

Investing with interest

**Tips and tools for
maximizing your savings**





Investing with interest was made possible through the generous support of the Ontario Securities Commission.



Prosper Canada

Prosper Canada is a national charity dedicated to expanding economic opportunity for Canadians living in poverty through program and policy innovation. Prosper Canada works with partners in all sectors to develop and promote financial policies, programs and resources that transform lives and help Canadians to prosper.

In this booklet

1. What do you want to save for?



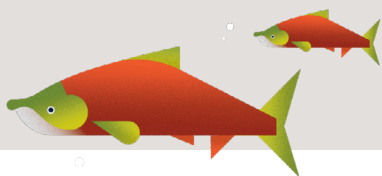
2. Tracking your income and expenses



3. Are you ready to invest?



4. What can you invest in?



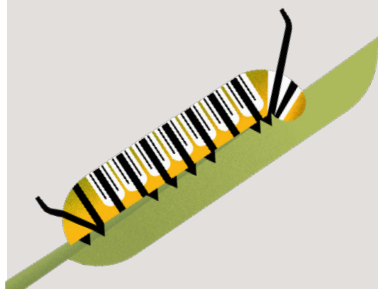
5. Where can you get advice?



6. Watch out for investment frauds and scams



7. Tips for success



You have to leave room in life to dream.

Buffy Sainte-Marie

About this booklet

People save for different reasons. For instance, you may want to save for emergencies, or for your children's education, or for your old age. Having goals for your savings helps to keep you motivated. You sleep better knowing you have some money set aside.

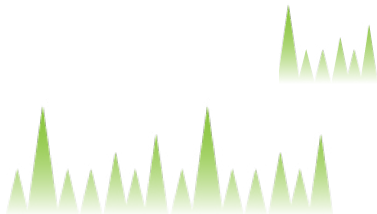
Saving accounts earn interest. That means your money is working for you and slowly growing. This booklet looks at ways you can take your savings further, by investing your money. The potential for returns increases. So does the potential for risk. This booklet explains key investment concepts. It will guide you through the options.

Getting help and advice

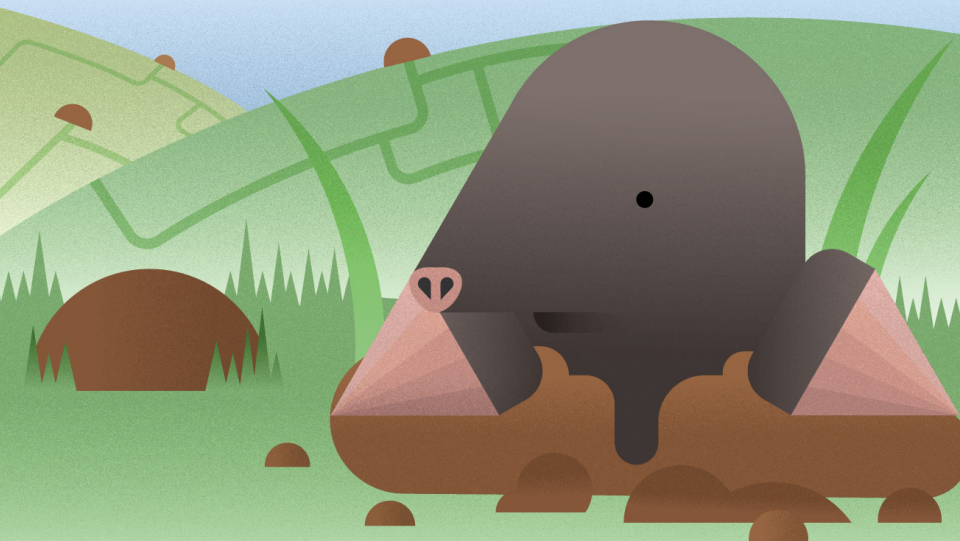
To help you get started with investing, we recommend you look for support from a financial coach or mentor you can trust. Many community organizations provide these services for free. Or, you may have friends or family who can support you.

But remember, it is your money, and your investment journey. You can choose who you want to share your information with.

There is a lot to learn, but this booklet can help you get started.



01 What do you want — to save for?



**Saving money can be hard.
Having a goal can help.**

A goal is what keeps you focused on saving for the future. You may have one goal or several. Your goal can be short term or long term. It might be a personal goal, or a goal for your family.

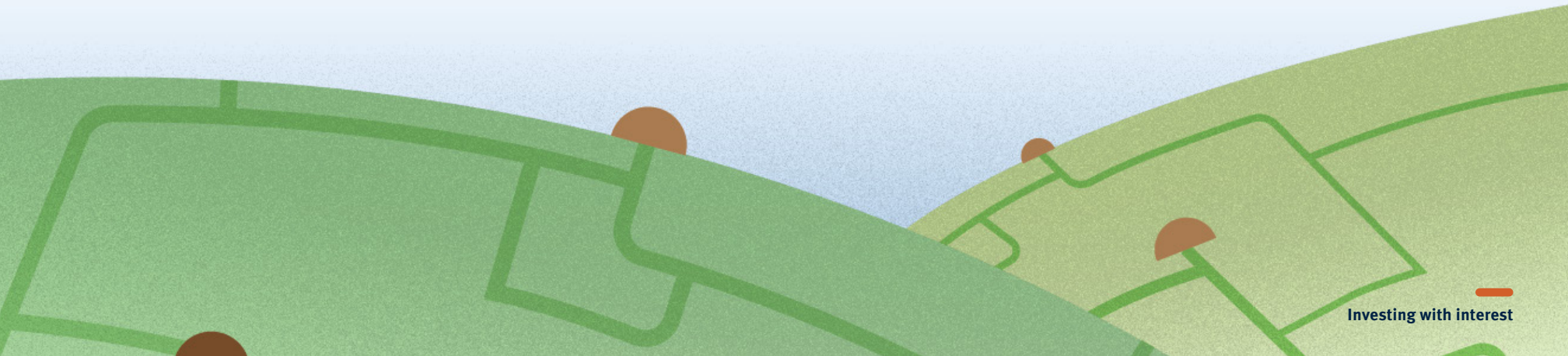
In this activity, you write your goals down. Then you rank them to see which ones are most important. This will also help keep you motivated through this journey.

Moles are resourceful. They can expand their network of tunnels as needed. This reminds us of our own resourcefulness. We can find new or better directions for managing our money.

Your money goals

Take some time to think about what you want to save for. Make notes in the chart below. We have listed some examples to show you how to use the chart, but you should list your own goals.

Saving goal	Rank from 1 – 3 with 1 as the most important	Amount to save	Length of time to reach the goal (months or years)
Example: Emergency fund (car repairs etc.)	1	\$1,000	9 months
Example: Savings for a child's education	2	\$10,000	16 years
Example: Planning for old age	3	\$20,000	30 years



Writing down your goals

Pick one of the goals you wrote down to focus on for this exercise. Write it again here:



02 Tracking your income and expenses



Before you make any big decisions about investing money, you need to know what you have coming in (income) and where your money goes (expenses).

This is called budgeting. It helps you plan how much money you can save and invest.

For this budgeting activity, gather as much information as you can about your income and expenses for a month. Here are some places to get the information you need:

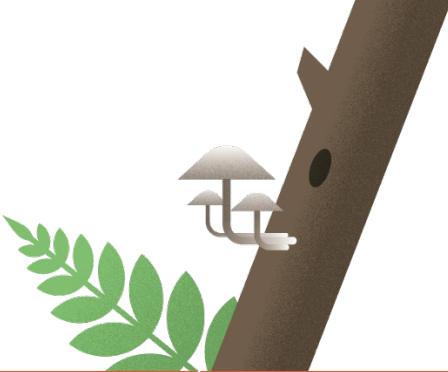
- Pay stubs
- Government benefits statements
- Invoices from self-employment
- Pension income statements
- Bill statements
- Banking statements
- Receipts from your shopping
- Credit card statements

Badgers are patient. After breeding, the embryo does not implant in the mother's womb right away. The mother's body waits for the best time to have a healthy pregnancy. Investing requires patience and planning too.

Budget worksheet for a month

On this chart, fill in the amount of monthly income you have on the left side.
(If you do not have any income in a category, leave it blank.)

On the right side, fill in the amount of monthly expense in each category that applies to you.



Income	Amount	Expenses	Amount
Employment income	\$	Housing expenses (such as rent, mortgage, utilities, home repairs)	\$
Self-employment income	\$	Living expenses (such as groceries, clothing, laundry, medical costs, childcare or child support)	\$
Child support income	\$	Transportation expenses (such as public transit, car payments, gas, car insurance)	\$
Government assistance (such as Employment Insurance, social assistance)	\$	Personal expenses (such as phone, TV, internet, eating out, gifts, personal grooming)	\$
Student loan (money received)	\$	Savings (emergency fund, other)	\$
Government benefits (such as Canada child benefit, GST/HST credit)	\$	Debt payments (such as credit cards, student loans or personal loans)	\$
Disability benefits	\$	Other expenses	\$
Other income	\$	Other expenses	\$
Total monthly income	\$	Total monthly expenses	\$

Balance (Total monthly income minus Total monthly expense) \$ _____

What should you do with your balance?

If your income is more than your expenses, how will you use the extra money?

Have you paid off your debts?

If you answered no, saving and investing may not be the best option for you right now. Instead, visit Prosper Canada at learninghub.prospercanada.org. Look for the [Dealing with Debt](#) resource.

If you do not have debts, you can put the money aside to achieve the goal you set in Worksheet 1.

If your expenses are more than your income, you may want to look for ways to increase your income. For example, you may be able to apply for government benefits that you are not receiving yet. Visit www.benefitswayfinder.org to learn more. You may also want to look for ways to reduce your spending.

How I will increase my income or reduce my spending:

Sometimes money comes in or goes out only a few times a year, not on a monthly basis – for instance, tax rebates could give you unexpected income. Things like home repairs or the cost of seasonal gifts could add to your expenses. Reviewing your budget regularly will help you plan for spikes in income and expenses.

Update your budget regularly. This helps you be ready for changes to income and expenses.



03 Are you ready — to invest?



Found some extra money in your budget?

If your income is more than your expenses, then you may be ready to think about saving and investing. In this worksheet, you will understand the basics of investing and look at the options.

What options do I have for my extra money?

Do nothing: You could keep the money in your chequing account, which bears no interest. You could even hide it under your mattress. Either way, your money will not grow.

Put the money in a savings

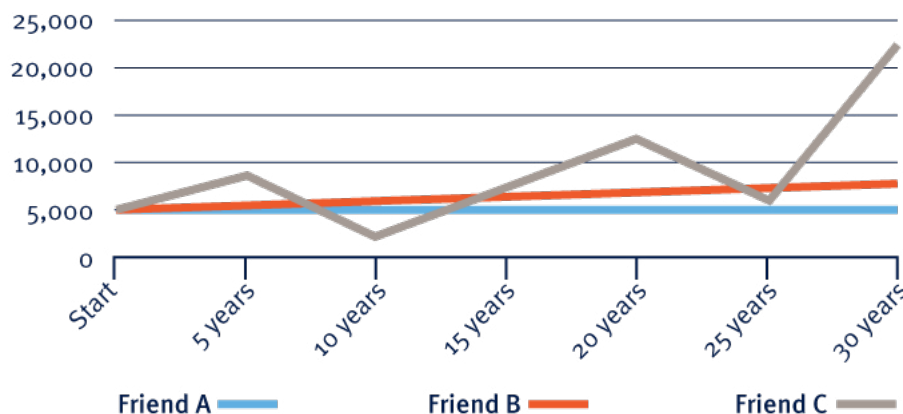
account: Banks and credit unions have accounts that keep money safe and pay interest on it. The money will grow according to the interest rate offered when you put it in.

Invest the money: Investing means purchasing an investment product on the stock market. When you sell the product, the price you get may be lower or higher than what you paid. In other words, you could make money, but you could also lose money.

Arctic wolves live in a harsh climate. They travel great distances and take risks searching for food. The arctic wolf teaches us that we too have great stamina. We may need to take risks to achieve our goals.

The basics of investing

Let's look at an example of three friends who each have \$5,000. They make different choices for what to do with their money.



- **Friend A** kept his money under the mattress. No change in value.
- **Friend B** opened a savings account earning 2% annual interest for a total of \$8,000 after 30 years.
- **Friend C** invested the money. There were many ups and downs in the market, but on average the returns were 5% a year. The value after 30 years is \$22,000.

So, keeping the money under the mattress isn't the best approach.

Your risk tolerance

Investing comes with the risk that you could lose money. You might make more in the long run. But your risk tolerance is how much you can afford to lose.

For instance, let's say you have a lot of savings. But you are only investing a small amount of your total savings. In that case, your risk tolerance might be high. That is because if you lost the money, you could still afford to live on the other savings.

But if you do not have a lot of savings, then your risk tolerance might be low. You would not have much to fall back on if you lost the invested money.

Answer these questions to find out about your risk tolerance:

- ▷ How much do you have in savings right now? _____
- ▷ What are your monthly expenses? _____
- ▷ What are your monthly expenses for six months? _____
- ▷ How much of your savings could you afford to lose and still be able to meet your expenses for six months? _____

Based on my answers, I think my risk tolerance is (circle your answer):

Low

Medium

High

Your time horizon

Time horizon means how long you are planning to hold an investment. The stock market goes up and down. Holding an investment for a long time gives it a better chance to really grow.

For instance, say you have a goal you want to achieve in less than 5 years. That means you will need the money you have invested quite soon. This is a **short** time horizon.

But say your goal is to grow your money for retirement in 30 years. That means you are not planning to use the money for a long time. That is a **long** time horizon.

Answer these questions to find out about your time horizon:

- ▷ When do you want to achieve the goal you set at the beginning of this booklet? _____
- ▷ Is there a chance you will need the money sooner? _____
- ▷ If your investment was not doing well, could you delay your goal and use the money later? _____

Based on my answers, I think my time horizon is (circle your answer):

Short

Long

Your desired return

Your desired return is how much you want your money to grow.

For instance, say you are saving for a new place to live. You need \$2,000 for a rent deposit. You already have \$1,500 saved. This means your desired return is low as you don't need to grow your money by a large amount.

But say your goal is to save for retirement. You want to save \$30,000. Right now, you have \$5,000. Your desired return would be high because you want to grow your money by a lot.

Answer the questions below to identify your desired return:

- ▷ Do you need to grow your money by a large amount? _____
- ▷ If you needed to, could you delay your goal to give your money more time to grow? _____

Based on my answers, I think my desired return is (circle your answer):

Low High

Match the option to your situation

The table below shows the two options for growing your money. Think about the answers you gave on this worksheet and check the boxes that apply to you.

Savings account	Investments
<div><input type="checkbox"/> Low risk tolerance</div> <div><input type="checkbox"/> Short time horizon</div> <div><input type="checkbox"/> Low desired return</div>	<div><input type="checkbox"/> Medium or high risk tolerance</div> <div><input type="checkbox"/> Long time horizon</div> <div><input type="checkbox"/> High desired return</div>

The option with the most checks might be the best option for you.

Your risk tolerance, time horizon, and desired return can change. Review them as you go. You may find that you can take more risks as you get more confident about saving and investing.

04 What can you invest in?



If you are ready to invest, there are different ways to do it.

This worksheet describes different types of plans and accounts you can open to invest from. It also describes some options for investment products. Choose what is best for you.

Young salmon hatch and grow in fresh water rivers and streams. When they become adults, they move into the ocean. They return to freshwater to have their own young. Our savings and investments will also need to change and adapt over the course of our lives.

Where can you invest?

There are many places you can invest including a bank or credit union, online or through a financial advisor. Some people choose to directly buy and sell stocks and bonds through a stock trading platform that they set up with a bank or financial advisor.

Investment plans and accounts

Registered savings plans and accounts

Registered savings accounts are given special status by the government. In them, you can hold different investment products.



Registered Disability Savings Plans (RDSPs)

Registered Disability Savings Plans (RDSPs) are a good choice if you are saving and investing for the long-term financial security of a person who is eligible for the disability tax credit (DTC). The government will add to your savings.



Registered Education Savings Plans (RESPs)

Registered Education Savings Plans (RESPs) offer government grants while you save and invest for a child’s post-secondary education. The government will add to your savings.



Registered Retirement Savings Plans (RRSPs)

Registered Retirement Savings Plans (RRSPs) give you tax breaks while you are saving and investing for retirement. You pay tax on the money when you start to use it.



Tax-Free Savings Accounts (TFSAs)

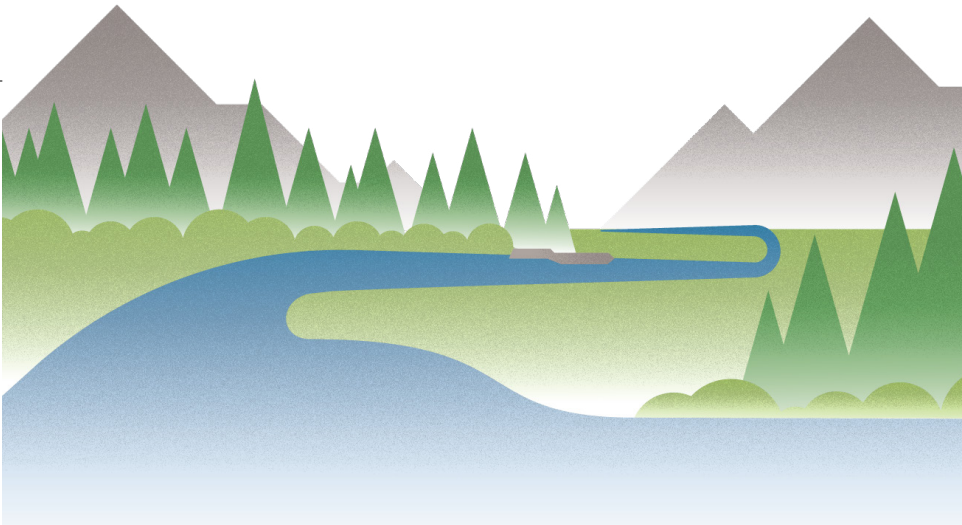
Tax-Free Savings Accounts (TFSAs) allow you to save and invest a certain amount each year. You never have to pay tax on the money that you earn from interest or the gains you make from investing.



You can also hold both a TFSA and RRSP account. Both have limits to how much you can contribute to them each year.

Even if you are not ready to buy an investment product just yet, there are still benefits to opening a registered savings account. Common options are a TFSA and RRSP. This chart compares their benefits:

A TFSA may be best for you if ...	An RRSP may be best for you if ...
<ul style="list-style-type: none">• You are saving for a goal other than retirement.• You have a low income.• You pay no tax or very little income tax.• You expect to receive the Guaranteed Income Supplement (GIS) for low-income seniors when you turn 65.	<ul style="list-style-type: none">• You are saving for a long-term retirement goal.• You have regular income.• You pay income tax.• You expect to receive the Guaranteed Income Supplement (GIS) for low-income seniors when you turn 65.



Investment products

Here are some examples of investment products you can choose from:

Guaranteed Income Certificate (GICs): These are also called term deposits at some credit unions. The money you put in is guaranteed, and the certificate grows by a set percentage.

Bonds: These are like an IOU, where you ‘lend’ your money to an institution, and they pay you interest while they are using it. These are usually lower risk than stocks but may offer lower returns.

Stocks: Owning a stock in a company means you own a very small piece of the company. How much the stock is worth changes based on how well the company is doing. The value of stocks can change very quickly. While you could make a lot, you could also lose a lot.

Funds: Instead of buying individual stocks or bonds, you can buy a fund. A fund usually includes lots of different stocks or bonds. This is a good way to make sure you don’t ‘put all your eggs in one basket’. This is called diversifying. Even if the value of one stock or bond goes down, others may go up. Common funds include mutual funds and Exchange Traded Funds (ETFs).

All of these products can be held within a registered savings plan. Imagine it as a “bucket” that can hold different investment products. For example, if you decide to open a Tax Free Savings Account, you can put stocks, bonds, ETFs, and GICs in that bucket. You can buy and sell investments or change the kind of investments you own within that bucket. If possible, it is good to diversify and have a variety of investments.

Whatever you choose, make sure you can get the money when you need it.

05 Where can you get advice?



When deciding how and where to invest, it is a good idea to ask for help.

Here are some places you can reach out to for support:

Friends and family: Do you know someone you can trust who has experience and knowledge about investing? Set up a time to talk with them.

Your community: Many community and non-profit organizations offer help and advice about finances, at no cost. Check what is available from the community organizations near you.

Robo advisors: These are online platforms where you can get automated advice about investing. They charge fees, but they are cheaper than in-person financial advisors.

Financial advisors: There are many different kinds of financial advisors. Some are expensive and only work with people who have a lot of money. Banks and credit unions often have financial advisors who work with you for free. But keep in mind, they are interested in selling their own products.

When they face a threat, muskoxen press their rumps together to form a tight circle. Like the muskoxen, you should not feel alone as you try to understand how investing works. There are supports to help you.

Planning for your meeting with an advisor

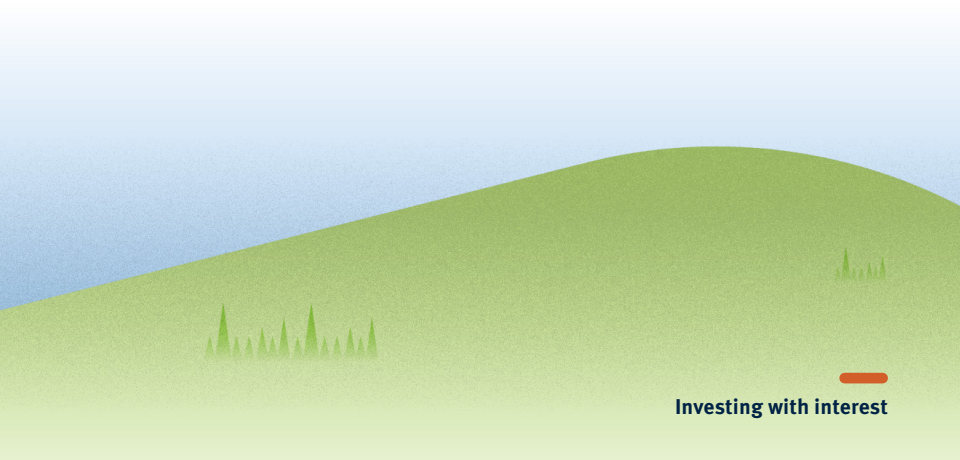
Once you have scheduled a meeting with an advisor, use this worksheet to help plan your conversation. Here are some examples of questions you might ask, with spaces to make notes. You can add your own questions to the worksheet.

How much money should I invest?	
How often can I contribute to the investment?	
How much risk should I take?	
What investment products are best suited for me?	
Where can I buy the investment?	
What details will I need to provide to buy an investment?	
How can I track my investment?	
What is the rate of return for my investment?	
How does it compare with other investments?	

At the end of your meeting, use this space to write down what you plan to do next. Remember: It is best to do your own research before making any investment decisions.

Next, I will:

Check if your financial advisor or the business selling you the investment is registered with the Canadian Securities Administrators, www.aretheyregistered.ca.



Tracking your investments

You should always track your investments. You need to know how they are doing so that you can make changes if needed.

Make a note of these details about meeting again with your advisor.

1. Contact information of the advisor: _____
2. Date and time of your next meeting: _____
3. How often you plan to have these meetings: _____
4. How often they will track your investments: _____

Remember you can start with just opening a savings account.

Opening a savings account

If you decided that a savings account is the best option for reaching your goal, it is easy to open one. All banks and credit unions offer savings counts, but the deals they offer can differ. Shop and compare. Here are some things to think about:

- Does the savings account have service fees?
- Is there a minimum deposit required to waive the service fees?
- How much are the service fees?
- What are the interest rates offered on savings?

Opening an account for investing

If you decided that investing is your best option, use Worksheet 4 to learn about the types of plans and accounts you can choose from.

06 Watch out for — investment frauds and scams



According to Statistics Canada, reports of fraud have increased 64% over the past 10 years.

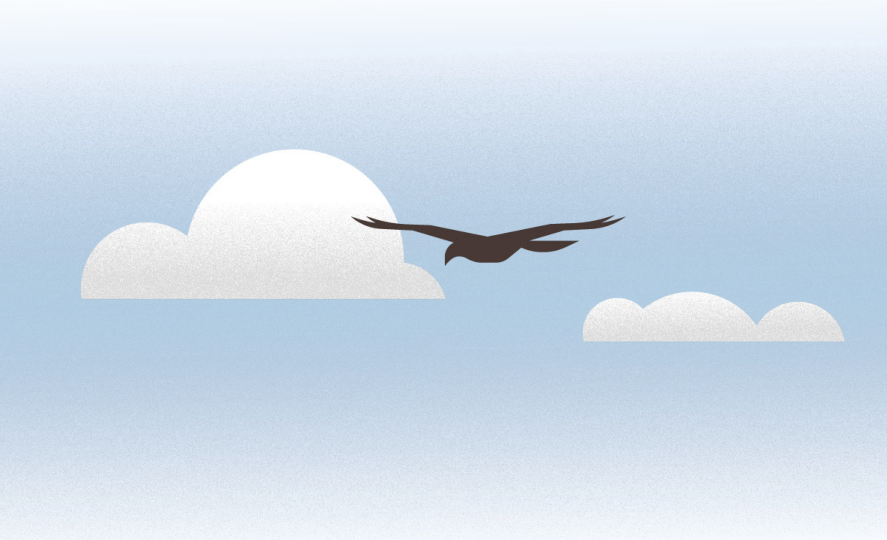
You've probably heard of friends or family falling victim to scams and frauds. This may even have happened to you. There are phone, text, email and internet scams. There are identity thefts, pyramid schemes, work-from-home scams, and many more. Being aware and cautious about them can help you stay safe.

Cyber fraud is any kind of scam that happens through one of your devices. This worksheet will help you spot cyber fraud about investing. It will guide you on what to do if you fall victim to a fraud or scam.

Cardinals are aware of threats to their nests. They make loud, metallic calls to warn off intruders. Like the cardinal, you need to be aware when it comes to scams and frauds. If you become a victim, report it right away.

Recognizing cyber fraud

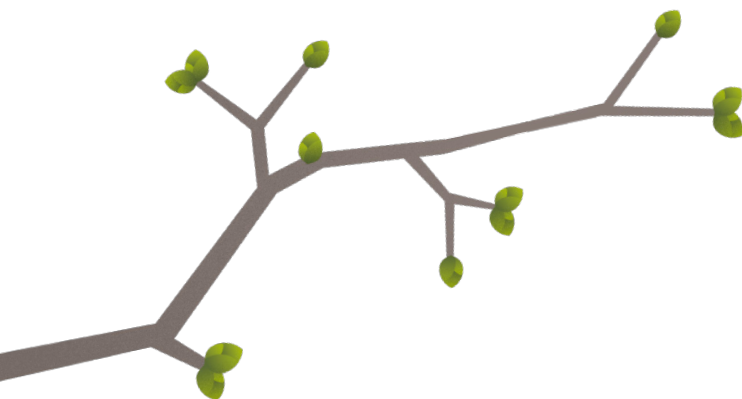
Here are some of the common scams you may come across:

<p>1. Investments that are too good to be true:</p> <p>These fake investments offer high returns in a short amount of time and with low or no risk.</p> <p>If you spot this: Get a second opinion from a registered advisor or trusted member of your support network.</p>	<p>2. Pressure to buy immediately:</p> <p>Scammers may try and rush you so that you don't think about all the risks before you invest.</p> <p>If you spot this: Pause. Do your own research, and check their registration.</p>	<p>3. Investors offering hot tips or insider information:</p> <p>The tip is likely false, and you could lose your money. Even if it is true, it is illegal to act on insider information.</p> <p>If you spot this: Ignore the information.</p>	<p>4. Emails, attachments, and messages from senders you don't know:</p> <p>These can be attempts to steal your personal information. Or, the messages could contain dangerous files that will access your information.</p> <p>If you spot this: Do not open unknown attachments or links. Do not download unknown apps. Never share your personal details with anyone you don't know and trust.</p>
<p>5. Unregistered advisors and businesses:</p> <p>Your first step is always to check if an advisor or investment business is registered with the Canadian Securities Administrators at www.aretheyregistered.ca.</p> <p>If you spot this: If they are not registered, do not invest with them. Report them to your provincial or territorial securities regulator. You can get the contact information on the Canadian Securities Administrators' website: securities-administrators.ca/. Look for Contact Us for contact information.</p>	<p>6. Requests to make immediate payments:</p> <p>Never pay money to people before checking who they are.</p> <p>If you spot this: Take your time to check the information and their identity. Ignore requests for payment for things you did not buy.</p>		

What to do if you are a victim of fraud or a scam:

- Report it to the police right away.
- It is also recommended that you report it to the Canadian Anti-Fraud Centre: antifraudcentre-centreantifraude.ca and look for **Report Fraud**.
- Check your financial statements and credit card statements. Check your credit report. You can ask for one free credit report each year from Equifax Canada at consumer.equifax.ca/personal/. Look for **How to get a free credit report**. You can also request one free consumer disclosure from TransUnion Canada at transunion.ca. Look for **Consumer Disclosure**. You can find more information on how to apply and the information you would need by visiting their websites.

If you notice any transactions you did not make in your financial statements, credit card statements, and credit reports, report them right away.



07 Tips for — success



Look at what you have achieved so far! Plan for success!

You may be well on your way to reaching your goal or you may have just started. Treat every small step toward your goal as a win.

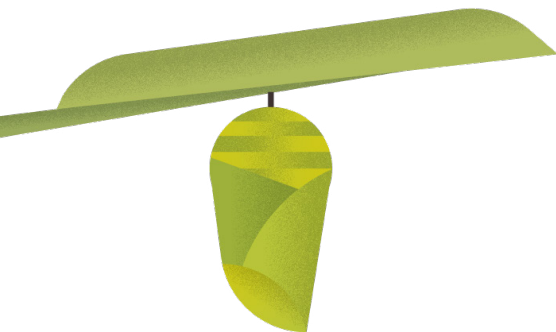
Investing and planning your finances can get overwhelming. A great way to help you along the way is to think about where you need support and where to look for it. This worksheet, and the Resources section that follows, will help you do that.

Monarch butterflies go through many changes, from egg to caterpillar to chrysalis and finally to beautiful butterfly. If you follow the right steps you may also see a positive financial evolution.

Reflect on your investment journey in the spaces below.

1. When I look back at my investment journey, I am most proud of:
2. The areas I am least sure about are (for instance, budgeting, different investment products, frauds and scams):
3. I would like to learn more about:
4. I am going to look for support in the following places:

Check the non-profit organizations around you. Some may offer free financial programs and support.



Places to look for support

If you are having trouble with debt or paying bills, you may wish to speak with a credit counsellor. Visit canada.ca/en/financial-consumer-agency. Look for **credit counsellor** in the search bar.

Some **community agencies** have trained financial coaches who can help. They can meet with you one on one and give you information on savings, managing your money, applying for benefits and more. Here are some ways to get help finding a community agency near you:

- Go to the 211 website.
- Call 2-1-1- on your phone.
- Use the Prosper Canada Financial Empowerment Directory at learninghub.prospercanada.org.
- Check your **local library**. They may hold workshops on money management, savings, and investing.

Remember that you are not alone in your journey. You can always seek financial guidance and support.

Resources

These Canadian resources are all recommended, but the list is not complete. Search for provincial websites to find out more about services and benefits you can access where you live.

Benefits and credits

Benefits wayfinder:

An online tool to help you find benefits and credits you may be eligible for (Prosper Canada).

<https://benefitswayfinder.org/>

Frauds and scams

Canadian Anti-Fraud Centre:

Learn more about how to report fraud, protect yourself, and what to do if you are a victim of fraud (Government of Canada). <https://antifraudcentre-centreantifraude.ca>

The little black book of scams:

Increase your awareness of the many kinds of fraud that target Canadians. Learn about how to protect yourself from fraud (Government of Canada) competitionbureau.gc.ca and look for the **Little Black Book of Scams**.

Credit and debt

How to get a free credit report:

You can get one free credit report a year from each of these credit bureaus. The report will help you to catch errors, fraud and identity theft early. You can also update any outdated information.

Equifax Canada

Visit consumer.equifax.ca/personal/. Look for **How to get a free credit report**.

TransUnion Canada

Visit transunion.ca. Look for **Consumer Disclosure**.

Dealing with debt:

Activities to help you manage your debt and tips on how you can reduce it (Prosper Canada).

Visit Prosper Canada at learninghub.prospercanada.org. Look for the **Dealing with Debt** resource.

Getting help from a credit counsellor:

If you are having trouble paying back your debt or keeping up with your payments, you may want to talk to a credit counsellor (Financial Consumer Agency of Canada).

Visit canada.ca/en/financial-consumer-agency. Look for **credit counsellor** in the search bar.

Investing information

Ontario Securities Commission:

Articles, tools, calculators, and research to help you make informed investment decisions. <https://www.getsmarteraboutmoney.ca/>

Canadian Securities Administrators:

Anyone who sells securities, offers investment advice, or acts as a fund manager in Canada must register with a securities regulator. You can check their registration status on this website. <http://www.aretheyregistered.ca/>

Industry organizations

Most advisors belong to an industry organization. Some of these professional groups regulate their own industries. Most can help you search for advisors on their websites. Here are five groups to try.

Investment Industry Regulatory Organization of Canada

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

Mutual Fund Dealers Association of Canada

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

Advocis – Financial Advisors Association of Canada

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

FP Canada

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

Portfolio Management Association of Canada

<https://www.portfoliomanagement.org/index.php>

Professional and community resources

Financial Empowerment Directory – Prosper Canada

<https://learninghub.prospercanada.org/directory/>

Find government and community-based health and social services

<https://211.ca>

Web addresses sometimes change. If a link is no longer active, try doing a web browser search for the same item.

Notes

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