

# Money Matters

for Newcomers and New Canadians

## Workbook 1 How to Bank and Save In Canada



*Founding Sponsor*



## Welcome!

We made this workshop for newcomers to Canada. Knowing more about how banking works here can help you settle in faster, and get you on your way to achieving your goals.

Canadian financial institutions are great tools for managing your money. They're safe places to keep it. They make it easy to track, and even help you grow your savings. They offer other services too, like sending money to friends or family in another country.

But there's a lot to learn about how it all works!

In this workshop, you will:

- learn about banking in Canada
- explore different saving opportunities
- think about what services make the most sense for you and your family

Let's get started!



A **financial institution** is a place that offers money services. In Canada, that could be a bank, a credit union, a trust company, or a caisse populaire.

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## Credits

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**Activity 1**



## Getting in Touch With Your Money

### A self-assessment quiz

**What to do?**

- Check off the statement that best applies to you.
- Think about your money, your family, your life.
- Where do you go when you need money or have a cheque to cash?

- I go to a cash store.
- I go to a teller at a bank.
- I use a bank machine.
- None of the above applies to me. Here's my situation.

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A **cash store** is a business that cashes cheques or lends you money for a fee, such as a payday loan or cash advance.

The fee is often much more than you would pay at a bank.

**A Place for Your Notes:**

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### Activity 2



### Group Discussion

When talking about money or at a bank, do you feel uncomfortable?

You're not alone. A lot of people do.

Why do you think people often feel this way?

What might put people more at ease?

What would make you feel more comfortable?



A **bank** takes cash deposits, lends money and provides other money services. You can set up a **personal banking account** at a bank.

A Place for Your Notes:

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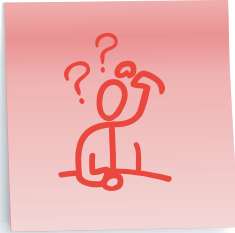
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**Activity 3 What's My Situation?**



Read the statements below, and circle the answer that works for you. There are no right or wrong answers here—they're all about *you* and *your* life.

Statement		My Situation		
		Yes	No	I don't know
1. I keep money in a savings account and add to it whenever I can.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. I have a chequing account and I use it.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. I keep enough money in my bank accounts not to be charged any fees.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. I read my bank statements regularly to help me manage my money.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. I use a bank or credit union to send money home to family or friends.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. I only take a loan if I have a plan to pay it off.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. I put money in a Tax-Free Savings Account (TFSA).		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. I contribute to a Registered Retirement Savings Plan (RRSP).		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. I visit websites to learn more about financial services and products for my family.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. I talk with my family about financial issues.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

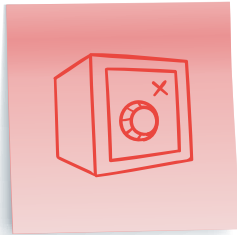
**A Place for Your Notes:**

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## Activity 4 Canadian Banks and Credit Unions



Explore the websites below before choosing the financial institution that's right for you. Keep your eye out for information for newcomers—that's banking information aimed at you!

Want to speak to someone in person? Find the branch closest to you, and go in to make an appointment.

Major banks take cash deposits, lend money, and provide other money services. They have branches in communities all across Canada.

Bank	Website	Phone Number
<b>BMO</b>	<a href="http://www.bmo.com">www.bmo.com</a>	1-877-225-5266
<b>CIBC</b>	<a href="http://www.cibc.com">www.cibc.com</a>	1-866-525-8622
<b>HSBC</b>	<a href="http://www.hsbc.ca">www.hsbc.ca</a>	1-888-310-4722
<b>RBC</b>	<a href="http://www.rbc.com">www.rbc.com</a>	1-800-769-2511
<b>Scotiabank</b>	<a href="http://www.scotiabank.com">www.scotiabank.com</a>	1-800-472-6842
<b>TD Canada Trust</b>	<a href="http://www.tdcanadatrust.com">www.tdcanadatrust.com</a>	1-866-222-3456



Each website has a search that lets you find the branch closest to you. It might even let you search by the languages spoken by staff at each branch.

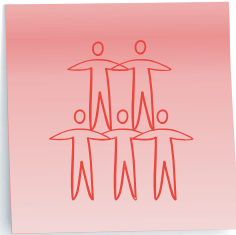


**Credit Unions** are not-for-profit organizations that offer many of the same services as banks. They may have lower fees and loan rates than major banks, but they aren't as widespread across Canada.

Credit Union	Website	Phone Number
<b>Credit Union Central of Canada</b>	<a href="http://www.cucentral.ca">www.cucentral.ca</a>	1-800-649-0222

**Activity 5**

**Try This Group Activity**



Brainstorm a list together of the kinds of things to consider when choosing a bank that best suits you. Here are some ideas.

- Are there branches and bank machines for that bank near me?
- What are the bank hours?
- What are the bank fees for the account I want?
- How much interest will I get on my Savings Account?
- Can I write cheques? Do I pay a fee? Does it cost me money to order cheques?
- Will I pay extra if I use a different bank's bank machine? How much?
- Is the bank staff friendly and willing to answer my questions?

**A Place for Your Notes:**

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## Activity 6 Financial Services



Most financial institutions in Canada offer the following services:

### Savings Accounts

This account lets you earn interest on the money you put into it. You can take money out at any time, but there may be fees when you do that.



How much interest will I earn? Will I get charged each time I take money out?

### Chequing Accounts

This account lets you write cheques, pay bills, and do other personal money tasks. It pays little or no interest.



Do you offer free or low-cost accounts? Is there a limit to the number of times I can use my debit card? What happens if I write a cheque for more than I have in my account?

### International Money Transfer or Wire Payment

These transfers allow you to send money home to family and friends.



How much will it cost me? When will my family receive the money? Will my family have to pay to receive it?

### Loans for Cars and Homes

These loans usually require you to make monthly payments until you've paid them off.



How much interest will I pay?  
Do I have a plan to pay it off on time?

### Credit Cards

With a credit card, the bank loans you money every time you use it. If you don't pay back in full every month, you pay interest.



What is the interest rate? How do I plan to use this credit card? How do I plan to pay it off?



## Other Banking Services Continued



### Debit Cards

A debit card lets you take money out of your bank accounts right away. You can use it at a bank machine to take out cash, or at a store to pay your bill.



### Account Statements

Your account statement comes to you by mail or online. It shows how much money you have and how much you've spent over the month. The statement shows interest, fees, and every time you deposited or withdrew money.



### Direct Deposit

Direct deposit is an option for getting the money from your paycheque or the government. Instead of giving you a cheque, your employer or the government deposits that money directly into your chequing account. There is no hold on direct deposits, so you can use the money right away.



### Overdraft Protection

Your account goes into overdraft when you take out more money than you have in your account at the time. When that happens, your cheques can “bounce”—they don't work and you get charged a Non-Sufficient Funds (NSF) fee. Overdraft protection on your chequing account means your financial institution will give you an instant loan that protects you from bouncing cheques. The interest rate is high and you may be charged a fee for using it.

**A Place for Your Notes:**

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### Activity 7



### Question and Answer

Q. What do I need to cash my Government of Canada cheque at a bank?

A. One piece of photo identification (I.D.).

Q. But what if I don't have photo I.D.?

A. You can still cash your Government of Canada cheque by showing two other pieces of I.D.

Q. But what if I don't have two other pieces of I.D.?

A. Someone can vouch (give their word) that you are the person whose name is on the cheque. The bank needs to know this person.



**Photo I.D.** is a piece of identification that has your photo and your signature on it. A driver's license is an example of photo I.D.



### Group Discussion

What kinds of I.D. do group members have? Make a list.

Could these pieces of I.D. be used to cash a cheque or do other things at a bank?

A Place for Your Notes:

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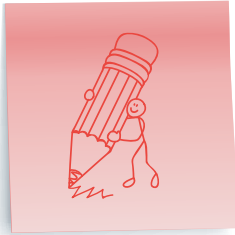
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**Activity 8**

**Try This**



Below are some examples of I.D. that you could show at a bank to cash a Government of Canada cheque, or to set up a personal bank account.

Put a check beside the I.D. that you have.

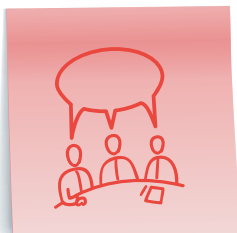
Yes I have...	✓
a Canadian driver's license	
a Social Insurance Number (SIN)	
a Canadian birth certificate	
a Passport that is current	
an Old Age Security card with my SIN on it	
a debit card or bank card that has my signature on it	
a Canadian credit card that has my name and signature on it	
a Certificate of Canadian Citizenship or Certification of Naturalization	
a Permanent Resident card	
a Citizenship and Immigration Canada form IMM 1000, IMM 1442, or IMM 5292	



Don't have I.D.? Talk to your instructor about how you can get a piece of I.D. Then apply for it.

### Activity 9

### Group Discussion



Read together the statements below, and discuss the questions.  
What do you think?

1. Henry wants to set up a Savings Account but isn't sure the bank will let him right now, since he doesn't have extra cash to put into it at the moment.

Does he have to wait?



2. Suppose Jamila doesn't have a job.

Does that mean the bank won't let her open up an account?



3. Suppose Quy had fallen on bad times in the past, and had to declare bankruptcy.

Does that mean the bank won't let her open up an account now?

A Place for Your Notes:

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### Activity 10



### Your Money Rights

Under Canadian law, you have the right to open a **personal bank account**. You can open an account even if:

1. You don't have a job.
2. You don't have money to put into the account right away.
3. You have been bankrupt.

*Financial Consumer Agency of Canada*



**Online Banking** is when you do your banking on a computer connected to the Internet.

**Tele-banking** is when you do your banking by phone.

You can set up your **personal bank account** so you can do banking on your computer or on your phone.



### Group Discussion

Is it hard to open a bank account?

If you have a bank account, what has been your experience?



### Step by step

What steps will Henry, Jamila and Quy need to take to open up their bank accounts?

### Answer

1. They need to go in person to the bank of their choice.
2. They need to show the bank I.D.

A Place for Your Notes:

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**Activity 11**

**What's Important to You?**



What do you want to know about a bank before you set up an account? What's important to you?

Use the list you made with the group to get ideas. Write down questions you would ask at the bank based on your own needs.

*I'd ask...*

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_

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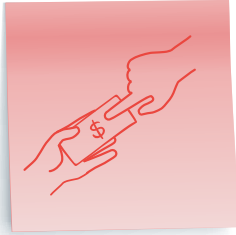
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**Activity 12**



## Getting in Touch With Your Money

### A self-assessment quiz

**What to do?**

- Check off the statement that best applies to you.
  - Think about your future, and the future of your children, your spouse or partner, the ones you love.
  - What do you want for them, and for you, ten years from now? Twenty years? What money will you need to reach these dreams?
- 
- I'm not able to save money. Even a bit is too difficult on my income.
  - I might be able to save, if I could figure out how to go about it.
  - I save now, but I'm probably not getting the most out of my money.
  - None of the above applies to me. Here's my situation.

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**A Place for Your Notes:**

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**Activity 13**



**Group Discussion**

Do you find that there is just not enough money left after food, shelter, and bills to be able to save?

Are you concerned about saving money for your future?

Is saving important to you?

Do you need to save large amounts of money to make saving worth it?

How do a person's money wants and needs change over time?

What would be the reasons for saving money at different stages of life?

- Teenager living at home
  - Student in school full-time
  - Young adult living independently
  - Employed person
  - Unemployed person living on a fixed income
  - Parent of school-age children
  - Parent whose children have moved out of the home
  - Planning for retirement
  - Retired
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**A Place for Your Notes:**

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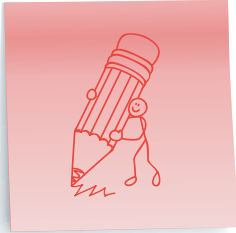
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**Activity 14 Try This**



Think of your own life.

Write in the spaces some of the life stages you've gone through already, or see yourself going through in the future. Include the life stage you're at right now.

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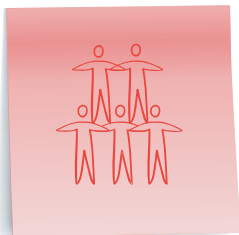
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Many people find it easier to save if they do it regularly. Here's one idea:  
Have your bank automatically take money out of your Chequing Account each month and deposit it into your Savings Account.

**Activity 15**

**Try This Group Activity**



Gather together with others in the group who are at the same stage in their life as you.

Do you have money needs in common? For what, or why, might you need to save at this stage in your life?

*Our common life stage:*

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*Reasons for saving:*

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_

*A Place for Your Notes:*

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**Activity 16 Savings Opportunities**



The Canadian government has set up special savings plans to help your money grow more quickly. Do one or more of the accounts below seem like they might work for you?

Type of plan	Short form	What it is	Money notes
<b>Registered Education Savings Plan</b>	RESP	It helps you save for a child's education after high school.	When you put money into an RESP, the Government of Canada will put money in it, too. If your income is limited, you might also get more financial help. You don't pay taxes on the interest you earn in an RESP. The student pays taxes on the money when he or she uses it to go to school.
<b>Tax-Free Savings Account</b>	TFSA	It helps you save money more easily.	You can put up to \$5,500 a year into your TFSA. You don't pay taxes on the interest you earn in the account. You don't pay taxes on the money you take out of the account.
<b>Registered Retirement Savings Plan</b>	RRSP	It helps you save for your retirement.	You don't pay taxes on the money you put into your RRSP or interest you earn on it until you take the money out of the plan.
<b>Registered Disability Savings Plan</b>	RDSP	It helps you save for the long-term care of relatives with disabilities.	For every \$1 you put in, the government will put in up to \$3! How much the government contributes depends on your family income. The relative with a disability can spend the money however they want.

A Place for Your Notes:

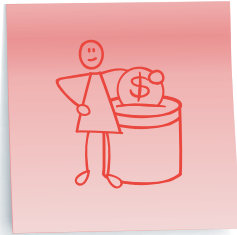
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**Activity 17**

## Registered Education Savings Plan



Amina is worried about being able to save money for her children's education after high school. One way for her to meet this future goal is to open an RESP.



**RESP** is short for **Registered Education Savings Plan**. It's a way to save for a child's future education.

**Education after high school** could be university, college, apprenticeships, or other training programs.



### How It Works

The more money you put into the **RESP**, the more money you'll save over time, and the more interest you'll gain.

You can start saving when a child is born.

Both you and the child need a **Social Insurance Number (SIN)** for you to set up the RESP.

The money you put into the RESP grows tax-free. The child pays the tax when he or she withdraws money for school. Since most students have little or no income, though, the child will probably pay little or no tax.

The Canadian government offers two great ways to make your RESP grow more quickly: the **Canadian Learning Bond** and the **Canadian Education Savings Grants**.

**A Place for Your Notes:**

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## Registered Education Savings Plan Continued

Type of plan	Short form	What it is	Money notes
<b>Canada Learning Bond</b>	CLB	Money from the Government of Canada to help you start saving for your child's education after high school.	Your child could get \$500 now to help you start saving, and an extra \$100 each year up to the age of 15. That's up to \$2000 for your child's education. And you don't have to put any of your own money into the RESP to get this bond.  <b>Who can get it?</b> Anyone whose child was born after December 31, 2003, and who gets the Canada Child Benefit.
<b>Basic Canada Education Savings Grant</b>	Basic CESG	Money from the Government of Canada to help you start saving for your child's education after high school.	A payment of 20% on RESP contributions up until the year your child turns 17. That means for every \$10 you add to the RESP, the Canadian government adds another \$2.  <b>Who can get it?</b> Anyone!
<b>Additional Canada Education Savings Grant</b>	Additional CESG	Money from the Government of Canada in addition to the Basic CESG.	A payment on top of what you've already received for the Basic CESG. You might get an extra 10% or 20% on the first \$500 (or less) that you put into your RESP in a year.  <b>Who can get it?</b> The amount of money that your child can receive depends on the net family income of the child's primary caregiver.

### Learning More

For more information about the **Canada Education Savings Grant** or the **Canada Learning Bond**, contact the Canada Education Savings Programs at 1-800-O-CANADA (1-800-959-8281) or visit [www.canlearn.ca](http://www.canlearn.ca).

### Activity 18

## Registered Retirement Savings Plan



Antoine and his family are starting to think about their retirement and they don't know where to start. When he visits the bank, the teller recommends RRSPs as a saving option. Have you considered your retirement savings?



**RRSP** is short for **Registered Retirement Savings Plan**. It's a way to save for when you retire.

**Retirement** means when you are no longer working and aren't trying to find a job.



### How it works

A **Registered Retirement Savings Plan** (RRSP) is a savings plan that is recorded with the Canadian government. The money you put into your RRSP is money you don't pay tax on right away. This means you pay less tax now while also saving for your retirement.

You can also put money into your spouse's RRSP so you can work together to save for retirement. There can be tax benefits to doing this too.

The money you save in your RRSP is still your money. Its main purpose is supporting you when you've retired, but the Canadian government lets you use this money for a few things, like buying your first home or going back to school. It's like lending yourself money from your RRSPs, because you have to pay it back.



It's always a good idea to visit a bank or financial planner when you're thinking about saving for retirement. Think about the lifestyle you'll want when you've retired. How much will you need to save to make that happen?

**Activity 19**



## The Financial Consumer Agency of Canada

The Financial Consumer Agency of Canada (FCAC) works to protect Canadian consumers. They do this by providing information about financial products and services, and making sure that financial institutions are following the law. They also work to educate Canadians about their rights and responsibilities when it comes to dealing with financial institutions.

The FCAC website has a lot of helpful information on banking and managing your money smartly and safely.

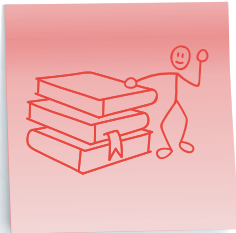
[www.fcac.gc.ca](http://www.fcac.gc.ca)



**Check it out for advice on:**

- how to handle your finances at different times of life
- how to safely use online or telephone banking
- how to choose the bank account that's best for you

**Activity 20**



## Make a Pledge

In this workbook you learned about banking in Canada, exploring different saving options, and thinking about what services make the most sense for you and your family. Now it is time to put this new knowledge into action. In the space below, challenge yourself with a pledge (like a promise to yourself) to do one thing new or differently in managing your money. This could be opening a savings account, making a budget, or anything else you see as a positive change.

**I pledge to:**

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