



2. Minimize what is going out



Managing your money involves maximizing what is coming in. It also involves minimizing what is going out. Minimizing what is going out can help you find money to save. This can be done by managing your expenses, debt, and by protecting yourself and your money. All of these details will be covered in this module.

Let's get started!

- Introduction
- Pay yourself first
- Pay off debt
- Find ways to save
- Protect yourself from fraud and scams
- Conclusion

Introduction

Let's start by defining expenses



Expenses are anything that you pay money for. Your groceries, utilities, credit card bills, rent, and loans are all expenses.

Tracking your expenses

Tracking your expenses lets you see where your money is going every

month. This can help you find ways to reduce your expenses so you have more money to spend on needs and wants, pay off debt or save for the future.

Let's look at an example of how tracking your expenses can help you find ways to reduce your spending.

Diane is a senior who lives on Old Age Security (OAS) and the Guaranteed Income Supplement (GIS). She is struggling to manage all her monthly expenses, especially since the price of groceries keeps going up. A friend recommends that she track all her expenses for a month to see what she is spending her money on.

Although most of her money goes towards her subsidized rent, she notices that she is spending a lot on taxis to get to the grocery store. Since public transportation is not available where she lives, she decides to try reducing this expense by seeing if a friend wants to share a taxi with her so they can split the cost. She is also going to see if her local grocery store will deliver her groceries to her for a small fee or free.

There are many ways you can track your expenses. You can try using the worksheet provided or you can simply keep track in a calendar, notebook or online template or app. What is most important is choosing the method that works best for you.

Tips for tracking expenses

1. Keep it simple - Use a system that is easy for you to use and maintain.
2. Make it a habit - Set specific times to track your expenses such as every evening or at the end of each week. You can check your bank statement or keep receipts to help you with this.
3. Track changes - Our expenses and income may change from month to month. Knowing when we can expect additional income from a tax refund for example will help us plan for months where we have more expenses like during the holidays.
4. Look for support if you need it - Talk with a counsellor, case worker, money coach or friend or family member to review your progress and help you stay motivated.



Now, let's look at an example of how someone living with a low-income was able to save money by cutting down on some of their expenses.

I moved to Canada as a refugee with my family. We had never left our home country before. My husband and I were very anxious before the move. We worried about how we would settle in a foreign country, where we would live, and what jobs we could get. But our biggest worries were making sure our young children had what they needed. My husband and I also did not speak English fluently, so this was another challenge for us during the first couple of months. We were given somewhere to live by the government and our basic expenses were taken care of to start with. We were also given a counsellor to help us get settled and to answer any questions. We had very little money when we got to Canada. We had to look for jobs quickly. My husband got in touch with the employment agency which helped him find a job at a warehouse. We soon realized that after paying for food, clothing, and other essentials, we were not able to afford school supplies for two children. I had to look for a job to bring in some extra money. I took up a cleaning job at a restaurant. This extra money made a difference. We were still struggling financially every month and some months we had no money to save. Sometimes we save money by shopping at thrift stores and at discount stores. I've also found places where they donate books, toys, and other school supplies. I save money by buying used instead of brand-new school supplies.

Next steps



Try using the expenses tracking sheet to see if this method might work for you.

Type the following link in your browser to access the expenses tracking worksheet.

<https://learninghub.prospercanada.org/wp-content/uploads/2020/04/4.-Expenses-tracking-sheet-fillable.pdf>

Take a moment to review your expenses, is there a way to reduce them? Any money you save can be put towards paying off debts or into savings. Debt can be a monthly expense. But once we pay off our debt, we will have more money left over to pay for other things or to save.

The following lessons will explore ways to pay off debt, start saving, reduce your expenses, and protect yourself and your money.

Remember, if you want to explore and learn more about these topics, there are more resources for you in module 3.



Next, let's see how we can “pay ourselves first” and put some money aside each month.

Pay yourself first

Benefits of paying yourself first



If possible, it is a good habit to “pay yourself first” - which means putting a bit of money aside into a savings account each month or when you can. This money will be there when you need it. Although it will reduce the amount you have to spend each month, it can be used for many things.

First, let's watch a video with some ways you can pay yourself first. Then we will look at some examples of how you might use this extra money.

Type the following link in your browser to watch the video.

<https://www.youtube.com/watch?v=Qd5A3Kqs8mw>

1. To pay for any sudden expenses and emergencies – You may have some unexpected expenses or an emergency that you had not planned for financially. Having some money set aside can help you in these situations – and it can help you to avoid having to use credit.
2. To help cover monthly expenses if your income varies month to month – For some people, the amount of money coming in changes each month. For example, you may work seasonally, or your hours may vary, so in some months you receive less income. Also, some benefits are only paid quarterly. Having some money set aside can help during the months when you have less money coming in.
3. To help family and loved ones – We all need a hand once in a while. Having some money set aside means you can help your family or loved ones when they are in need of money.
4. To reach your short-term or long-term financial goals – Setting aside some money each month can help you achieve your short- and

long-term financial goals. This can include setting aside money to buy a new computer, saving for first and last month's rent or a down payment on a house or paying off debt.



Importance of having saving goals

A goal is something that you want to achieve in the future. Having a financial goal can help you stay motivated to save money in order to achieve it. You can use the following worksheet to help you plan your steps and list resources you will need to access to achieve your goal. The activity in the Next Steps section will allow you to add more detail to your action plan.

Type the following link in your browser to access the planning worksheet.

<https://learninghub.prospercanada.org/wp-content/uploads/2019/11/3e-FC-Plan-Do-Review.pdf>

Ollie needs to save money to pay for their college tuition next semester. They have been working part-time at a restaurant to earn some additional income, but they have also been going out with friends after work. They decide to track their income and expenses. By doing so, they realize just how much they were spending on entertainment and quickly reduce dinners out with friends to once a week. This small shift helps Ollie save enough money to pay next semester's tuition in 3 months.

From the above example, you can see how having a goal motivated Ollie to track their money and see where they were spending most of their money. By doing this, they were then able to look for areas to save some money each month.

Next steps



Try using the following worksheet to expand on your financial goal and figure out how much money you need to save each month to reach it. Take some time to brainstorm what challenges you may face and ways to overcome them.

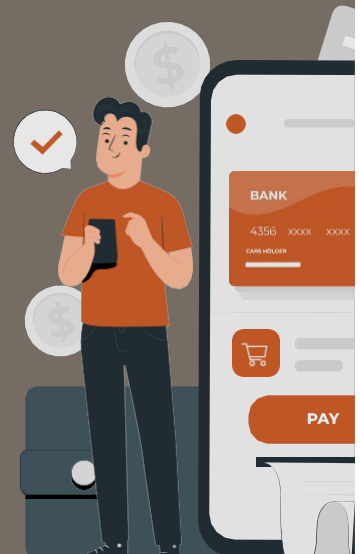
Type the following link in your browser to access the setting savings goal worksheet.

<https://learninghub.prospercanada.org/wp-content/uploads/2020/05/06-SettingSavingsGoal-FillablePDF.pdf>

Let's explore how paying off debt can help us have more money in the future.

Pay off debt

What is debt?



Debt is the money you borrow or owe. Sometimes you need to borrow money from a bank in the form of a loan or line of credit for a large purchase, such as a car. Or, you may use your credit card to pay for your purchases. When you borrow money, you must pay it back –with interest. There is a cost to borrowing money.

To see how interest is calculated on a credit card, you can review this handout or watch the video below.

Type the following link in your browser to access the cost of credit handout.

https://learninghub.prospercanada.org/wp-content/uploads/2018/04/Handout_6-3_The-cost-of-credit.pdf

Type the following link in your browser to watch the cost of credit video.

<https://www.youtube.com/watch?v=YxLNMs3XfWA>

Let's look at a few examples of debt:

- 1** Student loan - Many people borrow money to pay for their post-secondary education. It does not need to be paid back until the person graduates.
- 2** Mortgage - A mortgage loan is specific to purchasing a home or other property and is usually paid off over a long period of time
- 3** Line of credit – Issued by a bank, a line of credit gives you access to a set amount of money that you can borrow when you need it. You don't pay any interest until you borrow the money.

- 4 Payday loan - Payday loans are a small loan, typically in amounts between \$100 and \$1000 that are intended to be paid back on or before your next pay cheque. They have VERY high interest rates.
- 5 Credit card – A convenient buy now, pay later form of payment. Credit cards have a credit limit and minimum payment required each month. They also have varying rates of interest and there may be extra fees and benefits.
- 6 Loan from family and friends – Although helpful, borrowing money from family and friends can complicate relationships. It might be a good idea to discuss the terms of the loan such as a repayment plan.

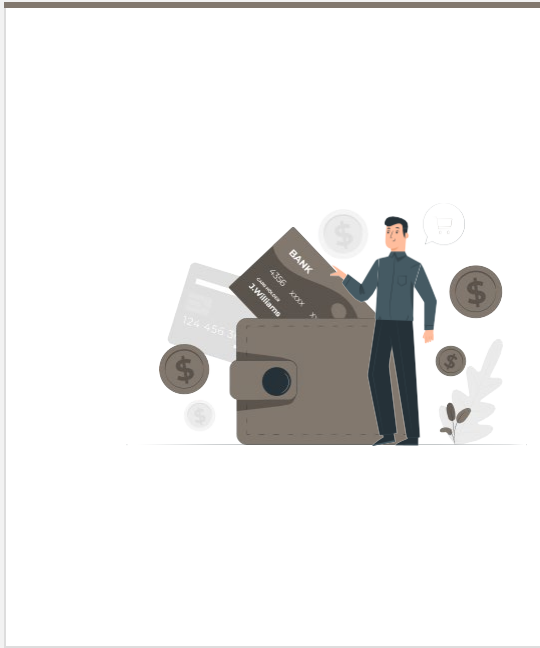
There are different kinds of debt. Some kinds help us to build our assets while others cause us emotional and financial stress. Review the cards to know more about them.



Some kinds of debt can increase your assets or help you earn more money. Student loans and mortgages are examples of this type of debt.



Other kinds of debt involve paying for things we have not saved for. These can include non-essential purchases such as consumer goods and vacations.



There is also debt with very high financial or emotional costs. Payday loans and pawnshop loans are examples of this type of debt.

Borrowing money can sometimes help us to meet our financial goals, like purchasing a car or going back to school. But it is important to remember that no matter what type of debt it is, if you are not able to pay it back on time, it will increase and may become hard to manage.

Putting money towards debt payments may not feel rewarding at the moment, but once we pay off our debt, we will find we have more money to do other things.

Let's look at what you can do with this extra money.

- 1 You can build your savings, including an emergency savings account.
- 2 You can invest your money in a registered savings plan, such as a RESP
- 3 You can purchase things you want or need.
- 4 You can invest in developing your skills, such as additional training or education.
- 5 You could use the money to start a small home-based business.

There are steps you can take to help you pay off your debt. Let's look at an example:

Enzo recently separated from his partner and is now caring for his two young sons. He is struggling to keep his expenses in line with only one income. Over summer vacation and the preparation for back-to-school, Enzo used several credit cards to pay for expenses and now finds himself with a level of debt he cannot manage.

Watch the video below to see his options for reducing his debt.

Type the following link in your browser to watch the video.

<https://www.youtube.com/watch?v=edozDlk0y1U>

Ways to reduce your debt

There are different ways to deal with debt.

Introduction

The kinds of debt that cause us stress can make us feel like we are losing control and will never be able to get out of debt. However, even

in the worst cases, there are steps to reducing debt.

Step 1

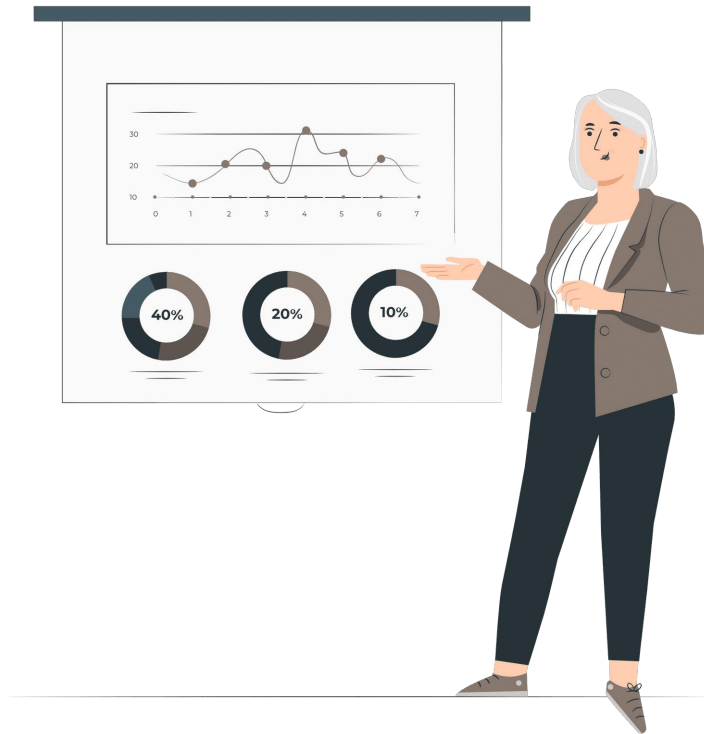
Stop using credit



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
- Minimum monthly payment
- The interest rate
- The term for repayment

Step 3

Rework your budget



Look closely at your budget and check for ways to increase your income or decrease your expenses.

Try to rework your budget to free up more money to put towards debt repayment.

Step 4

Speak with creditors



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.

Next steps



Just like keeping track of our expenses, keeping track of our debt and having a plan to repay it is also important. Try using the worksheet below to make note of how much you owe, when payments are due and the amount you need to pay toward your debt.

Type the following link in your browser to access the worksheet.

<https://learninghub.prospercanada.org/wp-content/uploads/2020/05/DWD2-WhatDoIOwe-Fillable.pdf>

Next, let's see how we can find ways to save.

Find ways to save

Needs and wants



If you want to find ways to save, tracking your money helps. You can see what you spend your money on and determine whether things are needs or wants. Recognizing what is a need or a want can help us to prioritize. Your needs, wants and priorities are unique to you - what may be a need for you may be a want for someone else. Your needs, wants

and priorities can also change over time.

Now, let's differentiate between needs and wants.



A need is something we cannot live without. For example, you need to eat, sleep, and drink water.



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.

Let's watch a video that explains needs and wants and gives us away to save money on an everyday expense.

Type the following link in your browser to watch the video

<https://www.youtube.com/watch?v=PTWB-ej51vo>

There is more information in Module 3 for you to explore about how to determine if something is a need or a want.

How to reduce your expenses?

Once you have identified your needs and wants, you can go through your list of expenses and see if there are ways you can save some money by cutting down on these expenses or removing them altogether. One way to reduce expenses is by making "trade-offs." A trade-off is a different way to satisfy a need or a want. For example, instead of buying a new brand-name pair of jeans, you may be able to find a pair at a second-hand store. Or, as the video suggests, make your own coffee instead of buying one.

There are many ways to reduce your expenses. Click on the '+' button on the shopping bags and boxes to reveal some ways to reduce your expenses while shopping.



Have a plan

Try to avoid unplanned shopping. If you want to buy something, ask yourself if you really need it. And when you shop, make a list.

Planning your shopping will help you avoid purchases that you do not need.

Compare!

Before buying, do some research and compare prices offered at other stores. See if there is another product out there that is just as good and less expensive.

Look at unit prices

Grocery stores post the unit price on the sticker price on the shelves. To compare products and know if you are getting a good deal, it helps to figure out how much something costs per unit.

Get the best deal you can

Use coupons and price matching to get the best deal you can. Some retailers will match the sale price of an item from another retailer if you have proof of price. For some items, there are certain times of year you can find the best deals, such as Black Friday or post-season sales. You can also use apps to help find coupons and compare prices.

Keep your receipts

You should check your receipts to make sure you were not overcharged or charged for something you did not get. Reviewing your receipts is also a good way to keep track of your expenses.

Buy on sale

If something you use often is on sale, you may want to buy extra. Check store flyers for coupons, discount codes and special offers. Many items go on sale at the end of a season. This might be a good time to buy the things you need.

Try alternative shopping

Thrift stores, flea markets, and yard sales can be great places to find deals. When buying used goods, be sure to inspect them carefully. Make sure that they are in good, working condition.

Sometimes you may have to focus only on your needs and not wants because you can't afford them. Remember that your situation can change, and there are things within your control that can help, such as taking advantage of free resources in your community.

Next steps



There are many ways to save money. The following handout has some useful tips to reduce your expenses and save money.

Type the following link in your browser to access the worksheet.

<https://learninghub.prospercanada.org/wp-content/uploads/2020/02/Ten-ways-to-trim-expenses.pdf>

- Make a note of the ones that you have tried or want to try.

- Next, think of some other ways that have helped you reduce your expenses and are not mentioned in the handout.



Next let's look at how you can keep your money safe.

Protect yourself from fraud and scams

What are scams and fraud?



You may have heard of people getting scammed or losing money to fraud, or you yourself may have been a victim. Frauds and scams are common these days and anyone can become a victim.

A fraud or a scam is a method to steal your money, personal information, and even your identity. Here's an example.

Miriam and Mohamed recently moved to Canada with their three children. They had some savings which they wanted to invest. A friend from their community suggested they meet with their neighbour, an investment advisor who could double their money within two months. They met with the person. They had a nice office and seemed to be very knowledgeable. Miriam and Mohamed gave the person their savings to invest for them. A few months later, they wanted to meet to see how their investments were doing but they could not reach the advisor. The advisor would not return their calls or answer their emails. When they went to visit them at their office, it was empty. Mohamed and Miriam had lost all of their savings.

In this scenario, Miriam and Mohamed have been victims of affinity fraud. Affinity fraud is when fraudsters approach people through groups such as religious groups, ethnic groups, or workforce communities. They gain the trust of the group and then convince people to invest in their schemes.

Often people don't want to report this kind of fraud because they are ashamed, or they don't want to impact the reputation of the people who referred them. However, it is important to report fraud so it does not happen to others.

There are also many other types of fraud and scams.

Work from home scams

- Advertised as opportunities to make money while you work from home, but in many cases, you never get paid for your work.
- Examples include envelope stuffing, data entry, assembling crafts and posting ads and flyers.

Email phishing

- Online scam via email, text message, or advertisement to steal your personal information.
- Includes a link that takes you to a fake website where your information goes straight to the scammers.

Telephone scams

- Someone calls pretending to be someone else to get access to your information and money. One example is "emergency" or "grandparent" scams that often target seniors.
- Telemarketing scams are claims that you have won a prize, such as sweepstakes or gym membership, to gain your personal

information.

- Canada Revenue Agency text messages or phone calls asking for personal information so that you can receive a refund or a benefit payment or a demand that you pay an outstanding balance. May also call back and pretend to be the RCMP and threaten to arrest you.

Dating and romance scams

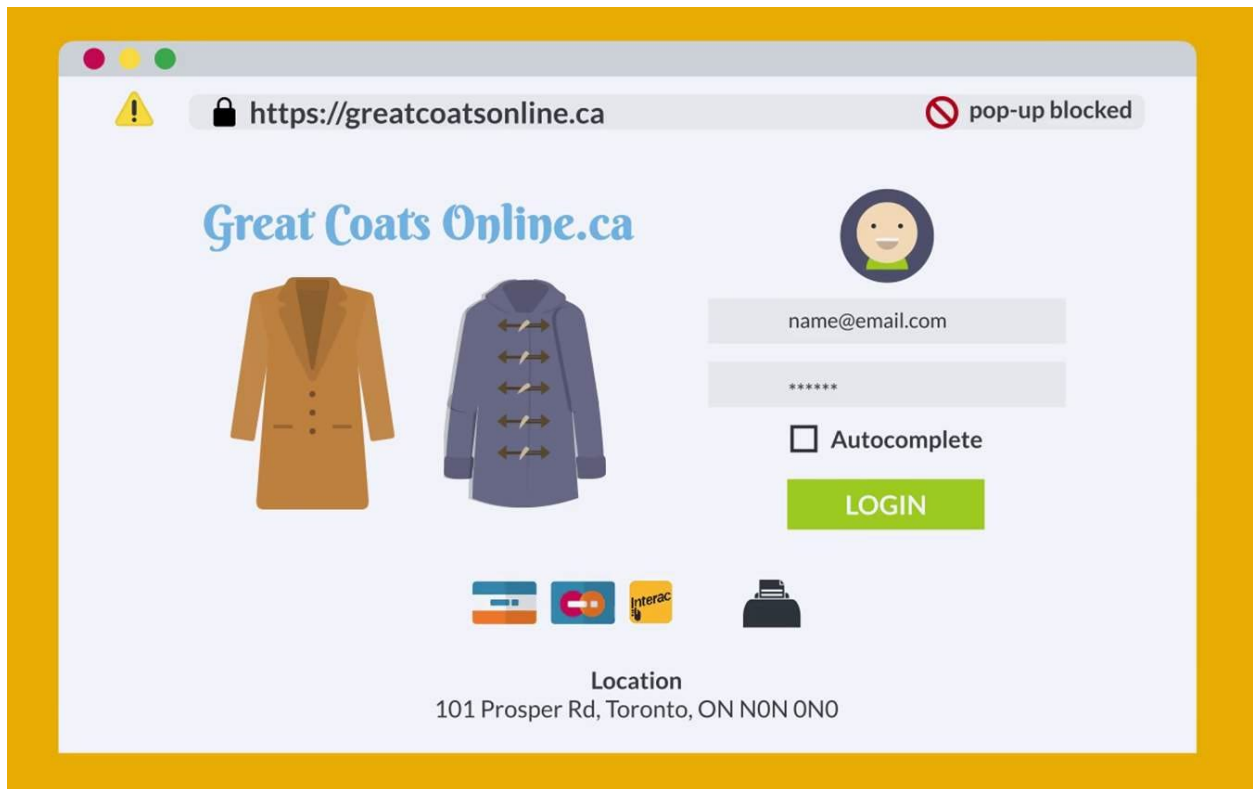
- Sites claim to be dating websites where you pay for each email or message you send and receive.
- The scammer will send you emails filled with talk of love to keep you writing back and paying money for use of the website, or they may ask you to transfer money out of their country and ask for your banking details.

You can find more information on frauds and scams in Module 3.

Next steps



Online shopping is preferred by many people these days as you can shop from the comfort of your home and you can pay for your purchases online using your credit card. While it is simple and fast, you still need to be cautious as there are ways you could lose your money. See the image below to see some tips to stay safe while shopping online.



- Security warning - avoid using public computers or networks.

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.

- 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:/ .

- Avoid clicking on pop-up ads.

This could lead to harmful programs being installed on your computer.

- Avoid autocomplete.

Be careful when using software on your computer that autocompletes online forms. This can give internet scammers easy access to your personal and credit card details.

- 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.

- 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.

- 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.

- 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. PO BOXES ARE NOT ADDRESSES.

Now that you have gone through the tips, can you think of any other tips that have helped you stay safe?



If you are a victim of fraud or scam, it is important to report it to your local police and the Canadian Anti-fraud Centre

(<https://www.antifraudcentre-centreantifraude.ca/index-eng.htm>).

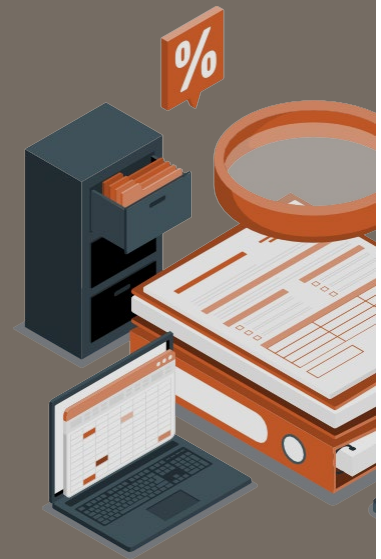
You can find more information on reporting fraud and scams in Module 3.

Next, let's summarize all that we covered in this module.

6 of 6

Conclusion

What we've covered in this module



- Expenses are things that you pay money for. You can see where your money is going if you track your expenses regularly.
- Setting aside some money each month is helpful in cases of emergency or to pay for any unexpected expenses. This money

can also be used to pay off your debt.

- Debt is the money you borrow or owe. Once you pay off debt, you will have more money to save or use on other things.
- Identifying your needs and wants and prioritizing your needs over wants can help you reduce your expenses.
- Being cautious and alert can help you stay safe and prevent you from losing your money to scams and fraud.

What we'll cover in the next module

Now that you have covered the basics of how to maximize what's coming in and minimize what's going out, you can go through these topics in more detail. In the next module, you will find resources and

links to additional information about all the topics covered so far.