

# Make it Count

A parent's guide to youth money management



FINANCIAL AND  
CONSUMER SERVICES  
COMMISSION OF  
NEW BRUNSWICK



*Adapted for New Brunswick by the Financial and Consumer Services Commission of New Brunswick  
with the permission of the Manitoba Securities Commission.*



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## Provide lessons that last

### *Hi Parents!*

Every day, I see my child learning more life lessons. He learns a lot from teachers and friends, but he also learns by watching and chatting with us.

We teach our children many things every day – but money management lessons may not be at the top of the list. But, when kids learn smart money habits at a young age, the benefits last a lifetime. It will help them:

- ▶ Be independent and self-sufficient.
- ▶ Make informed decisions and choices.
- ▶ Understand how their moods and expectations can affect how they save and spend.
- ▶ Use good judgment and look at consumption in a realistic way.
- ▶ Build the skills and knowledge to be financially secure.
- ▶ Prepare for and navigate the financial challenges they will face as they grow.

*Make it Count* has helped me bring money management lessons into our daily routine. The ideas in this book make it fun and keep it simple!

Keep this guide on hand for easy and quick activities, tips and tools. Trust me, it's not as scary as it may seem – it can be as easy as chatting about a grocery list. There are even easy ways to turn a case of the “gimmies” into a learning experience (you're welcome)!

Ready to get started? You've got this!

*-Marissa*



## Be a money mentor

Being a money mentor is often as simple as having a chat. Follow these tips to make teaching your child about money fun, easy and enjoyable:

- ▶ **Start early:** Good habits now mean great habits when they're adults. As soon as they start to show an interest in money, talk to your children about where it comes from, how it's earned, and how to spend it wisely.
- ▶ **Protect:** Children should not have to worry about household bills or be made to feel that they are a drain on the family's resources. The purpose of *Make it Count* is to provide your child with a positive and realistic attitude toward money. Only share financial information that is age appropriate.
- ▶ **Lead by example:** You are a role model and your child begins taking cues from you at a very early age. Assess your own financial habits and spending behaviour to make sure you are setting a good example. Follow these five steps to build your financial plan:
  1. Assess your money situation – Track your spending for one month.
  2. Build a budget – Determine your after-tax income; calculate your expenses; assess your long- and short-term needs; and decide on expenses that can or should be trimmed.
  3. Download our budget workbook [Build a Budget that Works](#)\* to build a budget that works in three easy steps.
  4. Set goals – Establish some short- and long-term savings goals.
  5. Make a plan – Write down the steps you'll take to meet your goals. Make sure these action steps make sense and the plan fits your money situation.
  6. Take action – Put your plan into effect and start on your path to financial security.

\* [fcnb.ca/en/online-services/resources](http://fcnb.ca/en/online-services/resources)



## Using the *Make it Count* Guide



### SECTIONS:

#### OUT AND ABOUT

Being on the go often includes running errands, visiting stores and spending money. Get your child involved to help them understand how to make a purchase and what goes into the decision.

#### LESSONS FOR LIFE

There are plenty of opportunities to teach basic money management – from saving and spending to safe investing. Help provide your child with the foundation for a successful financial future.

#### MILESTONES

Every family celebrates milestones. It might be your child's first day back at school, first cellphone or first job. Plan for these milestones together and help strike a balance between unrealistic expectations and your family's financial reality.

#### FUN WITH FRIENDS

It can be difficult for your child to manage money when they are with friends. Get them involved in group activities that show them spending less doesn't mean having less fun.

#### EXTRAS

This section includes a list of publications, websites, handouts and other resources that extend the lessons in the guide.



# Section A

## Out and about

*Being on the go often includes running errands, visiting stores and spending money. Get your child involved to help them understand how to make a purchase and what goes into the decision.*



## At the grocery store

Smart spending is about more than getting the best price. It's about planning ahead, sticking to a budget, and making informed choices. A trip to the grocery store is a great opportunity to help your child build these skills.



### ★ PLAN A LUNCH

Have your child help you plan their favourite lunch. Ask:

- ▶ What will go in your lunch?
- ▶ How much will it cost?
- ▶ How can you save money?

Help your child prepare a list of the items needed and search through flyers to see where the items are on sale.





## ★ STICK TO A LIST

At the grocery store, give your child their own grocery list and let them shop for their lunch items. Before shopping, let them know they can only buy what is on the list. If your child cannot read yet, have them cut out pictures from the fliers to make a visual list.

## ★ COMPARE YOUR OPTIONS

At the grocery store talk about all the options for the items on your grocery list. Ask:

- ▶ Is there a discount for buying in bulk (and if so, does it make sense to buy that much)?
- ▶ Are different brand options available? What is the price difference?
- ▶ How do you decide which product to buy?

## ★ BUDGET FOR A DINNER

Give your child a budget and have them plan (and, if they're old enough, prepare) a family dinner. Let them choose a recipe and figure out which ingredients are already in the house and which ones they will need to buy. Review the shopping list. Does it fit their budget? If not, provide some pointers on how to cut back or help them choose another recipe.

Once a recipe has been chosen, let your child select the items in the store, reminding them that they have to stick to their budget and buy only the items on their list.

### TIPS FOR TEACHING BY EXAMPLE

**Stick to the list** – Before going to the grocery store, be sure to make a list. This will help prevent impulse buying and eliminate the need for additional trips to the store to pick up forgotten items. Working off a set list will also help your child concentrate on the task.

**Set a limit** – Set a weekly grocery budget before you go to the store and stay within your budget.

**Check for coupons** – Most grocery stores have their weekly specials listed in store. Check to see whether the items on your shopping list are on special.



## At your financial institution

Learning how to use a bank or credit union is one of the most important financial lessons to teach a child. Help them understand how financial institutions can help them protect and manage their money.

### ★ USING A DEBIT CARD

Teaching children how to handle cash is important, but don't forget that for many children, debit, credit and online will be how they conduct most transactions. It is also important that children develop a good relationship with their account statement and get into the habit of checking it regularly, especially when they are using a debit card. This will help them understand that the money comes from someplace, and the ATM is not a magic money machine.

### ★ OPEN AN ACCOUNT

Chequing and savings accounts can help you manage your money and build savings for future expenses. Getting your child in the habit of depositing money and reviewing account transactions will help them build responsible spending and saving habits.

Before opening an account with your child:

- ▶ Figure out what they need – Ask your child what they plan on using the account for. Is it just for saving or do they also plan to make purchases? Do they want to use a debit card and access their money online? Are there extra fees for these features? Have your child make a list of features they would like their account to have and consider which ones are the most important.
- ▶ Shop around – Help your child shop around to find an account that best fits their needs. Most Canadian financial institutions offer special youth savings accounts, but a regular savings account may offer features that better fit your child's needs. You can get a lot of information about different accounts by visiting the websites of local financial institutions.
- ▶ Have your child bring the list of account features to different financial institutions. Ask what types of accounts are offered, how much they cost and what interest rates they are going to pay. Don't be afraid to ask lots of questions!



## ★ TEACH THEM HOW INTEREST WORKS

Most financial institutions pay interest on the money held in a savings account. There are two types of interest: simple and compound.

Simple interest is paid only on the amount you originally put in your account. With compound interest, you earn interest on the money you put in your account plus any interest you've already earned. Compound interest makes your savings grow faster! Check out this example:

You put \$1,000 into a savings account that earns 5% each year...		
Simple interest		
Year	Interest earned	Bank balance
1	\$50	\$1,050
2	\$50	\$1,100
3	\$50	\$1,150
10	\$50	\$1,500
Compound interest		
Year	Interest earned	Bank balance
1	\$50	\$1,050
2	\$52.50	\$1,102.50
3	\$55.13	\$1,157.60
10	\$77	\$1,628.90



## ★ REVIEW THEIR ACCOUNTS

Does your child already have a chequing or savings account? There may be newer account options available that better suit your child's needs. Have your child make a list of the features they would like their account to have and arrange for them to meet with an account representative at your financial institution to learn about different account options.

Have the account representative explain the features of your child's current account to see if it still fits their needs and discuss other account options if their account no longer works for them. Go through this exercise with your accounts too!

## ★ TAKE A TOUR

Ask your account representative to give you and your child a tour and explain how banking works. Don't be shy about asking questions. Where does the money go? How are deposits and withdrawals made?

### TIPS FOR TEACHING BY EXAMPLE

**Stay safe online** – By the time children are old enough to have a bank account, chances are they will already be very comfortable online. Online banking can be safe, but you should still make sure your child is taking precautions. Make sure the password they choose is one only they would know and that they keep it private. They should also check the website's security. You can do this by looking for a closed lock icon in the web browser.

**Review monthly account statements** – Get a monthly account statement and go through it together to make sure there are no mistakes.

**Look into Tax-Free Savings Accounts** – Increase your own savings with a Tax-Free Savings Account (TFSA), a new savings vehicle for Canadians. Any contributions made to your TFSA will not be deductible for income tax purposes; instead, any growth in the account will not attract tax. When it is withdrawn, the money will be tax free. Talk to a financial professional about TFSAs or learn more about them online.



## Shopping

All shops are designed to encourage customers to spend money. This makes it hard to avoid impulse purchases and stick to a budget! Teach your child how to spend smart and shop with a purpose!

### ★ COMPARISON SHOPPING

The next time your child needs something new, have them help you make the purchase. Set a spending limit before shopping. Have your child make a list of the product features most important to them and research the product options available. Next, check out all the stores that carry the item. Is there a sale at any of the stores? Is there a less expensive option? Have your child calculate the cost differences.



### ★ THE COST OF BEING COOL

Marketing messages and peer pressure can easily make children (and adults) believe that they NEED the latest products – from clothing and shoes to games. Social media like YouTube, Instagram and Snap Chat can have a strong influence on what we buy. YouTubers and other social media stars are often paid to promote products, and some even sell their own branded products. It's important to talk about the difference between needs and wants, and the difference between cost and value.

Have your child make a wish list, and have them comparison shop for the items on their list and similar products sold by other brands. Ask what other purchases they are willing to give up to get the things they want. Suggest they take a break from spending before making a decision. A cooling-off period may help them realize they don't need the item after all.



## ★ SET UP A CLOTHING ALLOWANCE

Unpredictable growth spurts make it hard to set a clothing budget for younger children. Once your pre-teen or teenager starts asking for specific clothing or brand names, consider setting a monthly or seasonal clothing allowance. This will give them the opportunity to practice independent budgeting within that allowance. Have them take an inventory of their existing clothes and plan out the purchases they will need to make over the next few months.

### TIPS FOR TEACHING BY EXAMPLE

**Look for sales and off season buys** – At certain times of the year, bargains can be found on various items. Clothing can go on sale at the beginning of a season, but if your child can wait until the season ends, prices on the clearance racks will be even better. Don't forget, a sale is only a good deal if you need it!

**Shop with a purpose** – Avoid shopping for fun with your child. Shop only when you really need something.

**Don't be afraid to return** – When you get home from the mall, have your child try on their new clothes again. Keep the tags on and be sure they still like the item as much as they did in the store. The same applies to home furnishings and accessories. Live with your purchases for a few days to make sure they "fit" before removing tags.

**"Shop" your closet** – Before going to the mall, check your child's closet to see what they really need. A new accessory might be all they need to freshen up their look. Make sure your child's closet is organized and ensure their shoes and clothes are clean and in good repair to avoid last minute panic purchases before a big event. Apply this tip to your closet too!

## At a restaurant

Going out to a restaurant can be fun for special occasions or a convenient alternative to preparing meals at home. Restaurant meals cost a lot more than a homemade meal and can really eat into a budget. Teach your child that a meal out is a treat rather than an everyday purchase.

### ★ BUDGET FOR A MEAL OUT

Before choosing a restaurant, set a budget for your meal and review the menu with your child to make sure it is within your price range. Help your child figure out what their portion of the budget will be and choose a meal. Talk about your child's selection. Do drinks cost extra? How about appetizers and dessert? After you've ordered, have your child use a calculator to figure out the total cost of their meal, including taxes and tip. Are you still on budget?

At the restaurant, help your child choose their meal, making sure it is the same price or less than the meal they chose at home. While waiting for the food to arrive, have your child add up the cost of their meal, including taxes and tip.





## ★ TURN YOUR KITCHEN INTO YOUR FAVOURITE RESTAURANT

Next time you are thinking about dining out, go through your favourite restaurant's menu and choose a meal that your entire family would enjoy. Ask your child to help you shop for ingredients and prepare the restaurant meal. It can be fun cooking with your child, and they will see that eating in can be just as much fun as dining out! Calculate the money that you saved by avoiding the restaurant markup, costly drinks, taxes and tip.

### TIPS FOR TEACHING BY EXAMPLE

**Each course costs** – Appetizers, drinks and desserts can really blow your budget. In many cases, these extras can double the cost of your meal! Make sure you and your child understand what is included in the price of an entrée and what is extra. Consider skipping the extras. Instead of buying an expensive restaurant dessert, plan to have a fun treat when you get home.

**Watch your refills** – Not all drink refills are free. If you and your child both order a drink refill, you could add an extra \$7 to your bill! If you dine out twice a month, that's almost \$170 a year!

**Discount dining** – Some restaurants will offer special deals at certain times or will have limited time promotions. Often, you can find coupons in the newspaper, in the mail or online – but be sure to read the fine print for expiry dates and exceptions before you go.



## Family fun

A family outing can be great fun, but the cost of movies, a trip to the water park, concerts and special events can really add up. Try to balance the expensive activities you enjoy with some less expensive or free alternatives. Saving money does not have to mean sacrificing fun, but setting priorities will help keep your budget on track.

### ★ BUDGET FOR A SPECIAL OUTING

Worrying about money can take the fun out of a family outing. Avoid stress by planning ahead. Before your next outing, have your child research the cost of the trip. Ask:

- ▶ What is the cost of admissions?
- ▶ Are there any discounts or coupons available?
- ▶ Will they need to rent equipment or a locker?
- ▶ Will they be buying food or treats at a concession?
- ▶ What will it cost to get there?

Are there ways to bring the costs down? What about packing a snack instead of buying one? Have your child help you choose and prepare fun snacks for the outing. The snacks don't need to be complicated – try using cookie cutters to make fun shapes out of fruit, cheese and PB&J sandwiches!





## ★ FUN FOR LESS

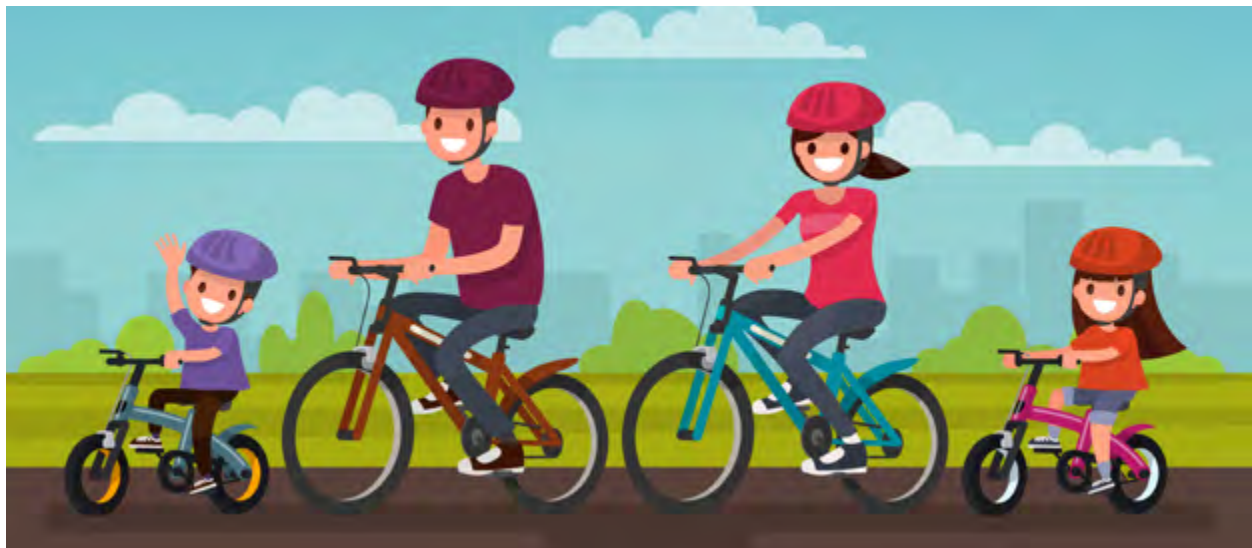
Many communities offer free and low-cost entertainment, such as cultural events, music festivals, sporting events, etc. Have your child check local papers, community guides and online resources to see what is available in your area. You may find many new, exciting and affordable things to do.

### TIPS FOR TEACHING BY EXAMPLE

**Discount days** – Many recreational facilities have discount days or special time periods with lower costs. For example, some movie theatres will offer free popcorn or discounted ticket prices on Tuesday nights, bringing down the cost of the outing significantly.

**Keep your money safe** – Whenever your child is at a movie theatre, arcade or any public place, remind them to keep their money safe from theft. Make sure they keep their money with them at all times. If they have to leave it unsupervised, like at a swimming pool, it should be placed in a secured locker.

**Watch the costs** – Before heading out, set up a budget for the day's activities. When you and your child are out on the town, costs can quickly add up. Keep a running tally of what you have spent and what you know you still have to spend.





## On the road

Whether you take a bus, bike or car, there are always ways to save money getting to and from the places you need to go.

### ★ TALK ABOUT THE COSTS

Children may not realize how much it costs to get from point A to point B. Next time you are on the go, take a few minutes to talk about some of the expenses that go into transportation. Take a look at this example.

Let's say you drive a \$25,000 family sedan. Your annual costs might be:	
Car loan payments	\$ 5,200.00
Gas	\$ 1,700.00
Insurance	\$ 1,200.00
Maintenance	\$ 1,000.00
<b>Total</b>	<b>\$9,100.00</b>

That's about \$760 a month! Even if your vehicle is paid off, owning the car will cost about \$325 per month! And don't forget, older vehicles require more maintenance. Ask your child to help you come up with ways to cut down on transportation costs. Here are some ideas to get you started:

- ▶ Consider organizing a carpool for after-school activities.
- ▶ Walk or bike to school.
- ▶ If public transportation is available in your area, consider taking the bus for your next family outing.





## TIPS FOR TEACHING BY EXAMPLE

**Cut fuel costs** – Maintaining your tire pressure, turning off your AC, driving a little slower and avoiding idling can improve your fuel efficiency. Maintaining your vehicle will also help to keep your fuel costs down.

**Buy monthly bus passes** – Buying bus passes on a monthly basis instead of paying each time you ride can save you a lot of money. For example, if you took the bus to and from work every day and paid the full fare (\$2.50) each trip, the cost would be roughly \$1,300 for the year. Monthly bus passes would only cost about \$900 for the year – a savings of \$400.

**Carpool** – Sharing driving responsibilities for the trip to work or school will save you money and improve the life expectancy of your vehicle. Having fewer vehicles on the road also means less pollution.



# Section B

## Lessons for life

*There are plenty of opportunities to teach basic money management – from saving and spending to safe investing. Help provide your child with the foundation for a successful financial future.*



## Setting goals

Motivating children to manage money should be fun and rewarding. Setting goals, whether they are short or long term, will help you and your child stay on track.



### ★ A FAMILY EVENT

Have your child help you plan a family activity – a dinner at a favourite restaurant, a play, a concert or a day trip. You and your child will need to figure out how much the activity will cost and ask each family member how much they can set aside each week to contribute to the activity. Younger children may only be able to contribute a few dollars, but they will learn the importance of setting and sticking to savings goals. Use the [Saver sheet](#) in the [EXTRAS](#) section to set your family goal and make a plan to achieve it. Consider putting the money in a savings account or family piggy bank at the end of each week.



## ★ SAVING UP

Has your child been asking for something special – a gaming console, an iPod, a guitar, trendy shoes or clothes? Use this opportunity to encourage your child to put money aside to purchase the item themselves or contribute toward the cost. They will have to look at their “income,” decide how much they can save and determine what other items they can do without to reach their financial goal. Have your child use the *Saver sheet* in the **EXTRAS** section to make a savings plan and track their progress.

### TIPS FOR TEACHING BY EXAMPLE

**Start small** – Make sure your first few goals are reasonable. You don’t want your child to get discouraged and give up on the savings plan. Work toward more than one goal at a time. Try working on a simple, short-term goal (like a trip to the movies) while you work toward a long-term goal (like saving for education) at the same time.

**Set an example** – If you start a *Saver sheet* from the **EXTRAS** section with your child, make sure you stick to the plan and save until you reach the goal. Following through with your plan will set a good example for your child and show them the importance of saving.





## Budgeting

Budgeting teaches the basics of money management: keeping track of money, saving, planning for spending and living within your means. Introduce your child to budgeting as soon as they start using money.



### ★ START A BUDGET

When your child starts budgeting, make it simple. Have them track the money they earn and spend for a week using the [Youth budget sheet](#) in the [EXTRAS](#) section. At the end of the week, review their budget and talk about how they might improve next month. Ask:

- ▶ What did you enjoy spending your money on?
- ▶ What did you regret spending your money on?
- ▶ How can you reduce your spending and save more?
- ▶ How can you make more money?



## ★ BUILD ON WHAT THEY LEARNED

Once your child has gotten used to tracking their spending, take it to the next level. Have them estimate how much they could earn in a week or month, and make a plan for how they would like to spend their money the following week or month. This plan should also include money for saving. Ask:

- ▶ What do you plan to spend your money on (for example, clothing, entertainment, cellphone, etc.)?
- ▶ How much do you plan to spend on each category?
- ▶ Which categories are more important to you? Why?
- ▶ Did you build saving into your budget? What are you saving for?

### TIPS FOR TEACHING BY EXAMPLE

**Giving allowance** – Before giving your child an allowance, talk about how it should be managed. Encourage them to “pay themselves first” by saving a portion of their allowance before spending. Next, decide what portion of the remainder should be spent, shared and invested.





## Investing in education

As tuition and living costs rise, it becomes increasingly important to save for what matters. While the idea of saving enough money to provide your child with a university or college education may be intimidating, opening a Registered Education Savings Plan (RESP) can help make it happen.

### ★ TALK ABOUT POST-SECONDARY COSTS

What does your child want to be when they grow up? Talk about the post-secondary programs they are interested in and research the costs (for example, tuition, books, living expenses, transportation, etc.). Once you and your child figure out how much their education will cost, talk about different ways to pay for education (for example, savings, RESPs, scholarships, grants, bursaries, loans, etc.).

### ★ OPEN AN RESP

An RESP is a savings plan that is designed to help parents and caregivers save for a child's post-secondary education. This account lets your savings grow tax-free until the beneficiary (your child) enrolls in an education program after high school. In addition to the interest you may earn on your investment, you will also receive yearly contributions from the Canadian Education Savings Grant (CESG).

To give you a better idea of what you can save with an RESP account, check out this example.

Let's say your child is now 10 years old...	
Your family's combined income	Between \$35,595 and \$71,190 a year
Your rate of return*	6%
Your investment period	8 years
Your personal contribution	\$2,200 a year
Your total personal contributions	\$17,600
Total CESG contribution	\$3,600
Interest earned – on personal and CESG contributions	\$6,512.73
<b>Your Total Education Savings</b>	<b>\$27,712.73</b>

These numbers are an estimate only.

\*Rates of return will vary.



Families with a net income of \$45,382 or less may be eligible for extra RESP funding through the Canada Learning Bond. Eligible children receive \$500 plus \$100 each year they are eligible until age 15 or a maximum of \$2,000. To learn more about the program, visit New Brunswick's [Economic and Social Inclusion Corporation's website](#)\*.

After opening an RESP account, talk to your child about how you will make contributions. Once your child starts earning money, encourage them to make their own contributions! Set up a plan and determine what percentage of their allowance, income or gifted money should be put into the RESP.

### TIPS FOR TEACHING BY EXAMPLE

**Start today** – Even if it is only possible to put a small amount of money aside every month for education, start doing it now! Contributions start earning interest right away and, with the rising cost of post-secondary education, it is important to save as much money as possible.

**Look into scholarships** – It is never too early to start looking at scholarship, grant and bursary opportunities. Many of these programs start in Grade 10. When your child is old enough, book an appointment with their school's guidance counsellor or visit the Government of Canada's [Student Financial Assistance](#)\*\* web page for more information.



\* <http://www2.gnb.ca/content/gnb/en/departments/esic/bond.html>

\*\* <https://www.canada.ca/en/services/jobs/education/student-financial-aid.html>

## Earning money

Where does money come from? The bank? An ATM? A magical plastic card? It is never too early to talk about where money comes from – it's earned.

### ★ EXPLORE HOW BUSINESSES WORK

Help your child understand basic business concepts by discussing how businesses work. Choose a business, like a restaurant or movie theatre, and use these discussion points to get the conversation started:

- ▶ What are the pros and cons of running this type of business?
- ▶ Does the business provide a product or service? Or both?
- ▶ What products or services do they provide?
- ▶ What are their costs to produce and deliver that product or service?
- ▶ What kinds of people work there?
- ▶ How do these variables affect the consumer? Take a restaurant for example. What do they pay for food and equipment, for cooks and servers, for rent and taxes?
- ▶ How do people get to know about the business?
- ▶ How do they decide what to charge for each product or service?





## START A BUSINESS

Starting a small business is a great opportunity for children to recognize their personal interests and develop new skills. Help your child choose a business by brainstorming a list of products and services needed in your area. Some options include mowing lawns, shoveling driveways, dog walking, plant care and babysitting.

Once your child has chosen a business, help them through the following steps and record your plan.

1. What is needed to start – tools, equipment, etc.? Which of these do you already have and which do you need to purchase?
2. Where can you get the best deals on these items? How much will they cost?
3. Where will the start-up money come from?
4. If parents are lending the money to start the business, how will it be repaid?
5. How are you going to attract customers?
6. How much do you have to charge to cover expenses and make a profit?

### TIP FOR TEACHING BY EXAMPLE

**Attach value to chores** – Attach a value to the chores for which your child is responsible. If your child's weekly allowance is \$10, come up with five \$2 chores for them to do throughout the week. Chores must be completed before they receive their allowance.





## Credit

A credit card can seem like free money until you know how it works. Teach your child about credit early so they can make smart decisions when they have their own credit card.

### ★ BORROWING FROM THE “BANK OF MOM AND DAD”

The next time your child asks to borrow money to pay for something they want, charge them interest and set up a payment schedule. Make sure they know the importance of sticking to the agreement, and let them know you will only lend to them again if they repay their debt on time!

The payment doesn't have to be money – another option is getting them to do extra tasks to help out around the house (like special chores or odd jobs). It is important for them to understand they need to have a plan to pay back debt, and that this plan may take time and work.

### ★ CREDIT CARD BILL SHOCK

Instead of lending your child money to pay for something they want, have them use the Financial Consumer Agency of Canada's [Credit Card Payment Calculator](http://itools-ioutils.fcac-acfc.gc.ca/ccpc-cpcc/ccpc-cpcc-eng.aspx)\*. The calculator will help them figure out:

- ▶ How much it will cost to borrow.
- ▶ How long it would take them to pay for the purchase if they used half of their allowance to pay back the loan each month.
- ▶ How much they could save if they paid in cash.



\* <http://itools-ioutils.fcac-acfc.gc.ca/ccpc-cpcc/ccpc-cpcc-eng.aspx>



### TIPS FOR TEACHING BY EXAMPLE

**Have a clear plan for paying back debt** – Taking on debt is convenient in the short term, but you shouldn't borrow more than you can afford to pay back.

**Think about the lifespan of a product before you buy** – Don't let your payments outlive your purchases. For instance, if your child wants to buy a video game they think they will be done playing within three months, but it will take five months to repay the debt, it might not be wise to borrow money for that purchase.

**Read your contract** – Before using credit, know what you are agreeing to. Your credit contract should tell you: the interest rate you're being charged, the term, the total cost of credit, the amount of time you have to pay off your bill without being charged interest, when your payments are due and how long you have to make the payments.

## Saving money around the house

Help your child understand the costs that go into running a home so these expenses don't come as a surprise when they move out on their own. There may be a number of ways you can reduce your monthly expenses, whether it be heating costs or non-essential purchases. Think about where you can cut back, make the changes and invest the money you saved.

### ★ LOOK AT WHAT YOU'VE GOT

Go through your child's room and have them estimate the cost of everything in it. Ask whether they think each item is a "need" or a "want" item. For example, a bed is a "need" item and toys or electronics are "want" items. Ask them how important each item is to them. How often do they use each item? If they had to give away some of their belongings, what would they give up?

Add up the value of all the items and figure out the difference between the needs and wants. How much would you have saved if just half of the want items had not been bought?

Next time your child asks for a new "want" item, use the [Saver sheet](#) in the **EXTRAS** section and work toward the goal together. Or better yet, see whether your child is willing to put that money into savings instead.

### ★ A LITTLE CHANGE

Keeping a family piggy bank can be a good way to teach your child about the benefits of saving. Start with an empty coin bank. Every time you or your child has a little extra change, put it in the bank. Check it at the end of each week to see how your savings has grown.





## A HOUSEFUL OF SAVINGS

Your house can be a money pit. There are several ways that you can reduce costs around the home while also teaching your child how to spend smart and save. Talk to your child about costs associated with maintaining a house, such as heating costs, electricity, water, taxes and insurance. Take a critical look around your home and see where costs could be reduced. For example, energy and water savings solutions will help reduce monthly expenses and also reduce your carbon footprint! Visit your utilities company's website to find some great energy saving solutions.

### TIPS FOR TEACHING BY EXAMPLE

**Try DIY-** Consider doing it yourself rather than paying for small home repairs like painting, unclogging a drain or fixing a leaky pipe. Be sure to call an expert to tackle tasks that are outside your area of expertise. Some things, like electrical work, should be left to the pros.

**Get the most out of your telecom services-** You can save money by bundling your phone, TV and Internet services. Remember, it is only a good deal if you are using the services you are paying for. If you don't need lightning fast Internet, switch to a lower speed plan. Cable packages and premium channels can be costly – consider ditching cable for a subscription service, like Netflix or Amazon's Prime Video.

**Be green:** Reducing your water energy consumption will help your bank account and the planet. Save on water by taking shorter showers and always filling each load of laundry. Lower your energy bill by unplugging appliances when they aren't being used and switching to energy efficient light bulbs.



## Online safety

Young people are often the targets of online frauds and scams, especially through social media. You and your child need to be aware of the different types of frauds and scams out there so you can spot the red flags and stay out of fraud's reach.

### ★ STAY SAFE ON SOCIAL MEDIA

Is your child a social media user? Sharing pictures and personal information through social networking sites like Facebook, Twitter, Instagram and Snap Chat can put their identity and account at risk. Help them protect their information with these tips:

- ▶ Review privacy settings: Limit who can see your child's account and tag them in photos.
- ▶ Block strangers: Be sure your child doesn't accept friend requests or messages from people they do not know.
- ▶ Review posts and photos: Have your child delete and un-tag themselves from posts and photos.
- ▶ Do not share:
  - Date of birth
  - Phone number
  - E-mail address
  - Name of school
  - Home address or the city you live in
  - Workplace

### ★ SET A SECURE PASSWORD

A strong password can help protect your personal information from fraud. Use these tips to help you and your child set a secure password:

- ▶ Use a combination of upper and lower case letters.
- ▶ Include at least one number.
- ▶ Include at least one character that isn't a number or letter (for example, \$,\*,&,!).
- ▶ Use alternative spelling or change some of the letters to numbers (for example, change the letter o to the number 0).
- ▶ Do not use information that can be easily found on your social media page, like your birthday, pet's name or favourite sport.



## ★ MAKE A CHECKLIST

The Internet is a quick and easy way for scam artists to target victims. Fraudsters can operate anonymously from anywhere in the world, making them almost impossible to catch. Once you've given your money to an online scam artist, it's likely gone for good.

When you and your child are at the computer together, open your e-mail account and review your messages.

Before opening an e-mail, clicking links or downloading files, ask these questions:

- ▶ Do I know the person sending me this attachment by e-mail? It is possible to fake the address the e-mail is coming from? Was I expecting an attachment from the sender and, if not, should I check with them before opening it?
- ▶ Do I know this company and where they are located?
- ▶ Is there a padlock or padlock and keys icon?
- ▶ Does the website address begin with https – not just http?
- ▶ Did I contact the company, or did they contact me?
- ▶ If the company contacted me, do I know they are who they say they are?





## TIPS FOR TEACHING BY EXAMPLE

**Visit FCNB.ca** – Visit the Frauds & Scams\* section of our website for tips to help you spot the red flags of fraud and stay out of fraud’s reach. You can also sign up for Fraud Alerts\*\* to get the latest fraud warnings sent straight to your inbox.

**Don’t give out your personal information** – Banks, credit card companies and other legitimate businesses will never ask you to provide personal information via e-mail. If you get an e-mail that appears to be from your financial institution asking you for confidential information, do not click on any links provided and do not give out any information.

**Install anti-virus software, a firewall and anti-spyware software** – These programs can help prevent fraudsters from hacking into your computer to steal your information.

# STAY OUT OF FRAUD’S REACH!



\* [fcnb.ca/en/frauds-and-scams](http://fcnb.ca/en/frauds-and-scams)

\*\* [fcnb.ca/en/contact/subscribe-to-email-notifications](http://fcnb.ca/en/contact/subscribe-to-email-notifications)

# Section C

## Milestones

*Every family celebrates milestones. It might be your child's first day back at school, first cellphone or first job. Plan for these milestones together and help strike a balance between unrealistic expectations and your family's financial reality.*



## First cellphone

A child's first cellphone is a big step toward independence. Make sure you are both ready for the financial implications before signing up.

### ★ TEACH BEFORE THEY TALK

Make sure both you and your child understand what you are getting into before signing a cellphone contract. Talk about the real costs of owning a cellphone. Staying within the plan cannot be stressed too strongly! It is very easy to overspend on text messaging, sending pictures, long-distance charges, surfing the Internet, and downloading apps and games. Think twice about linking your credit card to a cellphone. Even free app and game downloads can end up costing you money through in-app or in-game purchases. These services can add up to hundreds of extra dollars.

Before buying a phone, spend time with your child carefully comparing different plans. Consider pay-as-you-go options to help your child manage their cellphone costs.

### ★ REVIEW THE BILL

Review your child's bill with them each month. Have they stayed within budget? If not, ask your child what they will do to make sure they stick to their budget next month, and how they propose to pay for any extra charges. Are there any mistakes? If the phone company has made a mistake, follow up immediately to correct the issue.



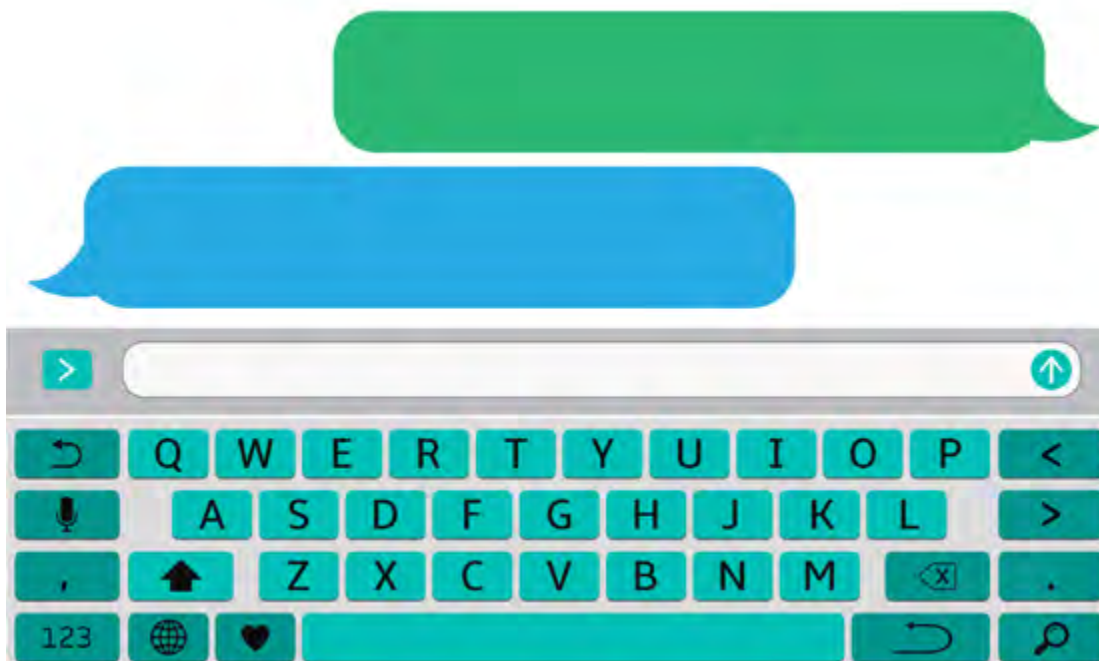


## TIPS FOR TEACHING BY EXAMPLE

**Check the extra costs** – Carefully review the extra costs associated with the cellphone. Make sure you recognize all of the long-distance calls, text messages, music downloads, web use and photo fees. The cost of games, apps, in-app purchases and subscription fees can also add up. Think twice before downloading!

**Compare plans** – Before buying, decide what you want in a cell package and check out all of the providers in your area. Don't settle for the first offer you get. You can often get significantly reduced rates if you are patient and determined. Don't forget to consider the cost of the phone itself.

**Be an active co-signer** – Children require an adult co-signer to get a cellphone. When you co-sign, you are accepting responsibility for the bill. If your child doesn't pay their bill, your credit will be damaged.





## First job

**Your child may be a few years away from their first real job, but you can still talk about it. Even mowing the lawn, babysitting or walking the dog are all jobs if your child is paid to do them.**

### ★ FIRST PAYCHEQUE

Do you remember when you first realized that you couldn't spend your entire paycheck on fun? Because children do not have financial responsibilities, they tend to spend everything they earn. This creates an unrealistic idea of what their discretionary income (money they can spend on themselves, after other expenses have been paid) will be. Helping your child to spend within their means will make it easier for them to prioritize spending when they are older.

Help put their desired purchase in perspective by working out how many hours they will need to work to buy the item. If they want to buy something that costs \$56 with sales taxes, and if they get paid \$8 an hour after taxes and deductions, then they would have to work seven hours to pay for the item.

### ★ HOW TO READ A PAYSTUB

Your child may be shocked the first time they get paid to find not all of their wages make it to their bank account. Because most of us are paid by direct deposit and often don't read our paystub, we may not know what or how much we are paying in deductions. When your child gets their first pay, go through their paystub with them. Explain the taxes that are being deducted, CPP and any other deductions. Download our [How to read a paystub\\*](#) handout to learn about common payroll deductions.



\* [fcnb.ca/en/online-services/resources](https://fcnb.ca/en/online-services/resources)



## ★ MAKE A PLAN

Together, make a plan for how their money should be spent. Ideally, they should be putting at least 10% of every paycheck into a savings account. Try to make sure this happens before they spend. For example, if their pay is deposited into a chequing account, your child may be able to set up an automatic transfer of 10% into a separate savings account.

### TIPS FOR TEACHING BY EXAMPLE

**Put 10% of your pay into your own savings!** – “Paying yourself first” means prioritizing savings before spending on anything else. Aim to put at least 10% of the money you earn into a savings account as soon as you are paid. If 10% isn’t realistic, start small and look for ways to cut back on spending so you can save more.

**Set realistic spending limits!** – If you only get to spend 25% of your own paycheck as discretionary income, make sure it is the same for your child. Have them put the majority of their money away and save it. They may not want to be restricted with spending, but it helps prepare them for the financial responsibilities they will have when they leave home.

**Teach them about “real life” expenses** – Talk to your child about the “real life” expenses they will encounter when they are older and living on their own. Show them how your own paycheck is spent. Make sure they understand how to support themselves with the money they earn – it isn’t all about having the cash to buy cool things!

## First day of school

The first day back to school is a major event for both you and your child. The costs associated with school are continually on the rise and can be difficult for parents and guardians to manage.

### ★ RECYCLE LAST YEAR'S SCHOOL SUPPLIES

Keep the supplies your child comes home with at the end of the school year and shop at home before heading to the store. Items like backpacks, lunch bags and binders may not need to be replaced each year. Not only will you save money, but you will also teach your child that their belongings are not disposable and a new school year doesn't mean having to buy everything brand new!



### ★ PACK LUNCH TOGETHER

Packing a lunch versus buying lunch is a big cost saver, for both you and your child. Take some time together before each school day to pack your lunches. If you both have the same lunch, you'll cut down on prep time, save money, and probably end up with a more nutritious meal than you would buy. Have your child help you scan the weekly grocery ads for bargains on favourite lunchbox selections.

### TIPS FOR TEACHING BY EXAMPLE

**Save a bit of money for hidden school costs** – Put a bit of money away each month for your child's school activities and surprise expenses, like school plays, field trips and fundraisers. These unplanned costs can throw your budget out of balance.

**Cut the cost of extra-curricular activities** – Consider buying necessary sports equipment at a store that sells used sporting goods or rents items. You may also be able to rent musical instruments. Even if this does not work as a long-term solution, it can keep your costs down through the trial phase.



## Birthday

Birthday parties are a big part of childhood fun. These celebrations don't have to break the bank. There are plenty of ways to plan a memorable party or give a thoughtful gift without straining yourself financially.

### ★ SET PRIORITIES

Set a realistic budget before planning a party. Ask your child what kind of party they want. How many friends do they want to invite? Where do they want to go? What do they want to do? Work with your child to accommodate their requests within the budget.



## ★ BE CREATIVE

After making a plan for your child's birthday, it's time to start preparing. Here are some fun and creative ways you and your child can work together to save on the party's cost.

- ▶ Bake your own cake or cupcakes and prepare the birthday food. Look for make-ahead finger-friendly recipes that can be frozen and ask your child to help you prepare them.
- ▶ Don't spend a lot of money on stuff that will end up in the trash. Visit your local discount store for reasonably priced party invitations, paper napkins and plates, plastic utensils, decorations and favours. You can save even more (and have a lot of fun) by making your own invitations and decorations with your child!
- ▶ Save money on entertainment by hosting an at-home movie party or spa day instead of paying for recreation facilities. Check out the [FUN WITH FRIENDS](#) section for more ideas!



### TIPS FOR TEACHING BY EXAMPLE

**Giving gifts** – Birthday or holiday gifts can really add up, especially when you are spending \$20 on gifts for your child's friends! Children can be creative with gift giving – a mini scrapbook, a special outing or a small donation made in their friend's name can leave a lasting impression and won't cost as much.





## Family vacation

Family vacations are a great opportunity to explore new places and build lasting memories. They can also be expensive. Make sure your next vacation doesn't leave you broke and stressed. Plan a vacation that fits your family's interests and budget!

### ★ PLAN IT TOGETHER

Before making any plans, set a budget. With that budget in mind, have your family work together to choose a destination and make an itinerary.

Gather as much information as you can! You can find information about your destination online and from travel brochures. Go through the information as a family and ask everyone who is going on the trip for the number one thing they would like to do. Write everything down and see which activities fit your budget.

Entertainment isn't the only costly item. Have your child write down all of the things they think may cost money on the trip. Transportation, accommodations, meals and entertainment should all be considered. Once you have written down all the costs, go through your budget and look for ways to reduce these costs.





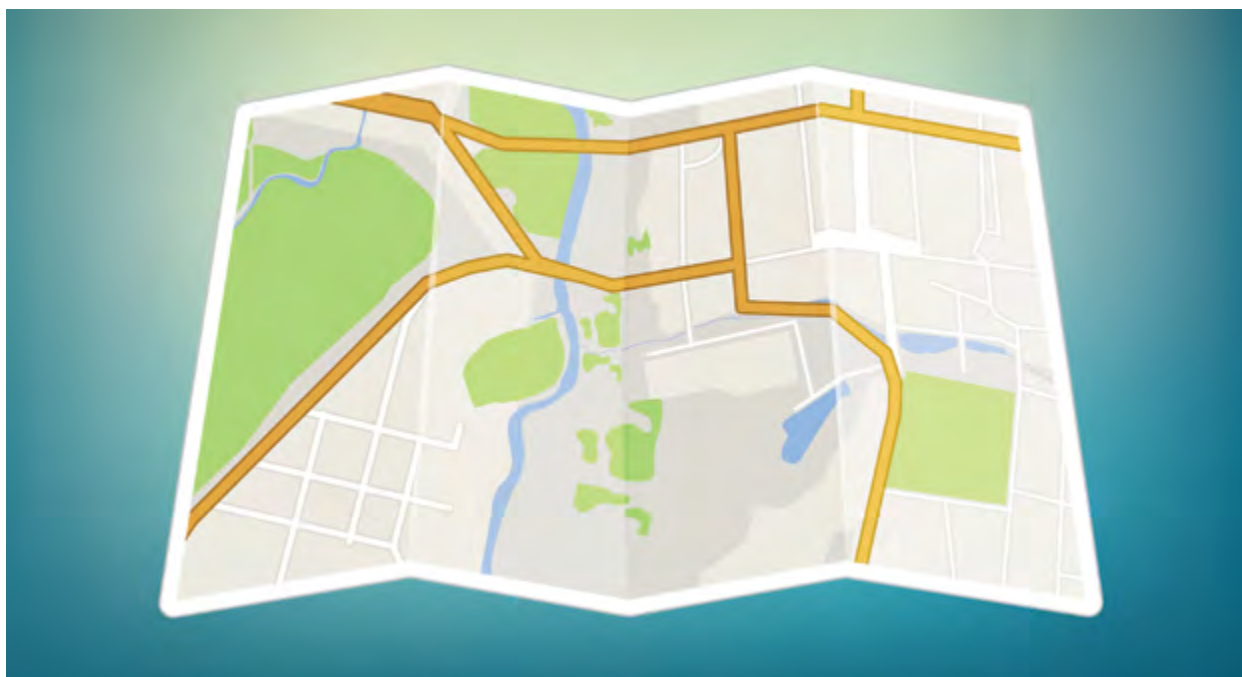
## ★ CLOSE TO HOME

A memorable family vacation doesn't need to take you across the world or cost a small fortune. Ask your child to research tourist attractions and vacation spots close to home. Give them a budget and have them plan a weekend trip. You can offer guidance, but let them do it on their own. Once they present their suggestions, ask them to cut the budget a bit, even just a few dollars. If the trip seems feasible, start putting money aside as a family to save up for the trip! Use your [Saver sheet](#) in the [EXTRAS](#) section to track your progress.

### TIPS FOR TEACHING BY EXAMPLE

**Try a day trip instead** – Low-cost day trips are a great way to explore your community and still keep money in your wallet. Check out local community centres and websites for more information on activities and events going on close to home.

**Travel in the off-season** – If you can get away in the off-season, you can save hundreds of dollars! The trip can be far less expensive and the destination will probably be less busy.



# Section D

## Fun with friends

*It can be difficult for your child to manage money when they are with friends. Get them involved in group activities that show them spending less doesn't mean having less fun.*





## Recreational spending

Being responsible with money does not mean that children can't have fun. There are plenty of ways to have a good time with friends while still learning about smart money management.

### ★ MOVIE NIGHT

Encourage your child to plan an at-home movie night with a few friends. With just a bit of planning, it can be a great alternative to going out to the theatre.

Help your child do a cost comparison. For example:

Four friends go to the theatre	
Tickets	\$51.80
Popcorn	\$20.00
Pop	\$20.00
Tax	\$13.77
<b>Total</b>	<b>\$105.57</b>
Four friends watch a movie at home	
Netflix monthly subscription	\$8.99
Microwave Popcorn	\$5.00
Pop	\$5.00
Tax	\$2.85
<b>Total</b>	<b>\$21.84</b>

Let your child and their friends pick out a movie and take them out to buy treats. If everyone chips in, they can get a movie, popcorn and pop for far less than it would cost to go to the theatre.

### ★ BE A STAR

Help your child and their friends organize their own neighbourhood talent show.





### ★ SPA DAY

A spa party is easy to organize. Children can provide their own supplies or borrow from family members. Or the group can chip in to purchase polish, facial masques or other spa products.

### ★ CLOTHES CONNECTIONS – AND MORE

Help your child organize a clothing exchange with friends. Trading will let them get something that's new to them without spending any money. If you are hosting the event, talk to the other parents and explain the concept. Ask them to send their children along with clothes, shoes and accessories they no longer wear, but are still clean and in good condition.

Children will receive a ticket for each garment they bring. They can use the tickets to buy items at the exchange. If several people want a particular item, a draw can be held. Swap parties don't have to be limited to clothes! You can also set up a swap for games, books, magazines, toys and collectibles.



### ★ PLAN A PICNIC

Instead of hanging out at the mall food court or a fast food restaurant, help your child and their friends prepare a picnic to enjoy in the local park. Not only will they save money, they'll have fun planning and preparing for the outing. The group can chip in to purchase sandwich fixings, pickles, nuts, fruit and healthy treats, and you can assist by supervising the preparations. If it is too cold outside to do a picnic, have one at home in your rec room.



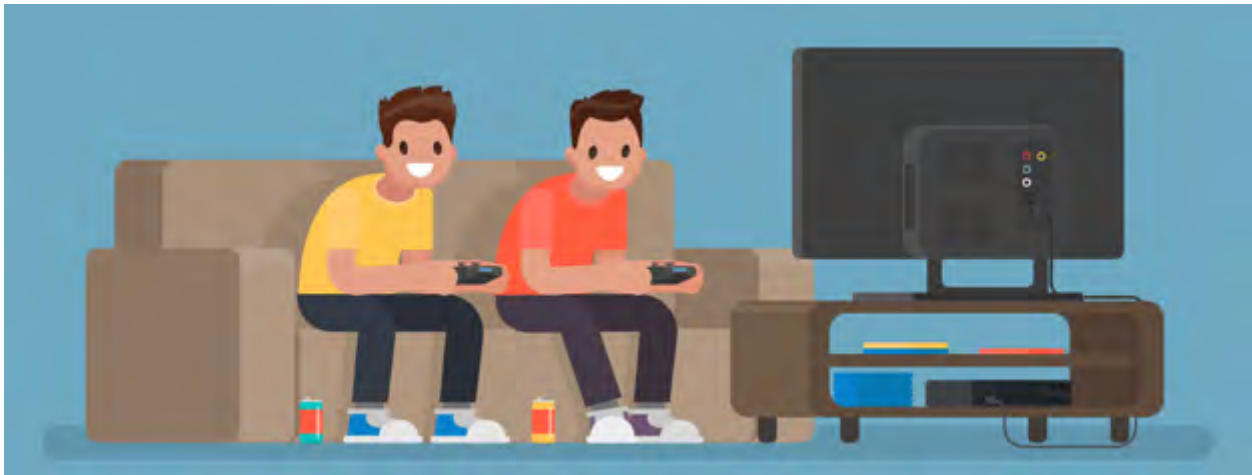


## ★ SLEEPOVER PARTY

Help your child plan a sleepover and ask their friends to each bring a sleeping bag, pillow, pyjamas, toiletries and a change of clothes for the next day and a favourite snack to share. Kids can play board or video games, tell stories, watch movies or any number of activities!

## ★ VIDEO GAME NIGHT

Keeping up with newly released video games and game consoles can be costly! Instead, share your child's system with their friends, and vice versa. Help your child host a game night. Those friends with compatible systems can bring different games for the group to play. Everyone who has a game system can take a turn to host a game night.



### TIPS FOR TEACHING BY EXAMPLE

**Resist peer pressure** – It is important to explain to your child that just because other kids spend money on events, treats or trinkets, they don't always have to do the same. They should always stop and consider the things they might not be able to afford if they spend on a whim or just to be "in."

**Watch out for marketing ploys** – Businesses often use peer pressure and conformity to market to youth. Help your child make smart spending decisions by teaching them to recognize these marketing tactics.

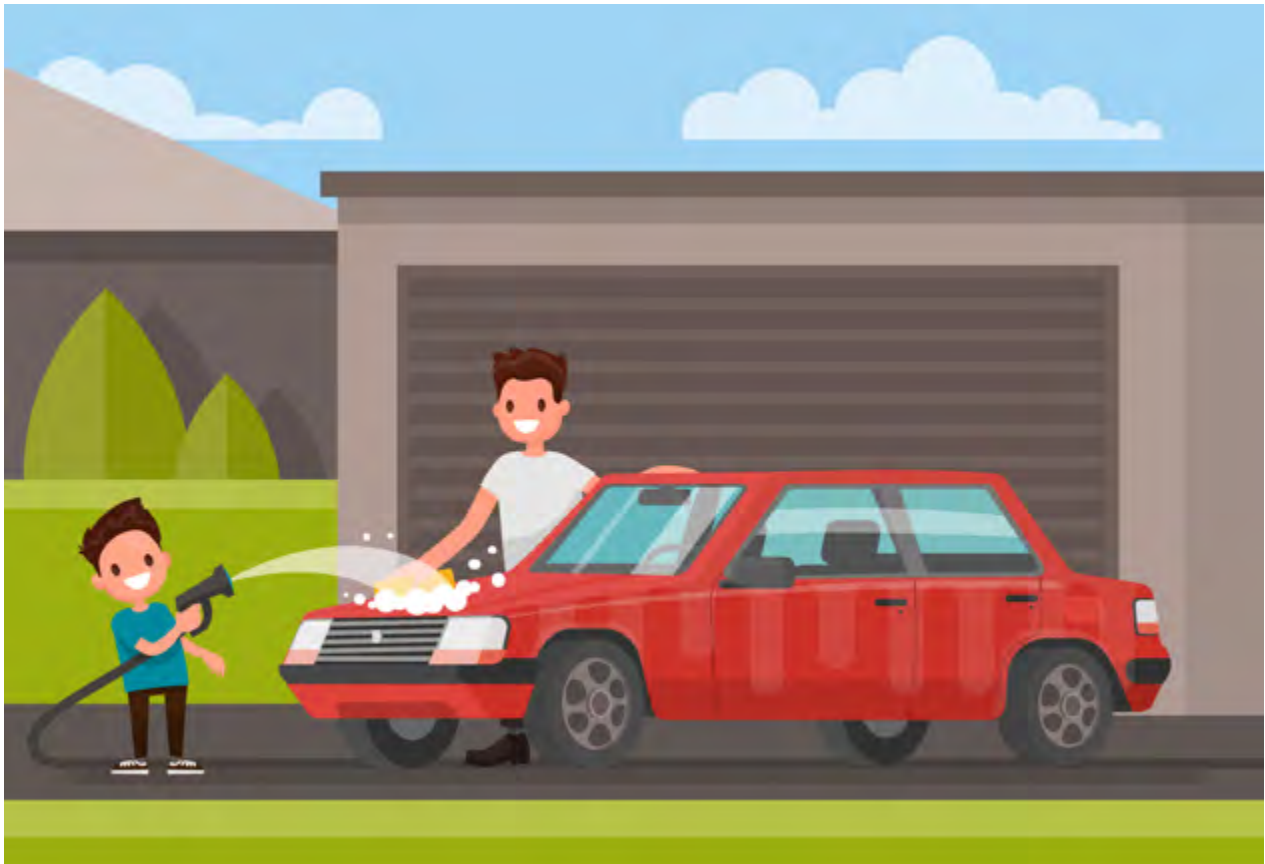


# Giving back

Teaching children about the importance of giving back to the community is a valuable lesson. On their own, children may decide to give a portion of their allowance or earnings to charity. As a group, kids can work together to make a real difference.

## ★ PLAN A FUNDRAISER

Encourage your child to raise money for their favourite charity! They can start a fundraiser on their own or get their friends involved. There are many ways to raise funds: garage sales, bake sales, craft sales and car washes, to name a few. Help your child with the planning and make sure all of the children involved and their parents understand the profits will be donated to a charity. Keep a budget of everything that has been spent and earned so you can tell whether the fundraiser has made a profit.





## ★ VOLUNTEER

Volunteering at a local charity or not-for-profit organization is a rewarding experience. Not only does it benefit the organization, but the experience will teach your child new skills and help them look at money and consuming in a new light. Many communities have volunteer centres or websites that promote the needs of charities in your community.

### TIPS FOR TEACHING BY EXAMPLE

**Make sure the charity is registered** – Before donating, make sure the charity is legitimate by checking that it is registered with the Canada Revenue Agency. Fraudsters will often make up fake charities to try to steal money and will sometimes use names similar to well known, legitimate organizations. Protect yourself by paying with a cheque instead of cash. Make sure it is made out to the exact name of the registered charity.

**Give gifts to charity** – Instead of getting gifts for a birthday or holiday, your child may ask for a cash donation for a charity. Many organizations have wish lists where you can buy unique items for the purpose of donation. Your child can even ask for a chicken or goat for an undernourished family in a developing nation!

# Extras

*This section contains a list of publications, websites and other resources that extend the concepts found in the guide.*



## Websites

Bank of Canada

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

Financial and Consumer Services Commission of New Brunswick

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

Financial Consumer Agency of Canada

[www.canada.ca/en/financial-consumer-agency.html](http://www.canada.ca/en/financial-consumer-agency.html)

Government of Canada Student Financial Assistance (formerly CanLearn)

[www.canada.ca/en/employment-social-development/services/student-financial-aid.html](http://www.canada.ca/en/employment-social-development/services/student-financial-aid.html)

Royal Canadian Mounted Police

[www.rcmp-grc.gc.ca/scams-fraudes/index-eng.htm](http://www.rcmp-grc.gc.ca/scams-fraudes/index-eng.htm)

The Canadian Anti-Fraud Centre

[www.antifraudcentre-centreantifraude.ca/index-eng.htm](http://www.antifraudcentre-centreantifraude.ca/index-eng.htm)

The Competition Bureau's Little Black Book of Scams

[www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/03074.html](http://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/03074.html)

Student Financial Services, NB

[www.studentaid.gnb.ca](http://www.studentaid.gnb.ca)

## Guest speakers

### Classroom Presentations

The Commission offers free money management presentations to students of all ages. Presentation content is tailored to match class curriculum. Each presentation is typically one hour with time for discussion and questions, and is available in French and English.

To book a presentation, contact us at [fcnb@fcnb.ca](mailto:fcnb@fcnb.ca) or 1-866-933-2222.

### Financial Education Network (FEN)

Are you looking for a guest speaker to enhance your money lesson? FEN is made up of people and organizations that are involved in or have an interest in the delivery of financial literacy programs and services. Visit [fcnb.ca/en/personal-finances/financial-education-network-nb](http://fcnb.ca/en/personal-finances/financial-education-network-nb) for more information.



## Commission publications

Visit [fcnb.ca/en/online-services/resources](https://fcnb.ca/en/online-services/resources) to download the following publications. To order free print copies, contact us at [fcnb@fcnb.ca](mailto:fcnb@fcnb.ca) or 1-866-933-2222.

**ABCs of investments:** Learn about different types of investments and how they work.

**Build a Budget That Works:** Track your expenses and plan your finances with this monthly budget.

**Buying a Vehicle Workbook:** Use this workbook to help you spend smart when shopping for a vehicle.

**The Road to Auto Insurance (infographic):** Learn the basics of auto insurance.

**So, you say you want a credit card? (infographic):** Learn the basics of credit cards.

For more investing and money management resources, visit [fcnb.ca/en/online-services/resources](https://fcnb.ca/en/online-services/resources).

## A glossary of terms

It is important to understand the language of basic financial matters. If you'd like more information about any money management concepts or more detailed explanations about different types of savings or investment products, visit [fcnb.ca](http://fcnb.ca) or contact us at 1-866-933-2222.

### *Account statement*

A record of transactions in an account at a financial institution or investment firm over a specific period of time.

### *Allowance*

Money that is regularly given to a child by their parents.

### *Amortization period*

The amount of time it will take to pay off a loan in full, if payments and interest rate stay the same and no payments are missed.

### *Annual percentage rate (APR)*

The total annual cost of borrowing, including the interest rate and any non-interest finance charges. APR may be different from advertised interest rates.

### *Automated teller machine (ATM)*

A machine that allows an account holder to withdraw cash or complete other banking transactions by inserting a debit or credit card.

### *Bond*

An investment in which an investor lends their money to an entity (a government or company) and the entity promises to repay money borrowed at a specified time and to pay interest at a specified rate.

### *Budget*

An estimate of income and expenses over a certain period of time.

### *Canada Education Savings Grant*

A grant from the Government of Canada to help save for a child's post-secondary education.

### *Capital gain*

An increase in an investment's value compared to the purchase price.

### *Capital loss*

A decrease in an investment's value compared to the purchase price.



## ***Compound interest***

Interest that is paid on the original amount deposited and on any interest that has been earned in previous periods (for example, in year one, the financial institution pays \$5 interest on a \$100 deposit. In year two, it pays interest on \$105).

## ***Cost of credit***

The cost of borrowing money, including interest payments and other financing charges.

## ***Credit***

The ability to borrow money or charge purchases to an account, usually for a fee, and repay the money borrowed at a later date.

## ***Credit card***

A card issued by a financial institution that lets the account holder borrow money to pay for purchases and re-pay the financial institution at a later date.

## ***Credit check***

A review of a person's borrowing history and financial reputation.

## ***Credit score***

A rating that summarizes a person's financial reputation and credit history. Financial institutions use this information when considering loan applications to determine an applicant's ability to repay a loan.

## ***Creditor***

A person or company that lends money.

## ***Debit card***

A card issued by a financial institution that allows the holder to pay for purchases by transferring money electronically from their account to the retailer.

## ***Debt***

Money that has been borrowed and must be repaid.

## ***Default charges***

Penalties charged for late or missed payments.

## ***Deposit***

Money that is held in an account at a bank, credit union or trust company.

## ***Discretionary income***

The amount of income available for spending, saving and investing after necessities have been paid for.

## *Diversification*

Investing in a mix of investments with the goal of reducing risk. Holding a variety of investments reduces the possibility that all investments will lose value at the same time.

## *Dividend*

A portion of a company's profits paid to shareholders.

## *Dollar cost averaging*

Buying a specific dollar amount of an investment on a regular schedule. The investor buys more shares when prices are low and fewer shares when prices are high, with the hope of reducing average share cost.

## *Exchange traded fund (ETF)*

An investment fund that chooses investments based on a market index or sector. ETFs trade like a common stock on a stock exchange.

## *Expenses*

Money spent to pay for an item or service.

## *Fees*

The amount you pay to a financial institution or advisor for services.

## *Financial advisor\**

An individual who sells or offers advice about buying or selling investments.

## *Financial plan*

A written plan that identifies a person's financial goals and the actions required to achieve them.

## *Fraud*

Deceiving or deliberately tricking someone for money or something else of value.

## *Fund facts*

A user-friendly document that provides key information about a mutual fund, including fees and past performance. Mutual fund companies are required to give investors a copy before they decide to purchase a fund.

## *Grace period*

A period of time when a borrower is not being charged interest and may not be required to make a payment.

\*The terms 'advisor' and 'financial advisor' used here generally refer to a financial professional, and do not indicate a category of registration or licence. The registration category and type of licence is more important than a title. Visit [fcnb.ca](http://fcnb.ca) to check now!



## ***Goal***

A measurable and specific objective to be reached in a set period of time.

## ***Guaranteed investment certificate (GIC)***

An investment product in which money is deposited for a fixed period of time at a financial institution and the investor receives a specified rate of interest.

## ***Identity theft***

When someone steals a person's personal information and uses it to make purchases, borrow money or commit fraud.

## ***Income***

Money received from all sources, including wages, salaries, profits, interest payments, rent and other forms of earnings.

## ***Insurance***

A contract that can help cover the cost of unexpected events (like a car accident, illness or property damage).

## ***Interest***

The amount paid to borrow or use someone else's money. A borrower pays interest, and a lender (or investor) may earn interest.

## ***Investing***

Using money for financial gain, with the expectation that it will provide income, increase in value or both.

## ***Line of credit***

A pre-approved loan that allows you to borrow money when you need it, up to a maximum amount.

## ***Loan***

Money that is borrowed and repaid on a specific schedule at an agreed-upon interest rate.

## ***Manufacturer's warranty***

A written promise from a manufacturer to replace or repair a product, if necessary, within a set period of time.

## ***Mutual fund***

A pool of money that's invested for a group of investors by a professional money manager.





## ***Need***

Something you must have, something that is essential (for example, food).

## ***Pay yourself first***

Prioritizing savings by putting money into your savings account as soon as you are paid before spending on anything else.

## ***Payroll deductions***

An amount of money automatically deducted from your paycheque for taxes, employment insurance, pension contributions, etc.

## ***Profit***

The money that remains after expenses are subtracted from money earned.

## ***Principal***

The amount of money originally invested or borrowed.

## ***Prospectus***

A legal document that sets out the full, true and plain facts you need to know about an investment. It contains information about the company or mutual fund selling the security, its management, products or services, plans and business risks.

## ***Registered Education Savings Plan (RESP)***

A type of savings plan registered with the government that allows people to put money aside for a child's post-secondary education expenses.

## ***Return***

The profit you make on an investment from interest, dividends or the increased value of the investment.

## ***Risk***

Amount of uncertainty about the expected return from an investment. This includes the possibility that the investment may lose money or become worthless.

## ***Risk tolerance***

How comfortable you are to risk losing your money on an investment.

## ***Registered Retirement Savings Plan (RRSP)***

A type of savings plan registered with the government that allows you to reduce the income tax you pay on money you save within the plan for retirement.



## *Savings*

Money put aside in an account to accumulate as a reserve for future needs.

## *Scam*

Deceiving or deliberately tricking someone for money or something else of value.

## *Scam artist*

Someone who attempts to deceive or deliberately trick someone else for financial gain.

## *Scheme*

A plan to do something dishonest or illegal.

## *Securities regulator*

An independent government agency that regulates trading in securities (stocks and bonds) and protects investors in their home province.

## *Simple interest*

Interest that is paid only on the amount of the initial deposit and not on any interest the deposit earns over time (for example, in year one, the bank pays you \$5 interest on your \$100 deposit. In year two, it again pays you interest only on the original \$100 deposit).

## *Stock*

Ownership in part of a company.

## *Tax Free Savings Account (TFSA)*

An account that provides tax benefits for savings accounts in Canada. You will be able to withdraw money anytime from the account tax-free.

## *Term*

The period of time interest rates on an investment or loan rate will be in effect.

## *Value*

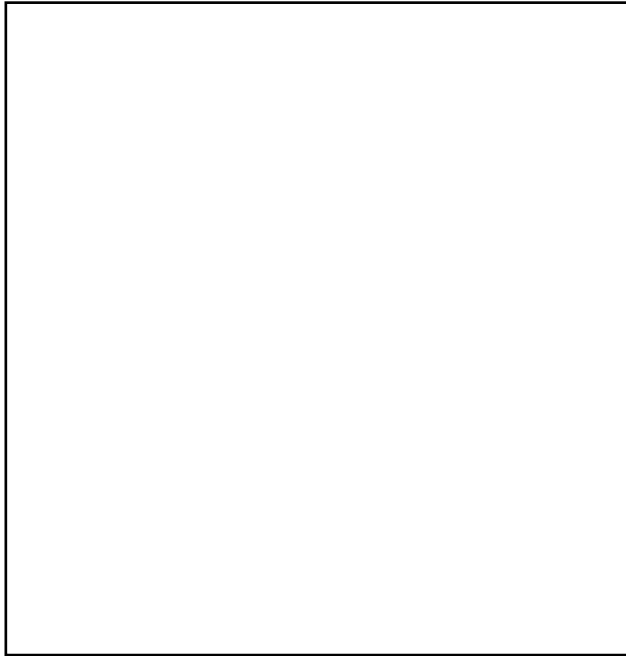
Ideals that motivate and guide a person's life and define them as an individual (for example, honesty, trust, etc.).

## *Want*

Something you desire but do not need.

## This image shows a single sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

# Saver sheet



Draw, describe or paste a picture of your goal.

Price: \_\_\_\_\_

Taxes: \_\_\_\_\_

Total: \_\_\_\_\_

## THE SAVINGS PLAN:

Where will you get the money from?

\_\_\_\_\_

How much money will you put away every month?

\_\_\_\_\_

Where are you going to keep the money (a savings account)?

\_\_\_\_\_

What date should you reach your goal?

\_\_\_\_\_

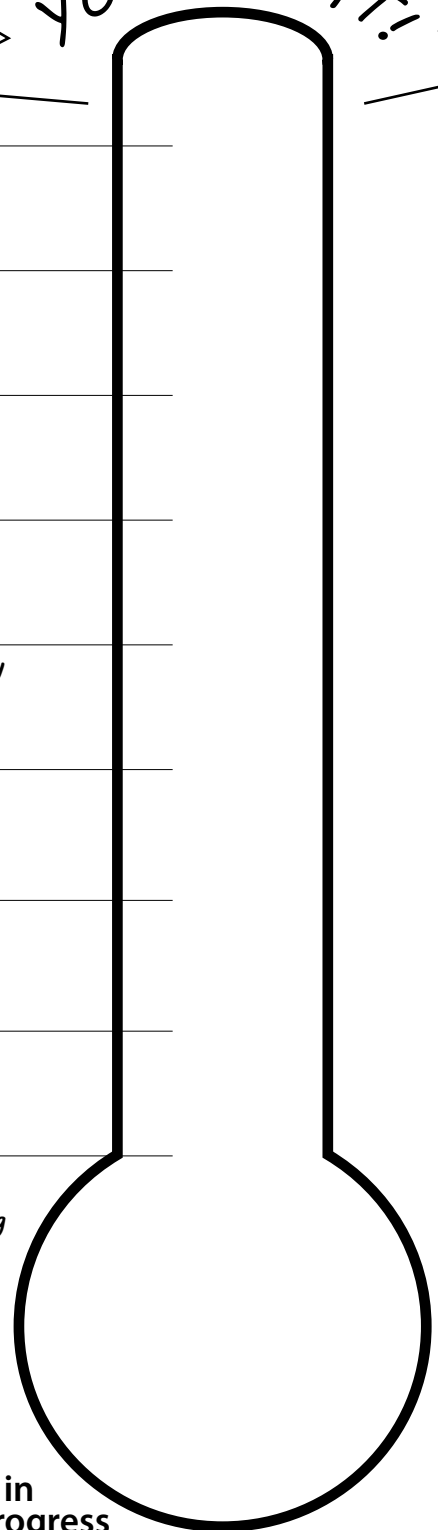


Almost

Halfway  
there

Just  
starting  
out

Colour in  
your progress







# Youth budget sheet

Name: \_\_\_\_\_

Month: \_\_\_\_\_ How much money do you have saved already? \_\_\_\_\_

***Remember, always put some money toward your savings before you start spending!***

**Write down the money that you earn and the money that you spend every day.**

Money tracking table			
Description (what you earned or spent)	Date	Earn (\$)	Spend (\$)
<i>Got allowance</i>	<i>Sept. 1</i>	<i>\$10</i>	
<i>Went for lunch</i>	<i>Sept. 4</i>		<i>\$7</i>
TOTAL (add it all up)			

How much money did you earn this month? \_\_\_\_\_

How much money did you save this month? \_\_\_\_\_

How much money do you have left?

What are you going to do with your leftover money?

**Don't forget to put your money in a savings account!**





