

'How to Manage Your Personal Finances' Basics Participants' Handbook - Part 2 see Resources pages 14-16

✓	Here are some questions to ask and things to look out for when you're ready to invest. Check them if you have the answers.
	Know yourself
	What are your investment goals?
	What's your risk tolerance?
	How much do you plan to invest, now and in the future?
	Are you looking for regular income or long-term growth?
	When will you need access to your money?
	How much can you rely on your own knowledge without expert advice?
	Questions relating to specific investments:
	What is the nature of the investment and how does it earn money?

Commented [RF1]:

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	What are the investment's expected return, risk and liquidity?
	What does it cost to buy and sell? Is there a front-end or back-end commission that must be paid out?
	Does it fit with your investment goals and with other investments in your portfolio?
	What public information is available now and what information will be provided to you in the future?
	Is the business plan for the investment logical and consistent with outside facts?
	Is the financial performance acceptable?
	Is the management knowledgeable and reputable? Do they have a good track record?
	Know your advisor
	What qualifications and experience does the advisor have?
	What kinds of clients and investments does the advisor specialize in? Could you talk to some of them?

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	What services does the advisor's firm provide? Do they sell just mutual funds and GIC's or individual stocks and bonds?
	What fees and commissions does the firm charge? Are they tax deductible?
	Are the advisor and the firm registered with the provincial securities regulator to trade the types of investments you're interested in? Does this include individual stocks and bonds?
	Are they members of an industry association?
	Do they have a good reputation and references?
	Have they been disciplined by the provincial or territorial securities regulator or an industry association?
✓	These warning flags can alert you to risks of fraud or other investment problems. Check any warning flags you see – and stay away!
	Warning Flags
	Promises of high returns with low risk

✓	These warning flags can alert you to risks of fraud or other investment problems. Check any warning flags you see – and stay away!
	Claims that are too good to be true
	Promises about future profits or share prices
	Failure to answer your questions completely
	High-pressure sales tactics
	Secretive behaviour or requests for silence
	Reluctance to provide any written information
	Requests that you sign documents that aren't filled in or that you send them confidential information so they can in turn send you money or give you a reward of some kind.
	Requests that you sign documents before reading them
	Back-dated or falsified forms
	No documentation at all

✓	These warning flags can alert you to risks of fraud or other investment problems. Check any warning flags you see – and stay away!
	Purchases made without your specific instructions
	Illegal businesses

Financial planning

Big idea: *Financial planning can help you reach larger or long-term goals.*

Why a financial plan?

- If you have a financial goal, it is helpful to develop a financial plan.
- A financial plan goes beyond a budget.
 - A budget compares income with expenses and shows whether you have a surplus or a deficit.
 - A budget is useful for managing your money **over the short term**.
- A financial plan is a road map to help you manage your finances **over the longer term** to reach your financial goal.

Budget vs. financial plan

Budget	Financial plan
may set out a short-term goal	states a long-term goal and is more comprehensive
shows current income and current expenses	shows expected future income and expected future expenses

Budget	Financial plan
shows sources of income and allocation of expenses	shows how income and expenses will be organized over time to achieve objectives
doesn't include present or future assets	shows investments, savings and other assets that are available or will be generated or acquired
doesn't include debt such as loans	shows loans that may be required
doesn't include steps to be taken	shows steps that will be needed to meet financial goals

My financial plan

Whether your goal is to buy a house or condo, start a business, pay for your education or your children's education, or pay off your debt, you need to plan for it. This financial plan template can help you organize your finances to meet your goal.

1. What do I want to do?		
My financial goal is to:		
Total amount needed for this goal:	_____	A

2. What will I be starting out with?		
Assets		
My savings	_____	
My investments	_____	
Other assets -	_____	
-	_____	
My total assets	_____	B
Debts		
My credit card balances	_____	
My student loans (the money I'll owe)	_____	
My car loan	_____	
My bank or other loans	_____	

My other debts (money owed to family and friends)	_____	
My total debts	_____	C
My net worth (total assets minus total debts)	_____	D=(B-C)
Needed to reach my goal (Total needed minus net worth)	_____	E=(A-D)

5. Will I have enough money to meet my goals?

Income	from F	_____	
Expenses	from G	_____	
Difference		_____	H
If the difference is a positive number, you can add it to your savings.			
Savings available to meet my goal:	from H (if positive)	_____	I

Years required to meet my goal:		_____	J
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If the difference is a negative number, or if the time needed to reach your goal is too high, you have a few options:

- 1) *Cut back! Reduce your expenses and adjust Step 4.*
- 2) *Push on! Work more to earn more money and adjust Step 3.*
- 3) *Use your resources! Try the funding strategies in Step 6.*

6. What can I do to get the extra money I need?		
Use the assets listed in Step 2	Amount	
Ask family for support _____ possible amount	_____	
Use my savings	_____	
Use my RRSPs and other investments	_____	
Earn additional income in part-time or full-time employment	_____	
Earn income from self-employment	_____	
Apply for a bank loan or line of credit	_____	
Total	\$_____	K

Years required to meet my goal now:	_____	L

Tip: If your resources are greater than your excess expenses, decide which resources you'll use first.

7. What could go wrong?

Use this checklist to think ahead about possible problems and how you'd solve them.

How will I make sure I don't miss any important dates and deadlines?

What will I do if the my expenses go up a lot?

What will I do if I don't meet my savings goal?

Do I have an emergency fund for unplanned expenses?

Do I have enough insurance?

How will I make money if my job falls through or if I am sick?

Who can I call for emergency advice if things don't work out?

What other problems might come up?

8. How do I keep my plan up-to-date?

To keep my plan up-to-date, I will:

I'll review it and revise it on (date below) of each year

[date] :

Financial fitness checklist

✓	Do I ...
	Daily
	Track my expenses
	Act like a smart consumer: Compare prices and hunt for deals
	Weekly
	Monitor my online banking accounts
	Stick to my weekly budgeted expenses
	Make ATM cash withdrawals only once a week
	Monthly
	Pay bills on time
	Add up expenses in categories and compare with income

✓	Do I ...
	Save 5% to 10% of my income through automatic deposit (and keep three months' net income in reserve for emergencies)
	Check all bills and account statements, and correct any errors
	Check my investment statements (quarterly)
	Annually
	Check my credit report
	Contribute to my RRSP or other registered savings plan
	Revisit my financial goals
	Update my financial plan
	Continue to learn what I need to know about finances

Resources: Where to get more information

Credit and Debt Issues:

- **[FCAC Credit Card Selector Tool and Payment Calculator](#)**
 - www.fcac.gc.ca, under For consumers and Resources, click Tools and calculators and select Credit Card Tools
- **[FCAC Publication: Choosing the Right Credit Card for You](#)**
 - www.fcac.gc.ca, under For consumers and Resources, click Publications and select Credit Cards
- **[FCAC Publication: Understanding Your Credit Report and Credit Score](#)**
 - www.fcac.gc.ca, under For consumers and Resources, click Publications and select Budgeting and Money Management
- **[FCAC Tip sheet: How to Beat that Debt](#)**
 - www.fcac.gc.ca, under For consumers and Resources, click Publications and select Budgeting and Money Management
- **[FCAC Life event: Paying for post-secondary education](#)**
 - www.fcac.gc.ca, under For consumers and Life events
- **[IEF Credit Cards and Debt](#)**
 - www.GetSmarterAboutMoney.ca, under Tools & Calculators, click Calculators, under Credit Cards and Debt
- **[IEF Credit IQ Quiz](#)**
 - www.InspireFinancialLearning.ca, under Tools and Videos, click Interactive Tools, under Quizzes
 - **[Office of the Superintendent of Bankruptcy Canada](http://www.osb.gc.ca)** www.osb.gc.ca
- **[Credit Canada - Debt calculator](#)**
 - www.creditcanada.com, under Money Management, select Debt Calculator
- **[How to get lower credit card interest rates](#)** (CBC report by Reg Sherren)
 - www.youtube.com, search for CBC credit card rates
- **[How can I get out of debt?](#)** (Larry Winget on the Today Show)
 - www.youtube.com, search for Larry Winget on the Today Show
- **Credit Reports and Credit Scores:** TransUnion (www.transunion.ca/) and Equifax (www.consumer.equifax.ca/)

Savings and Investments:

- **[FCAC Savings Account Selector Tool](#)**
www.fcac.gc.ca, under For consumers and Resources, click Tools and calculators and select Banking Tools
- **[FCAC Life event: Planning your retirement](#)**
www.fcac.gc.ca, under For consumers and Life events

- [IEF Retirement cash flow planner](#)
www.GetSmarterAboutMoney.ca, under Tools & Calculators, click Calculators, under Retirement Planning
- [IEF Pay down debt or invest calculator](#)
www.GetSmarterAboutMoney.ca, under Tools & Calculators, click Calculators, under Investing
- [IEF Mutual fund fee calculator](#)
www.GetSmarterAboutMoney.ca, under Tools & Calculators, click Calculators, under Investing
- [IEF Compound interest calculator](#)
www.GetSmarterAboutMoney.ca, under Tools & Calculators, click Calculators, under Budgeting and Savings
- [IEF Case study: Build Your Savings Faster: Dominic's Story](#)
www.GetSmarterAboutMoney.ca, under Planning, click Case studies, under Tax-Free Savings Accounts
- [IEF Case study: RRSP or TFSA? Tia's story](#)
www.GetSmarterAboutMoney.ca, under Planning, click Case studies, under Tax-Free Savings Accounts
- [IEF Case study: Planning your RRSP contributions: Gary, Kevin and Judith's story](#)
www.GetSmarterAboutMoney.ca, under Planning, click Case studies, under Registered Retirement Savings Plans (RRSPs)
- [IEF Videos on benefits of investing in your early years](#)
www.GetSmarterAboutMoney.ca, under Tools & Calculators, click Videos, select Investing
- [IEF Videos on selecting a financial advisor](#)
www.GetSmarterAboutMoney.ca, under Tools & Calculators, click Videos, select Financial advice
- [Canada Savings Bonds](#)
www.csb.gc.ca
- [Description on investment types](#)
www.yourmoney.cba.ca, click Overview, select Investing
- [Canadian Securities Administrators](#)
www.securities-administrators.ca, under Investor Tools, click Working with Advisers
- [Ontario Securities Commission](#)
www.osc.gov.on.ca
- Information on selecting a financial advisor:
 - [Investor Education Fund video](#)
www.GetSmarterAboutMoney.ca, Tools and Calculators, Videos, select Financial Advice
 - [Canadian Securities Administrators](#)
www.securities-administrators.ca, select Investor Tools, and click on Working with your Advisor
 - [Ontario Securities Commission](#)
www.osc.gov.on.ca

Protecting Yourself From Fraud

- [Know the red flags of fraud](#)
www.securities-administrators.ca, under Investor Tools and select Avoiding Fraud
- [Canadian Anti-Fraud Centre](#)
www.antifraudcentre.ca