>
<td>2.8</td>
</tr>
<tr>
<td>7. The pace of delivery was good (not too fast, or too slow).</td>
<td>2.4</td>
<td>1.4</td>
</tr>
<tr>
<td>8. The skill(s) I learned will be useful.</td>
<td>1.4</td>
<td>0.5</td>
</tr>
<tr>
<td>13. How would you rate the program overall.</td>
<td>2.3</td>
<td>1.7</td>
</tr>
</tbody>
</table>

Topics participants found most unhelpful included the psychological aspect of MYM discussed in session one where participants explored their self-image and self-esteem and how they both played a role in how one addresses financial matters. When the participants were asked to comment on how they felt the facilitators delivered the program, all comments were positive and stated that the topics were broken down, explained in simple language, used relevant examples, and that facilitators answered questions to the best of their ability. A common theme among all participants was their appreciation of spending extra time discussing all of the topic. Due to the extra length of time spent on some discussions, participants suggested delivering the MYM program for a longer period of time such as adding sessions. Regarding potential changes to the program, nine out of eleven participants stated that they would like to have guest speakers or professionals with a financial background to share their area of expertise. Overall, participants showed immense interest in the MYM program by attending and participating in all sessions and further, participants would recommend the program to other offenders. Moreover, participants expressed their gratitude for having been given the opportunity to share their thoughts and opinions and being taken into consideration for supplementary MYM program changes. Additional comments from MYM participants can be found in Table 2.

Table 2

**Additional participant comments**

- “I think it is very important for us as offenders to be able to handle our finances properly upon re-entering society that way we will have a better chance at succeeding in life.”
- “I am very interested in increasing my financial knowledge because I seek financial security and financial freedom in my lifetime. And knowledge is power.”
- “The MYM program was informative and interesting if you applied yourself and asked questions.”
- “The thing I found most interesting was all the new technologies that have come along while I have been incarcerated.”
- “Very helpful to me upon release!”
Chapter V—Discussion

The aim of the financial literacy program was for the participants to learn the basic concepts of finances and increase their current financial knowledge. Another aim for the MYM program was for the participants to acquire new information to help them make improved financial decisions. Criminogenic factors are the focus of correctional programming; therefore, it is essential for correctional programs to meet the needs of the offenders. Providing a financial literacy program which is specifically tailored to offenders contributes to addressing the community functioning domain which includes financial stability. Since community functioning is one of the seven dynamic risk factors which includes a finance category, financial programming can potentially contribute to improved rehabilitation and parole. Due to the many challenges and obstacles related to finances faced by offenders once released into the community, providing a financial literacy program would alleviate some of the challenges and allow offenders to use the skills to make responsible financial decisions. More importantly, teaching offenders the basics of financial literacy in addition to all of the required CSC programs, will contribute to an improved rehabilitation and parole.

Implications of Results

A major finding while completing this thesis was the lack of empirical literature discussing the effects of financial literacy programs specifically with the offender population. The last time a published financial knowledge assessment was completed with the incarcerated population was twenty years ago by Koenig (2007). The literature stressed the amount of challenges offenders must combat once released into the community and the negative impact associated with the obstacles if not addressed appropriately. The greatest impact on recidivism is when offenders have an accumulation of challenges such as no education, no employment and no stable housing (Nilsson, 2003). These finding strongly support the need for correctional programming including Adult Basic Education (ABE), construction courses, safety courses and further, financial literacy education which all contribute positively on offenders lives upon returning to the community. It is also important to note that offenders who gain legal employment often continue to struggle financially. This can be due to factors such as working minimum wage jobs, managing outstanding debt, and ultimately not having the basic skills of financial literacy. Financial literacy helps promote economic well-being and improves the lives of the welfare recipients and working poor to assist them in becoming more self-sufficient (Zhan, Anderson, & Scott, 2006).

Another major finding was the number of MYM participants who identified that they never had any financial education in the past, both in the community and in a correctional facility. The participants who did receive some financial education stated that it was a brief session within another program. Although CSC programs are extremely effective, other programs with a strong focus on a specific offender needs such as financial literacy education should continue to be considered in the future.
Strengths and Limitations

Strengths.

The strengths of this project include the literature that represents a strong need for financial literacy education with the offender population. Through the delivery of the MYM program, staff and community members became more aware of the program and the importance of such a program with this specific population. Another strength is the uniqueness of the MYM program because it was primarily developed to meet the provincial requirements of Family and Children Services and further modified to address offender needs by keeping the material at a basic level of understanding along with relevant exercises and topic discussions. When modifying the program environment factors such as the lack of knowledge of the cost of living or technological advancements and social factors such as education levels and learning disabilities are taken into account. In addition, the MYM program has had a lot of exposure at the national level. For example, the MYM program is presented at many financial conferences one of which the Financial Literacy Leader of Canada attended and was very supportive upon hearing our initiative with providing such programming to offenders.

Furthermore, many professionals, both internal and external to the agency with various backgrounds shared their thoughts and opinions before, during, and after the MYM program. Consultation with these professionals was ongoing whilst making changes and modifications to both the MYM workbook and facilitator manual. The program was intended to provide skills to offenders to better manage their finances upon release into the community however, some participants started to use the skills right away with the limited budgets that they have. Participants also had the opportunity to share their experience with the program by completing a participant feedback questionnaire which helped to further modify the workbook and facilitator guide to make it more useful and more importantly adds social validity to the MYM program.

Limitations.

Limitations that may have contributed to a less successful MYM program with this population are as follows. First, the total amount of modifications made to the manual prior to the MYM program were limited due to time constraints and the program start date. With the restricted amount of time, modifications made to the MYM manual and facilitator guide were not as developed as anticipated. Second, the participant and staff questionnaires could have been longer in length with more in open-ended questions. Third, participants that signed up for the program may not have participated fully due to lack of motivation, therefore the use of Motivational Interviewing (MI) may be used to increase the participants level of engagement. Although MI was originally developed for substance abusers, it has been effective with the offender population to promote behavioural change (McMurran, 2009). Fourth, some of the program exercises could have been more effective if completed using technology such as computers and having access to the internet however, due to the security, legal, and financial implications this was not possible considering the population and institution type.

Multilevel Challenges

Many challenges can arise when working in the area of corrections, specifically when co-facilitating a program at a minimum security institution. These challenges occurred at four specific levels including: client level, program level, organisational level, and societal level.
**Client Level.**

Working with offenders can sometimes be difficult especially if they are following their correctional plan because they are expected to and not because they are motivated to do so. Therefore, it is challenging to distinguish whether an individual is attending program because they are motivated to learn or because someone from their case management team has suggested they attend. This is when problems with being engaged and participating may become difficult which can affect the dynamics of a group.

**Program Level.**

Challenges that occurred at the program level included modifying the program so that it was relevant and specifically addressed the needs of the offender population. It was difficult to modify a program that had such a specific focus such as financial literacy which can be simplified but the principal topics had to remain unchanged. In addition, it was difficult to address all individual offender financial needs with the limited time and limited resources at the institution. For example, having no access to internet and no guest speakers from the community with a financial background. Other challenges at the program level included communicating with the various individuals that were involved with the program. This accounted for many scheduling conflicts and required a lot of planning and organizing.

**Agency Level.**

Although the majority of the staff at the institution were supportive of the program, there were select individuals who were not necessarily as encouraging. For example, staff that did not provide programming to offenders were less supportive and believed that the program would not be effective for this client population if they are incarcerated for a long period of time. Staff also shared their concerns surrounding the current financial means or lack thereof that the clients are dealing with while incarcerated and reiterated that the program may not be as successful while incarcerated.

**Societal Level.**

A lot of stigma is associated with this population which can be a challenge when looking for support from the community. Not all individuals agree or believe that programs are effective for this specific population and have very biased opinions when it comes to the topic of Correctional Service of Canada. It can be difficult when having a conversation and being enthusiastic about a program when not everyone is in agreement.

Many challenges can be involved when working with this population, however it is important to keep focused and remain professional at all times without getting involved in the negativity and stigmatization.

**Contribution to the Behavioural Psychology Field**

The literature and research indicates a strong need for financial literacy education in a correctional setting for offenders and suggest several implications for the field of behavioural psychology. For example, one of the goals of behavioural psychology is to provide meaningful behavioural change in an effort to enhance clients functioning and overall quality of life. This project has the potential to contribute to this goal as it presents a unique program that incorporates an important life skill, financial literacy. This type of program can be empirically validated through the literature which supports and shows the positive effects of such
programming. By delivering the MYM program, an increased awareness for financial literacy education with offenders was generated through the many discussions about MYM that occurred with Federal staff, St. Lawrence College members, and community members. By providing this program, offenders were given the opportunity to gain valuable knowledge and learn life skills such as the basics of financial literacy and more importantly how to manage personal finances. Increasing offenders’ financial knowledge and capabilities will contribute to their existing previous financial knowledge and assist in increasing a more positive and successful parole and therefore, potentially reduce their risk of recidivism.

**Recommendation for Future Research**

A major recommendation for future research is to test the effectiveness and validity of the MYM program. One way this can be completed is by creating pre- and post-tests in the form of a financial capability survey to evaluate the level of each participants’ financial knowledge prior to the MYM program and after. This can also be done by creating a skill assessment measure used during a follow-up session to assess if offenders are applying the skills learned in the MYM program. A second recommendation is the possibility of generating a concrete screening process for participants. For example, participants must meet specific criteria for program referral or must be eligible for parole within a certain time frame. A third recommendations is that the MYM program facilitator has a strong financial background and experience working with offenders. A fourth recommendation for future research is the possibility of having CSC staff further explore and modify the MYM program materials to better meet the needs of federal offender. The current modified MYM workbook and facilitator guide serve as a starting point and it is recommended that the MYM program is further evaluated to help establish validity and effectiveness.
References


Appendix A

A Needs Assessment Survey for Staff

I would like to thank you for taking the time to complete this survey as part of my fourth year thesis project. The purpose of this questionnaire is to gather information based on your thoughts and your experience on offenders’ needs in terms of managing personal finances. This survey is intended to serve as a guide for modifying the current Manage Your Money program.

Manage Your Money (MY$) background information

Manage Your Money (Wilcox, 2014) is an existing financial literacy program used to teach youth in the community the basics of financial education. The program focuses on cost of living, banking, budgeting, borrowing, government savings/investment plans and fraud. In addition, the program incorporates self-confidence, security, and real world applications. For the purpose of this project, the Manage Your Money facilitators’ manual and workbook will be modified so that the content is easy to understand and includes exercises and examples relevant to offenders. The program covers a total of 5 modules, which are further explained at the end of the survey.

1. On a scale of 1 (strongly agree) to 10 (strongly disagree), how important would a financial literacy program be to offenders who will soon be eligible for parole?

   Strongly Agree     1    2    3    4    5    6    7    8    9    10    Strongly Disagree

   Please provide a rationale for your rating.

2. In your experience, would a financial literacy program be beneficial for offenders during their incarceration? If yes, please explain why?
3. Please list the following topics in order of priority (which topic would be most beneficial for offenders).
   Anatomy of a Paycheque, Cost of Living, Income Taxes, Investing (RRSPs, TFSA), Banking and Budgeting, Types of Accounts, Debt Management, Credit Cards
   1. 
   2. 
   3. 
   4. 
   5. 
   6. 
   7. 
   8. 

4. In respect to the above topics listed in question 3, can you recommend any other topic(s) to further explore? If yes, why?

5. In your experience, are there any challenges or barriers that offenders experience surrounding finances while incarcerated? Please provide an example of these challenges or barriers.

6. In your experience, are there any challenges or barriers that offenders experience surrounding finances once released into the community? Please provide an example of these challenges or barriers.
Module #1- You, Past, Present, and Future
This module sets the tone about one’s own beliefs and attitudes and relates it back to personal finances. During this module, participants explore their personality and attitudes and the influence these have on one’s ability to manage money. Learning styles will be reviewed and the importance of setting SMART (Specific, Measurable, Achievable, Realistic, Timely) goals will be discussed.

Module #2- Cost of Living
Module two explains the cost of living (the average amount of money an individual or family can expect to spend on food, clothing, housing, heat, utilities, transportation, and other basic expenses). Following, the Cost of Living Adjustment is explained; a government protective program for citizens in regards to the cost of living. The anatomy of a paycheque (how net pay is calculated) is reviewed as well as the different types of possible income (salary vs. wages) and understanding the importance of filing tax returns. Participants also have the opportunity to distinguish between, needs, wants, and priorities and explore different types of purchases (impulsive, emotional, informed).

Module #3- Budgeting and Banking
This module describes the significance of personal financial management/ budgeting and explains how to create a budget that reflects goals and specifies where money goes. Participants examine the difference between services offered by banks and credit unions. The specifics of account types are reviewed, providing participants with information so that they can make an informed decision when choosing between financial institutions and account types. In addition, information on interest, compound interest and Tax Free Savings Accounts (TFSAs) is provided.

Module #4- Borrowing
During this module, advantages and disadvantages of credit lines are examined and the importance of credit card terms and conditions is explained. Acquiring debt and the difference between what is considered bad debt and good debt (ex. an investment) is explained and the advantages of a debt management plan. Additionally, the dangers of pay day loans and cash advancements are explained and compared to other types of loans. Participants will then have the opportunity to review these topics through answering questions provided in the workbook.

Module #5- Staying on the Safe Side
Module five provides an overview of the history of describes and identifies identity theft and fraud and how to prevent it. The importance of monitoring your information and how it can be accessed is explored and tips on how to protect personal information is provided. Participants are also informed on government savings and investment plans such as Registered Education Savings Plans (RESP), Registered Retirement Savings Plans (RRSP), Tax-Free Savings Account (TFSA), and Registered Disability Savings Plan (RDSP). Furthermore, the fees and costs associated with investments are explained as well as the factors to consider when choosing between a financial planner and a financial advisor.
Appendix B

A Needs Assessment Survey for Participants

I would like to thank you for taking the time to complete this survey as part of my fourth year thesis project. The purpose of this questionnaire is to gather information based on your thoughts and your experience for managing personal finances. This survey is intended to serve as a guide for modifying the current Manage Your Money program so that it can cover topics that will be relevant and of interest to you.

Manage Your Money (MYS) background information

Manage Your Money is an existing financial literacy program used to teach youth in the community the basics of financial education. Although the program focuses on banking, budgeting, borrowing, etcetera; it also incorporates self-confidence, security and real world applications. For the purpose of this project, the Manage Your Money workbook will be modified so that the content is simple to understand and includes exercises relevant to the participants. The program covers a total of 5 modules, which are further explained at the end of this survey.

1. On a scale of 1 (strongly agree) to 10 (strongly disagree), how important would a financial literacy program be to offenders who will soon be eligible for parole?

   Strongly Agree 1 2 3 4 5 6 7 8 9 10 Strongly Disagree

   Please explain your reasoning.

2. How interested are you in increasing your financial knowledge and why?
3. Please list the following topics in order of priority (which topic would be most beneficial for offenders).
Anatomy of a Paycheque, Cost of Living, Income Taxes, Investing (RRSPs, TFSA), Banking and Budgeting, Types of Accounts, Debt Management, Credit Cards

1. 
2. 
3. 
4. 
5. 
6. 
7. 
8. 

4. In respect to the above topics listed in question 3, which of these topics can you recommend be further explored? If yes, why?

5. Have you ever taken a financial literacy program before? (Please circle one)

YES    NO

If yes, what would you change about that program?

6. What personal goals are important to you in terms of financial management? (Ex. Saving for first and last month rent, retirement savings, education savings)
a) Do you have clear plans for reaching these goals?

b) What do you think would help you reach these goals?

7. Are you familiar with employment and financial resources available in a community? If yes, name the ones you are familiar with. (Ex. Employment centers, advance cash loans, financial education programs)
Module #1 - You, Past, Present, and Future
This module sets the tone about one’s own beliefs and attitudes and relates it back to personal finances. During this module, participants explore their personality and attitudes and the influence these have on one’s ability to manage money. Learning styles will be reviewed and the importance of setting SMART (Specific, Measurable, Achievable, Realistic, Timely) goals will be discussed.

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Appendix C
Participant Feedback Questionnaire

Thank-you for taking the time to fill out the participant questionnaire, we value your opinion and your participation with the Manage Your Money (Wilcock, 2014) program. Remember, the questionnaire is anonymous. This questionnaire is to explore the usefulness of the delivery of the program content and to ensure proper modification is made if necessary. Information gathered through these questionnaires will be used to evaluate program content and delivery and may be shared with others involved in the Manage Your Money program and as part of my academic requirement as a student in the Behavioural Psychology program at St. Lawrence College.

Date: _________________________ Facilitator(s): _________________________

1. The information presented was what I intended it would be.
   
   Strongly Agree  1  2  3  4  5  6  7  8  9  10  Strongly Disagree

2. The information was helpful and easy to understand.
   
   Strongly Agree  1  2  3  4  5  6  7  8  9  10  Strongly Disagree

3. The workbook exercises were easy to understand.
   
   Strongly Agree  1  2  3  4  5  6  7  8  9  10  Strongly Disagree

4. The examples provided in the program were relevant.
   
   Strongly Agree  1  2  3  4  5  6  7  8  9  10  Strongly Disagree

5. The topic(s) discussed that I found most unhelpful were. (Please explain)

6. The facilitator(s) explained things in a way I could understand. (Please explain)
7. The pace of delivery was good (not too fast, or too slow).

Strongly Agree  1  2  3  4  5  6  7  8  9  10  Strongly Disagree

8. The skill(s) I learned will be useful.

Strongly Agree  1  2  3  4  5  6  7  8  9  10  Strongly Disagree

9. Was there an item you expected to learn during the program but didn’t? (If yes, what was it?)

10. The thing(s) I found most interesting were:

11. The thing(s) I found most helpful were:

12. The thing(s) I would change about the program are:
13. How would you rate the program overall.

   Very Useful  1  2  3  4  5  6  7  8  9  10  Little Use

14. If you could sum up the MYM program in one sentence, what would it be?

15. Would you recommend this program to other offenders. (Circle one)

   YES         NO
Appendix D

MYM Participant Workbook
MANAGE YOUR MONEY

Participant Workbook

Edited and compiled by: Enactus St. Lawrence College
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Enactus St. Lawrence College

100 Portsmouth Ave.
Kingston, Ontario
K7L 5A6
Canada

www.enactusslc.ca
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Financial literacy is the ability to understand and interpret financial matters. Financial literacy often entails the knowledge of properly making decisions pertaining to certain personal finance areas like real estate, insurance, investing, saving (especially for college), tax planning and retirement. It also involves intimate knowledge of financial concepts like compound interest, financial planning, the mechanics of a credit card, advantageous savings methods, consumer rights, the value of money, etc. You can read more about the definition of financial literacy at www.investopedia.ca

Financial literacy is an imperative life skill to aid you in your ongoing success as you prepare to re-integrate back into the community as a law-abiding citizen.

Transitioning from an institution back into the community can be an exciting, yet challenging stage, and being aware of your learning style can be very beneficial.

Another key to a successful transition into the community is having established goals in terms of financial matters. Working from a strong financial foundation can alleviate stressors in the long run, whether it is planning/opening up a bank account, saving for an apartment/mortgage, or saving for a vehicle.

With the right supports in place and the knowledge behind you, it’s possible to make and achieve all your financial goals.
Chapter Objectives:

 › Describe your personality and attitudes and their influence on your ability to manage money.

 › Identify individual personality traits and values.

 › State the difference between self-image and self-esteem, projection.

 › Define the locus of control.

 › Identify your primary and secondary learning styles.

 › Set a SMART goal.

Key Terms

<table>
<thead>
<tr>
<th>Key Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditory Learner</td>
<td>Someone who learns best by listening</td>
</tr>
<tr>
<td>Belief</td>
<td>A strong opinion or something that a person holds to be true</td>
</tr>
<tr>
<td>Goal</td>
<td>A target, or an aim that one is striving to achieve.</td>
</tr>
<tr>
<td>Kinesthetic Learner</td>
<td>Someone who learns best by doing</td>
</tr>
<tr>
<td>Learning Style</td>
<td>The method of how you best learn and interpret information.</td>
</tr>
<tr>
<td>Locus of Control</td>
<td>Who you believe controls your future</td>
</tr>
<tr>
<td>Self Esteem</td>
<td>How you view yourself</td>
</tr>
<tr>
<td>Self Image</td>
<td>Your belief of how others view you</td>
</tr>
<tr>
<td>Personality</td>
<td>A stable set of traits that assist in explaining and predicting an individual’s behaviours.</td>
</tr>
<tr>
<td>Personality Traits</td>
<td>A distinguishing quality or characteristic</td>
</tr>
<tr>
<td>Projection</td>
<td>The way you feel about yourself, your environment and how you treat others</td>
</tr>
<tr>
<td>SMART Goal</td>
<td>A method for setting goals that are specific, measurable, achievable, realistic and timely.</td>
</tr>
<tr>
<td>Values</td>
<td>Ideas that are important to you as an individual.</td>
</tr>
<tr>
<td>Visual Learner</td>
<td>Someone who learns best by seeing</td>
</tr>
</tbody>
</table>
All About You!

If you were to look in a mirror and say the first three words that immediately come to your mind, what would they be?

These three words are your “mirror words”. Mirror words describe the foundation of how you view yourself.

Self-Esteem, Self-Image, and Projection

What did you notice about your “mirror words”? Were those words positive, negative or both? Whatever you are feeling is a result of your self-esteem. Self-esteem is how you view _______. Thoughts regarding your intelligence, attractiveness or ability to achieve a dream are examples of self-esteem. Self-image, however, is your belief of how ________ view you. If your self-esteem is positive and strong, you will reflect confidence and not worry about how others view your actions. If you are insecure you will rely heavily on creating a favourable self-image. While it is important to show concern for what others think of you, it is more important to have a positive self-concept; not conceited, but self-confident. People are drawn to individuals who display a good attitude, are confident and consistently positive. If you believe in yourself, a positive self-image will follow without effort. It is easy to see the tremendous impact both personality and attitude have in the development of your self-esteem and self-image. The way you feel about yourself and your environment is reflected in how you treat others as well, this is called projection.
Personality, Values and Beliefs

Your behaviour is a reflection of your personality. ________ is a stable set of traits that assist in explaining and predicting an individual’s behaviours. For example, if you are typically organized at work or school and suddenly become disorganized, others may believe something is wrong.

Personality

**Personality traits** are defined as “a distinguishing quality or characteristic”. In other words, this means that personality traits are the distinguishing ________ that make you “you.” Personality traits are the unique set of characteristics and qualities that only you possess. While a lot of people might have similar personality traits, each person combines these traits in a different way making each person an individual.

Values

_______ are ideas that are important to you as an individual. Your personal experiences throughout your life and the influences of those in your life (positive or negative) shape your values. These influences include religion, family and friends. They influence social issues such as marriage, wealth, addictions issues, political views and materialism. For example, one individual may not value money because he or she has been told “money is the root of all evil”. Contrast this with an individual who values money because he or she has been taught that it is a valuable resource used to ensure a safe and secure future. Since values are ideas that are important to you, these will directly affect your personality. For example, if you have been taught that money is a valuable resource, you may be very careful in your spending. Your personality trait will be that of a diligent, hard working person that spends cautiously. If you have been told that you can get by in life drawing from social assistance, such as Ontario Works, you’re likely to settle for a lifestyle set below the poverty line. These types of social assistance programs are meant to be utilized in times of need as a stepping stone to getting back on your feet, not meant to be utilized as a long term solution to an otherwise avoidable problem.

Beliefs

A belief is a strong opinion or something that a person holds to be true. Faith in God is an example of a belief. Attitude takes shape in your behaviours as a result of your ________ toward people, things, and situations. For example, you can either be caring or uncaring about how your peers feel about you. Your past success and failures affect your attitude. Your attitude is related to your ________, and _________. Using the previous money example, if you value money then your attitude will be positive toward work because you value
what you get in return; a paycheck. Attitude affects performance. An individual's performance significantly influences a group's performance. A group's performance in turn impacts an organization's performance. Think about a barrel of juicy red apples. Place one bad apple in the barrel of good apples and over time, the entire barrel will spoil. That barrel reflects your personal goals and your workplace behaviours. Your attitude affects not only your performance but also the performance of those with whom you come in contact. This is known as a reciprocally negative situation. In the logo, each arrow leads to another arrow, creating a cycle effect. Behaviour affects behaviour. That is why it is so important to evaluate your personal influences.

Does this mean that you avoid contact with anyone you believe is a bad influence? In situations where you can, absolutely, however you can’t always avoid certain individuals such as relatives, coworkers, and classmates. It’s important to remain aware of the impact that others have on your life. If you continue to expose yourself to negative influences, you lose sight of your goals, which may result in a poor attitude.

**Locus of Control**

The reality is that you will not be 100 percent surrounded by positive influence. You cannot control everything that happens in your life. Your attitude is affected by who you believe has control over situations that occur in your life. The Locus of Control identifies who you believe controls your future.

An individual with an **locus of control** believes that he or she controls his or her own future. An individual with an **external** locus of control believes that others control his or her future.

Extremes on either end of the locus of control are not healthy. Realize that individual effort and a belief in the ability to perform well translate to individual success. However, external factors also influence your ability to achieve personal goals. Take responsibility for your actions and try your best. You cannot totally control the environment and future. Power, politics, and other factors discussed later in the text play an important part in the attainment of goals.

**Learning Styles**

Knowing you, involves also knowing your **learning style**. Your learning style is the method of how you best learn and interpret information. Having a clear understanding of your learning style can help you to get the best out of the world around you and benefit you in establishing your short and long term goals.
There are three primary learning styles: **visual, auditory and tactile/kinesthetic**. To determine what your dominant learning style is, perform this common exercise: Imagine you are lost and need directions. Do you:

› Want to see a map

› Want someone to tell you the directions, or

› Need to draw or write down the directions yourself?

If you prefer answer a, you are a visual learner. You prefer learning by seeing. If you selected b, you are an auditory learner. This means you learn best by hearing. If you selected c, you are a tactile/kinesthetic learner, which means you learn best by feeling, touching or holding. No one learning style is better than the other; however it is important to recognize your primary and secondary learning styles so that you can get the most out of your world. As a visual learner you may digest best by reading and researching. Auditory learners pay close attention to course lectures and class discussions. Tactile/kinesthetic learners will learn best by performing application exercise such as role-plays and physically writing down the course notes. As a tactile/kinesthetic learner you may learn better by “doing”. Recognize what works best for you and implement that method to maximize your learning experience. Also, recognize that not everyone learns that same way you do. By being aware of your learning style you are better equipped to communicate your needs to others and achieving a higher level of success in doing so.

**Goal Setting**

To realize the importance of goal setting, you must first know what a goal is. A **goal** is a like the reward at the top of a ladder. To reach that reward, you need to progress up each step of the ladder. The degree of your goal will determine how long it will take to get there. Each step on the ladder has to contribute to your achievement of the final reward and support your personal values.

Goals will help you become more focused; help you increase your self-esteem; and help you overcome procrastination, fear, and failure. Setting goals will help you become more successful in your career. By setting and focusing on goals your career plans will become more clear and meaningful.

Creating **S.M.A.R.T goals** can be the key to success, especially as you are preparing to transition from the institution to the community. S.M.A.R.T stands for Specific, Measurable, Attainable, Realistic and Timely.

——–A specific goal has a much greater chance of being accomplished than a general goal. To set a specific goal you must answer the six “W” questions:

› Who: Who is involved?

› What: What do I want to accomplish?
Where: Identify a location.

When: Establish a time frame.

Which: Identify requirements and constraints.

Why: Specific reasons, purpose or benefits of accomplishing the goal.

EXAMPLE: A general goal would be, “Get a job.” But a specific goal would say, “Write a resume, seek an employment center for services, bring resume to 3 possible places of employment”.

– Establish concrete criteria for measuring progress toward the attainment of each goal you set.

When you measure your progress, you stay on track, reach your target dates, and experience the exhilaration of achievement that spurs you on to continued effort required to reach your goal.

To determine if your goal is measurable, consider the intensity, frequency and duration of your work on that specific goal. Ask yourself questions such as, how much am I going to do? How many times a week am I going to do it? How will I know when my goal is accomplished?

– When you identify goals that are most important to you, you begin to figure out ways you can make them come true. You develop the attitudes, abilities, skills, and financial capacity to reach them. You begin seeing previously overlooked opportunities to bring yourself closer to the achievement of your goals.

You can attain most any goal you set when you plan your steps wisely and establish a time frame that allows you to carry out those steps. Goals that may have seemed far away and out of reach eventually move closer and become attainable, not because your goals shrink, but because you grow and expand to match them. When you list your goals you build your self-image. You see yourself as worthy of these goals, and develop the traits and personality that allow you to possess them.

– To be realistic, a goal must represent an objective toward which you are both willing and able to work. A goal can be both high and realistic; you are the only one who can decide just how high your goal should be. But be sure that every goal represents substantial progress.

A high goal is frequently easier to reach than a low one because a low goal exerts low motivational force. Some of the hardest jobs you ever accomplished actually seem easy simply because they were a labor of love.

– A goal should be grounded within a time frame. With no time frame tied to it there’s no sense of urgency. If you want to to save for an apartment, when do you want to save it by? “Someday” won’t work. But if you anchor it within a timeframe, “by May 1st”, then you’ve set your unconscious mind into motion to begin working on the goal.
goal is probably realistic if you truly believe that it can be accomplished. Additional ways to know if your goal is realistic is to determine if you have accomplished anything similar in the past or ask yourself what conditions would have to exist to accomplish this goal.

To build on our example of where goals may fail should they not be formatted in a SMART way, health and fitness clubs make the vast majority of their membership sales in the months of January – March, as this is when the big push from New Year’s resolutions brings new customers through their doors. These people tend to set goals such as “I’m going to lose weight in the New Year.” This unstructured goal generally has the same outcome for these people, come March, they are no longer attending the gym and have not met their goal of losing weight. Success comes to those who apply the SMART model to their goals “I am going to purchase a gym membership, attend the gym 3 times per week, joining in to the structured exercise class, to lose 10 lbs. between January 1st and March 1st. I will track my trips to the gym each time I attend and weigh myself every Monday until March 1st to see if I have achieved my goal.”

**Making the Connection**

Now that you have read through, *You! Past, Present and Future*, lets connect the dots.

Reflecting on the information and your mirror words, how would you make the connection? List three each for the below headings.

<table>
<thead>
<tr>
<th>Personality Traits</th>
<th>Your personal values</th>
<th>Your belief towards money</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>1.</td>
<td>1.</td>
</tr>
<tr>
<td>2.</td>
<td>2.</td>
<td>2.</td>
</tr>
<tr>
<td>3.</td>
<td>3.</td>
<td>3.</td>
</tr>
</tbody>
</table>

Describe some of the major influences in your life, past as well as present, with regards to finances, the value of money etc. and how they impact you now.

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

Describe how your learning style is connected to financial literacy.

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

Describe whether you see yourself as having an internal or external locus of control. What would the ideal locus of control look like?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________
Have you ever created a goal previously that did not work out? What was it and why did it not work out?


Did you experience any challenges/barriers while working toward your goal?


How did you overcome these challenges/barriers? Could you work around them?


Using the SMART table below, re-create the goal above or design a new goal that you would like to achieve:

<table>
<thead>
<tr>
<th><strong>Smart Goal Worksheet</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal – Write your goal in the space provided</td>
</tr>
<tr>
<td>Specific</td>
</tr>
<tr>
<td>Measurable</td>
</tr>
<tr>
<td>Achievable</td>
</tr>
<tr>
<td>Realistic</td>
</tr>
<tr>
<td>Timely</td>
</tr>
</tbody>
</table>
Cost of Living and Income Taxes

Chapter Objectives:

› Describe the “cost of living” and how it affects you.
› Describe the importance of applying consumer knowledge to purchase decisions.
› Understand payroll deductions.
› Identify the difference between gross and net income.
› Filing your tax return.
› Define needs, wants and priorities.
› Describe the importance of setting priorities.

Key Terms

<table>
<thead>
<tr>
<th>Key Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPP</td>
<td>Canada Pension Plan provides a basic benefits package for retirees and disabled contributors.</td>
</tr>
<tr>
<td>Commission</td>
<td>A type of income that is a percentage of a selected “base” amount.</td>
</tr>
<tr>
<td>Cost of Living</td>
<td>The average amount of money an individual or family can expect to spend on food, clothing, housing, heat, utilities, transportation and other basic expenses</td>
</tr>
<tr>
<td>CRA</td>
<td>Canada Revenue Agency is Canada’s federal agency responsible for income tax and trade regulations.</td>
</tr>
<tr>
<td>EFT</td>
<td>Electronic Funds Transfer is a system of transferring money from one bank account directly to another without any paper money changing hands.</td>
</tr>
<tr>
<td>EI</td>
<td>Employment Insurance that allows individuals who have recently lost a job to receive financial assistance</td>
</tr>
<tr>
<td>Emotional Purchase</td>
<td>A purchase made to satisfy an emotional need or desire</td>
</tr>
<tr>
<td>ESA</td>
<td>Employment Standards Act which regulates the minimum wage</td>
</tr>
<tr>
<td>Gross Earnings</td>
<td>The total of all of your cash earnings, including regular pay (i.e., your straight salary or your hourly rate times the number of hours worked in the pay period); overtime pay; and vacation pay</td>
</tr>
<tr>
<td>HST</td>
<td>Harmonized Sales Tax of 13% on the sale of most goods and services, though some are exempt</td>
</tr>
<tr>
<td>Impulse Purchase</td>
<td>A purchase made “on the spot” without much consideration</td>
</tr>
<tr>
<td>Informed Purchase</td>
<td>A purchase made after careful consideration of alternatives</td>
</tr>
<tr>
<td>Income Tax</td>
<td>Tax levied by the government directly on income</td>
</tr>
<tr>
<td>Income Tax Return</td>
<td>The tax form or forms used to file income taxes. Tax returns often are set up in a worksheet format</td>
</tr>
<tr>
<td>Inflation</td>
<td>The rate at which the general level of prices for goods and services is rising, and, subsequently, purchasing power is falling.</td>
</tr>
<tr>
<td>Minimum Wage</td>
<td>The lowest wage an employer can legally pay their employees</td>
</tr>
<tr>
<td>Need</td>
<td>Something that is essential, a necessity that is required for everyday life.</td>
</tr>
</tbody>
</table>
The Cost of Living

The Cost of Living refers to the average amount an individual or family can expect to spend on food, clothing, housing, heat, utilities, transportation and other basic expenses. In Canada, the cost of living varies from one community to another and is difficult to estimate with absolute accuracy. Every family encounters unexpected expenses. The cost of food and other items also fluctuates. Visits to the dentist, prescription medicines, some school expenses and long-distance telephone calls are other expenses common to many households.

If you have a job, your take-home pay will be reduced by mandatory deductions for income tax, Canada Pension Plan (CPP, rate of 4.95% to a maximum of $2,306.70) and employment insurance (EI, rate of 1.73% to a maximum of $839.97). Some workers also pay union dues, medical and dental insurance or contribute money into a retirement savings plan, which further reduce the amount of money they take home.

Canadians are required to pay taxes on their purchases. The federal government collects a Harmonized Sales Tax (HST) of 13% on the sale of most goods and services, though some are exempt. We will look into this more later in this chapter.

C.O.L.A.

The government has also begun a protective program called COLA, cost of living adjustment, which is in place to offer protection to citizens with regards to the cost of living increases; adjustments can be made to their income to maintain their living.

This is a result of what happened during the 1970s, inflation was really high, and as a result compensation related contracts, real estate contracts and government benefits, led to the popularized usage of COLAs to protect against inflation. As the cost of living may change, types of income or wages can increase to reflect the changes, for example minimum wage. Minimum wage is the lowest wage an employer can legally pay their employees. The Employment Standards Act (ESA) regulates this wage. The following table(page 18) shows the changes to minimum wage in Ontario from 2007-2014. The Ontario minimum wage had remained constant since March 2010 but was increased as of June 1, 2014.
Another major influence to the cost of living is gas prices, as when gas prices rise, a noticeable change to everyday expenses can occur as well. For example, when gas prices rise, its costs transportation companies more to ship goods and in turn they may charge more for their products in order to compensate their travel expenses. Below is a look at the changes in gas prices beginning in 2005 to present day.

The following is related to youth participants of the Family and Children’s Services.

The cost of living also affects supports for low-income working individuals and families. Ontario provides support for low-income to moderate-income families through the Ontario Child Benefit (OCB). In July 2014, the government increased the annual benefit to $1,310 per child. In July 2015, the government is proposing to tie future increases to the OCB to inflation in Ontario.

In June 2014, minimum wage went up to $11.00. In October 2015, the government introduced legislation to tie the minimum wage to inflation in Ontario.

In 2014-2015, the government is funding for the Community Homelessness Prevention Initiative (CHPI) by $42 million to a total of $294 million.

Ontario increased social assistance benefits in 2014 by 1% for adult Ontario Works (OW) and people with disabilities receiving Ontario Disability Support Program (ODSP) benefits.
Once you begin working, there are a few different ways that you will get your money in hand, so to speak. Your basic earnings can be paid in four major ways:

▸ **Salary**: A yearly amount, divided by the number of pay periods in the year. For example, $26,000 divided by 26 pay periods equals a gross biweekly salary of $1,000.

▸ **Wages**: A rate per hour worked, ex, $10.25 per hour x’s the number of hours worked.

▸ **Piecework**: A rate of pay per unit of production, ex, $1.00 per box of peaches picked.

▸ **Commissions**: A percentage of a selected “base” amount, ex, a real estate agent’s commission on the price of a house is on average 3.5%-5% split between two agents, selling and listing.

Pay periods vary but the most common are biweekly (60% of us are paid 26 times a year), followed by semimonthly (24 times a year), and weekly (52 times a year, common in construction and the restaurant industry). About 95% of people are paid on Thursday or Friday.

In addition to being required to pay employees on a regular payday, employers must pay any other amounts owed—such as overtime pay, general holiday pay, or severance pay—within a specified time, which varies by jurisdiction.

Employees are usually paid by electronic funds transfer (EFT), this means that the money is deposited directly into your bank account, or the old-fashioned payroll cheque. Though it has connotations of an “under-the-table” transaction, an employer may choose to pay an employee in cash. However, the employer still has to withhold and remit the required source deductions, report to and maintain records for the government, and provide a pay statement.
Anyone who has ever cashed a paycheque knows that there’s a big difference between what you make and your actual take-home pay. Let’s review a typical paycheque and decipher what each component means.

### The Anatomy of a Paycheque

<table>
<thead>
<tr>
<th>Component</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Name</td>
<td>Name of the employee</td>
</tr>
<tr>
<td>2. Pay Statement</td>
<td>Details of pay period and earnings</td>
</tr>
<tr>
<td>3. Pay Period</td>
<td>Details of pay period and earnings</td>
</tr>
<tr>
<td>4. Deductions</td>
<td>Details of statutory and other deductions</td>
</tr>
<tr>
<td>5. Total Taxable Benefits</td>
<td>Total taxable benefits for the period</td>
</tr>
<tr>
<td>6. Net Pay</td>
<td>Gross pay after deductions</td>
</tr>
</tbody>
</table>

This is not a cheque.

**NON-NEGOTIABLE**
Name & Address (#1): This is your name and address. Be sure to check that your employer has all the correct information.

Pay Period Information (#2): This identifies what period of work you are being paid for.

Rate & Hours Information (#3): This shows how many hours you are being paid for and at what rate. Be sure that this is accurate for the pay period.

Gross earnings (#4): The total of all of your cash earnings, including regular pay (i.e., your straight salary or your hourly rate times the number of hours worked in the pay period); overtime pay; and vacation pay.

Statutory deductions (#5): An employer has a legal obligation to withhold statutory deductions, which, in order of priority, are: CPP or QPP (Quebec only) contributions, EI and QPIP (Quebec only) premiums, and federal and provincial income tax. Everywhere except in Quebec, provincial tax is collected as part of the federal income tax deduction. Quebec has separate deductions for federal and provincial taxes.

Net pay (#6): Total all your deductions, subtract them from your gross earnings, and you’re left with your net pay. That’s what you’re actually taking home.

What else appears on the paycheque?

All jurisdictions require at the very least, that the following be noted on an employee’s pay stub or statement of wages: the employee’s name, the date of the pay period, the rate of pay and hours worked at each rate, gross earnings, itemized deductions, and net pay. Different jurisdictions might have their own additional requirements of what has to be documented.

**INCOME TAXES AND FILING RETURNS**

If you are working and earning, you also have responsibilities to fulfill. Each year, the Government of Canada requires you to file a ________ to the Canada Revenue Agency. Let’s explore this a little further.

**Income Taxes** are levied by the government of Canada for a variety of reasons. Every person or organization that has an income is expected to pay ________. In Canada, violating the terms of payment or even absenting yourself from paying the income taxes might invite harsh penalties from the Canadian Government.

Not all people have to pay the income tax and not all people need to pay the same amount of tax. The department of income tax of the Government of Canada has made provisions for certain persons exempting them from paying their taxes. For those who have to pay the taxes, there are tax tables which specify for what amount of income how much of tax will be required to be filed.
What are the income tax rates in Canada for 2014?

These are the rates that an individual would use when completing their 2014 income tax and benefit return. The information may change during the year to reflect updates to the law.

**Federal tax rates for 2014**

- 15% on the first $43,561 of taxable income,
- 22% on the next $43,562 of taxable income (on the portion of taxable income over $43,562 up to $87,123),
- 26% on the next $87,142 of taxable income (on the portion of taxable income over $87,124 up to $135,054),
- 29% of taxable income over $135,054.

**Provincial tax rates for 2014**

- 5.05% on the first $39,723 of taxable income,
- 9.15% on $39,724 to $79,448,
- 11.16% on $79,449 to $509,000
- 13.16% on taxable income of $509,001 and above.

The income tax return forms an integral part of your income tax. Your income tax return is as important as filing your taxes itself. The reason you need to file your return is simple. It is an easy way of estimating your credit worthiness. It might help you secure a loan or two from banks and even from certain other financial institutions. The income tax return is a form that contains a certain number of particulars. The form is an inquiry about your personal data and financial data. It asks about the amount of taxes that you have paid on your income. There are various forms and applications available for different categories of incomes and methods of incomes.

Most countries and particularly Canada do not tolerate tax violations. Even absenting yourself from filing of your income tax returns will attract certain stringent measures from the income tax personnel. For those who have filed their income tax returns, the government offers certain deductions that might in turn be a blessing for most of the people.

Filing of the return is a constitutional duty of every individual who earns a taxable income. Likewise, filing of the income tax returns is also mandatory for every person. The taxes paid help the development of the country and hence it is required that every person pays their taxes and files their income tax returns.
Do you have to file an income tax return?

You must file a return if any of the following situations apply:

› You have to pay tax.

› The government sent you a request to file a return.

› You and your spouse or common-law partner elected to split pension income for 2014. You received Working Income Tax Benefit (WITB) advance payments in 2014.

› You disposed of capital property (for example, if you sold real estate or shares) or you realized a taxable capital gain.

› You have to repay any of your Old Age Security or Employment Insurance benefits.

› You have not repaid all amounts withdrawn from your registered retirement savings plan (RRSP) under the Home Buyers’ Plan or the Lifelong Learning Plan.

› You have to contribute to the Canada Pension Plan (CPP).

› You are paying Employment Insurance premiums on self-employment and other eligible earnings.

Even if none of these requirements apply, you may still want to file a return if any of the following situations apply:

› You want to claim a refund.

› You want to claim the WITB.

› You want to apply for the GST/HST credit (including any related provincial credit).

› You or your spouse or common-law partner want to begin or continue receiving Canada Child Tax Benefit payments.

› You have incurred a non-capital loss that you want to be able to apply in other years.

› You want to carry forward or transfer the unused part of your tuition, education, and textbook amounts.

› You want to report income for which you could contribute to an RRSP in order to keep your RRSP deduction limit for future years up to date.

› You want to carry forward the unused investment tax credit on expenditures you incurred during the current year.

› You receive the Guaranteed Income Supplement or Allowance benefits under the Old Age Security program. You can usually renew your benefit simply by filing your return by April 30. If you choose not to file a return, you will have to complete a renewal form.
Whether you are contemplating where you want to book a vacation or buying groceries, it is important to understand what is motivating you to spend your money. This will help you to determine whether or not your purchase is necessary.

A ________ is defined as something that is essential, a necessity that is required for everyday life. Some examples would include food, shelter and clothing. When thinking in terms of purchasing, items that fall into the category of need rank higher in terms of your priority list.

__________ determine what needs to be done and in what order. Juggling priorities is the key to reaching goals. You may need to adjust priorities to reach certain goals. Before priorities can be put in order, you need to determine what they are. Sometimes your first priority is not necessarily what’s most important in life; it is just that a particular activity demands the most attention at a specific point in time.

Be prepared to be flexible in all areas of your life plan. When working towards goals flexibility is important. Times change, technology changes, opportunities change and your priorities may change as well. Reevaluate your goals often and at times you may need to update or revise them; do not give up on them.

Some purchases are not ranked as high in terms of priorities and are more of a want versus a need. A __________ is defined as something that is wished for, a desire or something that is not necessarily needed for survival. Examples of a want may include buying a bigger house, purchasing a brand new vehicle or planning a vacation or holiday.

What motivates us to make the purchases that we do? Sometimes after weighing the pros and cons and considering all the needs, wants and prioritizing we are still inclined to make a purchase based on emotions. Other times, we are motivated by that impulsive need to spend our money. It is important to be able to reflect on the type of spender you are and knowing your triggers in terms of risky purchase decisions.
An _______ can be made when you are waiting in the check-out line and the As Seen on TV stand of goodies catches your eye. You make a quick decision given your physical environment and being pressed for time.

An _______ could be the dog or cat you bought because you were feeling alone, despite not having the funds to cover your other expenses.

An _______ could be that new laptop that you have been saving up for, and researched a number of hours about to ensure it suited your needs best and compared its cost to several different stores to get the best deal.

Over time, technology evolves and new products hit the market on a daily basis in our day and age. This is a great area to find examples of applying consumer knowledge to purchase decisions. We’ve all seen or heard of the lines of people at BestBuy at mid-night, itching to get their hands on the latest gaming system or computer innovation. Whatever motivates these people to make that must have purchase can be a learning opportunity for us all. We have seen over the year’s technology such as the VCR come out with a bang, and fade out in popularity as well as practicality. Rushing out to buy the newest microwave at one time cost consumers upwards of $600, and now, $100 for a new one or $10 at a yard sale and you’re all set! Delaying the gratification of having the newest and said to be best of something, can save you a lot of money in the long run, if you exhibit patience, consider your needs, wants and prioritize your spending.

**Making the Connection**

Now that you have read through the **Cost of Living** chapter, let’s connect the dots!

If the cost of living adjustment (COLA) did not exist how could that affect you?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________
Describe the difference between a need and a want in terms of purchasing decisions.

Give an example of something that you convinced yourself was a need and went ahead to purchase. Were your self-esteem or self-image a factor in making this purchase?

Considering the following 5 items, check off if it is a need, a want, and then rank them in terms of priority on a scale of 1-3 (1 being high priority and 3 being low priority).

<table>
<thead>
<tr>
<th>Item</th>
<th>Need</th>
<th>Want</th>
<th>Rank in terms of priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lunch in the school cafeteria</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gas money to a friend who is giving you a ride to work</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Movie on cheap night at the theatre</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New pair of jeans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New bike</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Did you struggle with identifying any of the previous items as a need versus a want? Explain which ones and why.

Describe how you may have control over what your pay stub “looks like”? Can you control the information that is on it?

The table below outlines a simple tracking chart for your expenses and income. This example shows an account that began the day at $100.00, and after three purchases was reduced to $6.77.

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Need or want?</th>
<th>Priority</th>
<th>Purchase or Income?</th>
<th>Balance ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/01/14</td>
<td>X-Box game</td>
<td>Want</td>
<td>1</td>
<td>$62.09 purchase</td>
<td>$37.91</td>
</tr>
<tr>
<td>01/01/14</td>
<td>Lunch at A&amp;W, mall food court</td>
<td>Need</td>
<td>2</td>
<td>$6.14 purchase</td>
<td>$31.77</td>
</tr>
<tr>
<td>01/01/14</td>
<td>Cell Phone Card</td>
<td>Need</td>
<td>1</td>
<td>$25.00 purchase</td>
<td>$6.77</td>
</tr>
</tbody>
</table>
When you are looking at the expenses that have been tracked, you can also consider how long it may have taken to earn the amount needed to cover the purchases that were made in one day. For example, if you are working a part-time job, for minimum wage at $11.25 per hour (as of 1 October 2015), how long would you have to work to have the $93.23 in expenses that were accrued that day? What other variables to your paycheque would you have to consider?

In answering the previous question, have any of your rankings in terms of priorities and establishing if this purchase was a need or a want changed? Explain.

Using the table below, compare an item between three different stores to get the most bang for your buck.

<table>
<thead>
<tr>
<th></th>
<th>Store 1 -</th>
<th>Store 2 -</th>
<th>Store 3 -</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Brand name</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Store specific brand option, example no frills no name</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Store 1 -</td>
<td>Store 2 -</td>
<td>Store 3 -</td>
</tr>
<tr>
<td>----------------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
</tr>
<tr>
<td>Price</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return/refund policy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special features</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other notes</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Chapter objectives

› Describe the importance of personal financial management/budgeting.
› Explain and create a working budget.
› Find the most appropriate account for your needs.
› Describe compound interest.
› Identify wise use of credit.
› Explore the difference between banks and credit unions.
› Identify the difference between “good” and “bad” debt.
› Describe the consequences of acquiring “bad debt”.

Key Terms

<table>
<thead>
<tr>
<th>Key Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>A detailed financial plan used to allocate money for a specific time period</td>
</tr>
<tr>
<td>Chequing Account</td>
<td>A deposit account offered by financial institutions for managing day-to-day financial transactions, such as paying bills, making purchases with a debit card, depositing your paycheque, and sending or receiving email money transfers. A chequing account is a good way for most people to manage their day-to-day banking needs.</td>
</tr>
<tr>
<td>Credit Card</td>
<td>Issued by a financial company giving the holder an option to borrow funds, usually at point of sale.</td>
</tr>
<tr>
<td>Debt Management Plan</td>
<td>A service provided by the Ontario Association of Credit Counsellors. These are non-profit agencies created to help individuals experiencing financial distress. it is a voluntary agreement between you and your creditors.</td>
</tr>
<tr>
<td>Expense</td>
<td>This is money being spent. Examples of some expenses associated with being a student include tuition, textbooks, school supplies, transportation etc. Expenses you have because of life needs include food, shelter, clothes etc.</td>
</tr>
<tr>
<td>GIC</td>
<td>Guaranteed Investment Certificate is an investment option that is generally considered low risk.</td>
</tr>
<tr>
<td>Income</td>
<td>The money coming in. This money may come from your parents/caregivers, grants, student loans, and/or employment</td>
</tr>
<tr>
<td>Payday Loan</td>
<td>A type of short-term borrowing where an individual borrows a small amount at a very high rate of interest.</td>
</tr>
<tr>
<td>Personal Financial</td>
<td>The process of controlling your income and your expenses.</td>
</tr>
<tr>
<td>Management</td>
<td>RRSP</td>
</tr>
<tr>
<td></td>
<td>Registered Retirement Savings Plan is a legal trust registered with the Canada Revenue Agency and used to save for retirement</td>
</tr>
<tr>
<td>Savings Account</td>
<td>A deposit account offered by financial institutions that pays interest on your deposits (the principal) and is a good way to save money for short-term goals.</td>
</tr>
<tr>
<td>TFSA</td>
<td>A Tax-Free Savings Account is a kind of savings account registered with the federal government. It allows you to earn investment income without paying taxes.</td>
</tr>
</tbody>
</table>
**Financial Management and Budgeting**

**Personal financial management** is the process of controlling your income and your expenses. Your **income** is the money coming in. This money may come from employment, your family/friends, loans, and/or Ontario Disability Support Program (ODSP). While you are incarcerated income may be minimal, however once you re-integrate into the community, you might begin to look for employment, and start your new career and your income could increase. Although you should be careful handling your money presently, this becomes even more important later in the community when you have full accessibility to your finances.

An **expense** is money going out. This is money being spent. Examples of some expenses associated with being an employee include, transportation, uniform, groceries for meals, supplies/tools/materials for employment, etc. Expenses you have because of life needs include food, shelter, clothes etc. Then there are other expenses such as for hobbies, entertainment and miscellaneous activities.

The best way to manage your money and still be able to buy some of the extras you want is to create a budget. A **budget** is a detailed financial plan used to allocate money for a specific time period. A budget reflects your goals and specifies where your money goes in order to reach these goals. The objective of a budget is to control and prioritize your spending to match these goals. Be as precise and honest as you can when you are creating and working with a budget.

There are many different types of budgets that you can create for everyday situations or a onetime need. For example you can create a budget for your everyday expenses and to maintain a healthy financial management system. You can also create specific budgets, for example for a trip you may be planning, a vehicle or a wedding.

**Cash management** is the key to good budgeting. Carry only a small amount of cash with you and keep track of what you are carrying. It is too easy to use cash and you will usually spend more cash if you have it readily available. A good cash management practice is to track every single transaction you make. Keeping a mental record of how much money you have and are spending results in inaccurate accounting. Many individuals forget how much money has been spent and where it has gone. Physically record all deposits and withdrawals made with your debit card or bank teller. Reduce your trips to the ATM as well. Budgeting may seem daunting, but it doesn’t have to be complicated. It’s not so much what you make but how you spend it that’s most important. And in order to know how to stay in the black, you need a budget, the roadmap that tells you how much you have coming in and where it all goes.
### 1. Gather the facts
It all starts here. Find your financial records for the last three months or so. This includes bank statements, credit card statements, recurring bills and bills for things such as heat, water, hydro, cable, cell phones etc. Don’t forget to include all your little extras in terms of spending, for example, morning coffee, magazines, buying lunch etc. Those expenses will be crucial when you are looking for places to trim down.

### 2. Create a worksheet
Once you have the facts you have to organize them in a way that gives you a clear picture of what you spend and on what. It may not be pretty, but it will tell you what you need to know. The best way is to use a worksheet. The Financial Consumer Agency of Canada (FCAC), is a federal agency whose job is to protect and inform consumers about financial services. The FCAC online resources include a number of tip sheets and workable spreadsheets to help you to plug your own expenses into a budgeting format.

### 3. Fixed vs. discretionary spending
You can now break your spending into fixed and discretionary costs. Fixed costs are things such as mortgage or rent, car payments, and insurance. You must pay them every month and the usually don’t change in terms of the amount. You have more control over discretionary expenses. You have to buy groceries, but you do not need Haagen-Dazs super premium ice cream. Other areas to take a look at include gasoline, dining out, movies, clothes and that latte every morning. Small things can add up quickly.

### 4. Rules of thumb
Your housing costs should be less than about one-third of your gross income, financial planning experts say. That includes heat, hydro and property taxes. The Canada Home Mortgage Corp. has a mortgage affordability calculator to help crunch the numbers. Another rule of thumb is that your monthly debt payments should not exceed 40 percent of your gross monthly income. This includes housing, and such things as car loans and credit payments.

### 5. Pay yourself first
You’ve heard this one before. That’s because it’s the best way to save money. Try to put away 10 percent of each pay cheque, preferably using an automatic debit on payday. If you can’t manage 10 percent, try 5 percent. Anything is better than nothing and you’ll be surprised at how easy it is. Build that into Step 2 when you are creating your budget.

### 6. Cut out non-essentials
Do you really need to buy lunch five days a week? Can you live without that $5 skinny mochaccino? Make it a treat rather than a fixture. You might be able to eat out less often, or dine at a less expensive restaurant. Try leaving your debit or credit card at home to avoid impulse purchases.

### 7. Pay more than the minimum
When it comes to your debt, interest rates are everything. Pay bills on time to avoid service charges and sky-high rates on credit cards. Pay more than the minimum balance. For instance, if you owe $1,000 on a MasterCard that charges 18% interest and the minimum payment is $40 per month, it will take you nearly two and a half years to pay off the debt – and you’ll wind up paying close to $1,263! Industry Canada has a calculator that can help you compare VISA and MasterCard against store specific credit cards, lines of credit, and rent to own programs. You can also change the minimum payment and interest rate information.

### 8. Save for a rainy day
For safety, your best bets are a high interest savings account. You’ll be lucky to get an annual rate of 2 or 3 percent, but it’s better than the fraction of a cent you’re getting, if at all, in your savings account. Find an account with minimal fees or consider a Tax-Free Savings Account.

### 9. Review and adjust
Review your budget regularly to make sure that you are staying on track. Compare actual spending to the budget and look closely at instances when you’ve spent more than you planned. Was your plan realistic? Should you adjust by cutting in one place and adding in another? Your spending patterns will change some from month to month, but by keeping track of your income and expenses carefully, you know exactly where your money goes.

### 10. Build in a reward
You endured the pain, so build something in to reward yourself for sound financial management. Don’t be afraid to splurge (a little) when you meet your goals to save money or trim the budget – fancy dinner, new shoes, a shiny new gadget, and then, back to the plan!
WHERE SHOULD I KEEP MY MONEY?

Now that you have begun working, and started to create a budget for your income and expenses, dealing with a financial institution is another major step involved in personal financial management. If you have not already done so, you will need to open an account with either a bank branch or credit union.

There are a few differences between a bank and a credit union:

› The most important difference between the two institutions is the ownership. All banks are owned by a person, persons or stockholders. They are largely for-profit entities, which strive to continually make money for anyone invested in the bank itself. A credit union, however, is usually a nonprofit organization that is owned by the membership of the union, namely the people who hold accounts. This places the individual account holders of a credit union at a huge advantage as they have a direct say in how the operation is run. Also, this can mean lower interest rates on loans as there isn’t a giant push to increase equity.

› Banks and credit unions provide many of the same services, but their overall focus is usually different. A bank is mostly interested in business and consumer accounts. This includes all business and credit loans and can include mortgage loans as well. A bank makes the most of its money from these accounts from interest and fees, so it is within its best interest to keep these types of accounts at the forefront of its business. Because a credit union is smaller in scope, its focus tends to be on individual accounts, consumer deposits and small loans. While not having the type of capital a business owner might be looking for, credit unions are great for individual consumers and personal loans.

WHAT EXACTLY IS A CREDIT UNION?

Credit unions are co-operative financial institutions, owned and controlled by their members. One of the fundamental principles of a credit union is democratic control. As shareholders, all credit union members have a voice in setting their credit union’s direction at the local level. Each credit union member has one vote, regardless of the amount of deposits or shares they have in their credit union. Members also elect their credit union’s board of directors, which is responsible for governing their credit union.

While each credit union is an independent, democratic and locally-controlled financial institution, all credit unions share a common bond: their dedication to the people and communities they serve. In addition, all credit unions are guided by the seven Co-operative Principles, which shape credit union business decisions and governance, setting them apart from other financial institutions.

Currently, about one out of every three Canadians belongs to a credit union.
There are two main types of accounts, at either a bank or credit union that you will likely be using, a savings and a chequing account. A **savings account** is a deposit account offered by financial institutions that pays interest on your deposits (the principal) and is a good way to save money for short-term goals. A savings account can also build an emergency fund for unexpected expenses. Savings accounts often include only a limited number of transactions and may have higher transaction fees than a chequing account. Certain savings accounts require a minimum deposit to set up the account.

A **chequing account** is a deposit account offered by financial institutions for managing day-to-day financial transactions, such as paying bills, making purchases with a debit card, depositing your paycheque, and sending or receiving email money transfers. A chequing account is a good way for most people to manage their day-to-day banking needs. Some chequing accounts pay interest on your deposits. However, when a chequing account pays interest, it usually pays a lower interest rate than a savings account does.

Once you’ve identified the services you need, find out how much it will cost to get those services. Start by looking at no-fee accounts to see if they meet your needs. It is important to be aware of the terms the financial institution requires in order to be able to access an account that literally has no fees attached to it.

**Additional services**

Consider other features that may be of value to you. For example, you may be willing to pay a little more for an account that offers an online spending tracker, email alerts when money is withdrawn from your account, or waives the annual fee of a credit card.

Note how many of your transactions are done at an ABM, online or by phone and how many are done at tellers. Some financial institutions charge higher fees for transactions done at tellers: **Shop around**

**Special packages**

If you are a student, youth, senior or newcomer to Canada, you may be able to choose from banking packages especially designed for you. These packages usually cost less than similar accounts for other consumers, offer added benefits, or may have no monthly fees for a limited time.

You may need both a chequing and a savings account to suit your financial needs, once you have established the type of account you need, you will also have to decide the features that will be helpful for you to have associated with your accounts. Knowing this will help you to choose the right financial institution, whether it be a bank or credit union, ask yourself...
How do you bank?

› If you sometimes make transactions in a bank branch, look for a financial institution that has a branch in your area and that has business hours that fit your schedule.

› If you use automated banking machines (ABMs) to get cash or make other transactions, look for a financial institution that gives you access to ABMs in places you would use them regularly.

› If you want to use online or mobile banking, find out what options are available through the financial institutions you are considering.
Most financial institutions do not charge monthly fees for maintaining an account. However, you may still have to pay fees for transactions such as withdrawals or transfers.

Some financial institutions offer a limited number of free transactions; others require you to maintain a minimum monthly balance if you want to avoid paying fees; and some offer an unlimited number of free transactions. Find the financial institution that has not only the services that you want, but also good interest rates and few or no fees. Be cautious and read the fine print when you see the term “no fees” as this may come with certain stipulations to qualify for this type of service perk.

Your financial institution must provide you with a copy of the account agreement, which lists the terms, conditions and fees of the account. Keep a copy for your records and be sure you understand all the terms, conditions and fees before signing up for the account. Ask questions about anything that is not clear or that you don’t understand and always read through and know clearly what you are signing!

If you use your account mainly to save money, you will likely need to make only occasional transactions, such as withdrawals. Still, if you do need to withdraw money from your account, ask your financial institution the following questions:

› Is there a fee for withdrawals; at the teller, ABM from your bank or an opposing bank?

› Can you access your money from a conveniently located ABM; how many are within your area?

› Do you have to transfer money from your savings to a chequing account before you can withdraw the money? If so, you may need an extra day to transfer the money before withdrawing it.

› Can you transfer funds to another account over the Internet or by telephone?

› What type of online or over the phone banking does your account have; paying bills, transfers etc?
Specifics about Savings Accounts

Shop around when choosing a savings account and compare these features:

**Interest rates**

Financial institutions pay interest on the money you ________ into your account. Each month, the financial institution deposits the interest owed to you directly into your account. The higher the interest rate, the more money you will earn.

Financial institutions sometimes offer high-interest introductory rates which run for a certain length of time, after which the rate may be lower. Make sure that you will still earn a competitive rate after the introductory period ends and that you understand the terms of any introductory offers.

Most savings accounts will pay you interest regardless of how much money you have in your account; however, some institutions require that you keep a minimum balance in order to earn interest. For example, you might need to keep a minimum balance of $1,000 before the financial institution pays interest on your account.

**What is compound interest?**

With compound interest, the money you ________ in interest is added to the principal, and also starts to earn interest. The more often your interest is compounded, the more your account will grow.

When a financial institution advertises a savings account interest rate that usually means a compound interest rate. Most accounts compound interest monthly, but some compound interest daily.

For example, if a bank advertises a savings account with a 2% annual interest rate compounded monthly, after a year you will have earned 2% interest (plus compounding) on your deposits. You will not be earning 2% interest on your deposits every month.

Ask your financial institution how often it compounds the interest in your account.

**Example**

Anne deposits $100 into her savings account every month, and her money starts to earn interest as soon as she deposits it. Her account has an annual interest rate of 2%, compounded monthly. This means that each month, she will earn approximately 0.167% (2% divided by 12 months) on her balance, including any interest paid in the previous months.

After one month, Anne has $100 in her account and will earn only $0.17 interest on that balance ($100 x 0.167%). After the second month, her interest will be calculated based on her $200 of deposits, plus the $0.17 interest earned in the first month.

On a balance of $200.17, she will earn $0.33 in interest ($200.17 x 0.167%).
Each month, the amount of interest Anne earns will increase. By the end of the first year, she will earn a total of $13.08 in interest. The longer she continues to save and earn compound interest, the faster her savings will grow, as shown in the chart below.

Figures used in this example are approximate. Actual results will depend on how the financial institution calculates interest. For example, the formula may depend on the number of days in the month and this would result in slightly more interest being paid in the longest months.

You will usually have to pay income taxes on any interest that you receive. If your goal is long-term savings, consider a Tax Free Savings Account, which offers more benefits than a traditional savings account. See the information below as well as the FCAC’s tip sheet, “Thinking of Opening a Tax-Free Savings Account (TFSA)?” in the resource appendix for more information.

**TAX FREE SAVINGS ACCOUNTS (TFSA)**

A Tax-Free Savings Account (________) is a kind of savings account registered with the federal government. It allows you to earn investment income without paying ____________.

Canadian residents aged 18 or older who have a valid Social Insurance Number (SIN) can contribute up to a set limit of $5,000 each year to a TFSA. The key benefit is that you do not have to pay taxes on earnings within the account (including interest, dividends or capital gains) or on money you withdraw from the TFSA. Other features to note are contributions to the account are not tax-deductible, you can carry forward the unused contribution room, and increasing the allowable limit in future years. As a TFSA is not tax-deductible an RRSP is, however may not have as many features. It is important to make the best informed decision. You can have more than one TFSA open, but you cannot contribute more than $5,000 annually in total. For example, you could contribute $2,000 to a TFSA with bank A and $3,000 to a TFSA with bank B, but if you were to contribute any more to either of them within the same calendar year, you would exceed your contribution limit and would have to pay a penalty.

Your TFSA can contain the following types of investments:

- cash
- guaranteed investment certificates (GICs)
government and corporate bonds

mutual funds

publicly traded securities or stocks.

**Caution:** If you have already reached your contribution limit of $5,000 for the calendar year, and you withdraw money from your TFSA, you cannot re-contribute to your TFSA in the same calendar year without paying an over-contribution penalty charge. However, your annual contribution limit for the following calendar year increases by the amount you withdrew.

For example, you contributed $5,000 to your TFSA in April this year, and then withdrew $1,000 in October of the same year. To avoid an over-contribution penalty, you must wait until at least January of next year to re-contribute the $1,000. Your contribution limit for next year will increase from $5,000 to $6,000, taking into account the $1,000 you withdrew.

If your financial institution is a member of the Canada Deposit Insurance Corporation (CDIC) and goes bankrupt, up to $100,000 of your eligible savings in Canadian dollars will be insured.

Most banks and federally regulated trust companies in Canada are members of CDIC. Deposits in credit unions are covered to a similar or greater level by provincial deposit insurance plans, which vary by province. Most financial institutions are members of the CDIC and your deposits are insured.

**Specifics about Chequing Accounts**

The number of transactions you have in a month can be a large factor in terms of the type of chequing account you should be using. Look over your records, and count how many times you make each of the following transactions:

- cash withdrawals
- bill payments (online, by cheque, over the phone, or in person at a branch)
- debit card purchases
- email money transfers
- pre-authorized debits, ex. Rent coming out automatically
- pre-authorized transfers to a savings account, Tax-Free Savings Account (TFSA) or Registered Retirement Savings Plan (RRSP).

Adding up the number of transactions of each type that you do can help you determine how many monthly transactions you need to have included with your banking package. For example, if you make only a few transactions each month, you may not need to pay more for a package that offers unlimited transactions.
Also, look at how often you need services for which you may have to pay additional fees, such as:

› personalized cheques
› overdraft protection
› safety deposit box
› money orders
› drafts

Paying ____________ for a service you use regularly can be ____________. If there are certain products or services that you use often, such as email money transfers, look for a chequing account that includes those products or services as part of the monthly fee, or offers them to you at a discount. Your bank account is much like a cell phone plan, if you are a person who texts often, you would need a plan that includes unlimited texting at a reasonable rate. The same type of logic should be applied when choosing an appropriate banking package to suit your needs.

Make sure you understand what is included and how much you will pay by asking:

› What is the monthly fee?
› How many transactions of each type are included in the monthly fee?
› Are there extra fees for certain types of transactions, such as transactions made at a teller?
› What fees apply to transactions over the monthly transaction limit?
› What are the fees if you go into overdraft? What are the interest rates?
› Will the financial institution reduce or waive fees if you keep a certain balance in the account?
› Are you able to get a discount on the fees if you have other products with a single financial institution?
› What are the extra fees if you use another institution’s ABMs?

**Tips to minimize fees**

Use electronic and self-serve transactions (online, telephone, ABMs) whenever possible. These usually cost less than in-branch transactions.

Use the ABMs of your own financial institution, instead of those from other institutions. Many financial institutions charge a fee for withdrawals made at another financial institution’s ABM.

Minimize the number of transactions you make. If you are charged a
fee for each withdrawal or have limited transactions, try withdrawing one large amount instead of several smaller ones.

Ask for cash back from your account when making a debit card purchase in stores that allow cash back free of charge.

Make a choice based on the services that are important to you, cost, customer service and convenience.

Be sure you understand all the terms, conditions and fees of the account before signing up for it. Keep a copy for your records and ask questions about anything that you don’t understand.

From time to time, re-evaluate your needs and preferences. Find out if your financial institution, or another one, offers a chequing account with similar features to your own, but with no monthly fees, or a monthly fee that is less than what you are paying now.

This is a large chapter with lots of different information. Feel free to use this space to create some notes for yourself, or jot down some questions that you may want to have clarified later in the chapter.
Now that we have looked at managing money that you have earned, let’s talk a little about managing money that you may have borrowed. There are types of loans, or borrowed funds that you can obtain from a number of different sources. Diving into the world of credit cards and loans, we are going to look at the difference between acquiring good versus bad debt as well.

**Lines of Credit**

A line of credit is a type of ________ that lets you borrow money up to a ________. You can use the funds as needed, up to a specified maximum and pay the loan back at any time. You are charged interest from the day you withdraw money, until you pay the loan back in full.

**Advantages**

Interest rates for lines of credit are ________ than they are for credit cards, personal loans or other short-term loans. There are usually no set-up fees, annual fees or penalty charges for paying off your line of credit at any time, depending on the product and the financial institution. If you have a bank account with the same financial institution that you use for your line of credit, you can set it up so that any overdraft on your regular bank account is transferred to your line of credit, which can help avoid unnecessary fees. You are only charged interest on the amount used. For example, on a credit line of $25,000 available, but you have only used $5,000 you are charged interest on the $5,000 only.

**Disadvantages**

With easy access to money from a line of credit, some people can get into serious financial trouble because they don’t ________ their spending. The interest rate on a line of credit could go up, depending on whether you have a fixed or variable rate, and market conditions. If interest rates increase, you may have difficulty paying back your loan. Usually, you are required to pay the interest every month, but you may not have to make regular payments on the amount you borrowed (principal). This may mean you will pay a lot of interest and take a long time to pay off the loan.

**Credit Cards**

A **credit card** is issued by a financial company giving the holder an option to borrow funds, usually at point of sale. Credit cards charge ________ and are primarily used for ________ financing. Interest usually begins approximately one month after a purchase is made and borrowing limits are preset according to the individual’s credit rating.

**What is a Credit Card Agreement?**

The credit card agreement or card member agreement is a contract that defines terms and conditions in using a credit card. It
also explains ______________ that may apply if you miss payments or violate other terms of the agreement. Credit card companies send these agreements to customers when they first issue the credit card with instructions to keep the document in case it is needed for future reference. This procedure is carried out for the company to prove if needed at a later date if you have broken a term or condition, they will instruct you to refer to your terms of agreement with respect to that card.

**What are Terms and Conditions in the Credit Card Agreement?**

Although there are many credit cardholders, few of them actually bother to read and understand the credit card agreement. These state the terms and conditions under which the credit card could be used. The cardholder agreement is a legal contract between the lender and the borrower that highlights all terms and conditions under which the credit could be used. This agreement specifies the rights and obligations of customers under the contract they sign. Do not hesitate to get in touch with a customer care official with your credit card company. You can ask him to explain all clauses of the agreement that you cannot understand. It is their job to make sure you are fully informed of the contract’s terms and conditions. Once you affix your signature on the document, you automatically assume full responsibility for everything that is written in the cardholder agreement.

**The Best Time For Young People To Get A Credit Card**

It may not seem like it, but it is possible to go through life without using a credit card. That being said, when used responsibly, credit cards offer numerous advantages over other payment methods. They’re convenient, they protect you against fraud and theft, and they offer cash back and other rewards. They can also help you build the credit history you’ll need if you want to borrow money to buy a house or a car. If you think paying with plastic might be the way to go, here are some points to consider in deciding when to get a credit card and why.

**If You have stable income and want to build credit**

Why you shouldn’t wait:
“Credit cards are a reality,” says Anisha Sekar, VP of Credit and Debit Products at the card comparison website NerdWallet.com. “By introducing the idea of a line of credit early on, parents can teach their kids responsible card use in a safe environment,” she says.

A credit card shouldn’t be a high school student’s introduction to personal financial management, however.
“I’d recommend opening a youth checking account when the child is in middle school, so that he can get into the habit of balancing the checkbook and using plastic, and also because debit cards are safer than cash,” Sekar advises. “From a checking account, a reasonably mature child could open a low-limit credit card, co-signed by a parent, when he is 16 or 17.”

“Having your child use a credit card for one or two years before he leaves for college allows you to teach him responsible use while you’re still available to guide him,” she says.

Why you should wait:
High school students could succumb to the same tendency that adults have to spend more on a credit card than they can pay back.

“A parent can guard against this, however, by setting a low credit limit on the card and reviewing each monthly statement with the child,” Sekar says.

This advice assumes that parents are responsible users of credit.

“Credit cards can quickly turn into destructive financial products when parents fail to properly teach their children how to use them,” says Justine Rivero, a credit advisor at CreditKarma.com. “While parents might have the greatest intentions of giving their children a convenient way to spend, more often than not, parents won’t step them through how to properly use a credit card: to spend conservatively, watch their credit use and, most importantly, pay their bill on time and in full,” she says.

Rivero also points out that parents may not teach their children how credit card use affects their credit score or why their credit score matters. She says young consumers may see a credit card as an easy way to spend money, and not as a financial tool to be responsibly managed.

If you have children in high school or college

Why you shouldn’t wait:
If you don’t have a credit history yet, the sooner you establish one, the better.

“Having a credit card allows young people to build up their credit history and score. This will be immensely helpful when they apply for their own credit cards, student loans, mortgages, and even jobs and apartments,” says Sekar. “There are a number of student credit cards, almost all of which have no annual fee,” she adds.

Sekar thinks one of the best cards currently available is the Citi Forward card for college students, which has generous cash-back rewards on textbooks and other purchases, and offers incentives to encourage responsible use. She also likes the Capital One Cash card for its 1.5% rewards on all purchases. Neither card has an annual fee.

Why you should wait:
Rivero says she would recommend giving young consumers a credit card in college, when they are primed to learn how to manage their money and build credit.

A debit card linked to a parent’s checking account might be a good first step, though.
“Most student cards have high interest rates, so before you hand plastic over to your child, be sure to explain the expensive consequences of charging more than they can afford to pay off at the end of the month,” Rivero says. “Giving your child a credit card is an important opportunity to teach your child smart financial basics, so start it off on the right foot.”

In addition to high interest rates, parents can’t easily supervise their children’s credit card spending habits when they’re away at college, so it might be a bad place for them to experiment with credit for the first time.

Wouldn’t it be worse to wait until after graduation? Maybe. But in college, expenses are constant, while income is irregular or nonexistent. College students can find it difficult to manage their irregular cash flow to pay off a credit card bill on time. Paying with cash or debit will keep them out of trouble. Starting out adult life with high-interest consumer debt puts recent grads at a major disadvantage.

If You are a Recent College Graduate

Why you shouldn’t wait:
Still don’t have a credit history? Getting a credit card is an easy way to establish one.

If you don’t like the idea of using credit, you don’t have to make the card part of your regular spending habits. You can use it to make one automatic bill payment per month and set up a second automatic payment to pay off your credit card bill. Yes, this is an unnecessarily complicated way to pay a bill, but it’s an easy way to establish a credit history.

It’s also a good way to build a high credit score. By making one small charge a month, you keep your credit utilization ratio low. Your credit score will benefit when the amount of credit you use is low compared to your credit limit. Using your credit card in this way also establishes you as someone who pays the bills on time, which is another important component of a high credit score.

Even if you don’t have any plans to take out a mortgage, an auto loan or another form of debt for which a good credit history is essential; your plans could change one day. Think of establishing your credit history as a free insurance policy that only requires a small investment of your time.

Why you should wait:
If you know you won’t be able to resist the temptation to spend yourself into debt, don’t take out a credit card. Yes, it will be more difficult to lease an apartment, take out a mortgage or secure a loan to buy a car. But at least you won’t have an unmanageable mountain of credit card debt. Credit card companies aren’t going anywhere. You can always change your mind later and decide that you’re financially responsible enough to start managing credit.

The Bottom Line
Credit cards are ubiquitous, and for many people, the benefits of using them outweigh the drawbacks. Learning how to use credit responsibly early in life can set you up for decades of convenient spending, rewards and a high credit score that will let you borrow money at the lowest available interest rates. But no convenience or reward is likely to outweigh the drawbacks of carrying around high-interest debt, so if you don’t think you or your child is ready for a credit card yet, it’s OK to steer clear of credit cards for as long as you need to.
Credit cards can be useful and convenient. But if you aren’t careful about how you use them, you can put yourself on a path to serious financial trouble. You could build up debt that might take you years to pay off or damage your credit rating.

**Know what you’re getting into.** When you sign up for a credit card, you are entering into a _________, so it’s important that you understand the terms and conditions.

Credit card applications from federally regulated financial institutions must have an “information box” that outlines key features of the credit card like _______ and _______. But don’t stop reading there. Review the complete terms and conditions so you’re aware of other important details, such as:

› your PIN and your liability in case your card is lost or stolen
› who is liable if you share the card with a “joint borrower” or “secondary user”
› any restrictions and limitations on reward programs and benefits
› how to cancel the card

**Know yourself and your spending habits.** Before you start shopping around for a credit card, think about how you will use it and set some guidelines for yourself. A credit card doesn’t increase the amount of money you have available to spend. Continue to live within your means and your budget.

**Limit the number of credit cards you apply for.** Every time you apply for a credit card, it’s recorded by the credit reporting agencies. Applying for too much credit can damage your credit rating by creating the impression that you may be relying too heavily on credit.

**Avoid impulse buys,** especially if you don’t have the money available in your bank account to pay for the item. Ask yourself if you really need to make that purchase right away (or at all), or if it can wait until you have the money to pay for it.

**Aim to pay off your balance in full by the due date every month.** Carrying a balance means that everything you charge to your credit card actually costs you more than the purchase price, because you are paying interest.

For example, if you buy a new flat screen T.V. for $1,000 and pay only the minimum each month, it will take you almost 11 years to pay it off in full and it will have cost you $1,989 ($989 in interest)—almost twice the actual price of the T.V.

**If you have to carry a balance, try to make payments as soon as you can** to reduce your costs, because interest is charged daily. And always try to pay more than the _______.
Credit card statements for cards issued by federally regulated financial institutions have to include an estimate of how long it would take you to pay off your current balance if you were to only make the minimum payment each month and didn’t charge anything else to your credit card. You may be surprised at how long it would take you to pay off a splurge.

**Make regular payments to help build a good credit history.** Paying the balance in full every month will show other lenders that you are a ________________. On the other hand, if you make payments late or miss them entirely, you hurt your credit score.

**If your monthly balance is growing, stop using your credit card until you get your finances under control.** Use ________________ instead of a credit card. Look at your budget for ways to trim your spending.

**Avoid taking cash advances on your credit card.** You are charged ________________ from the day you take the advance until the day you repay the entire amount, and unlike regular credit card purchases, there is no grace period on cash advances from a credit card.

Instead, use your debit card to get cash from own financial institution’s ABM, or use the “cash-back” option that some merchants offer when you pay with debit. If you don’t have enough money in your account, look at your budget to see where you can trim your spending.

**Every month, carefully check your credit card statement** to make sure that there are no ________________. It’s a good idea to keep ________________ for all of your credit card purchases so that you can verify the amounts against your statement. If you find an error, report it to your credit card issuer right away.

If your credit card has a rewards program, **avoid increasing your spending or buying things you don’t need just to get points.**

If unexpected expenses come up, talk to your financial institution about your options. There may be alternatives to using your credit card that will cost less in interest, such as a line of credit.

**Keep your card, your PIN, and your security code secure.** If you share your PIN or security code, you risk being held financially responsible for unauthorized transactions.

**ACQUIRING DEBT**

When you look at your bills each month, you may feel overwhelmed by the amount of money that you’re spending on debt. Sometimes debt might seem like a trap that you only want to fight your way out of, but not all debt is bad.

When a lender looks at your ________________ to see what kinds of accounts you have, they will look at some debts more favorably than others. If you’re focusing on getting out of debt, you first need to understand which debts are considered bad and which are considered good.
Good Debt

Some of your debt might be considered an investment. You’re probably thinking, “How can anything as bad as debt be considered an investment!” If you took on the debt to purchase something that will increase in value and can contribute to your overall financial health, then it’s very possible that debt is a good one.

For example, a home purchase can be considered to be a good debt. Since homes usually appreciate in value, the mortgage loan you take out to pay for the home is an investment. Another example of a good debt is a student loan taken out to finance a college education. Earning a college degree or diploma usually means that you’ll make more money over your lifetime.

Good debt is obtained through making decisions about your future, not for the sole purpose of having good debt. Let’s say you’re analyzing your financial picture, trying to decide how to pay off your debts. It’s usually a good idea to focus on paying off your bad debts first. Since they provide no value, they’re more costly than your good debts. You should pay off credit cards and auto loans before tackling mortgages or student loans.

Some people consider using good debt to pay off bad debt, like getting a mortgage for $110,000 instead of $100,000 and using the extra to pay off credit card balances. This isn’t a good idea for several reasons. First, repaying debt with debt is never a good idea. Second, it ends up taking longer to pay off the mortgage than it would have otherwise. Third, the higher mortgage increases your monthly payments and the time it takes to build equity in your home. Use cash to repay debts, not more debt.

You must still be careful that you don’t take on too much debt, even if it’s good debt. If you’re overloaded with debt, then it doesn’t matter whether the debt is good or bad, it still hurts your financial health.

Bad Debt

In contrast, you must be cautious of acquiring bad debt. When you use debt to finance things that can be avoided, you aren’t accumulating good debt. This is the kind of debt that creates an unmanageable financial situation. Credit card debt is often considered bad debt because of the nature of items that credit cards are used to purchase. You should never accumulate debt to purchase everyday items like clothes or food. If you use a credit card for these types of purchases, you should pay the balance in full each month.

Even debt used to finance a vacation is bad debt. Even though it might help you feel better and be more productive once you return, a vacation does not appreciate in value. Don’t use debt to pay for a vacation and especially don’t use it to pay for a vacation you can’t afford.

DEBT MANAGEMENT PLANS

A debt management plan is a service provided by the Ontario Association of Credit Counsellors. These are non-profit agencies created to help individuals experiencing financial distress.

Debt management plans are designed for people who can afford to repay all of their debt over a period of time, but are unable to qualify for a debt consolidation loan, and require a period of time to make the repayments.
In a debt management plan the non-profit credit-counselling agency “pools” your unsecured debts together so that you are only required to make a single monthly payment (to the not-for-profit agency). The agency then divides your payment amongst each of your creditors, with the larger creditors getting a bigger share of payment.

Some of the advantages of a debt management plan are:

- Relief from collection agencies (no more phone calls from collection agents);
- A single monthly payment;
- Reduced and sometimes zero interest charges; and
- It’s a voluntary procedure - you decide to start the process.

A ______________________________ is not a legal procedure - it is a voluntary agreement between you and your creditors. As such, it does not need to include all of your creditors, nor is it binding on your creditors. A debt management plan also does not have the ability to automatically stop a garnishment order - the creditor must agree to lift the garnishment.

To see if a debt management plan is right for you, contact a local Credit Counselling Agency where you live and book a consultation to meet with a counsellor in person. They are experts in financial education, credit counselling and debt management programs. These agencies recognize that there are people that simply prefer to sit down and discuss their options face to face and they are pleased to be able to provide this level of personal attention and service.

Even though debt management plans and the agencies that provide this service have been around for a long time, very few people in Ontario are aware of this procedure. If you have the ability to repay 100% of your debt, a debt management program may be solution that you’ve been looking for.

If you think a debt management plan would work for you, go to our page on Credit Counselling for a list of the agency in your area.

If a good debt management plan is not put in place, getting into the “quick fix” mentality is a greater risk. Quick fix solutions to financial problems can include payday loans, borrowing from a friend or family member. These solutions can come with certain risks that, if not considered and researched properly, can come at a very high cost.

THE DANGERS OF PAY DAY LOANS

A ______________________________ is a short-term loan that you promise to pay back from your next pay cheque. A payday loan is sometimes also called a payday advance.

Normally, you have to pay back a payday loan on or before your next payday (usually in two weeks or less). The amount you can borrow is usually limited to 50 percent of the net amount of your pay cheque. The net amount of your pay cheque is your total pay, after any deductions such as income taxes. For example, if your pay cheque is $1,000 net every two weeks, your payday loan could be for a maximum of $500 ($1,000 divided by 50%).
A payday loan is a very _______________ way to borrow money. Payday loans are offered by privately owned payday loan companies and by most cheque-cashing outlets. The federal government does not regulate these companies.

How does a payday loan work?

Before giving you a payday loan, lenders will ask for proof that you have a regular income, a permanent address and an active bank account. Some payday lenders also require that you be over the age of 18.

To make sure you pay back the loan, all payday lenders will ask you to provide a postdated cheque or to authorize a direct withdrawal from your bank account for the amount of the loan, plus all the different fees and interest charges that will be added to the original amount of the loan. The combination of multiple fees and interest charges are what make payday loans so expensive.

How does the cost of a payday loan compare with other credit products?

Payday loans are much more expensive than other types of loans, including credit cards. But how much are you really paying? How does the cost of a payday loan compare with taking a cash advance on a credit card, using overdraft protection on your bank account or borrowing on a line of credit?

Let’s compare the cost of using different types of loans. We’ll assume that you borrow $300, for 14 days.

<table>
<thead>
<tr>
<th></th>
<th>Payday loan</th>
<th>Cash advance on a credit card</th>
<th>Overdraft protection on a bank account</th>
<th>Borrowing from a line of credit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest</strong></td>
<td>—</td>
<td>$2.13</td>
<td>$2.42</td>
<td>$1.15</td>
</tr>
<tr>
<td></td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td><strong>Applicable fees</strong></td>
<td>$50.00</td>
<td>$2.00</td>
<td>—2</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>=</td>
<td>=</td>
<td>=</td>
<td>=</td>
</tr>
<tr>
<td><strong>Total cost of loan</strong></td>
<td>$50.00</td>
<td>$4.13</td>
<td>$2.42</td>
<td>$1.15</td>
</tr>
<tr>
<td><strong>Cost of the loan expressed as a percentage of the amount borrowed</strong></td>
<td>435% per year</td>
<td>36% per year</td>
<td>21% per year</td>
<td>10% per year</td>
</tr>
</tbody>
</table>

1. The costs and fees shown in these examples are for illustration purposes only.

2. The monthly service fee you pay for your banking service package often covers any processing fees for overdraft protection. To be sure, check your account agreement or talk to your financial institution.

3. This is an estimate of the annual cost of the loan. This is calculated by adding together all of the fees, charges and interest charged after 14 days, and projecting this cost over a one-year period. Although the cost is expressed as a percentage of the amount borrowed, it does not represent the annual interest rate.
Making the connection

Now that you have read through the **Banking, Budgeting and Borrowing** chapter, let’s connect the dots!

Using the website, [www.fcac-acfc.gc.ca/eng/resources/toolCalculator/banking/index-eng.asp](http://www.fcac-acfc.gc.ca/eng/resources/toolCalculator/banking/index-eng.asp) enter your profile and determine the best types of saving and chequing account for you. Explain some of the features that you have found to best suit your banking needs.

<table>
<thead>
<tr>
<th>Type of account</th>
<th>Financial Institution</th>
<th>Special features</th>
<th>Service fees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>

Describe the importance of personal financial management/budgeting.

__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________
Given the information in this chapter around ways of borrowing, and the comparison table with regards to payday loans, discuss what is the best option when borrowing money and why?

List three benefits to having a credit card, and give one reason as to why it would be a bad idea.

Describe three examples of “good debt” and give a rationale for one of your examples.
Describe three consequences that can occur if you accumulate “bad” credit/debt.

Using the excel templates in the lab, you have the opportunity to create your own working budget. You may also refer to the extra spreadsheets in the resource appendix of your workbook for the future.
Describe and identify Identity Theft and Fraud.

Know how to protect yourself from identity theft and fraud.

Describe investing options.

Outline the risk and rewards of investing.

Key Terms

<table>
<thead>
<tr>
<th>Key Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>A certificate issued by a government or a public company promising to repay borrowed money at a fixed rate of interest at a specified time.</td>
</tr>
<tr>
<td>Capital Gain</td>
<td>An increase in the value of a capital asset (investment or real estate) that gives it a higher worth than the purchase price.</td>
</tr>
<tr>
<td>Diversification</td>
<td>Having a mix of investments</td>
</tr>
<tr>
<td>Dividend</td>
<td>A distribution of a portion of a company’s earnings, decided by the board of directors, to a group of its shareholders.</td>
</tr>
<tr>
<td>Dumpster Diving</td>
<td>Going through an identity theft victim’s trash, looking for bills they’ve discarded or anything else they’ve thrown away that contains personal information</td>
</tr>
<tr>
<td>Equities</td>
<td>Stocks or shares</td>
</tr>
<tr>
<td>Fraud</td>
<td>Wrongful or criminal deception intended to result in financial or personal gain</td>
</tr>
<tr>
<td>Identity Theft</td>
<td>When a person steals any of your personal information and pretends to be you</td>
</tr>
<tr>
<td>Interest</td>
<td>Lenders make money from interest, borrowers pay it</td>
</tr>
<tr>
<td>Liquidity</td>
<td>Liquidity is characterized by a high level of trading activity. Assets that can be easily bought or sold are known as liquid assets.</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>An investment that is made up of a pool of funds collected from many investors for the purpose of investing in securities such as stocks</td>
</tr>
<tr>
<td>Phishing</td>
<td>The activity of defrauding an online account holder of financial information by posing as a legitimate company</td>
</tr>
<tr>
<td>RDSR</td>
<td>Registered Disability Savings Plan</td>
</tr>
<tr>
<td>Real Estate</td>
<td>Property such as homes, land or buildings</td>
</tr>
<tr>
<td>RESP</td>
<td>Registered Education Savings Plan</td>
</tr>
<tr>
<td>Return</td>
<td>The profit or growth that an investor makes on an investment</td>
</tr>
<tr>
<td>Risk</td>
<td>The level of uncertainty associated with an investment</td>
</tr>
<tr>
<td>Risk Tolerance</td>
<td>The level of risk you are comfortable with</td>
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</table>

What is Identity Theft?

According to the Federal Trade Commission, since 2003, more than 10 million people annually have been victims of identity theft. What is identity theft? When a person steals any of your personal information—including your name, a credit card number or your Social Insurance Number—and pretends to be you, that person is an identity thief. Once an identity thief has your personal information, they can use it to do a number of things, including opening a credit card in your name and going on
a spending spree without ever paying the bill; opening a bank account and writing bad checks; withdrawing funds from your bank account; or giving your information to police officers during an arrest, which will lead to a warrant for your arrest when that person fails to appear in court. Because the possibilities for an identity thief are endless, it could take you years to reclaim your identity and repair the damage done.

The History

There is a common misconception that identity theft began with the Internet. However, while the Internet has made identity theft much more widespread, identity thieves started out getting information from telephone scams and from going through people’s garbage looking for personal information on bills and other documents containing important financial information.

Telephone scams are the easiest way for identity thieves to gain access to your personal information because the victim is willingly, though unknowingly, giving out his or her personal information. A thief places a call to the victim, informing the victim that he or she has won a contest or prize. This, of course, is not true. However, the victim, unaware of the scam, becomes willing to give the identity thief any kind of personal information the thief requests, in order to claim the prize. This information is usually a birthday, Social Insurance Number or sometimes even bank account information.

Another way identity thieves gain access to a victim’s personal information is a technique commonly known as “dumpster diving.” A thief will go through a victim’s trash, looking for bills they’ve discarded or anything else they’ve thrown away that contains personal information. In addition to dumpster diving, thieves will also steal mail right out of a mailbox. They can take bills, credit card or bank statements, or even offers to open new credit card accounts, which the thief would take to open an account in the victim’s name.

In addition to those seemingly basic ways of gaining access to your personal information, identity thieves are now also using technology to steal identities. Thieves use a device that has the ability to scan and store debit or credit card numbers when you swipe them. This technique is called “skimming.” Also, the Internet has made identity theft much more widespread. There are a large number of email scams, much like the telephone scams, where thieves trick victims into revealing their personal information under the false pretense of claiming a prize. “Phishing” is extremely common. In this case, thieves, posing as a bank or another company (like your credit card company), send emails or use pop-up advertisements, hoping to lure a victim into revealing some kind of personal information. While many people have become more aware and delete spam or junk emails, or get rid of pop-up advertisements, if even one person reveals his or her personal information, the thief can do a lot of damage with that stolen identity.
How does it happen?

You may unknowingly provide your __________________________ to a fraudster over the phone, via an email or on a fake website that is made to look like a real business.

Your computer may also be infected with a __________________________ called malware, that tracks every time you press a key on your computer keyboard, then stores that information and sends it to fraudsters.

Fraudsters may also take or copy personal identification like your birth certificate or Social Insurance Number (SIN) card in an attempt to steal your identity.

Preventing Identity Theft

While __________________________ have discovered many different ways to attempt to steal identities, there are still many opportunities for potential victims to protect themselves. Obviously, paper shredders have become an important factor in hindering dumpster divers, because shredders destroy any personal information before documents are thrown in the trash. Also, never give out personal information over the phone when you receive a phone call. You should ask for the company’s phone number and call them back. If they refuse, or if the number does not belong to the company they claim to be from, it is most likely a scam. On the other hand, if you are the one who placed the phone call to your bank or credit card company, it is OK to give them your information. Just make sure that you are in a private place and cannot be overheard.

As far as protecting yourself from identity theft on the Internet, never click on a pop-up or link you are not familiar with. Make sure your computer is protected with antivirus software to prevent hackers from gaining access to your information, and use an email filter to limit the number of junk or spam emails you receive. The less spam you receive, the less likely you are to become a victim of identity theft.

You should take precautions to protect your personal information at home, in public places, on the phone and online.

› Never provide your personal information unless you have initiated the communication and trust whom you are communicating with.

› Keep your personal information in a secure and safe place.

› Never email your personal information.

› When online, only use secure websites before transmitting personal information. Look for websites with addresses starting with “https” or a padlock image on the page. This will indicate that the information entered on these pages is secure.

› Keep your computer antivirus software up to date.

› Regularly check your accounts and statements for any suspicious or incorrect activity and report it immediately.
Warning Signs

Even taking all those steps, it is still possible that you could be a victim of identity theft. The earlier you discover that you may be a victim, the more likely it is that you can minimize the damage. Monitoring is the key to preventing identity theft or catching it early on if you have been victimized.

Keep track of your mail. If you notice mail is missing or you are receiving bills from companies you are unfamiliar with, someone has probably stolen your identity. Also, if you receive denial notices from credit cards you haven’t applied for, your identity may not have been stolen yet, but it is likely that someone tried to open a card in your name.

Repairing the Damage

If you notice any of the above signs, it is likely that your identity was compromised and you now have to take the steps to fix it. Contact the and . Immediately close all of your accounts to prevent any further damage.

File a and provide as much information as you can. The police track identity thieves, and if there is a pattern to the theft, the thief could be easier to catch.

While it can take many hours and be emotionally draining to regain your identity, you can eventually return your credit rating to good standing, and if a thief used your identity during an arrest, any issues with criminal records against you will be eliminated. You should not have to file for bankruptcy, and none of the damage done is permanent. As bad as it may feel when you discover that you’ve become a victim of identity theft, just remember there are people who will help you and that it can all be fixed.
Credit Card Fraud

When your credit card, credit card information or your personal identification number (PIN) is stolen and used to make unauthorized purchases or transactions, you become a victim of credit card fraud.

How does it happen?

Thieves use a variety of tricks such as:

› retrieving financial information out of your mailbox or garbage

› skimming your card through a secondary reader that copies the magnetic stripe information

› hacking into merchant databases and stealing credit card information

› implanting small devices on gas pumps that record your credit card number

› “phishing” for your credit card information with a fraudulent email that looks legitimate.

Chip technology is now replacing the current magnetic stripe to make credit card transactions more ______________. In these cards, there is an embedded microchip that is encrypted and virtually impossible to replicate. However, fraud can still occur if someone has your actual credit card and PIN.

How to prevent it

Prevention begins with protecting your personal and financial information.

› Do not share your credit card or credit card PIN with anyone.

› Cover the keypad when entering the PIN at a retailer or a bank machine.

› Keep your credit card in sight when you make purchases to prevent skimming or double swiping.

› Record your credit card number, card details and whom to contact in case of theft or loss. Keep this information in a secure place.

› Check your statements every month and report any errors or unauthorized transactions.

› Keep your credit card statements in a safe place, and shred them when you no longer need them.

› Get written confirmation when you cancel your credit card.
Only use your credit card online on ________________ and ensure that your online transaction is encrypted. Look for websites with addresses starting with “https” or a padlock image on the page. This will indicate that the information entered on these pages and the transmission of the information is secure.

**What to do if you are a victim of credit card fraud?**

If you become a victim of credit card fraud, you may be protected by one of the consumer protection policies set in place by American Express, MasterCard and Visa. Some conditions may apply.

If you think you have been a victim of fraud, take the following steps:

› Start a written log: record when you noticed the fraud and the actions you took, including names of people you spoke to and dates of communications.

› File a report with your local police.

› Contact your financial institutions and any other companies (e.g. phone company, cable provider, etc) where your accounts were tampered with, or are at risk of being tampered with.

› Advise Canada’s two credit rating agencies, TransUnion and Equifax.

› Contact the Canadian Anti-Fraud Centre, a national anti-fraud call center, at 1-888-495-8501 or info@antifraudcentre.ca.

**Debit Card Fraud**

When your debit card, debit card information or your personal identification number (PIN) is stolen and used to make unauthorized purchases or transactions, you become a victim of ________________.

**How does it happen?**

In order for debit card fraud to occur, a thief needs both your _______ and the debit card itself or the information stored on it. If your card is stolen or duplicated, the thief has to find some way to get your PIN in order to use it for unauthorized purchases or transactions.

Many financial institutions are now issuing client cards with chip technology. New cards with chip technology are virtually impossible to duplicate and are considered more secure than the older cards that store your information on a magnetic stripe.
How to prevent it

› Take precautions to protect your PIN whenever using your debit card. Cover the keypad when entering the PIN at a retailer or a bank machine.

› Never lend your debit card and PIN to anyone.

› When setting your PIN, do not use an easily guessed PIN. You may be responsible for any loss if you use your name, address, telephone number, date of birth or Social Insurance Number for your PIN.

› When using your card, keep it in sight at all times.

Check your bank account records regularly for any errors or irregularities and report them immediately.

INVESTING; UNDERSTANDING THE BASICS

Before making investment decisions, it is important to understand basic concepts.

Risk

Risk is the level of uncertainty associated with an investment— that is, the possibility that the investment will not grow or that you may even lose part or all of it. Every type of investment involves some risk. Generally, the higher the potential return, the higher the risk will be.

Return

Return is the __________ or __________ that an investor makes on an investment. The return can vary greatly, and for many types of investments it cannot be predicted with certainty. An investment’s return can come in two forms:

Income—including interest or dividends, or

Increased Value (also called capital gain), enabling you to sell your investment for a profit.

You can have a negative return if your investment loses value (also called capital loss).

Risk tolerance

Risk tolerance is the __________ with which you are __________. If you are willing to take the chance of losing some or all of your investment in exchange for the potential of earning a larger return, you have a high risk tolerance. If you prefer little or no risk, your tolerance is low.

Liquidity

Liquidity is the ability to __________ or __________ quickly to gain access to the funds without significant __________. Liquidity can be important if you are planning to use your savings or investments in the short term.
Diversification

Diversification involves having a _____________________. It is a way to ____________________. By holding a variety of investments, you reduce the likelihood that all of them will not increase in value or lose money at the same time.

Taxes and investments

Taxes will affect the _________________________, but taxes affect different investments in different ways. For example, you have to report interest income yearly and pay tax on it, but you may be eligible for a tax credit on income that you receive from dividends. With capital gains, you don’t have to pay tax until you sell or transfer an investment and receive some income, and then you pay tax only on half of the increase in value. Visit the Canada Revenue Agency (CRA) website for more information on capital gains.

____________________ is a complex area with many specialized rules. Unless your investments are very simple, it is helpful to get advice on tax planning from a professional with expertise in this area. For more information on taxes visit the CRA website. CRA offers an online course on taxes called Learning About Taxes.

The Government of Canada has created a variety of registered savings plans that offer ______________________ to investors. They let you avoid or delay some of the taxes you pay.

Common Types of Investments

There are many types of investment options, some more complex and risky than others. Before choosing an investment, it is important to understand and be comfortable with its risk level. The most common categories of investments include:

- **Savings-like investments** such as guaranteed investment certificates (GICs) and treasury bills. Savings-like investments are generally considered to be low-risk investments.

- **Fixed-income securities** such as government and corporate bonds. These types of investments are considered low-risk.

- **Equities**, also called stocks or shares. These types of investments are generally considered high-risk.

- **Real estate** and ________________________ are also common investment options. It is important to know what types of investments are included in a fund before you invest in it, because that mix will have an impact on your risk level.

It is also important to look at the fees that apply to your investments because they will have an impact on your return.
Once you establish your saving and investing goals, the next step is to work toward achieving them.

The Government of Canada encourages saving and investment toward specific goals, such as retirement and education. Several government plans offer tax benefits to Canadians. They let you avoid or delay some of the taxes you would otherwise pay. These include:

- **Registered Education Savings Plan (RESP)**
  An RESP is an account registered with the federal government to help you save for a child’s education.

- **Registered Retirement Savings Plan (RRSP)**
  An RRSP helps you save for retirement. Contributions to your RRSP are tax-deductible. Your savings can grow tax-free until you withdraw the money.

- **Tax-Free Savings Account (TFSA)**
  A TFSA is a savings account registered with the federal government. Contributions are not tax-deductible but anything you earn on money in the account will not be taxed.

- **Registered Disability Savings Plan (RDSP)**
  RDSPs helps families save for long-term care of relatives with disabilities.

These government-sponsored plans can hold a variety of savings and investment types. To find out more, speak to a financial planner or advisor.

**Investment Fees and Costs**

The investment fees and costs you pay will depend on the investment you make and how you purchase them. The costs will have some impact on your portfolio, so it is important to understand how much you are paying and what for. You can then decide whether the service is worth the cost.

Most fees and costs relating to investments fall into five categories:

- Costs to buy an investment
- Costs when you sell an investment
- Investment management fees
- Financial advisor fees
- Administration fees for registered plans

Not all types of costs apply to all investments. In some cases, costs such as sales commissions are included in the price you are quoted to buy the investment. This is generally the case for...
**Costs to buy an investment**

If you buy investments such as _______ and _______, you will usually pay a trading fee every time you make a purchase. For this reason, it is better to limit the frequency of your purchases. Brokerages and investment firms set their own fees, so the amount will depend on the company you use.

For “_______________” mutual funds, there is no fee to purchase units.

Other mutual funds charge “_______________” fees when you buy them. The fees are generally a percentage of your purchase price.

**Costs when you sell an investment**

With some mutual funds, instead of paying a fee when you buy the investment (“front-end load” fee), you pay a fee when you ________. This is known as a “_______________” fee.

The fee is generally a percentage of your selling price. It is normally highest in the first year after purchase and gradually decreases for every year you hold the investment. If you hold the investment long enough (often for several years), the fund dealer might agree to waive the fee. Think carefully before agreeing to buy funds with back-end load fees because the fees come out of the selling price of the investment and can be as much as 7 percent if you want to sell in the first year.

**Investment management fees**

Investment funds, including ___________ and segregated funds, charge a fee for managing the fund. The fees are called the Management Expense Ratio (MER) and may include an ongoing commission paid to advisors who sell the fund to their clients. The MER is paid regardless of whether the fund makes money. It is deducted before calculating the investor’s return.

**Advisor fees (how advisors are paid)**

_________________ are paid in different ways, depending on the type of service they provide. For example, an advisor helping you put together a financial plan might be paid an hourly fee, whereas an advisor making trades on your behalf might be paid per trade.

If you plan on using an advisor it’s important to know exactly what kind of services the advisor provides and the cost, as well as how the advisor is paid.

While most advisors strive to give good advice, advisors who are paid by commission have an incentive to encourage you to invest where they will earn the highest commission. Those who are on salary, on the other hand, may have an incentive to promote what their employers offer. Ask for information on your investing options and fees before you purchase any investment product.
Administration fees for registered plans

When a bank, brokerage firm or other financial institution sells a registered product such as a Registered Retirement Savings Plan or a Tax-Free Savings Account, the *Income Tax Act* requires the product to have a trustee.

Investors generally have to pay an administration fee (also known as a “trustee fee”) for the services the ____________ provides—for example, filing the necessary documents with the Canada Revenue Agency. In certain cases, if the overall value of a portfolio is above a certain amount, the company that holds your plan may waive the fee.

**WORKING WITH A FINANCIAL PLANNER OR ADVISOR**

Investing can be complicated, and many people simply do not have the time to acquire the knowledge and confidence needed to invest effectively on their own. A financial planner or advisor can help them.

How do you choose a financial planner or advisor?

The terms “financial planner” and “financial advisor” are used broadly; in fact, anyone can call themselves a “financial planner” or “advisor.” What sets some apart are their education and training, and the qualifications that they hold. For ease of reading, the pages in this section use the term “advisor” to mean a financial professional with training and expertise that is recognized within the financial sector.

Choosing the right advisor depends on the kind of help you are looking for. Different advisors offer different products and services, and their professional designations can provide an indication of their qualifications and expertise. Ultimately, what’s important is that you’re confident that your advisor has the experience and expertise necessary to help you reach your financial goals.

Don’t be afraid to meet with several potential advisors before choosing one. To make the most of your meeting, draw up a list of questions you want to ask. Be sure to take detailed notes.
Factors to consider

› Is the advisor registered?
By law, sellers of mutual funds, stocks and bonds must complete training and be registered with a provincial or territorial regulator. You can check that the advisor or firm you are considering is registered, and you can find out what kind of registration they hold. Simply visit the Canadian Securities Administrators (CSA) website and use the National Registrant Search. It includes the names of all individuals and firms registered in Canada, with the exception of those registered with the Ontario Securities Commission (OSC). To find out whether an individual or firm is registered in Ontario, use the OSC’s Check registration resource.

› Past disciplinary action
You can check whether an advisor or firm has been subject to disciplinary action in the past by visiting the following websites:

› Investment Industry Regulatory Organization of Canada (IIROC)
Research the background, qualifications and disciplinary information on advisors at IIROC-regulated firms by generating an IIROC Advisor Report.

› Mutual Fund Dealers Association of Canada (MFDA)
If an advisor is licensed primarily to sell mutual funds, the MFDA is the self-regulating body. You can search for current and past disciplinary hearings.

Where to look

Advisors belong to professional groups in their industry. The following industry groups can be good places to start searching.

<table>
<thead>
<tr>
<th>Group name and website</th>
<th>Role</th>
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<tr>
<td>Financial Planning Standards Council (FPSC)</td>
<td>Develops, enforces and promotes standards for financial planning in Canada.</td>
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<tr>
<td>Advocis (Financial Advisors Association of Canada)</td>
<td>Information on designations of financial advisors.</td>
</tr>
<tr>
<td>Mutual Fund Dealers Association of Canada (MFDA)</td>
<td>National self-regulatory organization and representative of firms that sell mutual funds in Canada.</td>
</tr>
<tr>
<td>Portfolio Management Association of Canada (PMAC) (formerly the Investment Counsel Association of Canada)</td>
<td>Representative of investment counsellors and portfolio managers in Canada.</td>
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</table>
Investing on your own

Investing on your own may be an option if you are confident about your investing knowledge and have the time to follow developments in the financial market. If you are new to investing, it is probably better to work with an advisor.

Making the Connection

Now that you have read through the *Staying on the Safe Side* chapter, let’s connect the dots!

Describe how identity theft can impact you?

____________________________________________________________________________________________

____________________________________________________________________________________________

____________________________________________________________________________________________

____________________________________________________________________________________________

____________________________________________________________________________________________

What are some of the best ways to protect yourself against identity theft?

____________________________________________________________________________________________

____________________________________________________________________________________________

____________________________________________________________________________________________

____________________________________________________________________________________________

____________________________________________________________________________________________

Describe some of the basic concepts of investing

____________________________________________________________________________________________

____________________________________________________________________________________________

____________________________________________________________________________________________

____________________________________________________________________________________________

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Using the table below, list some of the pros and cons with regards to investing.

<table>
<thead>
<tr>
<th>Pros of investing</th>
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Enactus SLC
Our mission is to reduce poverty by creating comprehensive solutions to issues within our greater community.

Established in 2009, the Enactus SLC team consists of a group of students from St. Lawrence College Kingston who create and deliver projects that help to reduce hunger and promote entrepreneurship, financial literacy and environmental sustainability. This handbook represents the evolution of efforts since the team began to bring financial literacy to youth. It is available for free download at www.enactusslc.ca

The Manage Your Money Participant Handbook helps youth learn the skills they need to take control of their finances as they enter adulthood. Navigating personal finance requires confidence and knowledge. With the help of the Manage Your Money Facilitation Guide and supplementary videos, participants learn about practical topics such as budgeting, understanding pay stubs, taxes, insurance, banking options, and more. As of 2014, 116 youth from Family and Children’s Services have graduated from the Manage Your Money program. Facilitation guides and videos are available to help you run a Manage Your Money program in your community. For more information please contact us through our web page.

Many thanks to the team members and faculty advisors who have played a vital role in the growth and development of Manage Your Money. A special thanks to team members Kate Armstrong, Jim McCartney, Victoria Stinson, Andrew Oosterman, Merina Johnston, Thiago Santarém, and Nick Blunt for their dedication to this project, as well as to faculty advisors and professors Pam Bovey Armstrong, John Pirrie, John Conrad, Terri McDade, Gary Peacock, Colin Slade, Ricardo Giuliani and Brian Wilcock. Enactus St. Lawrence College would also like to express acknowledgement and gratitude to Shannon Youell and the Family and Children’s Services of Frontenac, Lennox and Addington.

www.GiveToSLC.ca/FoodCents
You will receive a tax receipt for your donation. 100% of all proceeds will go towards Manage Your Money and Food Cents initiatives.
MANAGE YOUR MONEY
Facilitator’s Guide Corrections
MANAGE YOUR MONEY

Facilitator’s Guide

Written by:
Brian Wilcock
&
Edited and compiled by:
Kate Armstrong and Enactus St. Lawrence College
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Financial literacy is the ability to understand and interpret financial matters. Financial literacy often entails the knowledge of properly making decisions pertaining to certain personal finance areas like real estate, insurance, investing, saving (especially for college), tax planning and retirement. It also involves intimate knowledge of financial concepts like compound interest, financial planning, the mechanics of a credit card, advantageous savings methods, consumer rights, the value of money, etc. Financial literacy is an imperative life skill and will be a key success factor in the transition from youth to institution into the community.

This guide is to be used in tandem with the Manage Your Money (MY$) program and will help the Facilitator deliver successful Manage Your Money sessions. There are five sessions in total in the Manage Your Money program and the delivery methods vary from lecturing, computer activities, classroom activities, videos and guest speakers. With these varied methods, the participants will be able to connect more with the material and apply the knowledge and concepts they’ve learned to their lives.

It is imperative that you consider a number of variables when delivering the Manage Your Money Program modules. Listed in this facilitators guide are the essential pieces to facilitating the Manage Your Money Program.
1. Facilitator Selection

› Be sure to choose a Facilitator who has some understanding of Correctional Services Canada (CSC), federal inmates and the financial literacy material.

› In order to be effective in working with this client group, it is important to understand the client group first.

› If you have no experience with CSC, having the appropriate volunteer site training for CSC is essential.

› The way you teach traditionally will need to be adjusted to reflect the individual needs of this client group. Participants come from a variety of backgrounds, additional sensitivities to potential triggers will be important.

2. Volunteer selection and Orientation

› It is nice to have a diverse volunteer group that has representation from a variety of programs. Traditionally we see a mix of Business Participants and Community Services Participants.

› Volunteers can come from a variety of programs but the common theme has to be empathy.

› Please find attached a copy of the volunteer orientation agenda and volunteer information sheet in the appendix.

(ADD ATTACHMENT a copy of the orientation/schedule).

3. Recognize who your target audience is and the objective

› Tailor your training to the participants needs being aware of present and future goals of the Participant.

› Personalize your training to the target audience.

› Recognize that Participants are there to learn the basics of financial literacy, so keep the content simple but informative.

› Deliver the content in a language that they are sure to understand. Which will involve frequent check in’s to ensure Participant comprehension of the content.

4. Class room size and functionality (layouts)

› Be sure to examine the assigned room before the first day of delivery.

› Ensure the room is equipped with a projector and has Power Point capabilities.

› The best layout is to have participants sitting in a U shape, if the space allows.
For best practice, make sure that the program room door is unlocked in the event of an emergency for easy entry.

5. Group dynamics

- On occasion you may have to deal with some disruptive behaviour in the classroom. Again, remember to be empathetic when dealing with behaviour.
- It is suggested to have “A frame” name tags on Bristol board placed on each desk as participants arrive.
- It is recommended to keep the group size at approximately 8-10 Participants.

6. Setting ground rules

- Facilitators are advised to set ground rules for the MY$ program.
- This process should be done in a way that the participants come up with the rules amongst themselves. This process has the Participants engaging in the development of the group rules, with the thought being if they engage in the writing of the rules they are more likely to follow them. Post the rules up on the wall where they can be seen.
- Alternatively, Professors/Facilitators could have one rule for participants to follow; RESPECT! Sometimes overloading Participants with “rule talk” can turn them off. Explaining Respect as an all-encompassing rule is a good way to simplify this process.

7. Teaching and learning styles (retention rates)

- Ensure to use a variety of teaching styles to appeal to the variety of learning styles
- Visual- Learn best by seeing concepts, such as an overhead projector
- Auditory- Learn best by having concepts explained to them, such as explaining concepts orally, versus just reading from slides.
- Kinesthetic- Learn best by doing, such as having concepts turned into exercises to reinforce learning.

8. Teach, Reinforce, and Assess

- A good process to follow is T – R – A. Teach, Reinforce, Assess
- Teach to the material through the use of Visual and Auditory delivery
- Reinforce through the use of Exercises
- Assess based on the knowledge displayed throughout the workbook and in the making the connection piece, at the end of each module
9. Coffee

- Facilitators may choose to bring coffee to program, which is provided by the institution. Speak to the Manager Programs or Social Programs Officer for details.

10. Schedule breaks

- Participant retention can be dismissed for a 15-minute break. This allows for a quick washroom break and stretch.

11. Attendance

- Be sure to set a standard with the participants that they are committed to attending all sessions. In the event that they cannot attend, it is their responsibility to notify the facilitator.

- There is often a financial benefit to Participants for attending the program, not to mention the value the program offers, therefore I would suggest that participation in all Modules is a requirement.

12. Teaching Manage Your Money Tips

- Take 15 minutes to socialize in the class before each session begins to build rapport with the participants. This is important to gain the trust of this population as they often have trust related concerns

- Relate material back to real life situations that are relevant to the Participants age and interests

- Include various exercises and activities that are both meaningful and consistent with your participants. It is always a good idea to get the participants out of their chairs on occasion. Be certain that you allow enough time for the activities to unfold fully but not drag on.
Module #1 – You! Past, Present and Future

<table>
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<tr>
<th>Slide</th>
<th>Module Teaching Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1.png" alt="Logo" /></td>
<td>Have this logo slide up as people enter the room and take their seats</td>
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</tbody>
</table>
| ![Agenda](image2.png) | Welcome everybody to Manage Your Money  
Take a few minutes to introduce yourself along with a brief history  
Review agenda with Participants  
Discuss group ground rules |
| ![Icebreaker](image3.png) | Have Participants partner up  
Have Participants introduce themselves to one another  
Have Participants share one interesting fact and their reason for coming to MY$  
Have a few, or all depending on the time, introduce their partner and share their answers  
As the Facilitator it is suggested to make a statement that everyone is here for their own reasons.  
Even if you feel as though you are here but don’t want to be, I’m glad that you are here.  
I believe that by the end of the Program, you too will be glad you attended (I don’t care why you’re here, I care that you’re here) |
| ![Guest Speaker](image4.png) | Discuss with Participants that we have a guest speaker in tonight who is a financial advisor  
Introduce the guest speaker and allow them to begin  
Question and Answer period  
Thank the guest speaker and offer a token of appreciation |
| ![Objectives](image5.png) | Review objectives for the first module  
Explain that it is important to understand our views on money/finances and how we came to know what we know.  
In order to be successful in financial literacy it begins with understanding who you are |
<table>
<thead>
<tr>
<th>WHAT IS FINANCIAL LITERACY?</th>
</tr>
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<tbody>
<tr>
<td>Introduce the topic by sharing a few common associations with what Financial Literacy means.</td>
</tr>
<tr>
<td>Pose the question, what else does financial literacy mean to the Participants.</td>
</tr>
<tr>
<td>The knowledge to make informed financial decisions</td>
</tr>
<tr>
<td>A life skill to aid you in your financial success</td>
</tr>
<tr>
<td>Understanding learning styles and their relevance to finances</td>
</tr>
<tr>
<td>Goal setting to achieve the things you want in life/planning for your future</td>
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</table>

<table>
<thead>
<tr>
<th>WHAT ELSE COULD FINANCIAL LITERACY MEAN?</th>
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<tbody>
<tr>
<td>Open up the floor to discussion as to what else financial literacy could mean to each student individually</td>
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</tbody>
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<tr>
<th>MIRROR WORDS</th>
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<tbody>
<tr>
<td>Explain to Participants that you want them to simply write down the three words that come to mind when they look at themselves in the mirror.</td>
</tr>
<tr>
<td>Negative + Negative = projecting negativity</td>
</tr>
<tr>
<td>Having a positive self-esteem/ self-image = projecting positivity</td>
</tr>
<tr>
<td>Promote a few Participants sharing their mirror words aloud</td>
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</table>

<table>
<thead>
<tr>
<th>HOW DO YOU DESCRIBE SELF ESTEEM, SELF IMAGE AND PROJECTION?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pose the question to Participants.</td>
</tr>
<tr>
<td>Can anyone describe either self-esteem, self-image, or projection?</td>
</tr>
<tr>
<td>Encourage people to attempt to answer and share knowledge</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SELF ESTEEM, SELF IMAGE AND PROJECTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tie self-esteem back in with the mirror words exercise. That's how Participants view themselves.</td>
</tr>
<tr>
<td>Self-image is the Participants belief of how others view them. Sometimes this can be skewed as it can be effected by the Participants' self-esteem</td>
</tr>
<tr>
<td>If a Participants' self-esteem is confident and positive the self-image is sure to follow.</td>
</tr>
<tr>
<td>How you treat others is heavily impacted by your self-esteem and self-image. This is known as projection.</td>
</tr>
<tr>
<td>BELIEVE IN YOURSELF</td>
</tr>
</tbody>
</table>
This iceberg analogy serves to prove that what people feel on the inside makes up 90%, but what people see is only 10%

Relationship development is an important piece to changing those numbers. The more people get to know an individual, the more they see the person as a whole.

Relationships we hold in life contribute to our financial situation

**PERSONALITY, VALUES AND BELIEFS**

- Personality: Stable traits that assist in explaining and predicting a person's behavior.
- Values: Ideas that are important to you as an individual.
- Belief: A strong opinion or something that a person holds to be true.

Past experiences influence our behavior. Do we become like the people we surround ourselves with?

**Personality** – Traits that make you who you are, humans are unique and there are no two identical.

**Values** – Things that are important to you as a person, these are often shaped by positive and negative influences in our lives.

Here is an example of how these influences can shape your view on money.

Person A) may feel like money is the root of all evil. They may feel as though money is the root of all major issues in the world; Poverty, War, Government

Person B) may feel as though money is a valuable resource. Could have been taught early the value of a dollar and recognizes that money is essential to survival, safety, and security.

**Beliefs** – What a person holds to be true, the belief in god, miracles, spirits.

Your Personality, Values and beliefs contribute to your overall attitude.

Attitude affects performance on the job and since we know that behavior affects behavior, then a bad attitude will affect others in a negative way.

Self-esteem, self-image, projection, personality, values, beliefs, and attitude relate to finances because they all relate to getting a job, keeping a job, and moving up the pay scale in that job.

In order to have financial success one must evaluate these 7 areas and ensure that they fit with what employers are searching for.

**PERSONALITY, VALUES AND BELIEFS**

- Past experiences heavily impact your personality, values, and beliefs.
- Confront your past.
- Practice forgiveness.
- Move forward.

Keep in mind that it is sometimes a painful process to reach your goal of becoming the best individual you can be.

Briefly discuss the impact of one's past and how it shapes us into the people we are today.

We discuss this as a difficult process that often takes an in depth look at becoming the best individual you can.

Read the serenity prayer.

I can’t change change what is already done, I can accept it, and focus on what I can change.
The Locus of Control section is intended to help Participants be realistic and balanced. Have Participants review the consequences of a lop sided view

Identifies who you believe controls your future

Ask Participants questions such as who in the room does this?

Is she right in her thought process?

An internal locus of control can be unhealthy as it can cause people to be overly critical of themselves and neglect other factors

Too much is unhealthy

Ask the same questions as above….

An external locus of control can also be unhealthy as it can have people fail to take necessary ownership that is critical to learning and growing, thus resulting in changed behaviours.

Not taking any responsibility for our own actions

Tie it together with the Balance slide. The key to success is a balanced locus of control

Illustrate how balance is important through real life experiences.

Explain contributing factors such as disadvantaged/marginalized populations. Example: Grandfather was incarcerated, father was incarcerated.

Explain circumstances such as an era someone grew up in computer generation, .99 cent apps (Angry Birds upon release sold 1 million in 1 day) versus someone who grew up in a depression.

Mention the computer era: Steve Jobs, Norton, Bill Gates, Michael Dell.

Identifies Primary and secondary learning styles of Participants.

Visual – Learns best by seeing items or material presented.

Auditory – Learns best by hearing and having things explained to them.

Kinesthetic – Learns best by doing in the context of the activity.

It is important to illustrate how being able to identify and articulate a student’s learning styles relates back to financial literacy.
IF YOU NEEDED DIRECTIONS...

**WOULD YOU:**
- Look at a map?
- Ask someone to tell you directions?
- Draw the route yourself?

Read this slide to the Participants, have the Participants think about which learning style they have.

IF YOU WERE COOKING DINNER...

**WOULD YOU:**
- Look at a recipe or watch a cooking show?
- Ask someone to tell you the recipe?
- Just cook and taste as you go?

Read this slide to the Participants, have the Participants think about which learning style they have.

MAKING SMART GOALS

Introduce Goal Setting and the Smart Goals Process

Discuss the difference between short term and long term goals

Select a volunteer to perform an activity in front of the group

Set up a small target (trash bucket) across the room and give the participant an object or ball to throw.

Be sure the distance is far and very difficult

Ask the Student to tell you a goal they have or have had in the past.

Get the student to “take a shot” at the target.

Each time they miss, they need to recite a strategy to achieve that goal.

Repeat the process until they have been successful in “making the shot”.

This activity illustrates that goal setting is a process and in order to be successful you need to address the mini goals, or strategies, required to achieve the goal in the bigger picture. Explain the SMART acronym reviewing each letter. Don’t assume Participants understand what each letter means without explanation. Explain that throughout this process they should avoid using generalized terms such as some, approximately, maybe, and other terms that hinder tracking progress.

WHICH GOAL IS A SMART GOAL?

- Save some money for college
- Do better in my biology class
- Save $80,000 this summer for a new car
- Set aside $10/week until I have $400 saved
- Train to run a marathon

List off the examples one by one and ask, is this a SMART goal or not?

Have Participants rationalize why they feel it is or is not a smart goal.

PERSONAL KNOWLEDGE

- Personality and attitude affect your performance both personally and professionally
- Begin developing a positive attitude and believe in yourself and your abilities

This slide is generally a conversation piece to discuss all the material covered in class during this Module

Provides an opportunity to reinforce how past experiences, self-esteem, self-image, projection, personality, values, beliefs, attitude, learning styles, and goal setting can contribute to financial literacy.
<table>
<thead>
<tr>
<th>HOW DOES PERSONAL KNOWLEDGE AFFECT YOUR ABILITY TO MANAGE YOUR MONEY?</th>
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<tbody>
<tr>
<td>Read this slide to the Participants</td>
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<tr>
<th>NEXT SESSION</th>
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<tbody>
<tr>
<td>COMPLETE &quot;MAKING THE CONNECTION&quot;</td>
</tr>
<tr>
<td>NEXT WEEK'S TOPIC: COST OF LIVING</td>
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<tr>
<td>GUEST SPEAKER</td>
</tr>
<tr>
<td>Introduce the topic for Module 2 and suggest people read ahead to create some front matter for the upcoming session.</td>
</tr>
<tr>
<td>Should time permit, volunteers and Facilitator will assist with the making the connection homework.</td>
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# Module #2 – Cost of Living

<table>
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<tr>
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## Agenda - Week Two
- Welcome Participants back to Manage Your Money
- Review agenda with Participants

## Homework Review
- What influences your attitude towards money?
- Describe how your learning style is connected to financial literacy.
- Describe whether you see yourself as having an internal or external locus of control.
- What would the ideal locus of control look like?
- Share your SMART goal.

## Take A Break, You’ve Earned It!

## Week Two Objectives
- Describe the cost of living and how it affects you.
- Describe the importance of applying consumer knowledge to purchase decisions.
- Understand payroll deductions.
- Identify the difference between gross and net income.
- File your tax return.
- Define needs, wants, and priorities.
- Describe the importance of setting priorities.

## Review objectives and learning outcomes for Module 2
WHAT IS THE COST OF LIVING?

> WHAT IS THE COST OF LIVING?
> CAN IT CHAGE OVER TIME?
> WHY DOES IT CHAGE?

HOW WILL THE COST OF LIVING AFFECT YOU?

EXPLAIN THE COST OF LIVING AS, THE ESSENTIALS WE REQUIRE TO SURVIVE.

ENCOURAGE PARTICIPANTS TO COME UP WITH; FOOD, SHELTER, CLOTHING, HEATING, UTILITIES, TRANSPORTATION.

BRIEFLY NOTE THAT ANOTHER COST OF LIVING, THAT EVERYONE HAS TO PAY, IS TAXES.

DISCUSS VARIABLE EXPENSES IN COST OF LIVING SUCH AS MEDICINE, DENTIST, PHONE ETC.

EXPLAIN INFLATION AND HOW COST OF LIVING IS CONSTANTLY CHANGING.

COST OF LIVING

THE COST OF LIVING REFERS TO THE AVERAGE AMOUNT OF MONEY AN INDIVIDUAL OR FAMILY CAN EXPECT TO SPEND ON FOOD, CLOTHING, HOUSING, HEAT, UTILITIES, TRANSPORTATION AND OTHER BASIC EXPENSES.

ASK PARTICIPANTS TO PROVIDE EXAMPLES OF COST OF LIVING CHANGES THEY CAN RECALL.

POSE THE QUESTION AS TO THE AFFECT COST OF LIVING WOULD HAVE ON PARTICIPANTS.

WHAT HAPPENS WHEN THE COST OF LIVING IS HIGHER THAN THE AMOUNT OF MONEY COMING IN? WHERE DO WE TURN? TAKE ON EXTRA JOBS? START MAKING SACRIFICES IN OUR LIFE? BORROW MONEY TO SURVIVE? TURN TO SOCIAL ASSISTANCE? BECOME HOMELESS?

C.O.L.A. – COST OF LIVING ADJUSTMENT

A PROTECTIVE PROGRAM PUT INTO PLACE BY THE GOVERNMENT TO ASSIST WITH INFLATION.

EXPLAIN THAT AS THE COST OF LIVING INCREASES THE GOVERNMENT (COLA) INCREASES THE MINIMUM WAGE, SOCIAL SECURITY, SOCIAL ASSISTANCE TO “LEVEL THE PLAYING FIELD” OR “CLOSE THE GAP”.

MINIMUM WAGE

USE THIS TABLE TO ILLUSTRATE THE EFFECT COLA HAS HAD ON MINIMUM WAGE.

AS TIME MOVES ON AND COST OF LIVING EXPENSES INCREASE, MINIMUM WAGES INCREASE TO REFLECT THE TIMES.

EXPLAIN HOW FUEL PRICES INFLUENCE THE COST OF LIVING.

MOST OF WHAT WE PURCHASE HAS FUEL AS A FACTOR.

MOST PRODUCTS REQUIRE TRANSPORTATION, ITEMS SHIPPED FROM OVERSEAS, VEGETABLES TRANSPORTED FROM HOTTER CLIMATES ETC.

AND OF COURSE OUR OWN USE OF FUEL FOR TRANSPORTATION PURPOSES.

TYPES OF INCOME

> SALARY: A YEARLY AMOUNT DIVIDED BY THE NUMBER OF PAY PERIODS IN THE YEAR
> WAGE: A RATE PER HOUR WORKED
> PIECEWORK: A RATE OF PAY PER UNIT OF PRODUCTION
> COMMISSION: A PERCENTAGE OF A SELECTED “BASE” AMOUNT

THIS SLIDE IS USED TO ILLUSTRATE THE MOST COMMON WAYS PEOPLE EARN MONEY.

IN QUADRANTS, LED BY VOLUNTEERS HAVE GROUPS DISCUSS THESE METHODS OF EARNING AND IDENTIFY SOME PRO’S AND CON’S (I.E. SALARY: PRO= GUARANTEED INCOME, CON= NO OVERTIME

DISPEL SOME OF THE MYTHS THROUGH GROUP DISCUSSIONS.

USUALLY SOMEONE HAS THE FEELING THAT COMMISSION BASED SALES ARE NOT GOOD. EXPLAIN LOCAL REALTORS MAKING $200,000 A YEAR. EFFORT PRODUCES SUCC. NOT CHANCE.
Use the following slides to inform those who haven’t had a job, and those who have but are unaware, what should be on a paystub.

Participants may have been getting a paystub, but possibly have no idea how to read it. There are a number of acronyms that can be confusing to Participants who are new to the working world.

Name & Address (#1): This is your name and address. Be sure to check that your employer has all the correct information.

Name needs to match up with SIN to match name on T4

If you move, make sure to notify your employer so they can mail your T4

Pay Period Information (#2): This identifies what period of work you are being paid for.

Pay period 4/26, you can better keep track for long-term planning

Rate & Hours Information (#3): This shows how many hours you are being paid for and at what rate. Be sure that this is accurate for the pay period.

Make sure your hours add up

Gross earnings (#4): The total of all of your cash earnings, including regular pay (i.e., your straight salary or your hourly rate times the number of hours worked in the pay period); overtime pay; and vacation pay.

This is not the “take home” amount

Statutory deductions (#5): An employer has a legal obligation to withhold statutory deductions, which, in order of priority, are: CPP or QPP (Quebec only) contributions, EI and QPIP (Quebec only) premiums, and federal and provincial income tax. Everywhere except in Quebec, provincial tax is collected as part of the federal income tax deduction. Quebec has separate deductions for federal and provincial taxes.
- Net pay (#6): Total all your deductions, subtract them from your gross earnings, and you’re left with your net pay. That’s what you’re actually taking home.

What else appears on your paycheque?

Have participants list other notables on a paystub, union dues, health benefit deductions, Canada Savings Bonds/RRSP contributions, etc.

Ex: Pay roll deductions for mandatory uniform

Ex: Additional pay for travelling/mileage (x amount per kilometers that your drive)

**INCOME TAXES**

> WHO PAY INCOME TAX?

Every person or organization that has an income is expected to pay income taxes. Not all people have to pay income tax and not all people need to pay the same amount of tax.

**INCOME TAXES**

> WHY DO WE PAY INCOME TAXES?

Now that you have begun working and earning, also have responsibilities to fulfill including paying income tax.

Income taxes fund many government services and initiatives.

Pose the question; What happens to our tax dollars?

Have Participants come up with answers such as, hospitals, policing, road maintenance, child and family services, schools, etc.

Talk about developing/third world countries that don’t pay taxes and the condition of some of these countries. Some roads are impassable.

Talk about people who are cheating the system, collecting employment insurance benefits and working on the side for cash. “Society pays for that, you pay for that”

**WHAT ARE THE INCOME TAX RATES?**

The 2014 provincial and federal tax rates can be found on page 20 of your workbook.

Have the Participants refer to page 20 in their workbooks for the most recent tax information.

“The more you make, the more they take”

**INCOME TAXES**

> WHEN DO I PAY INCOME TAXES?

Income taxes must be filed by April 30 of each year.

> HOW DO I PAY INCOME TAXES?

Taxes are usually deducted from your pay cheque. You must file your income taxes each year.

Filing periods

Consequences to filing late, if you owe there is interest.

Can generate an HST rebate depending on your income level.
### Needs, Wants, and Priorities

**Exercise on needs and priorities**

Make up cards with items written on the cards. Some will be obvious needs, while others are on the fence, and last the undeniable wants.

Hand them out to Participants and have them read aloud. From there the group debates if the item is in fact a need or a want. This will result in differences of opinion with items such as cigarettes.

### Types of Purchases

**Draw attention to Participants purchase habits**

Impulsive; give examples of how retailers set up their stores. Staples such as milk are always at the back. Stores have you go through a section of “other items” beside the cash register, that you never intended to buy but often do.

Informed; provide examples of thoughts that go into purchases. Purchaser has given this considerable thought, have researched the product, know the warranty, read reviews, price compared and it is time know, to make an informed purchase decision. (i.e. flyers, sales, coupons)

Emotional; purchases made to fill a void. An expensive piece of jewelry for a partner or a record player because your grandfather had the same one.

### How does an understanding of needs, wants, and priorities affect your ability to manage your money?

This slide is generally a conversation piece to discuss all the material covered in program during this Module.

Provides an opportunity to reinforce how Cost of Living, C.O.L.A., taxes, the working world, and needs, wants, and priorities can contribute to financial literacy.

### Next Session

Introduce the topic for Module 3 and suggest people read ahead to create some front matter for the upcoming session.

Should time permit, Facilitator will assist with the making the connection homework.
Module #3 – Banking and Borrowing

This is a very content-heavy session. You might want to consider offering additional breaks for the Participants if you notice their attention slipping.

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<tr>
<td><img src="image2" alt="AGENDA WEEK THREE" /></td>
<td>Welcome Participants back to Manage Your Money. Review agenda with Participants. Discuss group ground rules.</td>
</tr>
<tr>
<td><img src="image3" alt="OUR GUEST SPEAKER" /></td>
<td>Discuss with Participants that we have a guest speaker in today's session. Introduce the guest speaker and allow them to begin. Question and Answer period. Thank the guest speaker and offer a token of appreciation.</td>
</tr>
<tr>
<td><img src="image4" alt="HOMEWORK REVIEW" /></td>
<td>Take some time to review the Making the Connection section from last week. There is some value to this happening within the quadrants supported by the volunteers. Student retention is extremely high when they have had the opportunity to teach others.</td>
</tr>
<tr>
<td><img src="image5" alt="TAKE A BREAK" /></td>
<td>Allow a washroom break</td>
</tr>
</tbody>
</table>
### Week Three Objectives

- Find the most appropriate account for your needs.
- Describe compound interest.
- Identify wise use of credit.
- Explore the difference between banks and credit unions.
- Describe the consequences of acquiring "bad debt".

### Banks and Credit Unions

#### Ownership

The most important difference between the two institutions is the ownership. All banks are owned by a person, persons, or stockholders. A credit union, however, is usually a nonprofit organization that is owned by the membership of the union, namely the people who hold accounts.

#### Business Focus

Banks primary focus is Business

Credit unions primary focus is people

### Types of Accounts

#### Savings Account

A savings account is a deposit account offered by financial institutions that pays interest on your deposit (the principal) and is a good way to save money for short-term goals.

#### Chequing Account

A chequing account is a deposit account offered by financial institutions for managing day-to-day financial transactions, e.g., paying bills, using a debit card, depositing your paycheck, etc.

### Savings Accounts - Interest

What is interest? Financial institutions pay interest on the money you deposit into your account. Each month, the financial institution deposits the interest owed to you directly into your account. The higher the interest rate, the more money you will earn.

- Financial institutions pay a very low amount in these accounts
- Once you have a substantial amount you could look at investment options discussed in greater detail later
- Higher interest rates equal higher return
- Look for high interest savings accounts
- These slides are used as cautions and to draw attention to the fine print

### Review objectives and learning outcomes for Module 3

- Major difference between the two is ownership.
  - Banks are owned by a person, persons or stockholders.
  - Credit union is owned by the membership of the union, namely the people who hold accounts
SAVINGS ACCOUNTS - INTRODUCTORY RATES

WHAT IS AN INTRODUCTORY RATE?
Financial institutions sometimes offer high interest rates which last for a certain length of time. After which the rate may be lower. Make sure that you will still earn a competitive rate after the introductory period ends and that you understand the terms of any introductory offers.

SAVINGS ACCOUNTS - MINIMUM BALANCES

WHAT IS A MINIMUM BALANCE?
Most savings accounts will pay you interest regardless of how much money you have in your account however, some institutions require that you keep a minimum balance in order to earn interest.

COMPOUND INTEREST

WATCH YOUR MONEY GROW!

CHEQUING ACCOUNTS - USES

USES FOR A CHEQUING ACCOUNT
- Cash Withdrawals
- Bill Payments Online
- Debit Card Purchases
- Email Money Transfers
- Pre-Authorized Debits
- Pre-Authorized Transfers To A Savings Account
- Tax-Free Savings Account (TFSA)
- Registered Retirement Savings Plan (RRSP)

CHEQUING ACCOUNTS - ADDITIONAL FEES

LOOK AT HOW OFTEN YOU NEED SERVICES FOR WHICH YOU MAY HAVE TO PAY ADDITIONAL FEES, SUCH AS:
- Personalized Cheques
- Overdraft Protection
- Safety Deposit Box
- Money Orders
- Drafts

CHEQUING ACCOUNTS - MONTHLY FEES

PAYING EXTRA FEES FOR A SERVICE YOU USE REGULARLY CAN BE EXPENSIVE. IF THERE ARE CERTAIN PRODUCTS OR SERVICES THAT YOU USE OFTEN SUCH AS EMAIL MONEY TRANSFERS, LOOK FOR A CHEQUING ACCOUNT THAT INCLUDES THOSE PRODUCTS OR SERVICES AS PART OF THE MONTHLY FEE OR OFFERS THEM TO YOU AT A DISCOUNT

Explain introductory rates that banks offer that sound appealing in the beginning but then switch to poor interest rates resulting in minimal growth

Discuss minimum balances required in order to receive interest
Some require a minimum of $1000 to be eligible
Read the fine print or ask questions

Explain the power of compound interest
Refer to the chart on page 39 which illustrates the money compounding as it gains interest on the interest as well as on the deposited funds

Review list of common uses of a chequing account
Notify Participants that some places, like a lease on an apartment, require you to give 12 postdated cheques for them to cash monthly

Customize your account to your usage
Similar to getting a cell phone package, if you know you communicate 90% of the time through text messaging, you should have a plan that includes unlimited texting

Avoid an account that you have unlimited cheques for $4.99 a month, if you only write 1 cheque a month which might cost you .50 cents
Banks make a lot of money off “Fees”
Fees may be inevitable, however you can avoid paying unnecessary fees by reading the fine print
Have Participants consider the question why do I need to borrow money? Is this a need or a want? Is what I am borrowing for considered good debt or bad debt? Will the item increase or decrease in value?

Review the various ways that people borrow money.

Explain Participants need to shop around for the best interest rate for the entire term of the loan.

These slides are set up in a way to show best to worst options for borrowing money

Best way is through a line of credit as they offer the best interest rates, currently around 3-5%

Usually used for longer terms

Discuss needing credit rating to be able to access lines of credit Explain paying back the line and interest is only charged on amount used

Second in line of borrowing is through the use of a credit card. Second place because their interest rates are much higher than a line of credit 18.9%–28.8%.

That is a massive jump in interest, hence the importance of having good credit

Paying back the credit card company should be done as quick as possible to avoid interest charges

Interest is typically charged 30 days after the purchase.

Not paying on time can hurt your credit

Know about the conditions attached to your credit card

Decision to get a credit card should be made based on maturity and knowing yourself and self-control

Applying for multiple cards can hurt Participants credit rating

The temptation to make impulse purchases increases with a credit card because people feel as though they have the money due to having the card.

A good rule of thumb for building credit through the use of a credit card is, if you don’t have the money to go home and pay it off, don’t use the card.

Provide them with examples of good debt

$100,000 to become a Doctor is a good investment because as a Doctor you will make $100,000 right out of school

A mortgage has a history of being good debt. My first house I bought for $100,000 and 10 years later I sold it for $197,000

Although $100,000 is a lot of debt, when you get $197,000 10 years later it was a good debt to incur.

Good debt increases in value
Ask the Participants what they would consider a bad debt.

**Bad Debt**

Bad debt when you use debt to finance things that can be consumed, you aren’t accumulating good debt. This kind of debt creates an unhealthy financial situation. Credit card debt is often considered bad debt because of the nature of items that credit cards are used to purchase.

Consumables are bad debt

Vacations, although provide some relief from stress is consumed in a week and gone except the memories. Bad debt, if you have to go into debt to get it

Automobiles, decrease in value the moment you drive it off the lot

Ex. Mike bought his first vehicle, a truck, for $18,000 in June, in July Mike’s wife got pregnant. Mike went back to the dealership and asked to switch into a vehicle that was more family oriented. They offered $12,000 for my truck towards a family oriented vehicle

**Debt Management**

A debt management plan is a service provided by the Ontario Association of Credit Counsellors. These are non-profit agencies created to help individuals experiencing financial distress.

Discuss benefits to recognizing the debt and making changes

Relief from collection agencies, simplifies payments, reduces interest

Professionals can assist you in organizing your finances

**Debt Management**

In a debt management plan the non-profit credit counselling agency “pools” your unsecured debts together so that you are only required to make a single monthly payment to the not-for-profit agency. The agency then divides your payment amongst each of your creditors, with the larger creditors getting a bigger share of payment.

**Debt Management**

Some of the advantages of a debt management plan are: relief from collection agencies and more phone calls from collection agents.

- A single monthly payment.
- Reduced and sometimes zero interest charges.
- It’s a voluntary procedure – you decide to start the process.

Payday loans are dead last in line to borrowing money

Use the chart to illustrate, in percentages, the cost of payday loans

The fees, in conjunction with interest, create a 435% interest rate

This slide speaks for itself.
### WHAT HAVE YOU LEARNED ABOUT BANKING AND BORROWING THAT YOU CAN USE TO HELP MANAGE YOUR MONEY?

This slide is generally a conversation piece to discuss all the material covered in program during this Module.

Provides an opportunity to reinforce how banking, interest rates, credit, credit cards, good and bad debt, and the danger of payday loans can contribute to financial literacy.

### NEXT SESSION

| COMPLETE “MAKING THE CONNECTION” |
| NEXT WEEK’S TOPIC AND ACTIVITY: BUDGETING |

Introduce the topic for Module 4 and suggest people read ahead to create some front matter for the upcoming session.

Should time permit, volunteers and Facilitator will assist with the making the connection homework.
### Module #4 – Budgeting

<table>
<thead>
<tr>
<th>Slide</th>
<th>Module Teaching Notes</th>
</tr>
</thead>
</table>
| ![Logo](#) **MANAGE YOUR MONEY**  
**SESSION FOUR**  
![enactus](#) | Have this logo slide up as people enter the room and take their seats.  
Remember to interact with Participants to help ease anxieties and build rapport. |
| **HOMEWORK REVIEW** | Welcome Participants back to Manage Your Money  
Review agenda with Participants  
Discuss group ground rules. |
| **AGENDA - WEEK FOUR** | Discuss with Participants that we will be discussing budgeting, and then creating a budget in a computer lab.  
There will be no guest speaker for this session. |
| **WEEK FOUR OBJECTIVES** | - Review the objective and learning outcomes for Module 4 |
| **WHAT IS BUDGETING?** | Budgeting is the starting block for financial planning.  
Budgeting is a means of being accountable to yourself for your spending and saving.  
Budgeting can take many forms, household budget, wedding budget, vacation budget, vehicle budget etc.  
Explain that Budgeting allows Participants to achieve financial goals and helps prioritize needs and wants.  
Pose the question; Does everyone need to budget?  
The answer is simple.... Everybody needs to budget.  
78% of NFL and 60% of NBA pro athletes are broke within 2 years due to an inability to manage their finances |
1. Explain the importance of having all the information required. All bills for the past three months. Include everything including that morning coffee you have daily

2. Organize the facts into a workable budget

3. Fixed costs never change such as a mortgage payment. Discretionary payments can change such as groceries.

4. Mortgage should not exceed 1/3 of your gross income

5. Pay 10% of income to savings

6. Figure out those items you could live without, $5 mocha latte

7. Review credit card statements to see the cost of paying just the minimum. See example in the book

8. Invest as much as you can and do it early to take advantage of compound interest

9. Recognize that a budget is an ongoing document that requires review and edits.

10. Be sure to reward yourself when you have achieved the goal you set through the budgeting process.

At this time Participants will explore potential career options and wages, and create a budget based on a chosen career. Participants will require a considerable amount of support from facilitators when it comes to living expenses. Guide them through living considerations; alone or roommate’s, what part of town, transportation personal or public, etc.

Introduce the topic for Module 5 and suggest people read ahead to create some front matter for the upcoming session.
## Module #4 – Staying on the Safe Side

<table>
<thead>
<tr>
<th>Slide</th>
<th>Module Teaching Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="#" alt="Logo" /></td>
<td>Have this logo slide up as people enter the room and take their seats. Remember to interact with Participants to help ease anxieties and build rapport.</td>
</tr>
</tbody>
</table>

### Agenda - Week Five

- **Welcome Back**
- **Identity Theft**
- **Credit and Credit Card Fraud**
- **Investing**
- **Government Savings and Investment Plans**
- **Working with a Financial Planner**
- **Wrap Up**

| ![Homework Review](#) | Welcome Participants back to Manage Your Money
Review agenda with Participants
Discuss group ground rules. |

| ![Homework Review](#) | Take some time to review the Making the Connection section from last week. There is some value to this happening within the quadrants supported by the volunteers. Student retention is extremely high when they have had the opportunity to teach others. |

| ![Homework Review](#) | Allow a washroom break |

| ![Homework Review](#) | Review objectives and learning outcomes for Module 5
Pose the question; what methods of identity theft and/or scams are you aware of? |

| ![Homework Review](#) | **Week Five Objectives**
- **Describe Identity Theft and Fraud**
- **Know How to Protect Yourself from Identity Theft and Fraud**
- **Describe Investing Options**
- **Outline the Risks and Rewards of Investing** |

---

30 | Manage Your Money
**How Secure is Your Information?**

- **Do you believe that your information is safe?**
- **What makes you believe that?**
- **How can you stay secure?**

**Identity Theft**

- Telephone Scams - go back before the computer era. Victims receive phone calls stating they have won a prize, excited they reveal all the personal information a thief needs for identity theft.
- Dumpster Diving - Thieves examine garbage and recycling looking for bills and statements that have all the numbers they need to open accounts in your name.
- Phishing - Thieves pose as banks or companies and send out emails requesting action be taken. The action is to verify all your security information by emailing them back.
- Skimming - Thieves use devices and cameras to read your cards and steal your pin numbers.
- Malware - A virus on your computer that assist thieves in tracking your keystrokes.

**Promote Participants to discuss how we can prevent these types of fraud**

- Paper Shredders.
- If you get a call, ask them if you can call them back.
- Don’t click on pop-ups.
- Get an anti-virus program.
- Protect your PIN number.

**Credit Card Fraud**

- Do not share your credit card or PIN with anyone.
- Cover the keyboard with entering your PIN.
- Check your statements every month and report any frauds or unauthorized transactions.
- Keep your statements in a safe place.
- Get written confirmation when you cancel your card.

**Debit Card Fraud**

- Take precautions to protect your PIN when using your debit card. Cover the keypad when entering the PIN at a retailer or a bank machine.
- Never lend your debit card and PIN to anyone.
- When setting your PIN, do not use an easily guessed PIN. You may be responsible for any loss if you use your name, address, telephone number, date of birth or Social Security number for your PIN.
- When using your card, keep it in sight at all times.

Introduce today’s topic of identity theft, safety and security with your personal information, and deceptive tactics that criminals can use to gain access to your most private information.

Do you feel your personal information is safe and secure?
## Basic introduction to investing, not intended to replace a financial advisor

Risk is based on many aspects such as age, familial status, income, and your personality as it relates to taking risks or not.

Some investements are guaranteed and have safeguards to ensure they never lose, while others are sure to lose money.

Diversification is important, “don’t put all your eggs in one basket”

High risk...... High reward
Low risk...... Low reward

## Slide lists various types of investments

Examples of low and high risks

Mortgages listed takes lots of time but historically a good investment

Caution Participants on fees associated with investing
Front end and back end fees

## Explain that the government has incentivized investments such as the ones listed

Incentives are offered to promote people putting money in areas that are critical for the future in hopes that Canadians are not dependent on social assistance and services as they age

School, Retirement, Savings account incentives, and disability plans for care of people with disabilities

The incentive is huge tax deferrals to Canadians while they are in their prime earning years

## Types of Investments

- **Savings-like investments such as guaranteed investment certificates (GICs) and Treasury bills. Savings-like investments are generally considered to be low-risk investments.**
- **Fixed-income securities such as government and corporate bonds. These types of investments are considered low-risk.**
- **Equities, also called stocks or shares. These types of investments are generally considered high risk.**

## Types of Investments Continued:

- **Real estate**
- **Mutual funds and exchange-traded funds are also common investment options. It is important to know what types of investments are included in a fund before you invest in it because that mix will have an impact on your risk level.**

It is also important to look at the fees that apply to your investments because they will have an impact on your return.

## Government Savings and Investments

- **Registered education savings plan (RESP)**
  - An RESP is an account registered with the federal government to help you save for a child’s post-secondary educational expenses.

The incentive is huge tax deferrals to Canadians while they are in their prime earning years.
<table>
<thead>
<tr>
<th>GOVERNMENT SAVINGS AND INVESTMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>TAX-FREE SAVINGS ACCOUNT (TFSA)</td>
</tr>
<tr>
<td>A TFSA is a savings account registered with the federal government. Contributions are not tax-deductible, but anything you earn on the money in the account will not be taxed.</td>
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</tbody>
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<table>
<thead>
<tr>
<th>GOVERNMENT SAVINGS AND INVESTMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>REGISTERED RETIREMENT SAVINGS PLAN (RRSP)</td>
</tr>
<tr>
<td>An RRSP helps you save for retirement. Contributions to your RRSP are tax-deductible. Your savings can grow tax-free until you withdraw the money.</td>
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</tbody>
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<table>
<thead>
<tr>
<th>GOVERNMENT SAVINGS AND INVESTMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>REGISTERED DISABILITY SAVINGS PLAN (RDSP)</td>
</tr>
<tr>
<td>RDSPs help families save for long-term care of relatives with disabilities.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FINANCIAL PLANNERS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AS THE ADVISOR REGISTERED?</strong></td>
</tr>
<tr>
<td><strong>HAS THERE BEEN ANY PAST DISCIPLINARY ACTION?</strong></td>
</tr>
<tr>
<td><strong>INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)</strong></td>
</tr>
<tr>
<td><strong>MUTUAL FUND DEALERS ASSOCIATION OF CANADA (MFDA)</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>FINANCIAL PLANNERS</th>
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</thead>
<tbody>
<tr>
<td>Know the difference between a Financial Planner and a Certified Financial Planner</td>
</tr>
<tr>
<td>Anyone can call themselves a Financial Planner</td>
</tr>
<tr>
<td>Ask for their credentials</td>
</tr>
<tr>
<td>Financial planners are people with the wisdom and knowledge to assist you in directing your funds</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FINANCIAL PLANNERS</th>
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<tbody>
<tr>
<td><strong>WHAT IS YOUR RISK TOLERANCE?</strong></td>
</tr>
<tr>
<td><strong>WHICH TYPES OF INVESTMENTS MATCH YOUR LEVEL OF ACCEPTABLE RISK?</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>FINANCIAL PLANNERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ask Participants to consider some of the factors discussed earlier with regards to risk</td>
</tr>
<tr>
<td>Do they find themselves in the Low, Medium, or High risk level?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CONGRATULATIONS!</th>
</tr>
</thead>
<tbody>
<tr>
<td>YOU HAVE SUCCESSFULLY COMPLETED THE MANAGE YOUR MONEY PROGRAM</td>
</tr>
<tr>
<td>WELL DONE!</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CONGRATULATIONS!</th>
</tr>
</thead>
<tbody>
<tr>
<td>Celebrate Participants accomplishments with a Pizza party, and certificate of recognition ceremony</td>
</tr>
</tbody>
</table>
The Manage Your Money Student Workbook has been designed to be an interactive learning tool for the Participants. There are many fill in the blanks throughout to enhance the Participants learning. The instructors workbook (with all the fill in the blanks), has been attached in the appendix.
MANAGE YOUR MONEY — VOLUNTEER INFORMATION SHEET

ABOUT THE PROGRAM:
The Manage Your Money Program helps local youth learn the skills they need to take control of their finances as they enter adulthood. Navigating personal financial requires confidence and knowledge. With the help of the MYM mentors, participants learn about practical topics such as budgeting, understanding your pay stub, taxes, insurance, banking options and more.

GOALS & OBJECTIVES:
Manage Your Money strives to ensure that all participants:

- Have a safe, fun and supportive environment for the program
- Can make informed financial decisions
- Gain more confidence about their financial knowledge
- Can identify resources to help them manage their money.
- Receive a curriculum that meets the requirements of family & children's services.

MENTOR INFO:
Our volunteer mentors contribute greatly to the program's success. Mentors provide guidance, share their experiences and encourage participants. All mentors are volunteer students from St. Lawrence College and study in a variety of programs.

Mentors gain experience while giving back to the community in a fun and interactive environment. If you are outgoing, have a positive attitude and can make learning fun, mentoring with MYM could be for you! Sign up to become a mentor today!

THE MYM AGENDA:
- Week 1 — You! Past, Present & Future
- Week 2 — The Cost of Living
- Week 3 — Banking, Borrowing & Debt
- Week 4 — Budgeting
- Week 5 — Staying on the Safe Side
- Week 6 — Food Costs & Recipes for an Empty Wallet

QUESTIONS?
Contact your facilitator if you have any questions about the program.
<table>
<thead>
<tr>
<th>SECTION</th>
<th>TIMING</th>
<th>ACTIVITY</th>
<th>INSTRUCTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>WELCOME ACEBREKER</td>
<td>3-5 MINS</td>
<td>DISCUSSION GAME</td>
<td>• GREET VOLUNTEERS, THANK THEM FOR ATTENDING</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• CONDUCT THE &quot;BIG GAME&quot; ICEBREAKER (MORE INFO BELOW)</td>
</tr>
<tr>
<td>OVERVIEW OF PROGRAM</td>
<td>3-5 MINS</td>
<td>DISCUSSION</td>
<td>• DISTRIBUT INFO SHEET</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• WALK THROUGH THE AGENDA TOPICS FOR EACH EVENING.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• REVIEW THE GOALS OF THE PROGRAM.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• ASK: WHAT BENEFITS DOES THIS HAVE THE PARTICIPANTS?</td>
</tr>
<tr>
<td>VOLUNTEER'S ROLE</td>
<td>6 MINS</td>
<td>DISCUSSION ACTIVITY</td>
<td>• REVIEW WHAT THE VOLUNTEER'S ROLE IS</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• ACTIVITY: ASK VOLUNTEERS TO REFLECT ON THEIR OWN ATTITUDES ABOUT MONEY AND</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>SHARE THEIR THOUGHTS.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• ASK: WHAT WILL YOU DO TO SUPPORT THE PARTICIPANTS?</td>
</tr>
<tr>
<td>CONFIDENTIALITY</td>
<td>6 MINS</td>
<td>LECTURE DISCUSSION DOCUMENTATION</td>
<td>• AN IMPORTANT PART OF VOLUNTEERING IS MODELING RESPECT</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• CONFIDENTIALITY IS PART OF RESPECT</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• OUR PARTICIPANTS ARE MINORS</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• ASK: WHAT RISKS ARE THERE WITH CONFIDENTIALITY IN THIS PROJECT?</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• ASK: HOW CAN WE AS VOLUNTEERS OVERCOME THESE RISKS?</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• COLLECT CONFIDENTIALITY SIGN OFFS FROM ALL VOLUNTEERS</td>
</tr>
<tr>
<td>SECTION</td>
<td>TIMING</td>
<td>ACTIVITY</td>
<td>INSTRUCTIONS</td>
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<td>---------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>DUTY TO REPORT</td>
<td>6 MINS</td>
<td>LECTURE</td>
<td>- Our participants are amazing people! But sometimes, due to circumstances out of their control, unfortunate things can happen in their lives.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DISCUSSION</td>
<td>- Participants have a variety of backgrounds that may affect their attitudes, emotions, and more.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- As volunteers (and adults), we are in a position of authority and trust. We are responsible to always act for the well-being of the participants.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- If the participant is being harmed or at risk of being harmed, we have the duty to report.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- If you need to report, please contact a FIS worker. If it is an emergency, call the police.</td>
</tr>
<tr>
<td>Q&amp;A/THANK YOU</td>
<td>6 MINS</td>
<td>DISCUSSION</td>
<td>- Open the session to the volunteers to ask their questions.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Thank them for participating</td>
</tr>
</tbody>
</table>

**ICEBREAKER: THE BIG GIVE**

Ask the group to imagine that they have just been given $10,000. There is just one catch; they can't keep the money! Ask the volunteers to individually think of ways to give away the money and then as a group make a decision.

- Ask who they will give the money to? Why?
- Ask what conflicting points of view were there? How was it handled?

This icebreaker helps the group work together, get to know each other, and recognize the different attitudes and opinions about money.

**OTHER NOTES:**
CONFIDENTIALITY AGREEMENT

1. I agree to keep all personal information obtained during my volunteer service confidential. Personal information includes but is not limited to:
   a. Name
   b. Address
   c. Health information
   d. Any identifying information about participants in the Manage Your Money Program

2. I understand that this promise of confidentiality applies both during my volunteer service and after my volunteer service has ended.

3. I understand that keeping information confidential includes not divulging in any format and not conducting communications that are legitimate but that might be overheard by others.

4. I agree to perform my volunteer service with the highest degree of integrity.

5. I understand that I have a duty to report any cases where I have reasonable grounds to suspect that a child is in need of protection.

SIGNED BY:

NAME ____________________________

SIGNATURE _______________________

DATE __________________________

WITNESSED BY:

NAME ____________________________

SIGNATURE _______________________

DATE __________________________
Enactus SLC
Our mission is to reduce poverty by creating comprehensive solutions to issues within our greater community.

Established in 2009, the Enactus SLC team consists of a group of Participants from St. Lawrence College Kingston who create and deliver projects that help to reduce hunger and promote entrepreneurship, financial literacy and environmental sustainability. This handbook represents the evolution of efforts since the team began to bring financial literacy to youth. It is available for free download at www.enactusSLC.ca

The Manage Your Money Participant Handbook helps youth learn the skills they need to take control of their finances as they enter adulthood. Navigating personal finance requires confidence and knowledge. With the help of the Manage Your Money Facilitation Guide and supplementary videos, participants learn about practical topics such as budgeting, understanding pay stubs, taxes, insurance, banking options, and more. As of 2014, 116 youth from Family and Children’s Services have graduated from the Manage Your Money program. Facilitation guides and videos are available to help you run a Manage Your Money program in your community. For more information please contact us through our web page.

Many thanks to the team members and faculty advisors who have played a vital role in the growth and development of Manage Your Money. A special thanks to team members Kate Armstrong, Jim McCartney, Victoria Stinson, Andrew Oosterman, Merina Johnston, Thiago Santarém, and Nick Blunt for their dedication to this project, as well as to faculty advisors and professors Pam Bovey Armstrong, John Pirrie, John Conrad, Terri McDade, Gary Peacock, Colin Slade, Ricardo Giuliani and Brian Wilcock. Enactus St. Lawrence College would also like to express acknowledgement and gratitude to Shannon Youell and the Family and Children’s Services of Frontenac, Lennox and Addington.

www.GiveToSLC.ca/FoodCents
You will receive a tax receipt for your donation. 100% of all proceeds will go towards Manage Your Money and Food Cents initiatives.
Appendix G

MYM PowerPoint

http://enactusslc.ca/our-projects/manage-your-money/
Appendix J

Communications Summary

Jane Rooney
Financial Literacy Leader of Canada

Thérèse Gascon
Retired Warden of Bath Institution/ National..

Janice Saunders
Programs Manager, Collins Bay Institution (Medium)

Bob Veitch
Programs Manager, Collins Bay Institution (Minimum and Maximum)

Ashley Sands
Social Programs Officer