

Youth Employment Services YES

www.yes.on.ca



CAREER ACCELERATOR: FINANCIAL MANAGEMENT FOR YOUNG ADULTS

Participant Workbook

**Financial Management for Young Adults**

**Overview and Purpose**

This workshop provides critical information that will assist participants in understanding how to complete sometimes mundane but necessary tasks for becoming a financially responsible young adult. The concepts included are using, building and interpreting credit; debt, debt repayment and bankruptcy; personal income taxes and lastly, online security and preventative measures that participants can take to avoid fraud with their finances. It is recommended that participants complete ‘An Introduction to Financial Literacy, Capability and Inclusion’ to build foundational knowledge related to the key concepts discussed in this module.

**Time**

The workshop is between two and a half to three hours long.

**Learning Outcomes**

At the end of this workshop you will have the tips and resources to be able to:

1. Comprehend credit: the different types, how to apply for credit and to understand your credit score.
2. Understand debt: know your options including repayment, consolidation, and bankruptcy.
3. Track personal documents needed to file your income taxes.
4. File your income taxes.
5. Optimize your online security and prevent fraud.

**Leading Questions**

As you complete this workshop, you will think about and answer the following questions:

1. How can using credit contribute to long and short term financial goals?
2. What are the benefits of having good credit? How can having bad credit hold you back?
3. Is all debt bad? What is the difference between good and bad debt?
4. What are some ways the government helps low income people during tax season?
5. What are some common online fraud schemes? How can you avoid them?

**Workshop Agenda**

1. Before We Begin
2. Navigating Credit
3. Understanding Debt
4. Filing Income Taxes
5. Online Security and Fraud Prevention
6. Final Questions
7. **Before We Begin**

**Adult·ing**

/əˈdəltiNG,ˈaˌdəltiNG/

*noun*

“The practice of behaving in a way characteristic of a responsible adult, especially the accomplishment of mundane but necessary tasks.” (Oxford Dictionary)

If you’re reading this, you have most likely completed the *Career Accelerator: Introduction to Financial Literacy, Capability and Inclusion* workshop and are ready to dive deeper into the financial skills that will help you to **thrive** as a young adult.

Today, we will cover tasks such as applying for credit and maintaining a good credit score, dealing with debt, gathering tax documents and filing personal taxes, as well as ensuring your financial data is secure in order to protect yourself against fraud.

While these tasks may sound dull, tedious and maybe even unexciting, they are an essential part of *adulting* and feeling confident in this extremely important area of your life.

**2. Navigating Credit**

**Introduction to Credit**

|  |  |
| --- | --- |
|  | What does credit mean to you? |

Have you accessed credit before? Why?

**Credit** is the ability to borrow money or access goods or services with the understanding that you'll pay later. (Experian)

There are many different types of credit that are used for different services. Your ability to access credit is important for your financial future. It helps you to get things that you need now, such as loan for a car, or a student loan.

|  |  |
| --- | --- |
|  | *Watch the video: What is Credit and Why is it Important?*  <https://youtu.be/Gxt5xRdD3bI> |

Main Ideas:

**Types of Credit**

|  |  |
| --- | --- |
|  | What are the different types of credit? |

How many forms of credit can you think of?

There are many different credit products available to young people. The two most common types of credit are **installment loans** and **revolving credit**.

A credit card is a form of **revolving credit.** Revolving credit is credit that you can keep using after you pay it off. You can continue to make purchases with it if the balance stays under the credit limit. Other examples of revolving credit could be a personal or home equity line of credit.

*Example:*

Sam uses their credit card to pay for concert tickets online. They use their online banking app to pay the charge to the credit card right away, so they don’t get charged any interest. Later that day they visit the campus bookstore and pick up a set of textbooks for their accounting course. Sam uses their credit card again to pay for the books and some groceries that they ordered for curbside pick-up. When they receive their pay cheque they pay off the entire balance on their card using their secured online banking app.

A car loan is an example of an **installment loan.** Installment loans are a form of credit, where you owe a set amount to which you pay in installments. There is a set amount of money loaned to you for a specific purpose. Other common examples of installment loans are student loans and mortgages.

*Example:*

Sam is financing a car. They are given a timeframe to pay for the car, 48 months, then asked to pay a certain amount per month for those 48 months until the car is paid off.

**Forms of Credit Products**

Payday Loan

Consumer Loan

Line of Credit

Overdraft Protection

Private Auto Financing

Student Loan

Mortgage

Credit Card

Deferred Payment Plan

Rent-to-own Contract

Secured Credit Card

Informal Loan

High Risk or Approved Loan

|  |  |  |  |
| --- | --- | --- | --- |
| **Form of Credit** | **What it is/**  **How it Works** | **Advantages** | **Disadvantages** |
| **1 – Consumer**  **Loan** | A lump-sum payment from a financial institution directly to you or a business where you are making a purchase.  Suitable for medium- and longer-term needs (ex. buying a car or education). | If you get a loan with an open repayment schedule (as opposed to one with a fixed schedule), you may be able to increase your monthly payment to pay it off faster. | The longer you take to pay off the principal amount, the more your purchase will cost. Ex. Choosing a longer term with smaller payments will result in paying more interest. |
| **2 - Line of Credit** | A type of pre-approved loan that allows you to borrow money when you need it, up to a maximum amount – similar to a credit card. | Revolving Credit. Allows you to borrow, repay and borrow again based on your credit limit.  Often has a lower interest rate and can offer different repayment options. | The interest rate is often not fixed and can rise.  The minimum payment is interest only, and there is often no repayment schedule, which can make it hard to prioritize repaying. |
| **3 - Overdraft Protection** | A service that financial institutions offer on chequing accounts, which allows you to access additional funds after the account reaches a $0 balance. | Convenient if you are short of money in your account at a particular time (e.g., if a bill is due just before your payday).  Helps you avoid costly NSF (not-sufficient funds) charges. | Interest charges can be very expensive.  It is common to get stuck in a cycle of overdraft-repayment-overdraft. |
| **4 – Private Auto Financing** | A loan for the purchase of a vehicle arranged through the car dealer's financing company. | May offer various promotions at certain times of the year. | You could pay very high interest  The lender could re-possess your car if you are unable to pay (the car is collateral). |
| **5 - Student Loan** | A loan provided by the government for education costs with a special rate and special repayment terms for students.  Sometimes guaranteed if you meet specific eligibility criteria. | Interest rates are lower than for personal bank loans.  Interest paid is eligible for a tax credit. | You could graduate with a great deal of debt. |
| **6 - Mortgage** | A type of loan used to buy a home or other property. Your home or property is the security or guarantee for the loan.  To be eligible for a mortgage, you must provide a significant down payment and meet other strict criteria. | Allows you to build equity through increasing market value.  Different terms (loan period, interest rate, payment schedule, etc.) are available, adding repayment flexibility.  Often available at lower rates than consumer loans. | You must get mortgage insurance if you have less than 20% of the value of the home as a down payment, which increases the cost of the loan.  You could lose your house if you do not make the mortgage payments.  Most mortgages require a lawyer, title registration and a survey, which add to the cost of buying a house. |
| **7 - Credit Card** | When you make a purchase, you borrow money from the credit card company (ex. Visa) to pay the vendor, and you must pay back the money you've borrowed by a due date.  If you do not pay the balance in full each month by the payment due date, you incur interest charges. | Let’s you borrow money instantly to make purchases.  Has an interest-free grace period on new purchases, if you pay the balance in full by the current month's due date.  Can offer rewards and benefits (cash back, air miles) | High interest charges add to the cost of a purchase if you don't pay the balance in full by the due date.  Interest varies from about 10% to 30%, depending on the type of card and the type of transaction. This is much higher than many other types of credit. |
| **8 - Deferred Payment Plan** | A purchase plan in which you can delay paying for a purchase for a specified time, usually by paying the amount in installments, with interest  Often offered by appliance and furniture stores | Allows you to buy things immediately without having to wait to save up the entire purchase amount | Usually charges very high interest rates and fees  Some plans offer "0% interest" for a period, but if you don't pay by the due date, you must pay high interest from the date you made the purchase |
| **9 - Rent-to-own- Contract** | A type of loan in which you rent an item (usually furniture or appliances) for a defined period.  You have the option of purchasing the item by continuing to pay the rental fee over time or by paying a lump sum  You do not own the item until the last installment of the loan is paid. | Allows you to use the rented item without waiting to save up the entire purchase amount. | Can take a very long time to pay off and is often extremely poor value for money.  You can end up paying much more than the actual purchase price. |
| **10 - Payday Loan** | A short-term loan that you promise to pay back from your next pay cheque.  Offered by payday loan companies and by most cheque-cashing outlets. | Provides quick access to cash. | May not be regulated by the government.  More expensive than alternatives.  Charges very high interest rates and fees.  Can be caught in a cycle, using your next pay to repay this loan. |
| **11 - Secured Credit Card** | A card that requires you to provide the card issuer a security deposit before the card is issued  Your credit limit is normally set as a percentage of your deposit (usually 100% or more). | Could be useful if you have no credit history in Canada, you've had credit problems in the past and want to rebuild your credit rating, or you've filed for bankruptcy in the past.  Most issuers pay interest on your security deposit. | Normally has a higher interest rate than an unsecured card if you have no credit history or bad credit.  May charge annual fees, application fees and other charges. |
| **12 - Informal Loan** | Money that you borrow from a family member, friend or other individual. | Provides quick access to cash if you have no alternative source of funding.  Family members may charge low or no interest. | Some informal loans come through “loan sharks,” people who lend money at exorbitant or illegal rates of interest.  Can cause relationship problems. |
| **13 - High Risk or Approved Loan** | A type of unsecured loan that you may apply for if you are turned down for a personal or other loan by a financial institution  Often used by people with poor credit for short-term emergency loans | Can improve your credit rating if you pay off the loan on time and in full.  Lenders do not usually ask for collateral.  The application process is usually quick and simple. | Usually has a higher interest rate and higher fees than other loans, as well as stricter terms. |

**Selecting the Right Form of Credit**

Small Group Activity:

Each group will be assigned four types of credit from the chart above. You will need to weigh the advantages and disadvantages, then choose one Type of Credit that makes sense for the assigned reason you are seeking credit.

Once you have chosen your form of credit, please research real examples of this form of credit and select one credit product.

You will be asked to report back on the type of credit that you chose and why, as well as the fees associated with the form of credit that you will be moving forward with (interest, APR, etc.)

|  |  |
| --- | --- |
|  | I am seeking credit in order to:  The form of credit, credit product and associated fees I chose are:  I chose this credit product because: |

**Key Credit Terms and Concepts**

Match the definitions of the following basic credit terms and concepts that we need to know as we begin to apply for and utilize credit.

|  |  |
| --- | --- |
| 1. Grace Period | 1. Money paid regularly at a particular rate for the use of money lent, or for delaying the repayment of debt. |
| 1. Compound Interest | 1. The yearly interest rate charged on outstanding credit card balances. |
| 1. Credit Bureau | 1. The absolute maximum amount of money that your lender will let you borrow while using your credit card or line of credit. |
| 1. Interest Rate | 1. A banking service that allows you access credit attached to your chequing account thereby protecting you from penalties or bounced checks in the case of insufficient funds. |
| 1. Minimum Payment | 1. The period after a payment deadline when the borrower can pay back the borrowed money without adding interest or a late fee. |
| 1. Credit Limit | 1. An interest rate offered by credit card issuers in the initial stages of a loan. These rates are often set much lower than standard rates to attract new cardholders. |
| 1. Introductory Rate | 1. The minimum amount of money that you are required to pay on your credit card statement each month to keep the account in good standing. |
| 1. Overdraft Protection | 1. Interest added to the principal amount invested or borrowed, and then the interest rate applies to the new (larger) principal/balance |
| 1. Annual Percentage Rate (APR) | 1. A reporting agency that collects information on consumer credit usage. |

**Applying for Credit**

There are many different forms of credit products. Each form of credit comes with its own unique advantages and disadvantages.

The Government of Canada advises to limit your number of credit applications or credit checks. Each time you apply for a credit card, the lender will perform a credit check. If you have too many credit checks in your report, lenders may think that you are urgently seeking out credit, or that you are trying to live beyond your means.

Your ability to access credit will be dependent on your credit history, whether you have paid your bills on time, if you have a lot of debt already and if you have utilized credit in the past, among other factors.

It’s also important to weigh the pros and cons, or the advantages and disadvantages of different types of credit.

**What are some common advantages and disadvantages to consider?**

|  |  |
| --- | --- |
| **ADVANTAGES**   * Convenience * Perks/ Rewards (cash advance, air miles etc.) * Build a good credit history * Purchase protection * Recordkeeping * Available in case of Emergency * Beneficial when traveling/ a lot have the option to make purchases worldwide | **DISADVANTAGES**   * Temptation (to use $ you don’t really have) * Fees * Interest charges * Tricky short-term teaser rates * Potential for credit card fraud * Able to obtain multiple cards/ accrue more debt than is necessary/ needed * Depending on a variety of factors (interest, rate you repay etc.), you can pay back A LOT more than you borrowed |

**Credit Reports and Credit Scores**

**The Importance of Credit Reports and Scores**

Your credit report can impact whether you are approved to rent an apartment/house, whether you can get a loan, some employers may even perform a credit check when they are looking to hire someone, so it can also affect your employability.

The bills that can impact your credit score are phone, internet, and utilities like water and electricity.

If you can pay your bills on time, or early every month, this will prove to creditors that you are reliable and responsible with your money, meaning that they will be more likely to loan you money when we need it and at a lower interest rate.

Some ways to ensure your bills are paid on time would be to set up a reminder in your phone, or agenda, and if the amount for the bill is the same every month, you can even set up an automatic deposit so that the payment is automatically withdrawn from your account on a scheduled day every month.

**What is a Credit Report and a Credit Score?**

|  |  |
| --- | --- |
|  | Watch the video: *A Quick Guide to your Equifax Credit Report and Equifax Credit Score*  <https://youtu.be/Nr2aK1k1_z4> |

**Main Ideas:**

A **credit report** is a summary of your credit history. It is created when you borrow money or apply for credit for the first time. Lenders will send information about your accounts to credit reporting agencies, known as credit bureaus (ex. Equifax).

A **credit score** is a 3 digit number (ranging from 300 to 800) that comes from the information in your credit report. It shows how well you manage your credit (do you pay on time, pay your full balance, only make minimum payments etc.) Your credit score will be calculated based off a formula used after looking at your credit report. You will gain points on your credit score if you are using credit responsibly. You will lose points if you have trouble managing your credit.

The two main credit bureaus in Canada are **Equifax** and **TransUnion**. You can order your credit report by mail, fax, phone, in person or online for free through either of these bureaus. You must verify your identity with government issued identification.

You may be asked to provide a credit report for things such as renting an apartment or applying for a job in the financial sector.

**Factors that can impact your credit score:**

* carrying a balance on your credit cards
* how long you have been using credit
* frequency of credit applications
* types of credit you are using
* records of insolvency or bankruptcy
* if you are close to or above your credit limit

**Interpreting Your Credit Score**

**POOR**

**300-559**

**FAIR**

**560-659**

**GOOD**

**660-724**

**VERY GOOD**

**725-759**

**EXCELLENT**

**760-900**

**Can You?**

**3. Understanding Debt**

**Introduction to Debt**

|  |  |
| --- | --- |
|  | Watch the video: *100 People Tell us How Much Debt They Have*  <https://www.youtube.com/watch?v=wAf0p9gP7oQ> |

Main Ideas:

**Debt** is something, typically money, that is owed or due. (Oxford Dictionary)

Often, people feel badly about the debt that they have, even feeling shame because of it.

It’s important to note that **not all debt is bad**. It is common to acquire debt to ultimately land us into a better financial situation for our future, i.e. paying for post-secondary education to obtain a higher earning career. This is an investment in our future and should not be seen as negative. It is completely normal to have debt!

* A 2018 Statistics Canada study showed that **only 23 % of Canadians had received financial support from their families towards their post-secondary education**.
* In 2020, **69.8 % of Canadians had debt and the average Canadians debt was $73,500**. The debts were most commonly student loans, credit cards, mortgages, and car loans (source: CBC.ca)

Although it is normal to have debt, there is potential for debt to become problematic and stressful. **Here are some warning signs that your debt may be getting out of hand:**

* You’re receiving calls from collections agencies due to missed payments
* You’re regularly only making minimum payments
* You’re being denied loan and credit approval because your credit score is poor
* You’re relying on pay day loans or cash advances to cover every day or basic expenses/bills
* You’re feeling stressed about your debt and it’s causing issues within your relationships

So you’ve accumulated some debt, *now what?*

**Options for Dealing with Debt**

**Repayment**

The best option for your credit score would be to repay the debt. It’s a great idea to come up with a debt repayment plan. See how much total debt that you have, then plan a timeline for repaying that debt.

Consider using SMART (specific, measurable, attainable, realistic, time-framed) goals. You can also use the Credit Card Payment Calculator to figure out a monthly payment that works for you and your budget.

|  |  |
| --- | --- |
|  | Refer to the chart below. Let’s say that you have a debt of $1000.00 and you would like to pay this debt off, with automatic monthly payments taken from your account. Choose the automatic monthly payment amount and then calculate how long it will take you to pay off the debt.  You can utilize the Debt Calculator: <https://www.creditcanada.com/debt-calculator> |

|  |  |  |  |
| --- | --- | --- | --- |
| **Total Debt Owed:** $1,000.00 | **Interest Rate:** 20% | **Monthly Payment:** | **How long it will take to pay off the debt:** |

**Tips for Debt Repayment:**

* Think through your purchase/aim to spend less than you may want to spend (it’s easy to pile up debt due to our lifestyle choices) i.e. purchasing a quality used car, rather than a new car could save you thousands of dollars.
* Pay more than the minimum payment.
* Set up an automatic payment so that you don’t have to worry about missing or late payments.
* Pay off your biggest/ most expensive debt first (if one of your cards has a very high interest rate, concentrate on paying down the balance of that card first, while still contributing at least the minimum payments on any other debts owed).
* Communicate with creditors. If you are unable to pay, or must pay late this month, notify your creditor.

**Debt Consolidation**

**Debt consolidation** is a form of debt refinancing. This could mean taking out one larger loan to pay off many other loans.

**Pros:**

* One simple monthly bill to pay
* Smaller payments overall
* A lower interest rate that means that more of your payment will go toward the principal (balance owed)
* Can improve credit score (although may hurt it at the start, after you’re able to repay your debts it could improve your score)

**Cons:**

* Could come with added costs: balance transfer, cancellation and annual fees
* You may not be able to get the loan with a lower interest rate depending on your credit score, meaning that you could be paying the same, or more interest on the debt even though it is now combined
* Doesn’t solve underlying financial issues. This helps to make a lot of payments into just one payment, but doesn’t prevent you from spending and doesn’t automatically mean that your habits will change

**Bankruptcy**

**Bankruptcy** is not having enough money or assets to pay all debts. Bankruptcy is a legal proceeding involving a person or a business that is unable to pay their outstanding debts.

Filing for bankruptcy would impact: your credit score, your property (house, or car), your spouse, someone that co-signed a loan, your student loans.

**4. Income Tax**

**What is Income Tax?**

**Income tax** refers to a type of tax that governments impose on income generated by businesses and individuals. By law, taxpayers must file an income tax return every year to determine their tax obligations.

Income taxes are a source of revenue for governments. They are used to fund public services, pay government obligations, and provide goods for citizens. (Investopedia.ca)

|  |  |
| --- | --- |
|  | Why do we file our taxes?  What do our taxes pay for? |

**When is Tax Season?**

Tax season is typically February to April each year, however, this may vary. If you are self-employed, you have until June to file your taxes.

Employers have until the end of February to provide you with your T4. If you have left a job and have a new address, it is important that you provide your former employer with your new address in order to receive your T4.

**Why should I file my taxes on time?**

* You will avoid paying interest or penalties (Interest on your taxes owing grows daily the day after the deadline. Penalties are 5% of your tax owing, plus 1 % for each full month your return is late, up to a maximum of 12 months)
* You will receive your benefits/ credits sooner
* You could help protect your identity (tax identity theft can happen where someone claims a fraudulent return using your personal information. You may not know that your information has been stolen until you file a return)

**Other steps to take:** Visit the cra.ca website to find out what’s new for the upcoming tax season, when the filing date is set for this year (typically end of April), and to ensure that all your personal information is up to date.

**What do I need to file?**

**It is important to have everything you need to file your taxes prepared before you file** or have someone file for you. Regardless of who is submitting your tax return, it is important to keep these documents in a secure file in case you are audited. If you are audited and do not have these items handy, you could be asked to pay money back to the government.

**Let’s get organized! Documents needed for filing your personal income tax:**

* Your social insurance number and other personal information, current address, phone number
* Income T-slips (T4s etc.) These will be provided by your employer (most likely in February) and may be accessible on the secure online platform that holds your pay statements.
* T5007 statement of benefits provided by the Ministry of Community and Social Services if you received social assistance.
* Records of any other income, such as an income statement from a side hustle/ self-employment/ cash job (i.e. if you nanny for a family on the weekends and they pay you in cash, document your earnings)
* Receipts for tax deductions, including medical expenses, childcare expenses, transit passes, charitable donations, student loan interest paid
* Information from past tax years, such as your RRSP Contribution limit.
* The tax package sent to you by the Canada Revenue Agency, including your access code to file online or by telephone. If you didn’t receive this it can be found online on cra.ca or physical forms can be found at all post offices.

**Income Tax Benefits and Credits**

In Ontario, there are many different income tax benefits/credits that are worth looking into. To receive these credits, you must be an Ontario resident and file a personal income tax return, even if you didn’t earn a taxable income. **Even if you didn’t earn any employment income, it’s possible that you could receive money from the government.**

The amount of money that you can receive from these benefits is based off of: your income, age, where you live and the size of your family.

Most tax return software (ex. Turbo Tax) will automatically prompt you with questions to apply for tax credits and benefits. You can also apply by filing a paper tax return and accompanying forms.

**Ontario Income Tax Benefits/Credits that you may be able to claim**:

* **Donations** (if you donate more than $50 to a charitable organization you can claim it on your taxes)
* **Student Loan Interest** (you will receive a form from the government with the amount paid)
* **Union Dues** (If you pay union dues- not your employer)
* **Canada Child Benefit** (Must be the primary person responsible for a child under the age of 18 to qualify)
* **Ontario Child Care Tax Credit** (If a child’s household earns less than $150,000/yr the eligible child’s parent can claim up to $8000 for a child under 7 and up to $5000 for each child aged 7-17)
* **Ontario Trillium Benefit** (a combination of 3 tax credits to help Ontario residents with low-moderate income pay for sales and property taxes and energy costs. You must qualify for one of the following three credits: Ontario Sales Tax Credit, Ontario Energy and Property Tax Credit, or Northern Ontario Tax Credit)
* **Ontario Electricity Support Program** (this benefit lowers the electricity bills for lower income households. How much you can receive is dependent on how many people reside in the residence and their combined incomes)
* **Trillium Drug Program** (anyone who does not have private health insurance can apply regardless of their income)
* **Low Income Workers Tax Credit** (can apply if your individual net income is less than $38,500/yr)
* **Ontario Staycation Tax Credit** (temporary credit for 2022-can claim up to $1000 of your accommodation expenses if you travelled within Ontario)
* **Ontario Sales Tax Credit** (designed to provide relief for low-moderate income residents for the sales tax they pay - the amount will depend on the individual’s income)
* **GST/ HST Credit** (must be over 19 years old and earn a combined income of less than $60,000 to qualify)
* **Canada Workers Benefit** (amount can be received by individuals earning less than $24,573, or families earning less than $37,173)
* **Disability Tax Credit** (for individuals with prolonged impairments lasting more than 12 months can apply, the individuals support people may also qualify)
* **Canada Caregiver Credit** (you may qualify if you reside with/ care for someone over the age of 18 with a physical or mental impairment)

**Options for Filing Taxes**

|  |  |
| --- | --- |
|  | Watch the video: *Filing Online – Fast, Easy and Secure*  <https://www.youtube.com/watch?v=-HSjk7Wq3-U>  Main Ideas: |

**What are your options for filing your taxes?**

You can file your taxes online or mail in a paper copy. You can also find other options to have someone else, such as an accountant, complete them for you.

**Here are some common options:**

* **Certified tax software** (electronic filing – ex. Turbo Tax). You can download this software directly from the website. This should be FREE to use, however you will need to pay to use versions of the program that provide more guidance.
* **Authorize a representative** – this could be a family member or an accountant
* **Community volunteer tax clinics** – these are often found at community centers or libraries and are accessible to low income individuals
* **Discounter** – this is a tax preparer (ex. H&R Block) that calculates your refund and immediately pays you a part of your refund. It’s best to avoid using businesses like this as you could end up paying them more than you get back. Most people receive returns from the government fairly quickly so it is best to wait if you can.
* **Paper tax return**
* **Automated phone line** (File my Return)
* **Tax filing assistance** from a CRA agent

**What happens after I submit?**

After you submit your tax return, Canada Revenue Agency will assess the information you provided for accuracy. Once they have determined that the information that you provided is correct, they will issue you a **notice of assessment.**

Your **notice of assessment** can be found on your online CRA account or will be mailed to you typically within 2 weeks of submitting your tax return. Your notice of assessment will verify if you will receive a refund and how much, or if you will be required to pay.

Most refunds are issued via direct deposit, however there is an option to receive a physical cheque if that is your preference.

**Self-Reflection – What do you need to be ready for Tax Season?**

|  |  |
| --- | --- |
|  | Do you feel confident filing your taxes this year? Why or why not?  Do you know where to find the documents you need to file? List them here.  Is there anything that you can prepare now?  Which method will you choose to file this year? |

**5. Online Security and Fraud Prevention**

|  |  |
| --- | --- |
|  | Watch the video: *How to Bank Safely Online*  [*https://youtu.be/DGo-OhDWIKQ*](https://youtu.be/DGo-OhDWIKQ)  Main Ideas: |

While the concept of scams and fraud is nothing new, the digital age has created new opportunities for cyber criminals to steal your money, identity or both.

Cyber criminals execute scams in a variety of different ways including via social media, phishing e-mails, SMS messages on your mobile phone, fake tech support phone calls and more. Typically, the scammer will request things like passwords and banking information.

|  |  |
| --- | --- |
|  | Can you think of any online scams?  Have you, or anyone you know, ever fallen victim to an online scam?    Do you think older people or young adults fall victim to scams more often? |

A June 2021 article from the New York Times shared that survey research from the Better Business Bureau has shown that younger adults lose money more often than the older people that you may think of as the stereotypical victims.

**The reports show that 44% of people ages 20-29 lose money to fraud, more than double the 20 % of people aged 60-79.**

Young people most commonly fall victim to online retail scams (sharing their banking/address/birthday information with “businesses” that influencers are promoting for example) or employment scams (often these will request your SIN and DOB as a part of the employment application).

**Simple steps that you can take to protect you and your finances online, on computers and mobile devices:**

* 1. **Choose secure passwords.** When choosing your password, make sure it would be difficult for a criminal to guess. Try not to use the same passwords across many websites. If there is a security breach on website and your banking password is the same, it could put you at risk. Some tips for coming up with a strong password: you can create your own personal formula using a combination of numbers, letters and symbols, a word you will remember and the first few letters of the site that you are accessing. For example, a combination of your word (sushi), your favourite number 52 and the three letters of the site you are accessing (Twitch) would look like this: TWIsushi52! You could also use a song title or lyric, combined with a number as a secure password.
  2. **Protect your tablet, phone and computer.** Install an anti-virus, anti-spyware and internet firewall tools on all of your devices. Check regularly to make sure that these programs are active and updated to keep your information protected. You can also protect against malicious software by being careful about using free public WiFi to conduct financial transactions and by ensuring that you only download apps directly from your bank or a reputable app store that your financial institution directs you to.
  3. **If something is not right, contact your bank or creditor immediately.** The Government of Canada recommends that you check your bank statements and review your transactions regularly. If there are any transactions listed that you didn’t make or are unsure about contact your financial institution or lender immediately and notify them.
  4. **Never disclose your personal information**. Although your bank may contact you by phone, text, and email they will never ask you for personal information like your full credit card number, PIN, or online banking password. They would already have that information. If you are unsure about the communication that you receive, contact your financial institution using a phone number or email address that is legitimate.

**The Canadian Bankers Association** often posts about fraud prevention tips. You can follow their Twitter posts to be in the know. @CdnBankers

**How Secure is my Online Presence?**

Looking at the Simple Steps above, answer the following questions:

|  |  |
| --- | --- |
|  | **Are your passwords secure? When was the last time you changed your passwords?** If it’s been longer than a year, or you have the same passwords for all of your accounts, take the time to change your passwords.  **Are your devices protected with anti-virus/spyware?** If you’re at home, take a few minutes to update these if necessary. If you’re not home right now, make a note to check your online security ASAP when you get home.  **Do you regularly check your bank statements?** If not, make a reminder in your phone to do so once every few weeks. |

**6. Wrap Up**

**Congratulations!**

Upon completion of this module, you have been equipped with the skills and knowledge needed to be in better control of your finances and complete tasks essential to *\*adulting\*.*

Be sure to keep this workbook on hand as a resource to help you navigate credit, debt, taxes and online security in the future. Remember that family, friends, career counsellors, and other community organization staff can also be great resources who can point you in the right direction if you need a little bit of extra support with anything that we talked about today.

***Ask Any Final Questions.***