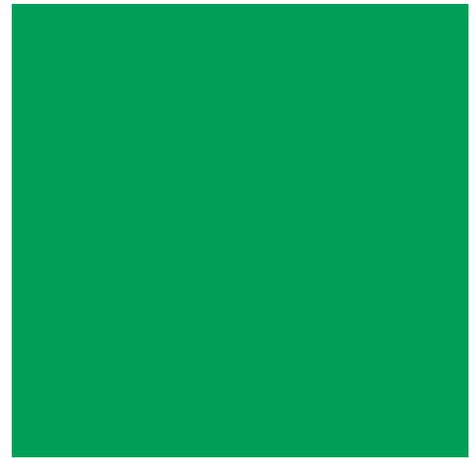


Money Matters

for Indigenous Peoples



WORKBOOK 4

Ways to Save

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These materials were developed with the guidance of Suzanne Methot.

You can learn more about her work at suzannemethot.ca



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**TD READY
COMMITMENT**

Welcome to *Money Matters for Indigenous Peoples*

We designed Money Matters for Indigenous Peoples to help you take better care of yourself by taking better care of your money. We'll talk about how to manage your money online and in your daily life.

No matter who you are or what your situation is, it can be hard to think and talk openly about money. It can be hard even with people you know well. Be patient with yourself as you get started. We organized this workbook around the Indigenous "4 Rs" – the values of respect, responsibility, **reciprocity**, and relationships. The 4 Rs will guide our talk and may help you feel more comfortable.

When you feel good about money management, you're less stressed. You have more energy for the things that are important to you.

Money words

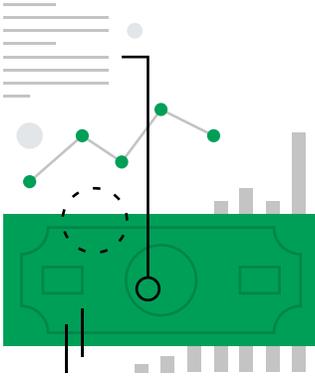
When something is **reciprocal** it is shared or felt by both sides. A reciprocal process means doing things in a way that balances giving and taking. Indigenous systems are based on reciprocity, give and take. When reciprocity is combined with respect and responsibility, it creates strong relationships.

What will you learn?

In today's workshop, you will:

- Explore different ways to save for the future
- Learn about interest and how it grows
- Learn about ways to save for your child's education using a Registered Education Savings Plan (RESP)
- Learn about how to save using a Tax-Free Savings Account (TFSA)





Ways to save for the future

This workbook is about how to save money using different types of savings accounts. You'll learn about ways to help your money grow over time.

You'll learn about **registered savings plans** to help you get ready for your future. Some of them are designed to help you save money for when you're ready to stop working and retire. Meeting your needs and goals is one way to respect yourself.

Do you have kids? Then it's important for you to know that some registered savings plans let you help your children with their future education. We all have a responsibility to think about other people's needs. This is how we create strong relationships.

In this workbook, you'll learn about these registered savings plans from the Canadian government:

- Tax-Free Savings Account (TFSA)
- Registered Retirement Savings Plan (RRSP)
- Registered Education Savings Plan (RESP)
- Canada Learning Bond
- Canada Education Savings Grants

Money words

A **savings account** is an account that pays you **interest** on the money you deposit.

Interest is a fee someone pays to borrow money. When you get a loan or use credit, you have to pay interest. When you put money in a savings account, the bank pays you interest. The amount of interest is usually shown as a percentage.

Registered savings plans are savings accounts registered with the Government of Canada. They offer tax benefits and sometimes money bonuses to help you meet your future needs.

Getting in touch with your money

Think about your future and the future of the people you love. What do you want your life to look like in 10 or 20 years? What about the lives of your family members? To meet your goals, you will have to use your mind, body, spirit, and emotions. You might also need some money. How much money will you need to reach these dreams?

Check the box next to the statement that sounds most like you:

- I can't save any money because I don't make enough.
- I might be able to save money, but I don't know how.
- I save some money now, but I'm not sure I'm doing it very well.
- None of the above apply to me. Here's my situation:





Let's talk about it

Discuss these questions with a partner or in a group:

- After you pay for food, housing, and bills, do you have any money left to save?
- Are you worried about saving money for your future?
- Is saving important to you?
- Is it only worth saving money if you can save lots of it?

Many people are just trying to make ends meet today. They aren't worried about saving for the future. But saving for the future is very important.

Meet Leland and Kelly

Leland

Leland knows something has to change. He can't keep spending money the way he usually does. He's getting older, and he doesn't have anything to show for his hard work except for his big-screen TV, which he bought with his credit card. Leland is worried about his job because he's heard rumours about layoffs. If he loses his job, he won't have enough money to pay all his bills.

Leland decides to pack a lunch every day instead of buying it. This choice helps him save about \$100 a month. He also looks at his cell phone bill to see if he really needs all the services.

Kelly

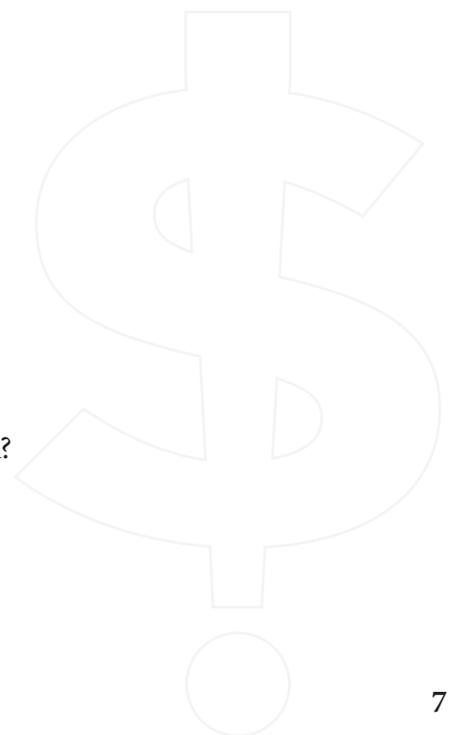
Kelly didn't have a lot of opportunities when she was growing up. She wants to give her children those opportunities, like being able to go to college or university. But Kelly knows that tuition, books, and on-campus housing can be expensive. Her children can apply to their band education funding, but she knows there isn't always enough money to go around – and she worries that her children's applications won't be accepted because they live off-reserve.

Kelly's kids are still young, so she has time to plan. But she's still worried about their future. Will she need extra money to help pay for their school? Can she get any help to save money for their education?

Let's talk about it

Saving doesn't happen on its own—we have to plan for it. And it's important that we do.

- If you don't save money, what happens if you lose your job or get sick?
- What happens to the people who depend on you?





Why are you saving?

Leland and Kelly are at different life stages (times in their lives). They have different reasons for saving.

That's normal. At different times in our lives, we have different money needs. That's why there are different ways for us to save.

What are you saving for right now?

If you're not saving, why not?

Money words

For some people their main income is from a government benefit program or a pension. These people will get the same amount of money each month. The amount won't change even if they have more things to pay for that month. This is called living on a **fixed income**.

Let's talk about it

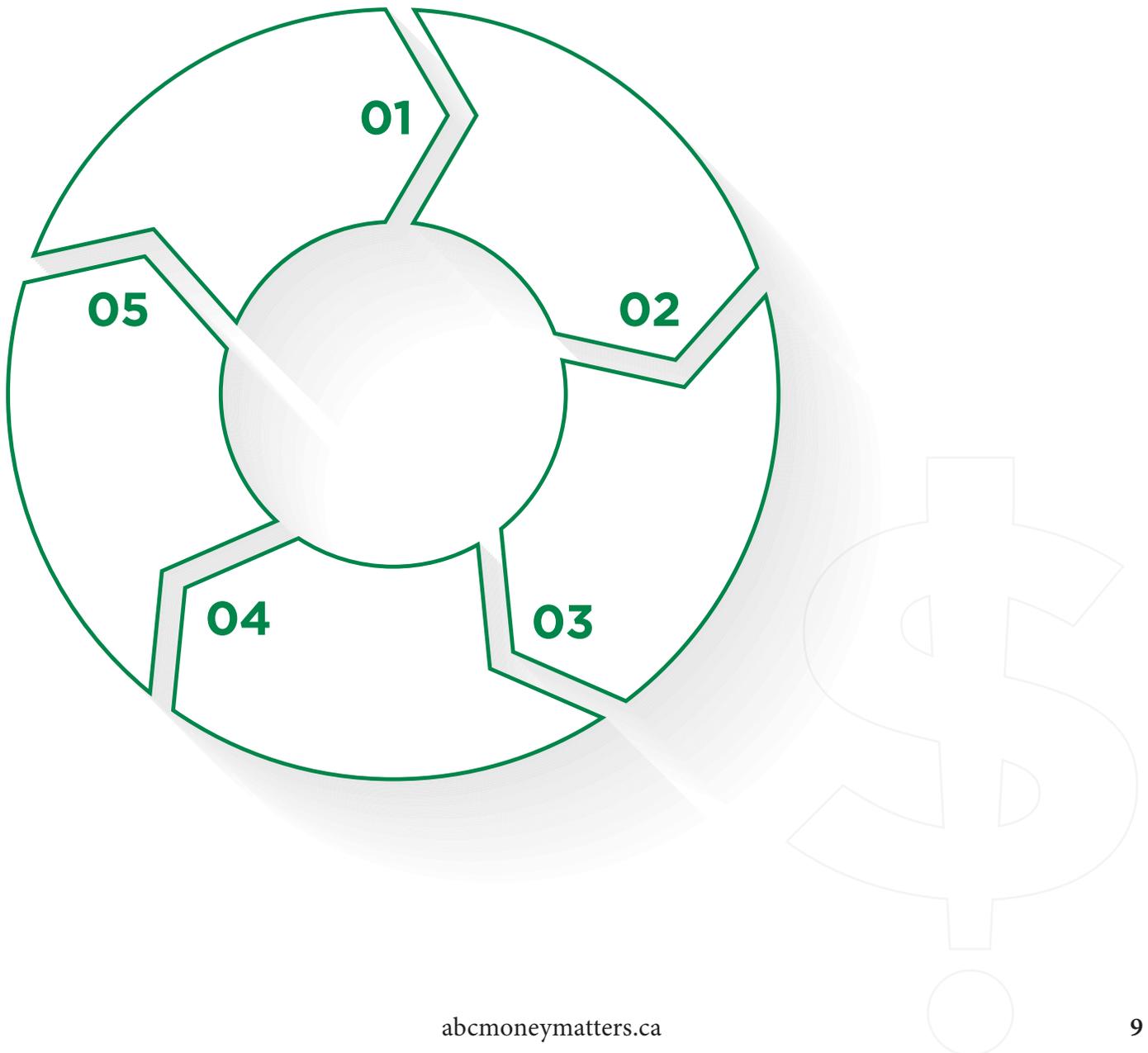
How do your money needs and wants change over time? Think about how respect, responsibility, reciprocity, and relationships look like at different stages in life.

What are some different reasons for saving money at different times in your life? Think about these different life stages. Remember, some of them could happen at the same time.

- Teenager living at home
- Student in school full time
- Young adult living on their own
- Employed adult
- Unemployed person living on a **fixed income**
- Parent of school-aged children
- Parent with adult children who live on their own
- Planning for retirement
- Retirement
- _____

Life stages

What are some of the life stages you've gone through already? What life stages will you go through in the future? Write them down, including the life stage you're in right now. As we go through life, sometimes we repeat life stages, too – to experience what we might not have had a chance to experience or learn the first time around.





Let's talk about it

Find a group of people who are at the same life stage as you. Talk about how this stage affects how you think about saving money.

- Are your money needs the same or different?
- Why do you need to save money at this stage in your life?
What are you saving for?
- What makes it hard to save money during this life stage?

Our life stage:

1. _____
2. _____
3. _____
4. _____
5. _____

Reasons for saving:

1. _____
2. _____
3. _____
4. _____
5. _____

What makes it hard to save:

1. _____
2. _____
3. _____

Pay yourself first

Many people have trouble saving because there's no money left after they pay all their bills. One way to solve this problem is to pay yourself first.

Paying yourself first means taking a bit of money from each paycheque and putting it into your savings account. After that, you use the rest of your paycheque to pay your bills and pay for other needs.

It's always good to save as much as you can. A great place to start is by saving 10% of your **net income**. If that sounds like too much, start with a smaller amount. Try to save as much as you can. Every little bit helps!

Money math: percentages

What is 10% of your net income?

To figure it out, divide your net income by 10.

Try it for yourself:

Kelly has a net income of \$2,200. What is 10% of her net income?

$$\underline{\hspace{2cm}} \div 10 = \underline{\hspace{2cm}}$$

Net income

You can check your answer on page 29.

Money words

Net income is the amount of money you get after taxes and other **deductions** are taken off your paycheque.

A **deduction** is money that comes out of your paycheque. It goes toward things like the Canada Pension Plan and Employment Insurance.





How to save more money

Let's say your net income is \$500.

$$\$500 \div 10 = \$50$$

10% of \$500 is \$50. That's how much you would try to save from every paycheque.

But what if saving is hard? If you're going to pay yourself first, you need to find an extra \$50. That probably means you need to cut back on regular spending.

Work with a partner or in a group to brainstorm ways to save money by cutting back on regular spending. What things could you stop paying for? How much would each one help you save? Try to think of a list of ideas that add up to \$50.

Ideas for saving

How much would I save?

1. Buy less fast food

About \$25 a month

2.

3.

4.

5.

! Money tip !

Hint: Remember Leland? What is he doing to save money?

Make a plan for your money

Think about your own spending habits. What is 10% of your net income?

You can use that number as your saving goal. If it seems like too much to start with, pick a goal that feels like it works better for you.

My goal: _____

How can you save that amount?

Ideas for saving

How much would I save?

- | | |
|-----------------------------|-----------|
| 1. Collect my pocket change | 50¢ a day |
| 2. _____ | _____ |
| 3. _____ | _____ |
| 4. _____ | _____ |
| 5. _____ | _____ |

Total savings: _____

Did you reach your target?

If you didn't come up with enough ideas to reach your goal, don't give up. Instead, set a smaller goal and save what you can. Remember, every little bit counts.

! Money tip !

Many people find it easier to save if they do it regularly. One idea is to set up an automatic transfer. That means your bank automatically takes money out of your chequing account each month and deposits it into a savings account.





Make your money grow

Remember when we talked about debt in other workbooks? Your debt gets bigger over time because you pay interest on it.

The same thing happens with savings accounts. But this time, it's a good thing! You get paid interest on the money you save. That means your savings grow without you having to do anything.

How your savings grow

Let's say you put your money into a savings account where you get 5% interest. If you save \$100 in a year, you'll get an extra \$5.

The next year, you'll get 5% interest on \$105 (instead of \$100). Your money is growing again. This is called **compound interest**.

Money words

Compound interest is when you earn interest on the original amount of money and the interest you've already earned.

Money math: interest

Seeing your money grow can help you feel more excited about saving. Calculate how much interest you could earn with these savings amounts and interest rates.

Hint: Use your calculator to help with the math.

Example:

Savings amount: \$250	Interest: 3%	Calculate the interest
<u> \$100.00 </u>	x 0.03 =	<u> \$3.00 </u>

Now you try it!

1. Savings amount: \$250	Interest: 4%
\$ <u> </u>	x <u> </u> = \$ <u> </u>

2. Savings amount: \$500	Interest: 2%
\$ <u> </u>	x <u> </u> = \$ <u> </u>

3. Savings amount: \$1,000	Interest: 5%
\$ <u> </u>	x <u> </u> = \$ <u> </u>

You can check your answers on page 29.



Registered savings plans

The Canadian Government has special savings plans to help your money grow more quickly. They're called registered savings plans. Do any of these plans seem like they might work for you?

Type of plan	Short name	What is it?	Money notes
Registered Education Savings Plan	RESP	A savings account registered with the Government of Canada. It helps you save for a child's education after high school.	When you put money into a RESP, the Government of Canada puts money in, too. If your income is low, you might also get more financial help. You don't pay taxes on the interest you earn in an RESP. The student pays taxes on the money when they use it to go to school.
Tax-Free Savings Account	TFSA	A savings account registered with the Government of Canada. It helps people save money more easily.	You can put up to \$6,000 a year into your TFSA. You don't pay taxes on the interest you earn in this account or on money you take out.
Registered Retirement Savings Plan	RRSP	A savings account registered with the Government of Canada. It helps people save for their retirement.	You don't pay taxes on the money you put into your RRSP or the interest you earn in it until you take the money out of the plan.
Registered Disability Savings Plan	RDSP	A registered account that helps you save for the long-term care of relatives with disabilities.	For every \$1 you put into this account, you get \$3. The total amount the government will contribute each year depends on your family income. The relative with the disability can spend the money however they want.

Registered Education Savings Plan

Remember Kelly from page 5? She wants to save money for her children's education. One way for her to meet this future goal is to open an **RESP** for each child.

How it works

You can open an RESP when your child is born. Both you and the child need to have a Social Insurance Number (SIN).

The more money you put into a RESP, the more interest you'll earn. The interest is free money to help your child pay for school.

The money you put into the RESP grows tax-free. The child pays tax on the money when they take it out to pay for school. Since most students don't earn much money, your child probably won't have to pay much tax.

The Canadian government offers some other ways to make your RESP grow more quickly. Check out the Canada Learning Bond and the Canadian Education Savings Grants on the next page.

Children with savings for their education are more likely to go to college, university, or a training program after high school.



How the Canadian government helps your RESP grow

Type of plan	Short form	What is it?	Money notes
Canada Learning Bond	CLB	Money from the Government of Canada to help you start saving for your child's education after high school.	<p>Your child could get \$500 now to help you start saving and \$100 each year up to the age of 15. That's up to \$2,000 for your child's education. You don't have to put any of your own money into the RESP to get this bond.</p> <p>Who can get it? Anyone whose child was born after December 31, 2003, and who gets the Canada Child Benefit.</p>
Canada Education Savings Grant - Basic	Basic CESG	Money from the Government of Canada to help you start saving for your child's education after high school.	<p>A payment of 20% on RESP contributions up until the year your child turns 17. That means for every \$10 you add to the RESP, the Canadian government adds another \$2.</p> <p>Who can get it? Anyone.</p>
Canada Education Savings Grant - Additional	Additional CESG	Money from the Government of Canada in addition to the CESG-Basic.	<p>A payment on top of the Basic CESG. You might get an extra 10% or 20% on the first \$500 (or less) that you put into your RESP each year.</p> <p>Who can get it? It depends on the net family income of the child's primary caregiver.</p>

Money Words

The **Canada Child Benefit** is a monthly payment made to families with children under the age of 18.

Source: www.canlearn.ca

Money math: saving

Kelly makes \$22,000 a year. Let's say Kelly's daughter is 10 years away from going to college. How much could Kelly save during those 10 years? Let's compare different ways for Kelly to save for her daughter's education.

Option 1

Kelly puts \$50 a month into a jar in her kitchen.

$\$50 \text{ a month} \times 12 \text{ months in a year} = \600 a year

$\$600 \text{ a year} \times 10 \text{ years} = \$6,000$

Option 2

Riley puts \$50 a month into a savings account.

$\$50 \text{ a month} \times 12 \text{ months a year} = \$600 \text{ a year} + \text{interest}$

$\$600 \text{ a year} \times 10 \text{ years} = \$6,000 + \text{interest}$

Option 3

Riley puts \$50 a month into an RESP. She also receives money from the CESG and CLB.

$\$50 \text{ a month} \times 12 \text{ months in a year} = \$600 \text{ a year} + \$120 \text{ (CESG)} + \text{interest}$

$\$720 \text{ a year} \times 10 \text{ years} + \$1,400 \text{ (CLB)} = \$8,600 + \text{interest}$

An RESP will help Kelly save more money, especially when you include the interest. How much more? Do the math here:

You can check your answer on page 29.





Let's talk about it

Discuss these questions with a partner or in a group:

- Do you have children or grandchildren?
- What do they want to be when they grow up?
- How much money do you think they'll need to pay for their education after high school? How will they get this money?
- Could you set up an RESP for this child?
- Would the CLB and the CESG help your family?
- How has colonization removed wealth from Indigenous communities and prevented Indigenous peoples from gaining wealth? What does this mean for future generations?
- How might saving money help you or your group members speak to the forces of colonization?

How to save money for education

Step 1: Get an RESP

1. You and your child must have a Social Insurance Number (SIN).
2. Call your bank, credit union, group plan dealer, or certified financial planner. Ask if they will help you with the CLB or Additional CESG.
3. If they say yes, open the RESP.

Step 2: Get a CLB

1. Ask the RESP provider to apply for the CLB.
2. Watch the RESP account to see when the money is deposited.
3. You don't have to put any money into the RESP to get the CLB.

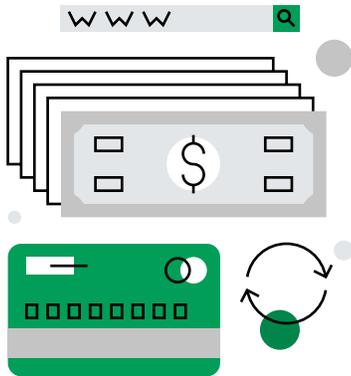
Step 3: Get a Basic CESG

1. Make a deposit into the RESP.
2. Your RESP provider will apply for the grant for you.

Step 4: Get an Additional CESG

1. Ask the RESP provider to fill out the Additional Canada Savings Grant form. This form lets you find out if your child can get the Additional CESG.





Use MySmartFuture to open an RESP

You can also set up an RESP online. The government of Canada has a website called MySmartFuture that can help you set up an RESP.

What you need:

- 10 minutes
- Your child's name, birthdate, and postal code
- Your postal code, if it's different

How it works:

- Complete the application online at [MySmartFuture.org](https://www.mysmartfuture.org). It takes about five minutes.
- Book an appointment with your bank. You can usually book online or over the phone.
- Bring your government-issued photo ID and SIN to the appointment. Sign the application.
- The bank sends your application to the government. Now you have an RESP for your child!
- If you're approved for the CLB, the government will start putting money into your new RESP.

Let's talk about it

Think about your life right now.

- What do you need money for?
- Do you want to save for things other than your child's education?
- How many years do you want to work before you retire?
- What does your dream retirement look like?
- Think about realities of your retirement. Where will you live?
How will you spend your time? What money will you have?
Will it be enough?
- Go back to your dream. Could part of it become reality? How much money will you need? How can you save it?

If you want to save for a big purchase or for retirement, an **RRSP** or a **TFSA** might be right for you.

Money words

RRSP is short for Registered Retirement Savings Plan. It's a registered savings account that helps you save for retirement.

TFSA is short for Tax-Free Savings Account. It's a savings account that helps you save money for any reason. It's also a good tool to help you save for retirement.





Making a big purchase

Remember Leland from page 7? He saw an ad for a big-screen TV and decided to buy it using his credit card.

A credit card lets you buy things now and pay later. If you pay your full bill when it's due, that's great. But if you can't pay your full bill, it will get even bigger because of interest. That means Leland's TV could cost him even more money.

Instead of using his credit card, Leland could save up his money before buying the TV. That way, he'll know exactly what the TV will cost and he won't build up debt.

What are you saving for?

Look back at page 11, where you wrote your savings goal.

Does it seem like a lot of money? Thinking about saving a large amount can feel impossible. But knowing what you're saving for can make it feel easier to save money.

Work with a partner or group to make a list of items you could save up to buy:

1. *Washing machine*

2. *Family vacation*

3.

4.

5.

Let's talk about it

Think about your life right now.

- What do you want to start saving for?
- Does having a goal help you feel more excited to save money?

Planning ahead

Do you spend the same amount of money every month? Or do some months seem to be more expensive than others? Think about:

- Holidays, with gifts and extra groceries.
- Winter, with higher heating bills.
- Car insurance bills that come once or twice a year.

One way to be ready for extra expenses is to save money before they happen. For example, let's look at how you could get ready for a higher heating bill in the winter.

1. Add up your heating bills from the last year

2. Divide that amount by 12, since there are 12 months in a year

_____ ÷ 12 = _____

This is how much you pay for heat each month, even if you don't get a bill every month.

Planning ahead means you can “pay” the same amount every month. Sometimes you'll pay that money to the heating company, like in the winter. But sometimes you'll “pay” it to your savings account, like in the summer. That way, you'll be ready when you get a bigger bill.

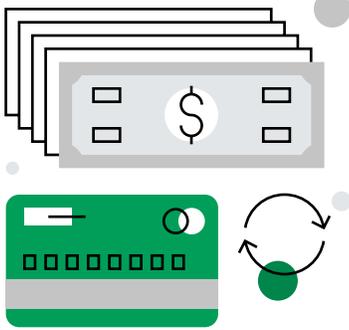
Surprise expenses

Our lives don't always go the way we plan. Surprises aren't always bad, but even good surprises can cost a lot of money. Think about life changes like:

- You have a new baby.
- You lose your job.
- You adopt a dog.

It's a good idea to save a little extra money each month for surprises, even if you don't know exactly how much to save. Some people call this a “rainy day fund” or an “emergency fund.” Putting a little bit of money in this account every month helps you be ready for surprises.





Tax-Free Savings Account

Do you want to save money for surprise expenses, a big purchase, or retirement? A TFSA is a good idea.

Using a TFSA can help you remember that this isn't "extra" money that you can spend. It's for your savings goal, like the heating bill, a new TV, or retirement.

How to open a TFSA

Your bank can help you open a TFSA. You'll need:

- To be a Canadian resident.
- To be 18 years old or older.
- A Social Insurance Number (SIN).

Every year, you can put up to \$6,000 into the TFSA. Your money will grow because you'll earn interest. You won't pay any taxes on the interest you earn.

You can take your money out of the TFSA anytime, and you won't pay any taxes on it. You can use the money any way you like. But remember your savings goal! What did you save the money for?

Money words

TFSA is short for Tax-Free Savings Account. It's a special savings account where your money grows and you don't have to pay any taxes on it.

Let's talk about it

Discuss these questions with a partner or in a group:

- How do you feel about saving money for your future?
- Are you ready to go to a bank and set up the right savings plan for you? Do you need any more information?
- Will you set up an RESP for a child? Or will you add to one for a grandchild?
- Would a CESG and a CLB help your child?
- Will you open a TFSA for yourself?



Money challenge

Check out more than one bank before you open a savings plan. Compare the plans. Which one is best for your money and future needs?

Look for an account with a high interest rate and low fees. You might also want to think about other things, like whether the bank is near your home or whether it has an app where you can put money into your account online.

How to learn more

For more information about the Canada Education Savings Grant or the Canada Learning Bond, contact the Canada Education Savings Programs at 1-800-O-CANADA (1-800-959-8281) or visit www.canlearn.ca.



Congratulations!

You've completed the *Money Matters for Indigenous Peoples Ways to Save* workbook. You learned about:

- Different ways to save for the future.
- How interest helps your money grow.
- Ways to save for your child's education.
- Ways to save for your retirement.

Money words

A **pledge** is a serious promise to yourself or to others.

For Indigenous peoples, learning is lifelong. For the last activity, we hope you will make a **pledge**. The pledge can be personal, or you can share it with others.

My pledge

I pledge to act on my new savings knowledge by:

Sometimes a pledge needs an action plan: a list of steps you'll take to make your pledge happen.

My action plan

What do I need to do first?

Who will support me?

How will I overcome setbacks and obstacles?

Answers

Page 11

Kelly has a net income of \$2,200. What is 10% of her net income?

$$\frac{\$2,200}{\text{Net income}} \div 10 = \underline{\$220}$$

Page 15

1. Savings amount: \$250 Interest: 4%

$$\underline{\$250.00} \times \underline{0.04} = \underline{\$10.00}$$

2. Savings amount: \$500 Interest: 2%

$$\underline{\$500.00} \times \underline{0.02} = \underline{\$10.00}$$

3. Savings amount: \$1,000 Interest: 5%

$$\underline{\$1,000.00} \times \underline{0.05} = \underline{\$50.00}$$

Page 18

Kelly saves \$8,600 (plus interest) with her RESP. She saves \$6,000 (plus interest) without an RESP.

$$\$8,600 - \$6,000 = \$2,600$$

Kelly saves an extra \$2,600 plus interest by using an RESP instead of a regular savings account.





Money words

<p>Canada Child Benefit</p>	<p>A monthly payment made to families with children under the age of 18.</p>
<p>Canada Education Savings Grant (Basic)</p>	<p>Money that the Government of Canada puts into your child's Registered Education Savings Plan (RESP) based on the amount of money you put in.</p>
<p>Canada Education Savings Grant (Additional)</p>	<p>Extra money that the Government of Canada puts into your child's Registered Education Savings Plan (RESP) based on the amount of money you put in. Available to people with lower family income.</p>
<p>Canada Learning Bond (CLB)</p>	<p>Money given to you by the Government of Canada for your child's RESP if you are a family with lower income.</p>
<p>Compound interest</p>	<p>When interest is paid on the original amount of money you deposited as well as the interest you've already earned.</p>
<p>Deduction</p>	<p>Money that comes out of your paycheque. It goes toward things like the Canada Pension Plan and Employment Insurance.</p>
<p>Fixed income</p>	<p>Some people's main income is from a government benefit program or a pension. They will get the same amount of money each month. The amount won't change even if they have more things to pay for that month.</p>

Money words

Interest	A fee someone pays to borrow money. When you get a loan or use credit, you need to pay back the amount you borrowed plus interest. The amount of interest is usually shown as a percentage of the money borrowed. When you put money in a savings account, the bank pays you interest.
Net income	The money you receive after taxes and other deductions are taken off your paycheque.
Reciprocity	When something is shared or felt by both sides. A reciprocal process means to do things in a way that balances giving and taking. Indigenous systems are based on reciprocity, give and take. When reciprocity is combined with respect and responsibility, it creates strong relationships.
Registered Savings Plan	Savings account or plan registered with the Government of Canada to help you save money more quickly.
Registered Education Savings Plan (RESP)	A way to save for a child's future education.
Registered Retirement Savings Plan (RRSP)	A way to save for your retirement.
Savings account	A personal bank account that pays you interest on the money you put into it.
Tax-Free Savings Account (TFSA)	A savings account registered with the Government of Canada.



for Indigenous Peoples

Thank you!

Thank you for completing Workbook 4 of *Money Matters for Indigenous Peoples*, a program designed to help you make your money work for you.

You've taken an important step to a better understanding of how to take care of yourself and those you care about by taking care of your money. This is called financial literacy.

We hope you've learned things that you can put to practice in your life. We also hope that you feel more comfortable going to a bank to ask questions, get advice, and choose the best money option for you.

We'd appreciate your feedback on this workbook!

Please take the time to fill out the course evaluation form.

This will help us to improve the course and make changes you need.