



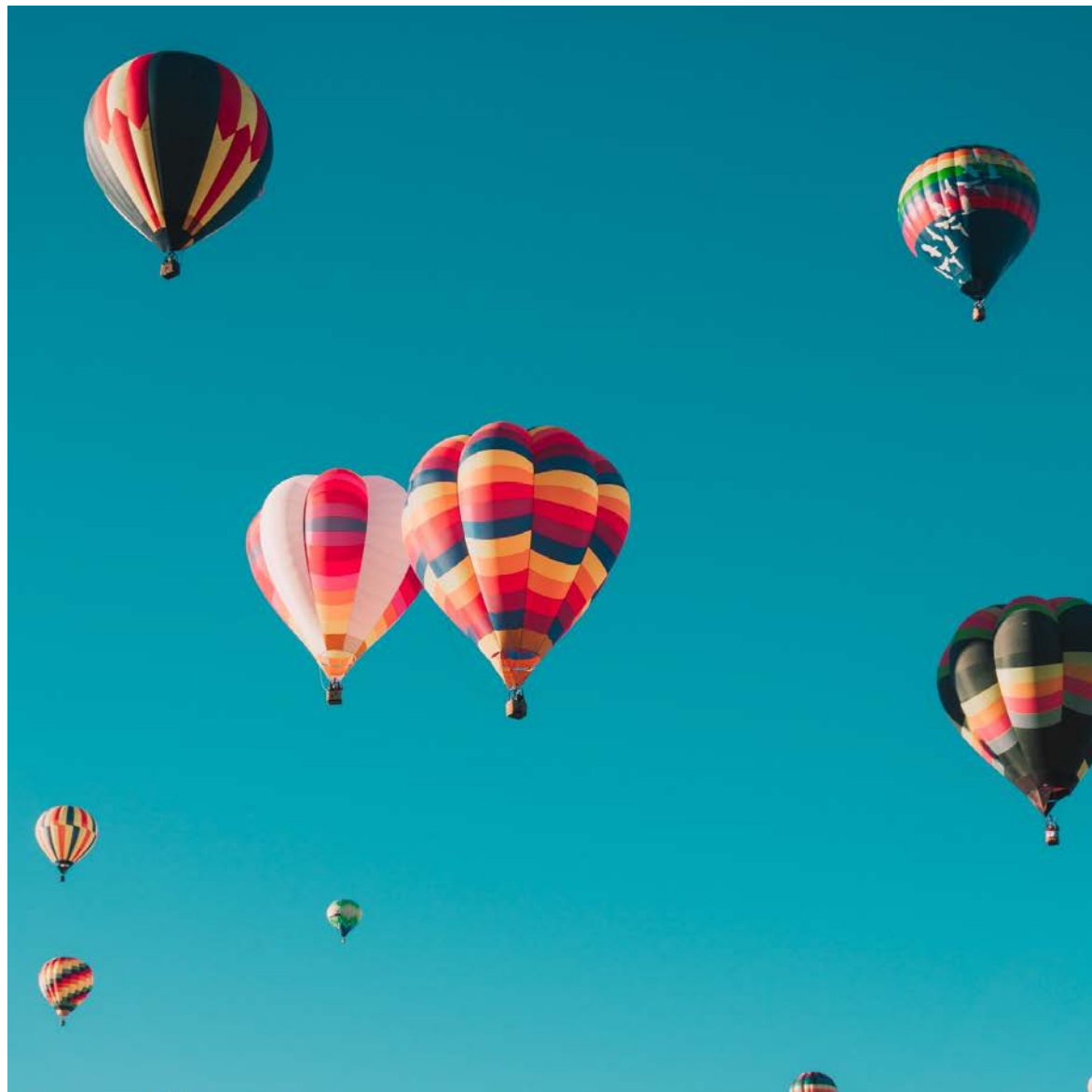
# Financial Awareness

STEPS IN SECURING A  
FINANCIAL STABLE FUTURE

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# Overview

- Introduction
- Budgeting and Disposable income
- Compounding interest
- Credit
- Important information



# Introduction to Personal Finance

- Does money buy happiness?
- Every decision you make is a compromise between present you and future you.
- Personal decisions depend on priorities, but you need to consider future you!
- Time is what finance is all about, and there is a cost of doing nothing.

# Budgeting and Saving

- This is the first step in taking control of your finances. Managing your earning and spending today.
- The 2 factors that will affect your budget are:
  - How much you earn.
  - And how much you spend.
- Budgets help with unforeseen events that can affect you.
- At age 65 there is a 50% that one partner will live past 90 years.
- But 1/3 of Canadians have 0 retirement savings planed



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# What is a Budget?

- A doc that shows how much you expect to earn and spend in a given amount of time.
- Your budget should consider present you and future you.
- There are 5 components to a budget:
  - After Tax Income
  - Fixed Expenses
  - Variable Expenses
  - Emergency Funds
  - Savings





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# What is an Emergency fund?

- A cash reserve that's specifically set aside for unplanned expenses or financial emergencies.
- Common examples are car repairs, home repairs, medical bills, loss of income.
- It should have enough money to cover at least 3 to 6 months' worth of essential living expenses.
- Use the square method to figure our essential expenses. →

## Square Expenses Method

### Fixed Essential

- Rent
- Utilities
- Phone bill

### Variable Essential

- Food
- Debt
- Gas

### Fixed Non Essential

- Netflix
- Other subscription based models
- Gym

### Variable Non Essential

- Entertainment
- Clothes shopping
- Vacations
- Eating out



# Building your Budget

- Almost ½ of Canadians don't have budgets.
- Budgets help you make good decisions for your future.
- Snapshot of recent spending, and will need to be aware of your spending
- Gather as much information on income and spending so you can make accurate estimates of your flow of money.
- Input all forms of income
- Then input all variable and fixed expenses. Try to be as accurate as possible.

Month of April	Dollar Amount
<b>Income</b>	
Take home pay	\$4000
Side Hustle	\$500
<b>Fixed Expenses</b>	
Rent	\$2500
Phone Bill	\$70
Internet	\$80
Gym	\$80
<b>Variable Expenses</b>	
Credit Card Debt	\$400
Groceries	\$300
Entertainment	\$200
Transportation	\$150
Expenses before savings	\$3780
<b>Disposable income before savings</b>	<b>\$720</b>

# Budget Example

<b>Disposable Income</b>	<b>\$720</b>
Emergency Fund	\$420
Short term savings	\$200
Long term savings	\$100

- After your expenses are paid, you have money you can play around with.
- Having an emergency fund is key to preparing for future disruptions.
- Attempting to reduce variable expenses will be key to a better disposable income.



Month of June	Dollar Amount
<b>Income</b>	
Take home pay	\$5000
Side Hustle	\$100
<b>Fixed Expenses</b>	
Rent	\$3000
Phone Bill	\$100
Internet	\$100
Subscriptions	\$150
<b>Variable Expenses</b>	
Credit Card Debt	\$600
Groceries	\$300
Entertainment	\$700
Transportation	\$100
Expenses before savings	\$5050
<b>Disposable income before savings</b>	\$50

# Example Budget 1

Simone's goals include:

- Saving money for a vacation
- Paying off debt
- Saving money for future retirement
- Not feeling so stressed about money.
- How can Simone get more disposable income?
- You either need to raise the roof or lower the floor.

Year 3	Dollar Amount
<b>Income</b>	
Take home pay after classes are covered	\$16000
Job 1	\$0
<b>Fixed Expenses</b>	
Rent	\$12000
Phone Bill	\$480
Internet	\$180
Subscriptions	\$380
<b>Variable Expenses</b>	
Credit Card Debt	\$0
Student Loan	\$0
Groceries	\$3600
Eating out	\$1200
Entertainment	\$500
Transportation	\$1200
Expenses before savings	\$19,520.00
<b>Disposable income before savings</b>	<b>-\$3520.00</b>

## Example Budget 2

Sam's goals include:

- Saving more money for investing
- Paying off student loans
- Focused on studying and academia
- Best approach to receiving a large sum of money is to plan out a yearly budget or a quarterly budget.
- \$13,020 has been allocated to fixed expenses.
- \$6500 a year is estimated for variable expenses.
- Sam will need to make \$3520 annually to stay afloat or \$294.00 a month.

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# Time, Money, and Value

- What is the value of time in money? Would you like \$1 today, or \$1 tomorrow?
- As long as your money can earn interest, it is always worth more today, than tomorrow.
- Interest can work for you and against you.
- You can earn interest on interest and that is called compounding.
- Compounding can also work against you if you owe interest.





# Compounding Interest Examples

- What will happen if you deposit \$100 in the bank with a 6% interest and kept it in there for 2 years?
  - After one year you will have  $\$100 \times 1.06 = \$106$
  - After two years you will have  $\$106 \times 1.06 = \$112.36$
- What if you left it in there for 30 years?
- <https://www.getsmarteraboutmoney.ca/calculators/compound-interest-calculator/>



## Reality of Debt

- Why would you borrow money?
  - So you can experience things today that you wouldn't be able to normally.
- You need to understand which forms of credit you can use, and which are most appropriate to use.
- You should ask:
  - How much money are you able to borrow?
  - How easily can I borrow it?
  - What is the cost to borrow it?
  - When does it need to be repaid and how often?



# Credit Cards

- Issued by banks and some retailers.
- Pay for goods with the promise that you will pay the issuer based on an agreed upon term.
- Many credit cards come with rewards and benefits.
- Easy way to build a good credit history as long as you are able to pay in time.
- More security and safer to use.





### TD® Aeroplan® Visa Infinite Privilege™

**MR** 4520 88XX XXXX XXXX  
**STATEMENT DATE:** November 24, 2022 **1 OF 2**  
**PREVIOUS STATEMENT:** October 24, 2022  
**STATEMENT PERIOD:** October 25, 2022 to November 24, 2022

TRANSACTION DATE	POSTING DATE	ACTIVITY DESCRIPTION	AMOUNT(\$)
<b>PREVIOUS STATEMENT BALANCE</b>			<b>\$1,527.13</b>
OCT 28	OCT 31	FIORIO YORKVILLE TORONTO	\$46.33
OCT 29	OCT 31	KITCHEN STUFF PLUS 20 SCARBOROUGH	\$3.94
OCT 29	OCT 31	BEST LIVING SCARBOROUGH	\$42.93
OCT 31	NOV 1	PAYMENT - THANK YOU	-\$1,527.13
NOV 1	NOV 2	HING LEE SERVICE CENTR TORONTO	\$99.44
NOV 1	NOV 2	35 SCARBOROUGH	\$507.85
NOV 1	NOV 2	35 SCARBOROUGH	\$507.85
<b>NET AMOUNT OF MONTHLY ACTIVITY</b>			<b>-\$318.79</b>
<b>TOTAL NEW BALANCE</b>			<b>\$1,208.34</b>

**TD MESSAGE CENTRE:**

**CONTACT INFORMATION**  
 Customer Service/Lost & Stolen 1-800-387-8556  
 TTY Inquiries (with hearing loss) 1-866-704-3194  
 Aeroplan Program 1-800-361-5373  
 Aeroplan Website [aircanada.com/aeroplan](http://aircanada.com/aeroplan)

**Aeroplan Points**  
 Aeroplan® Number #  
 Points Earned on Purchases + 1,511.00  
 Bonus/Adjustments Points Earned + 8,754.00  
**Total Points Earned = 10,265.00**

**PAYMENT INFORMATION**  
**Minimum Payment \$10.00**  
 Payment Due Date **Dec. 15, 2022**  
 Credit Limit \$10,000  
 Available Credit **\$8,791**

Annual Interest Rate: Purchases 20.99%  
 Cash Advances 22.99%  
**Estimated Time to Pay**  
 The estimated time to pay your New Balance in full if you pay only the Minimum Payment each month is: 10 year(s) and 1 month(s).

**CALCULATING YOUR BALANCE**

Previous Balance	\$1,527.13
<b>Payments &amp; Credits</b>	<b>\$1,527.13</b>
Purchases & Other Charges	\$1,208.34
Cash Advances	\$0.00
Interest	\$0.00
Fees	\$0.00
<b>Sub-total</b>	<b>\$1,208.34</b>
<b>NEW BALANCE</b>	<b>\$1,208.34</b>

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# Credit card statement example

- Transaction history.
- New balance.
- Minimum Balance Payment.
- Interest rate and outlook.
- Due date.
- Credit remaining.



TD CANADA TRUST  
 P.O.B./C.P. 611  
 AGINCOURT, ONTARIO M1S 5J7

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NEW BALANCE	MINIMUM PAYMENT	PAYMENT DUE DATE	AMOUNT PAID
<b>\$1,208.34</b>	<b>\$10.00</b>	<b>Dec. 15, 2022</b>	<b>\$</b>

TD® Aeroplan® Visa Infinite Privilege™  
 Account Number:

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# OSAP and paying back your Loan

- Don't share personal information freely
- When do you start paying back your loan?
  - When you graduate or when you are not considered a full-time student.
  - Repayments starts 6 months after your last semester ends.
  - You will not be charged interest on the Ontario portion, but you will be charged interest on the Federal portion.
- How do you pay back your loan?
  - You will need to sign into the National Student Loans Services Center and not OSAP. The NSLSC will send you a package 6 months after your last semester. This will contain your total number of payments, date of first payment, and the interest rate used to calculate your payment.

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# What if I cant pay back my loan?

- If you are not able to start paying back your loan after the 6month grace period, you have the option to apply for the RAP (repayment assistance program).
- You will need to apply through the NSLSC portal and apply through the RAP services.
- You will need to provide the following
  - Your family income
  - Family size
  - And outstanding osap loan
- You will need to re-apply every six months to keep the benefit of a lower repayment plan.

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# How can I get more money?

- Do your Taxes!!!
- Over \$2 Billion sitting meant for social programs.
- Use the Benefit Wayfinder tool.
- Use free tax clinics in your area for help.

