



CONCLUSION



THAT'S ALL FOLKS!

We hope we have helped you to be in a better position to “take action and take control” of your money and your financial affairs.

It is certainly more challenging today than it was in the past to manage money and make good “money decisions” – and it may get more challenging in the future. It helps to have a basic understanding of key areas such as spending, saving, investing, and insurance. We hope we have helped in that regard. Beyond that, it is up to you – to build your knowledge and skills, ask questions, and seek help and advice if you need it. Before we wrap things up, let’s summarize a number of key points and leave you with a set of guidelines that can help you get, and keep, control of your financial affairs.

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How About You?



Did you find this resource to be helpful? Are there ways we could improve it? If so, get in touch with CFEE (see the contact information at the end) and let us know.



DIDN'T HELP
AT ALL



HELPED
A LOT



First, let's summarize some general tips.

Some General Tips

- Take care of the things you own. It will save the cost of repairs and replacement.
- If you are still living at home, consider having “the talk” with your parents or guardians. That is, if you haven't already, open up the discussion of money. They may be able to help you. You may be able to help them. See if you can become more involved in household money decisions. Many families don't talk a lot about money – but you can probably learn a lot from family members.
- Avoid impulse buying. Before you buy anything, pause and think! Why are you buying it? Do you really need it? What's your opportunity cost? What's the benefit? Is it worth the expense compared with your other options and what you will trade off?
- If you have a credit card, take care to prevent someone from retrieving any record of it and forging something in your name (it is also important to take great care so that you do not lose your cards).
- Always make sure that the total on a credit card slip is filled in before signing it.
- Don't overlook your collection hobbies as a possible investment (look at what some of the old Superman comics are worth today).
- Keep all warranties and guarantees. You may well need them at some point.
- Don't be influenced by packaging. It is the product that you use.
- Buy things off-season, such as buying skis in spring.
- Read instructions on clothing etc. carefully so that you don't ruin them accidentally by how they are washed, dry-cleaned, etc.
- Know your rights in the marketplace. Complain if you have a legitimate beef and let the vendor have a chance to fix the problem and maintain your future business.
- Resist peer pressure if it is pushing you where you don't want to go. It may take some courage, but others will usually respect you for it – and for being your own person.
- Shop with a list as often as you can. Know what you want to buy before you go out to buy it.
- Recognize that there is a high price to pay for trying to keep up with styles and fads.
- Beware of “freebies;” there is no such thing as a “free lunch” (somebody somewhere always pays; the question is who is paying and why?)
- Comparison shop. You owe it to yourself to know you are getting the best deal you can. And it is easy to do on the internet.
- Budget for the unexpected. Something unforeseen always seems to come up!
- Pay your bills – and pay them on time. You want to build a credit record that helps you – not one that hurts you.
- Protect your “PIN” and passwords. They open the doors to your money and credit cards. Guard them very carefully.

How About You?



**Do you talk much about money?
In your home? If so, does it help?
If not, would it help? Can you get
the conversation started?**

A Few Other Things to Keep in Mind

Watch out for frauds and scams. As much as there are people in this world who can help you – friends, family, advisors – there are others who may try and take advantage of you.

Never provide personal or banking information in response to an e-mail. Banks, credit card companies, etc. will never ask you to do this. In these times, it is possible to practically duplicate a web site to look like that of a bank or other financial institution. The site may look real but, if they are asking you to update your account information online, etc. don't! It won't be a legitimate request – even if it looks to be.

If you are contacted about a financial matter that you think might be real, don't respond by e-mail. Call and make sure it is real.

Keep or destroy any old credit cards, credit card records, bank receipts, etc. Some people will go through trash to find such records. They might be able to forge your signature too if they find a credit card receipt you signed. A “shredder” is quite inexpensive these days. If you aren't going to keep, file, and store your financial records, try and shred them before throwing them out.

You can now get your bank statements, etc. online. This is a good thing to do. You automatically have them on file and can retrieve and review them when you like. You also won't have paper records to store, worry about, or throw away – and that is good for the environment too.

Keep close control of key financial and personal information. This is very important. This includes bank records, cancelled cheques, credit card statements and receipts, etc. One reason to do this, among many, is to guard against “identity theft.” It is possible for someone to try and “steal your identity” if they can get enough personal information.

If they do, they can present themselves as you, get credit cards, take out loans, etc. in your name. And you may never hear about it until it is too late. You may find there are large balances on a credit card you never asked for, never received, and yet is in your name. The same may be true of a loan you never took out. Keep close control over all your personal information and financial records. It is very important.

As we come to the end, let's share some final suggestions on how to stay in control of your money and financial affairs.

How About You?



Have you or members in your family had experience with internet scams – attempts to get you to send personal information, PIN numbers, bank account numbers, etc.?

Learn About



Look further into “identity theft” and how it is possible for someone to steal another person's identity. Make sure that doesn't happen to you.

Personal Money Guide: Keeping Control of Your Money

- 1. Pay yourself first.** Save when you can. Start early to benefit from compound interest. Make saving a “habit.”
- 2. Plan ahead.** The future will be the present some day. You will want to enjoy that too. For some things you may want in the future, you will have to begin planning today. Plan for all phases of your life. And be prepared for the unexpected expenses that may come up.
- 3. Pause and think** – even for a minute – before making a significant purchase. Do you need it? Why are you buying it? What are the trade-offs – today and in the future? Have you taken time to compare prices and options?
- 4. Ask until you are comfortable.** Information is the key to making a good decision. Learn enough to know the kinds of questions you should ask – and then ask them. If you don’t get the answers that you need, or can understand, be cautious about moving head.
- 5. Know your credit limit.** And live within it. Work out how much debt you can afford to carry. Borrow what you can afford and, if you get to your limit, shut down any further borrowing.
- 6. Resist temptation.** It may be hard. There are so many efforts to make you “buy this,” and “buy that.” Buy what you need and want – not what others want you to buy. Keep in control.
- 7. Return = Risk.** Consider the possible risk as well as the potential return on any investment. The more you hope to gain, the more you risk losing. Find a balance between the two that is right for you. And remember, if something sounds too good to be true, it possibly is.
- 8. Read the fine print.** The things people want you to see will usually be big, bold, and obvious. It’s the things they might not want you to see that will be in the “fine print.” Take time to read the fine print before signing.
- 9. Avoid fees and penalties.** Many people pay fees, interest, penalties, etc. that can easily be avoided. Make sure you have bank accounts, credit cards, cell phone plans, etc. that are right for you. Pay bills, taxes, etc. on time. Late charges can really add up – and late payments affect your credit rating.
- 10. Seek advice when needed.** You can likely handle some aspects of managing your money. Some things can be complicated. If you can handle those too, go right ahead. But, if you are uncomfortable or unsure, consider getting some advice. You may pay a fee – but it could be worth it. Make sure the person you work with is trained and registered to provide the services you need. Ask about fees.
- 11. Know where your money is going.** Nothing is more important to help you stay in control of your money. Is it going where you want it to go? Are you saving enough? Are you spending too much in some areas? Do you want to put some money toward helping others? Tracking your spending is very important. A budget can be very helpful. It can help you get control of your money – and keep control. And keep good records, as well as receipts, warranties, etc.
- 12. Money can’t buy happiness!** But it can help – and it can cause unhappiness and stress. Try to keep control of your money. Keep in mind that many things in life that matter most have little to do with money – family, friends, relationships, experiences, adventures, and so on. Don’t let money problems get in the way of your happiness.

Having a basic understanding of money matters, managing your money and keeping control can help you do that. And the key is to try to prevent problems from ever occurring.

Life is short – though we hope not too short. But it is ours to enjoy as best we can. Work to avoid financial worries and problems. Build your financial future on a strong foundation – and keep it there. Control your money as best you can. Don't let it control you.

We hope *Money and Youth* has helped to prepare you to do just that – get control and keep control. And we hope that, as a result, money can help contribute to the happiness you will have in your life.

**Control your money as
best you can.
Don't let it control you.**



Glossary Of Terms

Advisor: a professional who assists clients with planning and arranging their financial affairs.

Amortization: the period of time over which you agree to pay back a loan – such as a mortgage – via a series of regular payments.

Appraisal: the estimate made of the value of a property.

Asset: is something you own that has value.

Bank of Canada: Canada's central bank that holds the responsibility, among other things, of influencing the money supply, interest rates, and spending to keep prices relatively stable and protect the purchasing power of Canada's money.

Bartering: when one item is exchanged directly for another without using money.

Benefactor: a person who receives money or assets as indicated by a will from someone who has died.

Beneficiary: the person who will receive funds paid by a life insurance policy if, or when, the policy holder should die.

Bond: a way in which governments and companies can borrow money. A bond can be sold for a period of time and bondholders will be paid a set amount of interest. On the maturity date, the money will be repaid to the bondholder.

Bond market: where bonds are bought and sold at a market price.

Broker (or stock broker): a person trained and licensed to buy and sell stocks.

Budgeting: listing monthly income and expenses to keep track of where your money is going and to make sure your money is being used wisely.

Canada Education Savings Grant: grant program of the federal government to provide money to help people save for post-secondary education and training.

Canada Learning Bond: a federal government program to provide assistance to lower income Canadians to help them save for post-secondary education and training.

Capacity: your ability to make payments on a loan – usually determined by your income.

Capital: the assets you own – things of value – things that could be sold or cashed in, if needed, to help pay back a loan.

Capital gain: is earned when an asset is bought at one price and sold at a higher price.

Career path: various career stages over the course of one's life. Many people will have multiple jobs over time building up to a career path.

Career plan: the steps and strategies taken to explore career options, set career goals, and obtain the required education, training and experience to achieve career goals.

Carrying cost of a debt: the interest charges that you pay on debts that you carry on a credit card over time. That is, credit card debts that you don't pay off right away and result in interest charges.

Caveat emptor: "buyer beware," which means that, in the end, a consumer is largely responsible for each decision that is made.

Character: things about you that indicate your degree of stability, responsibility, and reliability.

Co-signer: a person who signs a loan agreement who is willing to pay back the loan, or what is owing on a loan, if the borrower can't repay.

Collateral: something of value that you put up in support of a loan and that could be sold, cashed in, or given to the lender if a loan can't be repaid.

Compound interest: when savings earn interest, and the interest is added to the savings, this enables the savings to grow and earn more interest. Over the years more and more interest is added and this helps to build up the value of savings.

Consolidation loan: one loan taken out to pay off a number of debts to make one payment monthly rather than a number of payments to hopefully reduce the monthly cost.

Consumer rights: these are what a consumer should reasonably expect in the course of fair dealings and expectations with a producer or retailer.

Covering letter: a letter written to accompany a résumé and is written specifically for a job for which you are applying.

Credit rating: a score that indicates your history of managing and paying your bills and debts.

Creditor: is someone who lends money to others.

Debtor: is someone who borrows money from others.

Defined benefit pension plan: a pension plan where the provider (company, government, etc.) commits to providing a certain amount of income each year when the employee retires.

Defined contribution pension plan: a pension plan where the provider commits to contributing a certain amount each year to the plan. There is no commitment to an annual payment in retirement.

Depreciation: the gradual decline in the value of an asset from when it is new (full value) to when it has no value.

Disability insurance: protection you can buy to provide an income in the event of a long-term illness or disability.

Distribution of income: the portion of total income produced in an economy received by the various members of the population – or groupings of the population.

Dividend: the shares of a company's profits that are given to shareholders.

Economic growth: an increase in the quantity of goods and services produced by an economy.

Employment insurance: a program which governments can use to help provide funds to people who become unemployed – if the person qualifies for the benefit.

Enterprising person: someone who applies entrepreneurial characteristics and skills to any kind of endeavour.

Entrepreneur: a person who recognizes an opportunity (need, want, or problem) and uses resources to pursue an idea for a new, thoughtfully-planned venture.

Entrepreneurial opportunity: a need, want, or problem for which a reasonable number of people (to make a venture viable) would welcome a solution.

Envy: the desire to have what others have, look like others look, live like others live, etc. This is a pressure you usually put on yourself.

Equity: an asset that has value. The value of the asset may change over time.

Estate: the money and assets left by a person upon death.

Exchange rate: the value of one country's currency in terms of the currency of another country.

Executor: the person or persons responsible for seeing that an estate is settled according to a will.

Fiat money: when money has no value in and of itself but only in terms of the value it represents and what it is able to buy – its purchasing power.

Financial independence: having access to enough income to enjoy life without having to work if you do not wish to do so. You are not reliant on others for the money you need to live.

Financial planning: setting goals for things you hope to achieve and acquire over time and making a plan for how to achieve those goals.

Fixed costs: the costs that come up on a regular basis that you have to pay each month.

Fixed income investment: an investment with a fixed interest rate that does not change.

Foreign exchange market: locations where the currency of one country can be exchanged for the currency of another country.

General insurance: provides protection against the loss, damage, destruction, or theft of property.

Guaranteed Annual Income Supplement: a government benefit provided to seniors who are in need.

Inflation: a rise in the average price level of goods and services in the economy.

Insurance: protection you can buy for the risks we may face with things we own, our health, and our life.

Intensity of feelings: how strongly you feel about something. This is hard to measure or put a number on. But it will be important in making decisions.

Intrinsic value: when money has value in and of itself. For example, money made from gold or silver.

Investor profile: a description of the type of investor a person is in terms of goals, comfort with risk, knowledge of investing, etc.

Irregular costs: the costs that come up every now and then and for which you have to plan for to be able to cover.

Legal tender: the official money in a country that is widely accepted.

Liability: is something that you owe.

Life and health insurance: provides financial protection for the possible loss of income due to illness, disease, disability, or loss of life.

Life cycle: the different general stages of life people commonly go through where circumstance, priorities, and goals change over time.

Liquidity: the ease with which an investment or asset can be converted into cash – and the certainty of its value.

Medium of exchange: one of the roles of money. Prices can be set in terms of money for goods and services and then money can be used to “exchange” to receive a good or service.

Metacognition: thinking about your thinking – and to pause and take time to think about what you are going to do – and any decision you are about to make.

Minimum wage: the lowest wage that an employer can legally pay an employee.

Mutual fund: funds pooled by investors and managed/invested on their behalf by a professional “fund manager” for a fee. Funds differ in terms of the kinds of investments held by the fund.

Net worth: your assets (what you own) minus your liabilities (what you owe.)

Old Age Security (OAS): a government benefit provided to seniors.

Opportunity cost: the next best alternative given up, when you make a decision.

Peer pressure: the influence that others, around the same age, can have on your actions and decisions. This is a pressure that others try to put on you.

Permanent life insurance: permanent protection that will provide funds to others (your “beneficiaries”) when you die.

Portfolio: a collection of investments held by an investor.

Premiums: the monthly amount you will pay for an insurance policy and insurance protection.

Principal: the amount of money borrowed that has to be repaid. It does not include any interest charges that have to be paid for borrowing money.

Purchasing power: the ability of money to acquire goods and services. As prices rise, the purchasing power of money falls.

References: letters or comments from people you know regarding your abilities, characteristics, skills, etc. that an employer may refer to in making a hiring decision.

Registered Education Savings Plan (RESP): a means to save for children's education. Money deposited to the plan is not tax-deductible.

Registered Retirement Savings Plan (RRSP): a means of saving for retirement. Money deposited each year is tax deductible up to a certain maximum. Money is taxed when it is taken out of an RRSP.

Résumé: sometimes called a “curriculum vitae,” or “CV,” this is a summary of your work, education, and experience as well as other abilities you have that make you a candidate for a particular job.

Salary: the annual amount paid to a worker.

Self-efficacy: your belief in your ability to accomplish goals and tasks.

Stock exchange: where buyers and sellers come together (not physically) to buy and sell stocks with the help of stockbrokers.

Stock market: where stock (shares of companies) are bought and sold at a market price.

Stocks or shares: represent part ownership in a company. “Shareholders” will receive a share of company profits based on the number of shares owned – if the company makes a profit and profits are distributed.

Store of value: one of the roles of money whereby it is possible to save money rather than spend it and try and increase its value in the future.

Tastes and preferences: our own individual likes and dislikes that can affect what we buy, what we do, what we eat, where we shop, what we wear, and so on.

Term life insurance: temporary protection, to a certain age, to provide funds to others (your “beneficiaries”) if you should die – to help others with expenses they face – or will face. Term life insurance is paid if you die.

Time horizon: the period of time when you will need to turn investments into cash to use the money.

Unit of account: one of the roles of money where we are able to set prices in terms of money to reflect the value of a good or service.

Values: the beliefs, morals, attitudes and decisions that make up your character, affect what you do in life, how you handle situations, and your goals.

Wage: the hourly rate paid to a worker.

MONEY **AND** YOUTH

A GUIDE TO
Financial Literacy



The Canadian Foundation for Economic Education has other resources to help youth and teachers with improving economic, financial, and entrepreneurial capability. All of our resources are free and most are in English and French. Examples of resources available include:

Entrepreneurship: The Spirit of Adventure, a website for those wanting to explore the world of entrepreneurship and perhaps take steps to set up a business or new entrepreneurial venture (<http://cfeespiritofadventure.com>)

Money and Monetary Policy in Canada: provides a layperson information on many of the key topics related to money and our financial system in Canada – what we use as money, the history of money, the financial system, the role of the Bank of Canada, the link between money and the economy, interest rates, exchange rates, and how monetary policy is conducted in Canada. (www.moneyandmonetarypolicyincanada.com)

Money Laughs: a series of short vignettes produced for CFEE by Just For Laughs Gags focusing on money and highlighting money challenges, along with supporting tips and teaching material. (www.moneylaughs.com)

Money and Youth: a financial literacy guide for youth focusing on decision making, values, setting goals, earning income, employment and self employment, budgeting, and planning. Sponsored by IG Wealth Management. (<http://moneyandyouth.com>)

Managing Your Money in Canada: a website to help people with their financial questions, challenges and affairs. (www.mymic.ca)

Free class sets of Money and Youth

CFEE provides free class sets of *Money and Youth* to teachers for students. The only cost is for postage and handling.

For more information on these and other resources, contact:

Canadian Foundation for Economic Education
110 Eglinton Avenue West, Suite 201, Toronto, Ontario M4R 1A3
Tel: (416) 968-2236; Toll free: 1-888-570-7610;
E-mail: mail@cfee.org; Web site: www.cfee.org

Online Classroom Edition of the Globe and Mail: a partnership with The Globe and Mail newspaper. CFEE produces a monthly Classroom Edition drawing upon key articles appearing in The Globe and Mail and provides teachers with complete lesson plans for instruction. (<http://classroomedition.ca>)

Saving for Your Future (previously The Building Futures Network): CFEE is working with a nationwide network of organizations and agencies to assist Canadians with their savings activities – especially saving for future education and training. Funded by the Government of Canada. (www.buildingfuturesnetwork.com)

Newcomers to Canada DayPlanner: a resource to help newcomers to Canada easily acquire information, knowledge, and links that can assist them during their period of transition. The DayPlanner is available in hard copy, can be downloaded, and can be used in digital format. Free copies are available. Funded by the Government of Canada. (www.cfeedayplanner.com)

The Canadian Economy: The Big Picture – a graphic-based publication explaining how all of the parts of the economy fit together and interrelate. (<http://cfee.org/resources/the-big-picture.html>)

MONEY **AND** YOUTH

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