

Youth Employment Services YES

www.yes.on.ca



CAREER ACCELERATOR: FINANCIAL LITERACY, CAPABILITY, AND INCLUSION

Participant Workbook

**Introduction to Financial Literacy, Capability, and Inclusion**

**Overview and Purpose**

In this introductory module, youth will learn the definitions of financial literacy, capability, and inclusion. Participants will be presented with key concepts that will help develop/enhance their aptitude in all three areas. The key concepts covered are bank accounts: understanding how to navigate which financial institution and accounts meet your financial needs; pay statements: understanding deductions and how to read this essential financial document; budgeting: how to create a personal budget, measuring your expenses vs your income, and saving: youth will be taught the concept of saving with an overview of various savings accounts.

**Time**

The workshop is between two and three hours long.

**Learning Outcomes**

At the end of this workshop you will be able to:

1. Define financial literacy, capability, and inclusion.
2. Select a financial institution that meets your needs.
3. Interpret your pay statement.
4. Analyze your expenses compared to your income.
5. Create a personal budget.
6. Understand savings and savings account options.

**Leading Questions**

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

1. How do you feel about talking about personal finances?
2. Do you feel that the financial services you need are accessible to you?
3. Who have you learned most about finances from? Do you feel you have the knowledge and skills to make responsible money management decisions?
4. What new information do you think you need to confidently make financial management decisions that allow you to meet your personal financial goals?

**Workshop Agenda**

Introductions and Workshop Overview

1. Talking About Personal Finances

2. Financial Literacy, Capability and Inclusion

3. Accessing Inclusive Financial Services

4. Financial Institutions in Canada

5. Interpreting Your Pay Statement

6. Cash Flow and Budgeting
7. Saving and Investing

8. Wrap-Up

**1. Talking about Personal Finances**

|  |  |
| --- | --- |
|  | Watch the video: *100 People Tell us How Much Money They Make*<https://www.youtube.com/watch?v=a79PPZ_4abA&t=194s>  |

Main Ideas:

**Talking about finances is personal and can be a sensitive subject!** Everyone’s comfort level will be different, and everyone’s financial history and knowledge will be unique. The topics that we will cover today will help to prepare you for a healthy financial future.

If you have questions after this session, think of your network of support.

Can you identify 2-3 trusted people in your life that you could discuss your finances with? Do these people have the financial knowledge and tools to help guide you in the direction of the resources that you may need? It’s great to identify who those people are now, so that you can reach out to them when needed.

These trusted individuals can be family members, friends, community leaders, financial advisors, social workers, teachers etc. These individuals may not all be experts, but they should be able to point you towards resources that can help you to enhance your financial knowledge.

**Three people that I would feel comfortable discussing my finances with are:**

|  |  |
| --- | --- |
|  | 1.2.3.  |

**2. Financial Literacy, Capability and Inclusion**

*2.1 Defining Financial Literacy, Capability and Inclusion*

**Financial literacy** refers to possessing the skills and knowledge on financial matters to confidently take effective action that best fulfills an individual’s personal, family, and global community goals. *Source: National Financial Educators Council*

**Financial capability** is the combination of attitude, knowledge, skills, and self-efficacy needed to make and exercise money management decisions that best fit the circumstances of one’s life, within an enabling environment that includes, but is not limited to, access to appropriate financial services.

**Financial Inclusion** is the availability and equality of opportunities to access financial services. It refers to a process by which individuals and businesses can access appropriate, affordable, and timely financial products and services. These include banking, loan, equity, and insurance products. *Source: World Bank Group*

|  |  |
| --- | --- |
|  | **Think about the definitions that we just discussed, as well as what these terms mean to you**. Below you will find 6 profiles of youth who are demonstrating a need for support in enhancing their financial skills and accessing financial services.Think about the type of support that these youth need. Do they need support with their Financial literacy or capability? Could benefit from accessing inclusive financial services? |

**Character Profile 1:** Miigwan

Miigwan, a 19-year-old Indigenous youth, has enrolled for her first year of university and will begin her studies in September. Miigwan has worked a variety of cash jobs including babysitting her family and community members’ children and assisting small business owners at the local farmers’ market on the weekend during the summer months. Miigwan doesn’t hold an account at a financial institution yet and needs some help to find the best option for her unique circumstances. Miigwan has always been very responsible with her earnings, purchasing necessities and saving as much as she can. Miigwan would like to access a financial institution that can set her up with a chequing and savings account and potentially assist with a loan for her studies. Miigwan has received a partial scholarship for university but will still need a loan to cover the remainder of her tuition fees.

**Character Profile 2:** Gabby

Gabby is working a full-time job at Shoppers Drug Mart earning minimum wage. She lives with 3 roommates and struggles with her finances, often living paycheck to paycheck and struggling to pay her bills on time. Lately, she has started budgeting and realized that if she doesn’t order take out so regularly and packs her own lunch for work, she has about $200 leftover at the end of the month. Although Gabby has made some progress through budgeting, she doesn’t feel confident about her financial knowledge and choices and avoids talks about finances with her network of support.

**Character Profile 3:** Sam and Jaz

Sam and Jaz are a couple that live in a condo downtown. They feel very confident about their knowledge surrounding finances. They both earn livable wages and believe that they can find and secure appropriate financial services to meet their short-term and long-term goals.

**Character Profile 4:** Amir

Amir has recently completed his post-secondary education. He has secured a job in his field that is full-time. Amir has a chronic health condition and receives supports from ODSP. Now that he has a full-time job, Amir would like to pay down his student debt and start saving or investing.

**Character Profile 5:** Zain

Zain is a newcomer that recently came to Canada 2 months ago. They currently receive income supports from Ontario Works but are actively looking for full-time employment. Zain opened a bank account with the first bank that they found but now realizes that the account fees are very high.

**Character Profile 6:** Jonathan

Jonathan works a casual position as a General Labourer, typically working 16-30 hours a week but his shifts vary based off of the employer’s needs. He had a full-time job with the city but was laid off during Covid-19. Jonathan has been falling behind on his bills. He’s using multiple credit cards to pay for his everyday expenses (groceries, gas, coffee). Jonathan is in overdraft at his current bank, so he has been using Pay Day Loan lenders regularly.

*Identify if the individuals listed need support with their financial literacy or capability, or if they could benefit from accessing inclusive financial services. Circle all that are appropriate using the chart below.*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Miigwaan** | Needs Improvement with Financial Literacy | Needs Improvement with Financial Capability | Could benefit from inclusive Financial Services | Is doing well with their Financial Literacy, Capability, and Inclusion |
| **Gabby** | Needs Improvement with Financial Literacy | Needs Improvement with Financial Capability | Could benefit from inclusive Financial Services | Is doing well with their Financial Literacy, Capability, and Inclusion |
| **Sam & Jaz** | Needs Improvement with Financial Literacy | Needs Improvement with Financial Capability | Could benefit from inclusive Financial Services | Is doing well with their Financial Literacy, Capability, and Inclusion |
| **Amir** | Needs Improvement with Financial Literacy | Needs Improvement with Financial Capability | Could benefit from inclusive Financial Services | Is doing well with their Financial Literacy, Capability, and Inclusion |
| **Zain** | Needs Improvement with Financial Literacy | Needs Improvement with Financial Capability | Could benefit from inclusive Financial Services | Is doing well with their Financial Literacy, Capability, and Inclusion |
| **Jonathan** | Needs Improvement with Financial Literacy | Needs Improvement with Financial Capability | Could benefit from inclusive Financial Services | Is doing well with their Financial Literacy, Capability, and Inclusion |

* 1. *Evaluating YOUR Financial Capability*

Now that we are familiar with what it means to be financially capable, it’s time to reflect upon our own financial decisions.

**Read each statement and think about how much it sounds like something you would say**. Rate your response to these statements with a checkmark in the appropriate column.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Not at all | Hardly | Often | Exactly |
| I am confident in solving difficult financial decisions by myself. |  |  |  |  |
| If one financial opportunity doesn’t work out, I can find the means and ways to get what I want. |  |  |  |  |
| It is easy for me to stick to my budget and pay my bills on time. |  |  |  |  |
| I am confident that I could financially deal with unexpected events (losing income, loss of scholarship). |  |  |  |  |
| Thanks to my resourcefulness, I know how to handle unforeseen situations.  |  |  |  |  |
| I can solve most problems if I invest the necessary effort.  |  |  |  |  |
| I can remain calm when facing difficulties because I can rely on my financial planning. |  |  |  |  |
| When I am confronted with a problem, I can usually find several solutions. |  |  |  |  |
| If I am in trouble, I reach out to my network of support. |  |  |  |  |
| I can usually handle whatever comes my way. |  |  |  |  |

**Total checkmarks in each column**

|  |  |  |  |
| --- | --- | --- | --- |
|  | # of Checkmarks | Multiply by | Total |
| Not at all true  |  | 1 |  |
| Hardly true |  | 2 |  |
| Often true |  | 3 |  |
| Exactly true |  | 4 |  |
| Grand Total |  |

The total score is calculated by adding up the total of all of the times.

For your **General Financial Capability Score** the total score ranges from 10 to 40.

**Higher scores** indicate that you have higher financial capability.

**Lower scores** provide an opportunity to reflect on your financial capability, and look for opportunities to expand your knowledge.

**3. Accessing Inclusive Financial Services**

Since 2011, great strides have been made toward financial inclusion and 1.2 billion adults worldwide have obtained access to a bank account. **Today, 69% of adults have an account**.

Globally, **close to one-third of adults – 1.7 billion – do not have a bank account**, or financial institution according to the latest Findex data.

About half of individuals that do not have a bank account include groups such as women, households living below the poverty line, people in rural areas, and individuals that are out of the workforce.

**Canada has one of the most accessible banking systems in the world** - more than 99% of Canadian Citizens have an account with a financial institution.

Most Canadian financial institutions offer accounts and services specifically tailored to the needs of marginalized communities such as newcomers, individuals with disabilities and indigenous peoples to contribute to and encourage their financial success.

*3.1 How to Find Inclusive Financial Opportunities*

**Do your research!**

Most Canadian Financial Institutions offer various diversity initiatives and accounts and services that are unique to your needs.

**Check out the Canadian Bankers Association Website**: [www.cba.ca](http://www.cba.ca)

Here you can find information such as:

* Which banks provide banking, borrowing and investment services for BIPOC businesses, governments, and families.
* How specific financial institutions are supporting these communities.
* Information and resources specific to individuals with disabilities, newcomers, refugees, students, and young parents.

**4. Financial Institutions in Canada**

Did you know that there are 3 different types of financial institutions accessible to Canadians? In addition to traditional banking institutions (ex. the big six), we can also access financial services and products through credit unions and alternative financial services.

*Let’s take a look at the difference:*

**Traditional banking institutions** are financial institutions that are licensed to receive deposits and make loans. Banks are regulated by the federal government. They provide a safe place to store your money. Banks are a for profit financial institution. (i.e. CIBC, HSBC, RBC, TD Canada Trust, BMO, Scotiabank etc.)

A **credit union** is a type of financial institution that is like a bank, however it is a member-owned financial cooperative, controlled by its members and operated on a non-for-profit basis. Their goal is to serve their members, not make a profit.

**Alternative financial institutions** provide consumers with financial products that are typically not offered within the traditional banking system. The services may be similar to those provided by banks but made accessible quicker and with higher fees. Services offered could be payday loans, rent-to-own agreements, pawnshops, car title loans and money orders.

* 1. *Which financial institution is right for me?*

Whether you are a current account holder or looking to open your first bank account, it is important to do your research.

Here are some things you may want to consider to determine which financial institution is best for you:

**Fees**

Monthly account fees and basic transaction fees can quietly eat away at your earnings. When deciding on a bank product keep an eye out for policies that allow you to bypass the fees, like maintaining a reasonable account balance and product bundles.

If the bank makes it virtually impossible to avoid the fees or if your financial circumstances won’t allow you to meet the requirements to waive them, consider other competitors like branchless banks which typically have less fees.

**Interest Rates**

The gap between the savings account interest rates offered by direct/virtual banks vs. traditional banks can be shocking. Granted, virtual banks also have their drawbacks, but if your top priority is generating the maximum amount of interest on your savings, going virtual could be a great option.

**Range of Products**

The products, or accounts that you choose are going to vary depending on your own unique financial needs. Brick-and- mortar banks that have many branches available in person typically have a large suite of products and services, however, direct/virtual banks often have lower fees and better interest rates.

Some individuals may find the best rates/deals and products by holding different accounts with various banks. If you don’t mind having a savings account with one bank, a credit card with another, and opening a chequing account with another, this may be the right choice for you.

**Account Management Preferences**

Things to consider: How often do you currently handle your banking needs in a branch vs. online? If face-to-face interactions and meetings with a banker are preferable for you, switching to a branchless bank might not be worth the savings you’ll get in reduced/eliminated fees and better interest rates.

If you can’t remember the last time you were inside a physical bank branch, then you might as well benefit from the perks of direct banking.

1. **Interpreting your Pay Statement**

Now that we have some foundational knowledge about personal finances, banking in Canada and our personal banking needs, it is important to understand key concepts associated with employment income.

Although some employers may still provide you with a physical copy of your pay statement, most are utilizing online platforms. Employers are legally obligated to provide you with a pay statement whether it is digital, or a physical copy.

The secure online platforms will manage your pay statements and your tax forms and make it easy to keep these documents safe and organized when you need to access them. Examples of online platforms are: ADP, sage.com

*5.1 Pay Statement Key Terms*

**Wage:** money that is paid by the employer to an employee in exchange for work

**Pay period:** a recurring period during which an employee’s time is recorded and paid. The pay period could be weekly, bi-weekly, semimonthly or monthly.

**Gross pay, or gross income:** the amount of money earned before taxes, benefits and other payroll deductions are withheld from their wages.

**Net Pay:** the amount of money remaining after deductions. This is sometimes referred to as your “take-home pay”.

*5.2 Payroll Deductions*

As a working Canadian, you are subject to mandatory payroll deductions such as CPP, EI and income taxes.

**CPP (Canada Pension Plan)**

CPP is a monthly taxable benefit that replaces part of our income when we retire.

CPP is deducted from your paycheque at a rate of 5.70% (2022) up to a maximum contribution of $3,499.80 (2022) per year.

**EI (Employment Insurance)**

The Employment Insurance (EI) program provides temporary income support to unemployed workers while they look for employment or to upgrade their skills.

EI is deducted from your paycheque at a rate of 1.58% (2022) up to a maximum of $952.74 (2022) per year.

Once you have reached the maximum contributions, your employer should stop deducting CPP and EI. If you over-pay, the money will be returned to you when you do your taxes.

**Income tax**

You will pay taxes on your income at both the federal level and the provincial/territorial level. In Canada, the tax system is progressive or graduated, meaning the more money you make, the more income taxes you pay.

Your employer will deduct income tax all year round based on what they think your income for the year will be. This amount will be assessed by Canada Revenue Agency when you file your taxes and you may get money back or need to make an additional payment.

**Let’s take a look at Sam Gupta’s pay statement…**

*What should your pay statement include?*

* The pay period for which the wages are being paid;
* The wage rate, if there is one;
* The gross amount of wages and – unless the employee is given the information in some other manner (such as in an employment contract) – how the gross wages were calculated;
* The amount and purpose of each deduction, such as CPP and EI;
* Any amounts that were paid in respect of room or board;
* The net amount of wages.

**6. Cash Flow and Budgeting**

|  |  |
| --- | --- |
|  | Watch the video: *What is a Personal Cash Flow Statement and Why do you Need one?*<https://www.youtube.com/watch?v=a79PPZ_4abA&t=194s>  |

 Main Ideas:

**What is a cash flow?**

Your personal cash flow is measuring the movement of your money. It is basically your income minus your expenses over a set period of time-typically a month.

|  |  |
| --- | --- |
|  | Complete **Cash Flow Self Reflection Activity** found in Part 1 of your **Personal Finance Portfolio** (page 21-22) |

*6.1 Budgeting*

A **budget** is a plan that helps you manage your money. It helps you figure out how much money you earn, spend, and save. Making a budget can help you balance your income with your savings and expenses. It guides your spending to help you reach your financial goals.

**A budget is especially important if you:**

* feel overwhelmed by the state of your finances
* feel like you’re not in control of your money, or aren’t sure where it is going
* don't save regularly
* have problems paying off your debts
* want to make the most of your money
* are planning for a major purchase or a life event

**Making a budget can help you:**

* reduce stress
* find a way to pay down debt
* set spending limits
* find ways to pay down your debts
* reduce costs and save more
* live within your means
* have more money for things that are important to you
* feel more confident and in control of your money

**Budgeting** will help you to track and manage your money and take note of what you spend.

If you track everything that you spend for a few months, it will become clear where you can save money. *A key example of this would be, if you spend $3.00 on coffee every day, that alone will cost you almost $1100.00/ year, or more than $90.00/ month.*

|  |  |
| --- | --- |
|  | Complete the **Budgeting Self Reflection Activity 1** found in Part 2 of your **Personal Finance Portfolio** (page 23) |

**Needs vs. Wants**

Below you will find a list of common expenses. There are two options. If an item is a ‘**need**’ it is an essential necessity, if it is a want, it is ‘**nice to have**’ but classifies as an optional expense, or a luxury item. Place each expense into its corresponding category on the chart.

\*Rent/Mortgage payment\*Utilities\*Phone Bill \*Internet\* Streaming Services\* Transportation (Presto Card/ Gas)\*Groceries\* Gifts\*Take out/ Uber Eats/Door Dash etc.\* Gym Membership/ Fitness pass\* Entertainment\* Experiences & Travel \*Clothing \*Childcare\* Hair Cut\* Online Shopping\* Salon trip (nails, extensions, manicure, pedicure)\*Education Saving/ Student Loan\* Personal Hygiene items\* RESP/RRSP Contribution\*

|  |  |
| --- | --- |
| **Needs** | **Wants** |
|  |    |

|  |  |
| --- | --- |
|  | Complete the **Budgeting Self Reflection Activity 2** found in Part 2 of your **Personal Finance Portfolio** (page 23-24) |

1. **Saving and Investing**

*7.1 Saving*

|  |  |
| --- | --- |
|  | Video: 100 People Reveal How Much Money They Have Saved<https://www.youtube.com/watch?v=Fqyxp-4TMZA&t=27s> |

 Main Ideas:

Saving is an important part of investing in your financial future and is going to look a bit different for everyone. Whether you have short or long term savings goals (or both), the ‘**pay yourself first**’ method is the single best way to start saving money.

The **‘pay yourself first’** method refers to putting an amount of money aside from each paycheque right away. You could consider this amount to be a fixed expense and budget for the rest of your expenses out of the remaining amount.

Whether you are using the pay yourself first method or another method of saving, it is best to have this money out of sight and out of mind so that you are less tempted to spend it. You could consider opening one of eight types of savings accounts in Canada to keep your money safe, and possibly start earning some interest.

**Types of Savings Accounts in Canada** – see *Glossary of Terms* for full descriptions

* Basic savings account
* Tax-free savings account (TFSA)
* Youth savings account
* High Interest Savings Account (HISA)
* Registered Retirement Savings Plan (RRSP)
* Registered Education Savings Plan (RESP)
* Registered Disability Savings Plan (RDSP)

*7.2 Investing*

|  |  |
| --- | --- |
|  | Watch the video: *When it’s Time to Stop Saving and Start Investing*<https://www.youtube.com/watch?v=AL9zx1aU1SI>  |

 Main Ideas:

It can be difficult to know when is a good time to stop saving and start investing.

Saving is the safer route because the dollar amount in your bank account won’t typically decrease unless you withdraw funds.

Unfortunately, the value of your investments won’t always go up. In some cases, investments can become completely worthless.

Investing in things such as Bitcoin and other Cryptocurrencies may be trending, however it is best to stick with the safer route until you have minimal debt and have created an emergency savings fund with some additional leisure money. Investment gains are not a reliable source of income.

1. **Wrap Up**

*8.1 Your Financial Roadmap*

A financial roadmap is a simple visual guide to help you remember your financial priorities and long-term goals. It's designed to help you maximize your money by prioritizing short-term goals with longer-term goals in mind.

Using the **SMART** method of goal setting can help you stay on track. SMART goals are:

**S** – specific

**M** - measurable

**A** – achievable

**R** – realistic

**T** – time framed

|  |  |
| --- | --- |
|  | Complete **Create Your Own Financial Roadmap** found in Part 3 of your **Personal Finance Portfolio** (page 24-26) |

*8.2 Are You Making the Most of Your Money?*

**Final Self-Reflection**

Based on what you have learned today, think about whether you are currently making the most of your money in the financial institution that you currently have an account with.

Can you get a better account with less fees? Should you open a savings account?

Take some time to research your options and determine if you could benefit from making some changes to your accounts, or your financial institution of choice.

My **bank account** is with \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

My **monthly account fees** are \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

My **savings account** is with\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

My **annual savings account fees** are \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

*If you are in need of assistance you can visit the Account Comparison Tool website:* [*https://itools-ioutils.fcac-acfc.gc.ca/ACT-OCC/SearchFilter-eng.aspx*](https://itools-ioutils.fcac-acfc.gc.ca/ACT-OCC/SearchFilter-eng.aspx)

**Ask Any Final Questions.**

Introduction to Financial Literacy, Capability and Inclusion: **Glossary of Terms**

Types of Savings Accounts in Canada

**Basic Savings Account**

A basic, entry-level savings account is very similar to a chequing account but designed as a place to store your money long-term.

**Tax-Free Savings Account (TFSA)**

A Tax-Free Savings Account (TFSA) is a registered savings account that can be used for any savings goal and allows for tax-free gains. Any amount contributed and any income earned in the account (i.e. investment income) is typically tax-free, even when it is withdrawn.

Unlike an RRSP, you can withdraw from a TFSA at any time without penalty.

**Youth Savings Account**

Youth savings accounts are accounts that are offered to Canadian residents under the age of 18 and usually have very few – if any – monthly fees or limitations on transactions. A youth savings account will usually provide a high or unlimited number of transactions and require no minimum balance. A youth savings account is an excellent tool to teach children the importance of saving.

**High Interest Savings Account (HISA)**

High interest savings accounts in Canada typically have no minimum deposit requirement. These accounts are very similar to regular savings accounts, but with higher interest rates and more restrictions around withdrawals and minimum balance. They must also be registered with the Canada Revenue Agency.

**Registered Retirement Savings Plan (RRSP)**

A Registered Retirement Savings Plan (RRSP) is a savings plan created by the Federal government to help Canadians save for retirement. The main benefit of RRSPs is that tax on contributions is put off until retirement when income is generally lower.

RRSPs are tax-deferred, which means that any money you contribute now will be exempt from this year’s taxes and instead will be taxed when you withdraw it. Contributing to your RRSPs is a great way to lower your current tax bill and save for retirement. Under the Homebuyers Plan and Lifelong Learning Plan, you can withdraw money up to a certain limit to finance your home purchase and to finance training or education.

**Registered Education Savings Plan (RESP)**

A Registered Education Savings Plan (RESP) is a special savings plan introduced to help people save for children or grandchildren’s post-secondary education. In addition, the Canadian government also has the Canada Education Savings Grant, a program that matches 20% of any RESP contributions to a maximum of $500 per child per year.

Unlike RRSPs, a deposit into an RESP will not provide you with an immediate tax break. If the funds are in the account, however, capital gains within the account are not subject to taxes. When the funds are withdrawn to be used for an approved education expense, which includes tuition, housing, books, or even living expenses, the withdrawals are taxed in the hands of the student, the beneficiary.

**Registered Disability Savings Plan (RDSP)**

Registered Disability Savings Plans (RDSPs) let you put money into a registered account to support a person with a disability. When this person needs funds, they can withdraw the savings and any earnings they have produced. Like RESPs, an RDSP is also eligible for grants from the Government of Canada and contributions are not tax-free. You can withdraw funds from a RDSP tax-free, but you will have to pay taxes on any income the RDSP earns and return any government grants.

**Personal Finance Portfolio**

**This belongs to: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Date:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Part 1:** Expenses versus Income

**What is a cash flow?**

Your personal cash flow is measuring the movement of your money. It is basically your income minus your expenses over a set period of time-typically a month.

**Cash Flow Self Reflection Activity**

Calculating your monthly cash flow will help you evaluate your financial status right now, so you know where you stand financially and can determine if you should reduce some of your spending, or plan to start saving or investing.

Start by calculating your average monthly expenses. These expenses could include: your rent or mortgage, car lease or loan, student loan, personal loan, credit card. You should also include money for transportation, utilities, groceries, and insurance. Your “discretionary” expenses should be factored in next. These discretionary expenses would include things that you spend money on that are **not necessities** like: streaming services, gym membership fees, clothing, gifts etc.

Subtract your monthly expense figure from your monthly net income (monthly “take home pay”) to determine your leftover cash supply. If the result is a negative cash flow, that is, if you spend more than you earn, you'll need to look for ways to cut back on your expenses. Similarly, if the result is a positive cash flow, but you’re spending nearly equals your earnings, it might be too soon to start investing/saving right now. It’s a great idea to examine your cash flow once every few months to see if you can make any changes that will benefit you and your finances overall.

Please complete the Monthly Income and Expenses Worksheet- Personal Cash Flow Analysis. This sheet will be found on the next page. Completing this worksheet will help you to gain a better understanding of your own personal cash flow.

**Monthly Income and Expenses Worksheet: Personal Cash Flow Analysis**

|  |
| --- |
| **Income** |
| Net Pay(monthly pay after deductions) |  |
| Other Income(ex. gov. benefits, Trillium, ODSP, OW) |  |
| **Expenses** |
| Savings |  |
| Investments (includes RRSP/ RESP contributions) |  |
| Housing |  |
| Rent or Mortgage |  |
| Electricity |  |
| Gas/ Oil |  |
| Telephone/ Internet |  |
| Water/ Sewer |  |
| Property Tax |  |
| Food  |  |
| Transportation |  |
| Loans/ Credit Cards |  |
| Insurance |  |
| Education |  |
| Health Care (ex. medication, glasses) |  |
| Personal Care (ex. personal hygiene, haircuts) |  |
| Entertainment/ Social |  |
| Other |  |
| **Total** |  |

**Part 2:** Budgeting

A budget is a plan that helps you manage your money. It helps you figure out how much money you earn, spend, and save. Making a budget can help you balance your income with your savings and expenses. It guides your spending to help you reach your financial goals.

**A budget is especially important if you:**

* feel overwhelmed by the state of your finances
* feel like you’re not in control of your money, or aren’t sure where it is going
* don't save regularly
* have problems paying off your debts
* want to make the most of your money
* are planning for a major purchase or a life event

**Making a budget can help you:**

* reduce stress
* find a way to pay down debt
* set spending limits
* find ways to pay down your debts
* reduce costs and save more
* live within your means
* have more money for things that are important to you
* feel more confident and in control of your money

**Budgeting will help you to track and manage your money and take note of what you spend.**

If you track everything that you spend for a few months, it will become clear where you can save money. A key example of this would be, if you spend $3.00 on coffee every day, that alone will cost you almost $2000.00/ year, or more than $90.00/ month.

**Budgeting Self Reflection Activity #1**

What did you spend this week? Write down everything that you paid for this week and how much it cost, try to be as accurate as possible but estimate if you’re not sure.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Budgeting Self Reflection Activity #2**

Try this exercise for 1-2 months:

* keep track of everything you buy, from groceries to a daily cup of coffee
* keep a copy of all bills/expenses you pay during this period
* try dividing your expenses into 2 categories: “needs” and “wants”

Did any of your regular expenses surprise you? Can you make changes to reduce those expenses? Small changes to spending habits can have a major impact on your budget and your ability to save.

|  |  |
| --- | --- |
| **Groceries/Coffee/ Food/ ETC.** | **Total** |
| **Bills/ Expenses** | **Total** |
| **Needs** | **Wants** |

**Part 3: Create your own Financial Roadmap**

A financial roadmap is a simple visual guide to help you remember your financial priorities and long-term goals. It's designed to help you maximize your money by prioritizing short-term goals with longer-term goals in mind.

For this next activity, please write out your short-term and long-term goals utilizing the SMART GOAL method.You can then write them out using sentences, or draw them out using pictures.

**SMART Goals**

Here’s some additional information on how to set SMART goals:

**Specific**

A specific goal has a much greater chance of being achieved than a general goal. To set a specific goal you must answer the six "W" questions: Who, What, Where, When, Which, Why. For example, Who is involved? What do I want to accomplish? Where will be the location? When will I achieve the goal by? Which requirements and constraints must I take into consideration? Why am I setting this goal?

**Measurable**

Establish concrete criteria for measuring progress toward the attainment of each goal you set. When you measure your progress, you stay on track, reach your target dates, and experience achievement which encourages continued effort required to reach your goal. Ask yourself questions such as: How much? How many? How will I know when it is accomplished?

**Achievable**

When you set goals that are most important to you, you begin to figure out ways you can make them come true. You develop the attitudes, abilities, skills, and financial capacity to reach them. You begin seeing previously overlooked opportunities to bring yourself closer to the achievement of your goals.

**Realistic**

To be realistic, a goal must represent an objective toward which you are both *willing* and *able* to work. A high goal is frequently easier to reach than a low one because a low goal exerts low motivational force. Your goal is realistic if you truly *believe* that it can be accomplished. Ask yourself: “Have I accomplished anything similar in the past?” or “what conditions would have to exist to accomplish this goal.?”

**Time Framed**

A goal should have a time frame. With no time frame tied to it there's no sense of urgency. When you anchor your goal to a timeframe then you've set your unconscious mind into motion to begin working on the goal.

Short Term Goal Ex: *Over the next 6 months, I will put $250/ mth into my Savings Account to create an Emergency Fund*. Long Term Goal Ex: *I will put at least $250/mth into my Savings Account for the next 2 years. This way I will have enough to move out, with first and last month’s rent covered, plus any additional moving fees*.

**My Financial Roadmap**

**Short-term Goal:**

S:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

M:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

A:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

R:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

T:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Long-term Goal:**

S:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

M:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

A:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

R:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

T:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

  