

Financial Literacy Community Facilitator Toolbox





About Prosper Canada

Founded in 1986, Prosper Canada is a national charity dedicated to expanding economic opportunity for Canadians living in poverty through program and policy innovation.

As Canada's leading champion of financial empowerment, we work with governments, businesses, and community groups to develop and promote financial policies, programs and resources that transform lives and help Canadians to prosper.

We help service systems and organizations in all sectors to build proven financial empowerment approaches into their businesses in ways that:

- Are sustainable; Help them achieve their goals.
- Help them achieve their goals.
- Tangibly increase the financial well-being of the low-income people they serve.

Prosper Canada Centre for Financial Literacy is a division of Prosper Canada.

To learn more about Prosper Canada, please visit www.prospercanada.org

The Prosper Canada Centre for Financial Literacy works with business, government, and non-profit partners to increase access to high quality, unbiased, and free financial information, education and counselling for Canadians living on low-incomes.

Since 2008, the Centre has trained more than 2,000 front-line community workers from 800 organizations and First Nations Bands nationwide to deliver high quality, community financial education tailored to the needs of low-income and vulnerable Canadians. Today, these individuals are equipped to provide financial education to thousands of Canadians annually in over 150 cities across Canada.

The Prosper Canada Centre for Financial Literacy is co-founded and supported by TD Bank Group.

To learn more about Centre for Financial Literacy, please visit www.prospercanada.org



Financial Literacy Curriculum

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About the Facilitator's Toolbox

This toolbox contains a wealth of information about money management. As a facilitator, it is your job to make this material meaningful for your community. By the end of the workshop sessions, our hope is that the participants in your workshops can connect this material to their own lives, reflect on its meaning, grasp the concepts of money management, and apply them.

The material is grounded in adult education principles. It is formatted as modules on a range of topics. You can draw from a range of activities based on the time you have and the needs and interests of your group. You may choose to use the full toolbox of workshop modules, or only those modules that are most relevant to your participants.

The agenda for each workshop reflects the way learning progresses from experience to reflection, and from there to generalizing and applying the new concepts. The workshop design also takes into account various learning styles. It provides opportunities to see, hear, and interact with the material. The learning format varies from large group to small group activities, as well as participants working on their own. Each module ends with a goal setting activity. This encourages participants to turn what they have learned in the workshop into direct action in their lives.

Each module also includes:

- An overview of the module topic and activities
- A list of module objectives
- A contents list of activities
- Rough time frames for each activity and a total time frame for the module
- Prep notes to guide workshop preparation
- A collection of activities
- A resource list
- A glossary of terms.



Each activity includes:

- The objective
- The approximate time length
- The materials required
- The learning format
- A full description of how to facilitate the activity, with key points to cover
- Participant handouts and activity sheets.

There is also a complete set of participant handouts and activity sheets for each module in the form of a Participant Handbook.

Remember...

This toolbox is designed to provide a strong basic foundation for participants to build their financial literacy.

Customize it: It is up to you as the facilitator to modify the content to be most relevant to your group. You can do this by focusing more attention on the topics that interest your group and use examples, stories and anecdotes that your audience will relate to.

Don't give advice: After completing the training you will NOT be a financial expert. We hope you have the ability and confidence to facilitate the material in the toolbox. If you are asked a question you don't know the answer to, say 'I don't know' and put it in the 'parking lot'. DO NOT provide financial advice unless you have a professional designation in the financial industry.

Be a resource: The toolbox covers a range of money issues that people in your community may be experiencing. Research the resources that are available both online and locally so you can tell participants where to find out more or get help if they need it.

Be non-judgmental: Your participants will have a wide variety of experience, feelings and perceptions about money. There is no right or wrong answer to how someone feels. Be supportive and encourage a range of perspectives.

Have fun!



Facilitating adult learning

To engage adults in the learning process, we are guided by what we know about how adults learn and by best practices in facilitation.

How adults learn:

- They learn because they want to or feel they need to
- They are results-oriented. They need to see the value in what they are learning
- They have life experiences and knowledge in many areas
- They have values and beliefs that are established and must be respected
- They prefer active learning. They are willing to share their ideas and experiences
- They are independent and self-directed
- They like to be involved in deciding what and how they will learn
- They often resent being lectured and prefer participatory learning
- They appreciate respectful learning settings
- They want to know the practical application of what is being learned
- They like to solve problems
- They are often tired and preoccupied when they attend class
- They have diverse learning styles, education levels, and cultural backgrounds.
- They retain some of what they hear and see, much of what they say, and most of what they do.

Practices that facilitate participation:

- Create an open and trusting atmosphere
- Be supportive and caring
- Respect the values and beliefs of participants
- Remain neutral and judgment-free
- Speak in simple and direct language
- Make use of participants' experience, knowledge, and skills
- Summarize participants' points on a flip chart
- Allow participants to take an active part in decisions, discussions, and the creation of knowledge
- Encourage participants to take part.

Factors that facilitate learning:

- Assess the needs of your participants and check your assumptions
- Clearly explain the purpose of what is being learned
- Help participants to overcome things that are getting in the way of learning
- Look for ways to provide ‘hands on’ experience
- Offer a wide range of activities and learning tools
- Accommodate different learning styles – visual, audio, kinesthetic, and emotional
- ‘Check in’ with participants often for comprehension. Clarify when needed.

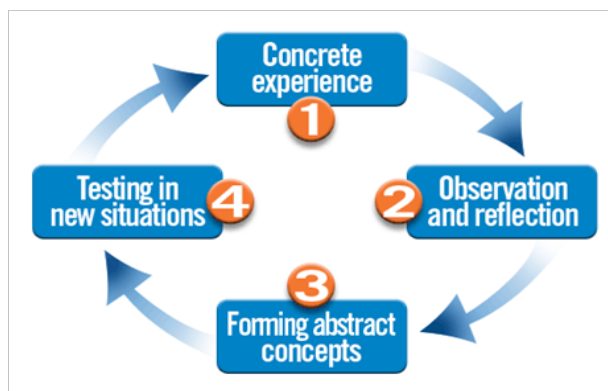
Factors that help the workshop flow smoothly:

- Stay flexible and open to change
- Keep discussions focused and productive
- Listen carefully and encourage others to do so
- Have all materials prepared in advance
- Always have a ‘Plan B’ or alternative, in case the unexpected happens.

The experiential learning cycle:

This is a powerful learning model for adult educators.

1. Something happens.
2. The person observes and reflects on what happened.
3. The person generalizes from that situation to a larger lesson or concept.
4. That lesson is applied in real life.



The cycle begins again!



How the cycle is applied in the toolbox:

1. The activities in this toolbox include games and role playing. These are opportunities to learn from experience.
2. Adults have knowledge and experience to share on most topics. Before offering information, first find out what participants know. This way, both the facilitator and participants are participating in the sharing and creation of knowledge. Use ‘elicited’ questioning techniques – ways of asking questions that ‘draw out’ the participant. This encourages participants to reflect and to share knowledge.
3. Key points, information, and additional resources are provided to support the process of forming larger concepts.
4. The goal setting activities encourage participants to apply the lessons learned in their own lives.



More facilitation techniques

In addition to the activities in the curriculum, here are more ideas for drawing participants out and encouraging them to create knowledge.

Participants in small groups of 3 to 5:

- The group can present their ideas orally to the larger group
- Ideas can be noted on flipchart paper and put on the wall
- Ideas can be drawn in pictures and others can guess what they mean
- Ideas can be written on pieces of paper and put in labelled boxes or areas on the wall. This works, for example, when groups are working on an idea that has pros and cons, dos and don'ts, or yes, no, maybe scenarios
- If your participants enjoy action, ideas could be acted out for the larger group
- Groups can do a 'jigsaw' to share ideas. After discussing ideas in groups, you take one person from each group to form a 'new group' to share ideas discussed in their first group. So, if there were 5 groups of 3 people to start, the 3 new groups will have 5 people, one from each.

Participants working on their own:

- Participants share their ideas with the larger group while you note them on a flipchart
- Participants put their ideas on sticky notes and group them with similar ideas from other participants on a wall
- Participants note their answers and compare them with a partner. They can then discuss their differences and similarities with the larger group
- Participants note their answers and compare them with a list of ideas from the curriculum (presented on PowerPoint or handouts). Differences and similarities can then be discussed with the larger group.

Giving new information:

- People retain information better when they interact with it. To facilitate this, participants can:
- Give examples of the information
- Share their experiences
- Give their opinions
- Organize the information in ways that make sense
- Complete or fill in what is missing from the information
- Discuss the advantages and drawbacks
- Decide if the information is true or false, positive or negative, and so on.



More options for icebreakers and opening activities

The topic of money can be an emotional one. It can bring out feelings of confusion, insecurity, and fear – feelings that get in the way of learning. That makes it even more important to create a welcoming space in the workshop with a positive and open tone. Below is a list of activities, in addition to those in Module 1 that you can use to help ‘break the ice’.

People Bingo

- Hand out a bingo sheet with different money management traits in each square. Make sure you have a few different versions.
- Give people time to walk around and talk to others.
- When a participant finds someone who matches a trait on their card, they write that person’s name in the square.
- The first person to fill a row of five boxes wins.

Fast Ball

- People stand in a circle. They toss the ball around, calling out a person’s name as they throw them the ball, until everyone has had a turn and the ball returns to the person who started.
- Ask them to do it again in the same order.
- Ask them to do it again as fast as they can.

Rules are:

- They have to start and end with the same person
- They must follow the same order.

2 Truths and 1 Lie

- Everyone tells 3 statements about themselves to the rest of the group, 2 must be true and 1 must be a lie.
- Others have to guess which one is a lie.
- You may ask the group to focus on the topic of money management for their statements.



Table Topics

Participants sit in groups of 4 or less and discuss topics on cue cards.

For example:

- What do you like the most (or the least) about money?
- What is the first word or image that comes to mind when you think of money?
- What would the world be like without money?
- Do you think having lots of money changes people?
- Do you think money can bring happiness?
- What would the world be like if everyone had the same amount of money?

Fear in a Hat

1. Give everyone a piece of paper.
2. Have each person write down a fear they have about the topic of money.
3. Without showing anyone, they fold it once and put it into a hat, box, or envelope.
4. Shake it up and ask everyone to take a piece of paper out.
5. Have each person read their paper aloud to the group.
6. The group talks about common themes.

Three Words

In groups participants come up with 3 words associated with the topic or module. They write them on a piece of paper or flipchart. This could be drawn rather than written. In this case, the other groups have to guess what their words are.

Top ten financial literacy tips

In honour of the tenth anniversary of Financial Literacy month in Canada, we've collected our "Top 10" financial tips we think all Canadians should know, regardless of income level. If there's something on this list you haven't tried out yet, think about how you could make that your next financial goal for the coming year.

1

Reflect on your values

Our spending choices are often a reflection of our values. Take a moment to check in on the values that are most important to you through this [My values and money worksheet](#). See how these values are reflected in what you're spending. Find additional tools for exploring your relationship with money through our [Financial literacy facilitator resources](#).

2

Set a financial goal

Having a goal is a great way to focus your budgeting and planning. Think about what you'd like to accomplish in the next month, in the next year, or beyond. Decide on the financial goal that's best for you right now and write it down on the [Create a savings goal worksheet](#). Then, read [Seven tips to help you stick to your goals](#).

3

Make a budget

It is important to have a clear picture of your money coming in and out to help you manage your finances. Start by creating a month-by-month or a week-by-week plan using the [Simple budget template](#). If calling it a "budget doesn't feel right, try "spending plan", "money map", "monthly snapshot" or another label that fits your approach. For more tips and resources, check out our [Budgeting and saving toolkit](#).

4

File your taxes

There are many [reasons to file a tax return](#). Keeping up with tax filing allows you to access and remain eligible for various [tax credits and benefits](#). You may receive some additional income if you're owed a tax refund. You can also set up government payments to pay directly to your account through [direct deposit](#).

5

Set aside an emergency fund

Emergencies can seriously affect our money situation and financial goals. Find a way to set aside some money to fall back on when you have a financial shock – even a small amount can help. Use the [Saving for emergencies worksheet](#) to see how you can prepare for future unexpected expenses.

6

Pay yourself first

To meet our financial goals, we have to make ourselves a priority. Before paying other expenses, pay yourself first. Try setting up separate accounts for spending and saving and set up automatic deposits to your savings account when you receive your paycheck. Check out [Ten savings tips](#) for other ways to help you save.

Top 10 financial literacy tips

7

Store your financial documents

Your financial documents are important to keep for tax filing, tracking financial goals, and managing credit and debt. Find a safe place, such as a waterproof box or a specific drawer, to keep important records such as tax slips, notices of assessment, lease or mortgage information, and other statements. Our [Preparing for tax filing worksheet](#) contains a helpful checklist to help you figure out some of the records you need to keep.

8

Have a “smart shopping” plan

For many of us, over-spending can happen when we go to the store without a plan. Know your shopping habits and pitfalls to prepare for moments that can lead you to spending more than you intend. Check out these [Smart shopping tips](#) and [Ten ways to trim expenses](#) to be a more savvy consumer.

9

Take steps to reduce your debt

Reducing your debt is one of the most important financial steps you can take. As a first step, take stock of what you owe and to whom using the [Who do I owe worksheet](#). View our resources for more information on [Dealing with debt](#). If you need specialized support, seek a not-for-profit credit counsellor or budget counsellor who can help. You can use the [Financial Empowerment Directory](#) to find organizations near you in Canada.

10

Make good use of free resources

There are many free resources available in your local community. Try your local libraries, community recreation centres, food banks, and health centers. Talk to other people, such as family and friends, and exchange information on services and programs that can help. View the [Savings support network worksheet](#) for more ideas.

For additional resources and information on various financial topics, please visit the [Prosper Canada Learning Hub](#).

Top icebreaker activities

Successful workshops take place when participants feel comfortable sharing their thoughts and experiences. The following activities can be used to help break the ice with a new group, or to help you and your participants learn more about each other throughout your workshop series. No matter the activity you choose, be sure maintain a judgement-free and inclusive environment. Be aware of the group size and group dynamic of your participants and be understanding and flexible if they may not feel ready to participate in any of the activities.

1

Share something good

Group size: Large (no max)

Duration: 5 minutes

Preparation: None

Ask participants to walk around the room, give someone a high-five and share something good that has happened to them this week. Repeat if you have time.

2

Scavenger hunt

Group size: Medium to large (10 to more people)

Duration: 10 minutes

Preparation: Create a scavenger list (e.g. ten items people might have in their pocket or bag)

Arrange your participants into teams and ask them to locate the items in a scavenger list as quickly as possible. They can talk to anyone in the group and must note down which person they received each item from. The team to find most items is the winner.

3

Introduce your partner

Group size: Small to medium (5 to 20 people)

Duration: 10 to 20 minutes

Preparation: None

Have everyone pair up and take five minutes to chat and tell each other about themselves. Each person takes turns to share one interesting thing they learned about their partner.

4

My values and money

Group size: Flexible

Duration: 10 to 15 minutes

Preparation: [My values and money handout](#)

Each participant spends a few minutes to think about their personal values and completes the handout. Encourage them to think about how their values affect their relationship with money. Participants who feel comfortable can share their responses with group. This is also a good warm-up activity to do in as introduction to budgeting or money management.

Top icebreaker activities

“Find someone who” bingo

Group size: Medium (10 to 20 people)

Duration: 10 to 15 minutes

Preparation: Create identical preloaded bingo cards, pens/pencils

5

Give each person a preloaded bingo card that has characteristics or activities written in each box (e.g. has three siblings, has gone Salsa dancing). Walk around the room to find someone who fits the characteristic or has done the activity in the box and write down their name. Winner is the first to complete a row or fill up the whole card.

Two truths and a lie

Group size: Small (5 to 10 people)

Duration: 10 to 20 minutes

Preparation: None

6

Each person takes turns sharing three statements about themselves: two truths and one lie. Others can ask the sharer questions to help them determine which statement is the lie. Everyone votes for which statement they think is the lie and the answer is revealed after voting is complete or at the end of the activity.

Never have I ever

Group size: Small (5 to 10 people)

Duration: 10 to 20 minutes

Preparation: None

7

Each person starts off with five points and takes turns naming something that they have not done before (e.g. “Never have I ever cooked Indian food”). If you have done what someone else has said, deduct a point and share more about your experience. Continue until someone has no points left or until there is one person remaining.

Reach for the sun

Group size: Flexible

Duration: 15 to 20 minutes

Preparation: Blank sheets of paper and drawing materials

8

Give each participant a sheet of paper and ask them to draw a large sun and an outline of a tree with roots, a trunk and branches. Ask them to write their values (e.g. family, culture) in the roots, their roles (e.g. mother, friend) in the branches, and their skills (e.g. cooking delicious meals, being a great listener) in the branches. In the sun they write their inspirations and dreams. Participants may choose to share their drawings with the group.

Top five virtual icebreakers

Icebreakers are short activities to help you and your participants learn more about each other. They can be great ways to make a human connection, particularly in virtual settings, where participants may find it challenging to find opportunities to connect. Just as with all other activities you conduct in your meetings and workshops, ensure that these take place in a safe and inclusive setting, and that participants are given the choice to participate to the extent they feel comfortable.

Note: The below activities can be adapted for larger workshops by assigning participants into smaller groups using breakout rooms. See [Tips for managing breakout rooms](#) for more information.

Story of your name

Group size: Flexible

Duration: 1-2 minutes per person

Tool(s) needed: virtual meeting platform with audio enabled

Preparation: None

1

Ask participants to share how they got their name or an interesting story about their name. Remember to begin by sharing your own!

Emoji check-in

Group size: Medium to large (10 or more people)

Duration: 5 minutes

Tool(s) needed: virtual meeting platform with a chat feature that contains emojis

Preparation: None

2

Ask participants to pick an emoji that best describes how they are feeling right now. This can be used as a check-in activity at the beginning of a meeting or to gauge how learners feel about a workshop topic or activity.

Draw your superpower

Group size: Small to medium (up to 10)

Duration: 10-15 minutes

Tool(s) needed: interactive whiteboard (e.g. whiteboard feature within virtual meeting platform, or an online application such as [Google Jamboard](#))

Preparation: None

3

Ask participants what their superpower is and to draw themselves as a superhero with that power.

Top five virtual icebreakers

4

Pick a pic

Group size: Small to medium (up to 10)

Duration: 1-2 minutes per person

Tool(s) needed: virtual meeting platform

(Optional feature: customizable backgrounds for video)

Preparation: None

(Optional: pick a series of images in advance, choosing a common theme if you like, e.g. cute animal pictures. Free stock images can be found on websites such as [Pexels.com](https://www.pexels.com), [Unsplash.com](https://unsplash.com), and [Pixabay.com](https://pixabay.com).)

Ask participants share a picture of their choosing and tell the group why they chose it. If the virtual meeting platform you are using allows participants to customizable their video background, they can set their background to the image they choose.

5

Icebreaker questions

Group size: Small to medium (up to 10)

Duration: 10-15 minutes

Tool(s) needed: Randomizer tool (e.g. [Picker Wheel](#), [WheelDecide](#))

Preparation: Prepare a list of questions you would like to ask your participants. Input the questions into the randomizer tool and save the shareable link to the tool.

Some example questions may be:

- What is your favourite movie/tv show/book? Why is it your favourite?
- Tell us about the best teacher you have ever had.
- What is something that always cheers you up?
- If you could only eat one dish for an entire year, what would it be?
- What is something you wish you had started doing earlier in your life?
- What is your happiest memory?
- Imagine your perfect day. Where would you go or what would you do?

Share the link to the tool with participants and take turns asking and answering the questions. A [sample wheel](#) using the above questions can be found here.

Special thanks to the participants in our FL-EN-002 [Financial Literacy for facilitators course](#) for inspiring some of the ideas in this resource.

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Tips for managing breakout rooms

You may be using virtual meeting platforms to conduct meetings and workshops remotely. Breakout rooms is a feature that is available on some platforms to enable you to separate participants into smaller groups with their own meeting rooms. This is helpful for activities where you want participants to engage in more in-depth discussion with each other, or to work collaboratively on a shared task. Below are some tips and best practices when it comes to managing breakout rooms.

Think about your breakout room set up

Most virtual platforms allow for flexible setup of breakout rooms. Up to 50 rooms can be created and up to 200 participants can assigned to breakout rooms on platforms like Microsoft Teams and Zoom.

There are typically three options for assigning participants into breakout rooms:

1

- Randomly/automatically: Choose this configuration if you would like participants to be in groups selected at random. Placing participants in different groups each time can encourage exposure to more viewpoints and different ideas.
- Manually: Choose this option if you would like to place participants into specific groups. This can be helpful if you know that certain participants would work well together, or if you would like to balance the voices in a group.
- Pre-assigned: This option is another way to manually assign participants into groups but is done ahead of time instead of during the meeting.

Give a tech warmup

2

Dedicate a couple of minutes to demonstrate the features of the virtual meeting platform and breakout rooms. Consider conducting a short warm-up activity using breakout rooms to allow participants to be familiar with the technology in a low-pressure setting. Find some examples of activities you can do in a virtual setting in the [Top five virtual icebreakers tip sheet](#).

Tips for managing breakout rooms

3

Let participants know what to expect

Give clear instructions before sending participants into their breakout rooms for their activity. Here are some suggestions:

- Let participants know how long they will be in the breakout room before they're expected to rejoin the main meeting room. You may also be able to set a countdown timer during your breakout room setup. This gives participants a warning before the breakout room is closed.
- For an activity with multiple tasks or detailed steps, provide a written instruction sheet in addition to providing instructions verbally.
- If the activity requires the use of other documents or resources, input the titles and direct links to the resources into the chat so that participants can easily access them.
- If you would like to debrief or take-up the breakout room activity when everyone returns to the main meeting room, consider suggesting that each group choose a designated note-taker and presenter. This prevents anyone from being put on the spot in front of the entire group.

4

Check in

During the activity, join each individual breakout room to check-in on participants. This is a good opportunity to make sure participants are clear on the activity objectives and to listen in and give feedback to the discussions that are taking place. If you do not have enough time to join each room, you can broadcast a chat message into the breakout rooms to invite participants to message you if they have any questions or concerns.

5

Establish a safe environment

While people may be more comfortable to speak up among fewer people compared to a large group, discussions in small groups can be still be intimidating for some. Make sure guidelines are set for respectful and safe sharing. You can do this by establishing some group norms, such as listening to others in the group, withholding judgements, and keeping information that is shared confidential. Invite your participants to add to these norms to create a safe environment together. Then, make sure these expectations are applied in both small and large group settings.

Quick warm-up activities

Warm-up activities are a great way to get your participants interested and thinking about the topics you will be covering. Furthermore, it can provide some insight into their familiarity or comfort level with what is to be discussed and give you the chance to adjust the content or approach of the workshop accordingly.

One thing I know and one thing I want to know

Group size: Flexible

Duration: 5 minutes

1

Preparation: Sheets of paper for writing (optional), pens/pencils (optional)

Briefly introduce the topic or agenda for the day. Ask everyone to write down one thing they already know about the topic and one thing that they want to learn more about. Share responses as a group or ask participants to write their response on a sheet of paper.

Fact match

Group size: Medium (15 to 30)

Duration: 10 minutes

2

Preparation: Two sets of prepared index cards: one set with interesting questions about the topic, another set with the corresponding facts that answer the questions.

Hand out the cards to participants and ask them to find the person who holds a card with their matching question or fact. Ask the pairs to take a few minutes to chat about their fact and how it relates to their own lives. They can also think of additional questions related to the fact they learned.

Dreams for the future

Group size: Flexible

Duration: 15 minutes

3

Preparation: [Dreams for the future handout](#)

Ask participants to complete the handout and to share their dreams and goals if they feel comfortable. This can be a good lead-in to a future goal-setting activity or discussion.

Financial wheel of life

Group size: Flexible

Duration: 15 minutes

4

Preparation: [Financial wheel of life handout](#)

Ask participants to complete the wheel and think about suggested follow-up questions in the handout. Participants who wish to share can respond with how they hope this work-shop can help them improve the various areas of their life.

Tools to increase participant engagement in virtual settings

Following physical distancing measures and health guidelines, you may be providing programs like financial literacy workshops and client financial support services virtually. If you and your participants have access to internet and a computer or mobile device, there are many tools available to encourage participant engagement in an online setting.

The applications mentioned below are free for use but may also have paid versions that include additional features. Prosper Canada does not endorse any specific application. Use at your own discretion.

Video conferencing

Meeting face-to-face allows us to read body language and facial expressions. This is helpful for communication, and in turn, for building relationships and rapport with participants. When in-person interactions are not possible, the next best alternative may be to use a video conferencing program so that you and participants will still be able to see each other. Some examples of video conferencing programs include:

- [Google Meet](#) (include the [Google Meet Grid View](#) Google Chrome browser extension to see multiple participants on your screen)
- [Microsoft Teams](#)
- [WebEx](#)

Collaborative brainstorming

Whether you are discussing a concept with learners during a facilitated workshop or action planning with a client, it is useful to have a tool that allows you to organize ideas visually. Some applications allow you to type ideas and colour-code and move the typed text into a concept map, and others mimic a board posted with sticky notes. Some examples of collaborative brainstorming and mindmapping tools include:

- [Coggle](#)
- [Lucidchat](#)
- [IdeaBoardz](#)
- [Google Jamboard](#) sticky note feature (requires Google account)

(View a [sample concept map created using Coggle](#). Participants can add new branches and items onto the map collaboratively in real time.)

Tools to increase participant engagement in virtual settings

Interactive whiteboard

Sketching ideas and thoughts together can be a great way break the ice or further the conversation on a topic. Many ideas in our [Top icebreaker activities](#) and [Quick warm up activities](#) resources can be adapted onto a virtual drawing canvas. Some video conferencing programs may already have a whiteboard feature built-in, but if not, the examples below are easy to use:

- [AWW - A Web Whiteboard](#)
- [Whiteboard Fox](#)
- [Google Jamboard](#) (requires Google account)

Interactive games, quizzes, polls

Games, quizzes, and polls can be very engaging for groups, especially if responses can be seen in real time by the facilitator and fellow participants. Below are some tools that you can use to create interactive activities for your group sessions:

- [Kahoot!](#) for creating interactive games and quizzes
- [Mentimeter](#) for creating interactive presentations that include polls and quizzes
- [Swift](#) for real time polling

Additional considerations

Consider the ease of use and accessibility features of any applications you decide to use. Test any tools, perhaps with a group of colleagues, before sharing with participants. Also be sure to follow the recommendations and privacy and security guidelines set by your organization or governing body.

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Tips for using virtual and video conferencing tools

Video conferencing and other virtual tools may require some preparation and practice to use effectively. Use the following tips to make the most out of engaging with your participants in a virtual setting.

Check the features on your video conferencing application

Some video conferencing applications may already include some of the interactive tools presented above. It is a good idea **be familiar with all the features that are available in the application that you are already using** so that you limit the number of different tools you and your participants need to access.

The **chat box function** in your video conferencing application is great for:

- **Sharing links** to online resources
- **Group discussions** where everyone can respond at the same time
- **Providing another engagement option** for those who do not feel comfortable giving verbal responses
- Allowing participants to **ask questions without interrupting the speaker**

Use the **screen sharing function** for:

- **Showing a presentation**
- **Sharing a resource** with participants and explaining the information verbally at the same time

Consider the **record function** for:

- **Saving portions of presentations** for your participants to refer to later
- Do not record any meetings if this is against the guidelines of your organization, if you do not have expressed permission from participants, or if it imposes on participant privacy.

Tips for using virtual and video conferencing tools

Prepare your participants to use the tools successfully

View the tips below for **preparing for your first meeting** and **establishing guidelines** for the session.

Dedicate some time before or during your first meeting for a technology session with participants:

- **Test the applications** you will use ahead of time
- **Inform participants which applications you will use** for the session and walk through the applications and features with them
- **Address any tech support needs and questions**
- **Have a backup plan** in case an application or tool you were planning to use does not work

Establish guidelines for the session

and share these with your participants before you begin. Some examples of items to cover are:

- **The meeting objectives and agenda**, including timing of breaks where applicable
- **What participants should do if they cannot attend** or will miss part of a session
- **When and how to ask questions to the facilitator** (for example, if they are free to interrupt, if they should use the chat box or wait until the end of the session)
- **Whether they will be muted** during parts of the session in order to minimize disruptions or audio issues
- **Any other meeting etiquette or ground rules**

Additional considerations

Consider the ease of use and accessibility features of any applications you decide to use. Test any tools, perhaps with a group of colleagues, before sharing with participants. Also be sure to follow the recommendations and privacy and security guidelines set by your organization or governing body.



Resources

Handout

[Developing facilitation skills](https://ctb.ku.edu/en/table-of-contents/leadership/group-facilitation/facilitation-skills/main) - University of Kansas Center of Community Health and Development
<https://ctb.ku.edu/en/table-of-contents/leadership/group-facilitation/facilitation-skills/main>
Information on facilitation skills, planning a good facilitation process, tips, and more.

[Facilitation](http://www.workshopexercises.com) - WorkshopExercises.com
<http://www.workshopexercises.com/Facilitator.htm>
Access a facilitators' guide, and tips for effective brainstorming and discussion.

[Facilitation tools and techniques](https://learningforsustainability.net/facilitation/) - LearningForSustainability.net
<https://learningforsustainability.net/facilitation/>
A collection of sites with resources on facilitation tools and techniques.

[Get Smarter About Money](https://www.getsmarteraboutmoney.ca/) - Ontario Securities Commission (OSC)
<https://www.getsmarteraboutmoney.ca/>
GetSmarterAboutMoney.ca has a range of financial tools including a worksheet to help you write out your financial goals.

[Shareable resources on facilitation](https://www.globallearningpartners.com/resources/shareable-resources/) - Global Learning Partners (GLP)
<https://www.globallearningpartners.com/resources/shareable-resources/>
Global Learning Partners (GLP) specializes in Dialogue Education. They offer a range of great resources on their website for facilitators including a blog, book recommendations and downloaded resources.

[Teampedia: Tools for Teams](https://www.teampedia.net/wiki/Main_Page)
https://www.teampedia.net/wiki/Main_Page
Teampedia is a collaborative encyclopedia of free team building activities, free icebreakers, teamwork resources, and tools for teams.

Module 1:

Exploring your relationship with money



Module

1

Exploring your relationship with money

Overview

This module introduces the topics covered in the workshop series. The ‘icebreaker’ helps participants to get to know one another. Participants then reflect on the role of money in their lives. They look at the benefits of financial information and good money management.

Participants will explore their values, feelings and assumptions about money. They will assess their current level of knowledge and confidence about financial matters. They will identify areas where they can improve and learn. Goal setting is introduced. This encourages participants to act on the awareness and information they have gained to make positive changes in their lives.



Objectives

Participants will:

- Explore their values, feelings and assumptions about money
- Look at how financial literacy can improve their lives
- Assess what they know now – their skills and level of confidence
- Look for areas to improve
- Review the process of effective goal setting
- Set learning goals for the workshop series

Module 1

Contents

1	Introductions and icebreaker	20 minutes
2	Money: Values, beliefs, and attitudes	15 minutes
3	Financial literacy in our lives	15 minutes
4	Where am I starting from?	5 minutes
5	Goal setting	15 minutes
6	Personal goal setting	5 minutes
		Total 75 minutes

Prep notes

- Read through the entire module
- Prepare copies of the participant handouts, activity sheets and materials for this session
- Prepare the “Parking Lot”
- If possible, get binders or folders for each participant to keep their handouts in. Insert only the handouts for the Introduction Section of the Participant Handbook. Handing out the materials for only the current workshop will build the handbook over time. This may also encourage people to keep coming back!
- Add clear pocket pages to the binder. This gives participants the option of using the binder to organize their own financial records, which they will need for the budgeting exercise in Module 3. The handouts are designed to help put the information into action!

Introductions



Objective: To introduce the curriculum, help participants to get to know one another, and gather participant data (if applicable).

Tools: Activity Sheet 1-1, “Find someone who ...”

Format: Large group discussion and activity

Welcome

Welcome participants and introduce yourself and your organization.

Explain that the workshop series is a partnership between your organization and the Centre for Financial Literacy.

Administer the participant pre-evaluation if there is one.

Share any housekeeping details such as workshop length, break times, washrooms and cell phone etiquette.



Key points

- Money plays a huge role in our lives and the world we live in
- We benefit from learning useful financial information and learning how to manage money effectively
- Just like learning to read or write, learning about money is a process and an essential skill
- Any personal information you share in these workshops is not to be repeated outside the session



Introduce the workshop topics

If your workshop series includes all nine modules, you will cover:

- | | |
|--|--------------------|
| • Exploring your relationship with money | • Credit basics |
| • Income and taxes | • Credit reporting |
| • Budgeting | • Debt |
| • Banking and financial services | • Consumerism |
| • Saving | |



Activity: Icebreaker

1. Give each participant a copy of Activity Sheet 1-1, Find someone who...
2. Ask participants to walk around the room, introduce themselves and find a person in the room who fits each description on their sheet.

Rule: They must ask only one question at a time of each person they meet.



Tip: Create energy in this activity by giving a time limit to gather as many names as they can. You may choose to have a small prize for the person who fills the sheet or the most names after time is called.

Find someone who...**Activity sheet 1-1**

Walk around the room and introduce yourself to people. Your goal is to find a person who can relate to each of these sentences. Write their name in the space.

Rule: You can ask a person only one question at a time. Then move to someone else.

Find someone who:	Name
Has foreign currency at home.	
Often compares prices before buying.	
Does not want to be rich.	
Thinks money makes the world go around.	
Has a credit card.	
Has donated money to charity in the last 6 months.	
Rents a house or apartment.	
Has been to the bank this week.	
Has found money in a public place this year.	
Hates shopping.	
Likes to bargain for a better price.	
Is saving for something.	
Has bought a lottery ticket this month.	
Used to get an allowance as a child.	
Loves buying gifts.	
Thinks money can buy love.	
Has lost their wallet before.	
Knows what an RESP is.	
Has bought something today using cash.	

Money: Values, beliefs, and attitudes



Objective: To explore personal beliefs and feelings about money.

Tools: Activity Sheet 1-2, Money is... or
Activity Sheet 1-3, Money messages or
Activity Sheet 1-4, Just imagine

Format: Choose one of the three activities above. People can do these exercises on their own, in pairs, in small groups, or as a large group discussion



Activity: Money is ...

1. Decide on your format (i.e. pairs, small groups, large group) and organize the participants.
2. Give each participant a copy of Activity Sheet 1-2, Money is....
3. Make sure everyone knows that none of the information from this exercise will be saved or shared.
4. Each person in the pair or group should take turns completing the sentences on the handout.

Process the exercise

Q: What did you notice or learn from this activity?

Q: What are some of your earliest memories about money?

Q: What are some money messages we receive from our society, our culture, and our families?

Q: How could those messages, memories, or experiences influence your answers?



Activity: Money messages

1. Choose between either small groups or a large group format and organize the participants.
2. Give each participant a copy of Activity Sheet 1-3, Money messages. Or, print the quotes and place them around the room.
3. Ask participants to talk about what these sayings mean to them. To what extent do they agree or disagree with each saying?



Tip: You are encouraged to add new quotes that will appeal to your group.



Key points

- We receive many different messages about the role of money in our lives from our society, culture, and family
- Each of us relates to money in our own way. We are influenced by these messages and by our own experiences
- Talking about money can be stressful. A good place to begin is to reflect on our own beliefs and feelings about money and connect them to how we manage our money
- We can choose to embrace helpful beliefs and messages and to let go of those that limit us



Activity: Just imagine

1. Decide on your format and organize the participants.
2. Give each participant a copy of Activity Sheet 1-4, Just imagine.
3. Read the three questions out loud. Participants can share their answers in the group, record their answers on their own, or do both.

Questions:

You have just been given \$10 million dollars. What will you do with it?

You have just been given \$25,000. What will you do with it?

You have just been given \$1000. What will you do with it?

Process the exercise

Q: How did your goals or plans change depending on the amount of money you had? Why?



Key points

- We all like to imagine what we would do if we suddenly got a windfall of money. Some people might want a complete life makeover – large homes, travel, and luxury. Others might choose to change very little in their lives.
- What we would choose to do with the windfall changes, depending how much money it is. That can tell us something about what we value – our wants, needs, and financial goals.
- Thinking about our financial goals helps us to plan and to start taking concrete steps to achieve them.

Money is...

Activity sheet 1-2

Complete these sentences:

Talking about money makes me feel

I learned the most about money from

My favourite thing to spend money on is

I hate spending money on

I would like to save money for

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

Money messages

Activity sheet 1-3

Talk about some of these money quotes. Do you agree or disagree?

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

“If you want to feel rich, count the things you have that money can’t buy”
- Proverb

Time is money**Money is POWER!**

Money can’t buy happiness

“He who does not economize will have to agonize”
- Confucius

“A penny saved is a penny earned.”
- Benjamin Franklin

Money doesn’t grow on trees

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

Love of money is the root of all evil

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

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

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

Just imagine

Activity sheet 1-4

Complete these sentences:

Q: You have just been given \$10 million. What will you do with the money?

Q: You have just been given \$25,000. What will you do with it?

Q: You have just been given \$1000. What will you do with it?

Financial literacy in our lives



Objective: To understand the benefits of financial literacy and its relevance to our lives

Tools: Flip chart paper, markers, tape

Format: One large group discussion and one small group activity



Introduce the topic

One of the concepts we will be working with in this workshop series is financial literacy. What exactly does this term mean?

Q. What does financial literacy mean to you?

Summarize the participants' responses on the flipchart.



Activity: Benefits and drawbacks

1. Split participants into two groups.
2. Give each group a piece of flipchart paper and marker.
3. Ask each group to choose one person to be the recorder and one person to be the presenter.
4. Ask one group to brainstorm the ways financial literacy can be helpful in their lives. Ask the second group to brainstorm the costs of not being financially aware.
5. Remind everyone that brainstorming does not require agreement in the group.
6. Ask each group to title their flipchart page.



Key points

- Financial literacy means having the knowledge, the skills, and the confidence to make responsible financial decisions
- Financial literacy is about understanding how the financial system works. It means knowing about the financial products and services that would be useful to you. It is also about knowing where to go for help.

Where am I starting from?



- Objective:** To enable participants to assess their own current level of knowledge, skills, and confidence about the financial topics that will be covered in the workshop series.
- Tools:** Activity Sheet 1-5, Rate your financial knowledge
- Format:** Participants work on their own



Introduce the topic

So far in today's workshop, we have reflected on our values, attitudes, and beliefs about money. We looked at the benefits of increasing our financial literacy. The rest of the workshop series will help you get the knowledge and confidence to make responsible financial decisions.

It helps you to learn if you know where you are starting from. This quiz will help you assess your current level of financial knowledge, skills, and confidence. We'll do the same quiz again at the end of the workshop series. That will help you see the progress you have made.



Activity: Rate your financial knowledge

- Give each participant a copy of Activity Sheet 1-5, Rate your financial knowledge.
- Ask participants to work on their own. They do not have to share their responses.
- Remind participants to keep the sheet and use it to guide their goal setting during the workshops. They will also refer back to it when they assess themselves again at the end of the workshop series.

MODULE

1

Rate your financial knowledge

Activity sheet 1-5

Rate yourself on a scale from 1 (low) to 10 (high).

Keep this quiz to use later in the workshop series.

Skill or knowledge area	Rating 1 - 10
I keep track of my income and expenses each month.	
I find ways to save money for things I want to buy.	
I have clear financial goals for my future.	
I think about my purchases before I buy them. I know what my priorities are.	
I know what to think about when choosing a bank account.	
I understand the details of the bank account and banking services I currently use.	
I understand some of the different saving and investing tools that are available to me.	
I understand the concept of compound interest.	
I understand what a credit report is.	
I know how to increase my credit score.	
I know what the interest rate is on my credit card and how it is calculated monthly.	
I can figure out how much money I will actually pay for an item I buy on credit, including the interest.	
I know some ways to reduce my debt.	
There are certain things a collection agent can and cannot do. I know what my rights are.	
I know where to go to get advice about money management.	
I can recognize a scam or fraud.	
I know some of the techniques advertisers use to get me to buy their products.	
I feel my math skills are strong enough to manage my money.	
I feel confident in my ability to manage my money.	

Goal setting



Objective: To share tips and strategies for effective goal setting.

Tools: Handout 1-6, How to set SMART goals, flipchart, markers

Format: Group discussion



Introduce the topic

In each workshop in this series, we will be encouraging you to set goals related to money. Goal setting is a great way to build confidence, put skills and knowledge into practice, and take control of your money. Here are some tips on how to set “SMART” goals.



Activity: SMART goals

1. Give each participant a copy of Handout 1- 6, How to set SMART goals.
2. Review the information as a large group. You can read the information or have one or more of the participants read it out loud.
3. Develop and present some examples that would be relevant for your group.

Record below some examples you would use:

Goal:

Tasks:

When?

MODULE

1

How to set SMART goals

Activity sheet 1-6

SMART goals are:

- **Specific** – When your goal is specific it is easier to manage.
- **Measurable** – If you can measure your goal, you will know when you are getting close to it.
- **Achievable** – Set a goal that is within your power and ability to achieve.
- **Realistic** – Setting unrealistic goals can be discouraging. Make sure your goal is realistic for you.
- **Time-bound** – Give yourself a clear timeframe to achieve your goal. Set a deadline.
Some goals are short-term (this month); some are medium-term (this year); some are long-term (beyond a year).

Goal setting steps**Step 1 – Define your SMART goal.**

Be as specific as you can. Include any costs associated with achieving that goal. Try to summarize your goal in one sentence, for instance, “I will make a list of all my spending categories,” or “I will visit my family in Saskatoon for a week.”

Step 2 – Outline the steps towards your goal.

Write down all the steps you will need to take, big or small. This will give you a clear path toward your goal.

Step 3 – Look at the challenges and think of strategies for dealing with them.

There are often road blocks on the path to achieving our goals. Think about what some of these might be. What resources and knowledge do you have to overcome them?

Step 4 – Set deadlines.

Having a deadline for your goal is a great way to keep you on track. You may want to set deadlines for each step as well. Achieving each step will keep you motivated to the finish!

Personal goal setting



Objective: To set personal learning goals related to financial literacy.

Tools: Activity Sheet 1-7, Goal setting

Format: Participants work on their own



Activity: Goal setting

- Give each participant a copy of Activity Sheet 1-7, Goal setting.
- Ask participants to write down their learning goals for the workshop series.
- Ask participants to think of things they can do to make the most of their learning during the sessions.
- Tell participants to refer to their financial knowledge rating sheet to help them find areas where they can improve their knowledge and skills.

Wrap-up

- Finish the workshop session by thanking the participants.
- Confirm the date and time of the next workshop.

MODULE

1

Goal setting

Activity sheet 1-7

Use the awareness you have gained in this session to identify what knowledge and skills you want to improve during this workshop series.

Look back at what you wrote on Activity Sheet 1-5, Rate your financial knowledge.

- Did it reveal any knowledge gaps or areas for improvement?
- Is there a specific money topic that you would like to know more about?
- Do you have any beliefs about money, or behaviours with money, that you want to change?

Remember to make your goals:

Specific

Measurable

Achievable

Realistic

Time-bound

1. Things I want to learn more about in this workshop series:

2. Things I will do to make sure that I get the most from these workshops:

MODULE

1

Resources

Handout 1-8

Financial literacy self-assessment quiz - Financial Consumer Agency of Canada (FCAC)

<https://itools-ioutils.fcac-acfc.gc.ca/FLSAT-OAELF/star-comm-eng.aspx>

Take this self-assessment quiz to figure out how your financial literacy skills and knowledge measure up compared to other Canadians.

Money Quotes - Brainy Quotes

<https://www.brainyquote.com/topics/money-quotes>

Check out this site to find different quotes about money

Personal Financial Literacy Quiz - Prosper Canada

<http://www.prospercanada.org/Resources/Financial-Literacy-Evaluation-Tools/Analyzing-Your-Data.aspx>

Designed to measure individual financial literacy at any point before, during or after a course to track changes in participants' financial habits, knowledge and attitudes and benchmark these against the national average.

Module 2:

Income and taxes



Module 2

Income and taxes

Overview

Income is a good place to start when it comes to the subject of money management. Income might come from employment, a small business, or government benefits. Income is the money we have to manage. This module gives participants an overview of the range of income sources. It discusses income tax and how income is treated under public benefits programs.

This module is not meant to teach people how to do their taxes, but it will help them understand the process and give them an overview of the basic information and key terms and it will provide additional resources and explain where to go for more help.



Objectives

Participants will:

- Look at a range of options for making an income
- Become more aware of the rules that public benefits programs have for income
- Learn how to read a pay stub and identify the common deductions
- Understand the concept and basic “how to” of income tax in Canada
- Know where to go for help with tax filing questions

Module 2

Contents

1	Creating income	10 minutes
2	Reading a pay stub	20 minutes
3	Introduction to income tax	15 minutes
4	Preparing to file	10 minutes
5	Filing income tax	5 minutes
6	Goal setting	

Total 60 minutes

Prep notes

- Read through the entire module.
- Prepare copies of the participant handouts, activity sheets, and materials for this session.
- Post the 'Parking Lot' from last class and be prepared to report on (or ask participants to report on) the results of any research done on the outstanding questions.
- Prepare a new 'Parking Lot' for this class.
- Use the glossary to familiarize yourself with terms such as CPP, EI, CCB, GST credit, T4, etc.
- Prepare a list of community organizations that offer free tax clinics in your area. A link in the Resources section to the Government of Canada Community Volunteer Tax Preparation Program will help you find a group locally.
- The resource section also has a link to a Canada Revenue Agency pamphlet for newcomers and a website for first-time tax filers. You may wish to review this in advance.



Tip: You may get quite detailed questions in this workshop. Don't worry, you are not expected to be a tax expert! Your job is to make participants aware of the importance of reading their pay stubs, paying income tax, saving receipts for proof of deductions, and being financially organized.

Creating income



- Objective:** To help participants think creatively about ways to generate income and to make them aware of how income from a public benefits program is treated.
- Tools:** Flipchart and markers, tape or tacks, Handout 2-1, Government benefits
- Format:** Large group discussion and small group activity



Introduce the topic

Income can be earned in many ways. It can also come from government supports. In this activity income refers to all of the money that comes into the household.



Tip: It is important to acknowledge that some participants may have limits on their ability to create income. Others may be finding it hard to cope with the rules and restrictions imposed by government benefits. There may be real barriers to getting more income.

This workshop series is designed to inspire people to search for possibilities. The hope is to create energy and excitement that will support them toward a greater sense of control, no matter what their current income level is or where it comes from.



Activity: How do we get income?

In the large group, ask participants to brainstorm all the ways that money comes into our households.

- Q:** Where do people in Canada get their money?
- Q:** What are some of the things that people do to create income?
- Q:** What are some sources of income support from the government?

1. Record their ideas on the flipchart.
2. Group the ideas into categories, such as employment, self-employment, government assistance, family support, and other.
3. Provide participants with Handout 2-1 for future reference.



Key points

- Income is the money that comes into your household
- People create income in many different ways
- We can earn money through employment or self employment
- We have a wide range of federal and provincial government income supports and benefits
- Governments have a lot of rules about how earned income affects benefits. The rules depend on what benefits you receive and your family situation
- Knowing what benefits you are entitled to and how to access them can increase your income.

Government benefits

Handout 2-1

Some sources of income are government benefits that are accessed only by filing your taxes. There are both federal and provincial benefits. This is a list of the federal benefits. To find out more about benefits specific to your province, visit the Canada Benefits website www.canadabenefits.gc.ca

Below are the government benefits available to Canadians. View the Canada Revenue Agency's (CRA) website to see more details, including eligibility. Be sure to check the Provincial/Territorial benefits available where you live.

<https://www.canada.ca/en/services/taxes/child-and-family-benefits.html>

The Canada Workers Benefit (Formerly the Working Income Tax Benefit)

- Refundable tax credit for eligible working low-income individuals and families who are already in the workforce and to encourage other Canadians to enter the workforce
- Apply through your income tax and benefit return
- Can apply for advance payments

www.cra-arc.gc.ca/bnfts/wtb/menu-eng.html

GST/HST Credit

- Tax-free quarterly payment that helps individuals (at least 19 years of age) and families with low or modest incomes offset all or part of the GST or HST that they pay
- CRA automatically determines your eligibility when you file your tax and benefit return
- New residents to Canada can apply using "Form RC151"
- If you have a spouse or common-law partner only one will receive the credit.

Note: You can apply when you are 18 so you can get the first payment once turning 19.

www.cra-arc.gc.ca/bnfts/gsthst/menu-eng.html

Canada Child Benefit (CCB)

- Tax-free monthly payment for eligible families to help them with the cost of raising children (under 18)
- CCB might include the child disability benefit and any related provincial territorial program
- Amount of the benefit varies depending on number of children, their ages, and the family net income
- Information from your income tax return is used to calculate the amount; must file your tax return to receive the credit (even if you did not have income)
- Benefits are paid over a 12-month period (July-June) and recalculated every July
- CCB replaced the Universal Child Care Benefit (UCCB) July 1, 2016.

Note: For two parent families, both parents must file taxes in order to receive this credit.

(Visit web link above for Government benefits, and select Canada child benefit, for more information)

Government benefits

Handout 2-1 (continued)

Guaranteed Income Supplement (GIS)

- Provides a monthly non-taxable benefit to Old Age Security (OAS) pension recipients who have a low-income, are living in Canada, and are 65 years or older
- You are eligible for GIS if you are receiving OAS and your annual household income (based on your income tax return) is lower than the maximum annual threshold
- Benefit eligibility is different for sponsored and non-sponsored immigrants

<https://www.canada.ca/en/services/benefits/publicpensions.html>

Child Disability Benefit (CDB)

- Tax-free monthly benefit for families who care for a child under age 18 who is eligible for the Disability tax credit (DTC)
- Medical practitioner certifies the child has a severe and prolonged impairment in physical or mental function
- Applicant must be the primary caregiver of the child
- Applicants can send in the application form before filing their tax return.

www.cra-arc.gc.ca/cdb/

Universal Child Care Benefit (UCCB) and Canada Child Tax Benefit (CCTB) for previous years

Effective July 1, 2016, the UCCB and the CCTB were replaced by the Canada Child Benefit (CCB), but you can still apply for previous years of UCCB and CCTB

If you were eligible for previous years before July 1, 2016, the CRA will pay you a lump-sum payment for the Canada Child Tax Benefit and the Universal Child Care Benefit.

The CCTB may include the:

- National child benefit supplement
- Child disability benefit and related benefits
- Provincial and territorial programs

<https://www.canada.ca/en/revenue-agency/services/child-family-benefits/canada-child-benefit-overview.html>

Reading a pay stub



Objective: To enable participants to read and understand the information on a basic pay stub.

Tools: Activity Sheet 2-2, Reading a pay stub quiz
Handout 2-3, Reading a pay stub

Format: Individual and large group activity



Introduce the topic

When you earn income through employment, your employer must give you pay stubs so you can see how your pay was calculated. It is important to understand all of the common deductions from a paycheque, so that you can make sure that the amount is correct.



Activity: Reading a pay stub

1. Give each participant a copy of Activity Sheet 2-2, Reading David's pay stub (Quiz).
2. Ask them to refer to the information on the pay stub to answer the Quiz questions.
3. Give each participant a copy of Handout 2-3, Reading a pay stub.
4. As you review the questions in the larger group, cover the key points for each term from Handout 2-3.



Tip: You can choose to do this activity first as individuals and then go over the answers in the larger group. Or, you can do the quiz as a large group, by asking for volunteers to answer each question and discussing the answers as you go along.

Tip: If a participant is starting a new job, they will have to fill out a TD1 form—personal Tax Credits Return to indicate how much income tax should be deducted from their paycheque. For information on this form, see the link in the resource section.

Reading David's pay stub (quiz)

Activity Sheet 2-2

Sample – Statement of earnings (Pay stub)

David Jones	Employee #: 0032344589		Employer #: 11-36	Pay from: 2018/01/15	To: 2018/01/26	Date: 2018/01/27
STATEMENT OF EARNINGS				EMPLOYEE DEDUCTION AND EMPLOYEE CONTRIBUTIONS		
Earnings	Hours	Rates	Current amount	Withholdings	Current amount	Year-to-date
001 Basic Pay	80.0	14.0/HR	1120.00	EI	18.59	37.18
				CPP/QPP	48.78	97.56
				Total income tax	127.46	254.92
				Fed income tax	82.87	165.74
				ON income tax	44.59	89.18
SUMMARY		GROSS PAY		DEDUCTIONS	NET PAY	CHEQUE
Current		1120.00		194.83	925.17	0044853
Year-to-date		2240.00		389.66	1850.34	

- What is the pay period on David's pay stub?
- When can David cash his paycheque?
- How much does David make an hour?
- How many hours does David work in a week?
- What is David's monthly GROSS PAY amount?
- What is the total tax taken off David's cheque?
- What does CPP stand for?
- What percentage of his GROSS PAY is the CPP amount?
- What does EI stand for?
- What is David's total NET income for the month?
- What should David do with this pay stub?
- What should David NOT do with this pay stub?
Why not?

Reading David's pay stub (quiz)

Activity Sheet 2-2 (continued)

Quiz answers

1. Jan 15 to 26, 2018
2. Jan 27, 2018 to July 27, 2018 (from date on cheque to 6 months later)
3. \$14 / hour
4. David works 40 hours a week. (80 hours/2 weeks)
5. \$2240 GROSS per month ($\1120×2)
6. Total tax \$127.46 ($\$82.87 + \44.59 ; Federal + Provincial)
7. Canada Pension Plan
8. CPP is 4.95% of the GROSS amount
9. Employment Insurance
10. Total income \$1850.34 ($\925.17×2 paycheques)
11. David should file it away safely for a year until his T4 slip comes.
12. David should not throw it in the garbage. It has personal information that could be used to steal his identity.

Reading a pay stub

Handout 2-3

Pay period: This is the date range you are being paid for. It is usually biweekly (every two weeks). It could also be semi-monthly – that is, always on the 15th and 30th of the month. Sometimes the pay period is monthly.

Pay date: This is the date that you can cash the cheque, or the date it is deposited into your bank account. The paper cheque is no longer valid (stale-dated) six months from that date.

SIN: This is your Social Insurance Number. It may or may not be included on your pay stub. You must keep it very private, to protect yourself from identity theft. DO NOT carry your SIN card in your wallet! If your pay stub includes your SIN, file it safely, and then shred it before throwing it away.

Pay rate: This is the amount you are paid per hour. Some people make a salary that does not depend on their hours worked. On their pay stubs, they see only the amount of pay in the pay period, but not an hourly rate of pay.

of hours: This is the number of hours in this pay period. Check to make sure it is correct. If you have worked more hours, speak with your employer. If your employer uses a time clock, always remember to punch in and out so your hours are recorded.

Gross pay: This is the amount you have earned before any deductions.

Year to date: Many pay stubs will keep a running total of your earnings and deductions for the year.

Federal Income Tax: Your employer will calculate the amount of federal income tax to deduct from your earnings. The tax system in Canada is 'progressive'. This means that the more income you make, the higher percentage of your income will go toward taxes.

Provincial Income Tax: Your employer will also calculate the amount of provincial income tax to deduct from your earnings. This amount will be lower than the federal tax and is different in each province.

Canada Pension Plan (CPP) or Quebec Pension Plan (QPP): For those 18 years old and over. Employers will deduct 4.95% from your gross earnings over \$3500 until you reach the maximum contribution. The 2017 maximum was \$2,564.10 for CPP and \$2797.20 for QPP. It goes up each year.

Employment Insurance (EI): Employers deduct 1.63% (1.27% in Quebec) from your gross earnings until you reach the maximum contribution. The maximum was \$836.19 in 2017 (\$651.51 in Quebec).

Net pay: This is the Gross Pay minus the deductions – the amount you take home.

Your employer must provide you with a pay stub to show your earnings and deductions. Check to make sure that the information is correct!

Introduction to income tax



Objective: To provide an introduction to the concept and basics of income tax.

Tools: Flipchart showing sources of income brainstormed in Activity 1, Creating income

Format: Large group discussion



Introduce the topic

Use these questions to start a discussion about income tax:

Q: What is income tax?

Q: Look at all the sources of income we talked about earlier.

Which of these sources of income do we pay income tax on?

Q: How does the government decide how much tax we need to pay?

Q: How do you pay your taxes?

Q: What does the government do with our income tax money?



Key points

- A tax is imposed by the government on individuals and businesses that varies with the amount of income or profit
- We pay tax on most forms of income, such as money from employment and self employment. This is called taxable income
- You do not pay tax on some kinds of income. Examples include some government benefits and most gifts and inheritances (money that someone leaves to you when you die). This is called non-taxable income
- Both the federal and provincial governments collect income tax
- There is a basic “personal” amount of income that every Canadian can claim as a non-refundable tax credit for their income tax. Each province also has their own basic amount that is not taxed. This is also called an ‘exemption level’. It is adjusted annually to allow for inflation and other factors
- We must pay income tax on all taxable income over that basic amount. People on very low incomes do not have to pay income tax if they make less than the basic amount.



Key points

- Canada's income tax system is progressive. That means that the more money you make, the more of it (as a percentage) you pay to the government in income tax. These rates or percentages are updated each year
- Your employer must give you a T4 slip before the end of February each year. This slip shows how much money you made the year before. It also shows how much you paid in income tax, Employment Insurance (EI), and Canada or Quebec Pension Plan (CPP or QPP)
- You do not get a T4 slip if you own a business, work as a contractor, or collect rent money on property you own. You must send in the taxes owing yourself, as well as the CPP or QPP money
- People who are self-employed can deduct business expenses from their income. They must keep the receipts for their business expenses in case the government wants to check them
- The government uses tax money to pay for programs, services, roads, schools, hospitals, and many other things. Tax money also pays for government benefit programs such as the Canada Child Benefit (CCB) and Old Age Security (OAS)
- One way to estimate how much tax you will have to pay is to look at what tax rates you have to pay based on your income. This is commonly referred to as your tax bracket.

For more information visit:

<https://www.canada.ca/en/services/taxes/income-tax.html>



Activity: Taxable and non-taxable income

When you calculate your total income for tax purposes, the government has two categories: taxable and non-taxable income.

Q: Do you know what income sources are taxable?

1. Post the list of income sources.
2. Divide the group into 2 and have each group sort the list into "taxable" and "non-taxable" income.
3. Compare answers and discuss as a large group.

Preparing to file



Objective: To learn the basics of filing a tax return, including the benefits of filing, the consequences of not filing, and what receipts to save and file.

Tools: Handout 2-4, Filing your taxes
Activity Sheet 2-5, Maria's story
Flipchart paper, markers

Format: Small group activities and large group discussions



Introduce the topic

If you are employed, income tax is taken off each paycheque. By the end of February each year, your employer sends you a T4 that shows how much tax you paid. You must fill out your income tax forms to find out if you owe tax. If you do, you must send in the forms, along with your payment, by April 30th.

If you are self employed, you do not receive a T4. You have to report your own income. You can take until June 15th to fill out your income tax forms, but you still have to pay the taxes by April 30th.

Filing your taxes is the law. If you are late paying your taxes, the government will charge you interest. You should file your tax forms even if you do not owe any money, because you might be able to get money back.



Activity: Why file your taxes?

1. In the larger group, brainstorm reasons why it is important to file your taxes.
2. Record these on flipchart paper.
3. Review any points that participants have not covered.



Key points

- It is important to file your taxes because:
- If you don't, the government will charge you interest on what you owe
- The government might owe YOU a refund on taxes paid
- There are many government benefits that you can only get by filing a tax return (such as GST/HST/CCB or GIS)
- To recover any tax you overpaid from your pay cheque (refund)
- It will allow you to establish room for a Tax Free Savings Account and Registered Retirement Saving Plan.



Activity: Filing your taxes

1. Give each participant a copy of Handout 2-4, Filing your taxes.
2. Review the handout together.

MODULE

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Filing your taxes

Handout 2-4

Government benefits

The Canada Workers Benefit (Formerly the Working Income Tax Benefit), Canada Child Benefit (CCB) and GST/HST credit are only some of the benefits you can only get once you have filed a tax return. There may be even more benefits you can get in your province if you file a tax return, such as deductions for the rent you pay or for your medical expenses.

Where do I get the tax forms?

Between February and May each year, you can get your income tax package at the post office, from a Service Canada location, or online from the Canada Revenue Agency or you can call 1-800-959-2221 to get a printed copy sent to you.

More and more people use software that allows them to do the forms on their computers. The CRA keeps an up-to-date list on NETFile certified products.

How do I get help with doing my taxes?

If you are on a low income, you can get free help with doing your taxes at a community tax clinic.

To find a Community Volunteer Tax Preparation program near you, visit

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/community-volunteer-income-tax-program/tax-preparation-clinics.html>

If you have problems with your taxes, it is best to call the Canada Revenue Agency.

There are tax professionals who can help you with your taxes for a fee. Some tax preparation services charge very high fees, even on a simple tax return.

You are responsible for your tax return even if someone has prepared it for you.

Never sign a blank tax return.

Deductions and credits

Your tax return includes a range of deductions from your gross income. These are amounts that will lower the amount of income you must pay tax on. Deductions include things like child care expenses and transit passes and you must keep your receipts in order to claim these.

The tax return form also has credits. This is an amount you can deduct from the tax you owe. For example, if your employer has been taking taxes out of your pay all year, those taxes are a credit on your tax return.

When you subtract your tax credits and deductions from your gross income, you find out if you owe taxes or if you will receive a refund.

Activity: Tax deductions and tax credits

1. Break participants into two groups.
2. Give each participant a handout.



Filing your taxes

Handout 2-4 (continued)

There are two main categories to consider at tax time:

1. Tax deductions
2. Tax credits

Tax deductions

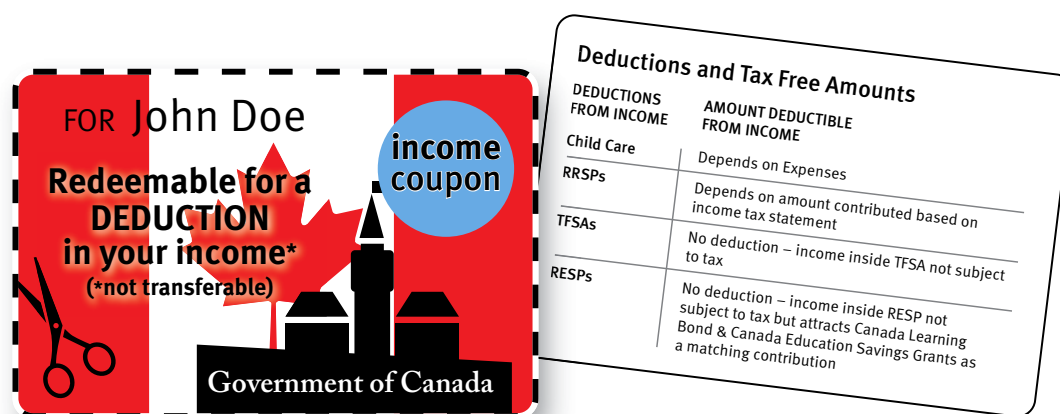
Tax deductions are like special personalized ‘coupons’ since the value of deductions differs based on the amount of tax paid by individuals. The amount is deducted from your gross income.

Tax deductions include:

- **RRSP contributions**
- **Child care expenses** – deducted by the adult with the lowest income if working or in school; child must be under 18
- **Moving expenses for work/school** – if you had to move within 40 km of work or full-time school, includes storage, meals, hotel, moving company, transportation costs
- **Financial carrying charges** – money spent to earn income from investments, such as investment counselling fees, safety deposit box, loan for a non-tax sheltered account
- **Annual professional or union dues** – if required by your employer and they are deducted off your wages or paid in full by invoice and not reimbursed by your employer
- **Employment expenses** – if you purchased something you needed for work and did not get reimbursed.

For more details on what you can deduct, visit the CRA site:

<http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmpltng/ddctns/menu-eng.html>



Credit: the original concept design of the coupons was created by John Stapleton and Pat Dumas-Hudecki

Credit and benefit amounts are current as of May 2018.

Filing your taxes

Handout 2-4 (continued)

Tax credits are divided into two types: Non-refundable and refundable.

Non-refundable tax credits

Non-refundable tax credits, are a general 'coupon' since the value of a credit of equal value is the same for everyone who pays tax and worthless for those who don't.

How non-refundable tax credits work:

- If you owe money at tax time, non-refundable tax credits can help reduce the amount that you owe to the government
- They include basic personal amount, medical expenses, charitable donations, disability amount and the caregiver amount
- If these credits add up to more than the amount you owe, you will not receive a refund for the difference. (e.g. you owe \$200 but you have \$300 in non-refundable tax credits. You will no longer owe any taxes, but you will not receive a refund of \$100).

Non-refundable tax credits include:

- **Family Tax Credits such as:** Caregiver Amount
- **Education Tax Credits such as:** Interest paid on Student Loans, Tuition Tax Credit
- **Housing Tax Credits such as:** First Time Home Buyers Tax Credit, Healthy Homes Renovation Tax Credit, Home Accessibility Expenses Tax Credit
- **Personal Tax Credits such as:** Medical Tax Credit, Charitable Donations Tax Credit, Political Party Donations Tax Credit, Canada Employment Amount, moving expenses.



Credit: the original concept design of the coupons was created by John Stapleton and Pat Dumas-Hudecki

Credit and benefit amounts are current as of May 2018.

Filing your taxes

Handout 2-4 (continued)

Refundable tax credits

Refundable tax credits are like a 'gift card' redeemable for anything in the store – in this case, Canadian money.

How refundable tax credits work:

- The government will pay you the refundable tax credits you qualify for, whether you owe tax or not. To claim them, you must file a tax return. Examples: Canada Child Benefit, GST/HST credits, the Canada Workers Benefit (Formerly the Working Income Tax Benefit)

For more details on tax credits available in your province or territory, visit the CRA site:

<http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmpltng/prvncl/menu-eng.html>



Steps to tax filing

When do I have to file my taxes?

In most cases, you have to file your personal tax return – the T1 Income Tax and Benefit Return – by April 30 of the year following the tax year. You can send your return by mail or file it online. You must pay any amounts owing by April 30. If you file your tax return late, you may have to pay interest and a late filing penalty.

Tax tip! Even if you cannot pay the full amount of your balance owing on or before May 1, you can avoid the late-filing penalty by filing your return on time.

What is the Notice of Assessment?

After you file your taxes, you will receive a Notice of Assessment from the CRA in the mail. The notice:

1. Confirms your tax amounts.
2. Explains any changes the government made to your return.
3. If you paid taxes, the Notice of Assessment will show the amount paid.
4. If you are still owing, it will show your balance.
5. If you are receiving a refund, the amount will be on the Notice of Assessment.
You can have your refund go directly into your bank account by direct deposit.

If you have questions about this notice, you can call the CRA at 1-800-959-8281.

Credit: the original concept design of the coupons was created by John Stapleton and Pat Dumas-Hudecki

Credit and benefit amounts are current as of May 2018.

Filing your taxes

Handout 2-4 (continued)

If you have clients that are self-employed

Activity: Maria and Fernando's story

1. Break participants into three or four smaller groups.
2. Give each participant a copy of Activity Sheet 2-5, Maria and Fernando's story.
3. Ask one member of each group to read the story out loud.
4. Each group should choose a recorder and presenter. Recorders make point form notes on the discussion and give them to the presenter.
5. Ask the groups to use the questions on the activity sheet to help them discuss the situation.
6. Process the exercise
7. Debrief by talking about the questions in order. Ask each group presenter in turn to comment on their group's answers.



Key points

- Maria and Fernando should call the Canada Revenue Agency and explain their problem. They can get forms to fill out to request a ruling on whether they are employees or self-employed
- If Maria and Fernando were employees, the employer should have deducted income tax, Employment Insurance (EI), and Canada Pension (CPP) from their paycheques. The employer should have been giving them a pay stub and both should have received a T4 slip in February
- If Maria and Fernando are self-employed contractors, and they decide to continue as contract cleaners, they have some work to do. They need to set themselves up as a business. They must start keeping receipts for any business-related expenses. They must also set aside a portion of their income each month to pay for taxes and Canada Pension Plan next year. As self-employed people, they do not have to contribute to EI, however; they may want to access Employment Insurance Special Benefits for Self-Employed People.



For more information on self-employment income and small businesses, visit:

<https://www.canada.ca/en/revenue-agency/services/tax/businesses/small-businesses-self-employed-income.html>

MODULE

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Maria and Fernando's story**Activity Sheet 2-5**

Maria and her husband Fernando worked together cleaning a big office building at night. They were hired by a man who ran a large cleaning company. They each got a paycheque twice a month.

In February, it was time to do income tax for their previous year's income. They asked the man from the cleaning company for their T4 slips. They needed to show on their tax return how much money he sent to the government in income tax.

The man said, "You are not employees. You are contractors."

The man had not sent any income tax money to the government for them. He said, "You have your own business."

Maria and Fernando had created income, but they had not paid any income taxes. They did not think that they were running their own business, so they had not put any money aside to pay taxes.

Also, they had not kept any receipts for their expenses. Without receipts, they could not claim business deductions.

They had to use their savings to pay the income tax and the CPP owing to the government.

Q: Do you think Maria and Fernando are employees or self-employed contractors?

Q: What should they have been receiving from the employer if they were his employees?

Q: If they keep working as contract cleaners, what should they do to be better prepared for tax time next year?

Q: Who should Maria and Fernando speak to if they have questions?

Goal setting



Objective: To set a personal goal about income and filing income taxes.

Tools: Activity Sheet 2-6, Goal setting
Handout 2-7, Resources
Handout 2-8, Glossary (optional)

Format: Participants work on their own



Activity: Goal setting

1. Give each participant a copy of Activity Sheet 2-6, Goal setting.
2. Ask them to set one or two personal goals about their income or filing taxes.
3. Give each participant a copy of Handout 2-7, Resources.
4. Give each participant a copy of Handout 2-8, Glossary (optional).

Wrap-up

- Finish the workshop session by thanking the participants.
- Confirm the date and time of the next workshop.

MODULE

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Goal setting

Activity Sheet 2-6

Example:

Goal: Make a filing system for all of my tax-related papers.		When?
Tasks:		
• Gather all copies of my past tax returns for the last 6 years		This month
• Make a file for the current year and keep any tax related papers and receipts for this year		Wednesday
• Find out where to go in my community for free tax preparation help.		This month

1. Goal:**Tasks:**

When?

2. Goal:**Tasks:**

When?

MODULE

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Resources**Handout 2-7****Benefits Finder - Government of Canada**

<https://benefitsfinder.services.gc.ca/hm?GoCTemplateCulture=en-CA>

Helps you find out what federal and provincial government benefits you may be eligible for.

Canada Revenue Agency (CRA)

<https://www.canada.ca/en/revenue-agency.html>

The Canada Revenue Agency administers tax laws for the Government of Canada and for most provinces and territories.

Canadian Tax and Financial Information - Taxtips.ca

<https://www.taxtips.ca/>

A website full of information on the Canadian income tax system.

Canadian tax system for newcomers to Canada - Canada Revenue Agency (CRA)

<https://www.canada.ca/en/revenue-agency/services/tax/international-non-residents/individuals-leaving-entering-canada-non-residents/newcomers-canada-immigrants.html>

Information on the income tax rules that apply to newcomers to Canada in their first year.

CRA Multimedia Library - Canada Revenue Agency (CRA)

<https://www.canada.ca/en/revenue-agency/news/cra-multimedia-library.html>

Videos and audio products about services and programs provided by the CRA.

Employee or Self-employed? (RC4110 form) - Canada Revenue Agency (CRA)

<https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4110.html>

The RC4110 form helps you find out if you are employed or self employed.

Free tax clinics - Canada Revenue Agency (CRA)

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/community-volunteer-income-tax-program/need-a-hand-complete-your-tax-return.html>

Information on how the Community Volunteer Income Tax Program (CVITP) can help prepare your tax return. Call 1-800-959-8281 to get tax information for individuals.

How income tax works - Get Smarter About Money

<https://www.getsmarteraboutmoney.ca/plan-manage/planning-basics/understanding-tax/how-income-tax-works/#.U3t7HcZPQdI>

Information on how the Community Volunteer Income Tax Program (CVITP) can help prepare your tax return. Call 1-800-959-8281 to get tax information for individuals.

Free tax clinics - Canada Revenue Agency (CRA)

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/community-volunteer-income-tax-program/need-a-hand-complete-your-tax-return.html>

Information on how the Community Volunteer Income Tax Program (CVITP) can help prepare your tax return. Call 1-800-959-8281 to get tax information for individuals.

Information and services for Young Canadians - Government of Canada

<https://www.canada.ca/en/services/youth.html>

Information on how the Community Volunteer Income Tax Program (CVITP) can help prepare your tax return. Call 1-800-959-8281 to get tax information for individuals.

MODULE

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Resources**Handout 2-7****Learning about taxes - Canada Revenue Agency (CRA)**

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/educational-programs/learning-about-taxes/learning-material.html>

This is an online, self-paced course on how to do your taxes, prepared by the CRA.

Living with a Disability - Employment and Social Development Canada (ESDC)

<https://www.canada.ca/en/employment-social-development/services/benefits/disability/living.html>

This website explains the services and financial benefits available to assist people with disabilities and their families.

Newcomers to Canada - Canada Revenue Agency (CRA)

<https://www.canada.ca/en/revenue-agency/services/tax/international-non-residents/individuals-leaving-entering-canada-non-residents/newcomers-canada-immigrants.html>

This webpage contains information and a video on income tax rules that apply to newcomers to Canada in their first tax year.

Newcomers to Canada (T4055 pamphlet) - Canada Revenue Agency (CRA)

<https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/t4055/t4055-newcomers-canada-2016.html>

This webpage contains information and a video on income tax rules that apply to newcomers to Canada in their first tax year.

Students tax information - Canada Revenue Agency (CRA)

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/segments/students.html>

Information on topics and services relevant to students.

What is Employment Insurance (EI)? - Settlement.org

<https://settlement.org/ontario/employment/financial-assistance/employment-insurance/what-is-employment-insurance-ei/>

This webpage gives an introduction to how Employment Insurance works in Canada.

Young Canadians - Government of Canada

<https://www.canada.ca/en/services/youth.html>

This webpage gives an introduction to how Employment Insurance works in Canada.

Glossary

Handout 2-8

Canada Pension Plan (CPP) and Quebec Pension Plan (QPP): A program that provides income to seniors. It is based on your contributions over your working life in Canada.

Canada Pension Plan deduction: An amount that is deducted from your paycheque (4.95% of gross pay as of 2018) up to a maximum amount each year.

Canada Revenue Agency: The federal agency that administers the tax system, tax laws, and benefit programs delivered through the tax system, for the Government of Canada.

Deduct: To subtract or take away. For instance, if you are self-employed, you can deduct business expenses from your taxable income.

Earned income: All of the money that comes into the household from employment or self-employment.

Employment Insurance (EI): A government program that provides temporary income assistance to individuals who have recently lost a job, while they look for employment. The EI program also provides short term support for people who fall ill, have a new baby, or need to care for a family member who is very ill.

Employment Insurance deduction: An amount that is deducted from your paycheque (1.63% of gross as of 2017, 1.27% in Quebec) up to a maximum amount each year.

Exemption level: An exemption is a deduction allowed by law to reduce the amount of income that will be taxed. On tax returns in Canada, there is a basic federal exemption level for everyone. People who earn less than this amount do not pay income tax. Each province also has their own basic amount or exemption level.

Gross income: All of the money that comes into the household, before taxes.

Income tax return: A set of forms (paper or online) in which you report the sum of your previous year's taxable income, tax credits, and other information relating to these items. The result of a tax return is that you will either receive a refund, or owe an amount.

Income tax refund: The amount of money the government owes you based on your income tax return.

Inheritance: Money that someone leaves to you when they die.

Notice of Assessment: After you file your taxes, the Canada Revenue Agency sends you a letter called a Notice of Assessment. The notice confirms your tax amounts and explains any changes that the Canada Revenue Agency made to your return.

Reimburse: To pay someone back for an expense.

Social Insurance Number (SIN): A nine-digit number that you must have to work in Canada or to receive government benefits.

Module 3: Budgeting



Module 3

Budgeting



Overview

This module introduces participants to the budget as a money management tool. It explores the many benefits of using a budget. It looks at the elements of a budget, including income, fixed expenses, and variable expenses.

People on low-incomes are often very experienced budgeters. Encourage participants to share what they know about using a budget. In small groups, participants will practice making a budget worksheet using 'scenarios' for people in different life situations. The module covers the steps to create a budget, different budget formats, and tips for success.

Budgeting can bring out strong negative responses from people who are struggling with their money or living on a low-income. Acknowledge that the challenges of budgeting are real but they can be overcome. Focus on the steps that participants can take towards getting more control over their money and achieving their goals through the use of a budget. Strong budgeting skills are one of the keys to transforming their relationship to money. These skills will help motivate participants and build hope for the future.

Objectives

Participants will:

- Understand the concept of a budget and look at its benefits
- Understand the concepts of income and expenses, both fixed and variable
- Create a sample budget to learn what goes into it and the process of building a budget
- Find strategies for making and sticking to their own personal budgets
- Create a personal goal around budgeting and financial record-keeping.

Module 3

Contents

1	The 'B' word – budget	10 minutes
2	Money comes, money goes!	10 minutes
3	Budgeting scenarios	20 minutes
4	Steps to a budget	10 minutes
5	Strategies and tips	15 minutes
6	Goal setting	5 minutes
		Total 70 minutes

Prep notes

- Read through the entire module
- Prepare copies of the handouts, activity sheets, and materials for this session
- Post the 'Parking Lot' from last class. Be prepared to report on (or ask participants to report on) the results of any research done on the outstanding questions
- Prepare a new 'Parking Lot' for this class
- Prepare sample budgeting systems in advance. For example, prepare labelled envelopes for envelope budgeting. Or, prepare a budget binder with a monthly budget worksheet. The binder should have clear pockets that create a filing system for financial records that support the budget, such as regular bills, bank statements, loan documents, and insurance.



Tip: To fully understand the budgeting process it is best for you as the facilitator to create your own personal budget. This provides a role model for participants, because you can speak from your own experience with the process.

The ‘B’ Word – budget



Objective: To define the concept of budgeting and identify its benefits.

Tools: Activity Sheet 3-1, The ‘B’ Word – budget
flipchart paper, markers

Format: Large group brainstorm and discussion



Welcome

Welcome participants to the workshop. Share any housekeeping details such as workshop length, break times, washrooms, and cell phone etiquette.



Key points

1. This workshop is a chance to share your knowledge and experience in budgeting.
2. It will include the steps to creating a budget and its benefits.



Activity: Why budget?

1. Ask the group: What do you think of when you hear the word “budget”?
What words or feelings come to mind?
2. Write “Budget” and “Why?” on either side of a piece of flipchart paper.
3. Ask the group to brainstorm a list of their points for each of these questions and record their answers:
Q: What is a budget?
Q: Why would you use a budget? What are the benefits to budgeting?
4. Give each participant a copy of Activity Sheet 3-1, The ‘B’ word – budget.
5. Review any key points that did not come up in the discussion.
6. Ask the participants to use this sheet to record any new points that apply to their own situation.

Budget challenges

You may decide to ask for two or three brief stories from participants about their experiences in creating and using a budget. You can also share your own experience. If comments come up about the challenges of creating or using a budget, record them on another piece of flipchart paper (titled “Budget Challenges”). Refer back to this flipchart later in the session when you discuss tips for successful budgeting and show how the tips might help with these challenges.



Key points

- Many people think of a budget as something that places rules on them or stops them from spending their money the way they want. But really, a budget is a way to make your own rules – rules that fit your needs and your life and help you take control of your decisions and your money
- Budgeting is a practical tool that makes you feel calmer and more in control
- To get the most from your budget, be honest, realistic and goal-focused. The satisfaction of achieving a goal, no matter how small, can motivate you to continue.

The 'B' Word – budget

Activity Sheet 3-1

What do you think about when you hear the word “budget”?

What words or feelings come to mind?

Write down any other ideas the group came up with, especially ideas that fit your situation.

What is a budget?	Why budget?
<ul style="list-style-type: none"> • A way to keep track of your money • A summary of income (how much money comes in) and expenses (how much money goes out) over a certain period of time • A tool that tells you how much money you have, how much you need and what you spend your money on • A plan to help you manage your money and plan for the future. 	<ul style="list-style-type: none"> • Be more aware of what you spend your money on • Find areas where you can spend less and save money • Take control of your finances and feel more confident • Pay bills on time and avoid late fees • Reduce your stress around money • Reduce or pay off your debt • Save for medium and long-term goals (such as a vacation, paying for school, buying a house, retirement) • Have more money to spend on the things that are important to you!

Money comes, money goes!



Objective: Learn what goes into a budget, including income and expenses (fixed and variable).

Tools: Activity Sheet 3-2, Income sources
Activity Sheet 3-3, Expense categories
Flipchart, pens

Format: Large group brainstorm, small group activity, large group discussion



Introduce the topic

Many people don't know where to begin when building a budget. We will start with the two main elements of a budget: income and expenses.



Activity: Income

1. Ask participants to brainstorm as many sources of income as they can.



Tip: If your group did Module 2, ask them to remember back to that information.

2. Record their answers on a flip chart titled "Income".
3. Give out Activity Sheet 3-2, Income sources.
4. Review any of the income sources not yet covered.



Activity: Coming to "terms" with budgeting

1. There is some terminology you might want to review with participants, including net income, fixed income, gross income, variable expenses, fixed expenses and receipt. Definitions can be found in the Glossary.
2. To present these terms, you could create a Jeopardy game or a handout such as a crossword or fill-in-the-blank.



Key points

- Income includes a paycheque or commission cheques from work, tips, money received from government, self-employment activities and what you earn as interest on savings or investments
- Monthly income is the total amount of money coming into the budget
- When you make a budget, use the actual money you have available to spend. This is called your net income. This is the money from your pay after taxes and other deductions. If you are self-employed, net income is what you have after all your business expenses, including taxes, are paid.

Income sources**Activity Sheet 3-2**

- Paycheque – weekly, bi-weekly or semi-monthly
- Self-employed business income
- Home-based business sales of home-made products or services
- Tips
- Sales commissions
- Bonuses
- Income from rental properties
- Income support from relatives
- Social assistance benefits
- Disability benefits
- Canada Child Benefit
- Child support
- GST/HST benefits
- Scholarships and bursaries
- Student loans
- Canada Pension Plan (CPP) or Quebec Pension Plan benefits (QPP)
- Old Age Security Benefits (OAS)
- Guaranteed Income Supplement (GIS)
- Private pension benefits
- Withdrawals from Registered Retired Savings Plans (RRSP)
- Earnings on savings and investments
- Inheritances

Can you think of anything else?



Activity: Expenses

1. Explain that there are two main kinds of expenses: fixed and variable.
2. On a flip chart with the title “Expenses”, make two columns labelled “Fixed” and “Variable”.
3. Ask the group to define and give examples of fixed and variable expenses. Record these.



Tip: The next activity will involve more discussion about expenses, so just record a few examples and then move on.



Key points

- Fixed expenses are costs you usually pay each month. The amount usually stays the same. Examples include rent or mortgage payments, cable TV, Internet, telephone, and daycare
- Variable expenses can change from month to month. Sometimes they are “discretionary” expenses – things that are nice to have but that you don’t strictly need, like eating out. Sometimes they are seasonal – expenses at a certain time of the year, such as school supplies. Other examples of variable expenses include food, clothing, personal care, gifts, and donations to charity.



Activity: Expense categories

1. Split participants into groups of 3 to 4 people.
2. Ask each group to choose a recorder.
3. Give Activity Sheet 3-3, Expense categories to the recorder in each group.
4. Give the groups a few minutes to brainstorm expenses in each of four categories: Housing Expenses, Transportation Expenses, Living Expenses, and Personal Expenses.
5. Ask the groups to decide if the expense is fixed or variable and mark it with an “f” or “v”.

Process the exercise

Gather the responses by rotating through the groups and the categories, asking for one or two ideas, so that each group has the chance to take part.

Expense categories**Activity Sheet 3-3****Housing:**

- Rent or mortgage
- Heat
- Hydro
- Cable and internet
- Cell phone or home phone
- Other (insurance, maintenance, property tax)

Transportation:

- Car (loan, lease, repairs, insurance)
- Gas and parking
- Insurance
- Public transit
- Taxicabs/Uber
- Other

Living expenses:

- Food
- Clothing
- Childcare
- Loan and credit card payments
- Prescription drugs and medications
- Pets
- Laundry
- Other (dental)

Personal expenses:

- Recreation and entertainment
- Eating out
- Cigarettes/alcohol
- Haircuts
- Magazines, books and newspapers
- Babysitting
- Vacation and travel
- Other (hobbies, savings)

Brainstorm and record examples of expenses from each category.

Decide which expenses are fixed (f) and which are variable (v):

Housing	Transportation

Living expenses	Personal expenses

Budget scenarios



Objective: To see what it feels like to build a budget.

Tools: Activity Sheet 3-4, Budgeting scenarios
Activity Sheet 3-5, Monthly budget worksheet

Format: Small group activity, large group discussion



Tip: Participants will be using ‘scenarios’ to help them get a sense of the process of creating a budget. Working through a scenario is less personal and easier than asking participants to create their own budget in class. You may choose to adapt the scenarios to more closely match situations that your participants can relate to.



Activity: Budget scenarios

1. Split participants into groups of 3 or 4 people.
2. Have each group appoint a recorder.
3. Give each group Activity Sheet 3-4, Budgeting scenarios and Activity Sheet 3-5, Monthly budget worksheet.
4. Assign each group one of the scenarios.
5. Ask them to build a budget for the person in their scenario. Encourage participants to be creative and add details about the person, relating these to the categories they put in their budgets.

Process the exercise

The participant’s task is to create a balanced budget while still saving to reach their goals. A small positive balance is allowed. If anyone has a lot of money left over, encourage them to earmark it as a savings goal. If there is a negative balance, ask the group to think of some options for their person to change the situation.

Q: How did your person balance their budget? What choices had to be made?

Q: Were you able to include an amount for their savings goal in their budget?

Q: Where does the money come from if the budget is not balanced?



Key points

- Making a balanced and realistic budget involves making some hard choices
- The process of budgeting should be guided by your values and priorities to help you make the right choices for you
- The way to make savings happen is to include them as a fixed amount in the monthly budget. This is called ‘pay yourself first’. Goals that rely on the chance of a windfall of cash or “left over” money are much less likely to ever be achieved
- Budgets can be balanced by increasing income or decreasing expenses
- If a budget is not balanced, the person begins to go into debt. That means that in future budgets, debt repayment and interest costs must be factored in.

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Budgeting scenarios

Activity Sheet 3-4

Using the Monthly Budget Worksheet, put together a budget for the person in your scenario. Feel free to make up more details. You can also change or add categories to the budget to match your person's situation.

Your goals for this process:

- Income and expenses should balance (be equal) or there should be money left over
- Budget must remain realistic
- If you cannot make a realistic, balanced budget, talk about the options for changing your person's situation.

Scenario 1: Gina	Scenario 2: Mike
<ul style="list-style-type: none"> • Single mother of 1 child, 5 years old • On social assistance 	<ul style="list-style-type: none"> • Single guy, smoker • Makes minimum wage, works full time
Other details	Other details
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Goal: pay off credit card debt of \$5,000	Savings goal: a car
Scenario 3: Natalie and Mohammed	Scenario 4: Juan
<ul style="list-style-type: none"> • Married couple, 2 small children ages 3 and 4 • One full time (40 hrs/wk) income of \$20/hour 	<ul style="list-style-type: none"> • Single male • Lives on disability income support
Other details	Needs transportation to get to appointments
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Goal: pay off credit card debt of \$5,000	Savings goal: a "rainy day" emergency fund

Monthly budget worksheet

Activity Sheet 3-5

INCOME			
Net income from wages (after deductions)	\$	Other income:	\$
Self-employment income	\$	Other income:	\$
Government benefits	\$		
TOTAL MONTHLY INCOME:	\$		(A) \$
EXPENSES:			
Housing expenses		Transportation expenses	
Rent or mortgage	\$	Car	\$
Heat	\$	Gas	\$
Hydro	\$	Parking	\$
Cable and Internet	\$	Public transit	\$
Telephone and cell phone	\$	Taxicabs	\$
Other:	\$	Other:	\$
Living expenses		Personal expenses	
Food	\$	Recreation and entertainment	\$
Clothing and laundry	\$	Eating out	\$
Childcare	\$	Cigarettes and alcohol	\$
Loan payment	\$	Personal grooming (clothes, hair)	\$
Credit card payments	\$	Magazines and newspapers	\$
Prescription drugs	\$	Gifts and donations	\$
Pets	\$	Vacation and travel	\$
Other:	\$	Additional saving goal	\$
TOTAL MONTHLY EXPENSES	\$		(B) \$
OVERALL BALANCE			
Total Monthly Income (A)		\$	
Subtract Total Monthly Expenses (B)		\$	
= (-) Overspending or (+) Saving		\$	

Making your own budget



Objective: To review the steps to creating a personal budget.

Tools: Activity Sheet 3-6, Making your own budget

Format: Large group discussion



Introduce the topic

Give participants Activity Sheet 3-6, Making your own budget. Review the information as a large group. You can read out the information or have participants volunteer to read the steps out loud.



Tip: You may expand this activity by asking participants to bring their financial records to the session. Give them time to work on their own budgets, by following the steps and asking questions along the way. Encourage participants to look at their budgets as drafts. They can change and update them as they gather more information and experience.

This is also a good one-on-one activity.



Key points

- Following the steps to making a budget will result in a clear overall picture of your monthly financial position.
- Building your budget is just the start of the process. Don't forget to review the budget and compare your spending, so you know you are staying on track.

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Making your own budget**Activity Sheet 3-6****Step 1 – Get ready**

Gather all of the papers you need, including:

- Pay stubs
- Stubs from government cheques or direct deposit notices
- Receipts
- Bills
- Bank and credit card statements
- Loan documents.

Step 2 – Income

List all your sources of income in a month. Put down how much you get from each source in a month. Add them up. This is your Total Monthly Income.

Step 3 – Expenses

List all your expense categories. Fill in the amounts for the fixed expenses first. These are likely listed on a bill or do not change each month. Next, do your best to estimate how much you spend in each of your variable categories.

Seasonal spending: Includes things like yearly insurance costs, back-to-school clothes for the kids, or holiday gift buying. Divide the total yearly cost by 12 to get an average monthly amount. Include that as a fixed expense in your monthly budget. Example: You get a bill each year for \$800 in car insurance. Divide \$800 by 12. You get \$66.67. That is your fixed monthly cost for car insurance.

Pay yourself first: If you want to save towards a goal, take the total cost of your goal and divide it by the number of months you want to save up for it. Include that as a fixed expense in your budget. Example: In a year and a half, you plan to buy a new computer. It will cost \$1000. Divide \$1000 by 18 months. You get \$55.56. That is your fixed monthly savings cost for your goal.

Savings tip: You can transfer the amounts for seasonal costs and savings goals out of your spending account into separate savings accounts. If you do that each month, the money builds up. It will be there for you to spend when you need it.

Step 4 – Do the math

Add up your Total Monthly Expenses. Subtract this amount from your Total Monthly Income. Do you have money left over? Or are you spending more than you earn?

Step 5 – Revise your budget

If your expenses are greater than your income, think honestly and realistically. Where can you cut back on expenses? Where can you increase your income? Should you change your savings goals?

Budgeting strategies



Objective: To find strategies for successfully making and sticking to a budget.

Tools: Handout 3-7, Budgeting strategies
Handout 3-8, Budgeting tips
Handout 3-9, Financial record keeping
'Post-it' notes, pens, flipchart, markers

Format: Large group discussion and individual activity



Introduce the topic

Creating your budget is just the first step. The next challenge is sticking to it. The best way to make sure you do that is to choose a system that will be easy for you to track and maintain. We have looked at one kind of budget so far. This was a paper-based worksheet budget. There are other systems that might work better for you.



Activity: Budgeting strategies

1. Give each participant a copy of Handout 3-7, Budget strategies.
2. Review the different forms a budget can take.
3. Ask participants if they know about any other formats they could share with the group.



Activity: Tips for budget success

1. Give each participant a small stack of 'post-it' notes and a pen.
2. Write "Tips for budget success" on the flipchart
3. Ask the question:
Q: What tips for success would you give someone who wants to start budgeting?
4. Ask participants to write down each of their ideas on a post-it-note.
5. Have 3 or 4 people at a time come to the front to post their notes on the wall. They can place them in groupings of similar tips.
6. After everyone has posted their ideas, review the groupings. Summarize the key points.
7. Give participants Handout 3-8, Budgeting tips. Review any tips not already covered by the group.
8. Give participants Handout 3-9, Financial record keeping as a resource.



Tip: If the challenges of budgeting have been a topic of discussion, link this activity to the search for solutions to some of those challenges.

Budgeting strategies

Handout 3-7

The worksheet budget

This is the type of budget we've worked with in this module. It is a written budget, usually one or two pages. You can write this kind of budget by hand, or type it up on a computer spreadsheet. These budgets are flexible. You can edit and update them anytime as things change in your life.

Online budgeting tools

There are many websites that offer online budgets. Your bank or credit union may offer a budgeting tool for free. With online budget tools, the categories are usually set for you. This makes things easier, but you may find the categories do not quite fit your situation. The Financial Consumer Agency of Canada (FCAC) has an online budget calculator tool at:

<https://www.canada.ca/en/services/finance/tools.html>

Budgeting apps

If you have a smartphone or tablet and prefer to use this instead of paper worksheets, you could try a budgeting app. Some popular examples in Canada are Mint.com, Receipts, and You Need A Budget (YNAB). Some apps may work like a worksheet, asking you to input the information one item at a time. Others may invite you to connect to your personal bank account. Whatever app you choose, be sure to check these settings and use the app to your own comfort level.

Envelopes or jars

If worksheets don't work for you, there are many other creative ways to budget. You can figure out how much of your budget is for fixed and variable spending. Set the fixed money aside to pay those costs. Then divide the variable spending amounts, using labelled envelopes or jars to store the money you need for each category. You spend from the envelope or jar. When the money is gone, you stop spending.

Calendar

A calendar can be a good way to keep track of the money coming in and out. Write down dates you get paid, due dates and amounts for bills, as well as weekly expenses, such as groceries or entertainment.

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Budgeting tips

Handout 3-8

Remember your goals. Write them down. Put them where you can see them often and easily. Tack a list on the fridge. Or put a copy in your wallet next to your cash.

Be realistic. Connect your spending to your values. You need to be realistic about what you can live without and what you can't. This will help you find ways to spend less and to save.

Make it simple. If your budget is too complex, you are less likely to stick to it. Use a system that is simple and easy to maintain.

Keep a record. Choose the best way for you to keep track of your spending. Your record might be in a little notebook or on the computer. Some people put money for certain things in little envelopes or jars. The important thing is that it works for you.

Stay organized. You need to know where your financial records are and review them regularly. This saves time and reduces stress. You can keep all your financial documents in a binder or a set of folders. Organize the binder or folders by item (for instance, bills, credit card statements, tax documents). Update your record system each year.

Use your bank to help you manage your money. At the bank, you should have a working account for paying your bills and taking out money. Open a savings account for your savings goals. If you get a regular income, set up your account so that it automatically transfers some money to your savings account each time you get paid. Remember, pay yourself first.

Include debt and savings in your budget. Use your monthly budget to reduce debt and increase savings. Otherwise, debt can grow out of control, while savings disappear.

Paycheque plan. Plan your bill paying for when you get paid, so that you know which paycheque will cover what expense.

Plan for change. Our expenses change. Our income changes. Our goals change. That is why you should review your budget regularly.

Be patient. The first few weeks of using a budget to guide your spending are often the hardest. Old habits can be hard to break and new ones hard to make. As time passes, you will grow more comfortable working with your budget.

Look for support. If you find you are getting off track, share your budget with someone you trust. Ask them to help you review your progress each month. To stay motivated, read about people who are in control of their money and meeting their goals.

Financial record keeping

Handout 3-9

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

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

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

Goal setting



Objective: To set a personal goal for budgeting.

Tools: Activity Sheet 3-10, Goal setting
Handout 3-11, Resources
Handout 3-12, Glossary

Format: Individual activity



Activity: Goal setting

1. Give each participant a copy of Activity Sheet 3-10, Goal setting.
2. Ask them to spend a few minutes setting goals. These should have tasks and deadlines that relate to their own personal budget and financial record-keeping.



Teaching tip: If a participant already uses a budget, ask them to think of ways to improve their process. Maybe they budget but do not include a savings goal. Challenge them to define a savings goal and figure out how to adjust the budget to support it.

3. Give participants Handout 3-11, Resources.
4. Handout 3-12, Glossary is an optional handout.

Wrap-up

- To close the session, ask two or three participants to share one of their goals in a short phrase or sentence.
- You may choose to do this in a round of the whole group, depending on how much time you have left.
- Remind them of the date and time for the next session.

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Goal setting

Handout 3-10

Take a few minutes to reflect on how this workshop relates to your life.

Set one or two SMART goals for your personal budgeting and financial record-keeping.

Example:

Goal: Create and use a budget system	When?
Tasks:	
• Add up my total income and subtract my total fixed expenses to figure out what I have left to spend each month	End of this week
• Give myself a weekly spending allowance and only spend cash	Weekly

1. Goal:

Tasks:

When?

2. Goal:

Tasks:

When?

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Resources**Handout 3-11****Budget Planner - Financial Consumer Agency of Canada (FCAC)**

<https://itools-ioutils.fcac-acfc.gc.ca/BP-PB/budget-planner>

The Budget Planner is an interactive online tool that helps you create a customized budget.

Financial Consumer Agency of Canada (FCAC)

<https://www.canada.ca/en/financial-consumer-agency.html>

The Financial Consumer Agency of Canada (FCAC) ensures federally regulated financial entities comply with consumer protection measures, promotes financial education and raises consumers' awareness of their rights and responsibilities.

Find a Food Bank - Food Banks Canada

<https://www.foodbanksCanada.ca/utility-pages/find-a-food-bank.aspx>

You can find a food bank near you by inputting your postal code on this website, and find resources to help.

Get Smarter About Money - Ontario Securities Commission (OSC)

<https://www.getsmarteraboutmoney.ca/>

This website contains financial education resources as well as many calculators and tools.

Office of Consumer Affairs (OCA)

https://ic.gc.ca/eic/site/oca-bc.nsf/eng/h_ca02207.html

The Office of Consumer Affairs (OCA) website provides information on consumer protection and money management.

SPENT - Urban Ministries of Durham

<http://playspent.org/>

This is a simulation style tool that will help you see what it is like to live below the poverty line and to have to make difficult decisions involving finances. An impactful exercise that simulates surviving on a tight budget. It is designed with American users in mind, but many aspects of the exercise are useful for Canadians.

Glossary

Handout 3-12

Balanced budget: A budget in which income and expenses are equal.

Budget: An estimate of the income and expenses of a person, a family or an organization, over a certain period of time.

Canada Pension Plan (CPP): Canada's government pension system. You pay a portion of your earnings to a fund that gives you income when you retire or become permanently disabled.

Deficit: The amount by which your spending exceeds your income (opposite of surplus).

Employment insurance (EI): A government program that provides temporary income assistance to individuals who have recently lost a job, while they look for employment. The EI program also provides short term support for people who fall ill, have a new baby, or need to care for a family member who is very ill.

Expense: Something you spend money on. This could be a good or service. A budget will have fixed and variable expenses.

Fixed expenses: Expenses that do not change much from month to month, such as rent and utilities.

Fixed income: An income that does not change each month, over an extended period of time. People living on income from sources such as social assistance, provincial disability or pension income are living on 'fixed income' when their level of financial assistance is the same each month.

Gross income: The amount of money you have earned before any deductions (such as EI or CPP).

Lifestyle: A way or style of living; your normal habits, pastimes, attitudes, standard of living, and so on.

Net income: This is the amount of money you take home, or take-home-pay. It is your gross income minus deductions.

Priority: Something that is more important than other things.

Receipt: A printed statement showing things you bought and the price you paid for them.

Savings: Money you have not spent or that you set aside for a special purpose.

Surplus: The amount by which your income exceeds your spending (opposite of deficit).

Variable expenses: Expenses that can change from month to month, such as food and entertainment.

Module 4:

Banking and financial services



Module

4

Banking and financial services



Overview

This module introduces participants to banks and credit unions and alternative financial services, also sometimes called fringe financial services. This module aims to make participants more aware of their options as they learn to compare the services offered. They explore the factors to think about when they choose a bank account. They go through the steps needed to open one.

People who do not use banks or credit unions, especially low-income households, may rely on the more costly alternative financial services (AFS) sector. These services include cheque cashing, payday lending, pawn shops, rapid tax refund services, and rent-to-own stores. The module explores these services and contrasts them to mainstream banking.

Objectives

Participants will:

- Learn about the structure and services of banks and credit unions
- Reflect on the range of bank account options and how to choose among them
- Understand their rights and responsibilities as banking consumers
- Compare and contrast mainstream banking with alternative or fringe financial services.

Module 4

Contents

1	Introduction to banks and credit unions	10 minutes
2	Bank accounts and services	20 minutes
3	Opening and managing bank accounts	10 minutes
4	Alternative financial services	15 minutes
5	Goal setting	5 minutes
		Total 60 minutes

Prep notes

- Read through the entire module
- Prepare copies of the participant handouts, activity sheets and materials for this session
- Post the 'Parking Lot' from last class. Be prepared to report on (or ask participants to report on) the results of any research done on the outstanding questions
- Prepare a new 'Parking Lot' for this class
- In Part 2, "Bank accounts and services", you have the option of using the Financial Consumer Agency of Canada Bank Account Selector Tool. To do so, set up a projector and a laptop with a connection to the Internet. Run through the use of the selection tool at least once. You can find the tool at:
<https://www.canada.ca/en/services/finance/tools.html>



Tip: You may choose to gather brochures from banks, credit unions and alternative or fringe financial services in your community. You can use these as 'props' when you talk about them in the workshop.

Introductions



Objective: Learn more about the structure and services of banks and credit unions.

Tools: Handout 4-1, Banks and credit unions
Handout 4-2, Deposit insurance at credit unions in different provinces
Flipchart, marker

Format: Large group discussion

Welcome

Welcome participants to the workshop. Share any housekeeping details such as workshop length, break times, washrooms, and cell phone etiquette.



Introduce the workshop topic

This workshop gives an overview of banks and credit unions and the services they offer. It will include how to open a bank account and choose the right account to match your needs. It will also look at services offered through the alternative or fringe financial services sector, such as cheque cashing and payday loans. It will compare these services to traditional banking services.



Activity: What do we already know?

1. On the flipchart, make two columns, labelled “Bank” and “Credit Union”.
Q: What financial institutions do you know about or use yourself?
2. Record the names of the institutions under the appropriate column, “Bank” or “Credit Union”. If there are no credit unions in your community, give examples of credit unions in your region or province.
3. Give each participant a copy of Handout 4-1, Banks and credit unions.
Review the main differences between them.
Q: Why do you bank where you do?
4. Give each participant a copy of Handout 4-2, Deposit insurance at credit unions in different provinces.



Key points

- Banks and credit unions are set up differently. The government also regulates them differently. Both are safe places to deposit and keep track of your money
- Having an account at a financial institution is essential for two reasons. It helps you build a solid base for good money management. It also enables you to create savings that grow
- If you have a good relationship with a bank or credit union, it makes financial transactions easier. They will also be less costly
- There are many reasons to choose a particular bank or credit union. It could be convenience (hours they are open, where the branch is), services they offer, languages spoken, number of bank machines around town, the cost of services, or the interest offered on deposits. Sometimes, we choose one simply because our parents or friends told us it was a good place to go
- Since there are many choices, it is a good idea to do some research. Find out about the 'account packages' and services they offer. Compare. That way, you will be sure you are getting the services you need at the lowest price.

Banks and credit unions

Handout 4-1

Banks and credit unions are places where you can safely deposit your money, cash your cheques, pay your bills, ask for a loan or credit card and use a variety of saving and investment tools. This chart explains the differences between banks and credit unions.

Banks	Credit unions
For-profit corporation	Co-operative financial institution. Primary commitment is to serve their members' financial needs.
Federally regulated by the Bank Act.	Provincially regulated, so there are differences between provinces.
Owned by its shareholders, shares sold on the stock market.	Membership allows you to vote. You can help govern the credit union through the Board of Directors or committees.
There is no membership requirement to open an account.	You must buy a share and become a member first to open an account.
There are both Canadian and foreign-owned banks operating in Canada.	Owned and governed by its members. The common bond of membership varies. It could be: religion, ethnicity, social interest, occupation, employment, or geographic area.
Up to \$100,000 deposit insurance through the Canada Deposit Insurance Corporation (CDIC). This insurance means you will get your money back if the bank goes bankrupt. It only covers deposit accounts, not investment products that go up and down in value. Insurance is per person, per financial institution. Joint accounts and registered plans are treated as separately insurable. See the Resources section for a website that lists all of Canadian and foreign banks covered by the CDIC insurance.	Deposit insurance varies by province. It ranges from \$100,000 to unlimited. It ensures you will get your money back if the credit union goes bankrupt. It covers only deposit accounts, not investment products that go up and down in value Insurance is per person, per financial institution. Joint accounts and registered plans are often treated as separately insurable. See the Handout 4-2 for a list of provincial credit union deposit insurance limits.

Deposit insurance at credit unions in different provinces

Handout 4-2

Province	Deposit insurance	Who is the insurer?
British Columbia	100% - unlimited	BC Credit Union Deposit Insurance Corporation.
Alberta	100% - unlimited	Alberta Credit Union Deposit Guarantee Corporation.
Saskatchewan	100% - unlimited	Saskatchewan Credit Union Deposit Guarantee Corporation.
Manitoba	100% - unlimited	Manitoba Credit Union Deposit Guarantee Corporation.
Ontario	Up to \$100,000 per person in unregistered deposits and 100% for registered plans.	Deposit Insurance Corporation of Ontario.
Quebec	Up to \$100,000 per person, per registered institution.	Autorité des marchés financiers.
Nova Scotia	Up to \$250,000 per person and an additional \$250,000 in registered plans.	Nova Scotia Credit Union Deposit Insurance Corporation.
New Brunswick	Up to \$250,000 per person and an additional \$250,000 in registered plans.	New Brunswick Credit Union Deposit Insurance Corporation.
Newfoundland and Labrador	Up to \$250,000 per person and an additional \$250,000 in registered plans.	Newfoundland and Labrador Credit Union Deposit Guarantee Corporation.
Prince Edward Island	Up to \$125,000 per person and an additional \$125,000 in registered plans.	PEI Credit Union Deposit Insurance Corporation.

Useful websites:

Canadian Deposit Insurance Corporation

<http://www.cdic.ca/>

Financial Consumer Agency of Canada

<http://www.fcac-acfc.gc.ca/>

Canadian Bankers Association

<http://www.cba.ca/>

Ombudsman for Banking Services and Investments

<http://www.obsi.ca/>

ADR Chambers Banking Ombuds Office

www.bankingombuds.ca

Bank accounts and services



Objective: To look at the range of bank account options and how to choose among them.

Tools: Activity Sheet 4-3, Banks & banking services quiz
Handout 4-4, Bank accounts and services
Handout 4-5, Choosing a bank and choosing an account
Flipchart, pen

Format: Pair activity, large group discussions



Introduce the topic

In Canada, everyone has the right to open a basic savings account, as long as:

- You have identification that the bank will accept and,
- You are not suspected of or convicted of fraud.

With so many banks and account options, trying to decide which ones are right for you can be a challenge.



Activity: Quiz

1. Split the group into pairs and give each person Activity Sheet 4-3, Banks & banking services quiz.
2. Give them a few minutes to discuss and answer the questions.
3. Review the answers as a large group.

Answers: 1-G, 2-D, 3-H, 4-F, 5-B, 6-E, 7-C, 8-A



Activity: Types of accounts

1. On a flip chart, draw two columns labelled “Savings” and “Chequing”.
2. Review the characteristics of the two most common types of accounts. Ask participants to share the main characteristics of each.
3. Give each participant a copy of Handout 4-4, Bank accounts and services.
4. Review the key points not already covered.

**Activity: Choosing a bank and choosing an account**

1. Write “Choosing” on a flipchart.
2. Ask the group to brainstorm all of the factors that they would think about when choosing a bank and an account. Record them on the flipchart.
3. Give each participant Handout 4-5, Choosing a bank and choosing an account.
4. Review any key points not yet covered.

**Key points**

- Banking services can offer convenient ways to manage your money
- Different financial institutions offer different account packages
- Look at the details of the account packages and choose one that earns the best interest and has the best fees for the services you need.

**Optional Activity: Selector tool**

If you have access to a projector, lap top, and the Internet, show how to use the Banking Selector Tool.

<https://itools-ioutils.fcac-acfc.gc.ca/STCV-OSVC/acst-osco-eng.aspx>

Banks and banking services quiz**Activity Sheet 4-3**

In pairs, match the items in column A to column B:

Column A	Column B
1. An automatic way to pay bills or transfer funds for investments to another account on an on-going regular basis (usually monthly).	A. Direct deposit
2. A card that allows you to access money electronically.	B. Chequing account
3. Account for low service and transaction fees.	C. Interac e-transfer
4. An arrangement you make with your bank to move money regularly from your chequing to savings account.	D. Debit card
5. Account for day-to-day transactions.	E. Not Sufficient Funds (NSF) fee
6. Name of fee charged if you write a cheque and there is not money in your account to cover it.	F. Automatic savings program
7. Send or receive money to another person's account using online or mobile banking and the Interac network.	G. Preauthorized debit
8. Service that allows your employer to deposit your pay into your account.	H. No-fee or low fee

Bank account and services

Handout 4-4

Savings account

This type of bank account can be used to set money aside for short to medium-term savings. You may have a debit card for the account as well. This will allow you to make deposits, withdraw cash, pay bills, pay for purchases using Interac, move money between accounts, and check your balance.

Interest:

- The bank pays you interest on your deposits. The amount you earn depends on the bank and the type of savings account you choose
- Sometimes, banks pay higher interest when there is a larger amount of money in the account
- Some banks will pay more interest if you keep a certain amount of money, called a minimum balance, in your account
- The interest is low compared to other types of investments. Savings accounts are good for short to medium-term savings needs

Fees:

- Savings accounts can come with a limited number of free transactions. After that, there are fees for using your debit card, making a withdrawal, and paying bills
- You may be charged fees for receiving a paper bank account statement
- There are fees for using a bank machine if it does not belong to your own bank. These fees can really add up
- Service fees vary a lot between banks and account types. Make sure to choose the best option for you so you don't pay for services you don't need

Chequing account

This type of bank account is used for everyday banking and bill paying. The bank will supply you with a debit card. Some accounts charge a fee for paper cheques which have to be ordered online or in person. The cost of a booklet of cheques is decided by the bank, and can depend on the number of cheques and their style.

Interest:

- You may not earn any interest with a chequing account
- If you do earn interest, the percentage will be very low, or the bank may require you to have a high minimum balance in the account.

Bank account and services

Handout 4-4 (continued)

Fees:

- At some financial institutions, chequing accounts are free or low cost for certain groups, such as a youth, students, seniors, or people with disabilities. The account may have some restrictions, so be sure to ask about these details
- Fees are often charged under a package rate for a certain number of transactions per month. There are extra charges when you go over
- You may have the option of a flat rate fee for unlimited transactions
- Some chequing accounts are free or they may only be free if you keep a minimum balance in your account
- If you write a cheque and there is not enough money in your bank account to cover it, you will be charged a Not Sufficient Funds (NSF) fee of around \$40 - \$50
- Some accounts offer over draft protection to cover shortfalls in your account. You will need to be approved for this and will likely pay a fee, plus interest when you use it

Account services

For either kind of account, your bank or credit union may offer:

- Telephone and internet banking
- A debit card for ATM access and retail purchases
- Direct deposit of government cheques or your paycheque
- Preauthorized or automatic bill payments
- Preauthorized or automatic transfers to savings

Other services

Banks and credit unions can provide other convenient services such as:

- Mortgages, personal loans, or student loans
- Credit cards
- Free cashing of federal government cheques
- Money orders and certified cheques
- Wiring money
- Overdraft protection
- E-transfers
- Financial advice
- Spending/budgeting apps

Choosing a bank and choosing an account

Handout 4-5

Where and when do you want to bank?

- What hours will you be able to do your banking?
- What are the bank's hours?
- Do you want a bank that is close to your work? Close to your home?

How do you want to bank?

- Would you prefer to bank in person, over the telephone, or online?
- Do you want to deal directly with a bank teller or would you prefer to use automated banking machines (ABMs)?

What kind of services will you need?

- Will you mostly deposit and withdraw money?
- Do you plan to save money at your bank?
- Do you want to write cheques?
- Do you need to take out loans or apply for credit?

What are the fees and interest rates?

- Once you have decided on the services you need, start comparing the accounts, interest rates and fees among banks.
- What are the fees for the services you need?
- How much interest can you earn on your deposits?
- Is there a minimum balance you must keep in your account?
- Shop around and compare the options at different banks. This is the best way to make sure you get the bank account that fits your needs.

The Banking Selector Tool

A good resource to help you get started is the Financial Consumer Agency of Canada. They have an online tool that can help you figure out which account is best for you. You can find it at:

<https://itools-ioutils.fcac-acfc.gc.ca/STCV-OSVC/acst-osco-eng.aspx>



Opening and managing bank accounts

Objective: To learn about the rights and responsibilities of a banking consumer opening an account.

Tools: Handout 4-6, Opening a bank account
Handout 4-7, What are my rights?

Format: Large group discussion



Introduce the topic

We have explored the process of choosing a bank account. Here are some steps to keep in mind when opening an account.



Activity: Opening a bank account

1. Give each participant a copy of Handout 4-6, Opening a bank account and Handout 4-7, What are my rights?
2. Review the handouts as a large group.



Key points

- Bring the right identification with you.
- Prepare a list of your banking needs. Come with a set of questions to ask.
- If you are refused an account, ask the bank to put it in writing. Report it to your bank's ombudsman, or the Financial Consumer Agency of Canada.

Note:

If you have a complaint about your account, ask the bank for its complaint process. Follow the bank's process. If your complaint is still not resolved, contact the Ombudsman for Banking Services and Investments (OBSI) or if you are a Royal Bank of Canada or TD Bank Group customer you can contact ADR Chambers Banking Ombuds Office. The contact information is listed in the Resource Section of this module.

Opening a bank account

Handout 4-6

- 1. Decide which services you want.** The FCAC Bank Account Selector tool can help you decide.
- 2. Choose a bank.** Pick a bank that has a location and hours that are good for you, with all the services you want.
- 3. Make an appointment to go to the bank in person.** If you are under 18, you must take your parent or guardian.
- 4. Review the account options.** Make sure to ask them about services, interest rates, and service fees.
- 5. Complete the papers needed to open an account.** Make sure that you bring the right identification (ID).
- 6. Consider opening an account online.** Check the bank's website for instructions on how to open an account online.

What kind of ID do I need?

You have three options:

1. You can show two pieces of ID from List A below
or
2. You can show one piece of ID from List A and one piece of I.D. from List B
or
3. You can show one piece of ID from List A and have someone the bank knows confirm your identity.

List A	List B
<ul style="list-style-type: none"> • Canadian driver's license • Current Canadian passport • Birth certificate issued in Canada • Social Insurance Number (SIN) card • Old Age Security card • Certificate of Indian Status • Provincial or territorial health card (except in Manitoba, Ontario or PEI) • Certificate of Canadian Citizenship or Certification of Naturalization • Permanent Resident card or Citizenship and Immigration Canada form IMM 1000, IMM 1442, or IMM5292 	<ul style="list-style-type: none"> • Employee ID card • Debit card or bank card with your name and signature • Canadian credit card with your name and signature • Current foreign passport • Canadian National Institute for the Blind (CNIB) client card with your photo and signature

What are my rights?**Handout 4-7****You have the right to open a bank account, even if:**

- You don't have a job
- You don't have money to put in the account right away
- You have been bankrupt.

When can the bank refuse to give me an account?

- A bank can legally refuse to open an account for you if:
- You cannot show the right identification
- The bank thinks you will use the account to break the law
- You committed a crime against a bank in the past 7 years
- The bank thinks you gave false information when applying for the account
- The bank thinks that opening the account might bring harm to its customers or staff
- You do not agree to let the bank do a check on you about the things above
- The request was made at a branch or a point of service where the only accounts offered are those linked to another financial institution.

What if I think the bank was wrong to refuse me an account?

If the bank refuses to give you an account, the law says they must give you a letter stating this fact. The letter informs you of your right to contact the Financial Consumer Agency of Canada (FCAC). You can call the FCAC toll-free for help at 1-866-461-3222, or find out more at:

<https://www.canada.ca/en/financial-consumer-agency/corporate/contact-us.html>

What if I have an account, and the bank makes a mistake on it?

If you have a complaint about how the bank has handled transactions on your account, take these steps to resolve your complaint:

1. Speak to a customer service representative at your branch.
2. Write a letter to the branch or area manager.
3. Write a letter to the bank's internal Ombudsmen.
4. Call the Ombudsman for Banking Services and Investments (OBSI), toll-free at 1-888-451-4519 or ADR Chambers Banking Ombuds Office, toll-free at 1-800-941-3655 (For RBC and TD Banks).

Alternative/fringe financial services



Objective: To explore alternative or fringe financial services and compare them to traditional banking.

Tools: Handout 4-8, Alternative financial services
Activity Sheet 4-9, Comparing alternative financial services to banking services

Format: Large group discussion, two group activities, large group discussion



Introduce the topic

Alternative or fringe financial services are outside the traditional banking system. They include:

- Cheque-cashing outlets
- Payday loan companies
- Rapid-refund tax services
- Pawn shops
- Rent-to-own or lease-to-own programs.

These services often target low-income earners and people who do not have a bank account. They are used by people who need fast access to cash or credit.



Activity: Stories about using an alternative or fringe financial service

1. Write down the types of services listed above on a flipchart.

Q: Does anyone have a story to share about someone using any of these services?

Q: Does anyone know how they work?

2. Give participants Handout 4-8, Alternative financial services.
3. Review any key points not covered in the group discussion.



Activity: Reasons to use

Q: Given the higher cost of many alternative financial services, why do people use them?

1. Split participants into two groups.
2. Give them Activity Sheet 4-9, Comparing alternative financial services to banking services.
3. Ask one group to brainstorm the reasons that someone might choose to use alternative financial services. Ask the other group to brainstorm the reasons why they might choose to use mainstream bank services.



Tip: You can also set up this activity as a debate.

Process the exercise

Ask each group to share their answers, record them on a flip chart, and discuss as a large group



Key points

Alternative financial services:

- No holds on paycheques, able to access money when needed
- Convenient hours and locations
- Able to get credit despite a bad credit history or no credit history

Mainstream banking services:

- Money is secure and protected
- Strictly regulated
- Free services
- Lower service fees
- Lower interest charges on loans
- Able to save money and earn interest
- Other services such as cheques, direct deposit, automatic bill payments, online or telephone banking, debit cards

MODULE

4

Alternative or fringe financial services

Handout 4-8

Alternative or fringe financial services are outside of the traditional, regulated banking system. They do not take deposits like a bank or credit union. These services often target low-to-moderate income earners who need fast access to cash or credit, and can result in much higher fees being paid for the service than the equivalent mainstream or community services.

The use of these services has become more common in Canada. Increasing use of alternative or fringe financial services is concerning, since it can be a very expensive way to borrow. Some examples of alternative or fringe financial services are:

Cheque-cashing outlets

These are places you can go to cash cheques if you do not have a bank account. They usually charge a percentage of your cheque, plus a service fee.

Example: On a \$1,000 cheque, they could charge a 3% fee (\$30) plus a \$3 service fee, for a total charge of \$33. EXPENSIVE!

Payday loans

A payday loan is a short-term loan of two to four weeks against your next paycheque.

Payday loans are offered by private lenders and cheque-cashing outlets.

You can usually borrow up to 50% of your next paycheque amount. To get the loan, you must:

- Show proof of income, such as a month or two of pay stubs
- Show proof of your identity
- Give the lender a post-dated cheque or permission to take the money from your bank account.

Payday loans are very expensive ways to borrow money. There are many high service fees and interest charges. These get even higher if you do not pay the loan back on time. And you may not be able to avoid paying the interest – there could even be fees for paying the loan back early!

The average fee for a two-week, \$300 loan is over \$60. If you work that out to a yearly interest rate, it is 520%.

Make sure you review the loan agreement and understand its terms before you sign it.

Keep a copy for yourself.

Alternative or fringe financial services

Handout 4-8 (continued)

Rapid-refund tax services

These are services you can use to file your income tax return. They claim to provide “instant refunds”, but these are not tax refunds. They are really expensive loans.

There are high fees for these services. There are preparation fees, electronic filing fees, cheque-cashing fees, and loan charges. These fees can add up to hundreds of dollars.

You get the refund amount right away, less the fees and charges. The government sends your refund to the tax service, and that pays off your loan.

If the government denies your tax refund, or if it is smaller than expected, you still have to pay back the loan to the tax service.

Pawn shops

Pawn shops loan cash in exchange for valuable objects, such as jewellery and electronics. These objects are called “collateral” for a loan. If you repay the loan, you get the object back. If you don't, the pawn shop keeps the item and sells it to someone else.

You will need to show identification. The pawn shop may run a check to see if the item has been reported stolen.

Pawn shops often charge high interest and fees. They are also holding your collateral, although the loans they provide are a fraction of the true value of the object.

Rent-to-own programs

These are programs that allow people to purchase household items (such as electronics, appliances, or furniture) by paying a weekly fee.

There may be a charge for setting up a rental plan, a damage deposit, an insurance fee, a buy-out fee, and a cancellation fee. The interest rates are high. They can work out to as much as 28 - 40% a year. That means that by the time you pay it off, the total cost of the item can be two to six times higher than the original cost.

If you miss a payment, you may have to return the item to the store, or it may be taken away. When this happens, you may lose any payments you made so far.

4

Activity Sheet 4-9

List the reasons for using the services that your group was assigned.

[illegible]

Goal setting



Objective: To set a goal related to banking and financial services.

Tools: Activity Sheet 4-10, Goal Setting
Handout 4-11, Resources (optional)
Handout 4-12, Glossary (optional)

Format: Individual activity



Activity: Goal setting

1. Give each participant a copy of Activity Sheet 4-10, Goal setting.
2. Ask them to set at least two goals for their knowledge and use of banking services.
3. Remind them that setting a goal with a deadline will help them put what they have learned in the workshop into action.
4. Link the banking information with the budgeting module.
Q: Are there changes you would make to the accounts you chose that would better support your budgeting goals?
5. Handout 4-11, Resources and Handout 4-12, Glossary are optional.

Wrap-up

- Finish the workshop session by thanking the participants.
- Confirm the date and time of the next workshop.

MODULE

4

Goal setting

Activity Sheet 4-10

Take a few minutes to reflect on how this workshop relates to your life.

Set one or two SMART goals for your use of banks and alternative financial services.

Example:

Goal: Review my bank account for ways to improve service and reduce fees	
	When?
Tasks:	
• Review my bank statement for fees	By Friday
• Look on my bank website for information about my account	On the weekend
• Use the Bank Account Selector tool to compare account options at other banks	
• Ask customer service at my bank to suggest ways to reduce my fees	Monday

1. Goal:**Tasks:**

When?

2. Goal:**Tasks:**

When?

Resources

Handout 4-11

[Account Comparison Tool](https://itools-ioutils.fcac-acfc.gc.ca/STCV-OSVC/acst-osco-eng.aspx) - Financial Consumer Agency of Canada (FCAC)

<https://itools-ioutils.fcac-acfc.gc.ca/STCV-OSVC/acst-osco-eng.aspx>

Online tool to help you compare chequing and saving accounts.

[Acorn Canada](http://www.acorncanada.org)

www.acorncanada.org

ACORN (Association of Community Organizations for Reform Now) Canada is an independent national organization of low- and moderate-income families. Their website contains a series of reports on the payday lending industry in Canada.

[ADR Chambers Banking Ombuds Office](https://bankingombuds.ca/)

<https://bankingombuds.ca/>

Offers fair and impartial dispute resolution for RBC, TD and DirectCash Bank customers. Can also be contacted via their toll-free number: 1-800-941-3655

[Bank of Canada](http://www.bankofcanada.ca)

www.bankofcanada.ca

Information on Canada's national bank. Look for unclaimed bank balances here, find out the Bank of Canada interest rate and lots of information about our financial system.

[Canadian Bankers Association](http://www.cba.ca)

www.cba.ca

The Canadian Bankers Association exists to promote an understanding of the banking industry in Canada. They provide information and research about the banking system and financial consumer issues.

[Canadian Credit Union Association](https://www.ccuca.com/)

<https://www.ccuca.com/>

The national voice of the credit union system. Includes information on the credit union model and a locator for credit unions in your community.

[Canadian Deposit Insurance Corporation \(CDIC\)](http://www.cdic.ca)

www.cdic.ca

Information on how our money in Canadian banks is insured against bank failures.

[Newcomer Finances Toolkit](https://loanfund.aridesign.ca/fr/newcomer-finances-tool/) - Ottawa Community Loan Fund (OCLF)

<https://loanfund.aridesign.ca/fr/newcomer-finances-tool/>

The Ottawa Community Loan Fund created a Newcomer Finances Toolkit with information on banking, credit, and other financial topics.

[Ombudsman for Banking Services and Investments](http://www.obsi.ca)

www.obsi.ca

Offers fair and impartial dispute resolution between participating banking service and investment firms and their customers.

Glossary

Handout 4-12

Account: What you set up at a bank or credit union for depositing, withdrawing, borrowing or investing money. There are two kinds of accounts: savings and chequing.

Account statement: A record you receive monthly of all of your banking transactions (i.e. deposits, withdrawals, transfers).

Annual percentage rate (APR): The rate of interest charged on a loan each year, including any fees. This calculation helps borrowers compare rates.

Automated teller machine (ATM): A machine you use to do banking with an electronic (debit) card. This is also called an automated banking machine (ABM).

Balance: The amount of money in a bank account. Can also refer to a budget where the income and expenses are equal (balanced budget).

Bank: A financial institution that takes deposits, lends money and provides other financial services.

Banking fees: Fees charged to customers for banking services.

Canada Deposit Insurance Corporation (CDIC): A corporation set up by the federal government. They provide insurance to protect money deposited in Canadian financial institutions.

Cheque: A cheque is a printed form on which you write an amount of money and who it is to be paid to. Your bank then pays the money to that person from your account.

Chequing account: An account at a bank or credit union that allows the account holder to write cheques.

Credit union: A financial institution that is owned by its depositors and borrowers. Credit unions are similar to banks but have different systems of ownership and governance. They are member-owned co-operatives.

Debit card: A card that lets you transfer money electronically from your account to pay for something you buy. It is also used to deposit money into an account.

Deposit: Money held in an account at a bank, credit union, or trust company.

Deposit insurance: An insurance plan to protect the money you deposit in a bank, credit union or trust company (see Canada Deposit Insurance Corporation).

Financial institution: A bank, trust company, credit union or other institution that offers financial services such as savings and chequing accounts, loans, credit cards, and investments.

Overdraft: This happens when money is withdrawn from a bank account and the available balance goes below zero. Typically this results in an additional fee on your account.

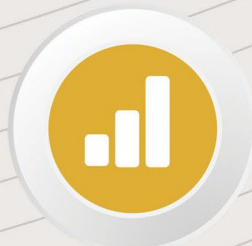
Overdraft protection: A pre-arranged limit a customer can borrow from the bank when their balance goes below zero. There may be fees and interest charged for this protection.

Personal identification number (PIN): A confidential number you use to confirm who you are at a bank machine, computer or phone system.

Savings account: An account with a bank or credit union that pays interest on the money you deposit.

Withdraw: To take money out of an account.

Module 5: Saving



Module 5

Saving



Overview

This module introduces the practice of setting savings goals. Participants learn how to make a savings plan and choose the right savings tools. They will reflect on the difference between their wants and needs. They will look at their own spending habits to find places where they can save. They learn the concept of compound interest and its role in seeing their savings grow. They also learn the basics about a range of common savings tools and how they relate to savings goals. They will be introduced to investing, the different types of investment options, and explore planning for old age. They will also learn about different types of investment support available to them.

Objectives

Participants will:

- Learn and practice the process of setting savings goals
- Look at approaches to saving and how to apply them in their lives
- Explore the concept of compound interest
- Learn about a range of common savings tools and their uses
- Learn the basics of investing and investment tools
- Explore options for planning for old age
- Learn about saving and investment support available to people

Module 5

Contents

1	Setting savings goals	15 minutes
2	Needs and wants	25 minutes
3	Finding money	10 minutes
4	Compound interest	5 minutes
5	Savings and investing tools	20 - 45 minutes
6	Planning for old age	10 minutes
7	Saving and investment support	5 minutes
8	Goal setting	10 minutes

Total 100 - 125 minutes

Prep notes

- Read through the entire module
- Prepare copies of the participant handouts, activity sheets and materials for this session including a few calculators
- Post the 'Parking Lot' from last class. Be prepared to report on (or ask participants to report on) the results of any research done on the outstanding questions
- Prepare a new 'Parking Lot' for this class.



Tip: The section on savings tools in this module may be covered by inviting a volunteer from a financial institution as a guest speaker. Allow for a longer period of time so participants can ask questions of your expert. Clarify with your guest that their presentation should focus on education, not product sales. Give them Handout 5, Savings tools in advance to help them understand the intended scope and depth of the discussion.

If you choose to facilitate the savings tools section yourself:

- Prepare by reading through the handout
- Look at any resources that interest you further. You will also rely on the experience and knowledge of the participants in the room
- 'Park' any questions you are unable to answer and assign someone to the research.

Note: This section is meant as an introduction to a range of savings tools. It does not go in depth on any one of them. The session is not meant as personal advice on which tool to use.

Setting savings goals



- Objective:** To learn how to set a savings goal.
- Tools:** Activity Sheet 5-1, Setting savings goals, calculators
- Format:** Large group discussion, individual activity, pairs activity

Welcome

Welcome participants to the workshop. Share any housekeeping details, such as workshop length, break times, washrooms, and cell phone etiquette.



Introduce the topic

This workshop is a chance to look at the benefits of saving money and how to do it. Saving money toward our goals is a key part of good financial management. It can be a challenge to find the money to save, and to know the best place to save it. We will look at a range of savings tools and match them up with different savings goals.

Q: Why do people save money?

Q: Does anyone here save on a regular basis?

Q: Are you saving for a specific goal?

Q: What ideas do you have for saving money and spending less?

Suggestions for saving:

- Stick to your budget
- Coupons
- Put all of your coins in a jar at the end of the day
- Automatic saving program at your bank
- Shop for things on sale/comparison shop
- Make your coffee or lunch at home
- Ride your bike instead of taking the bus
- “Pay yourself first”

When sharing tips in your workshop, recognize that everyone has a different approach to saving. It can depend on income level, budget and life situation. Start with the group’s experience, then build on what they know by presenting more options for them to consider. Invite learners to apply the information by selecting the one that would work best for them.

**Activity: Setting savings goals**

1. Split participants into pairs.
2. Give each participant a copy of Activity Sheet 5-1, Setting savings goals.
3. Go over the goal setting steps on the handout.
4. Invite participants to set one or more savings goals, using the steps.
5. Encourage them to start small to provide themselves with an experience of success. Remind them of the SMART goals strategy.
6. Once they have set an individual goal, ask them to share it with their partner. Each pair should give and receive ideas and support for success.

Key points

- Most people would like to save more of their money
- Some of us save regularly. Some of us save when we can. And some of us feel like there is never enough left over to save
- Without a plan, trying to save money can feel stressful and overwhelming
- Once you set a savings goal, you can create a savings plan that will help you achieve it
- Pay yourself first is a way to be sure your goals are a priority and a way of 'forcing yourself' to save. Put a percentage of your earnings directly into your savings account. You may want separate accounts for different goals!

Goal setting steps

Activity Sheet 5-1

1. Define a couple of concrete goals for the medium term (this year) or longer term (beyond a year).
If you have a family, discuss your goals so that you can work together to achieve them.
2. Research options. Shop around and talk to other people who have made a similar purchase.
Are there any other costs involved?
3. Decide when to achieve the goal. That is your “timeframe”.
4. Figure out how much to save each month. Use the chart below.
5. ‘Reality check’. Can you afford to save this amount? If not, make adjustments. You may need to increase your savings time frame. Or, look for ways to decrease your monthly expenses or increase your income. You might also have to decide which goal is more important to you and plan to save for that first.
6. Set up a system. Pay yourself first with an automatic transfer to a savings account, put all your change in a jar or round up your debit card purchases and have the bank deposit into a savings account. Find a system that works for you.
7. Write it down. Make a personal commitment toward saving for your goal.
8. Problem solving. Think about what might get in the way of saving for your goal. Use the chart to write down the possible problems and how you might solve them.

Goal	Cost	Time frame	Monthly savings
Total monthly savings needed			

My personal commitment:

I will save \$_____ a month toward my goals.

What might get in the way of saving?	Possible solutions

Needs and wants



- Objective:** To learn the difference between needs and wants.
To find out where the opportunities for saving might be in our lives.
- Tools:** Activity Sheet 5-2, Needs and wants
Flipchart, marker
- Format:** Small group activity, facilitator led



Introduce the topic

The biggest challenge to saving money is coming up with the money to save. We would all like to have more money to save for future goals, but where will this money come from?

Here is a simple first step we can take toward saving. We can begin to think about our NEEDS and our WANTS, and to understand the difference between the two.

Q: What is the difference between a “need” and a “want”?



Key points

- A need is something we can't live without
- A want is something we would like to have. It may make our lives more comfortable, convenient, or fun, but we can survive without it
- We might think of certain things as being needs, but when we take a closer look, we might find we could easily live without them. This makes us aware of the choices we can make in light of our goals. It creates a new savings opportunity!

Activity: Needs and wants



1. Split participants into groups of 3 or 4.
2. Give each group one copy of Activity Sheet 5-2, Needs and wants.
3. Ask each group to list some of the things they have spent money on in the last two weeks.
4. Ask them to decide, as a group, which items are needs and which are wants.



Tip: You can also format this as an individual activity. Do this if you think there may be resistance to sharing personal details in the group.

Process the exercise

Ask each group (or the participants as a whole) for some examples of purchased items and whether they listed them as a need or a want. Record the answers on a flip chart and discuss them as a large group.

Q: Was it clear which items were needs and which were wants?

Did all group members agree?

Q: If not, which items were you unsure about?

Q: Has the way you see 'needs' and 'wants' changed in any way? If so, how?

Q: What has this activity shown us about our spending choices?



Key Points

Needs and wants will not always be the same for everyone. We cannot be a good judge of someone else's spending.

What is important is that you are able to tell apart your own needs and wants. Then you can make decisions about what you can live without so that you can save money for your goals.

In your workshop...

As a facilitator, you can provide participants an opportunity to consider their own needs and wants and reflect on their spending choices in a non-judgmental environment. You could do this by showing pictures of different needs and wants and facilitating a discussion around them

Needs and wants

Activity Sheet 5-2

List some of the things you have spent money on in the last two weeks. Which items are needs and which are wants?

Item	Need	Want

Q: Was it clear which items were needs and which were wants? Did all group members agree?

If not, which items were you unsure about?

Q: Has your perspective on needs and wants changed in any way? If so, how?

Finding money



Objective: To look for savings opportunities by calculating how much participants spend on certain items every month.

Tools: Activity Sheet 5-3, Finding money
Enough calculators for the group to share

Format: Individual activity, large group discussion



Introduce the topic

Q: Has anyone ever found money? How does it make you feel when you do?

The next activity is not about finding money on the street or in the pocket of a coat you haven't worn in a while. It is about looking at the things we regularly spend money on. By cutting back on some of these items, we can find opportunities to save money for our goals.

We are often surprised at how the little things add up when we look at our daily expenses.



Activity: Finding money

1. Give each participant a copy of Activity Sheet 5-3, Finding money.
2. Ask them to list the things they spend money on regularly.
3. Ask them to note how much each of these things cost.
4. Have participants calculate how much these items cost them each month.

Q: Are these items wants or needs?

Q: Were you surprised at how much some items added up to in a month?

Q: Does the urge to buy something in the moment distract you from saving for your goals? This is called 'impulse buying'.

Q: Can you think of any ways to control impulse buying?

Q: Can you think of any ways to reduce the cost of some of these items?

Q: What are some changes you can make to your spending habits?

Q: Is there anything you are willing to "trade-off" or give up so you can "find money" for your savings goal?

Trade-off – A way to satisfy a need or want in a less expensive way. E.g., buy a jacket on sale or from a thrift shop or brew your coffee at home instead of buying it.

Finding money

Activity Sheet 5-3

Use this chart to list some of the things that you buy a lot. Note how often you buy them in a month. Put down how much they usually cost ("average price"). Then figure out how much you spend on them in a month.

Here are some examples of things that people often buy:

- Public transit fare or parking
- Magazines and newspapers
- Streaming subscriptions
- Long distance calls
- Convenience food, snack food, meals out
- Gas
- Coffee
- Downloading apps or music
- Clothes or personal items
- Cigarettes and alcohol

Things I buy often	How often I buy them	Average price	Cost per month
Total			

How to convert to a monthly cost:

If amount is:	Then:
Weekly	Multiply by 4.33
Every two weeks	Multiply by 26 and then divide by 12
Twice a month	Multiply by 2
Four times a year	Divide by 3
Twice a year	Divide by 6
Once a year	Divide by 12

Compound interest



Objective: To learn the concept of compound interest and explore how it works to grow money overtime.

Tools: Handout 5-4, Compound interest

Format: Large group activity and discussion



Introduce the topic

When it comes to growing your money there are many choices. The first is around what to do with your money, or where to put it.



Activity: Compound interest

1. Give participants Handout 5-4, Compound interest.
2. Review the information as a large group. You can read the information or have one of the participants read it out loud.



Key Points

- Participants with a savings goal may choose to put their savings in an interest-bearing account where it can grow into more money
- Interest is the amount paid by a borrower to a lender for the use of their money. When we put our money in a savings account, we are lending our money to the bank. In return, the bank pays us interest for the use of the money
- The money we put in our savings account is called a deposit. The interest that the bank pays on the deposit is usually based on a yearly rate. The rate is a percentage of the money. For example, the bank might decide to pay us 2% every year on the amount we deposit in our savings account
- Simple interest is the interest we earn on money we deposit. With simple interest, we earn the same amount of interest on that money every year
- Compound interest is when the bank pays interest into the savings account after a year, and then starts paying interest on the money we put in plus the interest we earned. With compound interest, the interest we earn grows every year, even if we do not make more deposits
- Although it may not seem like it in the short term, compound interest can make a big difference to our savings over the long term. The earlier we start saving, the more we can use compound interest to make our money work for us. And, just like other forms of saving, a little bit can turn into a lot!

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Compound interest

Handout 5-4

Interest

- When we put our money in a savings account, we are lending our money to the bank. The bank pays us interest for the use of our money.
- Interest is a percentage of the money, usually based on a yearly rate.

Simple interest

- The bank pays the same amount of interest every year, as a percentage of the money we put in.

Compound interest

- The amount of interest we earn grows each year because the bank pays interest on what we put in, plus the interest we earned. Of course, it grows even faster if you keep putting more money in!
- Compound interest can make a big difference to our savings over the long term. The earlier we start saving, the more compound interest helps our money grow. A little bit can turn into a lot!

Example:

You have \$10,000 to invest for 3 years in a guaranteed investment certificate (GIC) that earns 2.5%, compounded annually (meaning your return is added to the investment at the end of each year).

Here's what happens in the 3 years:

Year – Starting balance \$10,000	Value at the start of the year	Interest earned	Investment value at the end of the year
1	\$10,000.00	\$250.00	\$10,250.00
2	\$10,250.00	\$256.25	\$10,506.25
3	\$10,506.25	\$262.25	\$10,768.90

* figures in table can be calculated using the compound interest calculator on the Ontario Securities Commission website www.getsmarteraboutmoney.ca

**Activity: Enzo and Tess**

1. Give each participant a copy of Activity Sheet 5-5, Enzo and Tess.
2. Ask a participant to read the two scenarios out loud and ask the question.
Q: Who do you think will have more money at age 65?
3. Ask the group to vote, using a show of hands, who they think has more money at age 65, Enzo or Tess.

Process the exercise

Enzo and Tess both made an initial investment of \$3,000 at a compound rate of 5%. Their money grew until they retired at age 65, but Enzo's savings had grown to \$12,965.83 whereas Tess's savings had grown to \$7,959.89. Why did Enzo's savings grow so much more? Because he started early!

**Key points**

- The amount of money you earn with compound interest depends on the interest rate and the length of time the money is invested
- We can see the tremendous power of time. The earlier you start saving, the less you will have to save over time and the more you will earn in interest
- Start saving today!

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Enzo and Tess

Activity Sheet 5-5

- Enzo started saving at age 35. He made an initial investment of \$3,000 at 5% compound interest rate. His money kept growing for 30 years, until he retired at age 65.
- Tess started saving at age 45. She made the same initial investment of \$3,000 at the same compound interest rate as Enzo. Her money kept growing for 20 years, until she retired at age 65.

Q: Who do you think will have more money at age 65?

1. Enzo
2. Tess
3. Both Enzo and Tess have the same amount



Enzo

Age at contribution	<u>35</u>
Initial contribution	\$3,000
Years to grow	30
Compound interest rate	5%
Total accumulated value at age 65	\$



Tess

Age at contribution	<u>45</u>
Initial contribution	\$3,000
Years to grow	20
Compound interest rate	5%
Total accumulated value at age 65	\$

(Assumptions: Initial contribution made at the beginning of the year, interest compounded annually at a 5% rate of return. No additional contributions made.)

Calculations made using:

<https://www.getsmarteraboutmoney.ca/calculators/compound-interest-calculator/>

Savings and investing tools



Objective: To learn about a range of common savings tools and their relation to goals.

Tools: Handout 5-6, Introduction to saving and investing

Handout 5-7, Savings and investing tools (basic)
Handout 5-8, Savings and investing tools (detailed)
Activity Sheet 5-9, Savings tools quiz Flipchart, pens

Format: Large group discussion



Introduce the topic

There are many tools for saving and investing to choose from. This section gives you a basic overview of some of the most common tools. These include:

- High interest savings accounts
- Guaranteed Investment Certificates (GICs)
- Stocks and bonds
- Mutual funds
- Exchange traded funds (ETF)
- Registered Retirement Savings Plans (RRSP)
- Registered Education Savings Plans (RESP)
- Tax-Free Savings Accounts (TFSA)

This section also covers the benefits of saving and the basics of investing.



Tip: Choose from the activity options below, depending on the knowledge, interest, and comfort level of your group. There are two handout options. One covers the basic information and the other provides more in-depth information. You may also choose to have a volunteer guest speaker from a financial institution who can give an overview of these tools. But make sure they are sensitive to the dynamics of your group. Some people may be hesitant to think about saving or investing as they are struggling to make ends meet.



Have participants experiment with various numbers that are realistic for their current situation using the OSC compound interest calculator.

<https://www.getsmarteraboutmoney.ca/calculators/compound-interest-calculator/>

Have participants take the Investor Readiness Quiz to help them determine what their next steps might be if they are considering investing.

<https://www.getsmarteraboutmoney.ca/tools/investor-readiness/>

Activity: Savings tools

Option 1: (Use with groups who have little or no knowledge of the savings tools.)

1. Give each participant a copy of Handout 5-6, Introduction to saving and investing; Handout 5-7 Saving and investing tools (basic); and Handout 5-8 Saving and investing tools (detailed).
2. Review the information as a large group.
3. Ask questions that will help participants to connect the savings tools to their own lives, their savings goals, and their tolerance for financial risk-taking.



Option 2: (Use with groups that have some knowledge of the savings tools.)

1. Post flipchart paper around the room.
2. Title each flipchart page with the name of a savings tool.
3. Give each participant a marker.
4. Ask the group to move around the room and record a point of knowledge or a question about each tool. Give them 5 - 10 minutes to record their points.
5. Give each participant a copy of Handout 5-8, Saving and investing tools.
6. Review each tool in turn. As you do, refer to the points on the flip charts to connect the information to the participants' lives and their questions.



Key points

- The savings and investment tools you choose should be a good match with your savings goal, your time frame for saving and investing, and your risk tolerance.
- The information in this session is just a starting point. You need to do more research to find out how you might use these tools in your own life.
- For more help with making your choices, use the resources at the end of the module. You can also get advice from financial professionals.

Activity: Savings tools quiz



1. Give each participant a copy of Activity Sheet 5-9, Savings tools quiz.
2. Ask them to do the review quiz on their own.
3. Review the correct answers in the larger group.

Tip: You may choose to do the quiz as a large group. Review the questions and answers together.

Answer key



1. My primary goal is saving for my child's education. A good savings tool for me is an _____. (Answer: RESP)
2. You can withdraw money from your RRSP without being taxed for 2 reasons:
 - a. _____
 - b. _____
 (Answer: To buy your first home, to pay for education)
3. I want to save money to start my own business. A good savings tool for me would be a _____. (Answer: TFSA)
4. The savings tool that the Government of Canada contributes 20-40% in grants to is called an _____. (Answer: RESP)
5. The most I can save in a TFSA each year is \$ _____. (Answer: \$6,000)
6. You can open an _____ and you will not be taxed on the contributions you make or the interest you earn until you withdraw the money. (Answer: RRSP)

Introduction to savings and investing

Handout 5-6

Benefits of saving

Saving money may not be easy if you are struggling to pay your bills, but there are ways to save money and several advantages to saving which may motivate you to save. Saving money toward your goals is a key part of good financial management and when you start saving, you develop positive money habits and make progress towards a goal. With your savings, you can then choose to pay your debts and loans, save it in your emergency fund, or even consider investing.

Benefits of having an emergency saving fund

An emergency fund can help you manage sudden, unexpected expenses or a job loss, or even a medical emergency.

Before you consider investing, it is recommended to build up some savings as most investments require a minimum amount to be invested. This may be a good place to start if they want to invest in the future. Saving even the smallest amount whenever you are able to, can help you build your emergency fund.

Basics of investing

Investing refers to buying financial products whose value may increase over time. This is different from savings because there is a higher level of risk involved and a possibility that you could lose your money. While putting your money into savings is an option if you want to play it safe, the returns you could earn are lower compared to investments. If you want to consider investing, it may be necessary to first build a pool of savings as all investments come with additional costs and fees and may require a minimum amount to start with. Once you've invested your money, you may need to track it regularly to see how well it is performing.

Rate of Return

This indicates how much the money invested has grown or how much it has reduced. The rate of return will determine if the investment is profitable. For investors, knowing the rate of return will help them determine if they are on track to achieving their financial goals.

Risk

This refers to the possibility of an investment earning lower returns than the expected value of returns. Investments that have the highest risk may also have the highest returns. However, you need to be cautious about the amount of risk you can take as there are chances you may lose some or all of your invested money.

Time Horizon

This refers to the length of time you expect to hold an investment. An investment with a long time horizon has the greatest opportunity to grow, but also to recover from any losses that may have been experienced. This may not always be feasible as it depends on your financial priorities. If you want quick access to your money, investing with a shorter time horizon may be a better option.

Investment fees

You may have to pay fees for buying, holding, or selling your investment, or for receiving financial advice. It is important to be aware of what fees are being charged for your investment. Keeping track of them regularly and comparing these charges with other similar investment products is best practice. By doing this, you can make sure your investment is profitable.

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Savings and investing tools (basic)

Handout 5-7

High interest savings account

This is a type of deposit account. The bank pays you interest on your deposits. The rate of interest changes (variable rate interest). The interest is slightly higher than a regular savings account. This is a very safe kind of account as it is covered by deposit insurance. You could use it to save money for the short, medium or long term. You can withdraw this money whenever you like. There may be fees for withdrawing money. There may also be a required minimum deposit.

Guaranteed Investment Certificate (GIC)

This is another very safe type of deposit account. Your money is 'locked in' for a length of time called a term. The term can range from 30 days to five years. The longer terms often come with higher interest rates. At the end of the term, we say the money "matures". Then you can withdraw it. You could use this to save for something medium-term or long-term. You would plan it so that the GIC matures before you need the money. GICs require a minimum deposit of \$100 to \$500. They are covered by deposit insurance.

Bonds

This is a type of investment. It means that you lend your money to a government or a corporation. They pay you interest on your loan over a period of time called a term. Corporate bonds hold some risk. You could use bonds to save for medium or long-term goals. The safer the bond, the lower the rate of return. As of November 2017, sale of Canada Savings Bonds will be discontinued. Learn more about CSBs at: <http://www.csb.gc.ca/>

Stocks

This is a type of investment. You buy shares in a business that is publicly traded on the stock market. This can be very risky, because you can lose all of your investment. Some people buy stocks to try to make money fast. It is less risky to hold onto stocks for medium and long-term savings goals.

Mutual fund

This is a type of investment tool. You invest your money, along with many other investors, into a "pooled" fund. The fund manager buys a range of things such as stocks and bonds. Mutual funds all have different levels of risk. They also have different rates of return (how much money you make from the investment). Mutual funds have fees, and these reduce your return. Mutual funds are best used for long term savings goals. You can only buy into a mutual fund through a licensed dealer, such as a bank or financial advisor. They are not covered by deposit insurance.

There are other types of investment options such as proprietary funds, money market funds, exchange traded funds, and equity mutual funds that you can consider putting your money in. You will find detailed information about these topics in Handout 5-8.

Savings and investing tool (basic)

Handout 5-7 (continued)

Registered Retirement Savings Plan (RRSP)

This is a way of saving on taxes while you save for retirement. When you put money into an RRSP, you can invest it as you choose, in savings accounts, GICs, stocks, and so on. This is a very useful way to save if you are working and paying taxes. It is not as useful if you are living on a very low income or collecting social assistance. You can open an RRSP at a bank, credit union, or investment management company.

Registered Education Savings Plan (RESP)

This is a way to save for your child's education after high school. The government adds money to the money you save. This is called the Canada Education Savings Grant (CESG). You can invest the money in the RESP as you choose, in savings accounts, GICs, and so on. You can open an RESP at your bank or a company that handles RESPs. Watch out for companies that want you to sign a contract requiring you to make monthly payments into an RESP.

The Canada Learning Bond (CLB):

- This is a government benefit for low-income families. It helps you to save for your child's education after high school.

The CLB is available to children:

- Born on or after July 1, 2004
- Who are residents of Canada
- Who have a valid Social Insurance Number; and
- Who are from low-income families

If eligible for the CLB, a child could receive a total of up to \$2,000, deposited to an RESP.

This includes:

- \$500 for the first year of eligibility; and
- \$100 for each year they remain eligible, until the year they turn 15

In addition, the Government of Canada will deposit \$25 into an RESP to help cover the costs of opening the plan. A child can get the CLB in an RESP even if you do not contribute any more to the plan.

Tax-Free Savings Account (TFSA)

This is a way of saving and investing money without having to pay tax on the interest you earn. You can open a TFSA at your bank if you are 18 or older, a Canadian resident, and have a Social Insurance Number. There are rules about how much you can put into the account in a year. You can invest the money in the TFSA as you choose, in savings accounts, GICs, and so on.

The Registered Disability Savings Account (RDSP)

This is a savings plan available only to people who qualify for the disability tax credit (DTC). It is a long-term savings plan to ensure savings for a disabled person later in life.

Savings and investing tools (detailed)

Handout 5-8

High interest savings account

This is a type of deposit account. The bank pays you interest. The rate changes with the prime rate set by the bank. This is called a variable rate of interest.

Right now, the interest rate on a basic savings account is around .02%. The interest rate on a high interest savings account can be 2%, which is 100 times larger.

There may be fees for withdrawing money. There may also be a required minimum deposit. This is a very safe way to save and is covered by deposit insurance. It is best used for short to medium-term investments.

Guaranteed Investment Certificate (GIC)

This is another very safe type of deposit account. Your money is 'locked in' for a length of time called a term. The term can range from 30 days to five years. The longer terms often come with higher interest rates.

The interest rate might be fixed or variable but most commonly provides a guaranteed interest rate for the life of the term.

At the end of the term, we say the money "matures". Then you can withdraw it. You could use this to save for something medium-term or long-term. You would plan it so that the GIC matures before you need the money.

GICs require a minimum deposit of \$100 to \$500. They are covered by deposit insurance.

Bonds

This is a type of investment. It means that you lend your money to a government or a corporation. They pay you interest on your loan over a period of time called a term. When the term is over, you get all of your money back.

Corporate bonds hold some risk. They are only as secure as the corporation who issues them. You need to research them and get some advice from a financial professional. The safer the bond, the lower the rate of return.

There is a minimum investment required to buy bonds. You could use bonds to save for medium or long-term goals.

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Savings and investing tools (detailed)

Handout 5-8 (continued)

Stocks

This is a type of investment. You buy shares or 'stock' in a company that is publicly traded on the stock market. You make money from stocks in two different ways:

1. The value of shares goes up and down. Their value is affected by the health of the company, and by what is going on in the stock market and the economy. You can make money by selling the shares for more than you paid for them. The money you make is called a capital gain.
2. You can receive a small portion of company's profits. This is called a dividend.

Buying stocks can be very risky, because there is a chance that you will lose all of your investment. Stocks are not covered by deposit insurance. The greater the risk, the higher the potential profit.

You pay a fee to a broker to buy and sell shares. Stocks can be used for short, medium, or long-term investments.

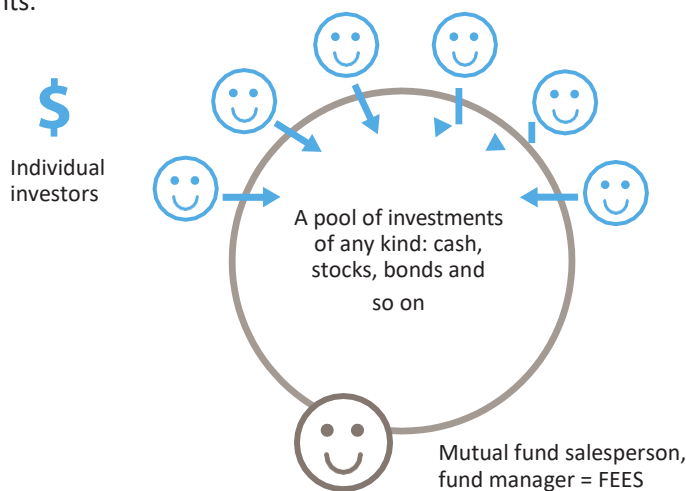
Mutual funds

A mutual fund is a type of investment tool. You invest your money, along with many other investors, into a "pooled" fund. The fund's manager buys a range of things such as stock and bonds.

Mutual funds have different levels of risk. They also have different rates of return – how much money you make from the investment. You choose what fund you want to invest in depending on its rate of return, risk level, and fees.

You can only buy into a mutual fund through a licensed dealer. Mutual funds have fees that can be quite complex. Fees reduce the amount of your return.

Mutual funds are not covered by deposit insurance. They are best used for long-term investments.



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Savings and investing tools (detailed)

Handout 5-8 (continued)

Proprietary Funds

It is a type of fund where the sale and manufacture of the fund are part of the same business. This arrangement enables the business to make a profit by managing the fund and selling it. The representative selling funds may try to sell funds that are recommended to them that may not suit your needs and this can impact your returns.

Money market funds

These funds invest in short-term fixed-income securities such as government bonds, treasury bills, bankers' acceptances, commercial paper, and certificates of deposit. They are safer but they provide lower returns compared to other types of mutual funds.

Exchange Traded Funds (ETF)

It is an investment fund that holds a collection of investments, such as stocks or bonds owned by a group of investors. ETFs offer the potential for diversification, but have different kinds of risks, fees, and performance measures than other investments. It is managed by a professional money manager. You can buy and sell ETFs from an investment firm or online brokerage at any time when the stock exchange is open. Like stocks, ETFs are traded throughout the day at the current market price. You'll usually pay a commission when you buy or sell an ETF.

Equity Mutual Funds

These funds invest in stocks. These funds aim to grow faster, so there is usually a higher risk of losing money.

Registered Retirement Savings Plan (RRSP)

This is a way of saving on taxes while you save for retirement. When you put money into an RRSP, you can invest it as you choose, in savings accounts, GICs, stocks, and so on.

This is a very useful way to save if you are working and paying taxes. It is not as useful if you are living on a very low income or collecting social assistance.

You can open an RRSP at a bank, credit union, or investment management company. You need a Social Insurance Number (SIN) and you must file a tax return.

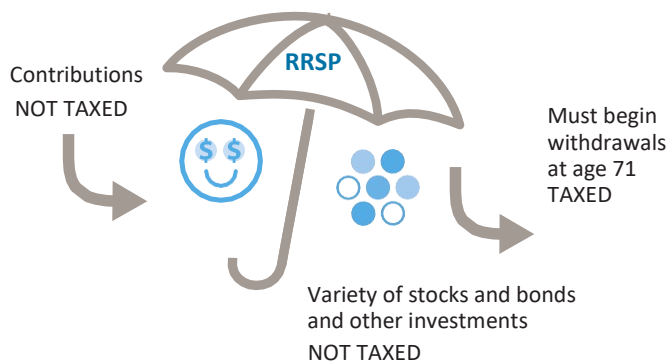
There is a limit to how much you can contribute to your RRSP each year. The limit depends on your income. If you do not use all of your contribution room, it carries forward to future years. When you get your Notice of Assessment after you file your taxes, it will tell you how much contribution room you have.

The money you put in an RRSP and the interest you earn is not taxed until you withdraw it in the future. That means that when you file your taxes, your RRSP contribution lowers your taxable income for that year. That reduces the taxes you must pay, and you might even get a refund.

However, you must pay tax on money that you take out of the RRSP. You must begin withdrawals at age 71. You pay taxes on both the savings and the growth of the money when you withdraw it. If you take money out before you turn 71, the government takes 20% of what you withdraw right away. This is called a withholding tax. There could be other taxes as well.

You can withdraw some money from an RRSP without paying taxes right away, to either buy a home or go back to school:

- **Home Buyers Plan:** You can use up to \$25,000 from your RRSP as a down payment on a qualified home purchase. You must put the money back into your RRSP at a certain rate each year and replace all of it within 15 years. If you don't, it gets taxed.
- **Lifelong Learning Plan:** You can use up to \$10,000 a year and up to \$20,000 from your RRSP to pay for your own or your spouse's education. You must put the money back into your RRSP at a certain rate each year and replace all of it within 10 years. If you don't, it gets taxed.



If you are working and paying taxes, RRSPs are a good way to save for retirement. These savings add to what you receive from the Canada or Quebec Pension Plan and Old Age Security. Some jobs come with pension plans, but most people have to pay for at least some of their retirement on their own.

For most of us, our income goes down when we retire. If you put money into RRSPs during your higher earning years, you save on taxes, because you pay tax based on your lower income after you retire.

MODULE

5

Savings and investing tools (detailed)

Handout 5-8 (continued)

Registered Education Savings Plan (RESP)

University and college are expensive and tuition costs are going up. Based on data from Statistics Canada, the cost of an average four-year university degree in 2022 was \$96,004 for students in residence or \$48,074 for students living at home.

Saving early for your child's education can make these costs easier to manage. A Registered Education Savings Plan is a way to save for your child's or grandchild's education after high school. The government adds money to the money you save, so it grows faster.

You can invest the money in the RESP as you choose, in savings accounts, GICs, and so on. You can open an RESP through a bank, credit union, life insurance company, investment company, or scholarship trust company. You are called the subscriber and your child or grandchild is the beneficiary.

The beneficiary must be a Canadian citizen or permanent resident and must have a Social Insurance Number (SIN).

The money in an RESP grows tax free until it is withdrawn. Then the money is taxed in the hands of the student, who will likely pay little or no tax, because their income is low while in school.

Banks, financial institutions, and investment companies will let you make choices about how to save money in the plan. Scholarship trust companies do not offer the same range of investment choices. Also, their fees can be complex and expensive, with many extra rules and restrictions. Be careful about signing contracts that require monthly payments into an RESP.

You must use all the funds in the RESP funds or close the plan within 35 years of opening it. If you could not use the funds for education, you can keep the contributions you made. The government will tax the growth portion of the money when it is withdrawn. You must return any grant or bond amounts.



MODULE

5

Savings and investing tools (detailed)

Handout 5-8 (continued)

The Canada Education Savings Grant (CESG)

When you open an RESP account and put in money, the government matches some of it in the form of a grant. The amount depends on your family income. It can be from 20% to 40% of what you put in, up to a yearly limit of \$500. The grants end when your child turns 17. The total amount of grants you can get is \$7,200.

The Canada Learning Bond (CLB)

This is a government benefit for low-income families. It helps you to save for your child's education after high school. The CLB is available to children:

- Born on or after July 1, 2004
- Who are residents of Canada
- Who have a valid Social Insurance Number; and
- Who are from low-income families

If eligible for the CLB, a child could receive a total of up to \$2,000, deposited to an RESP. This includes:

- \$500 for the first year of eligibility; and
- \$100 for each year they remain eligible, until the year they turn 15

In addition, the Government of Canada will deposit \$25 into an RESP to help cover the costs of opening the plan. A child can get the CLB in an RESP even if you do not contribute any more to the plan.

The Registered Disability Savings Account (RDSP)

This is a savings plan available only to people who qualify for the federal government disability tax credit. It is a long-term savings plan to ensure savings for a disabled person later in life. It offers a bond portion for low-income individuals and a matching grant as well for contributions you chose to make.

MODULE

5

Savings and investing tools (detailed)

Handout 5-8 (continued)

Tax-Free Savings Account (TFSA)

This is a way of saving and investing money without having to pay tax on the money you earn from interest or investing. You can open a TFSA at your bank if you are 18 or older, a Canadian resident, and have a Social Insurance Number.

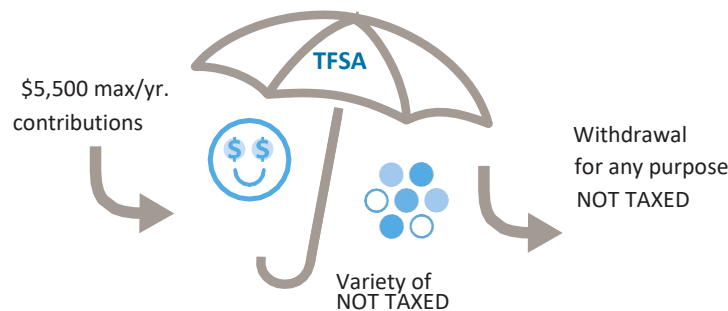
There are rules about how much you can put into the account in a year. This is called contribution room. If you do not use your contribution room, you do not lose it. Unused contribution room carries forward into the future. The amount you can contribute each year may change, due to inflation or government policy.* These are the annual contribution limits through 2021:

2013 and 2014:	\$5,500 each year
2015:	\$10,000
2016, 2017, and 2018:	\$5,500 each year
2019, 2020, 2021:	\$6,000 each year

If you contributed the full amount, by 2022, you would have put \$81,500 in your TFSA. When you take money out of your TFSA, you can put it back the next year. It does not affect your contribution room.

Within your TFSA, you can invest your money in a range of ways, such as GICs, stocks, and bonds. TFSA withdrawals will not affect the amount of money lower income earners receive from federal government benefit programs, including the Canada Child Benefit (CCB) and the Guaranteed Income Supplement (GIS).

This is a very flexible tool for medium to long term savings goals. It can reduce taxes on our savings and investment income. It is also another way to save for retirement.



*For more information, visit: <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/tax-free-savings-account.html>

MODULE

5

Savings tools quiz

Activity Sheet 5-8

1. My primary goal is saving for my child's education. A good savings tool for me to use is an _____
2. You can withdraw money from your RRSP without being taxed for two reasons:
 - a. _____
 - b. _____
3. I want to save money to start my own business. A good savings tool for me to use would be a _____
4. The savings tool that the Government of Canada contributes 20-40% in grants to is called an _____
5. The most I can save in a TFSA each year is \$ _____
6. You can open an _____ and you will not be taxed on the contributions you make or the interest you earn until you withdraw the money.

Planning for old age



Objective: To explore options for planning for old age

Tools: Handout 5-9, Preparing for old age

Format: Large group discussion



Introduce the topic

Q: What type of financial needs do you think you may have when you are older?

Q: Why do you think it is important to save for your old age?

Q: What steps can you take to start saving for old age?



Many of your financial needs will follow you into old age. Income from employment typically decreases as you age, whether you work fewer hours or retire altogether. This is why it's essential that you plan how you'll manage your expenses. There are different options you can consider to invest your money, allowing it to grow as you age, so it will be available when you need it later on. There are also programs offered by the government that provide supplemental income for Canadians in old age.

Activity:

1. In a large group, ask participants to list a form of support they usually rely on for financial advice and guidance.
2. Discuss the pros and cons to each of these forms of support.

Key Points

- Acknowledge that planning for old age for people in low income can be challenging
- Differentiate between TFSA and RRSP for old age savings
- Government programs for old age include Canadian Pension Plan (CPP), Old Age Security (OAS), and Guaranteed Income Supplement (GIS)

MODULE

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Preparing for old age

Handout 5-9

Everyone will have financial needs as they grow older. Your financial needs can include managing your expenses, paying off debt, or helping family members. To prepare financially, you can consider investing in registered products that will provide you income when you grow old. However, when it comes to investing in registered products, it is important to be aware of the main difference between a TFSA and RRSP.

Saving in TFSA

A TFSA is a good place to put money for retirement savings if you are on low income and currently pay little or no income tax. Your money grows tax-free, even when you take it out. Additionally, having a TFSA does not affect the amount of benefits you receive from government programs.

Saving in RRSP

When you put money into an RRSP account, it reduces the amount of income tax you have to pay in the tax year that you contributed. But when you get older and take your money out, you have to pay tax on what you have saved and earned. An RRSP makes sense if you have a steady income, and you want to reduce your taxes while you are working. But if you are living on a low income and getting government benefits, an RRSP may not be the best choice for you as the government might reduce some of your benefits when you take your money out.

Canadian Pension Plan (CPP)

This government plan provides income in the form of monthly payments after you retire. This payment depends on the amount you contributed while working.

Old Age Security (OAS)

This is a monthly pension you can receive if you are 65 years of age or older and have lived in Canada for at least 10 years – even if you have never worked.

Guaranteed Income Supplement (GIS)

This is aimed at supporting Canadians with low income who are 65 and above. The payment depends on income from the individual and their spouse.

Saving and investment support



Objective: To learn about saving and investment support available to people
Tools: Handout 5-10, Saving and investment support
Format: Large group discussion



Introduce the topic

Q: Who do you reach out to for financial advice and support currently?

You may have a trusted person with whom you discuss your financial concerns or ask for advice. You can look for support from financial advisors or coaches, community agencies, or professional counsellors. Alternately, if you're comfortable doing so, you can discuss your financial matters with your trusted friends or family. Remember you are not alone in your financial journey. You can always seek support and advice to manage your financial situation.



Activity: Goal setting

In a small group or individually, have participants use the Canadian Securities Administration's National Registration Search Tool for financial professionals in the local area. Provide business cards, pamphlets, or examples of financial professionals to search on the Internet.

<https://info.securities-administrators.ca/nrsmobile/nrssearch.aspx>

Key Points

- Encourage people to reach out if they need financial support and advice.
- There are several options such as financial advisors, robo advisors, financial coaches, and community agencies who can provide financial advice and guidance.

MODULE

5

Saving and investment support

Handout 5-10

Investing and planning finances can get overwhelming, but with the right support and financial guidance, managing your finances and exploring investment options can become easier.

Financial Advisors

Financial advisors offer personalized services by offering investment products that suit your financial needs. They may charge a fee to manage your portfolio. They can answer your questions and guide you in your investment decisions. They should be registered with the Canadian Securities Administrators (CSA).

Robo advisors

Robo advisors are online investors that are typically automated computer systems that provide advice to investors. They may charge a fee for the services they provide.

Trusted sources

You may prefer seeking financial advice from your family, friends and community as you trust them and feel comfortable sharing about your financial worries. You can also reach out to community agencies, financial counsellors and case workers for financial guidance.

Self-directed investing

This option involves doing your own research about the investment options that best suit your needs.

Other organizations and individuals who provide support include professional counsellors, financial coaches, community agencies, social assistance caseworkers, and local libraries. They provide guidance on money management skills, information on saving and other resources, and may also have information about workshops related to investing and savings.

Verifying the Registration of Financial Advisors and Businesses

To avoid falling for fraud or scams, check that the financial advisor or business selling the investment is registered. Enter their name in the Canadian Securities Administration's National Registration Search tool: <https://info.securities-administrators.ca/nrsmobile/nrssearch.aspx>. If their name does not show up in the search, that means they have not been registered with the regulator in their province or territory and may not be properly qualified.

Goal setting



Objective: To set a personal goal for saving.

Tools: Activity Sheet 5-11, Goal setting
Handout 5-12, Resources
Handout 5-13, Glossary (optional)

Format: Participants work on their own



Activity: Goal setting

1. Give each participant a copy of Activity Sheet 5-11, Goal setting.
2. Ask them to set one or two personal savings goals.



Tips: Participants should review the earlier activities in this module to get ideas for their SMART savings goals. Ask them to review:

- Activity Sheet 5-1, Setting Savings Goals
- Activity Sheet 5-2, Needs and Wants
- Activity Sheet 5-3, Finding Money

In addition to setting goals around saving money, they may also want to set goals such as:

- Research they could do into a savings tool that interests them
- Making an appointment with financial advisor
- Putting a savings plan into action.

3. Give each participant a copy of Handout 5-12, Resources and Handout 5-13, Glossary (optional).

Wrap-up

- Finish the workshop session by thanking the participants.
- Confirm the date and time of the next workshop.

MODULE

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Goal setting

Activity Sheet 5-11

Review the activities you did early in this session to help you get ideas about savings goals. Also, think about other goals you can set, like doing more research or making an appointment with a financial advisor.

Example:

Goal:	When will I achieve the goal? Day/Month/Year
Create a budget to save for a new computer for school	
Tasks:	
• Research options and costs	On Saturday
• Decide on what kind of computer and set a realistic monthly savings goal	Next Monday
• Go to the bank to set up a high interest savings account to deposit money each month	Next Month

1. Goal:

Tasks:	When?

2. Goal:

Tasks:	When?

MODULE

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Resources**Handout 5-12**

Canadian Foundation for Economic Education

www.cfee.org/

This website has many resources on saving and investment tools and how to choose them.

The Investor Education Fund

www.getsmarteraboutmoney.ca

This site is full of resources to learn more about money management and investing.

Investopedia

www.investopedia.com

This site is a very complete source of information about investing. It has a 'stock simulator'.

You can use it to pretend to play on the market without losing any money (or gaining any either).

CanLearn

www.canlearn.ca

This is a Government of Canada website. It tells you all about saving for education using RESPs.

Service Canada

www.servicecanada.gc.ca

This is a full website about federal government programs and services. Here you can get information on RESPs, RRSPs, and TFSAs.

Tax Free Savings Account

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/tax-free-savings-account.html>

This Government of Canada website is all about the TFSA.

Tax Tips

www.taxtips.ca

This website has a wealth of information on how RRSPs, RESPs, and TFSAs affect taxes.

PLAN: RDSP

<http://www.rdsp.com/>

This is the most complete website on RDSPs. It has a step-by-step guide.

There is an RDSP calculator that shows how much can be saved in the long term.

RESP

<http://www.startmyresp.ca/ProsperCanada>

This online application will make it easier for participants to sign up for the Canada Learning Bond.

Smart Saver has teamed up with RESP providers and will help people start an RESP with \$0:

no enrolment fee, no annual fee and no contribution required.

Canadian Securities Administration's National Registration

<https://info.securities-administrators.ca/nrsmobile/nrssearch.aspx>

This search tool can be used to verify if a business or investment advisor is registered.

MODULE

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Glossary

Handout 5-13

Bond: A kind of investment where you (an investor) lend your money to a government or a company for a period of time, at an interest rate.

Compound interest: When the bank pays interest into the savings account after a year, and then starts paying interest on the money we put in plus the interest we earned. With compound interest, the interest we earn grows every year, even if we do not make more deposits.

Earnings: This means money earned from work, but it also means what you earn on savings and investments.

Guaranteed Investment Certificate (GIC): A type of investment. You deposit money with a financial institution for a fixed period of time and get a set rate of interest at the end of that period.

Interest: The amount of money you get paid when you lend a financial institution your money to invest. This can also mean an amount of money you pay regularly, at a particular rate, for borrowing money or delaying paying off debt.

Investment: A way to put your money to work so that it has a chance to increase in value.

Investor: Someone who makes an investment.

Maturity date: The date on which a bond, GIC, or term deposit is due to be paid out.

Mutual fund: A pool of money that is managed for a large number of investors by a professional money or fund manager.

Need: Something you must have to live, such as food.

Registered Disability Savings Account (RDSP): A type of Canadian account for holding savings and investments, intended for retirement savings. During your retirement, you can withdraw from your RRSP. You will pay taxes on the amount you withdraw.

Registered Education Savings Plan (RESP): A special savings plan that allows people to put money aside for a child's education after high school. The government may also add money to the plan.

Registered Retirement Savings Plan (RRSP): A special savings plan for people who are working and paying taxes. It helps you to reduce your taxes and save for old age at the same time.

Return: The profit you make on an investment through interest, dividends or increased value of the investment.

MODULE

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Glossary

Handout 5-13 (continued)

Risk: The possibility of being exposed to harm or loss. In some forms of investing, the risk is that you might lose money. Some investments have very low risk and some have higher risk.

Risk tolerance: How willing or comfortable you are to risk losing your money on an investment.

Savings: Money you set aside to use for a special purpose, such as a large expense, education, or retirement.

Shares: This is what you buy if you invest in the stock market. It means that you own a small part of the company. If the company does well, your shares increase in value.

Shareholder: Someone who owns shares in a company.

Simple interest: Interest that is paid only on the amount you deposit. Simple interest does not pay interest on the money that your deposit earns over time (See compound interest).

Stocks: Shares in a company. What you buy if you invest in the stock market (See shares).

Tax-Free Savings Account (TFSA): A type of savings account in Canada that does not apply taxes on contributions, interest earned, dividends, or capital gains. You can withdraw from the TFSA without paying taxes on it. TFSAs have limits on the amount of money you can contribute each year.

Term: A set period of time.

Term deposit: A type of deposit with a financial institution that you earn interest on. You get your money plus the interest at the end of the set term (See Guaranteed Income Certificate).

Want: Something you desire (but do not need to live).

Module 6: Credit basics



Module 6

Credit basics



Overview

This module looks at the pros and cons of using credit. It explains the basic features of a range of credit products. There is a focus on credit cards – how to choose them and how to use them. Participants learn how interest is calculated on credit card debt. They learn how this increases the cost of items purchased using credit. Participants share and discuss effective credit management strategies. These strategies highlight how to get the most from using credit and how to minimize the negative effects.

Objectives

Participants will:

- Define what credit is and how it works
- Learn about different types of credit and credit products
- Understand the basic features of credit cards and what to think about when choosing between them
- Learn how interest is calculated on credit cards and loans, and the effect this has on the total cost when buying on credit
- Share and learn effective strategies for managing credit effectively.

Module 6

Contents

1	Credit: Good news and bad news	10 minutes
2	Types of credit	20 minutes
3	Credit cards: Features and choices	20 minutes
4	The cost of credit	10 minutes
5	Credit tips	10 minutes
6	Goal setting	5 minutes

Total 75 minutes

Prep notes

- Read through the entire module
- Prepare copies of the participant handouts and activity sheets
- Post the 'Parking Lot' from last class and be prepared to report on (or ask participants to report on) the results of any research done on the outstanding questions
- Prepare a new 'Parking Lot' for this class
- Gather a variety of credit card brochures from banks and credit unions to use for the credit card activity and brochures from other lenders, such as 'Buy Now Pay Later' offers, payday lenders, and rent-to-own stores to use as reference material.

Credit: good news and bad news



Objective: To define credit and explore its benefits and drawbacks.

Tools: Flipchart, pens

Format: Large group activity and discussion

Welcome

Welcome participants to the workshop. Share any housekeeping details such as workshop length, break times, washrooms, and cell phone etiquette.



Introduce the topic

This workshop is a chance to look more closely at credit as a tool for managing your money wisely. It will highlight ways that credit can be integrated into an individual's financial life, while maintaining a healthy approach to money management. The downfall of the misuse of credit will be more closely examined in Module 8 - Debt.



Activity: What is credit?

1. Title a piece of flipchart paper "CREDIT".
2. Generate a definition of credit by recording answers to these questions:
 - Q:** What is credit?
 - Q:** Why do people borrow money?
3. Write a "+" and a "-" sign on either side of a piece of flipchart paper and draw a line down the middle.
4. Record the group's answers to these questions:
 - Q:** What are the positive things about credit? What does it allow you to do?
 - Q:** What are the negative things about credit? What can go wrong when using credit?



Key points

- Credit is when you get a good, a service, or money now, and pay for it later
- Credit is a promise to repay, an agreement, and a contract
- A lender (also called a creditor) will give credit if they believe the borrower can pay it back
- Credit can be a very useful tool to manage our money effectively. If we overuse it or don't understand how it works, we can get into serious trouble
- We can educate ourselves on the rules and practices of credit. If we use it wisely, we benefit from its advantages and avoid its pitfalls.

On the positive side:

- Convenient
- Can be safer than carrying cash
- Emergency money
- Rewards points, air miles and cash-back programs
- Use it to track purchases
- To buy goods over the internet
- To use as security for a rental car, hotel room
- To build good credit history and get more credit for lower interest rates
- Loans can pay for expensive items like a house, a car, or going to school.

On the negative side:

- Terms and conditions hard to understand
- Temptation to overspend
- Interest rates increase the cost of goods bought on credit
- Too much money going to pay debts each month
- Late payments lead to a bad credit history
- Bad credit history restricts access to credit and makes it more expensive
- Collections
- Bankruptcy
- Potential for fraud – identity theft.

Types of credit



Objective: To learn about different types of credit products and how they work.

Tools: Handout 6-1, Types of credit, flipchart, pens

Format: Small group activity, large group discussion



Introduce the topic

Credit comes in many forms. Different types of credit come with different terms and conditions for repayment.



Activity: Types of credit

1. Split participants into three or four groups.
2. Give each group a piece of flip chart paper with the heading of a common type of credit. Choose types of credit that the group finds relevant to their lives.
Examples:
 - Buy now, don't pay until 2019!
 - Payday loan
 - Line of credit
 - Overdraft
 - Student loan
3. Ask each group to appoint a recorder and a presenter.
4. Ask each group to record what they know about the type of credit assigned to their group.
5. Provide enough time for the groups to get a list of points recorded.
6. Ask each group to present their credit description to the larger group. Allow time to share stories, but keep the pace so the activity can be completed in the time allowed.
7. Give participants Handout 6-1, Types of credit.
8. Review the handout points, linking them to the information and experiences shared in the activity.



Key points

- There are three basic types of credit: revolving (eg. credit cards), installment (eg. loans) and open credit (eg. phone and hydro bills)
- Each type of credit has different uses and different rules or conditions. Some forms of credit can be very expensive
- It is important to know the terms and conditions of a credit contract before signing it.

Types of credit

Handout 6-1

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

Credit cards



Objective: To understand the basic features of credit cards and how to choose one.

Tools: Credit card brochures from local banks and credit unions
Handout 6-2, Credit card features

Format: Small group activity, large group discussion



Introduce the topic

So far, we know that credit cards are issued by financial institutions and some retail businesses. They let us make purchases now and pay for them later. They are the most popular form of credit in Canada.

But what else do we need to know about them? Before we can decide if we want a credit card, or choose the right one for our needs, we need to learn more about their basic features.



Activity: Credit card features

1. Split participants into three or four groups.
2. Give each group a credit card brochure, or information gathered online, and a piece of flip chart paper.
3. Ask the group to choose one card and read through the brochures. They should find the following information and record it on the flipchart paper:

Features	Bank and card name
Annual fee	
Interest rate	
Grace period	
Rewards and extras	
Extra fees or penalties	

4. As the groups finish, have them post their flip chart papers around the room.
 - Q:** What did you learn in this exercise?
 - Q:** Which card would you choose and why?
5. Give participants Handout 6-2, Credit card features.
6. Summarize and review any key points not already covered.

Credit card features

Handout 6-2

Annual fee: A yearly fee you pay for the use of a credit card.

- Fees vary. Not all cards have fees
- Cards with fees usually have some benefit, such as lower interest rates, reward programs, or higher credit limits.

Annual Percentage Rate (APR): APR describes the interest for a whole year rather than just a monthly rate.

- Different credit card types have different APRs. It is important to compare them
- If you do not pay your balance in full each month, you are charged interest from the moment you buy something.

Credit limit: The maximum amount you can borrow on your credit card.

Grace period: The amount of time you have to pay the balance on the card before you are charged interest.

- Grace periods start on the date listed on your credit card bill. They must be at least 21 days
- If you pay in full each month by the due date, you will not be charged interest.

Minimum payment: The smallest amount you must repay, usually 2% to 10% of your balance owed.

- If you only pay the minimum payment, the interest compounds. That can make the actual cost of your debt very high.

Rewards programs: Allow you to collect points or air miles every time you use your card. You redeem them later for goods, services, or travel.

Insurance and other benefits: Some cards come with insurance for rental cars, travel, and life insurance. Some have balance protector insurance that will pay off the balance on your card if you lose your job, become ill, or die.

Cash advance: Allows you to borrow cash from your credit card. There is usually no grace period. That means interest charges begin from the time of the advance. They often have a higher interest rate.

Credit card features

Handout 6-2 (continued)

Choosing a credit card

Step 1 – Know your wants and needs

What will you be using your credit card for? Will you use it mostly for large purchases, or will you use it more often? Knowing how you will use the card can help you narrow down which options are best for you.

Step 2 – Do your research

Take the time to look into the different features and services you can get. Some cards have no annual fees. Others have low interest rates. Some have rewards programs that could help you save money. Choose the card that will meet your needs for the lowest cost.

Step 3 – Shop around

Once you know which features are important to you, compare cards offered through different financial institutions. The cost for features may vary between cards, such as annual fees and interest rates.

The Financial Consumer Agency of Canada (FCAC) has a Credit Card Selector Tool on its website. Use it to help you select the best card for you.

<http://itools-ioutils.fcac-acfc.gc.ca/stcv-osvc/ccst-oscc-eng.aspx>

Step 4 – Read the fine print

Before you sign any credit card agreement, read it with care. Make sure you are getting what you think you are getting. Check for hidden costs. Ask questions if there is something you do not understand. This is your money!

For example: Introductory interest rates are sometimes offered to newly issued credit cards and on balance transfers. Limited time only! As soon as the introductory period ends, the interest rate increases to the usual rate. Read the contract carefully!

Note: Prepaid cards are NOT a form of credit.

- Some are single use or reloadable
- Can get one regardless of credit history
- Won't help you establish or improve your credit history
- Some have costs or conditions.

The cost of credit



- Objective:** To understand how interest is calculated and charged and the effect this has on the total cost when buying on credit.
- Tools:** Handout 6-3, The cost of credit
- Format:** Large group discussion



Introduce the topic

Interest is what a borrower pays to a lender for the use of their money. When we use credit or take out a loan, we have to pay back two things: the amount we borrowed, plus interest charges for the use of the credit.

We have seen how credit can help us to make large purchases or use things while we pay for them over time. But when we buy something on credit, the interest we pay can greatly increase the total cost of our purchase. It is important to understand how interest is calculated on outstanding credit balances.



Activity: The cost of credit

1. Give participants Handout 6-3, The cost of credit.
2. Review the process of calculating interest costs on credit.
3. Discuss the chart that compares the cost of credit among different types.



Key points

- Interest on credit cards is often calculated monthly. This is done by multiplying the balance by the annual percentage rate (APR). Then it is divided by 12, to get the cost for one month
- The minimum payment only ensures that the interest is paid off each month
- When you only pay the minimum payment, the cost of credit becomes very high
- For a loan you must make a set monthly payment until the balance and interest are paid in full
- The payment is used to pay off the interest first. Then the rest of the payment is applied to the balance owing (also called the principal). The amount of interest you have to pay each month goes down as the balance goes down
- The same purchase can cost vastly different amounts depending on the form of credit you use to buy it.

The cost of credit

Handout 6-3

How interest is calculated on a credit card

- The Visa interest rate is 20% annually
- The balance owing on this card is \$1000
- Monthly interest charges are the balance, multiplied by 20%, and divided by 12 months
 $\$1000 \times 0.20/12 = \16.67 interest per month
- If you pay the 2% minimum payment of \$20, you will only be paying \$3.33 toward the \$1000 balance. The rest will go to pay the interest
 $\$1000 + \$16.67 - \$20 = \996.67 remaining balance

Here is what happens if you make only the minimum 20% payment for three months:

	Payment	To interest	To principal	Balance
1st month	\$20.00	\$16.67	\$3.33	\$996.67
2nd month	\$19.93	\$16.61	\$3.32	\$993.35
3rd month	\$19.87	\$16.55	\$3.32	\$990.03

- If you only pay the minimum payment of **2%** toward your debt each month, it will take you more than **9 years** to pay off the debt. This will **cost over \$1168** in interest and the item will cost a **total of \$2168.02**.

Note: If you paid **\$5.00 more** each month on this minimum payment, you would pay back the balance **3 years and 6 months** sooner and save **\$506.35** in interest.

How interest is calculated on a loan

- A \$1000 loan at 12% interest, to be paid over a two year period
- Equal monthly instalment payments would be \$47.07
- Each month, as the balance goes down, you pay less interest and therefore more towards the principal.
- The full payment schedule would include **24 payments**. The total interest cost would be **\$130.16**.

	Payment	To interest	To principal	Balance
1st month	\$47.09	\$10.00	\$37.09	\$962.91
2nd month	\$47.09	\$9.63	\$37.46	\$925.46
3rd month	\$47.09	\$9.25	\$37.84	\$887.62

The online calculators used to calculate these payments are included in the resources handout for this module.

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The cost of credit

Handout 6-3 (continued)

Comparing the cost of credit

Payment method	Cost of item	Interest and fees	Total cost of item
Cash or debit	\$1000	0	\$1,000.00
Credit card – pay in full by due date	\$1000	0	\$1000.00
Credit card – make minimum payment only at 20% interest	\$1000	\$1,104.63 interest over 10 years	\$2,397.26
Buy Now, Pay in 1 Year – pay balance in full on time (no interest)	\$1000	\$50 set up fee	\$1,050.00
Buy Now, Pay in 1 Year – pay balance in full but one week late (28% interest from date of purchase)	\$1000	\$50 set up fee \$373.09 interest	\$1,429.09
Buy Now, Pay in 1 Year – begin to make \$100/month payments after due date	\$1000	\$50 set up fee \$1,202.69 in interest	\$2,252.69

Credit tips



Objective: To understand how interest is calculated and charged and the effect this has on the total cost when buying on credit.

Tools: Handout 6-4, Managing credit, flipchart, markers

Format: Large group discussion



Activity: Credit tips

Q: Imagine that you are speaking to a young person or a person new to Canada. They are about to apply for their first form of credit. What tips would you share to help them understand how to manage their credit?

Q: How would you advise them to get the most from credit while avoiding the risks?

1. Record the group's ideas on the flipchart.
2. Give each participant a copy of Handout 6-4, Managing credit.
3. Review any key points that have not already been discussed.

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Managing credit**Handout 6-4**

- Only use as much credit as you can afford to pay back.
- Do not treat credit like free money – it can be very expensive money.
- Shop around for the lowest interest rate.
- Understand your agreement. Make sure you know the payment deadlines and the penalties for late payments.
- Avoid “maxing-out” or using all your available credit.
- Figure out the total price you are paying when you use credit. How much will it cost with interest?
- Read your credit card statements. Make sure the charges and purchases listed are correct. If they are not correct, call your credit card company right away.
- Mark your payment deadlines on a calendar. Allow a few days for processing time before the due dates.
- Pay your full balance by the due date every month if you can.
- Do not miss payments. If you cannot pay the full amount, always make at least the minimum payment.
- Tell your creditor if you cannot make a payment on time. Many lenders will be willing to help you manage your payments if you ask them.
- Use pre-authorized payments if possible. These are automatic payments that go to paying off your loan.

Goal setting



Objective: To set a learning goal related to the wise use of credit.

Tools: Activity Sheet 6-5, Goal setting
Handout 6-6, Resources
Handout 6-7, Glossary (optional)

Format: Participants work on their own



Activity: Goal setting

1. Give each participant a copy of Activity Sheet 6-5, Goal setting.
2. Ask them to set one or two personal goals for their use of credit.
3. Give each participant a copy of Handout 6-6, Resources.
4. Give each participant a copy of Handout 6-7, Glossary (optional).

Wrap-up

- Finish the workshop session by thanking the participants.
- Confirm the date and time of the next workshop.

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Goal setting

Activity Sheet 6-5

Example:

Goal: Get a lower interest rate on my credit card		When will I achieve the goal? September 2018
Tasks:		
• Read through my statement to confirm my current interest rate.		End of this week
• Locate the customer service number for my card.		Next Monday
• Call customer service and ask for a lower rate.		Next Monday

1. Goal:**Tasks:**

When?

2. Goal:**Tasks:**

When?

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Resources**Handout 6-6****Canadian Mortgage and Housing Corporation (CMHC)**

www.cmhc-schl.gc.ca

This website has information about housing and mortgage insurance in Canada.

Credit Card Comparison Tool - Financial Consumer Agency of Canada (FCAC)

<https://itools-ioutils.fcac-acfc.gc.ca/CCCT-OCCC/SearchFilter-eng.aspx>

This website offers interactive tools such as a Credit Card Selection Tool and Credit Card Payment Calculator. There are many helpful resources on credit card features.

Credit Card Payment Calculator - Financial Consumer Agency of Canada (FCAC)

<https://itools-ioutils.fcac-acfc.gc.ca/ccpc-cpcc/CCPCCalc-CPCCCalc-eng.aspx>

The credit card payment calculator compares 3 different payment options to pay off your credit card balance.

Student Aid - Government of Canada

<https://www.canada.ca/en/services/benefits/education/student-aid.html>

This site has information about student loans, grants and scholarships from the government of Canada.

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Glossary

Handout 6-7

Annual fee: A fee charged once a year by many credit card companies

Collateral: Items of value that are promised to the lender, in the event the borrower does not repay the credit. Collateral acts as a form of security for the loan. The collateral may be seized and sold if the repayment agreement is not followed.

Credit: Credit is borrowed money that you can use to purchase goods and services. You get credit from a lender, such as a bank, whom you agree to pay back, usually with interest.

Credit card: A card issued by a financial institution that lets you buy things and pay for them later. The credit card company pays the seller. You repay the credit card company monthly

Creditor: A person or company that lends money or sells you goods that you pay for later

Debt: Money that you owe

Grace period: The amount of time you have to pay a credit card balance before you are charged interest

Interest: An amount of money you pay regularly, at a particular rate, for borrowing money or delaying paying off debt.

Line of credit: A type of pre-approved loan that allows you to borrow money when you need it, up to a maximum amount

Loan: Money that you have borrowed and have to repay on a set schedule, with interest

Mortgage: A loan to buy property. If the loan is not repaid on time, the lender can take possession of the property

Overdraft: This happens when money is withdrawn from a bank account and the available balance goes below zero. Typically this results in an additional fee on your account.

Payday loan: A small, short-term loan from a lender with high fees. One of the most expensive ways to borrow money.

Prepaid card: A card you pay cash for in advance. The balance on the card goes down as you make purchases or withdrawals

Principal: The money invested or loaned, not counting the interest

Secured loan: A loan with collateral attached to it as a form of security, the collateral (i.e. house) may be seized if the repayment agreement is not followed

Unsecured loan: A loan issued and supported only by your credit worthiness, rather than collateral. You must have good credit. These typically have higher interest rates than secured loans.

Module 7: Credit reporting



Module 7

Credit reporting



Overview

This module explains the credit reporting system in Canada. Participants learn the role of the credit bureaus and the use of credit reports, credit ratings, and credit scores. Participants will look at a sample credit report and learn how to access their own reports, ratings and scores, so that they can correct common mistakes. The module also looks at ways to improve a credit score.

Objectives

Participants will:

- Understand the role of a credit bureau in the credit reporting system
- Learn the purpose, uses, and importance of a credit report
- Look at the features of a credit report, including credit ratings and the credit score, and how they relate to each other
- Read a sample credit report and know how to order a copy of their own report
- Identify common errors on credit reports and how to address them
- Explore ways to improve a credit score

Module 7

Contents

1	Credit bureaus	10 minutes
2	Credit reports	10 minutes
3	Reading a credit report	15 - 20 minutes
4	Your credit score	10 minutes
5	Viewing your credit report	5 minutes
6	Correcting credit report problems	10 minutes
7	Improving your credit score	15 minutes
8	Goal setting	5 minutes
		Total 80 - 85 minutes

Prep notes

- Read through the entire module
- Prepare copies of the participant handouts and activity sheets
- Post the 'Parking Lot' from last class and be prepared to report on (or ask participants to report on) the results of any research done on the outstanding questions
- Prepare a new 'Parking Lot' for this class
- Explore the TransUnion and Equifax websites so that you can talk about their resources over the course of the workshop.

Credit bureaus



Objective: To introduce the concept and role of credit bureaus.

Tools: Handout 7-1, Credit bureaus

Format: Large group discussion

Welcome

Welcome participants to the workshop. Share any housekeeping details, such as workshop length, break times, washrooms, and cell phone etiquette.



Introduce the topic

This workshop will help you better understand how creditors use credit reporting to help them decide whether to lend you money. We will look at credit bureaus, credit reports, credit ratings and credit scores. We will also look for ways to improve our credit worthiness. This makes it possible to get access to credit at lower interest rates.



Activity: What do we know about credit bureaus?

Q: Can anyone tell me the name of a credit bureau in Canada?

Q: What is the role of the credit bureau?

Q: Where does the credit bureau get its information from?

Give participants Handout 7-1, Credit bureaus, and review the key points.

Credit bureaus

Handout 7-1

What are credit bureaus?

Credit bureaus are agencies that collect information about how we use credit. They produce personal credit reports. Credit bureaus are private companies. They are regulated by the province, but they are not part of the government.

There are two credit bureaus in Canada:

- Equifax
- TransUnion

They collect information about your credit use from credit card companies, financial institutions and other lenders.

What do they do with the information?

Credit bureaus then provide this information for a fee to lenders who want to know about your credit history, or your ability to repay debt.

Lenders use the information they get from credit bureaus to predict how you will manage credit in the future.

What are my rights around my credit reports?

You are entitled to get a copy of your credit reports for free once a year by mail, in person or anytime online for a fee.

No one is allowed to see your credit reports without your permission. A credit bureau can only provide a copy of your reports for these purposes:

- Applying for credit
- Collecting a debt
- Applying to rent an apartment
- Applying for a job
- Applying for insurance.

Credit reports are not shared across international borders – your credit history does not follow you to a new country.

Why should I have a copy of my credit reports?

Equifax or TransUnion do not share information with each other. Lenders might only report to one of them, so each credit bureau may have different information about you. This is why it's a good idea to request a copy of your credit reports from both of them. Mistakes happen. It is up to you to check your reports and take steps to correct the information.

Credit reports



Objective: To introduce participants to the purpose, uses, and importance of a credit report.

Tools: Handout 7-2, Credit reports

Format: Large group discussion



Activity: What do we know about credit reports?

A credit report describes a person's current use of credit and how they have used credit in the past. It is one of the main tools that lenders use to decide whether or not to give you credit and at what interest rate.

Q: Has anyone ever asked for a copy of their credit reports?

Q: Why is a good credit report useful?

According to a survey by the Financial Consumer Agency of Canada, only 15% of Canadians have requested a copy of their credit report.



Activity: Credit reports

1. Give each participant a copy of Handout 7-2, Credit reports.
2. Review the information as a large group.



Key points

- The benefits of having good credit reports:
- It is easier to get more credit
- You will get better terms on loans or credit cards, such as lower interest rates or higher credit limits
- Good credit reports can help you make large purchases, like buying a house or a car
- They can help you get loans to pay for education
- They can help you get a job or rent an apartment
- They can help you get good terms on insurance.

Credit reports

Handout 7-2

What are credit reports?

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

Your credit reports contain your history of credit use, and your credit ratings.

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

Who can get access to your credit reports?

Lenders: Financial institutions or credit card companies will ask your permission to check your reports. This is to check your credit worthiness. They can use the information in your report to decide:

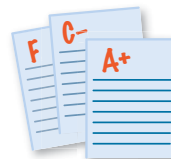
- Whether to give you credit
- Your credit limit
- The amount of the loan
- The interest rate.

When you apply for a loan or credit card, the lender will likely require that you give them access to your credit report for as long as you have an account with them.

Landlords: If you are trying to rent an apartment, some landlords may ask you to give them access to your credit report when you fill out a rental application. They use this information to see if you are likely to pay your rent.

Insurance: Some insurance companies use credit information along with other information when deciding to give you insurance and what rate to charge you.

Employers: Some employers may ask to do a credit check when you apply for a new job. They may use your credit report to help them decide whether you will be a responsible employee. For example, government departments or companies that deal with credit or investments often ask for a credit check for new employees or contractors. This is part of their security screening.



Credit bureau

Credit reports

Credit rating

Credit scores



Name:
Credit file #:
Credit inquiries:

TD Visa: R1

700

Reading a credit report



Objective: To introduce participants to the information in a credit report.

Tools: Handout 7-3, Sample Equifax credit report
Handout 7-4, Reading a credit report

Format: Large group discussion



Introduce the topic

Credit reports outline a person's current and past use of credit. They are one of the main tools lenders use to decide whether or not to give you credit and at what interest rate.

Let's look at a sample credit report. This will help you to know what to check for when you look at your own credit reports.



Activity: What a credit report looks like

1. Give each participant a copy of Handout 7-3, Sample Equifax credit report and Handout 7-4, Reading a credit report.
2. Review the information, highlighting key points in each section.

Sample Equifax credit report

Handout 7-3

CONSUMER RELATIONS P.O. BOX 190 STATION JEAN TALON
MONTREAL QUEBEC H1S 2Z2

JANE DOE
10 PLEASANT ST.
TORONTO ONTARIO
M2N 1A2

CONFIDENTIAL INFORMATION
NOT TO BE USED FOR CREDIT PURPOSES
RE: EQUIFAX UNIQUE NUMBER: 3140123054

Dear JANE DOE,

Further to your request, a disclosure of your personal credit file as of **03/27/01** follows:

PERSONAL IDENTIFICATION INFORMATION:

The following personal identification information is currently showing on your credit file. Your date of birth social insurance number have been partially masked to protect your personal information (ie: Birth Date/ 01/xx/60, Social Insurance Number: 123-xxx-789).

DATE FILE OPENED:	07/04/92
NAME:	Doe, Jane
CURRENT ADDRESS:	10 PLEASANT ST. TORONTO, ON
DATE REPORTED: 12/96	
PREVIOUS ADDRESS:	2 AVENUE ST, TORONTO, ON
DATE REPORTED: 12/93	
PRIOR ADDRESS:	3 DU BOULEVARD, MONTREAL, PQ
DATE REPORTED: 07/92	
BIRTH DATE/AGE:	10/XX/1968
SOCIAL INSURANCE NUMBER:	123-XXX-789
OTHER REFERENCE NAMES:	
CURRENT EMPLOYMENT:	EDITOR
PREVIOUS EMPLOYMENT:	TRANSLATOR
PRIOR EMPLOYMENT:	CHEF
OTHER INCOME:	

Sample Equifax credit report

Handout 7-3 (continued)

CREDIT INQUIRIES ON YOUR FILE:

Following is a list of Equifax members who have received a copy of your credit file for credit granting or other permissible purposes. Addresses are available by calling Equifax at 1-800-465-7166.

DATE	REQUESTOR NAME	TELEPHONE
03/02/00	CANADA TRUST MTG	(416) 361-8518
02/22/00	TD BANK	(800) 787-7065
01/16/00	BQE NATIONALE	(450) 677-9122

The following inquiries are for your information only and are not displayed to others. They include requests from authorized parties to update their records regarding your existing account with them.

DATE	REQUESTOR NAME	TELEPHONE
03/23/00	SOC ALCOOLS (not displayed)	(514) 873-6281
03/22/00	CANADA TRUST MTG (not displayed)	(416) 361-8518
02/16/00	CMHC SCHL (not displayed)	(888) 463-6454
01/16/00	AMERICAN EXPRESS (not displayed)	(416) 123-4567

CONSUMER INTERVIEWS AND OTHER SERVICES:

You contacted our office in 12/98 to request a review of your credit file.

CREDIT HISTORY AND/OR BANKING INFORMATION:

The following information was reported to us by organizations listed below.

Information is received every 30 days from most credit grantors. All account numbers with your creditors have been masked to protect your personal account information and only the last three digits will be displayed (i.e.: xxx...123).

GMAC last reported to us in 01/01 rating your installment account as I1, meaning paid as agreed and up to date. The reported balance of your account was \$1000. Your account number: xxx...345. The account is in the subject's name only. Date account opened: 04/99. Credit limit or highest amount of credit advanced: \$4400. **DATE OF LAST ACTIVITY meaning the last payment or transaction made on this account was in 12/00.** Additional comments: auto loan. Monthly payments.

CANADA TRUST MC last reported to us in 01/01 rating your revolving account as R1, meaning paid as agreed and up to date. At the time the reported balance of your account was \$285. Your account number: xxx...234. Date account opened: 06/99. Credit limit or highest amount of credit advanced \$2000. **DATE OF LAST ACTIVITY meaning the last payment or transaction made on this account was in 12/00.**

PREVIOUS PAYMENT STATUS:

30 DAYS: 1 time (s) account previously R2 meaning one payment past due

PUBLIC RECORDS AND OTHER INFORMATION:

The following information was reported to your file on the date indicated.

A COLLECTION was assigned in 10/96 to Commercial Credit by Transamerica Financial in the amount of: \$2675. Date reported paid: 07/97. Collection status: PAID. **DATE OF LAST ACTIVITY was in 04/96.**

Sample Equifax credit report

Handout 7-3 (continued)

A JUDGEMENT was **FILED IN 01/96** in Min Govt Serv. Plaintiff and/or case number: Chrysler Canada 4444. Defendant/other info: joint with Dossier. Amount reported: \$7525. Status reported: Satisfied. Date satisfied: 09/97.

A BANKRUPTCY was **FILED IN 08/97** in SC Newmarket. Case number and/or trustee: 5555555 SYNDIC & ASS. Liabilities: \$250000. Assets: \$8900000. Item classification: individual. Information reported on: The subject only. The item is reported as: **DISCHARGED. DATE SETTLED: 05/98.** Additional comments: absolute discharge from bankruptcy.

THE CONSUMER PROVIDED A PERSONAL STATEMENT to us in 12/98. The statement has been recorded as follows:

RE: BANKRUPTCY, CONSUMER DECLARED BANKRUPTCY DUE TO DIVORCE
This statement is to be removed from the file in: 12/04.

RETENTION PERIOD OF DATA:

CREDIT INQUIRIES TO THE FILE

- An Inquiry made by a Creditor will automatically purge three (3) years from the date of the inquiry. The system will keep a minimum of five (5) inquiries.

CREDIT HISTORY AND BANKING INFORMATION

- A credit transaction will automatically purge from the system six (6) years from the date of last activity.
- All banking information (checking or saving account) will automatically purge from the system six (6) years from the date of registration.

VOLUNTARY DEPOSIT - ORDERLY PAYMENT OF DEBTS, CREDIT COUNSELING

- When voluntary deposit – OPD – credit counseling is paid, it will automatically purge from the system three (3) years from the date paid.

REGISTERED CONSUMER PROPOSAL

- When a registered consumer proposal is paid, it will automatically purge three (3) years from the date paid.

BANKRUPTCY

- A bankruptcy automatically purges six (6) years from the date of discharge in the case of a single bankruptcy. If the consumer declares several bankruptcies, the system will keep each bankruptcy for fourteen (14) years from the date of each discharge. All accounts included in a bankruptcy remain on file indicating “included in bankruptcy” and will purge six (6) years from the date of last activity.

JUDGMENTS, SEIZURE OF MOVABLE/IMMOVABLE, GARNISHMENT OF WAGES

- The above will automatically purge from the system six (6) years from the date filed.

COLLECTION ACCOUNTS

- A collection account under public records will automatically purge from the system six (6) years from the date of last activity.

SECURED LOANS

- A secured loan will automatically purge from the system six (6) years from the date filed.

(Exception: P.E.I. Public Records: seven (7) to ten (10) years.)

The attached Reference Update Form is included for your convenience. If you wish to update your file with more current information or to request a change in the information provided above, please complete this form.

Reading a credit report

Handout 7-4

The information in an Equifax credit report varies slightly from a TransUnion credit report, but both contain the same basic sections:

Personal information

This can include your name, address, previous addresses, birth date, social insurance number (SIN), and current and past employers. Check to make sure all the information is correct and up-to-date.

Inquiries

This section lists any people or companies who have asked for a copy of your credit report. Check to make sure no inquiries have been made without your permission. Having too many inquiries can have a bad effect on your credit score. Your own requests to see your own credit report do not affect your score.

Account information

This section contains information about all of your credit accounts including loans, credit cards, department store cards, lines of credit, and consumer loans. The account information usually includes the creditor, account number, balance owed, credit limit, and the rating on your account. All account ratings contain a number and a letter. The letter is an R, I, or O. This refers to the type of credit you have.

“R” stands for revolving credit. This is the kind of credit where you are given a limit up to which you can spend. When you make a payment, that credit is ready to use again, so it ‘revolves’. Examples of revolving credit include credit cards, overdraft protection, and lines of credit.

“I” is for instalment credit. This is the kind of credit where you receive an amount of money all at once and then pay back in regular instalment payments until the balance is zero. Examples include a car loan, student loan, or mortgage.

“O” stands for open credit. This is the kind of credit where you get a bill in the mail monthly and you are expected to pay it in full. Examples include a phone bill or utility bill. These often do not report on a regular basis to the credit bureaus.

Each credit account also gets a number rating on a scale between 0 and 9. R1 means you pay your bills on time according to the terms of your credit agreement. R9 means you have not paid your bills as agreed and the account has been placed for collection.

Reading a credit report

Handout 7-4 (continued)

For instance, you may have an R1 on a credit card if you pay it on time every month.

At the same time, you might have R9 on a student loan you did not pay and was sent for collection.

Rating	Description
R0	Too new to rate: approved but not used
R1	Pays within 30 days of billing, or pays as agreed
R2	Pays in more than 30 days but less than 60 or one payment past due
R3	Pays in more than 60 days but less than 90 or two payments past due
R4	Pays in more than 90 days but less than 120 or three or more payments past due
R5	Account is at least 120 days past due but is not yet rated R9
R6	No rating exists
R7	Paid through a consolidation order, consumer proposal or credit counselling debt management program
R8	Repossession of security
R9	Bad debt or placed for collection or bankruptcy

These ratings affect how people will view your report and your credit worthiness. Make sure that all the information in this section is correct.

Banking information

This contains information about any bank accounts you have. It will also include whether you have any Not Sufficient Funds (NSF), or 'bounced' cheques on your account.

Public information

This is any information about accounts that have gone to collections. It will say if you have ever been bankrupt. It also lists judgments made against you when a creditor has taken you to court.

Consumer statement

This is where you can add a statement to explain any of the information on your report. For instance, if you received a poor rating on one of your accounts, you could explain that you were unemployed for a time or that you suffered a set-back due to illness.

Your credit scores



Objective: To explain how the credit score is calculated and used.

Tools: Handout 7-5, Credit scores

Format: Large group discussion



Introduce the topic

The credit score is sometimes called a 'FICO' or Beacon score. It is a number ranging from 300 to 900. It is a way of summing up all of the information in your credit report. It is used to measure risk – the risk that you might not repay your credit as agreed.

Credit bureaus use a mathematical formula to get credit scores. If you want to know your scores, you will have to pay for the analysis through one of the credit bureau websites.



Activity: Credit scores

1. Give participants Handout 7-5, Credit scores.
2. Review the information as a group.



Key points

- To maintain good credit scores it is most important to pay your bills by the due date and not take on too much debt
- You must pay the credit bureau if you would like to know your score, it does not come with the free credit report.

MODULE

7

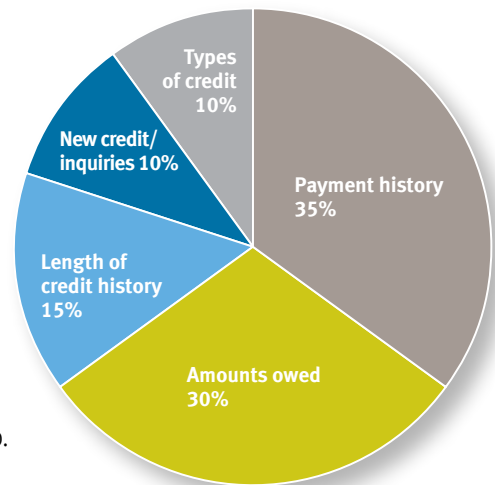
Credit scores

Handout 7-5

Credit scores

A credit score is a score between 300 and 900 that credit bureaus use to rate the information in your credit report. Credit bureaus use a mathematical formula based on many factors to arrive at your credit score.

There are 5 main factors used to arrive at your credit scores. They do not all have equal weight. Some count for more than others do.

**Payment history (35%)**

This factor carries the most weight. Lenders are most concerned with your past borrowing and whether you repay your debts on time. Paying bills late or having unpaid accounts sent to collections will lower your score.

Amounts owed (30%)

This factor compares the amount of debt you have to the amount of credit available to you. The closer you are to your credit limit, the more it affects your score.

Length of credit history (15%)

This factor looks at how long you have been using credit. It can help your credit score if you keep accounts open that you've had for a long time.

New credit & inquiries (10%)

Every time you apply for new credit, it is recorded as an 'inquiry' on your report. If there are a lot of inquiries on your report, it can lower your score. Lenders may wonder why you are applying for so much credit at once.

Types of credit (10%)

Having different types of credit can improve your score. It shows you know how to manage different forms of credit, such as credit cards, lines of credit, car loans, and student loans.

Other factors that affect your score

- If you have had accounts turned over to collections, it can lower your score a lot
- If you have filed for bankruptcy, it can lower your score a lot.

Factors that do not affect your score

- Inquiries that you make into your own credit report will not affect your score
- Mortgage information may appear in your credit report, but it is not used to calculate your credit score.

Viewing your credit reports



Objective: To learn how to get a copy of your own credit reports.

Tools: Activity Sheet 7-6, Equifax Credit Report request form
Activity Sheet 7-7, TransUnion Credit Report request form
Addressed and stamped envelopes for both credit bureaus (optional)

Format: Large group discussion, individual activity



Introduce the topic

Anyone can request a copy of their own credit reports from Equifax or TransUnion. You can do it by mail, phone, fax, online, or in person.

If you ask to receive it by mail, it is free. You must send two pieces of identification, photocopied on both sides. You must also complete the request form. The reports come in the mail in a few weeks.

If you need to get your reports right away, you can order it online. There is a fee.

Warning: If you request a copy of your credit reports you will identify yourself to all current creditors. That could include any creditor that you owe money to that have lost touch with you. You may receive a notice from them if they are still looking for payment on a past-due debt.



Activity: Requesting a report

1. Give participants Activity Sheet 7-6, Equifax Credit Report request form and Activity Sheet 7-7, TransUnion Credit Report request form.
2. Review the forms with participants.
3. Discuss what identification is required.
4. Encourage each participant to fill out one of the request forms.



Tip: If you tell participants in advance to bring ID to the class, you can offer to photocopy it for them and support them to complete the forms. If you can, provide stamped, addressed envelopes for mailing. Do not insist that each participant mail their request. (See warning above).

Equifax Credit Report request form

Activity Sheet 7-6



REQUEST TO OBTAIN MY FREE CREDIT REPORT

Important Information & Instructions:

In order to protect your personal information we will validate your identity before mailing your credit report to your confirmed home address. You must provide a photocopy of the front and back of:

- 2 pieces of government-issued identification (e.g. driver's license, health card, birth certificate, passport etc.)
- If your address is not up-to-date on either identification, you must also provide an additional document showing your current home address (e.g. telephone or utilities bill or bank statement). We recommend you **blackout** transactional details as we only require the date of the document, the sender, your name, address and your account number.
- If you provide your **Social Insurance Number (S.I.N.)**, we will cross-reference it with our records to ensure that we disclose the correct information to you. Knowing your S.I.N. helps us avoid delays and confusion in case another individual's identifying information (such as name and address) is similar to your own.
- If you provide a **credit card** statement or copy of your **credit card** as proof, please ensure to **blackout** your CVV.

The information you provide on the form will be used to confirm your identity and may also be used to update your credit report. Such updated information will be stored, safeguarded, used and/or disclosed in the normal course as part of your credit file. For more information about Equifax's privacy practices, please see our Privacy Policy at <http://www.consumer.equifax.ca/privacy>. For clarity, in any case, we will keep a copy of the information you provide to demonstrate that we complied with our obligation to obtain reasonable identification from you.

Please send your completed form with proof of identity to: **National Consumer Relations: P.O. Box 190, Station Jean-Talon Montreal Quebec H1S 2Z2** or by fax to: **514-355-8502**. Kindly allow 5-10 days for delivery. If any corrections to your credit report are necessary you must complete the Credit Report Update form enclosed with your package, or visit www.equifax.ca and click on "How to File a Dispute" under Credit Report Assistance.

PLEASE PRINT: LAST NAME		FIRST NAME, INITIAL		SUFFIX (Sr., Jr., etc.)	
PLEASE PRINT: CURRENT STREET ADDRESS		APT.	CITY	PROVINCE	POSTAL CODE
PREVIOUS ADDRESS(ES) WITHIN LAST 3 YEARS					
PLEASE PRINT: PREVIOUS STREET ADDRESS		APT.	CITY	PROVINCE	POSTAL CODE
PLEASE PRINT: E-MAIL Address					
DATE OF BIRTH: MONTH/DAY/YEAR		S.I.N.: (OPTIONAL)		NAME & LAST 4 DIGITS OF MAJOR CREDIT CARD: (OPTIONAL)	
SIGNATURE			DATE		
<input type="checkbox"/> YES, I WOULD ALSO LIKE TO PURCHASE MY EQUIFAX CREDIT SCORE* FOR \$11.95 (tax included) and I authorize Equifax to charge the payment to my credit card: <input type="checkbox"/> VISA <input type="checkbox"/> MasterCard <input type="checkbox"/> AMEX					
Cardholder Name: _____					
Card Number: _____			Expiry Date: _____ MONTH/YEAR		
Note: Cheque and cash payments are not accepted. Cardholder's name must be same as requestor's name.					

*Equifax Credit Score is a product some service providers use when assessing applications for credit and services. It is not part of your credit report, but is based on the particular information in your credit file at the time it is calculated. Equifax Credit Score is not the same as the FICO Score, which is also used by some lenders. Equifax will provide your credit report free of charge, whether or not you purchase your Equifax Credit Score. **There is another credit reporting agency in Canada that provides this service:** TransUnion of Canada, P.O. Box 338, L.C.D.I. Hamilton ON L8L 7W2 Telephone: 1-800-663-9980 Telephone in Quebec: 1-877-713-3393

TransUnion Credit Report request form

Activity Sheet 7-7

**CREDIT BUREAU REQUEST FORM**

(If you would like to receive a copy of your credit report with this request, please complete fully and attach photocopies of both sides of 2 pieces of ID)

CONSUMER RELATIONS CENTRE

PO Box 338 LCD1

Hamilton, Ontario L8L 7W2

Tel 800 663-9980

www.transunion.ca

You may also request your credit report by phone using our Interactive Voice Response system:
1(800) 663-9980 (Prompt 1)

The information on this form is requested to enable our associates to confirm your identity and access your file as mandated by consumer reporting legislation. If our system does not currently contain a file with the information you provided, your inquiry will result in a file being created or updated accordingly.

PERSONAL INFORMATION

Last Name:		First Name:	
Middle Name		Date of Birth: (MM/DD/YYYY)	JR/SR
Social Insurance Number: (Optional)		Home Phone Number: (Optional).	
Referred By (Institution/Company/Website):			

ADDRESS INFORMATION

Present Address:			Apt #:
City:	Province:	Postal Code:	How Long:
Previous Address: (If Present is less than two years)			Apt #:
City:	Province:	Postal Code:	How Long:

EMPLOYMENT INFORMATION (OPTIONAL)

Employer:	How Long:
<p><i>I understand and consent to the information provided above being used to update my credit file. I understand that my identification will be used for authentication purposes and will be stored electronically.</i></p> <p><i>I am the person named above and I understand that I could be prosecuted under federal or provincial legislation for obtaining information from a consumer reporting agency by fraudulent means or under false pretences.</i></p>	
Signature:	Date:

Your request CANNOT be fulfilled without including both sides of 2 pieces of acceptable photocopied ID.

Correcting credit report errors



Objective: To review the types of errors that can appear on credit reports and the steps to correct them.

Tools: Handout 7-8, Correcting common errors on credit reports

Format: Large group discussion



Introduce the topic

Errors on credit reports can happen for any number of reasons. It could be a computer or administrative error. Or, it could be something more serious, like identity theft. Either way, errors can affect your score and should be fixed as soon as possible.



Activity: What would you do if ... ?

1. Ask the following questions to generate discussion on the topic of credit reporting errors:
 - Q:** What would you do if the Inquiries section of your credit report listed a company that you did not give permission to look at your report?
 - Q:** What would you do if one of the accounts listed on your credit report stated that you missed a payment, but you are sure that you paid on time?
 - Q:** What would you do if there were two credit cards and a loan listed on your report that you do not recognize?
2. Give each participant a copy of Handout 7-8, Correcting common errors on credit reports.
3. Review the key points as a group.

Correcting common errors on credit reports

Handout 7-8

Incorrect personal information

Make sure your name, Social Insurance Number, address, employment, and contact information are all up to date.

Incorrect account information

If there is an account on your report you do not recognize, you may be the victim of identity theft.

- Sometimes an account that is yours can appear on your report more than once and this can affect your score
- Check to make sure the information listed about the account is correct, including your credit limit, balance owed (as of the date the information was reported), and payment history.

Uninvited inquiries

Make sure you have given permission to view your credit report to anyone listed under your inquiries. No one should see your credit report unless you say they can. Too many inquiries can have a bad effect on your score.

Expired information

Some kinds of information should not stay on your report past a certain amount of time. If they stay on too long, they could have a negative effect on your score. The length of time depends on:

- The type of information
- The rules in the province you live in
- The rules at each credit bureau.

The next page shows charts for Equifax and TransUnion. They list how long information can stay on your report by province.

Correcting common errors on credit reports

Handout 7-8 (continued)

These charts from Equifax and TransUnion show how long information can stay on your report by province.

Equifax	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL	YK	NT	NWT
	Year(s)												
Credit transactions (trades from last day if activity)	6	6	6	6	6	6	6	6	6	6	6	6	6
Judgments (from the date satisfied or deposit)	6	6	6	6	6	6	7	6	7 to 10	7	6	6	6
Collections (from the date of the last activity)	6	6	6	6	6	6	6	6	6	6	6	6	6
Secured loans (registered items) (from the filling date)	6	6	6	6	6	6	6	6	7 to 10	6	6	6	6
Bankruptcy (from the discharge date)	6	6	6	6	6	6	6	6	6	6	6	6	6
Registered consumer proposal, orderly payment of debts (from the date paid)	3	3	3	3	3	3	3	3	3	3	3	3	3
Credit counselling (from the date paid)	3	3	3	3	3	3	3	3	3	3	3	3	3
Inquiries (when lenders access)	3	3	3	3	3	3	3	3	3	3	3	3	3
Remarks (i.e., Fraud alert or consumer statement)	6	6	6	6	6	6	6	6	6	6	6	6	6

TransUnion	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL	YK	NT	NWT
	Year(s)												
Credit transactions (trades from last day if activity)	6	6	6	6	6	6	6	6	6	6	6	6	6
Judgments (from the date satisfied or deposit)	6	6	6	6	7	7	7	6	10	7	6	6	6
Collections (from the date of the last activity)	6	6	6	6	6	6	6	6	6	6	6	6	6
Secured loans (registered items) (from the filling date)	5	5	5	5	5	5	5	5	5	5	5	5	5
Bankruptcy (from the discharge date)	6	6	6	6	7	7	7	6	7	7	6	6	6
Registered consumer proposal, orderly payment of debts (from the date paid)	3	3	3	3	3	3	3	3	3	3	3	3	3
Credit counselling (from the date paid)	2	2	2	2	2	2	2	2	2	2	2	2	2
Inquiries (when lenders access)	6	6	6	6	6	6	6	6	6	6	6	6	6
Remarks (i.e., Fraud alert or consumer statement)	6	6	6	6	6	6	6	6	6	6	6	6	6

Source: Equifax and TransUnion

Correcting common errors on credit reports

Handout 7-8 (continued)

What to do if you identify an error on your reports

- Find the documents that prove there is an error. For instance, if the report says you did not pay a bill, find the receipt that shows you made the payment.
- Make a copy of your proof.
- Call the credit bureau. Explain the error. Find out what they need from you so that they can do a check on the item in dispute.
- Send the credit bureau a letter or fill out their dispute form. Include all the information needed to check into and correct the error. This process can take up to 30 days.
- The credit bureau will contact the creditor or financial institution to confirm that an error was made.
- If they agree an error was made, the credit bureau has 30 days to correct the error on your report (90 days in Alberta).
- If the financial institution does not think there was an error, you can still write a statement explaining your side of the story. The credit bureau will add this to your report.
- You can also contact the financial institution to register a complaint. By law, all financial institutions in Canada must have a process for resolving complaints from customers.

Where to find out more about the the steps to take with each bureau

Equifax: <https://www.consumer.equifax.ca/personal/dispute-credit-report/>

TransUnion: <https://transunion.ca/assistance/credit-report-disputes>

Improving your credit scores



Objective: To explore some ways that participants can improve their credit scores.

Tools: Activity Sheet 7-9, Credit score scenarios
Handout 7-10, Ways to improve your credit score

Format: Small group activity, large group discussion



Activity: Credit score scenarios

1. Split the participants into three or four groups.
2. Give each group Activity Sheet 7-9, Credit score scenarios.
3. Assign them one of the scenarios.
4. Ask the groups to assign a recorder and a presenter.
5. Tell the groups to discuss and record their ideas about how their character could improve their credit score.

Process the exercise

1. Ask each group presenter to give two or three ideas to improve their character's credit score.
2. Record them on a flip chart.
3. Give each participant a copy of Handout 7-10, Ways to improve your credit score.
4. Review any information not already covered.

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Credit score scenarios**Activity Sheet 7-9****Scenario 1: John**

John has three credit cards. Here are his credit limits and balances:

Card	Limit	Balance
Sears	\$1000	\$999
VISA	\$5000	\$5500
MasterCard	\$3500	\$3000

John does not keep track of the due dates on the bills. Instead, he sends a payment sometime after his mid-month paycheck.

Scenario 2: Amir

Amir has applied for and received four credit cards since he moved to Canada because he understood he needed to build a credit history. He has never used any of them because he does not like the idea of paying interest. He prides himself on paying cash for everything. Amir and his wife are thinking about buying a house. They will soon go to the bank to apply for a mortgage.

Scenario 3: Yin

Yin found out last year that she was the victim of identity theft. She began to get bills for a bunch of credit cards that she never applied for. She ignored the bills and the collection phone calls that followed.

Scenario 4: Sarah

Sarah had five credit cards, a cell phone plan, and a consumer loan for a computer. Last year Sarah lost her job. She is collecting social assistance while she looks for work. She rotates her bill payments, paying the minimum payment only every two months. She cancelled her cell phone contract, but there was a cancellation fee of \$200. She could not pay it, and it has gone to collections.

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Ways to improve your credit scores

Handout 7-10

Pay your bills on time. This is a great way to show that you can manage credit wisely. Late payments or accounts sent to collections can really hurt your score. Utility bill payments are not recorded in your score monthly. But those debts will be in the public records section if you reach a collection stage. Cell phones, credit cards and loan payments will be reported monthly. Keep track of your due dates and manage your money so you can pay all your bills on time.

If you cannot pay on time, take action. Get in touch with the creditor and ask to work something out, so that it does not go on your credit report. If you become ill or disabled, check the terms of your loans and other credit to see if you are insured so that your payments will be covered.

Try to pay your credit card balances in full. This shows you have the money to cover the credit you use. It is also a good way to prevent debt from getting out of control. If you can't pay in full, pay as much as you can, but pay it on time. Be sure to at least make the minimum payment.

Pay your debt as fast as you can. The longer your debt remains, the more it seems that you are unable to handle it, and this will hurt your score. Take on only the amount of credit that you can manage.

Stay within your credit limit. Do not go over your credit limit on your cards or other sources of credit. The higher your balance, the more it affects your score. Try to keep your balance well below your credit limit.

Do not apply for credit too often. It can be good to show that you know how to handle different types of credit. But applying for too much credit in a short period of time can be taken as a sign of financial instability. Each of these applications results in an inquiry to the credit bureau. Too many inquiries on your record will hurt your score.

Do use credit. Sometimes a poor credit score just means that a person does not use credit much. You cannot build a credit history without using credit. Just make sure that when you do use it, you use it wisely.

Correct errors. Get a copy of your credit report. Make sure there are no errors. Mistakes may not be your fault, but it is your responsibility to fix them.

Goal setting



Objective: To set a learning goal related to credit reports

Tools: Activity Sheet 7-11, Goal setting
Handout 7-12, Resources
Handout 7-13, Glossary (optional)

Format: Individual activity



Activity: Goal setting

1. Give each participant a copy of Activity Sheet 7-11, Goal setting.
2. Ask them to set one or two personal goals related to their credit report.
3. Give each participant a copy of Handout 7-12, Resources.
4. Give each participant a copy of Handout 7-13, Glossary (optional).

Wrap-up

- Finish the workshop session by thanking the participants.
- Confirm the date and time of the next workshop.

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Goal setting

Activity Sheet 7-11

Example:

Goal: Get a copy of my credit report		When?
Tasks:		
• Fill out and send request to replace my missing identification		This Friday
• Photocopy ID		As soon as it arrives
• Fill out and send both credit report request forms		Within one week of receiving my ID

1. Goal:**Tasks:**

When?

2. Goal:**Tasks:**

When?

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Resources**Activity Sheet 7-12****[Checking for errors on your credit report](https://www.canada.ca/en/financial-consumer-agency/services/credit-reports-score/check-errors.html) - Financial Consumer Agency of Canada (FCAC)**

<https://www.canada.ca/en/financial-consumer-agency/services/credit-reports-score/check-errors.html>

Information on checking your credit report for errors and fraud, and how to fix errors on your credit report and make a complaint about a credit bureau.

[Debt and Borrowing](https://www.canada.ca/en/services/finance/debt.html) - Financial Consumer Agency of Canada

<https://www.canada.ca/en/services/finance/debt.html>

Information on managing debt, credit cards, mortgages, loans, lines of credit, credit reports and more.

[Credit reports and scores](https://www.canada.ca/en/financial-consumer-agency/services/credit-reports-score.html) - Financial Consumer Agency of Canada (FCAC)

<https://www.canada.ca/en/financial-consumer-agency/services/credit-reports-score.html>

Information on checking your credit report for errors and fraud, and how to fix errors on your credit report and make a complaint about a credit bureau.

[e-Learning Videos: Financial Basics](https://www.canada.ca/en/financial-consumer-agency/services/financial-basics.html) - Financial Consumer Agency of Canada (FCAC)

<https://www.canada.ca/en/financial-consumer-agency/services/financial-basics.html>

A great selection of videos narrated by Ellen Roseman, including one on Understanding Credit and Credit Reporting.

[Equifax](http://www.equifax.ca)

www.equifax.ca

This website offers access to your credit history and score for a fee as well as a free credit education centre.

[Equifax credit report request form](http://www.equifax.com/ecm/canada/EFXCreditReportRequestForm.pdf) - Equifax

www.equifax.com/ecm/canada/EFXCreditReportRequestForm.pdf

[Equifax: How to dispute information on your Equifax credit report](https://www.consumer.equifax.ca/personal/dispute-credit-report/) - Equifax

<https://www.consumer.equifax.ca/personal/dispute-credit-report/>

Information on disputing information on your Equifax credit report, including the process, documents to submit, and what to expect after filing a dispute.

[Office of Consumer Affairs \(OCA\)](http://www.ic.gc.ca/eic/site/oca-bc.nsf/eng/home)

<http://www.ic.gc.ca/eic/site/oca-bc.nsf/eng/home>

A government website with basic information on credit reports, scores and ratings.

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Resources**Activity Sheet 7-12****TransUnion**

<https://www.transunion.ca/>

This website offers credit monitoring products and services for sale and also has a credit learning centre.

TransUnion credit report request form - TransUnion

https://www.transunion.ca/resources/transunion-ca/doc/personal/Consumer_Disclosure_Request_Form_en.pdf

TransUnion credit report request form (Quebec residents) - TransUnion

https://www.transunion.ca/resources/transunion-ca/doc/personal/Consumer_Disclosure_Request_Form1_quebec_en.pdf

TransUnion credit report dispute process - TransUnion

<https://transunion.ca/assistance/credit-report-disputes>

Information on how you can dispute your credit information or update personal information on your TransUnion credit report in three ways.

Glossary

Handout 7-13

Bankruptcy: When a person does not have enough money to pay their debts and cannot get more credit to borrow, they can file for bankruptcy. This may involve selling items off and making monthly payments to your creditors until you are discharged from your debt. The process may take over a year or more and you must pay a trustee to administer the process.

Collections agency: An agency that has been hired to recover debts from people who have not paid them. They try to get the money back for the lender

Credit bureau: A company that gathers information about you as a borrower and provides reports about your credit-worthiness

Credit check: A request to a credit bureau for a report about your credit worthiness

Credit limit: The amount of credit you have available to you. Your credit limit is shown on your credit card statement.

Credit rating: In a credit report, each of your accounts gets a rating. For instance, if you have a credit card and a car loan, you get ratings for each of these. The rating is a number from 0 to 9. A rating of 1 means you pay your bills on time and follow the terms of your credit agreement. A rating of 9 means you did not pay a debt and the account has been sent to collections.

Credit score: A score between 300 and 900 that credit bureaus use to rate the information in your credit report. Credit bureaus use a mathematical formula based on many factors to arrive at your credit score.

Creditor: A person or company that lends money or sells you goods that you pay for later.

Credit worthy: Having a good credit 'track record'. This makes it easier to get access to credit at lower interest rates.

Identity theft: The theft of someone's personal or financial information, in order to obtain money or credit.

Installment credit: The kind of credit where you receive an amount of money all at once and then pay back in regular installment payments until the balance is zero, such as a car loan

Not Sufficient Funds (NSF) fee: What the bank calls a cheque that you write when there is not enough money in your account to cover it. This results in a penalty fee.

Open credit: The kind of credit where you get a bill in the mail monthly, such as a phone bill, and you are expected to pay it in full

Revolving credit: The kind of credit where you are given a limit up to which you can spend, such as a credit card.

Module 8:

Debt



Module 8

Debt



Overview

This module looks at debt and the role it plays in the personal money management of low income Canadians. It examines the benefits and costs of debt and offers a range of repayment strategies that can be used by all. Participants will learn how to calculate how much debt individuals can afford to manage and how to deal with creditors and collection agencies including one's rights and responsibilities.

Objectives

Participants will:

- Learn about the uses, benefits, and costs of debt
- Assess their own level of affordable debt
- Learn strategies for managing debt effectively
- Understand their rights and responsibilities when dealing with creditors and collection agencies
- Create a personal goal for managing and reducing debt.

Module 8

Contents

1	The good, the bad and the ugly	15 minutes
2	How much is TOO much?	10 minutes
3	Debt do's and don'ts	15 minutes
4	Steps to debt repayment	15 minutes
5	Dealing with creditors	10 minutes
6	Collections rules	10 minutes
7	Goal setting	5 minutes
		Total 80 minutes

Prep notes

- Read through the entire module
- Prepare copies of the participant handouts, activity sheets, and materials for this session
- Print the materials for Activity Sheet 8-2, Do's and don'ts: Print the sheets of action statements and the single page of circles three times, one for each group. Cut each of the statements out and place them in the three envelopes. The package for each group will consist of the page of circles and an envelope of action statements. Print the large circles once for posting at the front of the room
- Print the materials for Activity Sheet 8-3, Ladder of debt repayment options. Prepare the rungs on the ladder by cutting out each individual step
- Post the 'Parking Lot' from the last class and be prepared to report on (or ask participants to report on) the results of any research done on the outstanding questions
- Prepare a new 'Parking Lot' for this class.



Tip: This session may benefit from having a guest speaker from a non-profit credit counselling organization. If you include a guest speaker, you may request that they cover the informational aspects of the topic. You may then choose to facilitate the Do's and Don'ts activity and Collections Role play to provide more active interaction.

The good, the bad and the ugly



Objective: To identify the reasons why people take on debt and assess its risks and benefits.

Tools: Flipchart paper and markers

Format: Small group activity, large group discussion

Welcome

Welcome participants to the workshop. Share housekeeping details such as workshop length, break times, washrooms, and cell phone etiquette.



Introduce the topic

This workshop looks at the role of debt in our personal money management. Most people think of debt as a bad thing. But is all debt bad? Debt is a financial tool. Like any tool, what matters is how, when, and why we use it. There can be some benefits to borrowing money.

There are real costs to think about as well. People go into debt for a number of reasons. This activity will help us talk about the range of reasons why people take on debt. We will look at some of its benefits and costs.



Activity: Good debt, bad debt, ugly debt

1. Divide the large group into three smaller groups.
2. Give each group a piece of flipchart paper and a marker.
3. Ask each group to choose a recorder and a presenter.
4. Assign each group one of the following topics: Good Debt, Bad Debt, Ugly Debt.
5. Ask the groups to first define their type of debt. Then they should brainstorm a list of examples.



Tip: Keep the energy up by letting the groups know they have only four minutes to develop their lists.

Process the exercise

Ask each group in turn to present their lists of Good, Bad and Ugly Debt

Q: What are the benefits that can come from using debt?

Q: What are the costs that can come from using debt?

Q: Were there any disagreements in your group about what was a good or bad reason to go into debt?

Q: Do you think bad or ugly debt is sometimes necessary? Why or why not?



Key points

- Good debt allows you to increase your chance of growing your wealth or earning more money. Examples include buying a house or land, starting a business, or getting an education. The debt you take on might be a mortgage, a student loan, a business loan – even a car loan if you need the car for work. The concept of leverage is key – using other people’s money to build your own financial health in the long term
- Bad debt is paying for things that we have not saved for and that do not hold their value. These are things like consumer goods, vacations, and other items that are ‘wants’, not ‘needs’. The debt may last longer than what we bought! Credit card debt is the biggest culprit
- Ugly debt is debt with very high costs. These costs can be financial or emotional. It can take the form of a payday loan or a pawn shop loan on something that you treasure. It might be rent-to-own furniture that will cost much more than it is really worth. Or it might be a loan from family or friends that could damage your relationship
- In real life, we are sometimes forced to take on some bad or ugly debt just to live or deal with an emergency. We need to understand the costs of this kind of debt, so that we only use it in the short term and make a plan to pay it off quickly
- The costs of debt are both financial and emotional. When you hold debt at high interest rates, it becomes a hungry monster that you have to feed out of your monthly budget. That can lead to a cycle of debt, as you take on more debt because your budget cannot keep pace. This can be very stressful. It takes a good debt management plan to pay down what you owe, so that you no longer have to rely on bad and ugly debt.

How much is TOO much?



- Objective:** To learn how to figure out how much debt is too much
- Tools:** Activity Sheet 8-1, How much is TOO much?, calculators
- Format:** Large group discussion, individual activity



Introduce the topic

Many financial experts recommend that you limit your debt to a percentage of your annual income. A “reasonable” amount of debt will be different for each person. Even a small amount of debt can become a problem if your income is low and the debt is not managed with care.

The ‘20/10’ rule can guide you in deciding how much debt you can afford.



Activity: The 20/10 rule

Write the on the flipchart:

20 RULE: Your total debt load should not exceed 20% of your yearly income.

Example: Yearly income \$20,000
Total debt load no more than \$4000 ($\$20,000 \times 0.2$)

10 RULE: The monthly payments should not exceed 10% of your monthly income.

Example: Monthly income \$1666.67
Total payment no more than \$166.67 (1666.67×0.1)

Example of the combined rule

- Let's say you have a monthly income of \$1666.67 ($20,000/12$)
- You owe \$4000 on a Visa card, at 19.5% interest per year
- Using the ‘10 rule’, you can only afford to pay \$166.67/month
- Even if you did not put anything else on the VISA card, it would take 2 years and 7 months to pay off the \$4000
- The interest cost would be \$1,111.06. You decide if that is affordable!

Exception: Real estate

If you buy a house, your mortgage is likely the biggest debt you will ever have. The affordability rule for housing costs is 35% of your income. Why? Because you have a major asset in your house, so mortgage payments are not included in the 20% rule.



Activity: Applying the 20/10 rule

1. Give each participant a copy of Activity Sheet 8-1, How much is TOO much?
2. Give each participant a calculator.
3. Ask the participants to do the math using the 20/10 rule. They can use their own income or an amount that you give the whole group.



Tip: If you will be giving the group the income amount, decide beforehand what it will be. Do the math in advance so that you can give the correct answers. The main goal of the activity is for participants to learn how to do the calculations. If they decide to use their own income, it will help them understand their situation better. However, they could also choose to work it out in private as part of their goal-setting exercise.



Key points

- This is a way to help you figure out if you are carrying too much debt
- With a low income, even the 20/10 rule can result in debt that you cannot afford. You have to think about the costs and benefits of the debt
- Thinking about our personal debt can cause a lot of stress and worry. Many of us would rather not think about it at all. But avoiding your debt is a sure way to let it spiral out of control
- Being aware of your debt motivates you to look for ways to manage and reduce it. That reduces both the financial and emotional costs

Fact: Nearly one third of Canadians report they struggle or do not keep up with bills and payments, and a majority of Canadians are trying to decrease their debt. (Sources: Managing Money and Planning for the Future: Key Findings from the 2014 Canadian Financial Capability Survey, FCAC, 2015; Canadian Household Financial Health and Consumer Credit Indicators, DBRS, December 2016).

How much is TOO much?**Activity Sheet 8-1****The 20 / 10 rule****20 Rule: Maximum balance owing**

Yearly net income (after taxes):

20% of yearly net income:
(multiply yearly net income by 0.2)

=

Maximum balance**10 Rule: Maximum monthly payment**

Monthly net income: (divide yearly net income by 12)

10% of monthly net income:
(multiply monthly net income by 0.1)

=

Maximum monthly payment**Does this seem like a realistic amount of debt to carry? Why or why not?**

Debt do's and don'ts



Objective: Explore the do's and don'ts of effective debt management.

Tools: Activity Sheet 8-2, Debt do's and don'ts in three packages, one for each group
Letter-size, printed Do, Caution, Don't signs (See Prep Notes)
Stick tack or tape

Format: Small group activity, large group discussion



Introduce the topic

There are many ways we can respond to debt. Some of them help more than others. Debt is an emotional subject, so we do not always think clearly about how to deal with it. A debt management plan that works for you may not work for others. It depends on each person's situation and their feelings. This activity will give us a chance to look at some common ways to manage debt, and debate how effective they are.



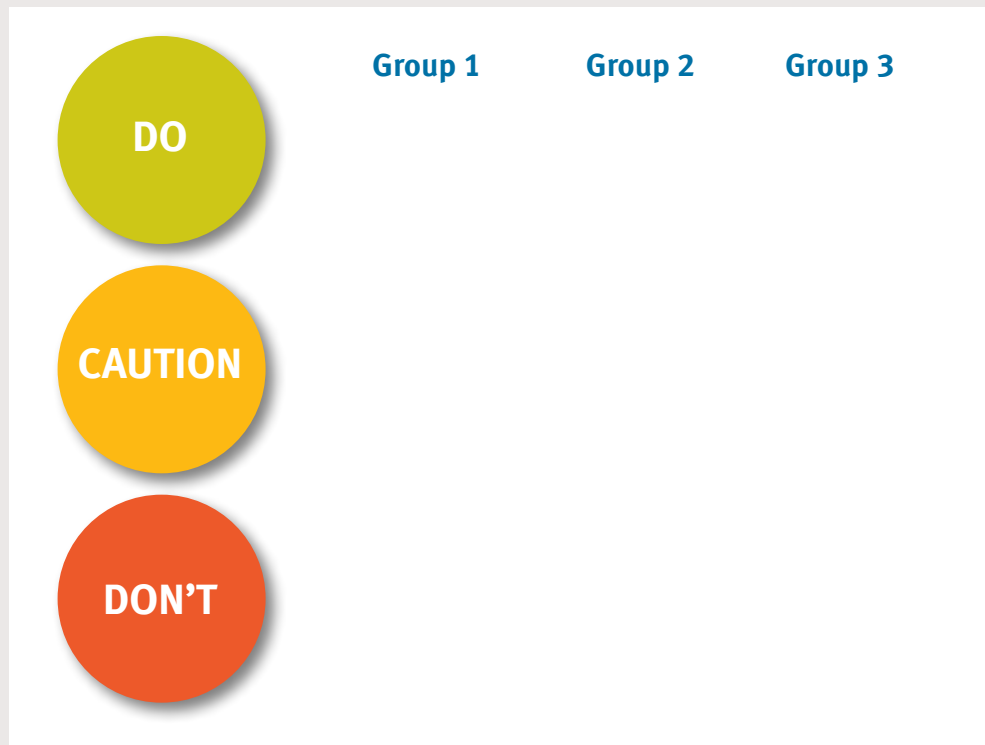
Activity: Do's and don'ts

1. Split participants into three groups. Number the groups 1, 2, and 3.
2. Give each group a Do's and Don'ts activity package. Each package should have:
 - Sheets labelled Do, Caution, and Don't
 - An envelope of action statements.
3. Ask each group to sort the action statements into the three categories, discussing the actions as they go.

Q: What might be helpful about doing this action?

Q: What would be harmful about doing this action?
4. Give the groups 5-10 minutes to sort the actions.
5. Place the three full-sized Do, Caution, and Don't signs at the front of the class on the wall. There should be room for three columns alongside, one for each group.
6. When the groups are finished their sorting, ask them to use the sticky tack or tape to post their actions beside the right sign under their group number.
7. Invite everyone to look at what each group decided.

The front of the room should look like this:



Process the exercise

Focus on the differences between the groups. Ask each of them in turn about how they reached their decisions.

Example: Why did Group 1 put “Borrow money from friends and family” in the Caution category while everyone else put it in the Don’t category? What are the reasons why that might or might not be a good plan?



Key points

- The ways we choose to deal with debt can be both helpful and harmful.
- Common sense can be silenced when emotions are involved.
- Some of the strategies we use to cope with debt in the short term help to keep us in debt longer. That costs us more money and stress in the long term.
- There are proven ways to help us rely less on debt and manage the debt we have wisely.

Do's and don'ts

Activity Sheet 8-2

Printing instructions

- Print the sheets of statements and the single page of circles three times, one for each group.
- Cut the statements out individually and place in an envelope. The group package will consist of the page of circles and an envelope of action statements.
- Print the large circles once for posting at the front of the room.

Prepare a monthly budget.

Sign up for another credit card with a low interest offer and transfer your debt.

Focus on the things that you can do each day to spend less and save more.

Let others make you feel bad about your situation.

Keep a money journal or receipts to track your expenses.

Keep your debt stress a secret from friends and family.

Call your creditors to let them know if you will be missing a payment.

Work out a new payment schedule with your creditors that you can afford.

Think about taking a second job until your debt is paid off.

Ask about a consolidation loan for your debts.

Plan to have only one credit card in the future.

Cash in some investments or use savings to lower your debt balance.

Do's and don'ts

Activity Sheet 8-2 (continued)

Speak to a not-for-profit credit counselling agency.

Change your phone number or don't answer your phone when creditors call.

Make a list of all the debts you owe with balances and interest rates.

Don't open the bill until you have the money to pay it.

Negotiate with creditors to lower your interest rates.

Focus your payments on the highest cost debt.

Be honest with creditors, explain the problem, and commit to a plan to make payments you can afford.

Borrow money from family and friends to pay your creditors.

Look honestly at your situation and try to figure out how you got into debt in the first place.

Get a loan from a payday lender or finance company.

See a Bankruptcy Trustee.

Focus your payments on the biggest debt balance.

Gamble to see if you can make enough to pay off all your debts.

Keep using your credit cards.

Do's and don'ts

Activity Sheet 8-2 (continued)

**DO****CAUTION****DON'T**



DO



**PROCEED
WITH
CAUTION**



DON'T

The ladder of debt repayment options



Objective: To show participants how they can make progress through different ways of dealing with debt.

Tools: Activity Sheet 8-3, Ladder of debt repayment options, printed and cut into 'rungs' for the ladder (See prep notes.)
Stick tack or tape
Handout 8-4, Steps to debt repayment

Format: Large group activity and discussion



Introduce the topic

Many Canadians struggle with debt and how to repay it. In March 2017 Statistics Canada reported a household debt ratio of 167.3%. The Manulife Financial Wellness Index in 2017 reported that two thirds of Canadians (67%) are stressed about their financial situation, and four fifths (82%) are concerned about debt. And a 2017 survey by TransUnion revealed that 39% of Canadians are uncertain about the benefits of paying more than the minimum balance on their credit card.

Denial and avoidance can lead to debt levels that we cannot manage. The level of stress this kind of debt causes can make it feel like we are losing control and will never be able to get out of debt. But even in worst cases, there are options.



Activity: The ladder of debt repayment options

1. Give each participant a copy of Handout 8-4, Steps to debt repayment.
2. Post the top rung (Bankruptcy) on the wall at the front of the class.
3. Pass the remaining rungs out to individual participants in the group.
4. Ask them in turn to come to the front and place their step on the ladder.
They should describe what it entails, using the information in the handout.

Print these pages and cut into individual 'rungs' for use in the activity.

Stop using credit

**Collect your
debt information**

**Rework
your budget**

Ladder of debt repayment options

Activity Sheet 8-3 (continued)

Print these pages and cut into individual 'rungs' for use in the activity.

**Negotiate
and consolidate**

**Make a debt
repayment plan**

Stick to your plan

Print these pages and cut into individual 'rungs' for use in the activity.

**Credit counselling
Debt repayment program**

Consumer proposal

Bankruptcy

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Steps to debt repayment**Handout 8-4****Step 1 – Stop using credit**

If you feel that you cannot manage your debt, the first step you can take is to stop it from growing. Put your credit cards away. Make a promise to yourself that you will not pay for things using credit until you get control of your debt.

Step 2 – Collect your debt information

Gather all of your debt and account information. For each debt, write down:

- the total debt amount
- the minimum monthly payment
- the interest rate
- the term for repayment.

Step 3 – Rework your budget

Look closely at your budget. (You have one, right?!) Is there a way to increase your income or decrease your expenses? Try to rework your budget to free up more money towards debt repayment.

Step 4 – Negotiate and consolidate

Speak with your creditors directly to see if you can get a lower interest rate on your debt or combine all of your individual balances owing into one loan with a lower interest rate.

Step 5 – Make a debt repayment plan

By reworking your budget, and reducing your interest rates you are ready to make a clear plan to pay off your debts. The 'power pay' strategy is a way to organize your debts by interest rate. Focus most of your payment efforts on the debt with the highest rate. Pay minimum payments on everything else. When the first balance is paid off, add that same payment amount to the next highest interest debt. Continue this way until all debts are gone. Slowly, but surely, you will pull yourself out from your debt. If you have a series of small debts with similar interest rates, clear them off one at a time and get rid of them. Remember to maintain all minimum payments.

Step 6 – Stick to your plan

Once you have decided to get out of debt, the most important thing is to stick to the plan you made. One way to do this is by keeping a calendar with all your payment due dates. You can also set up automatic payments through your financial institution. Then you do not have to worry as much about making your payments on time. You still have to make sure that you have enough money in the bank to cover the payments.

Steps to debt repayment

Handout 8-4 (continued)

Professional help

If you have tried these ways to get your debt under control and find that you still cannot manage, you can think about three other options: credit counselling, a consumer proposal or bankruptcy. These options have long-term effects on your credit rating. You should avoid these options if you can and try other strategies for repaying debt.

Step 7 – Credit counselling, debt repayment program

You may meet with a credit counsellor from a non profit credit counselling organization. They may recommend you enrol in their debt repayment program. In that case they will negotiate with your creditors for you and you will make one payment each month to the credit counselling society that will be divided among your creditors. This will have an effect on your credit rating.

Step 8 – Consumer proposal

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

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

This option requires you to pay a fee that is included in your instalment payments. You must also attend credit counselling. It has a bad effect on your credit history that lasts for three years from the date of your last payment.

Step 9 – Bankruptcy

The rules of bankruptcy are complex. This is a legal process where you declare yourself unable to pay back your debts, or 'insolvent'. You have to work with a licensed bankruptcy trustee. You must also attend credit counselling. The trustee may force you to sell assets, such as art, jewellery, antiques, a car, or even your house. The money is used to pay back your creditors.

The process will 'discharge' you from paying most of your debts. It prevents creditors from being able to take legal action against you. But it has severe and long lasting effects on your credit rating. A first bankruptcy will stay on your record for 6 years from the date of your discharge. A second will stay on for 14 years.

Having a bankruptcy on your record can prevent you from getting credit or loans, buying a home or a car, or even renting an apartment. There is a fee to claim bankruptcy that is paid in instalments over the process. It takes one year or more to complete the process of bankruptcy.

Dealing with creditors



Objective: To learn about effective ways to deal with creditors

Tools: Handout 8-5, Dealing with creditors

Format: Large group discussion



Introduce the topic

One option for taking control of your financial situation is to contact your creditors. You may be able to renegotiate the terms of your debt.

Receiving collections calls for an overdue debt is very stressful. Even if you manage to avoid the calls, you cannot avoid the other consequences, such as a negative credit history. You may not be able to get further credit. You could be taken to court. Depending on the terms of your loan, they may even be able to take the debt out of your paycheque. This is called 'wage garnishment'.

You can avoid all that by working with your creditors to solve the problem and get the debt paid. This is good for you and good for the creditor.

When you renegotiate the terms of a debt, the best approach is to have a plan for repayment to propose. The plan should be realistic and one that you can achieve. You can ask for:

- lower payments
- lower interest rates or
- a longer time frame within which to pay in full.

Many creditors will be willing to help and advise you on dealing with your debt. Others may be more aggressive and intimidating in the collection process. There are some important things to know that can help you deal effectively with creditors and collections agents.



Activity: Dealing with creditors

1. Give each participant a copy of Handout 8-5, Dealing with creditors.
2. Review the information as a large group.



Key points

- Good communication with creditors is important. It maintains your chance to negotiate a solution
- Keep a record of all conversations and get agreements in writing
- Keep your promises. If you find that you cannot follow through on what you agreed, contact your creditor again.

Dealing with creditors

Handout 8-5

Tips for creating a debt repayment plan

Be realistic. Offer to make a payment that you are sure you can afford.

Missing a payment could put your proposal in danger. Don't make promises you can't keep.

Be reasonable. Creditors will want to get paid back within a reasonable amount of time.

The longest time frames are three to five years. It could be less. It depends on the amount owed.

Be specific. Make the details of your proposal clear. Tell the creditor when you will contact them in the future. Be sure that you follow through.

Dealing with creditors by phone

Speak to someone who is in charge, such as a

- Bank or credit union branch manager, collections supervisor, or loans officer
- Finance company branch manager
- Retail or department store collection supervisor or credit manager.

Keep your temper and be polite. Ask for your creditor's help, rather than telling them what to do. If the person you talk with is not helpful, ask to speak to his or her supervisor. Try to deal with the same person each time you call. Keep in touch until the problem is solved.

Keep a record of the conversation. This should include:

- Company name
- Date and time
- Phone number
- Description of what was said and any agreements.
- Name of the person you spoke to
- Ask for any agreements to be put in writing.

Dealing with creditors by mail or email

In a letter, you could include:

- Your reason for the letter
- Your employment status
- A copy of a recent pay stub to show what income you get
- A monthly expense sheet showing your income and expenses
- Your reasons why you cannot make payment
- Your proposed debt repayment plan.

Remember

- Never mail cash
- Keep a copy of all your cheques, receipts, money orders, and letters

Beware! Debt settlement companies

Some for-profit companies claim they can negotiate a deal with creditors and help you deal with debt – for a fee.

Watch out for:

- High pressure sales tactics
- High fees
- Unrealistic promises
- Delaying your payments to creditors
- Misleading guarantees

Collection rules



Objective: To understand our rights in dealing with collections agents.

Tools: Handout 8-6, Collection rules
Activity Sheet 8-7, Collection role play (optional)

Format: Large group discussion, role play (optional)



Introduce the topic

A collection agency is a private company that creditors pay to collect unpaid debts. Dealing with collection agencies can be stressful and can make you feel frightened. They may use aggressive tactics to try to get you to pay. But even when you are in debt, you have rights!

The rules for collection agencies vary by province. There are some general rules that apply everywhere. It is important for everyone to understand our rights when dealing with collections agents. We should not be frightened into making an agreement that is unfair or that we cannot afford.

Collection agent tactics can often border on harassment. If you are an informed consumer who knows the rules and your rights, you can better advocate for yourself in this stressful situation.



Activity: Collection rules

1. Give each participant a copy of Handout 8-6, Collection rules.
2. Ask participants to review the information as a large group.
3. Ask participants to talk about any experience with collections agents.



Activity: Role play (optional activity)

1. Ask for a willing volunteer to come to the front of the room and sit in a chair.
2. The volunteer will play the role of a person receiving a collections phone call. They should respond as they see fit.
3. Using Activity Sheet 8-7, Collection role play, you will play the role of the collection agent.
4. Tell the group that you and the volunteer will act out a scene once, and then repeat it.
5. On the second round, ask the group members to say “FREEZE” to stop the scene at any point.
6. The group member who said “FREEZE” can replace either character and try a different course of action.
7. At any time in the new scene, another group member can say “FREEZE” and replace either character to try different responses.
8. You can choose to run the scene several times, to give participants a chance to explore different responses and outcomes.

Process the exercise

Q: What worked in the scene to give it a good outcome?

Q: What did not work in the scene to give it a good outcome?

Q: Did the collector do anything that is not allowed by consumer protection rules?

Q: What will you do if you receive one of these calls now?



Key points

- Collections calls can be stressful but try to remain polite, know your rights and make a realistic agreement to pay what you can toward the debt
- Remember all of the tips for dealing with creditors
- Get all agreements in writing!

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Collection rules**Handout 8-6****You have the right to:**

- Be told in writing that your account has been turned over to collections
- Confidentiality: A collection agency cannot discuss your debt with anyone other than your creditor or a co-signer, unless you give them permission
- Ask to be contacted in writing only. The calls will then stop
- Ask for a statement of account every six months that shows the amounts you have paid and the balance you owe.

A collection agency has the right to:

- Call you at home or at work
- Call during allowed hours (varies depending on province or territory)
- Discuss details of your debt with you and the creditor
- Contact your friends, employer, relatives, or neighbours to get your telephone number and address only
- Contact a person who has co-signed for the credit that is now overdue
- Contact a person if you have given permission for them to be contacted.

A collection agency cannot:

- Try to collect debt without writing to you first
- Use threats or language to frighten and intimidate you
- Pressure you to repay the debt to the point of harassment
- Give you false or misleading information
- Add any costs to the debt you owe
- Contact you during prohibited hours (the times vary depending on province or territory)
- Pretend to be a lawyer or legal authority
- Take you to court without permission from your creditor
- Involve police or send you to jail
- Take your property.

For more information go to Consumer Affairs Office:

<http://www.consumerhandbook.ca/en/topics/financial/collection-agencies>

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Collection role play**Activity sheet 8-7****Volunteer's role**

The volunteer pretends to pick up a telephone and answer.

Their role is to respond to the collector that is calling in whatever way they think is right.

Collector's script (Deliver this quickly with some measure of force)

- Is (name) there please?
- I am calling today to inform you of an outstanding collection owing for the amount of \$_____
- You are required to make a payment in full immediately
- If you do not pay in full it will be reported to the credit bureau and will further damage your credit history
- We may also be forced to commence legal action upon which time you will be required to pay the outstanding balance and any additional costs incurred to collect that balance
- I am prepared to collect on the full amount today to resolve this situation.

Tips for improvising

- If the volunteer offers to make a partial payment, ask for a higher amount than they offer
- Improvise responses to the person owing money that keeps the pressure on until you are successful in your collection attempt
- You may even choose to do some of the things that collectors are not allowed to do to see if this gets a reaction from the group.

Goal setting



Objective: To set a personal goal for debt management.

Tools: Activity Sheet 8-8, Goal-setting
Handout 8-9, Resources
Handout 8-10, Glossary (optional)

Format: Participants work on their own



Activity: Goal setting

1. Give each participant a copy of Activity Sheet 8-8, Goal setting.
2. Ask them to set one or two personal goals for managing debt.
3. Give each participant a copy of Handout 8-9, Resources.
4. Give each participant a copy of Handout 8-10, Glossary (optional).

Wrap-up

- Finish the workshop session by thanking the participants.
- Confirm the date and time of the next workshop.

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Goal setting

Activity sheet 8-8

Example:

Goal: Make a debt repayment plan	When?
Tasks:	
• List all of my debt information	On Saturday
• Call Visa to see if I can get a lower interest rate	Next Monday
• Look for ways to rework my budget to free up money to pay debts	By the 15th of the month

1. Goal:**Tasks:**

When?

2. Goal:**Tasks:**

When?

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Resources**Handout 8-9****Consumed by debt? - Office of the Superintendent of Bankruptcy Canada (OCB)**

<http://www.ic.gc.ca/eic/site/bsf-osb.nsf/eng/br01861.html>

Information for consumers on Licensed Insolvency Trustees and the consumer proposal and bankruptcy process.

Money, debt and giving - Office of Consumer Affairs (OCA)

http://www.ic.gc.ca/eic/site/oca-bc.nsf/eng/h_ca03024.html

Information on managing debt and debt collection agencies.

National Student Loan Services Centre

<https://www.csnpe-nslsc.canada.ca/en/home>

Information on student loans, how to apply, and repayment options. Call toll-free at 1-888-815-4514.

Pay Off Credit Cards and Debt Calculator - Get Smarter About money

<https://www.getsmarteraboutmoney.ca/calculators/pay-off-credit-cards-debt/#.U3OpP8ZPQdI>

This calculator will give you monthly payment plans for up to 8 credit cards or loans, including lines of credit and mortgages. It will show you the order in which you should pay off the debts, and how long it will take.

You Own Money: Consumer Proposals - Office of the Superintendent of Bankruptcy Canada (OSB)

<http://www.ic.gc.ca/eic/site/bsf-osb.nsf/eng/br02051.html>

Learn about informal and formal steps you can take to manage your debts, including filing a consumer proposal or bankruptcy.

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Resources

Handout 8-9

Non-profit credit counselling agencies**Community Financial Counselling Services**

<http://www.debthelpmanitoba.com/>

1-888-573-2383 – Manitoba

Credit Canada

www.creditcanada.com

1-800-267-2272 – Ontario

Credit Counselling Services of Atlantic Canada Inc.

www.solveyourdebts.com

1-888-753-2227 – Newfoundland, New Brunswick, Nova Scotia, Prince Edward Island

Credit Counselling Services of Newfoundland & Labrador

<http://ccsnl.ca/>

1-888-738-3328 – Newfoundland

Credit Counselling Society

www.nomoredebts.org

1-888-527-8999 - Alberta, BC, Manitoba, Saskatchewan

Family Service of PEI – Credit Counselling

<http://fspei.ca/credit-counselling/>

1-866-892-2441 – Prince Edward Island

Money Mentors

www.moneymentors.ca

1-888-294-0076 – Alberta

Saskatchewan Provincial Mediation Board

<https://www.saskatchewan.ca/government/government-structure/boards-commissions-and-agencies/provincial-mediation-board>

(306) 787-5408 – Saskatchewan

Web links sometimes change. If a link is no longer active, try a web search for the item.

Resources

Handout 8-9 (continued)

Consumer protection authorities

Alberta: Service Alberta - 1-310-0000 (in Alberta)

<https://www.alberta.ca/service-alberta.aspx>

British Columbia: Consumer Protection BC - 1-888-564-9963

www.consumerprotectionbc.ca

Manitoba: Consumer Protection - 1-800-782-0067

<https://www.gov.mb.ca/consumerinfo/index.html>

Newfoundland and Labrador: Consumer Protection - 1-709-729-4834 (in Newfoundland)

<https://www.gov.nl.ca/snl/consumer/>

New Brunswick: Consumer Affairs - 1-866-933-2222

https://www2.gnb.ca/content/gnb/en/contacts/dept_renderer.11923.1462.html

North West Territories: Consumer Affairs - 1-867-767-9161 ext 21022

<https://www.maca.gov.nt.ca/en/services/consumer-affairs>

Nova Scotia: Service Nova Scotia and Municipal Relations - 1-800-670-4357

<https://novascotia.ca/sns/access/individuals/your-consumer-rights.asp>

Nunavut: Consumer Affairs - 1-866-223-8139

<https://www.gov.nu.ca/community-and-government-services/information/consumer-affairs>

Ontario: Consumer Protection Ontario - 1-800-889-9768

<https://www.ontario.ca/page/consumer-protection-ontario>

Prince Edward Island: Consumer Services - 1-800-236-5196

<https://www.princeedwardisland.ca/en/topic/consumer-services>

Quebec: Office de la protection du consommateur - 1-888-672-2556

www.opc.gouv.qc.ca/

Saskatchewan: Financial and Consumer Affairs Authority - 1-877-880-5550

<https://fcaa.gov.sk.ca/>

Yukon: Professional Licensing & Regulatory Affairs - 1-800-661-0408 ext 5111

www.community.gov.yk.ca/consumer

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Glossary

Handout 8-10

Assets: Things you own that have value, such as art, jewellery, antiques, a car, or a house.

Bankruptcy: A legal process where you declare that you cannot pay back your debts.

Collections agency: An agency that has been hired to recover debts from people who have not paid them. They try to get the money back for the lender.

Consolidation loan: A loan that combines all of your debts, at a lower rate of interest. You use the loan to pay off all of the high-interest debt. You make regular payments on the lower-interest consolidation loan.

Consumer proposal: A legal process where you work with a bankruptcy trustee to make an offer to pay your creditors less than you owe them. If they approve the offer, and the Court approves the plan, you must pay your creditors within five years or less.

Debt repayment plan: A realistic plan for getting your debt under control.

Discharge: Being relieved of your debts through bankruptcy.

Harassment: Using fear and pressure to make you pay your debt. Creditors are not allowed to harass you.

Insolvent: Unable to pay your debts.

Leverage: Using other people's money to build your own financial health in the long term.

Renegotiate: Work with a creditor to change the terms of a debt so that it is easier for you to repay.

Wage garnishment: Taking money from your wages. Some loans have terms that allow the creditor to garnishee or take money directly out of your paycheck if you have failed to pay a debt.

Module 9: Consumerism



Module 9

Consumerism



Overview

This module explores what it means to be a wise consumer. Participants reflect on ways to connect their spending to their values and goals. Participants look at the role and impact of advertising and common techniques to influence consumers. Participants discuss smart shopping strategies, including online shopping. They learn how to compare products using unit price. They explore things to think about when choosing a cell phone and a contract to go with it. They review some common scams. They learn about their rights as a consumer and how to complain in a way that gets results. Participants will be introduced to common investment frauds, learn how to spot frauds and scams and how to report them. They will go through the steps to register a complaint if they are not satisfied with their investment. They will also learn about the regulatory organizations protecting investors in Canada.

Objectives

Participants will:

- Define what it means to be a consumer
- Reflect on their own consumer values and behaviour
- Learn about common advertising techniques and sales tactics
- Discuss smart ways to shop and things to think about when shopping online
- Explore how to compare features and contracts when selecting a cell phone company
- Learn about common frauds and scams, consumer rights and how to deal with a consumer problem.
- Learn about common investment frauds and scams and how to avoid them
- Learn how to make a complaint about an investment and who to contact for help

Module 9

Contents

1	What is a consumer?	10 minutes
2	Advertising	10 - 20 minutes
3	Advertising techniques and sales tactics	20 minutes
4	Smart shopping	10 - 15 minutes
5	Choosing a cell phone	10 minutes
6	Common types of fraud and scams	10 minutes
7	Consumer rights and responsibilities	10 - 15 minutes
8	Making a complaint about an investment & investor protection	5 minutes
9	Self-assessment revisited	5 minutes
10	Goal setting	5 minutes
11	Evaluation questionnaire and wrap up	10 minutes

Total 105 - 125 minutes

Prep notes

- Read through the entire module
- Prepare copies of the participant handouts and activity sheets
- Post the 'Parking Lot' from last class and be prepared to report on (or ask participants to report on) the results of any research done on the outstanding questions
- Gather magazines and prepare examples of print or online ads that your participants can relate to.

What is a consumer?



- Objective:** To introduce the concept of being a consumer and to help participants think about their own consumer values and behaviour.
- Tools:** Activity Sheet 9-1, Consumer quiz: What kind of consumer are you?
- Format:** Individual activity and large group discussion

Welcome

Welcome participants to the workshop. Share housekeeping details such as workshop length, break times, washrooms and cell phone etiquette.



Introduce the topic

This workshop is a chance to look at our role as consumers. Through our purchasing patterns, we affect our own lives and the lives of others. We are going to look at advertising techniques and their effect on our spending. We will share tips for smart shopping. We will also talk about frauds and scams – how to recognize and avoid them.

Q: What does it mean to be a consumer?

Q: What is consumerism?



Key points

- A consumer is a person who buys goods or services
- We are all consumers in some way, whether it's buying groceries, paying utility bills, or shopping for the newest cell phone
- The word 'consumerism' was first used to describe the rights of consumers, and the concept that consumers should be informed decision-makers. Today it is often used to describe the way we are always thinking about buying things in our society, our high level of consumption and a force that destroys individuality and harms society.



Activity: What kind of consumer are you?

Q: Who likes to shop? What do you like about it?

Q: Who thinks shopping is a chore? What don't you like about it?

Q: Who thinks of themselves a wise shopper? Why?



Activity: Consumer quiz

Shopping is such a regular part of our lives that we rarely stop to think about it. What is important to us when we shop? How do we know if we are getting a good deal? What can we do if we bought something that does not work?

This quiz will help us look at our shopping habits and find some areas we could learn more about.

1. Give participants Activity Sheet 9-1, Consumer quiz.
2. Have them work on their own on the quiz.
3. Ask them to circle the letter beside the answer that best reflects their consumer habits.



Tip: Most people are likely to answer “sometimes” to most of the questions. The point of the quiz is not to get a scientific measure of their consumer behaviour. The point is just to get them thinking about the information that will be covered in the module. This will open up discussion and give them ideas about where they might want to improve their consumer skills.

Process the exercise

Q: Can anyone give an example of something in the quiz they always do?

Q: Was there anything that you rarely or never do?

Key points



- Being a wise shopper is not just about knowing how to find a good deal. It is also about knowing what your rights are
- Later in this workshop, we will share tips that can help us all improve our shopping habits.

Consumer quiz

Activity Sheet 9-1

What kind of consumer are you? Circle your answer.

1. Before making a major purchase, I research the product, the company that makes it, and find reviews from people who've purchased it.
a. Always b. Sometimes c. Never

2. I bring a list when I grocery shop so I won't be tempted to buy things I do not need.
a. Always b. Sometimes c. Never

3. I check a store's return and refund policy before I buy things.
a. Always b. Sometimes c. Never

4. I use coupons or look for sales before I shop.
a. Always b. Sometimes c. Never

5. I stock up on things I need during sales or at bulk stores.
a. Always b. Sometimes c. Never

6. If I am not satisfied with something I bought, I return it for a replacement or refund.
a. Always b. Sometimes c. Never

7. When I shop for food, I compare the quantity to the price (the unit price) to make sure I get the best deal.
a. Always b. Sometimes c. Never

8. I try not to make impulse buys, or buy things for emotional reasons, like "I deserve it!".
a. Always b. Sometimes c. Never

9. I compare products before I buy to find the best price.
a. Always b. Sometimes c. Never

10. If I have a question about a product, I ask a salesperson about it until my question is answered.
a. Always b. Sometimes c. Never

11. I keep my receipts to keep track of the things I buy, and so that I can return them if needed.
a. Always b. Sometimes c. Never

12. Name brands do not affect my buying choices. I buy whatever is the best quality at the best price.
a. Always b. Sometimes c. Never

Consumer quiz

Activity Sheet 9-1 (continued)

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

If you answered mostly As:

You are a smart shopper. You think about your purchases and educate yourself before buying. You do not buy just for the sake of spending. You make the most of your shopping dollar. You know your rights as a consumer, and you make sure you do not get cheated.

While you may already know a lot of what this workshop covers, there is always room to learn more.

If you answered mostly Bs:

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

If you answered mostly Cs:

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

Advertising



Objective: To get participants thinking about how advertising affects their lives.

Tools: N/A

Format: Large group discussion, outdoor pair activity (optional)



Introduce the topic

Q: What is advertising?

Q: Does advertising work? Does it get people to buy things?

Q: Do you think advertising works on you?

Q: Does anyone have a story about how an ad influenced them to buy something?



Tip: You may want to provide an example of your own to get people talking.



Key points

- Advertising can be hard to define because it comes in so many forms. Advertising is any public message that is meant to persuade us to do or buy something
- Companies hire advertising agencies to help them convince consumers to buy their products or services
- Most people would agree that advertising can be very powerful. But a lot of people do not think it really affects them or how they decide what to buy
- Companies around the world spend close to \$400 billion on advertising each year. You can bet they would not spend that money if it didn't work!
- Advertising often affects us without us noticing. Say you are watching your favourite TV show. One of the characters is eating a certain brand of chips. Maybe the next time you go to buy chips, you'll buy that brand. You may not even realize that you got the idea from the show. This is advertising at work!



Optional Activity: Advertising hunt

If you have time, this activity can be fun and enlightening.

1. Divide the group into pairs.
2. Ask the pairs to go outside and write down all the examples of advertising they can find in the streetscape environment. (If accessing the outdoors is impractical this activity can be done indoors.)
3. Ask them to really open their eyes and look for creative and less obvious examples. Advertising is not just signs and billboards. It can be anything that might encourage us to buy something.

Process the exercise

Q: Was anyone surprised by the number of examples they found?

Q: What was the most creative example of advertising you found?



Key points

- Advertising is not limited to TV, radio, or magazines anymore. It is everywhere. It is on social media, in the music we listen to, the clothes we wear, in social media, and all around the streets we walk down.
- Even if we do not think that ads influence us, it is likely that the repeated advertising messages get through to our subconscious minds. It affects our shopping habits more than we realize.

Advertising techniques and sales tactics



- Objective:** To acquaint participants with some common advertising techniques and sales tactics.
- Tools:** Handout 9-2, Advertising techniques and sales tactics
Examples of advertisements, magazines, flipchart, marker
- Format:** Large group discussion, small group activity



Introduce the topic

Q: What is a jingle or a slogan? (answer: a song used in an ad)

Q: What are some examples? (answer: a catchy phrase about a company or product)



Activity: Slogans and jingles

1. Read the slogans below to the group one by one.
2. Ask participants to identify the company associated with each slogan:
 - Just do it! (answer: Nike)
 - Eat fresh! (answer: Subway)
 - Melts in your mouth, not in your hands (answer: M & Ms)
 - Maybe she's born with it, maybe it's _____ (answer: Maybelline)
 - I'm lovin' it (answer: McDonald's)
 - The quicker picker-upper! (answer: Bounty)
 - Always fresh, always _____ (answer: Tim Hortons).



Key points

- Jingles and slogans are a common method that advertisers use to promote a product
- Slogans can be really effective because we often memorize them without even knowing it
- Slogans are one of the oldest techniques that advertisers use. As advertising has evolved, so have ad techniques.



Activity: Other advertising techniques and sales tactics

1. Ask participants:
 - Q: Can anyone think of some other common techniques used in advertising?
 - Q: What are some of the tactics that salespeople use to get you to buy?
 - Q: Does anyone have a story about being pressured to buy something?
 - Q: What was your reaction to the sales tactics? What did you do?
2. Record their answers on a flipchart.
3. Give each participants a copy of Handout 9-2, Advertising techniques and sales tactics.
4. Review any of the advertising techniques and sales tactics not already offered by the group.



Key points

- Ads use a wide variety of techniques to convince us their product or service is just exactly what we are looking for and need
- Ads are just one part of the story. Once we are in the store, we come face to face with a salesperson. It can often be a lot harder to resist the pressure of someone who is right in front of you, or someone who is on the phone
- Sales is an art. There are no set rules. The tactics that salespeople use depend on their own personality, the product, and the company they work for. Most importantly, they use the tactic that they think will work on you
- When dealing with ad techniques and sales tactics, the key is to be aware. Know what you want. Do not allow yourself to be pressured into buying something that you do not need or cannot afford.

Advertising techniques and sales tactics

Handout 9-2

Lifestyle sales

These ads are selling the lifestyle shown in an ad. It could be a picture of a happy family in an expensive home or a beautiful couple on a private yacht. They lead us to believe that if we buy the product, we can have the lifestyle. This is a very common technique. In some ways, all ads could be considered lifestyle ads.

Sex appeal

We've all seen these ads. These are the ones with good-looking people in sexy poses. Sometimes it can be hard to tell what these ads are selling. Sometimes, the product does not even appear in the ad! But the message they send is that we will be sexy too if we buy the product.

Special deals

These are the ads urging us to "Hurry! Buy now!" because it is a "Limited time offer!" Sometimes these ads will include coupons or discount codes. But these might not be deals at all. To find real deals, it is important to shop around and compare prices. We cannot rely on the claims that an ad makes.

Star power

These are ads that use celebrities to sell their product. They're also known as 'celebrity endorsements'. Famous people are paid a lot of money to appear in these ads. The hope is that if we like and trust the celebrity, we will buy the product they endorse. Many celebrities never use the products they promote.

Science and statistics

Is there a doctor or a scientist in the ad? Often these 'experts' are really actors and models. Does the ad use numbers and percentages, or make claims about research? These statistics might only be part of the whole story. These ads appear to be scientific, but they may not be based on real science. Always look for the 'fine print' in an ad like this.

Better than

These ads claim that their product is better than their competitors. The famous 'Coke versus Pepsi' ads are an example of this. These ads rarely say how or why their product is better, other than that people (usually actors) like it more.

Put downs

Ads sometimes try to make us feel bad and then try to sell us something. They tell us we are too fat, too old, too dull, that our house is too dirty, our car is too old. Then they tell us how their product will improve our lives. But will it?

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Advertising techniques and sales tactics

Handout 9-2 (continued)

‘Weasel’ words

Advertisers are not allowed to outright lie. But they can twist words around or use language that misleads. When an ad for sugary cereal tells us it is “part of a healthy breakfast”, they are not telling us about the other, more healthy part of that breakfast. Certain words and terms are used so much in advertising that they do not really mean anything anymore. For instance, now there are so many products that claim to be ‘green’ or environmentally friendly. Just what do they mean by ‘green’?

Safety and security

All of us have a basic need to feel safe and secure. Ads will often play on this need by claiming that their product will make our lives more secure. Ads for insurance and certain car safety features do this. Worse, some ads claim that we could be in danger without it. Home security systems are experts at this technique. These ads often prey on parents and their deep need to keep their children safe.

‘Bandwagon’ appeal

We also have a basic need to feel that we belong. Bandwagon appeal ads tell us that if we don’t buy something, we will be left out. These ads often target children and teens, who have a very strong need to belong. But advertisers also know that young people are very media aware. They may use the bandwagon message in ways that are hard to see.

Sales tactics to watch for:

- Low cost leader – A low cost item is offered to get you into the store so you might also consider buying other goods.
- Questions – They ask you questions about yourself, and then offer a range of products they think you might be interested in.
- Compliments – They compliment you and tell you how great something looks on you, or comment on your great taste.
- Need – They try to convince you that you need the product.
- Up sell – They try to convince you that you will need extra features for the product you are buying.
- Free gift with purchase – Bonus items for free may entice you to purchase, but will you use them? Are they good quality?
- Today only! – You must buy now! They tell you someone else wants to buy the item, or the sale ends today.
- Guilt – They make you feel guilty or bad for not buying, especially if they have invested a lot of time and energy answering your questions or assisting you.
- Buy one, get one (BOGO) – Buy one get one free, or at a reduced price. Encourages you to buy more to get a better price, but you may end up spending more than you wanted to, or buying something you didn’t need.

**Activity: Analyzing ad samples - Option 1**

1. Provide samples of visual advertisements to discuss with the group.
2. For each sample, ask:
 - Q: What is the ad selling?
 - Q: What advertising techniques are being used in this ad?
 - Q: How does it make you feel?
 - Q: What works in this ad? What does not work for you?



Tip: You can use your own examples or the examples provided in Prosper Canada's PowerPoint presentation. If you have access to a projector with an internet connection, examples of online advertising can be very effective.



Activity: Analyzing ad samples - Option 2

1. Split participants into groups of 3 or 4.
2. Give each group a few magazines.
3. Ask them to look through the magazine ads and try to find examples of each of the ad techniques in Handout 9-2.
4. Ask the small groups to discuss the ads, using the same questions from Option 1.

Tip: For this option, you will need to gather enough magazines so that each small group has at least two samples to work with.



Process the exercise

Ask each group in turn to present one of the techniques they found.

Encourage debate and discussion on the ads' technique and their effectiveness.

Key points



- Advertisers are always finding new ways to sell products
- It is impossible to avoid advertising completely
- The key is to think about the advertising around us. What is the message in the ad? Does the ad really tell you anything about the product?
- Do your own research before you buy. Do not rely on ads when you decide how you spend your money
- Be Ad Aware!

Smart shopping



Objective: To learn how to compare prices and make smart shopping decisions.

Tools: Handout 9-3, Smart shopping tips
Activity Sheet 9-4, Find the better deal
Flipchart, marker

Format: Large group discussion, small group activity



Activity: Smart shopping tips

1. Ask the participants:
Q: What is smart shopping?
Q: What shopping plans or strategies do you use?
2. Record their strategies on a flip chart.
3. Give each participant a copy of Handout 9-3, Smart shopping tips.
4. Review any tips not already covered by participants.

Key points



- We live in a consumer society. There are a lot of products available and there is a lot of pressure to buy
- Keep in mind that we have power as consumers. We can make strategic decisions about how, what, and when we buy
- A lot of smart shoppers use strategy when they shop. They plan to make sure that they will get the best price and best-quality product. Their plan guides them so that they do not buy things that they don't really need.

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Smart shopping tips

Handout 9-3

Have a plan

Try to avoid unplanned shopping or impulse buying. If you want to buy something, ask yourself if you really need it. Take your time to think about it before you buy. And when you shop, make a list. Planning your shopping will help you avoid purchases that you do not need.

Compare, compare, compare

When you take time to plan before you shop, you can compare products to find the best deal. Before buying, do some research. Go to different stores to see if you can get a better price. Look on the Internet for customer reviews to find out if other people were happy with the product. See if there is another product out there that is just as good, but less expensive. The more you know, the more power you have as a consumer.

Look at unit prices

In Canada, we buy gas by the litre. The cost of a litre of gas is an example of a unit price. It is the amount something costs by a certain unit of measurement. Products can be measured by all kinds of units: grams, kilograms, pounds, ounces, yards, feet, litres, millilitres, and so on. Grocery stores are required to post unit prices below many items on their shelves. To compare products and know if we are getting a good deal, it helps to figure out how much something costs per unit.

Buy on sale

Watch for sales and discounts. If something you use often is on sale, you may want to buy extra. You will be paying less in the long run (as long as it is within your budget!). Check store flyers for coupons, discount codes, and special offers. Remember some stores price match! Get to know the sales cycles in the stores you shop at regularly. Many items go on sale at the end of a season. This might be a good time to buy the things you need.

‘Sale’ does not always mean ‘good deal’

Sometimes the sale being advertised is not a sale at all. There may be even better deals out there that are not being advertised that way. Also, just because something is on sale, you need to consider if you need and will use the products. Keep this in mind when buying food that will go bad. Make sure that you will be able to use it all before it expires or goes to waste.

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Smart shopping tips

Handout 9-3 (continued)

Read the fine print

Make sure that you know all about the product or service you are buying before you pay any money or sign your name to any agreement. Are there any hidden fees? Does the product come with a warranty? This is a guarantee that a product will meet certain standards and will be replaced if it does not. To get the warranty, do you have to mail in a form? Does the store have refund or return policies?

Ask questions

If there is any policy or anything in the fine print that you do not understand, ask questions. Salespeople should be there to help you. It is your money. You should not spend it unless you believe that you are getting something of value for it.

Keep your receipts

Keeping your receipts can be helpful for many reasons. You should check your receipts to make sure you were not overcharged or charged for something that you did not get. Reviewing your receipts is also a good way to keep track of your expenses. Also, most stores require a receipt for a refund, return, or exchange.

Try alternative shopping

Thrift stores, flea markets, and yard sales can be great places to find great deals. There are also many websites where people sell their used items at a low cost. These are called 'online classifieds'. When buying used goods, be sure to inspect them carefully. Make sure that they are in good, working condition. Most private sellers do not offer refunds.

Smart shopping tips

Handout 9-3 (continued)

Smart online shopping

Some people are nervous about shopping online because of the increased risk of scams and the risk of credit card fraud. How can you protect yourself?

Security

Make sure the company is legitimate. Just because a company has a website does not mean they are legitimate. Look at the website and see if you can find out the name of the owner and the location of business. If you cannot do this, it should be a red flag.

P.O. BOXES ARE NOT ADDRESSES.

Only shop on secure sites. To be certain the page you're on is secure, look for a tiny padlock icon, usually found in the top right corner of your browser's URL bar. You can also tell if the site is secure by looking for an "s" in the URL address. While non secure sites and pages begin with http://, secure sites begin with https://.

Use secure debit cards. If you are going to use a debit card to shop online, make sure that it has special security features to protect you, such as Interac Online. Your payment is completed through your financial institution, who transfers the funds to the online retailer using secure banking procedures. None of your financial details, card numbers or login information are shared with the online retailer. You are not liable for losses resulting from circumstances beyond your control, such as frauds or scams.

Use only one credit card. Using only one credit card for online shopping limits the potential for fraud to that one account. Should a hacker come by your account information, you'll have only that credit card company to contend with.

Print out copies of transactions. When buying anything online, print out copies of all transactions and only pay via a secure site. If using an internet auction site, note the ID numbers involved and read all the security advice on the site first.

Avoid using public computers. Libraries or internet cafes are not good places to do your internet banking or online shopping as your personal information is more susceptible to hackers.

Avoid clicking on pop-up ads. This could lead to harmful programs being installed on your computer.

Avoid auto-complete. Be careful when using software on your computer that auto-completes online forms. This can give internet scammers easy access to your personal and credit card details.

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Smart shopping tips

Handout 9-3 (continued)

Value

Let's say you are comfortable with the security of the site and you feel confident making a purchase online. There are still things to consider to ensure you get the best value.

Shop around. Online shopping makes bargain hunting easy. Searching the Internet is an easy way to compare prices.

Reduce shipping fees. If you are ordering multiple items from a retailer, try to order them at the same time so that you are only charged one shipping fee.

Find free shipping. Many online retailers offer free shipping on purchases over a certain dollar amount, and online coupon sites regularly offer free shipping coupon codes. If you can't find a deal on shipping, save money by opting for standard shipping vs. priority as it is cheaper.

Be careful of hidden fees. In addition to shipping costs, if you order from another country there may be extra taxes or duty charged. You must also consider the exchange rate if you are not paying in Canadian dollars. Check the final price to make sure the item is worth the cost!

Check the return policy. Before proceeding to checkout, familiarize yourself with the retailer's return policies, which should be stated somewhere on its website. You might have to pay a restocking fee of up to 25% of the price of the item and you may be responsible for paying the return shipping costs.



Activity: Find the better deal

Comparing unit prices is a good way to figure out the best deal on a product. To find out how much something costs per unit, divide the cost of the product by the number of units you are buying.

$\text{Cost} \div \text{units bought} = \text{unit cost}$

For example:

Milk A costs \$3 for 1 litre

Milk B costs \$4.50 for 2 litres

$\$3 \div 1 \text{ litre} = \3 per litre

$\$4.50 \div 2 \text{ litres} = \2.25 per litre

Milk B is a better deal. Even though the total cost is more, it costs less per unit.

It makes sense to buy the 2 litre jug if you think you can use it up before its expiry date.

1. Split participants into groups of 2-3.
2. Give each group copies of Activity Sheet 9-4, Find the better deal.
3. Have them work on the questions as a group.

Process the exercise

Go over the answers as a large group. Work through the questions rather than just giving the right answer.

Answers:

Question 1: a) unit cost = 99¢, b) unit cost = 66¢

b) is the better deal

Question 2: a) unit cost = \$1.25, b) unit cost = \$1.56

a) is the better deal

Question 3: a) unit cost = 0.005¢, b) unit cost = 0.007¢

a) is the better deal

Question 4: a) unit cost = 0.08¢, b) unit cost = 0.08¢

Both a) and b) have the same unit cost



Key points

- To figure out the unit price, divide the price of the item by the number of units
- Calculating unit price is one way to compare products and find a good deal
- If a larger product has a cheaper unit price, make sure you can use all of it before it expires!

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Find the better deal

Activity sheet 9-4

Figure out which is the better deal by calculating the unit cost.

Question 1 - Canned Pop:



a. 99¢ for 1 can

OR



b. \$8 for 12 cans

Question 2 - Socks:



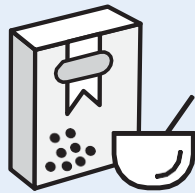
a. \$3.75 for 3 pairs

OR



b. \$12.50 for 8 pairs

Question 3 - Cereal:



a. \$3.75 for 675 grams

OR



b. \$2.50 for 350 grams

Question 4 - Soup:



a. \$1.69 for 19 ounces

OR



b. \$1.39 for 16 ounces

Choosing a cell phone



Objective: To learn what information to consider when choosing a cell phone.

Tools: Handout 9-5, Cell phone information
Activity Sheet 9-6, Cell phone checklist

Format: Large group discussion, individual activity



Introduce the topic

There is one consumer product that has seen an explosion in sales and use over the last few years – the cell phone. In 2018, the Canadian retail mobile market had a total revenue of \$27.1 billion according to a report by Canadian Radio-Television Telecommunications Commission (CRTC).

The cell phone industry in Canada is regulated by the CRTC. That means there are rules that all cell phone service providers have to follow. But this still does not make it easy for consumers to choose a cell phone, a plan, or a service provider. It can be a very confusing process!

Q: What are some of the things to think about when you decide to have a cell phone?

Q: How did you choose which service provider or plan to go with?

Q: What might be some important things to think about when choosing a cell phone, cell phone plan and features, and service provider?

Activity: Cell phone checklist

1. Give each participant a copy of Handout 9-5, Cell phone information and Activity Sheet 9-6, Cell phone checklist, adapted from Canada's Office of Consumer Affairs.
2. Review the information as a group.
3. You can have them fill out the checklist for themselves, or just discuss the different things to consider.



Key points

- Like any other product, the key to shopping for a cell phone is to know which one is right for you. Why do you want a cell phone? What will you use it for? What time of day will you use it most?
- Take your time to shop around. Compare prices, plans and services.
- You can apply the same technique for other products and services such as insurance, service bills, etc.
- People who do not shop around can end up spending a fortune on services that they never use.
- You can apply the same technique for other products and services such as insurance policies or utility bills.



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Cell phone information

Handout 9-5

Step 1 – Cell phone basics

Coverage: This means the geographic areas that the cell phone will work in. Not all service providers cover the same areas. Some rural areas have limited coverage. Does the service provider have coverage in the areas you require?

Add-on fees: Most service providers have a basic fee for service (system access fee) and a fee for being able to access 911.

Government Regulatory Recovery fee: Your monthly fee includes this fee ranging from \$2 to \$4 related to federal, provincial and/or municipal mandates, programs and requirements. Fee can change.

Step 2 – Minutes and data

Minutes: Most service providers charge you by how many minutes you use on the phone. Some plans have cheaper rates for making calls at certain times. Most are cheaper during evenings or weekends, but the times vary by provider. For instance, “evenings” may start at 6 p.m. for one company and 9 p.m. for another. Some providers offer a flat fee to have your evenings start earlier. Most offer a fee for unlimited minutes.

Texting and data: Service providers also offer plans for texting and data. Text messaging can be unlimited or charged per text sent and received. Data is used when sending and receiving email or using the Internet. You can get plans that include all of these, or you can pay for them separately.

Step 3 – Features

Long distance: long distance is usually not part of regular evening and weekend plans and is usually charged by the minute. Different service providers offer different rates for calling long distance. Some offer flat fees for people who make frequent long distance calls. If you are planning on travelling, you may want to purchase an additional package for a period of time to reduce your long distance fees.

Roaming: Roaming is a service that allows you to use your cell phone outside of your regular coverage area. There are roaming charges for incoming and outgoing phone calls, text messages, and emails. These charges can be expensive. Check your service provider before using your phone outside of your coverage area. You may be able to purchase a special roaming package.

Call display: Call display allows you to see who is calling before you answer.

Voicemail: Voicemail allows callers to leave a recorded message on your phone. Voicemail plans vary from a completely unlimited number of voicemails to one or two voicemails.

Call waiting: Call waiting is a notification that occurs if someone calls while you are on the phone.

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Cell phone information

Handout 9-5 (continued)

Applications and games: There are all kinds of games and ‘apps’ that users can download to their cell phone. Some are free. Some you have to pay for only when you download. Some charge you every time you use them.

It can be expensive to have a cell phone if you do not understand how your plan works and what it covers. For instance, some people use more minutes, data and long distance than their plan allows for. They end up paying extra fees. Some people spend a lot on roaming because they are often out of their coverage area. When it comes to cell phones, small costs can really add up.

When choosing a plan and features, the key is to ask lots of questions. Make sure you know what each of these features are, how much they cost, whether you need them, and how much you will use them.

Step 4 - The cell phone

There are many options for cell phones at a wide range of costs. The cost of the phone is often tied to how long your contract is. If you sign up for a longer contract, you usually get the phone at a lower cost or free. Some things to think about are phone size and weight, battery life, durability, keypad, and screen size. Do you need a fancy phone with all kinds of features, or will a basic phone do?

Step 5 – Prepaid cards or contracts?

Most service providers offer the option of prepaid cards or contracts. With prepaid cards, you buy a set amount of minutes and use your phone until they run out. Contracts are longer term; you have a regular monthly plan for a set period of time. There are advantages and disadvantages to both (see the chart for details).

Step 6 – Your cell phone bill

It is important to review your bill to make sure that your plan is working for you. Make sure you are not paying for services that you do not use. If you are going over your minutes, have a lot of long distance, roaming, or text messaging charges, maybe there is a better plan for you. It might be a good idea to contact your service provider to see if there is a plan that better suits your needs.

Taking the time to go through all the steps on the checklist will help you to find the cell phone plan that meets your needs at the lowest cost you can get.

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Cell phone checklist

Activity sheet 9-6

Step 1 - Cell phone basics

What geographic areas will you be using the phone in?

Does the service provider provide coverage in those areas?

What are the add-on fees?

System access fees?

911 access fee?

Step 2 - Minutes and data

Minutes

How many minutes will you use each month?

Time of use

Weekdays (for instance, Monday - Friday 7 a.m. to 6 p.m.)

How many minutes?

Weekday evenings (for instance, Monday - Friday 6 p.m. to 7 a.m.)

How many minutes?

Weekends

How many minutes?

Total minutes per month:

Data

How much data do you expect to use?

Do you want to use the Internet from your cell?

Do you want to send and receive email?

Text messaging

How much do you expect to use text messaging functions, both incoming and outgoing?

Would it be better to pay a flat fee for unlimited text messaging?

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Cell phone checklist

Activity sheet 9-6 (continued)

Step 3 - Features

Long distance

Will you use the cell phone for long distance?

How many minutes?

Roaming

Will you use your cell phone when you travel?

How often are you out of your coverage area?

Do you think you will need:

Caller ID or call display?

Voicemail?

Call waiting?

Applications or games?

Other features?

Step 4 - The cell phone

Battery life - How many hours will the battery last before it needs to be recharged? How often will it need to be replaced?

Durability - Is the phone fragile or can it handle wear and tear?

Keypad - Is it easy to use?

Screen - Is it easy to see?

Size - How big is the phone? How heavy is it?

Other - Are there other things that are important to you in a cell phone?

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Cell phone checklist

Activity sheet 9-6 (continued)

Step 5 - Prepaid cards or contract?

Prepaid cards

Advantages

- Can pay in advance, no unexpected charges
- No long-term commitments
- Can stop using phone without fees or charges
- Convenience; can buy cards at many stores without a credit card

Drawbacks

- Higher costs per minute than contracts
- Minutes expire after 30 days
- Have to buy new minutes before expiry date or you lose minutes you paid for
- Have to keep track of minutes so you don't run out

Contracts Advantages

- Can check bill to review use
- Can get reduced price on cell phone
- Can choose a plan that best suits you
- May be able to bundle with other services to get discounts

Drawbacks

- Contract is long-term, there are penalties for breaking them
- Contract means on-going financial expense
- Can't update cell phone frequently
- If you use more minutes than the plan allows, there can be costly charges.

Step 6 - Your cell phone bill

Are you using your minutes as you expected?

Are your long distance charges high?

Are you sending and receiving text messages as much as you expected?

Would you be better off with a prepaid card or different service provider when your contract ends?

Common types of fraud and scams



- Objective:** To tell participants about some common frauds and scams, how to spot them and report them.
- Tools:** Handout 9-7, Common types of fraud and scams
Handout 9-8, Tips to protect yourself from fraud and scams
- Format:** Large group discussion



Introduce the topic

As consumers, we must be aware that not every offer or deal we see is real. There are many kinds of scams and fraud.

- Q: What is a scam or fraud?
- Q: What are some examples of scams or fraud you might come across?
- Q: Does anyone have a story of a fraud or scam and how it was dealt with?



Activity: Frauds and scams

1. Give each participant a copy of Handout 9-7, Common types of fraud and scams.
2. Review the items not already covered.



Key points

- We already know that some advertising can be misleading. But sometimes, a product or service will be advertised in a way that is an outright lie.
- A scam or fraud is a deliberate lie that victimizes people.
- There are all kinds of scams out there. They are designed to take your money, personal information, even your identity.
- Crypto scams, affinity fraud and Ponzi schemes are the most common types of investment fraud.
- The best way to protect yourself from fraud or scams is to be informed and know the signs.
- If it seems too good to be true – it is probably a scam!

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Common types of fraud and scams

Handout 9-7

Telemarketing scams

Telemarketing is the sale of goods or services over the phone. Some telemarketers are annoying, but harmless. Others are selling scams. Signs of telemarketing scams include claims that you have won a prize, such as sweepstakes, travel packages, magazine subscriptions, or gym memberships. Check out the company before you agree to anything. Do not share your credit card or banking information with a telemarketer.

Advance fee scams

These are scams where some kind of service or benefit is offered, but you have to pay before receiving anything. In many cases, you end up paying and getting nothing in return. This is common with guaranteed loans, debt consolidation, and credit repair services. A non-profit credit counsellor will not ask for fees in advance of providing a debt management program.

Debit card fraud

There are many forms of debit card fraud. They all involve stealing your money and banking information. Common scams include:

- Stealing your card and PIN
- Setting up devices to jam your card in ATMs
- “Skimming” which means using a device that can find out your banking information through the magnetic strip on your card
- Fake ATMs that collect your card and PIN information.

For some kinds of debit card fraud, your bank will not cover the money stolen. For example, they will not cover the money if they think that you did not protect your PIN as you should. Make sure that you keep your banking information and PIN secret. Do not share this information with anyone.

Common types of fraud and scams

Handout 9-7 (continued)

Investments fraud and scams

Cryptocurrency fraud

Cryptocurrency frauds involve the use of ads on social media to attract people to invest in cryptocurrency. The ads guarantee high returns, such as 300% growth. The scammers create fake crypto trading platforms and websites. When individuals try to withdraw their money, they realize they have been scammed when they can't reach anyone.

Affinity fraud

Fraudsters approach people through groups such as religious groups, ethnic groups or workforce communities. They gain the trust of the group, then convince people to invest in their schemes. Ponzi or pyramid schemes often work this way. Individuals who join early receive high returns which are paid from other investors' money, but when people stop joining the pyramid, there are no more payouts. This is when people realize they have been scammed.

Foreign scams

You receive a letter or email that claims to be an investment opportunity. The opportunity appears to be from a politician or business leader seeking your banking information so they can share money with you. The scammers then use this information to steal from you or open credit cards under your name.

Boiler room scams

These scams involve setting up a fake office, often called a "boiler room," that has a fake website, a toll-free number, and an address to make the company seem legitimate. By the time you realize the company is fake, you would have lost your invested money, and the scammer will have closed up shop and moved on to another scam.

Tips to protect yourself from fraud and scams

Handout 9-8

Tips to protect yourself against common types of fraud and scams

- Be skeptical of unsolicited opportunities
- Don't respond to unsolicited emails, texts, phone calls, mail
- Take the time to make an informed decision/Get a second opinion
- Research the opportunity or deal
- Do a background check

Tips to protect yourself against investment fraud

When deciding on which investment is right for you, remember to be cautious about the following to protect yourself from frauds or scams.

- Investments that offer high returns in a short amount of time with low or no risk
- Pressure from investors to buy an investment immediately
- Investors offering hot tips or insider information
- Unregistered advisors or businesses

Reporting frauds and scams

If you are a victim of a scam, fraud, or cybercrime, you should contact your local police as soon as possible. You should also report any instances of a scam, fraud, or cybercrime, to the [Canadian Anti-Fraud Centre](#) (CAFC). The CAFC helps people report fraud, makes them aware of different types of fraud, helps them recognize warning signs of fraud, and shares tips on how to protect themselves from fraud.

Consumer rights and responsibilities



Objective: To learn about basic consumer rights and how to deal with a consumer problem.

Tools: Handout 9-9, Dealing with consumer problems
Activity Sheet 9-10, Complaint letter
Flipchart and marker

Format: Large group discussion, small group activity



Introduce the topic

Q: What are some common problems we face as consumers? Possible answers include:

- Broken or damaged product
- Rude salespeople
- Getting overcharged or charged twice
- Unable to get a refund or exchange
- Unsafe product
- Misleading or no labelling on products
- Misleading advertising
- Hidden fees or extra charges.

Q: Have any of these things happened to you or someone you know?

How did you or the person it happened to, handle it?



Activity: Dealing with consumer problems

1. Give each participant a copy of Handout 9-9, Dealing with consumer problems.
2. Review the steps to resolving consumer issues. Linking them to the stories that the participants shared.



Key points

- Consumers have certain rights:
- You have the right to quality products and services at fair prices
- You have the right to get answers about a product or a store's policies before you buy
- You have the right to complain if you are not satisfied with a purchase.

Each of these rights comes with responsibilities:

- You must ask questions and research before you buy
- You must ask about and understand the refund or return policy
- You must file a complaint if you are not satisfied.

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Dealing with consumer problems

Handout 9-9

Speak to a manager

If you are unhappy with a product or service and you feel that the person you are dealing with is not helpful, you can always ask to speak to a manager or someone higher up in the company. Often, consumer issues are resolved on the spot, face-to-face. The best approach is to be calm and polite, but firm. Describe your problem and explain what you would like the company to do for you.

Call Customer Service

Many businesses have Customer Service departments. If a manager is not able to solve your problem, ask them for the company's Customer Service telephone number or website. Before you contact them, write down all the details of your concern. Including your problem, the date it happened, the names of the people you dealt with, and what was said. When speaking to a customer service agent, make sure to get their name as well and write down the details of your conversation.

Keep a file

Start a file where you keep all the details about the matter. That includes a description of your problem and what action you've taken, receipts or warranties, the names and contact information of the people you speak to, important dates, and what was said in any conversations.

Write a letter

If a call to customer service does not solve your problem, write a letter or email. Use all the materials in your file as evidence to support your claim. Address the letter or email to a general manager, owner, or head of customer service. Keep a copy in your file. They may try to mediate or investigate on your behalf.

Contact a consumer agency

If none of this works, you can contact a consumer protection agency. Each province has one. They are in charge of protecting consumers and dealing with consumer problems. These agencies can tell you what your rights are and the best action to take.

For a list, go to www.consumerhandbook.ca

Legal action

Going to court should be your last option. It is time-consuming and expensive. There are often time limits to filing lawsuits. Before you take any action, consult with a lawyer to learn more about the laws in your province.

**Activity: Writing a complaint letter**

This activity is a fun way to practice making a complaint and may result in some nonsense letters that provide a bit of comic relief.

1. Split participants into pairs.
2. Give each pair a copy of Activity Sheet 9-10, Complaint letter.
3. Each pair should decide who will be A and who will be B.
4. Without giving any context, Person A asks Person B to give an example for each missing piece of information in the letter.
5. Person B should feel free and have fun making up whatever information they like to fill in the blanks.
6. Person A fills in the blanks in the complaint letter
7. Once the letter is complete, Person A reads the letter to Person B.

Process the exercise

Ask if any pairs who would like to share their letter with the group.

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Complaint letter

Handout 9-10

Fill in the blanks

Dear Mr./Ms (name): _____

Re: Deficient Product

On (date) _____, I bought a (item) _____

from your store in (location) _____ sold to me by your salesperson,
(name) _____. Unfortunately, your product has not performed
well. I am disappointed because (problem with the item) _____

To correct this problem, I am requesting that you (an action such as repair, replace or refund)

I enclose copies of my records, including my receipt of purchase and the product warranty. I will
wait (# of days) _____ days to hear back from you, after which I will seek help from
a consumer protection agency.

You can contact me at the address, telephone and email contact listed above. My preferred method of
contact is (method of contact) _____

I look forward to your reply and hope we can resolve this problem quickly.

Sincerely,

(Your name) _____

Making a complaint about an investment & investor protection



Objective: To help participants know how to make a complaint about an investment and who to contact for help

Tools: Handout 9-11, Making a complaint about an investment

Format: Individual activity, group discussion



Introduce the topic

Q: Have you been dissatisfied with a financial advisor or investment's service or lost money due to the investment firm's fault?

Q: What did you do about it?



Activity: Tips to make a complaint

1. Give each participant a copy of Handout 9-11, Making a complaint about an investment.
2. Review the steps to making a complaint.
3. Have participants practice creating written complaints by filling out a template complaint letter.



Key points

- You can make a complaint if you are dissatisfied with the service or advice of the investment firm or if you have lost money as a result of an error or fault by the investment firm.
- There are steps to be followed to make a complaint and get the result you want.
- There are regulatory organizations that protect investors in Canada.

Making a complaint about an investment

Handout 9-11

Steps to complain about an investment

1. Write to the firm about the issue

This step involves sending a written complaint to the firm or the person you dealt with. The written complaint should include the issue, when it occurred, and the solution you expect. You will then receive a written acknowledgement from the firm that explains how the firm is required to handle the complaint under securities law, the steps you must take to escalate your complaint to the Ombudsman for Banking Services and Investments (OBSI), and OBSI's contact information. Next, you will receive the firm's response which will include either the firm's offer to resolve the complaint or a denial of the complaint.

2. Contact Ombudsman for Banking Services and Investments (OBSI)

You can choose to accept the solution if you are satisfied with it. If you are not satisfied, you can take steps to escalate your complaint to OBSI by visiting their website at www.obsi.ca. OBSI will investigate your complaint and determine if you should be compensated for your losses.

3. Use the Investment Industry Regulatory Organization of Canada (IIROC) arbitration program

If your complaint involves a firm that is a member of the Investment Industry Regulatory Organization of Canada (IIROC), you also have the option to use IIROC's arbitration program. Visit the IIROC website at www.iiroc.ca.

4. Take legal action

You can take legal action to recover financial losses from your firm. If you commence legal action, and your matter is before the court, OBSI will no longer be able to investigate your complaint.

Tips when making a complaint

1. Gather your facts

Determine and outline the main points of your problem, the order in which they occurred, and the result you want from your complaint.

2. Put your complaint in writing

Write down all information about your complaint so you can easily reference details that you might otherwise forget.

3. Document everything

Writing all the steps you've taken to have the problem resolved, including phone conversations, emails, and faxes with dates and names of employees whom you communicated with will help you keep track of the complaint process.

4. Act quickly

It's important to act quickly and respond promptly to requests for more information, especially if you want to recover your losses.

Making a complaint about an investment (continued)

Handout 9-11

Regulatory Organizations protecting investors in Canada

There are two main bodies that protect investors in Canada.

1. Provincial and territorial securities regulators administer and enforce rules around how securities are issued, bought, and sold and set minimum entry standards for market intermediaries who deal with investors. Visit the Canadian Securities Administrators page to find the regulator for your province or territory.
2. Self-regulatory organizations (SROs) regulate their members' standards of practice and business conduct in order to promote investor protection. Canada has two main SROs: Investment Industry Regulatory Organization of Canada (IIROC) and Mutual Fund Dealers Association of Canada (MFDA).

Self-assessment revisited



Objective: To help participants see what they have learned in the workshop series and to identify where they need to learn more.

Tools: Participants refer back to Activity Sheet 1-5, Rate your financial knowledge

Activity Sheet 9-12, Rate your financial knowledge, Part 2

Format: Individual activity, group discussion



Tip: Do this activity only if the group took part in the Module 1 workshop and filled out Activity Sheet 1-5, Rate your financial knowledge.

Introduce the topic



In the first workshop in this series, you rated your financial knowledge, using Activity Sheet 1-5. Now we are going to revisit that tool. This will make you aware of your progress and help you see where you may need to learn more.

Activity: Rate your financial knowledge



1. Give each participant a copy of Activity Sheet 9-12, Rate your financial knowledge, part 2.
2. Ask them to fill it out on their own.
3. Ask them to compare their answers to their original self-assessment.

Process the exercise

Q: What has changed since you filled this out at the start of the workshop series?

Q: What was the most important thing you learned from this workshop series?

Q: What areas of money management do you want to learn more about?

Q: How will you keep growing your knowledge and confidence about money matters after this workshop?

Rate your financial knowledge, part 2

Activity sheet 9-12

Rate yourself on a scale from 1 (low) to 10 (high).

Skill or knowledge area	Rating 1 - 10
I keep track of my income and expenses each month.	
I find ways to save money for things I want to buy.	
I have clear financial goals for my future.	
I think about my purchases before I buy them. I know what my priorities are.	
I know what to think about when choosing a bank account.	
I understand the details of the bank account and banking services I currently use.	
I understand the concept of compound interest.	
I understand what a credit report is.	
I know how to increase my credit score.	
I know what the interest rate is on my credit card and how it is calculated monthly.	
I can figure out how much money I will actually pay for an item I buy on credit, including the interest.	
I know some ways to reduce my debt.	
There are certain things a collection agent can and cannot do. I know what my rights are.	
I know where to go to get advice about money management.	
I can recognize a scam or fraud.	
I know some of the techniques advertisers use to get me to buy their products.	
I feel my math skills are strong enough to manage my money.	
I feel confident in my ability to manage my money.	

Goal setting



Objective: To set a goal related to any area of money management identified in the Personal Assessment 2.

Tools: Activity Sheet 9-13, Goal setting
Handout 9-14, Resources
Handout 9-15, Glossary (optional)

Format: Participants work on their own



Activity: Goal setting

1. Give each participant a copy of Activity Sheet 9-13, Goal setting.
2. Ask them to set one or two personal goals for any area of knowledge they want to learn more about.
3. Give participants Handout 9-14 Resources.
4. Give each participant a copy of Handout 9-15, Glossary (optional).

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Goal setting

Activity sheet 9-13

Example:

Goal: Get the best deal I can on a cell phone	When?
Tasks: • Research current cell phone offers.	Saturday
• Review my cell phone bills from the last few months.	Wednesday
• Phone my cell phone provider. Ask if there are different features available that would save me money.	Friday

1. Goal:

Tasks:

When?

_____	_____
_____	_____
_____	_____
_____	_____

2. Goal:

Tasks:

When?

_____	_____
_____	_____
_____	_____
_____	_____

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Resources**Handout 9-14**

Canadian Consumer Handbook

www.consumerhandbook.ca

Offers a wealth of information on consumer topics including consumer rights and complaint procedures.

Canada Office of Consumer Affairs

www.consumer.ic.gc.ca

Practical tools and information to help protect consumers.

Consumer Reports

www.consumerreports.org

Provides independent product reviews and information.

RCMP

www.rcmp-grc.gc.ca/scams-fraudes/index-eng.htm

Provides a list and description of common frauds and scams in Canada.

Canadian Anti-Fraud Centre

www.antifraudcentre-centreantifraude.ca

Little Black Book of Scams

www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/03074.html

Book produced by the Government of Canada Competition Bureau listing ways to protect against fraud.

Compare Cellular

www.comparecellular.com

A Canadian site that helps consumers compare current cell phones, plans and services. Has provincial information.

Consumer protection authorities across Canada

British Columbia Consumer Protection BC - www.consumerprotectionbc.ca

Alberta Service Alberta - www.servicealberta.gov.ab.ca

Saskatchewan Consumer Protection Branch - www.justice.gov.sk.ca/cpb

Manitoba Consumer's Bureau - www.gov.mb.ca/finance/cca/consumb

Ontario Ministry of Consumer Services - www.sse.gov.on.ca/mcs/en/Pages/default.aspx

Quebec Office de la protection du consommateur - www.opc.gouv.qc.ca

New Brunswick Consumer Affairs - www.gnb.ca/0062/rentalsman/index-e.asp

Nova Scotia Service Nova Scotia and Municipal Relations - www.gov.ns.ca/snsmr

Prince Edward Island Consumer Services - www.gov.pe.ca/jps/index.php3?number=1002799&lang=E

Newfoundland and Labrador Trade Practices Division - www.gs.gov.nl.ca/cca/tp

NWT Consumer Affairs - www.maca.gov.nt.ca/operations/consumer_affairs/iindex.html

Yukon Consumer Services - www.community.gov.yk.ca/consumer

Nunavut Consumer Affairs Toll Free: 1-866-223-8139

Consumer advocates

Consumer's Association of Canada - www.consumer.ca

Consumer Council of Canada - www.consumercouncil.com

Public Interest Advocacy Centre - www.piac.ca

Canadian Consumer Agencies, Organizations, Resources - www.ic.gc.ca/eic/site/Oca-bc.nsf/eng/ca02785.html

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Glossary

Handout 9-15

Bandwagon: This comes from the phrase “jump on the bandwagon” – when everyone joined in and danced at a parade. We use this phrase to mean joining in something so that we feel that we belong – buying a product that everyone has, for example

Celebrity endorsement: An ad that makes us want to buy a product because a famous person uses it (or says they use it)

Consumer: A person who buys goods or services

Consumerism: First used to describe the rights of consumers, this word is used now to describe the way we are always thinking about buying things in our society

Fine print: A term used to describe the conditions, terms, rules, and warnings that appear at the end of an ad in very small print. Smart consumers make sure they understand the fine print before making a purchase

Impulse buying: Buying something that you did not plan to buy and that you likely do not need. Some people buy things on impulse to cheer themselves up, but this can lead them away from their financial plan and into debt

Online classifieds: Websites where people sell their used items at a low cost purchasing pattern

Sales cycles: Times of the year when things go on sale in a store. This is often at the end of a season

Shopping strategy: A careful plan you make to guide you in your shopping decisions

Subconscious: The part of the mind that learns things we are not aware of. Repeated advertising can get through to our subconscious minds

Unit price: The amount something costs by a certain unit of measurement. For instance, we buy gas by the litre. The cost of a litre of gas is an example of a unit price

Warranty: A guarantee that a product will meet certain standards, and will be replaced if it does not. To get the warranty, you may have to mail in a form.

Wrap up



Objective: To bring closure to the workshop

Tools: N/A

Format: Large group

After working and leaning together, it is important to bring closure to the workshops. It is a good idea to allow participants some final words.



Activity: Wrap-up

Ask the participants:

Q: What will you take away from this training/workshop?

Q: Are there any “last words” or comments you would like to share with the group about your learning experience?

Finish the workshop session by thanking the participants.