



NATIVE WOMEN'S  
ASSOCIATION OF CANADA

L'ASSOCIATION DES FEMMES  
AUTOCHTONES DU CANADA



*The national voice of Aboriginal women in Canada since 1974*

# IT'S ALL ABOUT THE Money

Financial Literacy Pilot Project



## ***It's all about the money!***

**This course has been developed to help Aboriginal Women improve their skills and abilities to manage money and make wise choices that can benefit their lives and the lives of their family and community.**

**This workbook has been designed as a teaching support, to assist each of you on your journey. It is best used in conjunction with the instructor(s) direction. Please refrain from skipping ahead or reading pages before you are asked to turn to them as it is very likely this would decrease what you will learn and remember from the workshop.**

**This workbook was developed by the Native Women's Association of Canada.**

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# Chapter 1

## "ME & MONEY"

The 2001-2005 Canadian \$50 dollar bills celebrate Canadians who have campaigned for the rights and freedoms that citizens of Canada now enjoys. The statue of the Famous Five —Emily Murphy, Nellie McClung, Irene Parlby, Henrietta Muir Edwards and Louise McKinney celebrate their victory in the "Persons" Case. On 18 October 1929, the British Privy Council declared that women are persons. Today you have the freedom to manage your money as you choose!



**In this chapter we will start to think about what money is and how we behave with and without it.**

# Me & My Expectations

**Please answer the following questions:**

1. What are the top three things that you want to learn from this workshop?


2. What would you like to be doing in five years' time (job, family, etc.)?


3. What one thing would you like to share with the class about yourself (hobby, story, etc.)?


4. What one question would you like to ask the instructor(s) to get to know them better (anything goes!)?


# Crossing a river

It's time to get the class started with this fun warm-up activity.....

Your instructor(s) will organize the class into groups. Each group will need to decide on a team name.

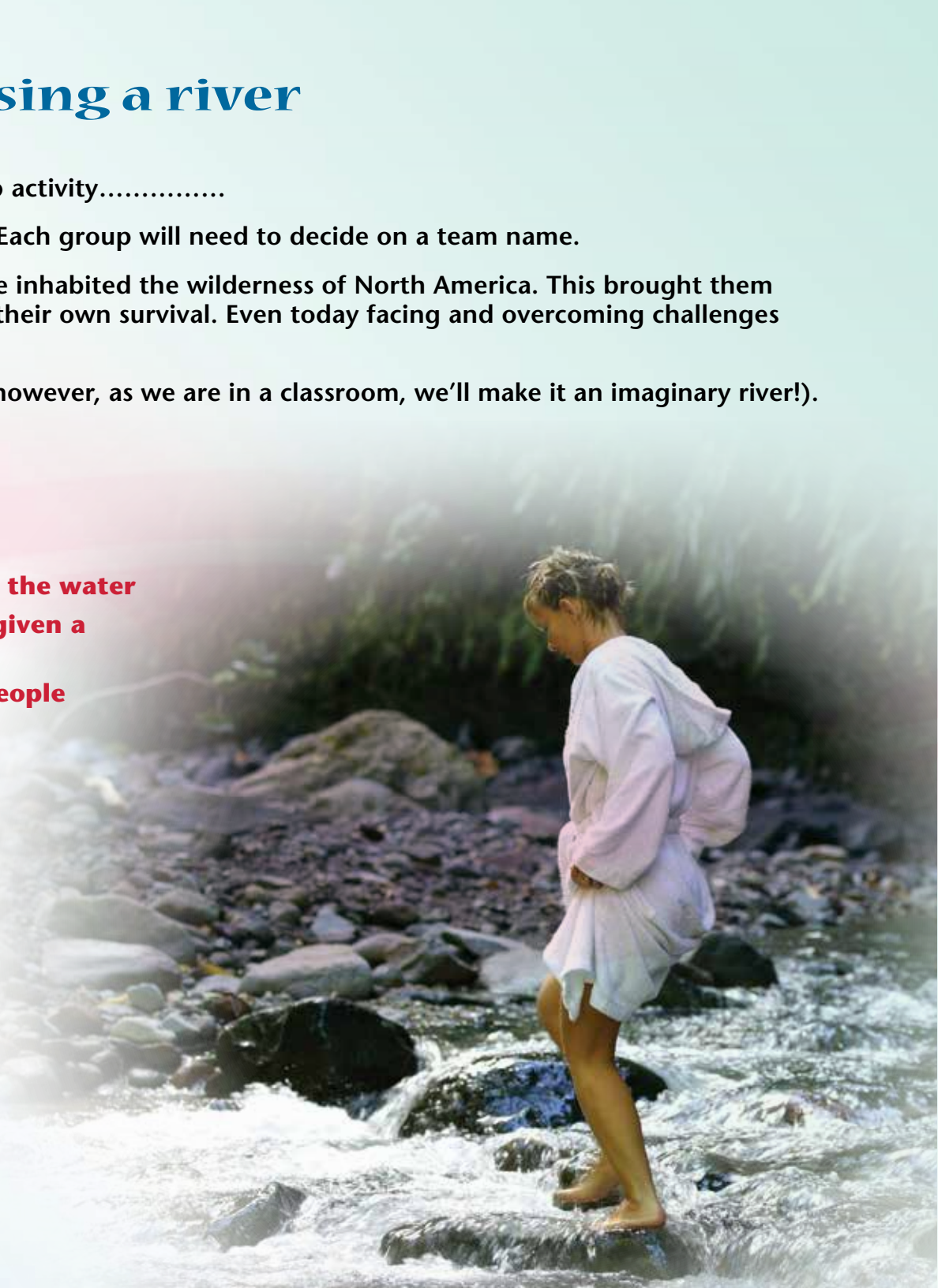
For many thousands of years First Nations people have inhabited the wilderness of North America. This brought them many challenges which they needed to overcome for their own survival. Even today facing and overcoming challenges makes us all stronger.

For this activity each group will need to cross a river (however, as we are in a classroom, we'll make it an imaginary river!).

## Things you need to know:

- **Each group will be given a 3 minute time limit**
- **There are no bridges or tunnels**
- **The river has been poisoned – no one can touch the water**
- **To help you cross the river each person will be given a 'special' \$100 bill**
- **Special bills will float on the water and allow people to stand on them**
- **Special bills will float away if someone is not standing on them**

Now go find a way to cross the river!



**Debrief** – Please answer the questions:

1. How many people were there on your team? \_\_\_\_\_
2. How many of them crossed the river successfully? \_\_\_\_\_
3. How much money was your group left with? \_\_\_\_\_
4. Was your group offered a loan? \_\_\_\_\_
5. Which group do you think did the best? \_\_\_\_\_

Why do you think that group did the best?


6. What did you learn from this activity?


**When dealing with money always remember people are more important than money!**



# Where does money fit into my life?

Take a look at the statements below and circle the five that you think most apply to you then pick your top three and list them below.

I want money to go on vacations more often	I want time for a good relationship	I want a job where I can work on my own	Life's not as much fun if I can't socialize
I'd rather work than socialize	I want to clear off my debts	I will work hard, but I also want time to play hard	I don't care how I spend my money so long as the bills are paid
I want lots of money but don't want to work hard	The more money I earn the better	Earning money is important to me	I want to be able to give my family money as they need it
I will set aside time regularly to budget and track my spending	Being away from my family does not bother me	I want to focus on my spirituality	I want to be able to save money for emergencies
I don't want a job that keeps me from my family	I just want to earn enough to scrape by	I want to spend more time with Elders	I want to run my own company and be my own boss
I make too many spontaneous decisions with money	I want to be able to save money for my retirement	I don't want to waste money	My addictions are not good for me and I want to quit
I want money to enjoy life and don't mind working hard to get it	I want to finish my education	If I don't get to party once a week it's been a boring week	I can't be trusted with a credit card

#1

#2

#3



# What do I know about money?

**Please answer the following true or false questions:**

1. BMO Bank of Montreal (originally the Montreal Bank) used to print its own money? **True / False**
2. In Holland circa 1637 a Dutch skilled laborer would have to work for over 36 years to be able to afford one tulip bulb (a flower bulb)? **True / False**
3. Wampum (white shell beads created by First Nations People) were used as currency in 16<sup>th</sup> Century Canada? **True / False**
4. The founder of the Tim Horton's coffee franchise was once on a coin? **True / False**
5. In 1685 Canadian Soldiers were given playing cards as currency? **True / False**
6. A verbal contract to pay for goods or services is not legally binding? **True / False**
7. You're more likely to win a lottery jackpot than be killed while driving to get a ticket or returning home if you live over 12 kms from your local store? **True / False**
8. The Royal Canadian Mint (produces Canada's Currency) has minted a gold coin worth \$100,000? **True / False**

# My childhood experiences with money

**Think back to your childhood and how money affected it. Most adults have behaviors that stem from their childhood experiences and how they 'processed' or dealt with them.**

1. Did you grow up in a poor, rich, or middleclass environment? \_\_\_\_\_

2. Do you have happy or sad memories of your childhood? \_\_\_\_\_

3. Did you have nicer toys or clothes than your friends or not and how did you feel about it?

4. Did you get an allowance? If so was it occasional or regular and did you need to do any chores for it?

5. What did you do with your allowance?

6. Did you get a job as a teenager to earn some money? (If yes please explain what job you did and how you spent the money)

**If you have behaviors that you want to improve it's best to find out why you developed them so you can try to fix them more effectively!**

# The word game

Each person will be given some small pieces of paper with some words on them and some money.

You will then have ten minutes to interact with other people to acquire the words that are most important to you. You are not allowed to cheat people or steal words.

Each word has a price attached to it – this is the price that your instruct(s) will sell them at but if you want to buy or swap words with others in the group you can decide your own prices. At the end of the game you can have as many or as few words as you like!

Once the activity is over list your top ten words (in order of priority) in the chart below:

1		6	
2		7	
3		8	
4		9	
5		10	

**Debrief** – Please answer the questions:

1. How much money did you start with? \$ \_\_\_\_\_
2. How much money did you end with? \$ \_\_\_\_\_
3. What word cost you the most money? \$ \_\_\_\_\_
4. What word cost you the least money (aside from the free ones you started with) \$ \_\_\_\_\_
5. What was the most important word that you did not get and why did you not get it?


6. Look at the words you have and separate them into piles relating to their color and count their numbers:

White = blank words – work out what color best fits the word you chose and put them into that pile

Blue = physical items \_\_\_\_\_ Orange = beliefs and values \_\_\_\_\_

Purple = family and social \_\_\_\_\_ Green = money related \_\_\_\_\_

7. If you are in a relationship list below the top 3 words you think your spouse/partner/family person would have ended up with if they had completed this activity. If not pick a best friend and try to identify their top 3 words:

#1

#2

#3

8. What did you learn from this game?




# Different views on money

A person's job, circumstances or passions can affect what a person thinks about money. Review the quotes below and try to figure out who said them. Start with the easy ones first and also considers their occupation. Place a \* beside any quotes you agree with.

	Quote	Author & Occupation
1	<b>"A business that makes just money is a poor kind of business"</b>	
2	<b>"We do not want riches....Riches will do us not good. We could not take them with us to the other world"</b>	
3	<b>"Money was never a big motivator for me, except as a way to keep score"</b>	
4	<b>"No one would have remembered the Good Samaritan if he'd only had good intentions, he had to have money as well"</b>	
5	<b>"We are all poor because we are honest"</b>	
6	<b>"Let us not be satisfied with giving money, money is not enough"</b>	
7	<b>"Cocaine is God's way of saying that you're making too much money"</b>	

Margaret Thatcher (Former British Prime Minister)

Robin William (Comedian)

Donald Trump (Business Mogul)

Henry Ford (Car Manufacturer)

Red Dog (Sioux Chief)

Red Cloud (Sioux Chief)

Mother Teresa (Roman Catholic Nun)

**We won't all agree on what money is for or how to use it. If we don't manage differences of opinions effectively it can lead to conflicts!**

# Helping others with money

Canadians donate over ten million dollars annually to charities and good causes. It is then up to each charity or good cause to use that money as they see fit. This often means facing tough choices. We want you to get an idea of what this may be like.

For this activity your instructor(s) will organize you into groups. Each group will form a “board” that gives grants to people in need. Grants are moneys given that do not need to be paid back provided they are used for the purpose indicated. For simplicity we will assume all grant requests are truthful.

Each board can award 3 grants:

<b>Gold grant (\$100,000)</b>	
<b>Silver grant (\$50,000)</b>	
<b>Bronze grant (\$25,000)</b>	

You can find details about each applicant on the next page.





### Jenny

Is an 18 year old accident victim. Her family had to sell much of their belongings to help cover her hospital bills and still owe \$59,000. If they can't get the money they will have to re-mortgage their house. They would use the money to pay the debt and use any remaining funds to make modifications to their home to better accommodate her disability.



### Harley

Is a terminally ill child who would like to go on vacation to Disneyland with his family before he dies. The family would also like to set up a trust fund in his memory to help others in the same situation.



### Kokum's Casino

Is a local First Nations casino. It was discovered that there was a misappropriation of funds last year due to poor fiscal controls. The people involved have been terminated and are awaiting a criminal trial. The casino now needs to find \$30,000 or they won't be able to make their line of credit payments for the next 3 months and the casino would be taken away from the First Nations people by the creditors.



### Kim

Was a frontline soldier who was caught in the blast from an IED. She is deaf in one ear and has had one leg removed. She also suffers from re-occurring nightmares. She has a positive outlook on life and wants the money to start up a program to help injured soldiers deal with the psychological issues related to front line trauma.



### A.J.

Was 15 years old when his face was badly burned in a house fire. He is now very emotional and does not interact with others. It is felt that his best chance for rehabilitation is a revolutionary skin graft only offered in China which is not covered by insurance. It will cost \$75,000 and so far they have raised \$19,000.



### Power 2 Pets

Dedicates it's time to helping locally abused animals that would otherwise be put down. A major sponsor has just pulled their funding due to the recession. They now need \$25,000 to pay the bills until their fundraising gala in 4 months. If they don't have the \$25,000 in the next 6 weeks they will have to close and euthanize all their animals.



### Jack Box

Is a specialist foster home that cares children with severe cases of FASD and also provides training to support parents who adopt FASD children. Their building is now old and has some safety issues. They need to raise \$50,000 and start renovations within 10 weeks or the local council will close down the building and the children will be sent to regular foster homes.



### Kyla

Is a teenage Metis fiddle player. She has been recognized as exceptionally talented and wants to do more to research and teach traditional Metis fiddle playing to others. To finish her musical education she wants to attend a music school in Vienna. She has been awarded a 50% scholarship from Heritage Canada and now needs to find a further \$50,000.

# Is the price right?

This is your chance to play our own version of a popular TV game show.

Most of us like shopping, but do we spend more than we need to?

You will be shown a number of items, each with a price.

For each of the items shown you need to decide if the real price is **higher**, **lower**, or if it's **correct**.

If you think it's **higher** or **lower** (but not the same), also try guessing at the real price.

Scoring:

**Score 3 points if high low is guessed correctly.**

**Score 5 points if you guessed the price shown is the real price.**

**Double your 3 point score to 6 if your high/low guess of the price is within 10% of the real price!**





## Curtis DVD Player at Canadian Tire

Our price  
**\$24.83**



**Progressive Scan Auto Load Compact DVD Player.**

**Higher**

**Lower**

**It's the real price**

**My Guess** \$ \_\_\_\_\_

Score 3 points if high low is guessed correctly. Score 5 points if the price shown is the real price. Double your 3 point score to 6 if your guess is within 10% of the real price!

**Score:** \_\_\_\_\_

## Outdoor propane heater at Sears

Our price

**\$199.97**



**Table-top Pedestal Style Propane Patio Heater producing up to 12,000 BTUs with lava rocks.**

**Higher**

**Lower**

**It's the real price**

**My Guess** \$ \_\_\_\_\_

Score 3 points if high low is guessed correctly. Score 5 points if the price shown is the real price. Double your 3 point score to 6 if your guess is within 10% of the real price!

**Score:** \_\_\_\_\_

## Conair Bubbling Foot Bath at Walmart

Our price  
**\$34.97**



**The Bubbling Foot Bath releases millions of invigorating bubbles for a relaxing and soothing massage.**

**Higher**

**Lower**

**It's the real price**

**My Guess \$** \_\_\_\_\_

Score 3 points if high low is guessed correctly. Score 5 points if the price shown is the real price. Double your 3 point score to 6 if your guess is within 10% of the real price!

**Score:** \_\_\_\_\_

## Mydal bunk bed at Ikea

Our price  
**\$129.00**



**Self assembles with ladder on right or left. Mattresses not included.**

**Higher**

**Lower**

**It's the real price**

**My Guess** \$ \_\_\_\_\_

Score 3 points if high low is guessed correctly. Score 5 points if the price shown is the real price. Double your 3 point score to 6 if your guess is within 10% of the real price!

**Score:** \_\_\_\_\_



## Heritage® 12 Piece Stainless Steel Cookware Set at Sears

Our price  
**\$249.99**



**Beautifully crafted with a complete core of pure aluminum for the best uniformed heat distribution and minimum energy consumption.**

**Higher**

**Lower**

**It's the real price**

**My Guess** \$ \_\_\_\_\_

Score 3 points if high low is guessed correctly. Score 5 points if the price shown is the real price. Double your 3 point score to 6 if your guess is within 10% of the real price!

**Score:** \_\_\_\_\_

## Nintendo Wii New Super Mario Bros. Bundle at Future Shop

Our price  
**\$149.95**



**This black Nintendo Wii bundle includes everything you need to play, right out of the box. It includes a black Wii console, black Wii remote Plus and nunchuck and the new Super Mario Bros. game.**

Higher

Lower

It's the real price

My Guess \$ \_\_\_\_\_

Score 3 points if high low is guessed correctly. Score 5 points if the price shown is the real price. Double your 3 point score to 6 if your guess is within 10% of the real price!

Score: \_\_\_\_\_

Once the class has finished your instructors will give you the answers so you can work out your scores.

**Don't spend more than you have to – check prices before making major purchases!**

# Money and relationships

Unless you live on your own and have no family the chances are you will interact with others and money will be a part of it.

Think about the main challenges you face when managing money in a relationship and list the top 3 below:

#1
#2
#3

Your instructor(s) will organize you into small groups.

Use a group sharing model to talk about the issues you face and listen to suggestions from your group. At the end of the activity people can share any ideas they have to improve things. Remember to always respect others and only share thoughts that will positively empower people to improve their challenges.

## Unity

Unity is a concept of working together. It does not necessarily mean you both have the same idea or feel the same about something, but it does mean that you have both agreed on a course of action together. Unity means not complaining later if it was not your idea or it did not work the way it was planned. Unity does not mean sabotaging plans that you don't like. Unity is about being united and supporting each other. When First Nations people went buffalo hunting they needed to work together. If some people had differing ideas about the hunt and were not united it would be really hard to control and kill the buffalo.

**When working together, seeing eye to eye is desirable but not required. However unity must be there for anything effective to happen.**

# Chapter 2

## "CREDIT"

In 2012 The Royal Canadian Mint produced a limited edition silver coin depicting The Spirit of Haida Gwaii. Each coin costs \$10,000. Haida are First Nations people who live on a group of Islands called Gwaii some 200 km west of the BC coast. The Haida were surrounded by all the natural resources that they needed to survive. Today we often want more than we have and many are happy to get into unmanageable debts to meet their desires.



**In this chapter we will explore how credit works, what consequences occur from poor credit choices and how to rebuild credit.**



# How does credit work?

If you've ever borrowed money, think about some of the questions you were asked and list them below:


Most questions relating to credit fall into four categories:

**Character** – what does your credit history look like?

**Capacity** – will your current income and expenses allow you to repay the loan?

**Contribution** – what down payment do you plan to make (lowering the risk)?

**Collateral** – what assets do you have and what are they worth?

Now go back and look at the questions you listed above. Try to work out which 'C' it relates to and write that word next to it.

# Bankruptcy

Lots of people get themselves into debt, and many of them struggle to make payments. Sometimes this can lead to bankruptcy. Bankruptcy is a legal process to try to deal with the people who are owed money and absolve the person who borrowed the money from paying back more than they can afford to.

People or companies can declare bankruptcy and it will also affect their credit for several years. Often people choose bankruptcy thinking it is the best or easiest solution, not fully understanding their choices or the full consequences.

The following information has been taken from the Office of the Superintendent of Bankruptcy Canada ([www.osb.ic.gc.ca](http://www.osb.ic.gc.ca)):

If you find that you are unable to get your financial situation under control through informal measures, such as budgeting and consolidation loans, there are formal steps that you can take to avoid bankruptcy.

## **Consolidation Order / Voluntary Deposit Service**

If you are a resident of Alberta, Saskatchewan or Nova Scotia, you can voluntarily seek out a legal proceeding called a Consolidation Order (also known as an Orderly Payment of Debt program) to help you make your payments. A Consolidation Order is an order from the provincial Court that combines all your debts into one and determines the amount that you must pay to the Court on a periodic basis. The Court will then take care of ensuring that payments are made to your creditors on your behalf.

If you are a resident of Quebec, you can participate in the Justice Québec's Voluntary Deposit Service (better known as the "Lacombe Law"), which is usually available at the local courthouse. Similar to a Consolidation Order, the Voluntary Deposit Service allows you to deposit money with the Court monthly, with payments based on your income and number of dependents. The Court then distributes the money to your creditors.

## **Consumer Proposals**

A consumer proposal is a formal procedure governed by the Bankruptcy and Insolvency Act and is available to individuals whose total debts do not exceed \$250 000, not including debts secured by their principal residence. With a consumer proposal, you work with a trustee in bankruptcy to put together an offer to pay your creditors a percentage of what you owe them over a specific period of time, extend the time you have to pay off the debt or a combination of both. Payments are made through the trustee, and the trustee uses that money to pay each of your creditors. Compared with the Division I proposal (see below), a consumer proposal is a simplified process and is available to individuals only.

The advantages of a consumer proposal are that you retain all of your assets, actions against you by unsecured creditors, such as wage garnishments, will be stayed (stopped) and you can solve your money problems without having to declare bankruptcy.

### **Division I Proposal**

A Division I proposal is a formal procedure governed by the Bankruptcy and Insolvency Act and is available to businesses and individuals — there is no limit with respect to how much money is owed. With a Division I proposal, you work with a trustee in bankruptcy to put together an offer to pay your creditors a percentage of what you owe them over a specific period of time, extend the time you have to pay off the debt or a combination of both. Payments are made through the trustee, and the trustee uses that money to pay each of your creditors.

The advantages of a Division I proposal are that you retain all of your assets, actions against you by unsecured creditors, such as wage garnishments, will be stayed (stopped) and you can solve your money problems without having to declare bankruptcy.

### **The Companies' Creditors Arrangement Act**

The Companies' Creditors Arrangement Act (CCAA) is a federal law allowing insolvent corporations that owe their creditors in excess of \$5 million to restructure their business and financial affairs. Under the CCAA, corporations ask the Court for protection while they prepare an offer to creditors for some form of payment (called a Plan of Compromise or a Plan of Arrangement). CCAA proceedings are carried out under the supervision of the Court.

The benefit of this option is that debtor companies are able to continue operating and receive protection from creditors while the Plan of Arrangement is being prepared. Creditors then have the opportunity to vote on whether or not to accept the offer.

### **Bankruptcy**

If you are unable to resolve your financial troubles through any combination of formal and informal steps, you may decide to consider bankruptcy. Bankruptcy is a formal procedure governed by the Bankruptcy and Insolvency Act. With bankruptcy, you sign all of your assets, except those exempt by law, over to a trustee in bankruptcy who will sell or use them (e.g. swap, exchange) in order to pay your creditors. Once you are bankrupt, actions against you by unsecured creditors, such as wage garnishments, will be stayed (stopped).





**Use caution when borrowing money – If you break your commitment to pay it back it will cost you more the next time you borrow!**

# Lending money to others

For this activity your instructor(s) will organize you into small groups.

Each group has unlimited funds available for suitable loan applicants – but you don't want to loan money to people who won't pay it back!

Below you will find details of four people who each want to borrow \$5,000 to buy a used car. As you have plenty of money all you have to do is decide to either accept or decline them based on the circumstances they present. Do not turn the page until you are asked to do so.

	<p><b>Rick</b> Started working in a local hospital last month as a junior doctor. He earns \$70,000 per year. He rents a home near the hospital and moved there last month because of his divorce. He has a \$400 down payment for the car. The divorce was messy and he owes \$20,000 on joint credit cards which his wife used to their limits! He is now very late making his credit card payments and is thinking of cashing in his \$5,000 RRSP. He has no recent enquiries on his credit report.</p>	<p>Accept or Decline</p>
	<p><b>Sam</b> Has worked for Tim Horton's part-time for the last 13 years and now earns \$15,000 per year. She and her husband have a small condo by the river which they moved into 6 years ago. She only has one loan (\$127,000 for the condo). Her husband works and makes all the mortgage payment on time. She has no down payment and has just had to scrap her old car as the engine has just seized up and the cost of fixing the old one is too much. She has one recent enquiry on her credit file.</p>	<p>Accept or Decline</p>
	<p><b>John</b> Is 24 and has always lived with his parents on reservation. He has been a self-employed seasonal fisherman for 3 years and now earns around \$30,000 per year. He has \$1,000 to put down. Last year he became bankrupt as he could not make the payments on \$35,000 (his student loans and truck purchase). He needs a vehicle to haul his fish into town and tow his boat. His truck was repossessed during his bankruptcy. He has been to 11 other places which have all declined him credit.</p>	<p>Accept or Decline</p>
	<p><b>Kim</b> Was working for an IT firm but they cut her job last week. She now needs to get a car so she can go find work. She hopes to earn \$40,000 per year as a model. Her father is a First Nation's tribal chief. She moved from the rez into her own apartment 4 years ago. She has no savings but her credit is good, she has a \$1,000 balance on her credit card and has made all her payments on time so far.</p>	<p>Accept or Decline</p>



Financial institutions can't rely on individuals to make or interpret information as the results are too unpredictable. So a system has been developed to grade information. While in real life the details are kept secret, we have grid below that gives you an idea of how it works. Your instructor(s) will assign which person you will grade. Work out the correct score for each question. If you can't find the answer assume the worst, and give the lowest score available.

C	Question	Answers & points			Rick's	Sam's	John's	Kim's
					score	score	score	score
Character	Time at current address	2 years or less = <b>5</b>	2 – 5 years = <b>10</b>	Over 5 years = <b>15</b>				
Character	\$ owed on credit report	Over 50,000 = <b>0</b>	1,000 – 50,000 = <b>10</b>	Under 1,000 = <b>20</b>				
Character	Loan repayment status	Stopped paying = <b>0</b>	Some late = <b>15</b>	All on time = <b>25</b>				
Character	Recent enquired on credit report	Over 10 = <b>0</b>	5 – 10 = <b>5</b>	Under 5 = <b>10</b>				
Capacity	Time at current job (must have a job to get credit)	1 year or less = <b>10</b>	1 – 3 years = <b>20</b>	Over 3 years = <b>30</b>				
Capacity	Gross income per year	Under 20,000 = <b>5</b>	20,000 – 50,000 = <b>15</b>	Over 50,000 = <b>30</b>				
Capacity	Are they self-employed?	Yes = <b>0</b>	No = <b>5</b>					
Collateral	Do they own their own home?	No = <b>0</b>	Yes = <b>45</b>					
Collateral	Any RESP funds or savings?	0 = <b>0</b>	Under 2,000 = <b>5</b>	Over 2,000 = <b>10</b>				
Contribution	Any down-payment?	0 = <b>0</b>	Under 500 = <b>5</b>	Over 500 = <b>10</b>				
<b>Totals:</b>								



## So what do our scores mean?

The lowest score could be 20 and the highest could be 200.

Different companies focus on different clients. You may see a car dealer offering finance to people with poor credit, but you won't see a mainstream bank with the same offer.

For our situation we will work rather like a credit broker and offer each "qualifying" customer finance at differing rates to suit our "risk assessment" of them. Below you will see details for zero down over 60 months (for this activity we are assuming each is borrowing \$5,000 and those with a down payment are just spending more on the car, but borrowing the same amount).

Score range	Risk assessment	In the real world	Interest & payments	Total amount payable
<b>109 or more</b>	Low	<b>"Prime lending"</b> (Banks, Credit union's etc. Will only lend to people with good credit)	<b>6%</b> <b>\$ 97 per month</b>	<b>\$5,820</b>
<b>71 – 108</b>	Medium	<b>"Sub-prime lending"</b> (Located in strip-malls, on TV, or via internet. Can help most people, even if credit is not perfect)	<b>21%</b> <b>\$ 135 per month</b>	<b>\$8,100</b>
<b>70 or less</b>	High	<b>"Anyone accepted"</b> (Car dealers, money marts etc. Will accept almost everyone!)	<b>50%</b> <b>\$ 228 per month</b>	<b>\$13,680</b>

**Higher risk people are less likely to pay back credit so they have to pay more to cover losses from others!**

**Debrief** – Please answer the questions:

1. What question scored the most? \_\_\_\_\_

Why do you think that was?

2. What question scored the least? \_\_\_\_\_

What is the associated risk with this situation?

3. If you accepted anyone with a score below 100 can you explain why? Did you miss any important factors?

4. What are the consequences of not paying back your credit on time?

5. What issues could you face, based on the choices made, if any of the applicants were actually your friends or family?

# Credit reports

Credit reports can relate to a company or an individual. They are also only as good as the data they contain. If you borrowed money from your mother it is unlikely that this would appear on your report.

- **Some types of borrowing may not be shown**
- **Not all companies have the same data**
- **Some companies advertise credit reports but don't collate data – they just get it for you from credit reporting companies and charge you extra!**

Data protection laws also allow consumers one free viewing of their credit report each year. This is a very basic bare bones report. Consumers who pay for their report will get a more elaborate report with more interpretive information more quickly.

Generally it is not advised to enroll for monthly reports (unless there may be issues with identity theft). For consumer reports Equifax would be recommended. For company reports Equifax and Trans Union should be considered.

Care should be taken when interpreting reports. From our recent activity Kim had a good credit report but as she had just lost her income her future credit repayments were in jeopardy.

Information you may find on a credit report includes:

**Personal or business information** – Includes name, address and SIN number. For businesses it may not be the address the trade from but a drop box to a lawyer to handle any legal matters.

**Credit score** – The numeric “assessment” of the material facts presented in the report.

**Credit records** – Details of all loans not found under public records.

**Public records** – Any credit transactions that have now become “public” due to court action (includes bankruptcy, orderly payment of debts etc.). It may also show liens (sometimes a lien is placed on items such as property to ensure once it is sold the person owed is paid back before other creditors etc.).

**Collection information** – Some companies assign collection agencies in an attempt to recover funds.

**Consumer statement** – Any statements made that may explain a particular situation such as fraud or a financial dispute.

**Inquiries** – Aside from yourself, inquiries will show all other companies that have recently viewed your credit file.

Information is not kept on your credit report for ever, but varies from province regarding the time it is kept on your report.

Below is the information from Alberta (refer to the FCAC web site to see provincial variations [www.fcac-acfc.gc.ca](http://www.fcac-acfc.gc.ca)).

6 Years	3 years	2 years
Credit transactions from the date of the last activity	Consumer Proposals from the date paid	Enquiries from the date of the enquiry
Judgments from the date they are satisfied	Credit Counseling from the date paid	
Collections from the date of the last activity		
Secure loans from the date of filing		

Credit scores can vary from company to company. FICO scores are a calculation developed by Fair Isaac & Co. The range for their scores is typically 300-900. The risk that the borrower will not pay is then assessed with similar borrowers. For example a score of around 500 indicates a 44% risk of failure to pay, score of 750 or more indicates a 2.9% risk of failure to pay. FICO scores typically incorporate the following information:

35% is from credit history, 35% is from credit utilization (balances compared with limits), 15% is from credit time (number of months credit lines have been reported for), 10% is from enquires, 5% is from the credit type (prime, subprime etc.).

Equifax credit reports use the following codes:

R – Revolving or open-ended (such as credit cards), I – Installment or fixed term (such as a car loan), C – Line of credit, M – Mortgage	
0 – Too new to rate	5 – Account is at least 120 day overdue, but not yet rated a 9
1 – Pays on time or within 30 days of due date. No payments past due	7 – Making regular payments under consolidation agreement
2 – Pays more than 30 days from due date, but no more than 60. Has no more than 2 past due payments	8 – Repossession
3 – Pays more than 60 days from due date, but no more than 90. Has no more than 3 past due payments	9 – Bad debt placed for collection
4 – Pays more than 90 days from due date, but no more than 120. Has no more than 4 past due payments	



On the next two pages we can see side by side two sample reports:

Howard			Glen		
PERSONAL			PERSONAL		
Date file opened: 07/04/92			Date file opened: 15/01/91		
Name: Howard Sample			Name: Glen Sample		
Current address: 1 Pleasant St, Toronto, ON (12/93)			Current address: 123 A St, Hamilton, ON (07/05)		
Previous address:			Previous address: 456 B St, Hamilton, ON (07/06)		
Prior address:			Prior address: 789 C St, Hamilton, ON (03/04)		
Birth date/age: 10/XX/1968			Birth date/age: 10/XX/1968		
SIN: 123-XXX-789			SIN:456-XXX-123		
Other names:			Other names: Glenn Sample		
Current employment: Editor			Current employment: Chef		
Previous employment:			Previous employment: Cleaner		
CREDIT ENQUIRIES			CREDIT ENQUIRIES		
01/08/2006	CIBC MC	(800) 111-1111	10/08/2006	MDG leasing	(800) 111-1111
22/02/2005	Bell Mobility	(800) 222-2222	09/08/2006	Circuit City	(800) 222-2222
10/01/2004	Dodge/Jeep	(800) 333-3333	10/06/2006	BMO	(800) 333-3333
			01/04/2006	CIBC	(800) 444-1111
			20/12/2005	NCO Financial	(800) 222-4567
			10/08/2005	Metro Cre Adj	(800) 333-1234
			08/08/2006	VFC inc	(800) 123-6666
			01/02/2005	Trav Lease Corp	(800) 987-1234
			15/08/2004	VFC inc	(800) 444-1111
			01/03/2004	Rogers	(800) 678 1346
CREDIT HISTORY			CREDIT HISTORY		
A. CIBC MC last reported in 01/2010 rating your account as "R1" meaning paid as agreed and up to date. The reported balance on your account is \$0. Your account #:XXX...345. Date of account opening is 09/2006. Your credit limit is \$5,000. Date of last reported activity is 01/2010.			A. CIBC last reported in 01/2007 rating your account as "C9" meaning in collections. The reported balance on your account is \$100. Your account number 123 45 XXX. Date of account opening is 02/2004. Your credit limit is \$0. Date of last reported activity is 06/2004.		
B. Bell Mobility last reported in 12/2009 rating your account as "R1" meaning paid as agreed and up to date. The reported balance on your account is \$99.50. Your account # (401) 222-xxxx. Date of opening is 03/2005. Your credit limit is \$500. Date of last reported activity is 02/2010					
C. Dodge Jeep last reported in 11/2009 rating your account as "I1" meaning paid as agreed and up to date. The reported balance on your account is \$10,200. Your account # 64-xx. Date of opening 01/2004. Your highest credit amount is \$28,000. Date of last reported activity is 01/2010. Previous payment status: 30 days 1 time "R2" rating as one payment past due.					

# Howard

# Glen

## PUBLIC RECORDS

## PUBLIC RECORDS

A. BANKRUPTCY was filed in 10/2005 in SC Newmarket. Case number 55555. Trustees Mann & Co. Liabilities \$16,000. Assets \$3,000. The item is reported as DISCHARGED 08/2006.

B. COLLECTION was assigned in 07/2005 to Metro Credit Adj by Rogers in the amount of \$1,542. Date reported 01/2008. Collection status \$1,442 still due.

C. JUDGEMENT was filed in 01/2005 by Her Majesty the Queen, Ontario. Amount reported \$3,454.

D. COLLECTION was assigned in 04/2004 to VFC inc by BMO student loans in the amount of \$7,896. Date reported 01/2005. Collection status \$7,896 still due.

## CREDIT SCORE

## CREDIT SCORE

FICO Score: 830

FICO Score: 310

FICO scores range between 300 and 900

FICO scores range between 300 and 900

Higher scores are considered better scores

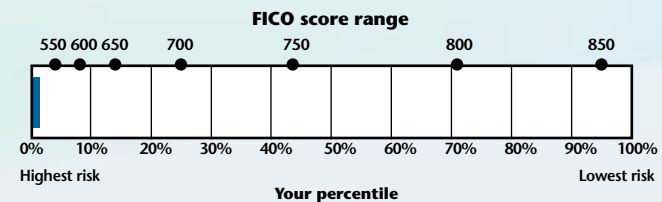
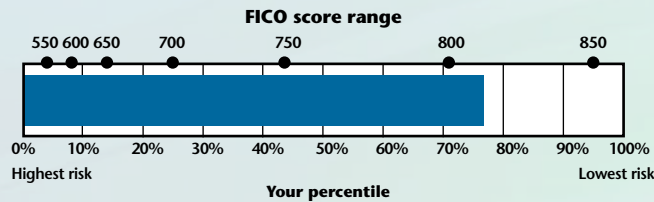
Higher scores are considered better scores

Your score is marginally higher than the Canadian average.

Your score is extremely below the Canadian Average

You have a better score than 78% of the population.

You have a better score than 2% of the population.



This means:

This means:

It is very unlikely your applications for credit will be declined

It is very unlikely your applications for credit will be accepted

Most lenders will offer you additive and competitive rates

Any approvals will likely be at very high rates

Many lenders will provide you with instant approval

Many lenders will take some time to consider your application

How lenders see you:

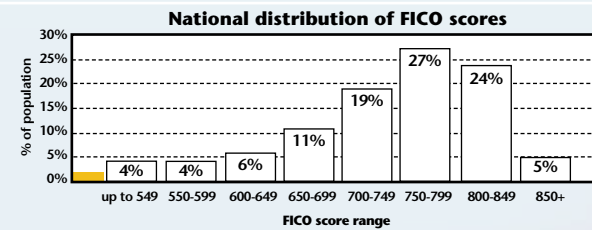
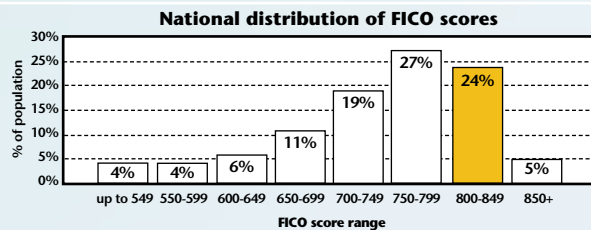
How lenders see you:

People with high FICO scores are likely to repay loans with more consistency than people with low FICO scores. Even though FICO scores are very predictive, no one can predict with certainty whether or not an applicant will repay a loan.

People with high FICO scores are likely to repay loans with more consistency than people with low FICO scores. Even though FICO scores are very predictive, no one can predict with certainty whether or not an applicant will repay a loan.

Most lenders would consider consumers in this score range as a very low risk.

Most lenders would consider consumers in this score range as a very high risk



# Improving credit

It's virtually impossible to stick your head in the sand and see your credit rating improve; it will take time and a plan!

Even if you have poor credit, paying back what you owe (or a proportion of it) will improve your credit.

Often people are unsure exactly what they owe so getting a copy of your credit file is a good idea. However, if you do this and creditors have lost contact with you they will now be able to access your current address from your enquiry.

If you try to develop a plan to pay back what you owe but you are still struggling you may need to consider steps (including bankruptcy). The main issue most people encounter is "What is the right choice for me". Most then approach a bankruptcy trustee and ask them for their advice. Some will give an honest answer and some, motivated by the commission they will earn, will give a biased opinion and little explanation to get the work.

While we can make no guarantees with any company, we would encourage clients to contact the two following companies who provide free services:

InCharge Debt Solutions (1-800-565-8953 or [www.incharge.org](http://www.incharge.org))

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

Other possibly is the Government of Canada – The Financial Consumer Agency of Canada (FCAC) or The Office of The Superintendent of Bankruptcy.

There are also some specific things that people can do to improve their credit score. Each has an associated risk or consequence for poor use, so think carefully before doing anything to ensure you make a good choice!

## **Establishing an overdraft:**

If you deposit your pay cheque into your bank account regularly you could always ask your bank for a small overdraft. This can be beneficial as the cost of running a small overdraft can be a lot lower than NSF charges. However, if you then regularly use your overdraft, you are just getting further into debt. If you feel you can't control your spending, this may not be a good idea for you! Typically ask for an overdraft for \$100 – \$500 depending on your situation. If you are declined try to ask the bank to explain why this is; may help you in the future when you are faced with choices.

## **Using a cell phone plan:**

There are many companies out there that would love to sell you a cell phone plan! Many people pick pay-as-you-go in order to avoid over overspending. If you are likely to start using your cell phone a whole lot more with a plan, stick to pay-as-you-go. However, if you feel you will be ok, switching to a plan will help to improve your credit score. Be careful,

as often this will lock you into a company contract for 1-3 years. Only agree to this once you are sure you have the right company and the right contract for you! Always remember even when locked in you can review and alter most plans to suite your phone useage.

**Using a secure credit card:**

If you have no credit or credit problems a secure credit card may help you. Don't confuse a secure credit card with a pre-paid Visa or MasterCard. Pre-paid cards are not credit cards; while you can use them to shop you won't be able to improve your credit with one.

To get a secured credit card, you must deposit a sum of money with a credit card company. You can then spend up to that amount each month, and pay it back as monthly payments. If you don't pay, the company will draw the money from your security deposit and close your account. This reduces their risk but will still have a negative consequence on your credit!

Most people are eligible, unless they have declared bankruptcy, but some providers have income requirements of more than \$5,000 per year. By making regular payments on time as required, you will help to build your credit history. Once you have a good enough credit history, you may be able to transfer to other credit cards with lower fees and get your security deposit back. Only consider a secure credit card if you trust yourself with it!

If you are looking for a secure credit card talk to you bank. Many banks provide secure credit cards but do not actively promote them. Another alternative is Capital One.

**Think of improving credit as playing a game of snakes and ladders. It's hard work climbing up the ladder and really easy to make a mistake and slide back down the snake!**





# Chapter 3

## "MANAGING MONEY"

In 2011 the Bank of Canada produced new polymer notes to replace existing notes. Polymer notes have stronger security features and will last 25 years longer in circulation. We often think of pioneers as people like the First Nations who lived in North America and tried to adapt to the local circumstances. However Canada is also a modern pioneer and the new \$100 bill indicates our world leading work with diabetes and DNA testing.



**In this chapter we will start to look at different ways to know what money we have and how we want to spend it to meet our goals and aspirations.**



# How do I spend my money?

Hopefully before this workshop you were assigned some homework; to collect some recent receipts. If you were not or forgot to bring them, please think back to some of your recent purchases and list them on a separate sheet of paper.

Don't Include:	Include:
Rent	Phone (cell/land line)
Utilities (heating, water, gas)	Internet & TV
Medical or prescription costs	Travel for pleasure (visiting family, going out etc.)
Basic groceries	Eating out
Items purchase for religious ceremonies (tobacco etc.)	Snacks (coffee, chocolate etc.)
	Drugs, liquor etc.
	Anything else not included

Try to arrange your spending into the following categories:

**Appearance** – Clothes, makeup

**Travel** – Gas, bus, car etc.

**Snacks** – Junk food, coffee

**Other** – anything else not included (i.e. hobbies, crafts etc.)

**Stimulants** – Alcohol, smokes and other drugs

**Entertainment** – Movies, TV, phone, eating out, internet, etc.

**Possessions** – New iPhone, bed etc.

Now list each purchase using the charts on the next few pages (there is a separate page for each category). If you run out of time do as much as you can and complete the rest at home later.

For each purchase you will also have to rate how happy you were with it from 1-10. (1 being low and 10 being high).

















**Debrief** – Please answer the questions:

1. How much did you spend in each category?

Appearance total    \$ \_\_\_\_\_  
Travel total         \$ \_\_\_\_\_  
Snacks total         \$ \_\_\_\_\_  
Other total           \$ \_\_\_\_\_

Stimulants total     \$ \_\_\_\_\_  
Entertainment total \$ \_\_\_\_\_  
Possessions total   \$ \_\_\_\_\_  
**Overall**                \$ \_\_\_\_\_

2. List 2-3 things that had high ratings and explain why:

Item	Cost	Explanation

3. List 2-3 things that had low ratings and explain why:

Item	Cost	Explanation

4. Was your overall total in line with your budget (circle one of the following)?

Yes            No            No idea!        Don't use a budget but it's about time I started so I can make better choices!

**Most times we don't really know what's going on –  
Sometimes it's good take a look and make changes!**

# The town council budget

For this activity your instructor(s) will organize you into groups.

Your group will become the town council and it's time to work out next year's budget!

Here is a simple breakdown of last year's budget (in millions):

## Income \$40

Federal Funding \$30

Property Tax revenue \$10

## Expenses \$40

Healthcare \$19

Education \$11

Highways \$6

Police \$4

Unfortunately due to economic setback your federal funding will be reduced this year from thirty million to twenty two million. As a council you have to figure out what "the right thing to do is". This will involve a meeting. Meetings can be a challenge if there not managed very well. The first thing each group has to do is figure out who will chair the meeting and who will be the financials clerk.

**The Chair** – Should not be controlling. They need to be sensitive to others, allow each person to share their ideas, but control the meeting so a resolution is found. The new budget must be approved by majority rule and the chair is not allowed to vote unless it is a tie but they are allowed to express their opinions.

**The Financials Clerk** – Is allowed to vote and express their opinions, but their additional purpose is to accurately record the breakdown of the approved budget. It is unwise to select a financials clerk who is not good with numbers!

Now work in your group taking no more than three minutes to work out who your chair and financial clerk will be. If you need help, please ask your instructor(s) for assistance.

Your next step is to review the reports from each of the relevant department managers. Once you have done that your chair will open the meeting and allow you all to discuss your ideas. You will have to be efficient in your communications as you will only have a limited time to approve the new budget!

**Be considerate of conflict and communication issues once you begin negotiations with other council members. The process should not be controlled by the person who talks the most or is the most stubborn or inflexible!**



**Report from the property tax manager:**

The average cost of property tax is \$1,500 per person. If you want to you can increase this – I don't mind what you do, I just collect the money!

<b>% increase</b>	<b>Average cost \$</b>	<b>Revenue generated (millions)</b>
0	1,500	10
10	1,650	11
20	1,800	12
30	1,950	13

**Report from the healthcare manager:**

We are just about coping with providing adequate healthcare to the townsfolk's. Any cutbacks could be devastating!

<b>Budget</b>	<b>Affect</b>
19	No change.
18	ER wait times + 2 hours. Operating wait times + 4 months. Layoff 10% of nurses & doctors.
17	ER wait times + 4 hours. Operating wait times + 7 months. Layoff 15% of nurses & doctors.
16	Southside ER would close and all emergencies would be handled by Northside ER. ER wait times + 7 hours. Operating wait times + 7 months. Layoff 15% of nurses & doctors.
15	15% reduction in Ambulances. Average emergency response time would increase from 15 minutes to 45 minutes. Southside ER would close and all emergencies would be handled by Northside ER. ER wait times + 7 hours. Operating wait times + 7 months. Layoff 15% of nurses & doctors.
14	Pediatric ward closure. All children's operations combined with adults. 15% reduction in Ambulances. Average emergency response time would increase from 15 minutes to 45 minutes. Southside ER would close and all emergencies would be handled by Northside ER. ER wait times + 7 hours. Operating wait times + 16 months. Layoff 15% of nurses & doctors.

**Report from the education manager:**

We will do our best to accommodate changes but overall, it will affect education standards and teacher's moral.

Budget	Affect
11	No change.
10	20% of classrooms are closed. Average class size would increase from 25 to 32.
9	20% of classrooms are closed. Average class size would increase from 25 to 32. Grades 1-3 from Southside all sent to Downtown school.
8	20% of classrooms are closed. Average class size would increase from 25 to 32. Southside school is closed with all children attending Downtown. It's very possible the teachers union will not accept this and call for strike action!

**Report from the highways manager:**

We have great plans to improve the infrastructure. It would be a shame if things did not proceed as planned.

Budget	Affect
6	No change.
5	Planned construction of the by-pass would be put on hold. Downtown rush-hour congestion would increase by 40%.
4	Planned construction of the by-pass would be put on hold. Downtown rush-hour congestion would increase by 40%. Road improvement cycle would increase from 5 to 10 years leaving more pot holes.
3	Planned construction of the by-pass would be put on hold. Downtown rush-hour congestion would increase by 40%. Road improvement cycle would increase from 5 to 10 years leaving more pot holes. Snow budget slashed by 50%. Once it's spent snow will then remain on the streets and highways until it melts!

**Report from the police manager:**

You pick your battles – if it were up to me; law and order would be #1!

Budget	Affect
4	No change.
3	25% reduction in policing (from retirement & redundancies). Average emergency response times would increase from 10 minutes to 30 minutes. Crime detection rates would fall and no policing could be provided for special events.
2	25% reduction in policing (from retirement & redundancies). Average emergency response times would increase from 10 minutes to 30 minutes. Crime detection rates would fall and no policing could be provided for special events. Will implement more speed traps to recoup the additional million – we can't operate below 3 million!



**Report from the resources manager:**

We have great plans to improve the infrastructure. It would be a shame if things did not proceed as planned.

<b>Income</b>	<b>This year</b>	<b>Next year (my recommendation)</b>	<b>Next year (final group decision)</b>
Federal Funding	30	22	22
Property Tax	10		
Land sales	0		
<b>Total</b>	<b>40</b>		

<b>Expenditure</b>	<b>This year</b>	<b>Next year (my recommendation)</b>	<b>Next year (final group decision)</b>
Healthcare	19		
Education	11		
Highways	6		
Police	4		
<b>Total</b>	<b>40</b>		

Members of the town council may be interviewed by the press after their budget is announced.

**Debrief** – Please answer the questions:

1. How did your group resolve any differences it encountered?

2. Which area did you want to see the least cutbacks in and why?

3. What do you think the purpose of this activity was?

4. How do you think your relationship with your community would be affected by the council's choices?

5. What could you do to improve any relationship issues that may arise?

**Cutting back on spending can be tough but you can't spend when the money's gone!**



# Personal banking solutions

Some people like to use a chequing account to manage their money, some people don't and some people that live on reservations or in isolated communities don't get much choice. Often people tend to copy their friends and family but don't really think through what's best for them. Take a look at the four solutions below and try to decide which one is closest to your behaviors. For each solution consider some of the pros and cons.

## The Cash King

Gets paid cash in hand at work – He keeps it under his pillow at home. Pays most bills and expenses with cash. If he has to pay a bill he use Wal-Mart's Western Union money services to wire funds.

Pros:

Cons:

## Mr. Money Mart

Gets a cheque each week and then goes off to his local cheque cashing shop. He uses his cash the same way the cash king does.

Pros:

Cons:

## The Pawn Queen

Never seems to have enough money to make ends meet so she pawned some jewelry to cope. Now she seems not to be able to pay all her bills and the pawn fees.

Pros:

Cons:

## Miss Basic Banking

Deposits her child benefit and EI cheques into her account. She's scared to use her Interac card as a few times she has gone overdrawn and the bank charges were expensive. Now she leaves \$120 in her account to cover her phone bill which is taken from the account each month automatically. She then withdraws the rest of the cash and puts it into different envelopes to control her spending.

Pros:

Cons:

## **Mr. & Mrs. All In**

As a couple they put all their funds into their unlimited chequing account. They use Interac to pay for all transactions and bills are paid via e-banking as they arrive.

Pros:

Cons:

Even though a bank account can be a useful tool, like any tools, it can be dangerous if used incorrectly. Let's have a look at four different ways to manage a chequing account:

### **The accountant**

Tracks every transaction every month using a spreadsheet or budgeting software. They can't go a month without spending hours working things out. Their attitude is; "I want to know it all, and I will only buy things if I know I can afford it".

### **The secretary**

Budgets for and pays all the bills first then just spends any spare cash as they want. Their attitude is "As long as my bills are paid, I won't worry".

### **The manager**

Prepares a budget only when their circumstances change. Each month they just compare if they have spent more or less than they budgeted for. If it's more, only then will they review their budget in full. Their attitude is "Only manage problems – as long as I live within my budget, life's cool, and I don't need to focus on the detail".

### **The ostrich**

Never looks at their bank statements, or considers what they have spent each month. Their attitude is "if there is cash in my account, let's go shopping", until the rent is due, and then they get stressed and try to borrow some cash!

**Cashing a cheque, taking a pay day loan, or pawning an item may be a sign of poor money management. They are expensive and should only be considered in dire situations.**

# Local banking issues

**If you live on the rez or in isolated communities you won't often find banks close by. Even in urban areas there can be issues with discrimination and identification.**

**If people in your workshop are facing local banking issues your instructor(s) use this activity.**

1. You instructor(s) will canvas the group to identify the issues.
2. Your instructors(s) will then organize you into groups.
3. Groups may be given the same issues or differing ones depending on how big the list is.
4. Each group will discuss solutions and present them on flip chart paper to the class.

After the presentations, please list any ideas that would help you in the future:


# Money tracking

**Just imagine what life would be like if you could spend what you want, when you want, forever.....**

Well you can't! Money is finite; there is only so much of it for you to spend. You therefore need to spend it wisely to ensure you make the most of it. This will involve some form of discipline and planning.

Consider what it was like for First Nations people hunting buffalo. The buffalo hunt was a big part of survival for the First Nation people. It took planning, timing and teamwork. Some First Nations people would herd the buffalo into a "gathering basin" like valley. They would then direct the buffalo into "drive lanes" which were lined with stone cairns acting like a funnel. The hunters would direct the buffalo into the drive lanes and then chase them over the cliffs to the "kill sites" waiting below. First Nations people have a history and culture of planning and discipline which needs to be extended today to managing money.

Often in life if we set an unrealistic goal we don't even bother to start it so it's important that we know who we really are and how we really behave in order to find the solution that best helps us support our goals.

Take a look at the following statements and try to identify the one(s) that most represent your behaviors:

- "I'm organized, if I say I will devote ten minutes each week to planning my spending and tracking it, it will happen!"  (Sounds like me!)
- "I want to spend some time each week but by I seem to forget!"  (Sounds like me!)
- "It's not my thing but I'm more than happy to get my partner to do it."  (Sounds like me!)
- "Budgeting is way too boring and I will never bother!"  (Sounds like me!)
- "If it's easy and convenient I will make it happen!"  (Sounds like me!)

Your instructor(s) will try to organize you into small groups that share the same thoughts.

Each group will have five minutes to present to the class ideas to help support each other in ways or systems that can be developed to ensure money tracking takes place as needed.

**Groups are encouraged to browse smart phone apps that may support their money tracking and budgeting requirements.**



# Survivor shopping

Your instructor(s) may use this activity if time permits and there are adequate computers with internet connection.

For this activity your instructor(s) will arrange you into small groups.

**Congratulations – your group has won a 2 week vacation to a small deserted island south of the Equator!**

While there you will be supplied with cooked rice, fish once a week and unlimited bottles of water. We will also supply you with appropriate clothing that fits you. You will also be given a blanket and a small den made of palm leaves as shelter.

You can't take anything with you (except any prescribed medication). But we will let you go shopping for things to take with you.

Your instructor(s) will let you know how much each group's budget is.

You can only shop at the following web sites:

[www.walmart.ca](http://www.walmart.ca)

[www.canadiantire.ca](http://www.canadiantire.ca)

[www.sears.ca](http://www.sears.ca)

List all the items your group plans to take on the next page.

Once the activity is over you will need to list the items on flip-chart paper and present your choices to the class.







**Debrief** – Please answer the questions:

1. Did your group stay within your budget or go over (explain)?

2. How did your group resolve any issues or challenges with picking items?

3. What was the most important thing you group selected and why?

4. What was the least important thing you group selected and why?

5. What was the most important thing you forgot to take?

6. If you had disagreements with any other members of your group, how could you improve your relationship with them?

# Personal banking solutions

Some people like to use a chequing account to manage their money, some people don't and some people that live on reservations or in isolated communities don't get much choice. Often people tend to copy their friends and family but don't really think through what's best for them. Take a look at the four solutions below and try to decide which one is closest to your behaviors. For each solution consider some of the pros and cons.



## Melanie

Just graduated from college this year and now works as an imaging technician at her local hospital where she earns \$46,000 per year (net pay \$3,000 per month). She is living with her parents and now wants to move out. **She can either share an apartment with her friend Jane, or get her own place and wants help to figure this out.** She would rather live on her own so she can play the music she likes, and watch the TV she likes without any hassle. She paid her parents \$100 per month rent but if she shares with her friend the rent will be \$500 and splitting utilities will be around \$220 to cover electric, TV and cable. If she gets her own place she will need to put down \$900 for the first month's rent and \$200 for the utilities. Her landlord indicated that utilities would be around \$150 per month. Basic TV and cable would then cost around \$120.

Melanie likes to eat lots of fresh fruit and vegetables, so her groceries are a little high at around \$395 per month. She has a compact car that she financed; it costs her \$200 every two weeks. The warranty has just expired so she now has to pay for any repairs. Her insurance is \$300 per month and she gases up every two weeks. She has a new iPhone and her bill is around \$100 per month. Her best friend is getting married in Cancun next year so she has set up a special savings account and plans to put in \$200 so she can afford to go. She loves her Starbucks coffee and last month spent \$80. She's now wondering if she should cut back on this, but she loves the coffee!

Her student loan payments are \$532 per month and she also has a \$10,000 line of credit that she has maxed out and pays \$89 interest each month. She would really like to get this cleared off some day. If she gets her own place she is also thinking of getting a dog, but if she decides to live with Jane they plan to buy a kitten together.

Her parents 25<sup>th</sup> wedding anniversary is occurring in 3 months' time and she wants to pay for them to take a weekend break and fly to Toronto to see some more family members.

She has saved up \$1,500 towards a down payment and/or moving costs to hire a U-Haul truck.



### Jody

Is a single mother of three; Sarah age 2, John age 4 and Rachael age 6. She lives in assisted housing which costs her \$600 per month for rent and electricity. Jody's mother has been sick, but is now well enough to babysit John and Sarah so Jody can get a part-time job at the local gas station. Jody gets \$1,800 per month in benefits and child maintenance. Her new job will bring in \$160 per month. She's hoping to get a car on finance as it's really hard to get about town without one. She recognizes that it may seem strange to work just to buy a car, but the job will get her out of her home for a few hours and improve the quality of her life.

Her mom will give her \$500 as a down payment and **she would like to know how much she can afford to pay back each month so she can figure out which car she should pick.**

Her groceries are around \$500 per month, and clothing costs around \$100. She spends around \$240 per month on smokes, \$65 on her cell phone, \$50 on cable TV and \$100 every two months having her hair cut. She also got into debt with a credit card that has now been cut up, but will have to pay back \$150 per month for the next year.



### Kyra

Has been married to Jack for 8 years. Jack is a graphic designer and they have one son Lewis who is now 5 years old and has started to go to school. Jack has just had his hours cut so Kyra has decided to get a part time job working from 9:30-2:30 each day as a dentist's receptionist.

Jack used to be able to cover all of their monthly living costs but the reduction in his income means he now can only cover: Rent, utilities, groceries, car payments and related costs, his personal expenses and the internet/cable/phone bill. Kyra will walk to work after dropping Jack at school and expects to earn around \$1,350 after taxes. Using this money she will have to pay her cell phone bill (around \$75), her hair and nails (\$250), clothes for Jack, clothes for her, presents (saving \$100 per month should cover that), her coffee and eating out/socializing, her personal expenses and her weekly swimming lessons with Lewis (\$120) and make the re-payments on their joint credit card. The balance is \$7,000 and they need to make minimum repayments of \$250.

Kyra and Jack want to get the credit card paid off as soon as they can and also open an RESP for Jack. **She would like help to work out how much to save into the RESP, how much to pay off on the credit card and how much to assign to any spending areas shown above and ones she may also have forgotten about!**





**Debrief** – Please answer the questions:

1. After seeing other groups present, do you think you missed anything off of your budget and if so, what would you do to include it?


2. Would your client have found their budget and lifestyle easier to manage if they had not got any debts? (Explain)


3. What could you give up or cut down on to improve your monthly budget?


# My budget

Creating a budget is a great way to help get your finances under control so you only spend what you want to, but it won't be effective unless you also track your spending and make adjustment (fine tune it). Think back to the activities "How do I spend my money?" and "Helping other people to budget". Now use the table below to create your own budget.

Income								Total: \$ _____
Wages	Tips	AISH	Child Benefit	SFI	WCB	Other	Other	
\$	\$	\$	\$	\$	\$	\$	\$	
Household								Total: \$ _____
Rent	Insurance	Heating	Power/water	Phone	Cell phone	Internet/cable	Other	
\$	\$	\$	\$	\$	\$	\$	\$	
Shopping								Total: \$ _____
Food	Household	Eating out	Snacks	Clothes	Games	Work stuff	Other	
\$	\$	\$	\$	\$	\$	\$	\$	
Transportation								Total: \$ _____
Bus	Taxi	Gas	Car insurance	Car registration	Maintenance	Financing	Other	
\$	\$	\$	\$	\$	\$	\$	\$	
Personal								Total: \$ _____
Smoking	Drinking	Recreational drugs	Gambling/ bingo	Makeup	Hair care	Medication	Other	
\$	\$	\$	\$	\$	\$	\$	\$	
Other								Total: \$ _____
Gifts	Pets	Sports	Debt payments	RRSP/RESP	Saving for ____	Banking costs	Contingency	
\$	\$	\$	\$	\$	\$	\$	\$	

Now add up each of the red totals and see if is lower than your income – if not you will need to go back and make some changes!

# Business start-up costs

If you're planning to start your own business you should take a little while to consider what expenditure you would need before you could start.

Category	Description (describe accurately what you think you will need)	Estimated costs
Equipment		
Materials		
Training & Certification		
Insurance		
Marketing		
Transportation		
Other		
<b>Do you have a plan to get this money?</b>		<b>Total</b>

# Business loans

If you're planning to start your own business you should take a little while to consider what expenditure you would need before you could start.

If you're thinking of starting up your own company you need to consider a business loan. In most situations with small business lending companies will assess your own credit worthiness as a major factor. If you don't have good credit the likelihood of acceptance is low. They would also like to see income. If you are employed this could significantly assist you. If not they will want to know that your business has the potential to make money, after all, if you don't, how can you pay them back?

If you need to apply for a loan don't ask for more than you really need. The more you borrow the higher your risk will be and you are thus less likely to be accepted. To be considered for a business loan you may need to prepare the following statements: (typically for 1-3 years).

## Profit and loss statement

Shows income and expenditure and usually in simple categories. Here is an example:

### Income

Revenue from sales of cupcakes (year 1)	\$5,200
---	---------

### Expenses

Ingredients (flower, butter etc.)	\$2,100
-----------------------------------	---------

Marketing (500 flyers handed out locally)	\$250
---	-------

Equipment (cookie trays)	\$100
--------------------------	-------

Electric (will use oven at home)	\$50
----------------------------------	------

Cell phone monthly costs (already have the phone)	\$500
---	-------

Total expenses	\$3,000
----------------	---------

### Expected profit

<b>\$2,200</b>
----------------

The above looks really nice. For an investment of \$3,000 per year a profit of \$2,200 can be generated. Can you see any problems or issues with this simple idea?

## Monthly cash-flows

Are designed to show the profit and loss on a monthly basis. Doing this things look a little different than the profit and loss statement. We can see that the two busy times of the year are Christmas and Easter for cupcakes and that the equipment needs to be purchased before anything else.

Month:	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Income	0	100	260	2100	200	150	400	1140	250	250	200	150
Equipment costs	100	0	0	0	0	0	0	0	0	0	0	0
Marketing costs	50	0	100	0	0	0	100	0	0	0	0	0
Ingredients, phone, electric	145	145	600	145	145	145	600	145	145	145	145	145
Profit or loss	-295	-45	-440	+1955	+55	+5	-300	+995	+105	+105	+55	+5
Balance	-295	-340	-780	+1175	+1230	+1235	+935	+1930	+2035	+2140	+2195	+2200

So we get to see that the business runs at a loss for the first 3 months. How much money do you think they would need to borrow to keep afloat? \$ \_\_\_\_\_

Why?

Even though this is a simple cash flow, and only took a few minutes to develop there were some mistakes that had to be resolved as the Aug balance was not correctly matching the profit & loss statement initially. It's really easy to make mistakes on cash-flows! Allow plenty of time to develop them and always try to find someone else to check them over.

**Don't make cash-flows look nice – Make them realistic and then change your plans if things don't add up!**



# Business banking solutions

If you're planning to start your own business you should take a little while to consider what banking solutions may be suitable.

Generally you don't want to mix business and personal banking. If Revenue Canada ever conducts an audit they may be confused by some business or personal transactions and charge you more tax! However, this does not mean that you need to devise the most complex of banking solutions.

Here are some thoughts on the matter:

## **What's in a name?**

If it's a small business and you are just using your name you don't necessarily need a "business banking account". Most banks and credit unions offer business banking solutions. Often the accounts have more features than personal accounts but also cost more. One of the main benefits of opening a business bank account is that the account name can be the name of the company (providing you have the correct documentation to prove it). So if you don't have a company name don't let the banks talk you into a more expensive product you may not need.

## **How active will the account be?**

In most cases the cost of banking is linked to the number and type of withdrawals. Banks want to make money so if you indicated this was low they would probably recommend a low use chequing account. However, unless you need a cheque book or Interac card, you may find some of the savings accounts useful. Do some homework before visiting the bank.

## **Will I have partners?**

If you're working in partnership you will need to figure out how to manage the money. You could just assign one person to be the "treasurer" or you could involve some or all of the others. Typically banks offer special account to assist. If there are two you would have the choice of "**either signature to operate**" or "**both signatures to operate**". With both it could also limit ATM use to deposits and balances only. If there are 3 you could not get all three as the accounts can only cope with a maximum of two signature lines on the cheque book. So most banks then offer "any 2 signatures to operate". Just be very careful to ensure you're working with people you trust and have a system set up so people can't hide what's going on.

# Chapter 4

## "SAVINGS & INVESTMENTS"

Released in November 2012 as part of the War of 1812 series this silver \$4 coin featured the great Shawnee Chief Tecumseh's (c.1768-1813). Tecumseh fought heroically out of a desire to build an independent homeland for his people. This limited edition collector's coin was sold by the mint for \$50. Collectors will hope one day that its value will increase. For some, the values Tecumseh fought for are richer than money.



**In this chapter we help you to consider different ways you can save some of your money to meet your goals and long term dreams.**

# What do I know about investing?

**Select the answer that you think is correct:**

1. If you buy a company's stock,
  - a) you own part of the company
  - b) you have lent the company money
  - c) you are liable for the company's debts
  - d) the company will return your original investments to you with interest

My answer: \_\_\_\_\_

Correct answer: \_\_\_\_\_
  
2. If you buy a company's bond,
  - a) you own part of the company
  - b) you have lent the company money
  - c) you are liable for the company's debts

My answer: \_\_\_\_\_

Correct answer: \_\_\_\_\_
  
3. Over the past 70 years the type of investment that has earned the most money for investors on the US stock market has been,
  - a) stocks
  - b) corporate bonds
  - c) savings accounts

My answer: \_\_\_\_\_

Correct answer: \_\_\_\_\_
  
4. If you buy the stock of a new company,
  - a) you can't lose money
  - b) you can lose all your money
  - c) you can lose only a portion of the money

My answer: \_\_\_\_\_

Correct answer: \_\_\_\_\_

5. Robert owns a wide variety of stock, bonds and mutual funds to lessen his risk of losing money. This is called,

- a) saving
- b) compounding
- c) diversifying

My answer: \_\_\_\_\_

Correct answer: \_\_\_\_\_

6. Carla wants to have \$100,000 in 20 years. The sooner she starts to save the less she needs to save because,

- a) the stock market will go up
- b) interest rates will go up
- c) interest on her savings will start to compound

My answer: \_\_\_\_\_

Correct answer: \_\_\_\_\_

7. Brenda wants to take some of her savings and invest in a mutual fund because mutual funds are,

- a) guaranteed to earn more than a savings account
- b) risk free
- c) managed by experts at picking investments

My answer: \_\_\_\_\_

Correct answer: \_\_\_\_\_

8. Rick is 22 and wants to start saving for his retirement. Where should he put most of his money now to meet his long term goal?

- a) a savings account linked to his chequing account
- b) a mutual fund that invests in stock
- c) an RRSP
- d) an RESP

My answer: \_\_\_\_\_

Correct answer: \_\_\_\_\_

9. Kyla has saved some cash. What would be the best thing for her to do?

- a) buy a Canada savings bond
- b) invest it into a mutual fund
- c) pay off the balance on her credit card that charges 18% interest
- d) take her friends out to the bar and celebrate

My answer: \_\_\_\_\_

Correct answer: \_\_\_\_\_



# Peer pressure

We are now going to explore in more detail the challenges faced by Kyla in the last activate. First Nations people are often taught that the tradition of sharing their wealth or assets with others is important. The concept is sound; help people that are less fortunate. However, in this modern world, we can often find people abusing this teaching and just trying to sponge off others when they really can work hard and get it for themselves.

For the purpose of this activity assume you have just arrived home with \$20,000 in savings. Now go through each scenario and decide what you think is the best solution – even if you don't have these people in your life assume you do for the purpose of this activity. For each scenario rate how important it is for you to say yes and decide how much to spend (1-5, 1 being low, 5 being high).

## #1 Lets Party!

Your close friend Cory wants to celebrate your return. **“Let’s go to the bar Bro. Seeing as you have the cash, you can pick up the tab!”**

How important is this (1-5)? \_\_\_\_\_ What’s the maximum you would spend? \$ \_\_\_\_\_

How do you think your decision will affect your relationship with Cory?

## #2 Money for smokes

Your friend Kelly comes knocking at your door. **“Hey can you spot me a pack of smokes, I’ll get you back?”**

How important is this (1-5)? \_\_\_\_\_ What’s the maximum you would spend? \$ \_\_\_\_\_

How do you think your decision will affect your relationship with Kelly?



### #3 Visit the casino

Your friend Kat calls you up “**Hey babe can you give me \$100 to go to the casino – also do you wanna come?**”

How important is this (1-5)? \_\_\_\_\_ What’s the maximum you would spend? \$ \_\_\_\_\_

How do you think your decision will affect your relationship with Kat?

### #4 Money to keep my car

Your nephew Norm “**The bank wants to repossess my car. If I don’t get them \$1,200 in 2 days I’ll lose my car and my job. I’ll pay you back, promise!**”

How important is this (1-5)? \_\_\_\_\_ What’s the maximum you would spend? \$ \_\_\_\_\_

How do you think your decision will affect your relationship with Norm and his family?

### #5 Repay your loan!

Your Kokum calls you “**Hi. It’s time you re-paid the \$5,000 you borrowed from me a while ago.**”

How important is this (1-5)? \_\_\_\_\_ What’s the maximum you would spend? \$ \_\_\_\_\_

How do you think your decision will affect your relationship with Kokum?

## #6 We need to get away

Your husband John has had a stressful few months looking after the kids while you were away working “**We need to get away on a vacation – what do you think, Mexico or Hawaii?**”

How important is this (1-5)? \_\_\_\_\_ What’s the maximum you would spend? \$ \_\_\_\_\_

How do you think your decision will affect your relationship with your husband and your children?


**Debrief** – Please answer the questions:

1. Which scenarios did you rate the most important (4-5 ratings): \_\_\_\_\_
2. Overall how much of your savings did you spend? \$ \_\_\_\_\_
3. Do you feel the order you were presented the scenarios affected your choices? Y  /N
4. What have you learned for this activity that will help you in the future?


**Don't get sucked into helping others when it's not good for you or them!**

# Stock, bonds and mutual funds

So hopefully we now know what the difference between a stock and a bond is. Now let's find out a little more.

## Stocks (shares)

- Are part ownership in a company. The quantity and value of the shares combine to give an estimation of the company's overall value.
- Prices can increase or decrease due to consumer confidence, the performance of the company and/or its competitors and the economy as a whole.
- Some times when companies do well they will pay a bonus to shareholders called a dividend, but these are not guaranteed.

Here are a couple of examples of how prices can suddenly change:



A Rubber company makes tires. They release their first quarter report indicating a rival can now produce tires at a 10% lower production cost and is now undercutting their retail costs. Their profits are now 67% lower than their last quarterly report. Their shares immediately drop from \$6.00 each to \$4.50. If a person had \$10,000 invested it would then only be worth \$7,500. What would you now do if you had invested some money with this rubber company?

- a) buy more shares in the company     b) sell all your shares in the company     c) nothing



A computer company calls a press conference to announce they have just done a deal with a software company that will now save consumers 10% as software will come pre-bundled at 50% off. Their shares were worth \$0.53 each but the expected sales increase drives the share price up to \$0.89 each. You don't have any of these shares, but you do have \$5,000 spare. Would you now buy shares in this company?

- a) yes                       b) no

Why?

Buying and selling shares has an element of risk to it and some are more risky than others.

Diversifying allows for a more stable and predictable portfolio. Here is an example:



An oil company projects a profit next year of \$12,000,000. They issue a large brochure explaining what they are doing. At that back it indicates the projections are based on them being accepted for a new contract and if they fail their projections would be much lower at \$3,400,000.



A gold company projects profits of \$5.5 billion. They use gold to make electronics processors. Gold prices have been relatively stable over the last few years, but the electronic boom has increased demand for processors. As there are no new gold mines licenced to open next year they feel their projections are fairly accurate.

If you had \$10,000 to invest, how would you split it between the two companies? Option: \_\_\_\_\_

	A	B	C	D	E
Oil %	100	75	50	25	0
Gold %	0	25	50	75	100

Option A is the most risky, and option E is the least. That means you could make or lose more with option A.

Sometimes risk choices are affected by our overall wealth. A person with no investments may be cautious, but a wealthier person with lots low risk products may be ok taking more risk with some of their money.

### Bonds

- Are loans to an individual, company or government.
- As with all loans some are repaid and some are not.
- Bonds are typically from 3 months to 3 years in duration.

If you had \$10,000 to invest in bonds, which option(s) would you consider?

For the purpose of this activity we have rated each company from 20-200 as we did with the individuals who wanted cars. While some names are real etc., this is just an activity and may not reflect their risk rating in real life.

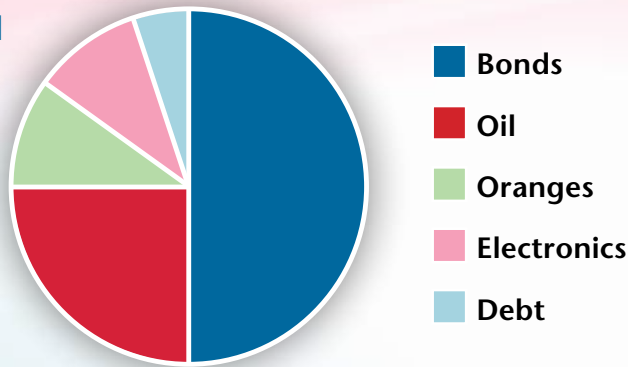
Name	Rate and terms	Risk Rating	Amount you would invest
Bank of Canada savings bond	1 year at 1%	185	
Bank of Nigeria savings bond	6 months at 20%	45	
City of Toronto bypass bond	3 years at 3.5%	160	
Kokum casino's roof bond	1 year at 10%	92	

### Mutual funds

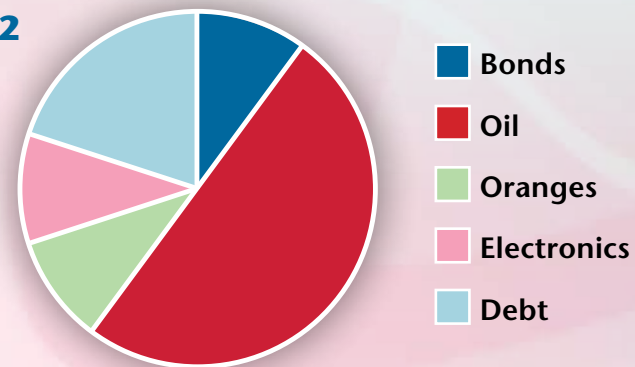
Before looking at mutual funds your instructor(s) will talk to you about chocolate cake!

Mutual funds are complex products typically containing lots of components (ingredients) in varying proportions. Typically no two are the same. Take a look at the following two simple mutual funds and try to figure out which one is most risky and which one is least risky.

#### Option 1



#### Option 2



Now imagine if there were 50 components you had never heard of rather than 5 you know a little about. That's a mutual fund!

Mutual funds are popular as they are managed by experts.

Typically the name of the fund (such as the low risk fund, or the moderate growth fund) indicate its risk and potential reward.

Another way to assess its risk is to compare it to other products over the last five years to see how they both have performed.



# Savings option

Once you get the hang of a budget you will start to change your spending habits for the better. If you have debts you can work on paying them off. The next thing to do is to work out a savings plan. This could include saving for your retirement (which is covered next), but may include other options:

## **Rainy Day Money**

You never know when something may happen that will require some extra cash. Saving \$1,000 – \$2,000 into a savings account which can be accessed immediately can be a good idea if you trust yourself not to withdraw it on a whim and waste it. If you lack some self-control try to save it into an account that you can only access at the bank.

## **Short term savings**

Providing you have some rainy day money you could save some additional money into a short term savings account. They typically are short term bonds (3-6 months) or a 90 day notice account where you have to give notice to get the funds or pay a penalty. Interest rates for these products are a little higher than the instant access savings accounts.

## **Long term savings**

Are more complex and you typically need a good financial advisor to help you make appropriate selections. For most, this will involve savings for retirement.

Regardless of the choices the best way to save money is move a portion of it (based on your budget) out of your chequing account as soon as you get it. Psychologically people tend to spend what they have. If you never see it, then you don't seem to miss it. So you need to get good enough at running a chequing account so as to not incur bank fees and then get the money taken out automatically each month.

# Saving for retirement

We all hope that when we retire we can enjoy life a little more. For most of us the reality is that it will be tougher. If you want to do something about it you can cut down a little on your monthly spending and assign the money for your retirement savings. Most people pay tax and thus would benefit from a Registered Retirement Savings Plan (RRSP). However, it is always best to discuss this with a person certified to give retirement advice in Canada.

An RRSP is a government approved plan that allows people to save money for their retirement (and no other purpose). The government has offered a "tax break" to anyone who has an RRSP. When you have an income you are often taxed on it. However, if you deposit funds into an RRSP you are allowed to defer the tax on that amount and pay it later when you retire. Effectively you get some cash back when you do your tax returns. But if you squander this money you are actually cheating yourself. If you invest it back into your RRSP you will maximise your opportunity and allow the tax free money to compound and increase over time.

- **Work out a monthly amount you can always contribute and arrange for it to automatically be taken out of your account each month**
- **Find a financial advisor you trust and remember it's a long term investment, don't be too worried by short term ups and downs**
- **Try to put as much of your tax return into your RRSP**
- **Assess the risk and reward you want and then review it every 2-4 years with your advisor**
- **Don't put any money in that you may need to withdraw early. It's complex and will negatively affect your tax!**



# Saving for post-secondary education

We all know that a good education can really help a person looking for work. While education up to high school is free, after that it's starts to cost a lot. The government wants to ensure Canadian citizens get the best opportunity for post-secondary education and has introduces Registered Education Savings Plans (RESPs) to assist.

They are best used by parents and grandparents to save money. Government incentives are also available. Here are some interesting facts about RESPs:

- **Anyone can open an RESP but they are best suited to beneficiaries who are seventeen or younger when they are opened.**
- **You need suitable identification to open an account but only need a SIN # for any children that are beneficiaries.**
- **Federal and Provincial incentives are available – up to \$2,000 (it all depends on the province, parent's income and the amount and frequency of deposits).**
- **Funds are not intended to be used for anything else except approved post-secondary costs. Just like RRSPs early withdrawals are possible but may have tax and incentive implications.**
- **Approved post-secondary costs don't just cover tuition but also include rent, utilities, food and transportation.**
- **Banks, credit unions and private companies offer RESPs. Most will require a \$25 deposit each month. You can also pay more if you like!**
- **Private companies may have expensive or risky products that charge fees – typically it is best to avoid this and stick to local Banks and Credit Unions.**
- **Plans can be for individual children or for more than one brother or sister. Having a plan that list more than one child allows parents to transfer funds to other listed children if one or more does not peruse post-secondary education.**
- **Make sure the financial advisor you meet with explains things simply to you so you understand, if not ask to speak to someone else or look elsewhere.**

RESP information can be found at the Government web site called CanLearn ([www.canlearn.ca](http://www.canlearn.ca)).

# Chapter 5

*"WHAT HAVE I LEARNED?"*

In 2012 The Royal Canadian Mint issued this special silver "Farewell to the Penny" coin. It sold for \$55. The penny was phased out as its production costs became greater than its benefit to the economy. Life never stands still. It never did for your ancestors and it never will for you. Change is inevitable, either change for bad or change for good – with your lives you get to pick!



**The workshop is nearly over, so now it's time to ponder about what we have learned and what we plan to do with this information.**



# Silent auction

Here's your chance to put your budgeting skills to the test. We have some great deals for you, but first you need to know how this auction will work!

**Each person can spend a maximum of \$1,000 – we won't give you any money, you just need to keep a ledger to record your expenses.**

**You can bid on as many items as you want, but you can only bid once on each item.**

**No person can place the same bid as another – you can bid higher or lower than someone else, but not the same amount.**

Once the bidding phase has ended your instructor(s) will pick the lots one at a time and offer them to the highest bidder. If the highest bidder does not accept the lot it will then be offered to the next highest bidder etc. until someone accepts it or there are no bids remaining.

Item	Amount paid	Balance remaining
		\$1,000



#	Lot	Details	My bid	#	Lot	Details	My bid
1	<b>My Dream Car</b>	Pick any car you want and it's yours. But can you afford the insurance?		9	<b>My Dream Job</b>	You get the job of your dreams and the salary to match, along with the associated taxes!	
2	<b>World Cruise</b>	8 weeks anywhere in the world with a friend. Don't forget the suntan lotion!		10	<b>Extreme Makeover</b>	Plastic surgery, new clothes, make-up, nails, hair plus unlimited spa treatments!	
3	<b>The Skill I Want</b>	Pick one skill and it's all yours. Now what will you do with it?		11	<b>Retirement Bliss</b>	Receive \$50,000 per year once you retire until the day you die. But it won't start till you're 60!	
4	<b>A New Person</b>	Replace any one person in your life with someone else. Who will you choose to lose?		12	<b>\$40,000 RESP for every Child in my Family</b>	This includes children and grandchildren. It will help to give them all a great education.	
5	<b>My Dream Home</b>	Move into the mansion of your dreams. Will you need a GPS to find the washroom?		13	<b>The Superpower I Want</b>	Choose any one superpower and it's yours. But will you use it for good or evil?	
6	<b>\$250,000 to Charity</b>	You pick the charity and we cut the cheque. Do you want a photo shoot?		14	<b>6 Month Sabbatical</b>	It's time to take a break – even if you're a mother or housewife you can still get 6 months off.	
7	<b>No Bill Store Card</b>	Pick the store, get the card and go shopping. But can you carry it all home?		15	<b>Become Famous</b>	You could choose to be a pop star, socialite or a famous movie star. Grocery shopping will never be the same again!	
8	<b>Free Groceries for 1 year</b>	Lots of fresh healthy vegetables can be yours for a year. Is there enough room in your kitchen?		16	<b>Teach My First Nation's Culture to others</b>	Your heritage and culture are important to you. This is your chance to share it with others.	

**Debrief** – Please answer the questions:

1. Did you get the lot(s) that were most important to you? \_\_\_\_\_






2. If you had the opportunity to repeat this activity what would you do differently?









# Good deal, bad deal, scam

Ever heard the saying it's too good to be true? Now's your chance to figure this out – take a look at these deals and try to decide (if you're not interested in something, or can't afford it, pretend that you would be for this activity).

1		<p><b>Free oil changes for life</b></p> <p>Buy a new car and get free oil changes every 3 months or 4,500 kms as long as you own the car</p> <p><b>Good Deal      Bad Deal      Scam</b></p>
2		<p><b>Canadian cheddar cheese</b></p> <p>\$7 for 800 grams – limited to 2 per customer</p> <p><b>Good Deal      Bad Deal      Scam</b></p>
3		<p><b>\$10 per month of your cell phone bill</b></p> <p>Your cell phone company has just called you to offer you this great deal for 12 months</p> <p><b>Good Deal      Bad Deal      Scam</b></p>
4		<p><b>Nothing to pay for 15 months</b></p> <p>Buy any item of furniture over \$250 and pay nothing for 15 months</p> <p><b>Good Deal      Bad Deal      Scam</b></p>

5		<p style="text-align: center;"><b>Meal deal</b></p> <p style="text-align: center;">Steak dinner for only \$30</p> <p style="text-align: center;"><b>Good Deal      Bad Deal      Scam</b></p>
6		<p style="text-align: center;"><b>Balance transfer credit card</b></p> <p style="text-align: center;">Enjoy a low rate of 3.9% for 1 year and no annual fees</p> <p style="text-align: center;"><b>Good Deal      Bad Deal      Scam</b></p>
7		<p style="text-align: center;"><b>Toilet paper</b></p> <p style="text-align: center;">\$4.50 for 12 rolls</p> <p style="text-align: center;"><b>Good Deal      Bad Deal      Scam</b></p>
8		<p style="text-align: center;"><b>Free TV</b></p> <p style="text-align: center;">Get a free flat screen TV when you purchase selected furniture, mattresses or appliances</p> <p style="text-align: center;"><b>Good Deal      Bad Deal      Scam</b></p>
9		<p style="text-align: center;"><b>Get your tax refund today</b></p> <p style="text-align: center;">Fast, accurate tax returns and we'll give you your refund immediately!</p> <p style="text-align: center;"><b>Good Deal      Bad Deal      Scam</b></p>

10		<p style="text-align: center;"><b>Free vacation</b></p> <p style="text-align: center;">You've won a free trip to the Canary Islands. Just attend a short presentation (this is not timeshare!)</p> <p style="text-align: center;"><b>Good Deal      Bad Deal      Scam</b></p>
11		<p style="text-align: center;"><b>Free air miles</b></p> <p style="text-align: center;">Open any chequing account at our bank at get 500 free air miles</p> <p style="text-align: center;"><b>Good Deal      Bad Deal      Scam</b></p>
12		<p style="text-align: center;"><b>Tires</b></p> <p style="text-align: center;">Buy 3 and get the 4th free</p> <p style="text-align: center;"><b>Good Deal      Bad Deal      Scam</b></p>
13		<p style="text-align: center;"><b>Free 30 day gym membership</b></p> <p style="text-align: center;">Get your free trial membership and start living a healthy and active lifestyle today</p> <p style="text-align: center;"><b>Good Deal      Bad Deal      Scam</b></p>
14		<p style="text-align: center;"><b>1/2 price milk</b></p> <p style="text-align: center;">\$5.50 each – buy one 2L bottle and get the second at half price</p> <p style="text-align: center;"><b>Good Deal      Bad Deal      Scam</b></p>



15		<p style="text-align: center;"><b>Sponsor a child today</b></p> <p style="text-align: center;">All it takes is about \$1 a day, just \$35 per month. Change the world by sponsoring a child</p> <p style="text-align: center;"><b>Good Deal      Bad Deal      Scam</b></p>
16		<p style="text-align: center;"><b>Pick a puppy</b></p> <p style="text-align: center;">Just wire us \$100 and then come in and pick up your new puppy. All have I.D. microchip and vaccinations</p> <p style="text-align: center;"><b>Good Deal      Bad Deal      Scam</b></p>
17		<p style="text-align: center;"><b>We'll fix your computer viruses</b></p> <p style="text-align: center;">A software company has just called to say your computer has a virus and they can fix it for \$20</p> <p style="text-align: center;"><b>Good Deal      Bad Deal      Scam</b></p>

# Group reflection

Your instructor(s) will divide you into groups for this activity and give each group some flip chart paper and marker pens.

Each group needs to chat about and provide a report to the class on the following:

**The 5 most important things your group learned at this workshop**

**One thing each group member will change about their lifestyle to improve their money management skills**

**A list showing the top 10 ways to screw up your finances**

Pick someone with good written skills to write down the information in large enough print that the rest of the class can see it.

Pick one or two presenters with good vocal skills to share this information with the class.

**Ultimately it's not really "all about the money" – it's all about what you want and what you are prepared to sacrifice to get it. Money does not hold the keys to your destiny, you do!**

# Homework

If the workshop is provided over a few weeks you will be assigned homework from this section. If it is just a 1-2 day workshop please work through all applicable assignments. Some of them are duplicates of activities conducted in the workshop to assist you in becoming more familiar with them, so you can embed them into your daily lives.

If your instructor(s) could not cover all of the materials please try to find some time to look at any relevant materials. Try to do 1-2 assignments each month.

**Knowledge is of little value until you apply it  
– find some time to do your homework!**



# How do I spend my money?

For this activity we would like you to repeat the chapter 3 activity “How do I spend my money?” One of the goals of this workshop is to help clients to develop and stick to a budget. For many people who have a family this can be a daunting thought. In order to ease you into this slowly and to help you focus on areas that you have control over you will just track certain spending categories.

**Based on your specific lifestyle pick 1-2 from the following and track all spending for one week** (or develop you own). Don't pick the ones you hardly do, pick the ones that are embedded into your lifestyle.

<b>Alcohol</b>	<b>Coffee</b>	<b>Junk Food</b>
<b>Smokes</b>	<b>Snacks</b>	<b>Makeup</b>
<b>Clothes</b>	<b>iTunes, Netflix etc.</b>	<b>Hobby</b>

1. List below the two spending areas you will track for the next week:

<b>Category</b>	<b>Expected total I will spend</b>	<b>Actual total I spent</b>	<b>Difference</b>

2. Now work out how much you think you will spend and put it in the expected column.

3. Work out how you are going to track this – here are some options:

- **Use a debit card and check your bank account (only works if you don't spend cash and you can recall from your statement what you spend money on)**
- **Keep all receipts in your purse (make sure to always get a receipt and then don't lose them!) Then use a calculator or spreadsheet to work it out**
- **Set up an app or a note on your smart phone and update it each time you spend**

4. At the end of the week work out the actual total and the difference column. If you spent less put a minus in front of the number and if you spent more use a plus.

**Debrief** – Please answer the questions at the end of the week:

1. Did you feel more aware of your spending on items you were tracking (explain)?


2. Did you feel more aware of your spending on items you were not tracking (explain)?


3. As a result of this activity what changes would you make to your spending?


Now repeat this activity. You can either use the same categories or change them.

Category	Expected total I will spend	Actual total I spent	Difference

**Tracking spending won't stop you from having fun  
but it can stop you spending to excess!**



# Reviewing my budget

Look back to the activity in chapter 3 called “My budget”.

- 1. Has that activity helped you with your spending? Y  / N
- 2. Have you tried to ensure you stick to it? Y  / N
- 3. Is it accurate or do you want to make some changes? Y  / N

Now use a computer, phone, or old fashioned paper to update your budget. You will also see that the bottom word on the right is “contingency” – this is for the unexpected, always a good idea to include!

1. Did you feel more aware of your spending on items you were tracking (explain)?


2. Did you feel more aware of your spending on items you were not tracking (explain)?


**Adjusting budgets is quite normal and shows that you are regularly evaluating your choices!**

# My insurance needs

There are many different insurance products available. It often seems that it would be nice to have them all but they cost money. In reality we need to assess what really matters to us and try to insure (or protect) it. While money can't return a lost loved one, the financial payout can prevent us selling assets, moving, or taking on extra work to survive.

Take a look at the insurance products below and rate each one on how important it is to you (1-5, 1 is low, 5 is high). As you develop and manage your budget shop around (on line, via your bank, or through insurance brokers) to compare prices and find the product that is right for you. If you are not sure what the product is, Google it to find out!

Product	Rating	Product	Rating	Product	Rating
Car		Health		Critical illness	
Home owners		Dental		WCB	
Renters		Life		Liability	
Credit Card / loan		Travel		Pet	

## Things to remember:

- If a visitor to your home trips over something they could sue you. Home owners and renters insurance may cover this
- Car insurance is compulsory to cover accidents. Not everyone insures the replacement cost of their vehicle – can you afford to replace your car if it were in an accident?
- If you go water skiing on vacation you probably are not covered by regular travel insurance – you would need a dangerous sports policy. Uninsured medical costs can be very expensive!
- Lost luggage can be expensive – how many times do we pack our best and most expensive clothes for a vacation?
- Most insurance products offer a lower premium if we have a higher deductible. Make sure the deductible amount is affordable and not too high or low!
- If you run your own business you should seriously consider liability insurance in case you make a mistake. Sometimes you can get general liability insurance. For other jobs you may need to find a specialist company or guild of employers to offer the policy.
- Dental and pet bills can be unexpected and very high – do you have a plan in case these occur?
- Many people are fixated on life insurance and don't realize that with modern medical treatments people are more likely to live but due to a critical illness can't work. Critical illness cover is really important.

# Managing my debts

For this activity we suggest you obtain a copy of your credit file. We would recommend that you use Equifax ([www.equifax.ca](http://www.equifax.ca)) and select the option for a free credit report (free credit file via Canada Post) – there is also an option on the form to pay for your credit score at the same time.

You will need to provide photocopies of two approved ID documents and wait about for weeks.

If you have moved a lot or have a common name your SIN # would help, but is optional.

**You need to know that if you owe companies money and they have lost track of you they can find you one you request a credit report.**

Once you have a copy of your credit report:

- 1. List all of your debts and the required payments**
- 2. See if adjusting your budget will allow you to make the payments**
- 3. If not contact the relevant companies with you budget to discuss options**

**Debt issues won't just fix themselves. You need to do the work and will feel a lot happier once they are fixed!**

# My savings goals

Many people feel stress when thinking of unexpected bills and repairs. One of the best ways to address this is to save a little money for a rainy day.

Think about what you want to save for and why, write your thoughts below:


Next consider how you can achieve your goals

- **Do you need to open a separate savings account?**
- **Do you need to see a financial advisor?**
- **Where are you going to find the money to save?**

Now create an action plan to achieve your goals:

Goal:
Step 1:
Step 2:
Step 3:

**The longer you put off your savings goals the less likely you are to ever start them!**









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