Money Matters

for Indigenous Peoples

Ways to Save

Founding Sponsor

ABC LifeLiteracyCanada

The values of the 4R's

- Respect
- Responsibility
- Reciprocity
- Relationships

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.

What will you learn?

- 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

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

Helpful 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 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

- 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

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.

Meet 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

- 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?

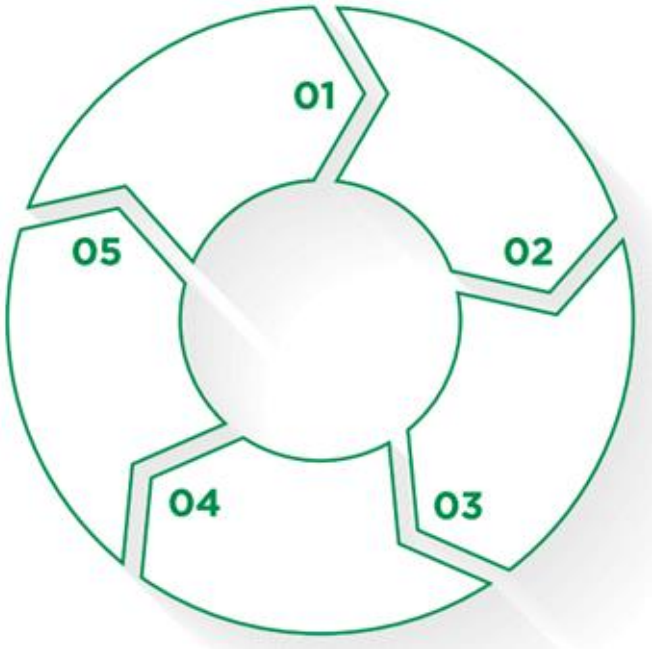
Let’s talk about it

- 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
- _____

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**.

Life stages

1. What are some of the life stages you've gone through already?
2. What life stages will you go through in the future?



Let’s talk about it

- Are your money needs the same or different?
- Why do you need to save money at this stage in your life?
- 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!

Helpful 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.

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?

$2,200	÷	10	=	$220
Net income				

How to save more money

Let’s say your net income is $500

$500 ÷ 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.

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?

My goal: _____

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

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**

Helpful 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
$100.00	x 0.03	=	$3.00

Now you try!

1. Savings amount: $250	Interest: 4%	Calculate the interest
$ 250.00	x 0.04	= $ 10.00

2. Savings amount: $500	Interest: 2%	Calculate the interest
$	x	= $

3. Savings amount: $1,000	Interest: 5%	Calculate the interest
$	x	= $

Now you try!

1. Savings amount: $250	Interest: 4%	Calculate the interest
$ 250.00	x 0.04	= $ 10.00
2. Savings amount: $500	Interest: 2%	Calculate the interest
$ 500.00	x 0.02	= $ 10.00
3. Savings amount: $1,000	Interest: 5%	Calculate the interest
$ 1000.00	x 0.05	= $ 50.00

Registered savings plans

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 $7,000 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 savings plans

Type of plan	Short name	What is it?	Money notes
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, for a maximum of $1,500. 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

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

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.

How to make your RESP grow

Type of plan	What is it?	Money notes
Canada Learning Bond (CLB)	Money from the government to help you start saving for your child's education after high school.	The government could give you $500 when you open an RESP. Then every year until they turn 15, the government may add $100 more. Even if you don't apply for the bond when your child is a baby, you can still get the money from the past years until now. This could add up to $2,000 for their education. You don't have to put any of your own money into the RESP to get this bond **Who can get it?** Anyone whose child was born after January 1, 2004, and who gets the **Canada Child Benefit**.
Canada Education Savings Grant – Basic (Basic CESG)	Money from the government to help you grow your savings for your child's education after high school.	The government adds 20% to your RESP contributions, up to $500 a year until your child turns 17. Over time, you can receive up to $7,200 per child. If you missed contributions in past years, you can catch up one year at a time by contributing up to an extra $2,500 to your RESP. **Who can get it?** Anyone.

How to make your RESP grow

Type of plan	What is it?	Money notes
Canada Education Savings Grant – Additional (Additional CESG)	Money from the government in addition to the CESG-Basic.	The government may pay an extra 10% or 20% on the first $500 (or less) you put into your RESP. **Who can get it?** Families with a low or middle income.

Helpful words

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

Money math: saving

Option 1: Money saved in a jar

$50 a month x 12 months in a year =	$600 a year
$600 a year x 10 years =	$6000

Option 2: Money saved in a Savings Account

$50 a month x 12 months in a year =	$600 a year + interest
$600 a year x 10 years =	$6000 + interest

Option 3: Money saved in a RESP

$50 a month x 12 months in a year =	$600 a year + $120 (CESG) + interest
$720 a year x 10 years + $1400 (CLB) =	$8600 + interest

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

Let’s talk about it

- 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 speak to the forces of colonization?

How to save money for education

You can open an RESP for:

- yourself
- your child
- somebody else’s child
- another adult

You and the person you're saving the money for need a Social Insurance Number.

To apply for the Canada Learning Bond or the Additional Canada Education Savings Grant, you must have also filed taxes in previous years.

How to save money for education

When you're ready to open an RESP, you'll need to choose an RESP promoter.

An RESP promoter might be a:

- bank
- credit union
- insurance company
- financial planner

Talk to more than one RESP promoter before choosing one that's right for you. Different promoters might offer different benefits.

Some steps to open an RESP

1. Contact your RESP promoter by phone, email, or in-person.
2. Ask if they offer benefits.
3. Ask to apply for benefits. The RESP promoter will help you fill out the forms.
4. Contribute money to your RESP. You need to make contributions to receive the CESG, but you don’t need to make contributions to receive the CLB.
5. Check the balance of your RESP.

Let’s talk about it

- 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?
- Go back to your dream. Could part of it become reality? How much money will you need? How can you save it?

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 big purchases

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?

Make a list of items you could save up to buy:

1. Washing machine
2. Family vacation
3.
4.
5.

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

Planning ahead

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 = _____

Surprise expenses

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.”

Tax-Free Savings Account

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 $7,000 into the TFSA. Your money will grow because you'll earn interest. You won't pay any taxes on the interest you earn.

Helpful 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

- 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

Find the right bank for you

Congratulations!

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

Lifelong learning

My pledge

I pledge to act on my new savings knowledge by:

My action plan

What do I need to do first?

Who will support me?

How will I overcome obstacles and setbacks?

Post Survey

How to learn more

For more information about the Canada Education Savings Grant or the Canada Learning Bond contact:

- 1-800-O-CANADA (1-800-959-8281) and ask for the Canada Education Savings Program