

---

# MAKING YOUR MONEY WORK

---



---

## MAKING YOUR MONEY WORK

### A Literacy Partners of Manitoba publication

Written by Katherine Pavlik

with thanks to Jeremy Johnson

Project Manager, Literacy and Essential Skills

Illustration & design by Burgess Mertens

[www.burgessdesign.ca](http://www.burgessdesign.ca)



### Developed in partnership with

Community Futures Manitoba

Canadian Youth Business Foundation

SEED (Supporting Employment & Economic  
Development) Winnipeg, Inc.

### With support from

TD Financial Literacy Grant Fund

TD FINANCIAL LITERACY | FONDS DE SUBVENTIONS  
GRANT FUND | D'ÉDUCATION FINANCIÈRE TD



This publication is available in alternate formats at:

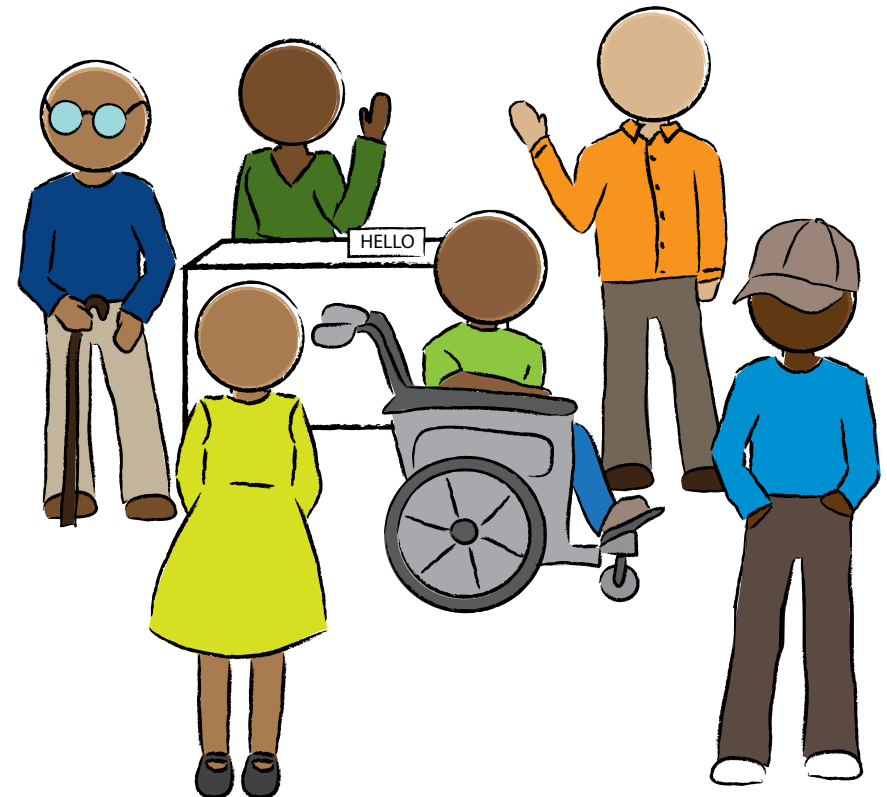
[www.cfmanitoba.ca](http://www.cfmanitoba.ca)

---

---

## YOU CAN MAKE YOUR MONEY WORK

Money is important to everyone. Money has value and is used to get the things we need to live and be well. We can all learn to make our money work.



## Where do I get money?

People get money from different places. The money you get is an income. Your income may come from:

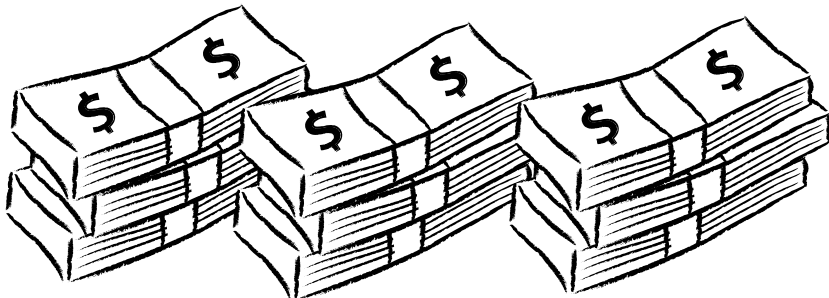
- a job or business where you are paid for your work
- your own business
- pension income from a company
- an allowance or trust that someone has given you
- support payments
- a gift from a family member or friend

Your money may also come from government benefits such as:

- employment insurance
- income from the Canada Pension Plan (CPP) or Old Age Security (OAS)
- child benefits
- disability benefits
- employment and income assistance
- rent subsidies (RentAid and 55 +)

## How do I get money?

Your money may be cash or a cheque that is given or mailed to you. It can also be a record of money sent directly to a **financial institution (bank)**.



A paycheque or record shows how much money you have earned. This is your gross income. It also shows how much you actually get. This is your net income.

Your net income is less because some of your money is deducted to pay for services and benefits, such as:

- Employment Insurance (EI) to help you if you lose your job
- Income Tax to cover government services
- Canada Pension Plan (CPP) as a contribution to your government pension
- Health benefits for a group plan
- Union dues if you are a member

Your statement may look like this...

NAME					Period end 2013/09/01		Payday 2013/09/07			
STATEMENT OF EARNINGS					EMPLOYEE DEDUCTIONS AND EMPLOYER CONTRIBUTIONS					
TYPE	HOURS	RATE	AMOUNT	Y.T.D.	TYPE	CURRENT	Y.T.D.			
RT HRS					FED.TAX					
OT HRS					E.I.					
STAT					C.P.P.					
...					...					
		GROSS PAY	DEDUSTIONS	NET PAY						
Current										
Year-to-date										

deductions

pay before  
deductions

pay after  
deductions

## SPENDING MONEY

Money is spent on things we need and want.

Things we need are basic expenses like:

- food
- rent or a home mortgage
- heat, electricity, water
- telephone
- health/dental care

Things we want are extra expenses like:

- movies or television
- restaurant food /coffee
- computers

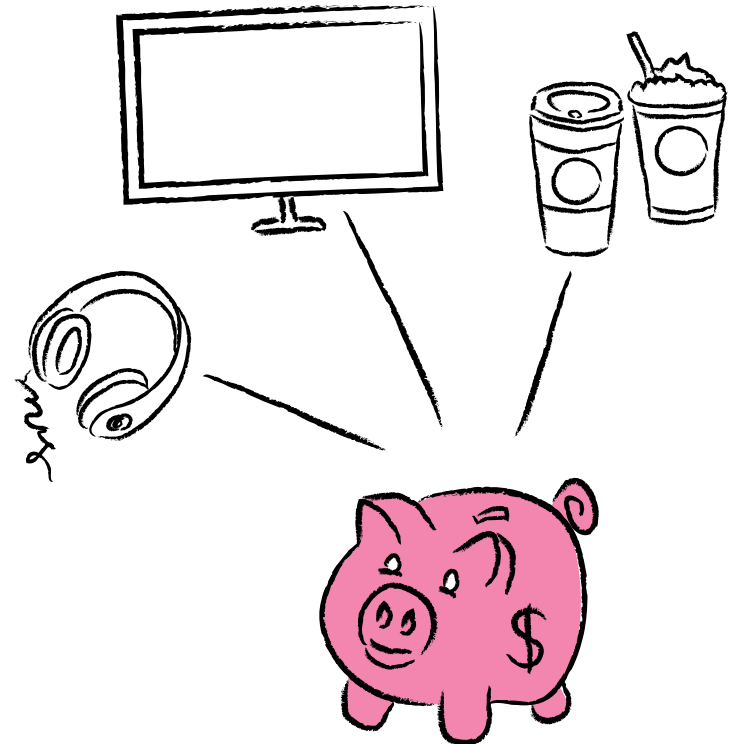


## SAVING MONEY

Saving is a good way to make your money work. If you want to have money for emergency expenses and things you may need or want in the future you need to start saving money now. A good way to save is to cut out extra expenses. Making and following a budget can help you do this.

### What is a budget?

A budget is a plan for using your money carefully. It shows how much money you get, spend and save. A budget can help you manage your money. Everyone needs a budget.





## MAKING A BUDGET

Making a budget can be fun once you begin.

You can start by:

### Finding out where you spend your money now.

Write down everything you spend your money on for one month. Include basic expenses and extra expenses, even a coffee.

### Thinking about what you need or want in the future.

You may need to learn a new skill, buy a home or start a business.

### What do I do next?

Make a list like this one and fill it in with your income and expenses.

A. Your Income (what I get):	
• wages	\$
• commission / tips	\$
• other (allowance, gifts, etc.)	\$
<b>Total Income:</b>	<b>\$</b>

B. Basic Expenses (what I need):	
• food	\$
• housing (rent or mortgage plus taxes and insurance)	\$
• heat, electricity, water	\$
• telephone	\$
• household items (toiletries, cleaning products, etc.)	\$
• clothing	\$
• health /dental care (medicine, check-ups, etc.)	\$
• transportation (car payments, gas, insurance, bus fares, etc.)	\$
• dept payments (credit cards, student loans, etc.)	\$
<b>Total Expenses:</b>	<b>\$</b>

### C. Extra Expenses (what I want):

• entertainment / movies / television	\$
• restaurant food /coffee	\$
• computers / cell phones	\$
• gifts	\$
• extra clothing or personal items	\$
• other	\$
<b>Total Extra Expenses:</b>	<b>\$</b>

### D. Total Expenses:

<b>B + C =</b>	<b>\$</b>
----------------	-----------

### E. Your Savings (what I can save):

<b>Total Savings: A - D =</b>	<b>\$</b>
-------------------------------	-----------

## REVIEWING YOUR BUDGET

Your income needs to be more than your expenses. If your income is less than your expenses you can:

- see where you can reduce or stop spending
- ask if you are getting all the government benefits you are allowed
- plan to earn more income by learning new skills to get a better job

You can also make a budget for a business. A bank can help you with all your questions about money.

## Where can I find a bank?

There are many kinds of banks. You can choose:

- a chartered bank
- a credit union
- caisse populaire
- trust company

If there is no bank where you live, you can contact a bank by phone or go online if you use a computer. Banks have many services that can help you manage your money.

## What are bank services?

Banks in Canada are safe places to keep your money. They have many services that can help you. Banking services and service fees may be different at each bank. Ask your bank how they can help you and what it will cost. You can talk with many banks before you choose one.

Most banks offer:

- chequing accounts for paying bills or buying goods
- saving accounts that pay interest on the money you **deposit**
- investments to help your money grow
- savings plans for retirement, education and disability

## Can I open a bank account?

In Canada, you have the **right to open a bank account** even if you:

- don't have a job
- don't have money to put in the account right away
- have been **bankrupt**

## How do I open a bank account?

When you are ready to open an account you can:

- go to the bank in person, or
- call or go online to ask if there are other ways to open an account

The bank will need to know:

- your name, address, telephone number and birth date

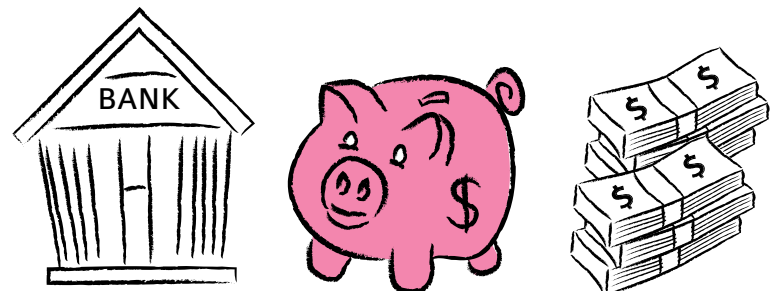
The bank will need to see:

- two pieces of original Canadian government identification (ID), for example:  
current Canadian passport, Canadian birth certificate, Canadian Social Insurance Number (**SIN**) card, Certificate of Indian Status (**CIS**), Permanent Resident card or a driver's license issued in Canada

What if I don't have two Canadian ID?

- If you have one government ID, the bank can also accept other forms of official ID, including:  
current foreign passport, Canadian credit or bank card with your name and signature, employer photo ID
- the bank may also accept confirmation of your identity from a person known by the bank

Banks have chequing and savings accounts to help you manage your expenses and savings.



## What is a chequing account?

A chequing account is a place to put money you use often. A chequing account can help you pay your bills, buy things and keep track of your money. Opening a chequing account is a good way to start banking.

When you open a chequing account you will be given cheques with your name, address and account number on them. You can use your cheques instead of cash.

The image shows a sample cheque with the following details and labels:

- your name and address:** Mr. Joe Anyone, 123 - 44th Street, Anywhere, MB ABC 103
- name of payee:** Manitoba Hydro
- today's date:** Sept. 01, 2013
- numerical amount:** \$ 110.50
- written amount:** One Hundred & Ten 50/100 Dollars
- MEMO:** Monthly payment
- your signature:** Mr. Joe Anyone
- what cheque is for:** (indicated by a line from the memo field)
- written amount:** (indicated by a line from the written amount field)

Other details on the cheque include: Cheque number: (1), DATE, CARDHOLDER, and a MICR line at the bottom: 001 12345 000 1234 1234567.

You will also get a bank card. Other names for this card are debit or Interac. A bank card gives you access to your money. It can also be used instead of cash.

You will be asked to choose a personal identification number (**PIN**) that you must remember. Your PIN is yours alone just like your signature. It is very important not to give anyone your PIN.



You can use your chequing account to:

### Deposit money.

You can take your money or paycheck to a bank, use an Automatic Teller Machine (**ATM**), or ask your employer to make a **direct deposit** to your account. Government benefits can also be deposited directly.

### Withdraw money.

You can use your bank card to get cash from your account at a bank, or use your bank card at an ATM or store with cash back services.

### Make automatic payments.

You can pay bills using an **automatic withdrawal** from your chequing account. This is helpful for bills you pay every month. The bank and the company you want to pay can help you set this up.

### Make purchases.

You can use a cheque or bank card to buy or pay for things. You may need to enter your PIN on a debit machine when you use your bank card.

When you open a chequing account ask the bank how to:

- deposit your cash or paycheque in your account
- withdraw your money
- set daily withdrawal limits
- write cheques
- track the cheques you write
- use your bank card

You should also ask:

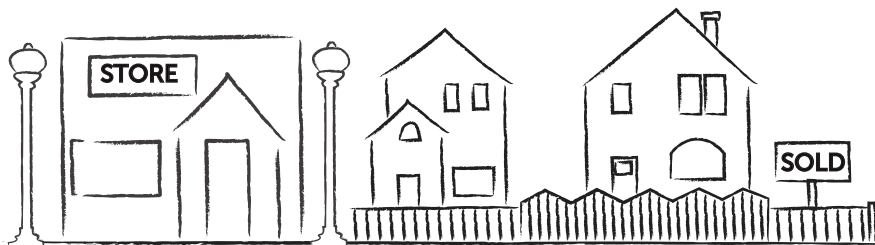
- if you will get a monthly statement of your spending and account balances
- if there are special banking packages for students, youths, seniors, newcomers to Canada or business owners
- what service fees will be charged

## Do I need a savings account?

A savings account is a safe place to put your money for future use. Banks pay interest on most savings accounts.

Banks do not all pay the same interest rate. Ask the bank what the interest rate is and how it is paid. A savings account will help you save money for:

- emergencies and unexpected expenses
- future goals like attending school, buying a home or starting a business
- extra expenses like furniture or a computer



## What if I need my money?

If you put money in a savings account you can take it out anytime. Most banks do not charge a fee for having a savings account but you may pay a fee each time you take money out.

You can only get out what you put in and you can set a daily limit on the amount you wish to take out.

You can use your bank card to take money out of your account:

- at a bank
- at an ATM
- at stores with cash back service

When you open a savings account be sure to ask:

- what rate of interest you will be paid and when
- if there is a minimum amount you need to save before you get interest
- if there is a fee for taking money out of your account
- if the bank insures your savings and for how much

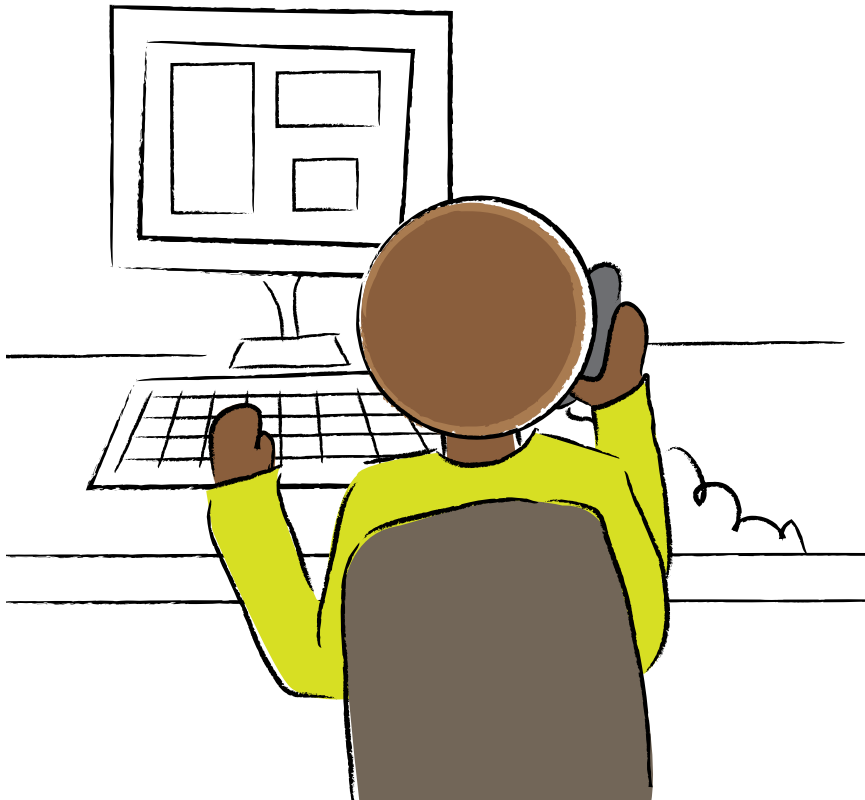


## What if I can't get to a bank?

Banks have **electronic banking** services that let you access your money at any time. You can get cash, pay bills or transfer money from one account to another:

- by phone
- an app on your smartphone
- by computer online
- at an ATM

Your bank can help you set up this service.



## How can I keep my money safe?

It is important to keep your banking information and PIN private. Remember:

- do not give your PIN to anyone
- do not let anyone see your PIN when you enter it at an ATM or on a debit machine
- do not keep your PIN and your bank card in the same place
- do not carry your PIN in your wallet
- do not write your PIN on your bank card
- do not give your PIN or banking information to anyone on the phone or online

Your bank can help protect you from theft if you:

- set a daily withdrawal limit on all of your bank accounts
- inform your bank immediately of the loss or theft of your bank card, credit card or banking information



## MAKING YOUR MONEY GROW

A bank can help you start saving for things you need and want in the future. Saving and investing are ways to make your money grow.

### Why should I save?

A savings plan helps you keep some of your income. By saving money each month you will have money when you need it. A savings account helps you save for things you need or want in a few months, a year or more.



## What is investing?

There are many different kinds of long term investments. These plans help you save for big things you would like to have in the future. You may want to:

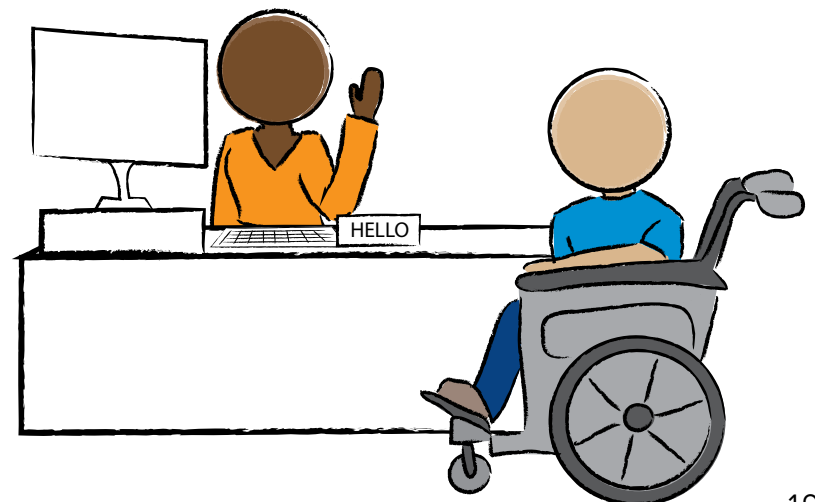
- learn a new skill
- set up an education fund for a child
- retire from work

Investments can earn more money than regular savings but they also have more risk. Some investments are not insured and can gain or lose value.

### How can I get started?

The best way to begin is to talk to a Financial Advisor at your bank. A Financial Advisor can help you:

- list your financial goals
- choose how to save and invest your money to reach your goals
- understand any risks



## BORROWING MONEY

If you do not have money for something you need you may want to apply for a loan or credit. It is important to be very careful if you borrow money. You need to be sure you have enough money to pay it back on time.

There are many ways to borrow money:

- banks have regular loans, student loans, mortgages and lines of credit
- banks, credit card companies and some retail stores have credit cards
- payday loan companies, pawn shops and money marts make short term loans
- car dealers may give you a loan to buy a car
- furniture and home improvement stores may give you credit
- some business organizations may lend you money to start a business

### What does it cost to borrow money?

All types of loans and credit have **interest charges**.

Interest charges are added to the amount of money borrowed and increase the total amount of money you need to pay back. This is the **cost of borrowing**.

Banks have legal rules for charging interest. These rules are in place to protect you.

Payday loan companies, pawn shops and money marts have different rules. Their interest charges are very high and can be hard to understand.

Loans and credit are debts that must be paid.

## What is debt?

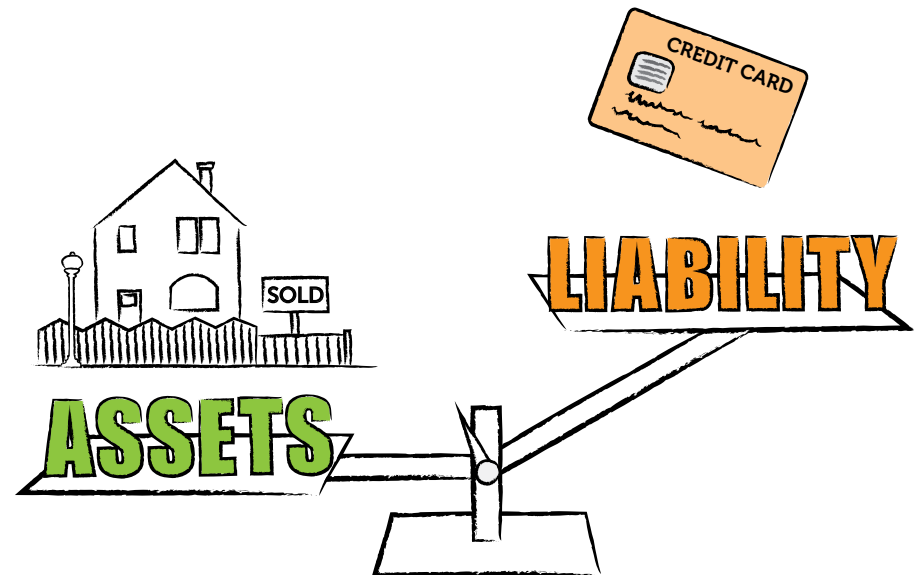
Money debt is a liability and it is measured against the value of what you have or your assets.

It is important to think of your reasons for borrowing. Borrowing money for extra expenses will quickly increase your liability.

Borrowing money to go to school, learn a new skill, buy a home or start a business can help you build assets.

Your assets should always be greater than your liability. If you borrow money, be sure to ask:

- what are the interest charges
- are there any other fees or costs
- what is the total amount of the loan including interest and any other charges
- what is the amount of each payment
- when are payments due





## Can I borrow money?

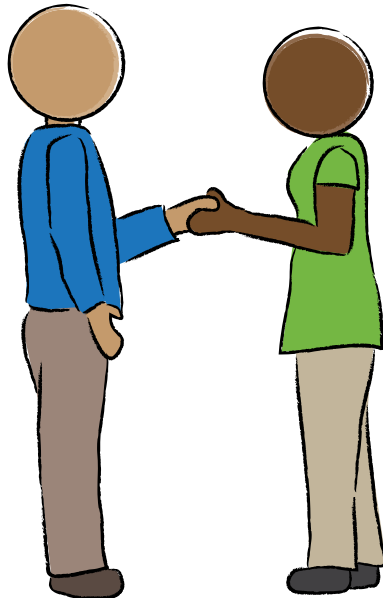
You must apply to borrow money. A bank will want to be sure you can pay it back. Having a job, a savings account, a home or business are assets. If you have assets, it is easier to get a loan or credit.

It will be hard for you to get a loan or credit if you:

- have no assets
- had a loan or credit and missed payments
- have never had a loan or credit

## What if I am refused?

If you do not have a **credit history** you can ask your bank how to get started. Many banks have a secured credit card that can help you become a credit customer and build a credit history. You need to deposit money in advance as a security to qualify for this credit card. Your bank can help you apply.



## USING CREDIT

Loans and credit cards can help people make their money work. Using credit wisely can help you build assets and a good credit history.

## How should I use credit?

It is important to include all loan and credit card payments in your budget. When using credit, be sure to:

- understand what the interest charges are and how they increase your debt
- record the amount you spend each time you use a credit card
- budget to pay back your total credit card debt each month
- pay more than your required minimum credit card payment if you cannot clear the whole amount
- make all credit payments on time

## What if I can't make payments?

Using credit as extra income can quickly lead to debt that is hard to manage. This can result in a bad credit history that is difficult to clear. You may want help if you:

- have a large debt
- use many credit cards
- miss credit payments
- make late payments
- pay only the minimum amount required
- use one form of credit to pay for another



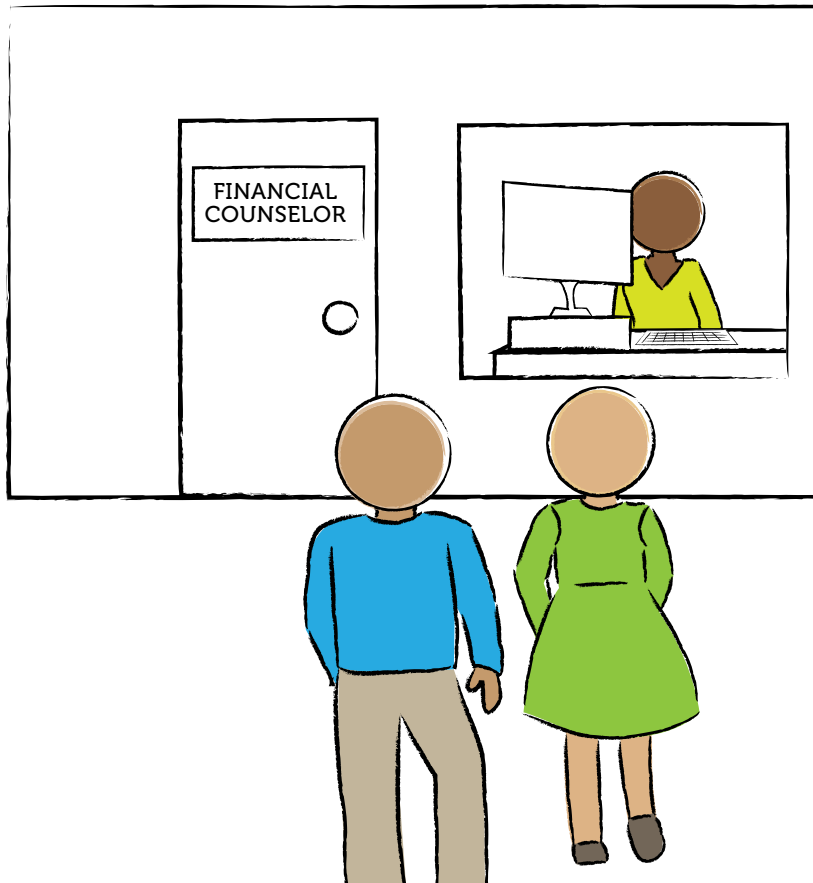
## Where can I get help?

A credit counsellor can help you make a plan to manage your debt. This service is often free. Contact:

### **Community Financial Counselling Services**

In Winnipeg call: (204) 989-1900

Toll-free in Manitoba: 1-888-573-2383



## What is my credit history?

Your credit history is a record of your credit payments. Banks or companies that give you a loan or credit card send the information to a credit-reporting agency. In Canada, this information goes to agencies called Equifax or TransUnion who use your credit history to make a credit report and set a credit risk score.

### **Your credit report shows your credit history...**



Your credit risk score is very important. Equifax and TransUnion assess your credit risk and give you a score based on your credit history. A high number is better than a low one.

Your number helps lenders decide:

- if they wish to lend you money
- how much they will lend you
- how much interest to charge

### How can I get my credit report and credit score?

You can order your credit report by phone, fax or e-mail. The easiest and safest ways to get your report are:

- by mail (free)
- by internet website (there is a cost)

Contact:

#### **Equifax Canada**

National Consumer Relations  
P.O. box 190, Station Jean-Talon  
Montreal, Quebec H1S 2Z2

Phone: Toll-free in Canada 1-800-465-7166

Fax: 514-355-8502

[www.equifax.ca](http://www.equifax.ca)

#### **TransUnion Canada**

Consumer Relations Centre  
P.O. Box 338 LCD 1  
Hamilton, Ontario L8L 7W2

Phone: Toll-free in Canada 1-800-663-9980

Fax: 905 – 527-0401

[www.transunion.ca](http://www.transunion.ca)

### Where can I learn more?

Many community agencies can help you learn more about money. Some of these are:

- adult learning centres
- libraries
- organizations that support people with disabilities
- immigrant centres and settlement offices
- youth centres
- employment centres and other government offices
- financial counselling agencies



## MONEY WORDS

**Financial institution (bank)** - a chartered bank, credit union, trust company or caisse populaire

**Deposit** - money that you, a trustee, an employer or government benefit plan puts in your bank account or secured credit card

**Right to open a bank account** - you can be refused a bank account if you have committed fraud against the bank, or if you have made threats to bank employees

**Bankrupt** - a legal process of last resort where a person or business declare they cannot pay their debt - bankruptcy affects your ability to get a loan or credit

**SIN** - a social insurance number you get from the Government of Canada. You need a SIN to work in Canada

**CIS** - a Certificate of Indian Status, or Secured Certificate of Indian Status (SCIS), used as an official form of identification for many First Nations Peoples

**PIN** - a personal identification number that is used with your bank card to access your money

**ATM** - an automatic teller machine found in banks, some stores, businesses and shopping malls where you can use your bank card to access your money

**Direct deposit** - income sent directly to your bank account in the form of a paper record

**Automatic withdrawal** - money that is taken out of your bank account to pay for expenses such as heat and water that you pay each month - you must ask for this service and give permission to the company that you wish to pay

**Electronic banking** - banking that you do by telephone or online from a computer

**Interest charges** - fees that are added to your loan and credit balances

**Cost of borrowing** - interest charges set by banks on money you borrow and must pay back - interest charges are added to the amount of money you borrow

**Credit history** - a record of your loan and credit payments

## YOU CAN MAKE YOUR MONEY WORK!



## Money resources:

### Financial Consumer Agency of Canada

[www.fcas-acfc.gc](http://www.fcas-acfc.gc)

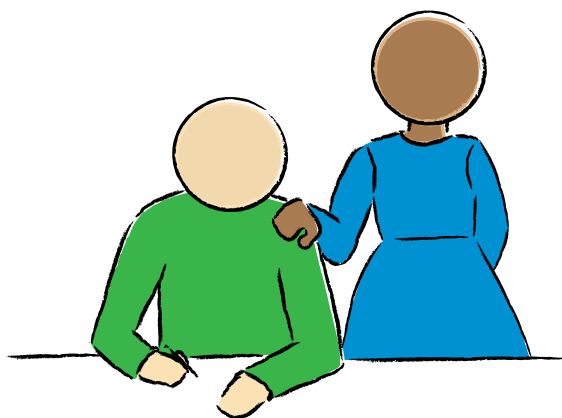
### Manitoba Association of Home Economists

Basic Skills for Living – Learning About Money

[www.basicskillsforliving.ca](http://www.basicskillsforliving.ca)

### Community Financial Counselling Services

[www.debthelpmanitoba.com](http://www.debthelpmanitoba.com)



## Talk to us about Adult learning and Essential Skill Development!

### Literacy Partners of Manitoba

Toll-free in Manitoba: 1-866-947-5757

[www.gotolearn.manitobaliteracy.com](http://www.gotolearn.manitobaliteracy.com)

Thank you to our partners for their assistance in the development of this publication.



### Community Futures Manitoba (CFM)

Entrepreneurs with Disabilities Program

Susan Bater – Program Coordinator

[www.cfmanitoba.ca](http://www.cfmanitoba.ca)



### Aboriginal Business Service Network (ABS Network)

Deborah Smith – Project Coordinator

[www.cfmanitoba.ca/absn](http://www.cfmanitoba.ca/absn)



### Canadian Youth Business Foundation (CYBF)

Joelle Foster – Director of Manitoba, Nunavut and North West Territories

[www.cybf.ca](http://www.cybf.ca)



**SEED** (Supporting Employment & Economic Development) Winnipeg Inc.

[www.seedwinnipeg.ca](http://www.seedwinnipeg.ca)

To order copies of this publication contact

## Literacy Partners of Manitoba

Phone: (204) 947-5757

Toll Free: 1-866-947-5757

E-mail: [literacy@mb.literacy.ca](mailto:literacy@mb.literacy.ca)

Website: [manitobaliteracy.com](http://manitobaliteracy.com)

[gotolearn.manitobaliteracy.com](http://gotolearn.manitobaliteracy.com)

*This project is funded in part by the Government of Canada-Office of Literacy and Essential Skills. The opinions and interpretations in this publication are those of the authors and do not necessarily reflect those of the Government of Canada.*

Canada 