



Welcome to the web sneak peek of the Your Money and Your Life Financial Information Manual created by Womanspace Lethbridge (2009).

Topics in the 91 page manual include:

- Taxes and Banking
- Values and Money (children and money)
- Tracking spending
- Calculating your income
- Preparing a budget
- Types of debt
- Calculating your debt
- Creditors: How to deal with debt
- Wills, Power of Attorney and Personal Directives
- Insurance
- Setting goals
- Education and retirement savings
- **NEW** - Using coupons

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Lethbridge Lifelong Learning Association



**Status of Women
Canada**

**Condition féminine
Canada**

Status of Women Canada for the financial information sessions.

AISH (assured income for the severely handicapped) Family Exception (for single parents or common law partners or without children)

- The first \$975 of extra monthly family income is exempt (you keep it)
- Extra family income between \$975 and \$2500 (a month) is 50% exempt (you can keep half of what you earned and above the \$975 that is exempt)

\$1200	Monthly extra family income
<u>- \$975</u>	First \$975 is exempt (you keep this)
\$225	Remaining amount (you get to keep 50% of this)
	\$122.50 is 50% of \$225
<u>+ \$975</u>	The exempt \$975
\$1087.50	This is the total amount that you can keep out of the \$1200 earned (in addition to the AISH payments).



Methods of tracking your spending:

Envelope method

Put all receipts in an envelope and record them in your notebook or on a computer spreadsheet at the end of the day, week or month. DO NOT lose your receipts and remember to record them.

Notebook method

Write down all expenses in a small notebook under different categories, or by date. You must do this every day or you will quickly lose track.

Calendar method

Use the calendar in your kitchen or personal agenda to record when things need to be paid and when things have been paid.

Bank statements

Use your debit card for all your expenses and every week or month check what you have spent against your budget.

Credit card statement

This is similar to using your debit card, but you must pay it off every month. Use your credit card (if you have to) to pay all expenses and review your statements to make sure it matches what you budget.

Teaching your kids how to budget

If your kids are a little older, you can give them a set budget to:

- Organize their own birthday parties
- Spend on Christmas gifts
- Do the family grocery shopping
- Plan their back to school supplies and clothes

Remember to:

- 1) Give them a set amount
- 2) Help them write a budget
- 3) Help them stick to it!



Budgeting Tips

- 1) Be realistic about what you actually spend on a monthly basis
- 2) Highlight all NEEDS
- 3) Use a different colour to highlight WANTS
- 4) A true want is when you buy something that you appreciate over time, not just an impulse buy
- 5) Make sure to include debt repayment and savings in your budget
- 6) Savings should be at least 10% of total budget
- 7) Do not include 'extra' money in your budget. Use this money for debt repayment, savings, or 'extras' such as furniture or vacations
- 8) Be honest with yourself
- 9) Keep all receipts
- 10) Reward yourself for good behaviour in small ways
- 11) Set saving goals
- 12) If you really want to buy something, go home without it and buy it if you still want it the next day
- 13) If you put your debit/credit cards in the freezer you have to wait until they thaw out until you can use them
- 14) ***You should not spend more money than you make!***

Different types of saving tips.....

Top five ways to get into debt

FOOD:

- Take advantage of buying bulk purchases
- Choose the Interfaith Chinook Country Kitchen which is FREE of charge
- Use coupons
- Try using store/no-name brand
- Write up a shopping list
- Replace juice and pop with water for everyone in your household

CLOTHING:

- Interfaith Food Bank (403-320-8779): Clients are eligible to receive one voucher to Catholic Charities every 3 months. This voucher entitles each member of the family to two outfits
- YWCA-Sister in Success (403-329-0088): This program will help you with work appropriate clothing
- Income Support: If you need clothing for work, you can access \$500/annual pot of money

TRANSPORTATION:

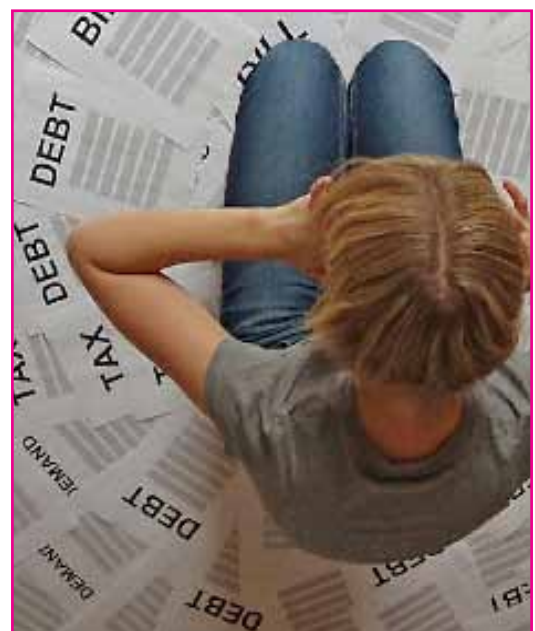
- Bus tickets: if you are on income support and need a bus pass to go to appointments that are intended to increase your employability, income support can cover the cost.
 - If you are on income support and need a bus pass to get to doctor's appointments on a regular basis, you simply need a doctor to make a note of this on a prescription pad
 - Track how much you take the bus and do the math on whether bus tickets or month-long bus passes are more economical for your family
- Car insurance: this is an area where you can save simply by shopping around. If you have an accident free history, go through the yellow pages and start making the calls

UTILITIES:

- Have your services put on a monthly budget
- Buy a programmable thermostat
- Turn down your hot water heater
- Pull out your refrigerator
- Use an outdoor clothesline



- 1 No money management skills
- 2 Underemployment
- 3 No savings
- 4 Expenses go up but spending doesn't go down
- 5 Divorce



Exercise: The Debt Quiz

True or false?

- (1) I should only make minimum payments on my credit cards because it improves my credit rating
- (2) I should always save for a rainy day, even if I have lots of debt
- (3) If I have student loans, I should try and pay them off with a consolidation loan
- (4) A car loan is considered 'good' debt
- (5) A mortgage is 'good' debt
- (6) Not paying utility bills will affect your credit rating
- (7) People with lower incomes usually have more debt than people with higher incomes
- (8) If I don't pay my debts, creditors can take my house or car and take some of my wages



Answers are located in the full manual.



Student Loans

You're not alone when it comes to students reporting difficulties repaying their debt. [So what can you do?](#) You could get a consolidation loan, if you qualify for one. (Make sure the interest offered is lower than the current student debt load interest and that you are able to pay the amount expected by the bank.)

- First, no interest accumulates on your student debt load while you remain in school.
- Second, they give you a six-month window during which you do not have to make payments after you've left school, so you have some time to find a job.
- Third, you can apply for interest relief for a total of 30 months. This is where you don't have to pay your loan and interest does not accumulate. To obtain this you have to show proof of low income. *For more tips on dealing with Student Loans, see the Your Money and Your Life manual, it is available for purchase at Womanspace.*

Tax relief measures for students

There are several tax relief measures that have been brought in to try and help students deal with the growing debts with which they're graduating

- A 17% tax credit on the interest you pay on your student loans each year
- An education claim of \$400 per month on your tax form for full-time studies
- A non-refundable textbook tax credit of \$65 for each month you're enrolled in a course that entitles you to a full-time education tax credit
- A full tax exemption for all post-secondary scholarships and bursaries *www.canlearn.ca*

Some options for dealing with debt:

- **Rework my budget**
– find ways to cut your living expenses to pay the debt
- **Borrow - from family or friends**
- **Sell assets – use the money to pay the debts**

What is a credit report?

A credit report is a record of an individual's current and past debt repayment patterns. A credit history helps a lender to determine whether the borrower is a good credit risk, and can include information on late payments, bankruptcies, and current and past debt.

How to get your credit report:

Equifax www.equifax.ca

Transunion www.tuc.ca

How do I read my credit report?

- Some credit-reporting agencies report the lenders' rating of each of your credit history items on a scale of 1 to 9
- A rating of "1" means you pay your bills within 30 days of the due date. A rating of "9" means that you never pay your bills at all or that you have made a consumer debt repayment proposal to the lender
- A letter will also appear in front of the number: for example, 12, O2, R2. The letter stands to the type of credit you are using
- "I" means you were given credit on an instalment basis, where you borrow money once and repay it in fixed amounts, on a regular basis, for a specific period of time until the loan is paid off
- "O" means you have open credit such as a line of credit, where you borrow money, as needed, up to a certain limit and the total balance is due at the end of each period. This category may include student loans
- "R" means you have "revolving" credit, where you make regular payments in varying amounts depending on the balance of your account, and can then borrow more money up to your credit limit. Credit cards are a good example of "revolving" credit

Estate Plans

WILL – a will is a written document that explains how you want your property to be dealt with after you die.

- Despite the fact that almost everyone should have a will, most people don't.

- Other people avoid making a will because their personal circumstances (marriages, divorces, and accumulated children and step-children) because it just seems to complex to unravel.

- It usually costs between \$100 and \$300 to make a will with a lawyer. Womanspace has arranged reduced rates and payment for Financial Project clients.

Power of Attorney – a document where you appoint someone to act on your behalf with your money/possessions when you cannot.

- 'Immediate' Powers of Attorney start when you sign the document. This can be good, for example, if you get sick and are stuck in hospital and unable to file for medial benefits. If your husband/partner has immediate Power of Attorney, he/she can step right in and file on your behalf, otherwise, it can be a huge hassle

- 'Springing' Powers of Attorney start when a doctor says your are not well enough to manage your own money

Personal Directive – a document where you choose someone to make decisions about your body in case of illness

- If you don't do this and something happens to you, courts can become involved to declare you a 'Dependant Adult'

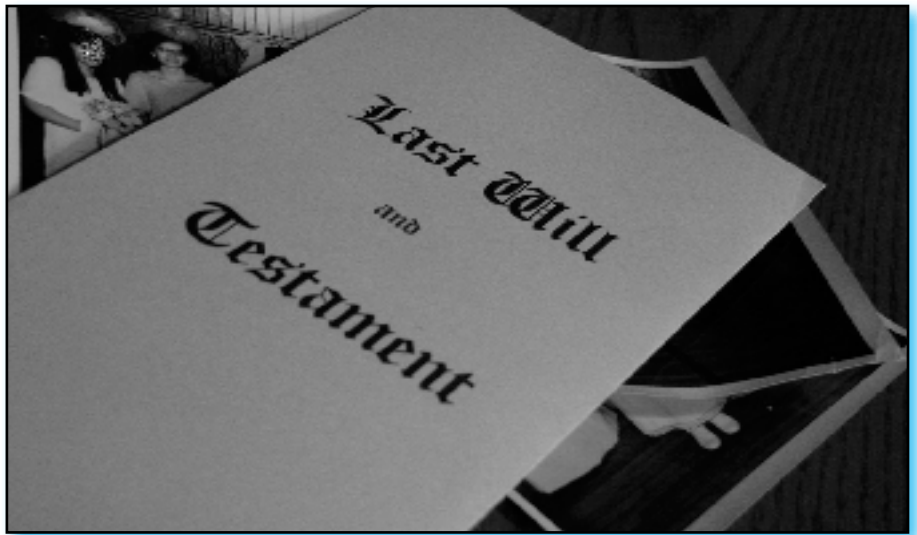
- Without personal directives, doctors make decisions instead of family

Life Insurance

Make sure the person you buy your insurance from is a licensed professional

Be careful of buying insurance from someone who is only allowed to sell one type of insurance

Best to use an INDEPENDANT BROKER. They operate their own businesses and work for you, the consumer; not an insurance company.



Three ways to save for retirement

Registered Retirement savings plans (RRSPs)

PROS

Get a tax refund based on the money invested

CONS

Only get a tax refund if you are paying tax. Not as good for lower income earners

Cash Account (Guaranteed investment certificate (GIC) Savings Account)

PROS

Can access the money anytime

CONS

Accessing the money anytime means you might use it before retirement

Tax-Free Savings Account (TFSA)

PROS

Like the RRSP, you don't pay tax on the growth, so you accumulate money more quickly than other kinds of investments

CONS

Can only contribute (tax-free) up to \$5000/year

COUPONS!

Even if you save \$20, coupons are worth the time! It is really easy to save just that, \$20, on toiletries, cleaning supplies, and health and medicine if you take the time.

TIPS:

- Watch for items that are already on sale then use the coupon on them.
- Watch for items that contain coupons inside them for other items (manufacturer coupons). Each box may contain coupons worth more than the item you purchased. (Often found in toilet paper and cereal).
- Check your receipts to calculate your savings.
- Don't use self-check out because someone must type in the coupon codes



Savings should be included in your BUDGET and can include:

- Short-term savings for things like vacation and major household purchases
- Long term savings including retirement and education savings
- Don't include your emergency funds as your savings because it is supposed to be used when unexpected things happen. You don't plan or set goals for how to spend this money, but be sure to include an emergency fund in your budget

Websites to check out for further couponing information:

www.save.ca

www.websaver.ca – for every coupon they send you, they make a charitable donation

flyerland.ca

proctor and gamble: pgeverydaysolutions.ca

www.gocoupons.ca

