



Money Management Workbook



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Contents

Land Acknowledgment	1
Money, My Community, and Me	2
Building Assets	8
Goal setting and Problem Solving	14
Money Choices	19
Gathering Information	26
Building a Budget	32
Banking	40
Credit	48



Land Acknowledgment

Seed Winnipeg respectfully acknowledges that we live and work on the territories and homeland of Indigenous peoples and that the land and water sustain us.

We respect the treaties as intended by Indigenous peoples.

It is our responsibility to understand the truth of our history, be aware of the present, and work with Indigenous peoples to make positive changes for the future.

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By the end of this chapter you will be able to...

Identify the ways money enters and leaves communities

Define Community Economic Development (CED)

List different ways to increase CED

Identify ways CED can have a positive impact on your life

Chapter 1

Money, My Community, and Me

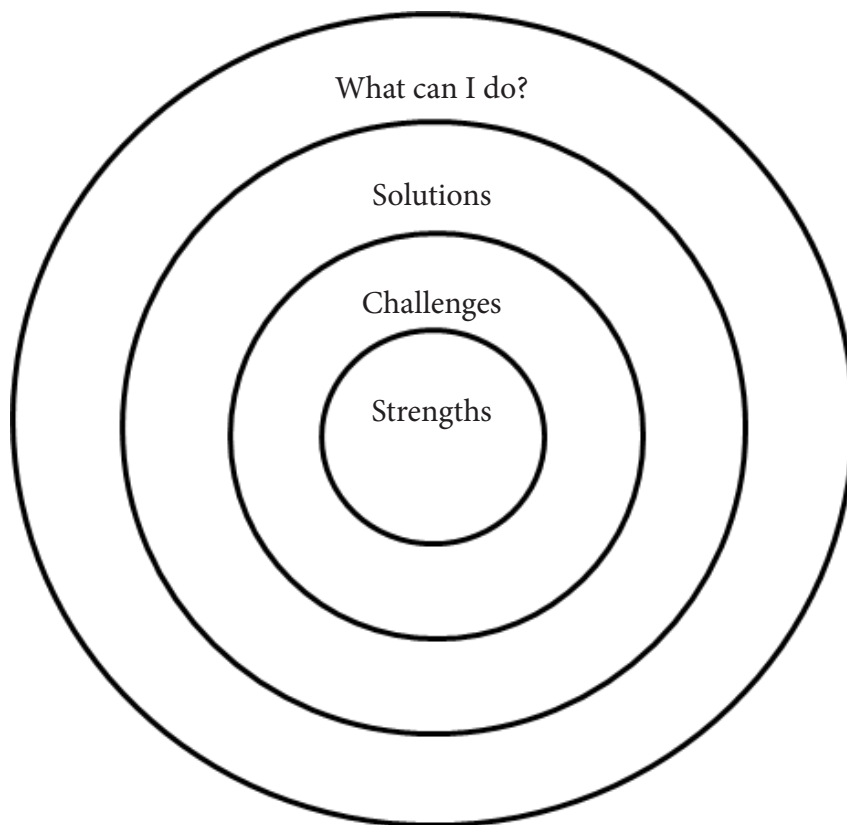
What is Community?

- Community can be a place or a group of people who share common interests or characteristics.
- Community can be a nation, a workplace, or even a sports team.

What does community mean to you?



The purpose of identifying strengths and weaknesses that are present in our community is so that we can find where community economic development could be beneficial. Throughout this activity you may recognize that we already practice CED in our own lives.



- What are some **strengths** of your community?
- What are some of the **challenges** our community faces?
- What are possible **solutions** to these challenges?
- **What can you do** to contribute to these solutions for your community?

What makes a healthy community and what makes an unhealthy community?

A healthy community is one that has quality education systems, resources, and a healthy physical environment etc.

An unhealthy community is one that has low-quality education, low employment rates, and corruption etc.

Strengths - examples

Multicultural, diverse, resources, free health-care, housing.

Challenges - examples

Lack of resources, transit system, racism, drugs, gang violence.

Solutions - examples

Community participation, more jobs, creating awareness, bear clan.

What can I do?

Participating in community events, advocating for your community.

The leaky bucket...

In this analogy, the bucket represents a community.

The water that flows through the bucket represents income. Income can be in the form of wages, benefits, GST, income taxes, etc,...

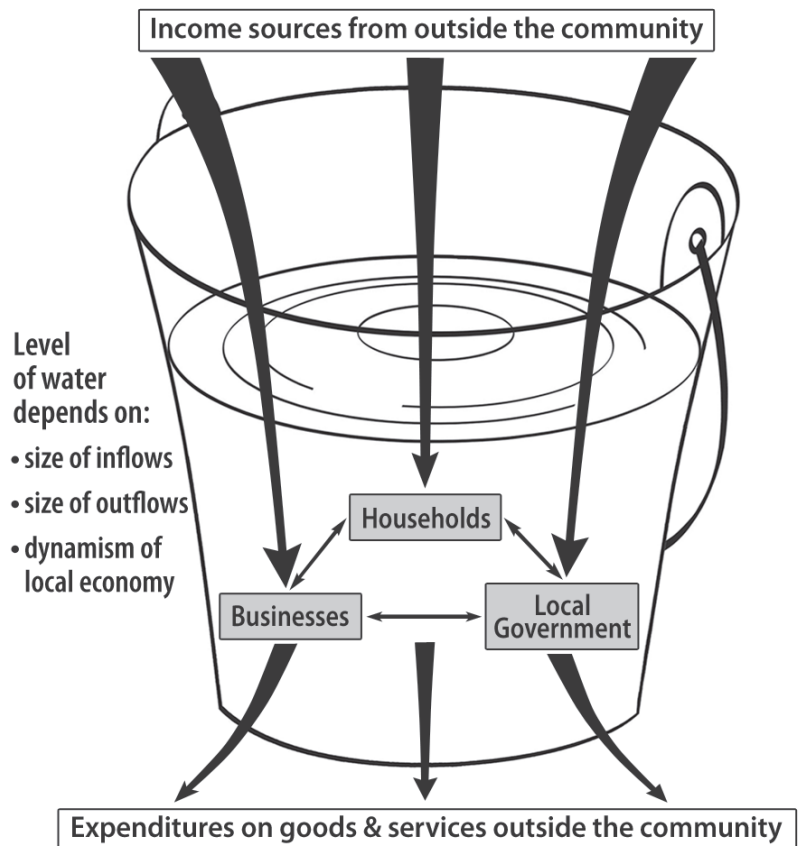
Without utilizing CED principles, income leaves the community. Making it unavailable to benefit the community and its members.

Using the CED principles help stop the leak, allowing the community to use the income sources to strengthen the community.

Community Economic Development

Community Economic Development is a way for people in a community to create solutions for their community's needs by buying local and hiring local to keep money in the community.

Think of a community's economy as a leaky bucket. Using CED, communities can plug the holes of the bucket by finding ways to keep the resources that enter the community.



CED Principles and Examples

1. Use of local goods & services

- A community bakery that buys organic ingredients from local Manitoba farmers.

2. Productions of goods & services for local use

- A community store that sells vegetables grown nearby.

3. Local re-investment of profits

- A community business that grows by expanding its operation in the community.

4. Long-term employment of local residents

- Credit Unions hire locally and have room for advancement.

5. Local skill development

- Youth hired for summer projects such as community gardens or home renovations.

6. Local decision making and ownership

- Credit Unions give members a say in organizational decisions.

7. Healthy people

- A local clinic that is easily assessable to its community members.

8. Healthy physical environment

- Local parks and benches provide a sense of community and well being.

9. Neighborhood stability

- Community resources that help to ensure community members are safe and their needs are met.

10. Human Dignity

- Accessible resources to all. Public washrooms, clean water, etc.

11. Support other CED projects

- SEED delivering money management sessions to other youth serving organizations.

CED Principles

It is not always easy to follow these principles. A lot depends on what services are available in the community.

For example, if there are no local grocery stores available, it would be difficult to follow principles 1 and 2.

Even though it may not be possible to follow each principle, it is important to be mindful of each of them.

Look at the list of principles and try to think of some examples for each that are available in your community!

Resources

- Fair Trade: Guide on where to find products from other countries where producers receive fair prices for their product and labor
www.fairtrademanitoba.ca
- Businesses that practice CED in Winnipeg: Social Purchasing Portal
www.sppwinnipeg.org
- Bartending network: For people sharing their human assets (Talent and Time)
www.timebanks.org
- Poverty in Canada and the world and how to take action to end poverty in Canada
www.makepovertyhistory.ca
- CED resources, and news: The Canadian Economic Development Network
www.ccednet-rcdec.ca
- Worker Cooperative example: Website about a movie and resources documenting a factory that workers took over when Argentina's economy collapsed and businesses closed
www.thetake.org

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one I know by sharing
this information with



Things you can learn.
By the end of this chapter you will be able to...

Define 'asset' and name different kinds of them

Recognize your own assets

Use the asset model as a tool to identify how your strengths can help with your challenges

Set goals for building assets in areas you identify as important

Chapter 2

Building Assets

Goal

In this chapter you will learn about the different asset categories. Using the asset hand model and life-cycle wheel you will be able to identify the different types of assets that you possess.

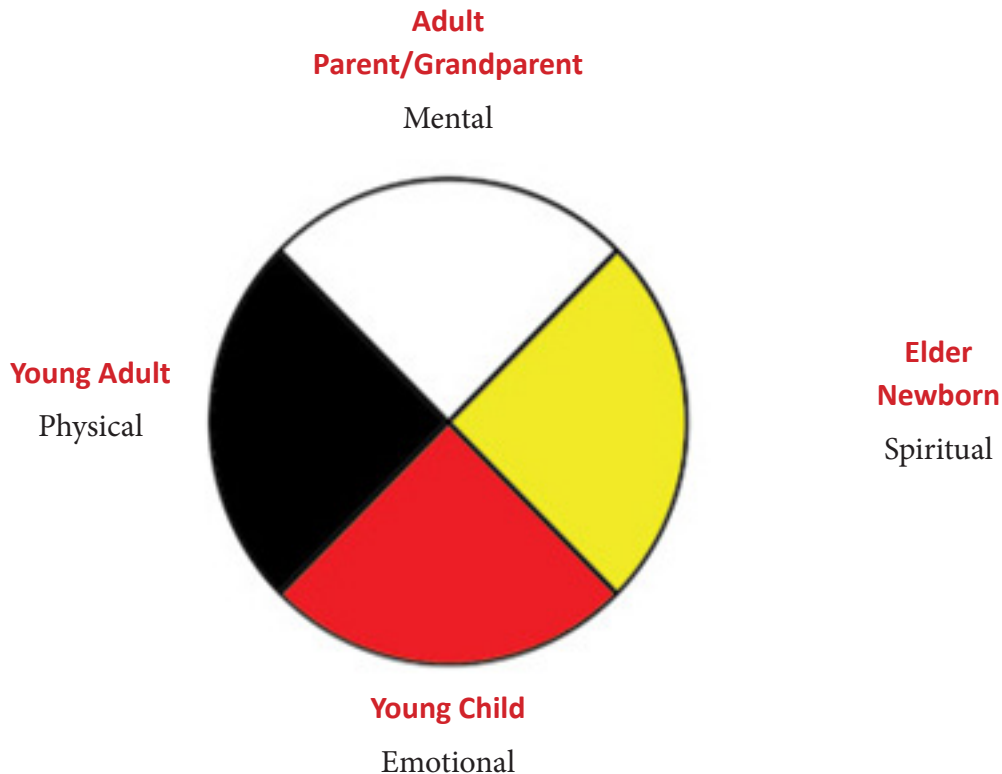
Defining Different Assets

- An asset is something that you can use to your advantage to make your life easier. An asset can be a person, an object, a place or even a personality trait.
- There are 5 categories of assets and we recognize each of them equally.

Human Assets Skills and abilities. Skills that you are able to teach to other people. Ex: Teaching somebody financial literacy or how to play piano.	5 Assets	Financial Assets Money or items of monetary value, also the ability to access financial services. Ex: Car, house, furniture, jewelry, having a bank account.
Personal Assets Individual qualities, how your family/friends would describe you. Ex: Kind, reliable, friendly, smart, resourceful.		Physical Assets Basic items needed to survive. These items are physical items. Ex. Shelter, clothing, food.
	Social Assets Supportive people in your life, could be family/friends or even an elder. Ex: Elder, mom, friends, bus driver.	

Asset Medicine Wheel Model

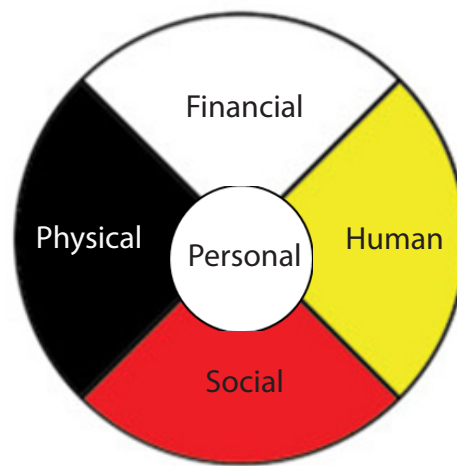
The Medicine Wheel could be used to represent the four nations, the four different directions or the four different seasons and much more.



- Newborn is associated with Spiritual because a newborn baby is just at the beginning of their life. At this point in their life they are still close to the spirit world.
- Young Child is associated with Emotional because children's brains are still developing, which means that they are still learning how to control their emotions.
- Young Adult is associated with Physical because at this point in our lives our bodies are going through some physical changes; it is also at this point where our bodies are strong.
- Adult is paired with Mental because at this point in life we should be thinking more long term, thinking about future and past generations.
- Elder is with Spiritual just like the Newborn but for the opposite reason than the newborn. They are on the side closer to the end of their long life, and will soon rejoin the spirit world.

RE-Connecting our ASSETS

- **Personal – Middle:** We put “Personal” in the middle of the Medicine Wheel because this wheel is about the stages of life, but throughout your life you will always be you; “Personal Assets” are individual qualities of a person, AKA you.
- **Human – Newborn:** Newborn has been paired with “Human Assets” because although unable to fend for themselves, babies can teach us a lot. Are we ready to be responsible for another person’s life? Are we prepared for what hardships may arise from being a parent? Newborn’s lead down a path of self-discovery, and that is why they are paired with “Human Assets.”
- **Social – Young Child:** They say it takes a village to raise a child; a child will have many people they could learn from. Those people that a child will learn from can be supportive pillars or stepping stones; a child will develop connections easier because they will not consider the many things that adults do when meeting someone new.
- **Physical – Young Adult:** Physical assets and “Physical” are paired with the Young Adult life cycle because at this age we’re either learning how to be independent or we’re at the point of becoming independent. With independence comes costs, at this point we must keep in mind the basic things we need for survival.
- **Financial – Adult:** At this point in our lives we begin to think more about our future and maybe our own children’s future, or even 7 generations into the future. When thinking about the future, think about what will we leave behind after we’re gone. How can I help my community now? What can I give back? It is for these reasons that we have decided to pair “Financial” with “Adult”.
- **Human – Elder:** At the end of our life cycle we have lived through so much, and as Indigenous people we understand that there are lessons to be learned by those who have experience. An elder has so much experience and teachings they could give you to help you throughout your journey.
- We talk about the medicine wheel in an in-depth discussion to signify the importance of the interconnectedness to everything and anything around us.

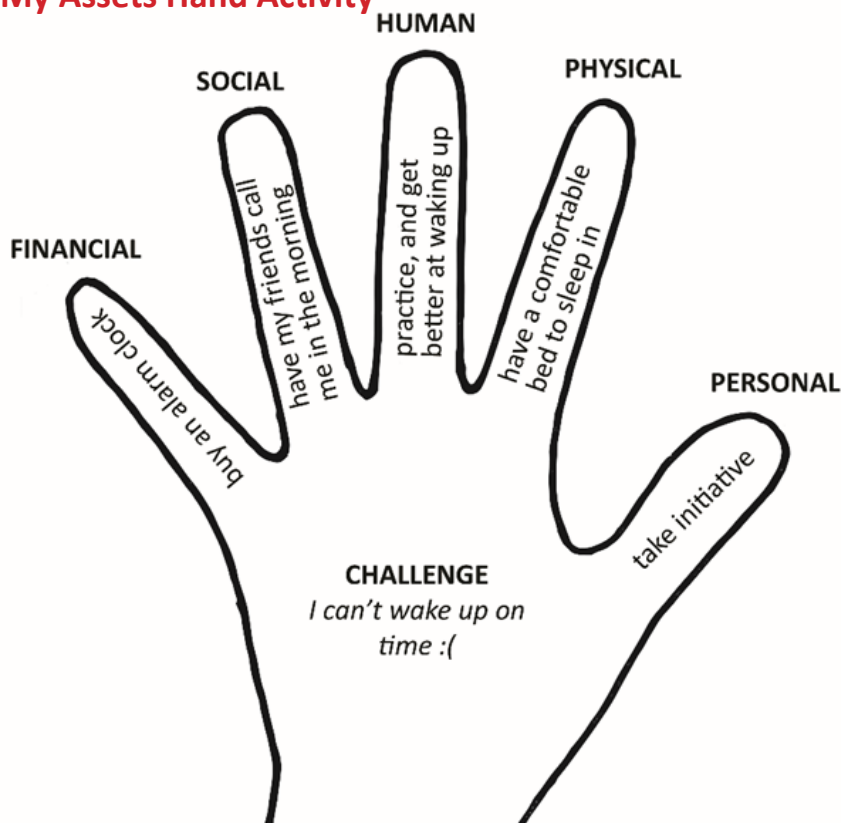


Filling out our own Life Cycle Assets Medicine Wheel

As you progress through the stages of life, your assets will always be there to utilize. Some assets may grow, some may shrink and this all depends on your individual life circumstances, and everyone matures at their own pace.



My Assets Hand Activity



Instructions...

On the following page trace your hand onto the piece of paper.

Try to think about a challenge that you're currently facing in your life.

Your fingers represent the 5 asset categories.

Each finger represents your own assets and a solution to the challenge that you are facing.

My Assets Hand Activity

Example

I rate my 'human' assets a 4 because I have a lot of teachable skills, but I rate my 'financial' assets a 1 because I have no current income.

However, if I utilize my 'human' assets it could get me a job and then my 'financial' assets will improve on the scale.

The purpose of this exercise is to demonstrate that each of us have assets that can be beneficial to solving our problems.

- If we rate them on a scale of 1-5, most times they will not be the same.
- Some may be a 5 and some may even be a 0.
- Assets depend on one another in the sense that when you improve one asset, it can potentially increase one or more of your other assets.

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Things you can learn.
By the end of this chapter you will be able to...

Apply the long/short/immediate techniques to our goals

Improve your ability to reach a goal using the SMART method

Make a savings plan related to a financial goal

Learn how to identify a problem and follow steps to solve it

Identify some solutions and resources for solving saving and over-spending challenges

Chapter 3

Goal setting and Problem Solving

Goal

The goal of this chapter is to identify whether a goal is immediate, short, or long-term, and to introduce the SMART method and how to apply it to our own goals. In addition, problem solving tips are provided.

What is one thing you have accomplished?

OR

Name something you are proud of...

Instructions...

For this next exercise write down something that you are proud of or have accomplished in the last year.

Defining Goals

Immediate Goals	Short-term Goals	Long-term Goals
<p>Immediate goals can be accomplished today or within the next week/month.</p> <p>Immediate goals are usually goals that contribute to one big goal.</p>	<p>Short-term goals take 6 months to 1 year to achieve.</p> <p>Short-term goals can also help you achieve a larger goal.</p>	<p>Long-term goals can take 5-10 years to achieve.</p> <p>These goals typically involve big life changes hence why they take years to accomplish.</p>
Examples	Examples	Examples
<p>Writing a resume, signing up for classes, apartment searching.</p>	<p>Applying for jobs, enrolling in classes, improving your credit.</p>	<p>Getting your dream job, graduate with a degree, buying your first home.</p>

Medicine Wheel Activity

Mental Goals

Emotional Goals

Spiritual Goals

Physical Goals

S

Specific

Goals should be clear and easy to remember. A confusing goal is harder to reach.

A really big goal needs to be broken down into smaller goals.

- Is your goal specific?
- Does your goal say what you want to happen?

M

Measurable

Have a way of knowing how close you are to achieving your goal

- Is your goal measurable?
- How will you know when you have reached your goal?

A

Action-Oriented

Have specific actions that can be done to help you toward reaching your goal;.

- Include action words like read, research, save, go, find

R

Realistic

An impossible goal is impossible to reach. To improve your chances of success, make your goals achievable.

- Are you making sacrifices that outweigh the benefits of your goal?
- Can you get the skills and information you will need to reach your goal?

T

Time-Based

A time limit helps you stay focused on your goal. A long-term goal may be broken down into several shorter-term goals.

- Have you set a time limit for your goals?
- Is the time limit realistic?

Solving problems step-by-step

As you work toward reaching your goals, some problems are sure to get in the way. Sometimes it is not easy to see the best way to solve a problem. For difficult problems, it can be helpful to go through the following steps:

The steps are:

1) Identify the problem and its cause(s)

- The first step is to identify the “real” problem. Often what a person sees first is not the “real” problem. Small problems may be signs of a larger one.

2) List possible solutions

- Think of different ways to solve the problem. List ALL of the ideas you can think of. Don't worry whether they will work– just write them down as fast as you can.

3) Gather information

- Now that you have a list of ideas, you may need to find more information to help you make a good solution. Think of resources available to you. IE: on-line, friends, books

4) Choose a solution

- Use the information gathered in Step 3 to carefully think about each possible solution. Make a list of advantages and disadvantages. The solution with the most pros and the least cons is usually the best one.

5) Make an action plan

- Your action plan should include:
Your goal

The tasks you need to do to get there

The deadline for completing these tasks

A way to tell if you have succeeded in finishing each task

6) Take action!

7) Evaluate the solution!

Resources

- Ideas for goals, and some common goals that people set: www.getsmarteraboutmoney.ca
Search for ‘What are my goals? A checklist’
- Planning for, and solving money challenges in life transitions: www.getsmarteraboutmoney.ca
Press the life events tab

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Chapter 4

Money Choices

Goal

The goal of this chapter is to identify the difference between needs and wants and how to prioritize between the two. Also, to bring awareness to all of the elements that influence our spending habits.

Definitions

Needs: Things that are necessary to live such as food, shelter, clothing, etc.

Wants: Things we enjoy having but are not necessary for survival such as take-out food, designer clothing, TV's, etc.

Priority: Something that deserves first attention such as rent, utilities, etc.

Consumerism: The belief that it's good to buy consumer items and services often. Disposable items such as paper plates, utensils, straws, etc.

Advertising: Ways of telling people about an item/service through billboards, social media, transit buses, etc.

Money Needs and Wants

Ask yourself:

What do I need to spend money on?

What do I want to spend money on?

Needs: Things that are necessary for us to live.

Examples: A place to live, water, food, medicine, a home with proper heating and plumbing.

We must spend money on our needs. These things are not choices.

Things you can learn.
By the end of this chapter you will be able to...

Name the types of items you need to buy and those that you want to buy.

Identify what influences your spending decisions

Set priorities for how you spend money

Assess the best ways to involve others in your spending decisions

Name some ways to live a simpler life and make sustainable purchasing decisions

Instructions...

In the t-chart try to identify your needs and wants using your answers from the ice-breaker question.

Place each item into the appropriate category on the t-chart. The more answers filled in the chart the better.

If an item falls under both, mark the item with an asterisk (*) and you can explain to the class why you think the item falls under both categories.

Wants: Things that are not necessary, but we enjoy having.

Examples: Cable TV, vacations, brand name clothing.

We make choices about how we spend money on our wants.

Pretty easy isn't it? But what about cigarettes? Are they a need or a want? Your answer will likely depend on if you smoke or not. But it goes to show you that needs and wants are not always easy to determine.

NEEDS VS WANTS

NEEDS	WANTS
FOOD	TAKE OUT
SHELTER	GAMES
CLOTHING	BRAND NAME CLOTHES
*CIGARETTES	CIGARETTES

What influences your spending habits?

Habits: Buying an item because you always have. It has become habitual for you.

Values: Ways of thinking and living that are important to us such as our culture or beliefs.

Peer Pressure: People you associate with that may influence your choices.

Time of Life: Your current life circumstances can be an influencer of how you spend money. (Marriage, Kids, etc.)

Feelings: How you feel at the time of a purchase or how the item makes you feel. (Break-up)

Family: Buying what your family prefers or recommends such as a certain brand name item.

Risk & Consequence: You may be influenced by an outcome of a purchase. Either a gain or potential loss.

Purpose

The purpose of explaining this to participants is so that they can realize how anything and everything contributes to our spending behaviors.

ADVERTISING

We, as consumers are constantly targeted by advertisements; they are everywhere we go. As a consumer there are 4 things an advertiser aims to make you feel.

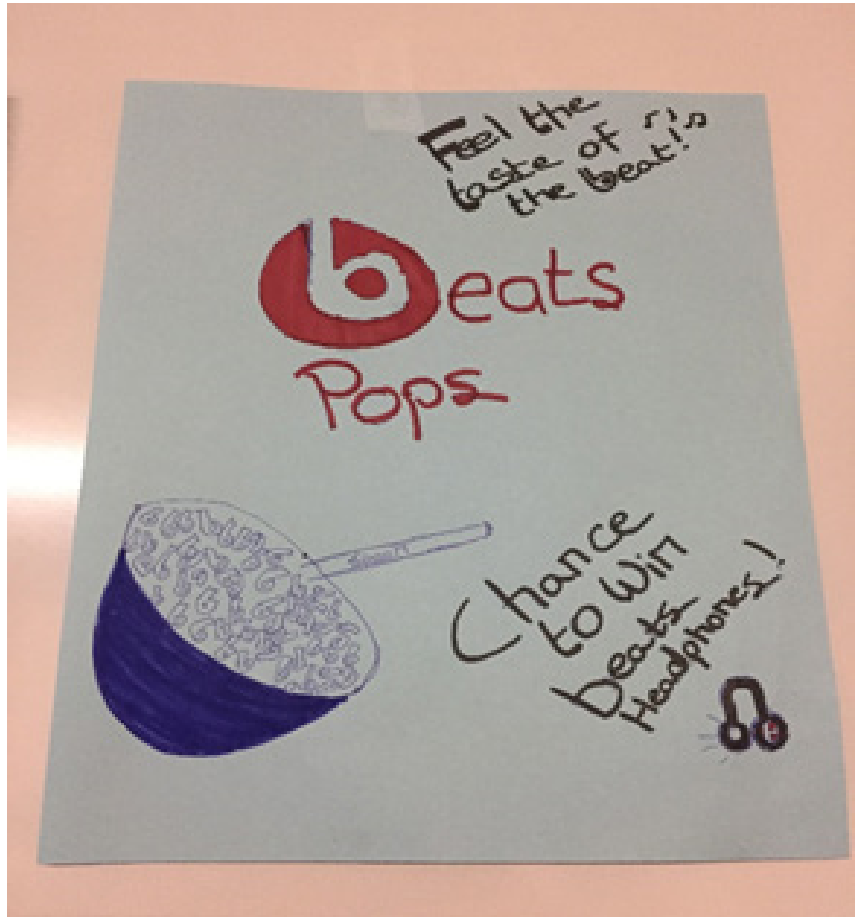
Belonging	Admiration	Happiness	Avoiding Bad Things
Purchasing an item or product to belong to a desirable group or to fit in. (Brand name items)	Using a product/service to be like somebody that you admire such as a favorite celebrity.	Using a product/service because it makes you feel good. (Make-up, skincare items, etc.)	Using a certain product or service to avoid a bad outcome. (Security systems, Insurance policies, etc.)

Instructions...

In this activity you will be creating your own cereal brand like in the example to the right. (If you do not want to do a cereal box you can choose to do a bag of chips)

You will be including at least one of the advertising methods that was discussed. You can be as creative as you want to be. Humor is highly encouraged.

Cereal Box Activity



Setting Priorities

- One of the biggest challenges is setting financial priorities and sticking to them.
- By successfully setting priorities in your finances you can avoid falling behind on bills and losing any paid services.
- You can also use Chapter 3 to help you set priorities/goals in your finances.

Simple Living

Simple living is a lifestyle decision to focus more on time and relationships rather than consumerism and money. Applying the 3 R's is a good start for simple living.

- **Reducing** by buying less and donating items you no longer need.
- **Reusing** an item or finding an alternative way to utilize the item.
- **Recycle** so that items can be made into something new.

Reduce

Reuse

Recycle

Simple Living and Traditional Indigenous Lifestyles

- **Reduce:** Traditionally, Indigenous peoples only took what they needed in order to protect the delicate balance of the animals and plants that they depended on. They understood that if you take too much one year, there will be nothing to use the next year. And by using the teaching that 'Everything has a purpose,' they also reduced waste from the animals they hunted—no parts of the animal were wasted.
- **Reuse:** Indigenous communities understood, and often still do, the hard work it takes to acquire the different goods and materials that they made, gathered, or traded for. Because of this the usability of the items they used was extended as much as possible. Examples include reusing arrowheads from broken arrows or using the salvageable parts of a peace pipe to create a new one.
- **Recycle:** Again, the work that went into acquiring or making materials was not taken for granted. And so, if something broke, it was often re-purposed for use. Examples include tearing old clothing into strips to use for binding.

Resources

- Views on consumerism and its impacts– videos:
 - www.storyofstuff.org
- Canadian advertiser rules:
 - www.adstandards.com
- Information about consumer rights, consumer complaints, and regulator of pay lenders and collection agencies:
 - www.gov.mb.ca
Type “Consumer Protection Office” in the search box
- Better Business Bureau: Information about retailers’ history of handling consumer complaints:
 - www.manitoba.bbb.org
- Information about consumer protection, protecting yourself from identity theft, and other consumer information:
 - www.consumerhandbook.ca

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Things you can learn.
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Name the different types of money that comes in and out of your household

Name different kinds of financial assets and liabilities

Define net worth, and how to calculate yours

Define record-keeping

Prepare a basic record of your income and expenses

Example

You have a total amount of \$1000.00 owing to your credit card but make \$100.00 payments each month. The total amount owing is your liability and the payments you make is the expense.

Chapter 5

Gathering Information

Goal

The goal of this chapter is to identify different ways money moves in and out of a household and to provide tips on how to keep track of this information. Net worth is also discussed and calculated.

Definitions

Income: Money coming in.

- A pay cheque, allowance from parents, government benefits, side business.

Expense: Money going out.

- Mortgage payment, monthly bills, entertainment, food, etc.

Assets: Items you own that have monetary value.

- House, car, cash, jewelry, electronics, etc.

Liabilities: Things you owe money on. Also known as debt.

- Mortgage, car loan, credit card debt.

Net worth: Way of measuring the value of what you own or owe.

- $\text{Assets} - \text{Liabilities} = \text{Net worth}$

Record Keeping: Keeping a record of your finances to exact amounts.

- Keeping receipts, writing down transactions or on-line banking.

Expense vs. Liability

Explain to participants the difference between a liability and an expense.

- A liability is any sum of money you owe. It can be the result of the purchase of an item or service.
- The expense is the payment towards that debt.

Gathering Information for Jessica

Jessica is a young, single mother of a 1 year old boy. Jessica is currently attending her first year of university to become a social worker. Jessica gets a monthly living allowance from her reserve and she also receives the Canada Child Benefit (Child Tax). Jessica hopes to one day purchase a used vehicle but she needs your help to get her finances in order. You have met with Jessica and found out the following information.

Help Jessica get organized by placing her information into the correct categories below.

	Amount
Outstanding Credit Card Debt	\$200
Rent	\$700
Groceries	\$300
Furniture	\$2,000
Outstanding Cellphone Bill	\$150
Cable/Internet Package	\$50
Living Allowance	\$1,200
Credit Card Debt Payment	\$100
Take-out Food	\$100
Jewelry	\$1,000
Outstanding Rent to Own debt	\$1,000
Baby Necessities	\$100
Hydro	\$30
Cellphone Bill Payment	\$50
Rent to Own Debt Payment	\$80
Laundry	\$30
Canada Child Benefit (Child Tax)	\$541
Daycare Payment	\$40
Take-out Coffee	\$60

	Amount
Expenses	
Total Expenses	
Income	
Total Income	
Assets	
Total Assets	
Liabilities	
Total Liabilities	

Gathering Information for Adam

Adam is a young, motivated man working a part-time job while attending school. Adam lives at home with his mother and does not need to pay rent or buy groceries. Adam wants to save up money to purchase a vehicle one day but is often left wondering where his money went. You have met with Adam to help him get his finances in order and found out the following information.

Help Adam get organized by placing his information into the correct categories below.

	Amount
Take-out Food	\$230
Credit Card Debt Payment	\$100
Monthly Net Income	\$1,100
Entertainment	\$190
Flat Screen TV	\$300
In-App Purchases	\$120
Outstanding Cellphone Debt	\$200
Side Jobs	\$250
PlayStation 4	\$300
Monthly Bus Pass	\$100
Cellphone Bill Payment	\$100
Take-out Coffee	\$70
Outstanding Credit Card Debt	\$500
Clothes	\$250
Laundry	\$50
Miscellaneous Spending	\$190
Furniture	\$500

	Amount
Expenses	
Total Expenses	
Income	
Total Income	
Assets	
Total Assets	
Liabilities	
Total Liabilities	

Record Keeping

	Envelope	Ostrich	Shoebox	Journal or Calendar	Mobile Banking Apps
Method	Organizing money into envelopes labeled as different expenses.	Putting your head in the sand and not paying attention to your finances.	Saving all of your receipts and putting them into a box or shoe box.	Writing down your monthly transactions in a notebook or calendar.	Using an app that keeps a record of your monthly transactions.
Pros	No overdraft or monthly banking fees, less wasteful spending.	There are no pros.	Helps organize all of your transactions and are in one place and dated.	This method helps discipline you and make you fully aware of your expenses.	It's simple, effortless, and it can make record keeping easier.
Cons	Cash can be lost or damaged, less security than a bank account.	No emergency fund or money to fall back on, Very disorganized.	Rarely do people go back and look at their receipts.	Journal may be lost/damaged resulting in lost records, and this method requires self-discipline.	So easy that you may not even pay attention to your monthly transactions.

Forgotten Money

Often times we spend our money without thinking about the long-term costs of our purchase. For example, spending \$2 a day on coffee doesn't seem so bad. But what about spending \$730 a year on coffee? Use the space below to calculate the long-term costs of one or two of your regular purchases.

Example

Coffee/Slurpee once a day

$$\$2 \times 7 \text{ days} = \$14$$

$$\$14 \times 52 \text{ weeks} = \$728$$

Instructions...

Write down something that you buy very often.

Take the price of this item and then multiply it by how many times you buy it in a week, then multiple that by 52 to get the yearly cost.

Share your results with the rest of the group!

Net Worth

Your net worth is the difference between what you own and what you owe. Another term for this is 'bottom line'.

Positive net worth means that the value of what you own is more than what you owe. Another way people say this is "I'm in the black." Negative net worth means you own less than what you owe. People may call this 'in the red' or 'in the hole'.

Q: What is Adam's net worth?

Q: What is Jessica's net worth?

Total Assets - Total Liabilities = Net Worth

Total Assets - Total Liabilities = Net Worth

\$ _____ - _____ = \$ _____ \$ _____ - _____ = \$ _____

Resources

- On-line tool for tracking special occasion spending:
Investor Education Fund
- www.getsmarteraboutmoney.ca
Type in the search box: Gift giving worksheet and budget
- On-line tool for recording assets and liabilities:
Financial Consumer Agency of Canada
- www.faca.ca
Click the search and type in: Assets and liabilities worksheet for couples
- On-line calculator for tracking regular 'forgotten' expenses:
Industry Canada
- www.ic.gc.ca
Click search and type: Spending smart tips and calculators
Then click on "My Expenses"
- Booklet to print off and carry for tracking expenses:
Credit counseling Society
 - www.nomoredebts.org
Type in the search box: Expense tracker pdf

In this chapter...

I learned something new
about

These are the ways I will
use what I learned

I still have questions
about

I can use these ways to
find the answers to my
questions

I am going to help some-
one I know by sharing
this information with



Things you can learn.
By the end of this chapter you will be able to...

Name the different kinds of information in a budget

Use a record and budget to manage your money and save for your future goals

Make plans so that you can stick to a budget

Chapter 6

Building a Budget

Goal

The goal of this chapter is to learn how to create a budget using the information gathered in the previous chapter. The session reinforces the importance of record keeping and gathering information.

Defining a Budget

Budget: A budget is a plan for your money and should answer the 3 following questions.

- How much money will you earn this month?
- How much money do you need for your expenses?
- How much money can you save?

Income: Money coming in. (Wage, government benefits, side business)

Expenses: Money going out. (Rent, groceries, transportation)

- Expenses can be divided into 3 different categories.

	Fixed	Variable	Irregular
Expense	cost the same each month	change from month to month	things you don't buy often
Example	rent, car insurance	groceries, utilities	birthdays, holidays

Building a Budget

Under budget: Income is more than expenses which means you have extra money left over at the end of the month.

Over budget: Expenses is more than income meaning you spent more than you made.

Balanced budget: Your budget was determined accurately and it went according to plan.

Notes

In the previous chapter we met with Adam and gathered information on his monthly finances. Adam works part-time and is attending school. Adam wants to start saving for a car and has figured out that he needs at least \$3000.00 to buy a decent second-hand vehicle. Adam is hoping he can cut back on his spending habits and save up enough money in a year or two. Below is Adam's last month's budget goals and on the right column is his actual amount spent.

	Last Month's Budget Goals	Last Month's Actual Amounts
Net Income	\$1,350	\$1,350
Variable Expenses		
Miscellaneous	\$190	\$190
In-App Purchases	\$50	\$120
Take-out Food	\$100	\$230
Take-out Coffee	\$30	\$70
Credit Card Payment	\$100	\$100
Clothes	\$150	\$250
Entertainment	\$100	\$190
Fixed Expenses		
Monthly Bus pass	\$100	\$100
Cellphone Bill	\$100	\$100
Total Expenses	\$920	\$1,350
Income – Expenses =	430	0

[illegible]

Notes

[illegible]

Notes

Building a Budget for Jessica

In the previous chapter we met with Jessica and gathered information on her monthly finances. Jessica just started her first year of university and receives a living allowance of \$1,200.00 from her band and \$541.00 from the Canadian Child Tax Benefit. Jessica wants to purchase a car so that transportation will be easier for her and her son. She has figured out that she needs at least \$3,000.00 to buy a decent second-hand vehicle. Jessica is hoping she can cut back on her spending habits and hopefully save up enough money by the next school year. Below is Jessica's last month's budget goals and on the right column is her actual amount spent.

	Last Month's Budget Goals	Last Month's Actual Amounts
Net Income	\$1,741	\$1,741
Variable Expenses		
Saving for Car	\$271	\$101
Groceries	\$250	\$300
Take-out Food	\$30	\$100
Laundry	\$30	\$30
Take-out Coffee	\$40	\$60
Credit Card Payment	\$100	\$100
Baby Necessities	\$90	\$100
Fixed Expenses		
Rent	\$700	\$700
Cellphone Bill	\$60	\$50
Daycare Bill	\$40	\$40
Rent to Own Payment	\$50	\$80
Cable/Internet Package	\$50	\$50
Hydro	\$30	\$30
Total Expenses	\$1,741	\$1,741
Income – Expenses =	\$0	\$0

Based on Jessica's current budget and spending habits she may need to make some changes in order to meet her goal. Help Jessica develop a new monthly budget that will help her purchase a vehicle.

Notes

	Last Month's Actual Amounts	New Monthly Budget
Net Income	\$1,741	
Variable Expenses		
Saving for Car	\$101	
Groceries	\$300	
Take-out Food	\$100	
Laundry	\$30	
Take-out Coffee	\$60	
Credit Card Payment	\$100	
Baby Necessities	\$100	
Fixed Expenses		
Rent	\$700	
Cellphone Bill	\$50	
Daycare Bill	\$40	
Rent to Own Payment	\$80	
Cable/Internet Package	\$50	
Hydro	\$30	
Total Expenses	\$1,741	
Income – Expenses =	\$0	

Cold Turkey

Often times in the budgeting activity we will remove the “wants” from a budget entirely without thinking how that may be risky.

Cold Turkey means quitting something suddenly without gradual reduction. By doing this you can potentially replace one bad habit with another or over indulge to make up for not buying that item for a while.

Cold Turkey Example

If you go out for coffee multiple times a week, don't try to stop all at once.

Instead, slowly reduce the amount of times you go out for coffee little by little. This will allow you more time to adjust to the change and make it easier to stick to in the long run.

Realistic Changes and Having a Plan

When making budgeting decisions and looking at areas to reduce spending in, it is important to make our changes realistic. In addition, we need to have a plan in place in order to make those changes possible. For example, if we wanted to reduce our spending on take out food, a plan to make this possible may be to increase spending on groceries in order to prepare weekly meal plans and cut the need for eating out.

A good plan should answer these questions:

- What are your budgeting goals for next month?
(Example: Eat out less)
- What actions can I take to make the goals happen?
(Example: Make a meal plan for the week)

Being realistic matters.

Making unrealistic changes to a budget only sets us up for failure and disappointment.

By having realistic budgeting goals, we are more prone to succeed and continue to strive to meet our financial goals.



Resources

- Job profiles showing income, education requirements and labor market demand:
 - www.gov.mb.ca
Search Manitoba Prospects
- Worksheet, video, and tips on cutting spending from Investor Education Fund:
 - www.getsmarteraboutmoney.ca
Search for Create a balanced budget
- On-line Budget tool, including irregular expenses:
 - www.momentum.org
Go to Programs and Services/Manage and save your Money/Mooney Management. Click on the Budget Calculator
- On-line budget tool from the financial consumer Agency of Canada:
 - www.fcac.gc.ca
Search for Budget Calculator
- EIA benefits:
 - www.gov.mb.ca
Search for Employment and Income Assistance and the General Assistance Category. This is a brochure in the PDF format.
- Budget templates from this chapter:
 - www.seedwinnipeg.ca
Go to Downloads. Use the following to log in:
User name: abp.participant Password: Asset_Building_2011
- Savings tips and blog:
 - www.andthenwesaved.com

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**Things you can learn.
By the end of this
chapter you will be
able to...**

Identify your financial
service needs

Choose financial
service providers and
services to meet your
needs

Name some pros and
cons of different finan-
cial service providers

Name some ways you
can protect your finan-
cial information

Chapter 7

Banking

Goal

The goal of this chapter is to learn about banking, to identify the pros and cons of both banks and credit unions and to raise awareness of fraud.

Definitions

Banking: Using services offered by financial service providers.

Deposit: Funds being put into a bank account.

Bank Account: An arrangement with a bank/credit union to keep your money safe.

Withdrawal: Taking money out of an account.

Interest: A charge for borrowing money.

Balance: The actual amount of money in your bank account. This number can be negative too.

Service Charges: Monthly fee for using your bank account and also ATM withdrawal fee.

Overdraft: Using more money than available in account. Extra fees apply to having this services.

The 5 Banking Questions

Many of us do not know or even think about what services financial institutions offer, how they make money, or how to cut down our banking costs. Here are 5 questions you should know the answers to in order to better understand how financial institutions operate.

1. What are the different types of financial service providers?

2. What services can you get from a financial service provider?

3. How do financial service providers make money?

4. How can a person reduce banking costs?

5. How can you protect your private information?

Financial Service Provider

A financial service provider is any business or company that offers financial services.

Financial services involve the financing or management of money.

Using your money...

Pros vs. Cons

	Cash	Debit	Online Banking	Cheque	Credit Card	Loan
Pros	No debit service charges, no hidden fees, convenient for cash only businesses.	Protection, easy to use, the tap feature, stolen money can be reimbursed.	Convenient to check account, e-transfers, online bill payments, cash cheques, 24/7 access, full history of transactions.	Having income, easy to write out cheques, safer for bigger ticket purchases.	Builds credit, sign-up bonuses, online shopping.	Can be used to build assets, can also build credit.
Cons	Money can be lost or damaged, no protection, urge to spend it quickly.	Card skimming, tap feature puts you at risk for theft/fraud, cards can break.	Banking websites go down for maintenance, at risk of being hacked, forgotten password.	Lost/stolen, bank puts a hold on cheque, processing charges at fringe financial institutions.	Can lead to poor credit, high interest rates, high credit limit can be tempting.	Payday loan loop of disaster, can be too much to pay off. High interest.

How do you use your money? Why?

Fraud

Fraud is a criminal act of deception intended to succeed in a financial or personal gain for the thief. Anyone can be a target of fraud. Knowing these common scamming methods can keep you safe from fraud.

The following are methods fraudsters utilize to access the personal information of potential victims.

Phishing: The thief targets victims through emails posing as a legitimate company or government agency demanding money, personal information or banking information. The emails are made to be believable and often time's people become frightened and give in to these types of scams.

Vishing: The thief targets victims through telephone calls and voice messages posing as a legitimate company or government agency. They will leave a message and a return number. Once you call back an automated message will request you to enter personal banking information.

Card Skimming: The thief will replace a card reader on an interac or ATM machine. This reader collects financial information from the magnetic strip or chip on your card. A camera or false keypad will collect your 4 digit pin making it possible for the thief to gain access to your accounts.

REMEMBER: No legitimate organization will threaten to call the police. If a threat like this is made it is likely a scam!



Prevent Phishing and Vishing

A company or government agency would not request confidential information or demand payments via email.

If you are concerned about it you can contact the company or government agency using their official phone number.

Don't be skimmed!

You can avoid this by wiggling the slot where you insert your card to make sure the reader has not been tampered with.

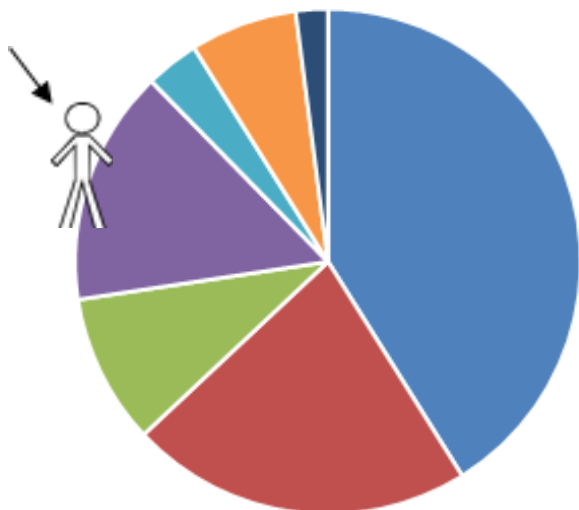
If you are able to move the card reader avoid using that machine.

Always cover your pin!

Banks & Credit Unions

Banks	Credit Unions
<ul style="list-style-type: none"> • Banks have a very corporate structure. • Banks are federally regulated and nationwide. • The customers are referred to as “clients” and the clients have no say in the bank’s decisions. • They donate 1% of yearly profits to sponsorships & grants. • Banks are run by shareholders. The more shares you buy the more power you have. • Shareholders can not only be a person but a company as well. • Board of director’s report to the shareholders and not to its clients • 100% insurance coverage in the event of a robbery. 	<ul style="list-style-type: none"> • Run in a cooperative structure. • Credit unions are provincially regulated and not nationwide. • The customers are referred to as “members” and get a say in the institution’s decisions. • Every member is entitled to one vote and they get to vote in their own board of directors. • These board members report to its members. (Community) • Credit unions donate 3% of yearly profits to sponsorships and grants. • 100% insurance coverage in the event of a robbery.

BANKS

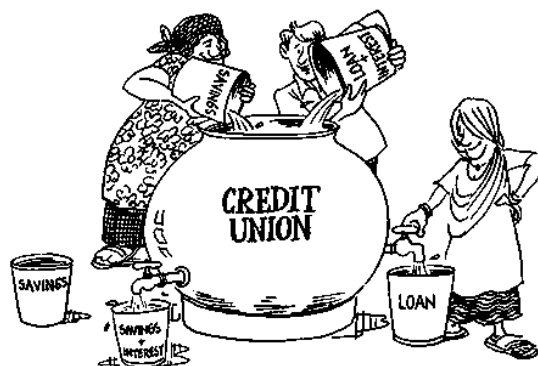


- Shareholder 1 ■ Shareholder 2 ■ Shareholder 3
- Shareholder 4 ■ Shareholder 5 ■ Shareholder 5
- Community

CREDIT UNIONS



- Member 1 ■ Member 2 ■ Member 3
- Member 4 ■ Member 5 ■ Member 6
- Community



Resources

- Opening a bank account: Required identification, your rights:
Financial Consumer Agency of Canada website:
 - www.fcac.gc.ca
and click on Banking. Click on Opening a Personal Bank Account:
Understanding your rights
- Cooperative Principles: Differences between Credit Unions and other financial institutions:
Credit Union Central of Canada website:
 - www.cucentral.ca
and click on The Credit Union Difference
- Payday loan rules in Manitoba: Government of Manitoba Consumer Protection Office website:
 - www.gov.mb.ca
and search for Pay Day Loan information
- Protecting against fraud: Canadian Bankers Association consumers website:
 - www.yourmoney.cba.ca
Click on Overview. Then Keeping My Money Safe

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**Things you can learn.
By the end of this
chapter you will be
able to...**

Identify the pros and cons of credit, types of credit, and the costs associated

Name the 5 things that lenders consider when they decide whether you are a good risk or not

Understand Credit Reports

Chapter 8

Credit

Goal

The end goal of this chapter is to give participants a better understanding of what credit is and how it works. Also to bring awareness about the benefits and risks of using credit.

Definitions

Credit: Money lent to you by a financial institution or business.

- Li bought a car on credit and now makes monthly payments to pay back the loan.

Good or Bad Credit: The credit score of a person or business determines “good” or “bad” credit.

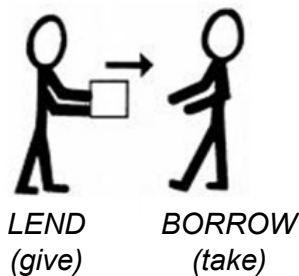
- Chris wasn’t approved for a loan because he has poor credit.

Debt: Amount of money owed to a lender.

- Sarah owes \$1000.00 to her credit card, she is in debt.

Interest: A fee that comes with borrowing or a fee paid to you for saving your own money.

- At the end of a loan you end up paying more than originally borrowed because of interest fees. The amount of interest is calculated using annual percentage rates set by the lender.



Forms of Credit

Installment Loan	Revolving Credit	Secured Credit	Unsecured Credit
A loan that has a start and end date with fixed monthly payments & interest rates.	Credit with no end date and no fixed payments. It is like a cycle of using and paying back.	Credit that requires an asset worth monetary value as collateral just in case you fail to follow the contract.	Credit that does not require any collateral but is accompanied by higher interest rates.
Car loan/finance, mortgaging a home	Credit card, line of credit	Bank loans, car loans	Payday loans, money mart

Different Ways to Borrow

A pay-day loan is a short term loan that is supposed to last you until your next pay cheque. The interest rates are usually extremely high for these types of loans.

There are risks that come with using payday loans. Due to the high interest rates it will take a larger cut of your next cheque and you will likely need to take out another loan and begin the process again, leading into a vicious cycle.

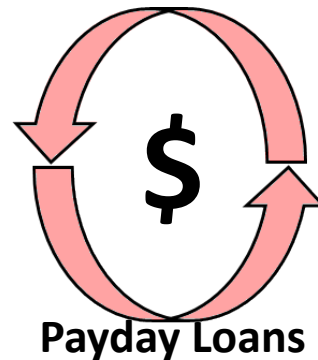
Using this type of loan will not improve your credit score because places like Money Mart do not report when you pay. Money Mart will report when you are not paying, because of this payday loans can only hurt your credit.

- Examples include: Money mart, cash money, etc.

Companies will offer deals where you can take home items that day and make payments at a later date. This way of borrowing is an interest bearing option because during the time you are not paying the store is adding monthly interest to the original price of the item.

It is recommended that you make the payments before you're scheduled to begin paying to avoid these extra charges.

- These can be found at The Brick, Canadian Tire, etc.



Simple Interest

Interest is charged only on the principal (original) amount for each month.

You purchase a couch and take it home July 2019	\$1,200
Simple Interest 3.33% charged at the end of...	
August, 2019	40
September, 2019	40
October, 2019	40
November, 2019	40
December, 2019	40
January, 2020	40
February, 2020	40
March, 2020	40
April, 2020	40
May, 2020	40
June, 2020	40
Total Interest	440
Balance owing on the couch when you start making payments in July, 2020	1,640

Compound Interest

Interest is charged on the principal (original) amount plus the interest from previous months

You purchase a couch and take it home July 2019		\$1,200
Simple Interest 3.33% charged at the end of...	Monthly Interest	Interest calculated on
August, 2019	40	1,240
September, 2019	41	1,281
October, 2019	43	1,324
November, 2019	44	1,368
December, 2019	46	1,414
January, 2020	47	1,461
February, 2020	49	1,509
March, 2020	50	1,560
April, 2020	52	1,611
May, 2020	54	1,665
June, 2020	55	1,721
Total Interest	521	
Balance owing on the couch when you start making payments in July, 2020		1,721

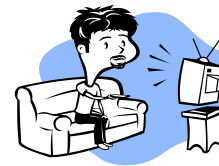
Other Ways to Borrow

Line of Credit: A loan from the bank that's set up like a chequings account. These types of loans usually range from \$5000 - \$50,000 and are used for things such as home renovations or educational purposes. A line of credit is a form of revolving credit.

Overdraft: This banking feature allows you to spend more than what you actually have in your account. This is a safer alternative to taking out a payday loan. There is a monthly fee that comes along with this feature as well as interest after the grace period.

Personal Loan: Used for personal purposes such as vacations, education costs or to pay off debts. A personal loan can be called a car loan, consolidation loan, etc.

Student Loans: A loan from the government used for post-secondary education. Interest rates for student loans are low. In the case of bankruptcy, this type of loan is non-forgivable.



RENT-TO-OWN

Rent-To-Own: An item that you rent until it's paid off. These loans are accompanied by high interest rates and you risk losing out on the item completely if you miss just one payment. In the event that your item gets "repo'd" (repossessed) you will not receive any money back that you've already paid into it.



LEASE

Lease: A signed term agreement to rent an item without ever owning it. Leases are usually taken out on vehicles or commercial properties.

Credit Card: A credit card allows you to purchase items and services on credit. Credit cards have limits and are accompanied by interest rates. There is a 21-day grace period where you can pay off your credit card without any added interest. A credit card is not an income, you have to pay it back.



Pawn Loan: Exchanging an item as collateral for borrowing money. At pawnshops you are never given fair amounts for the items you pawn. If you do not pay back money they will keep the item. If you return for your item you will be paying the original amount plus a high interest fee.

Mortgage: A loan for purchasing a home. Interest rates on this type of loan will vary depending where you go. The home you purchase is usually the collateral for the bank if you don't make payments.



The 5 C's of Credit

When applying for any kind of credit through a credit lender they will use these 5 C's to determine your eligibility for the loan.

Capacity: Credit lenders will use your total debt service ratio to determine whether you can live comfortably while paying off your new loan and other monthly expenses.

- TDS ratio: $\text{Monthly Expenses} / \text{Monthly Income} \times 100$
- Must equal 40% (.40) or lower.

Character: The lender will determine how stable you are based off the following:

- How long have you lived in your current residence?
- How long have you worked at your current workplace?
- Do you have any negative spending activity on your accounts or do you save?

Collateral: An asset to secure the loan. Collateral can be an asset or a “co-signer.” There are risks that come with being a co-signer for somebody. If they don't pay the loan then you are the collateral. Their debt will be your debt and it will also negatively impact your credit score if you do not pay it as well.

Credit History: The lender will take a look at your credit history to see what your history of borrowing looks like.

- Have you missed or been late on payments in the last 6 years?
- Do you have anything in collections?

Capital: Credit lenders want to know how much you invest into yourself.

- Do you have more than you owe?
- Do you have a down payment for the loan? The bigger the down payment the more committed you look to paying them back

Credit Bureaus

There are 2 credit bureaus in Canada: Equifax and Transunion. They hold your credit information but your credit score may be different for each. Borrowel (Equifax) and Credit Karma (Transunion) are reliable ways to check your credit scores. Beware to not check your credit score if you do not want to be found by creditors you owe money to.

By requesting a credit report once a year from both bureaus prevents identity theft and helps to protect your credit.



Credit Reports

Credit reports hold all information regarding past and present credit history. This report includes payment history, past debts, current debt, and open accounts.

Credit lenders and landlords inquire about credit checks to see this information.

Every Canadian is entitled to one free credit report a year. You apply for these on paper, by mailing it to one or both of the bureau's requesting a credit history report. By getting your credit checked it opens you back up to collectors.

Credit Scores

Credit scores range from 300 to 900 with 900 being the best and 300 being the worst. The average Canadian sits at a score of approximately 650. A considerably good rating is about 720. You can use Borrowel or Credit Karma to check your most recent credit score.



Everybody has 2 credit scores, they may not have be the same. It depends if the credit lenders you borrowed from reports to one or both of the credit bureaus.



Purpose

To gain more knowledge about credit reports and who holds your credit information. It is important to understand these things if you have credit or plan to use it.

Credit Ratings

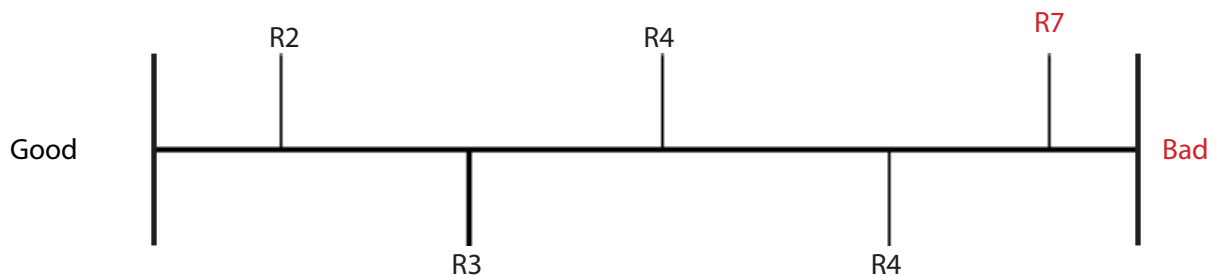
Below is a scale used by credit reporting agencies to keep track of your credit payment history. It tracks whether payments were on time, late or missed.

R1: This is the best R rating you can possibly achieve. Having an R1 rating means that you pay your bills in full and on time. You may even pay bills in advance. (Credit card, phone bill, etc.)

R2, R3, R4, R5: These R ratings represent missed payments on credit purchases. The rating will go from R2 up until R5 depending how many months you have missed payments. The R6 rating does not exist.

R7: Reaching an R7 rating means that your debt has gone to collections. Credit counselors can work out a deal with vendors to negotiate lower interest rates. The account will stay at this rating until fully paid.

R9: This rating means you have claimed bankruptcy. Unfortunate circumstances have led the individual to no longer keep up with payments and still live life sustainably. All debt is wiped but this option comes with a cost and you will not be able to use credit for 7 years. Anything in collections will also be an R9 too.



Purpose: To show participants how credit reporting agencies track credit payments and what each R rating means on the scale.



Frequently Asked Questions

Q: Is negative credit activity automatically cleared after 7 years?

A: The seven year debt myth is a well-known one but what many do not know is it's not 100% accurate. In a majority of cases debt will be wiped clean after the 7 year mark but in others the debt will stay.

It all comes down to whether the original credit lender still reports your debt to the credit bureau(s).

Q: Will paying off my debts instantly repair my credit report?

A: Paying your debts may improve your credit score but credit reports have information on your current credit standing and your credit history. Negative credit information will take time to fix or get rid of.

Resources

- Lines of credit, credit cards, personal loans, and payday loans:
Information from the Financial Consumer Agency of Canada
 - www.fcac.gc.ca
Click on Credit and Loans in the left-hand side column
- Credit ratings, checking your credit, ways to establish and maintain credit: Credit Counseling Society.
 - www.mymoneycoach.ca
- The power of compound interest video
 - www.youtube.com
and type in the search box:
Double a Penny Every day for 30 Days
- Payday lender rules, collection agency rules, consumer rights: Consumer Protection Office, Department of Healthy Living, Seniors, Consumer Affairs, Government of Manitoba:
 - www.gov.mb.ca/cca/cpo

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